

**IMPACT OF MARKETING CHANNEL AND PROMOTION
STRATEGIES ON ADOPTION OF SYNTHETIC LUBRICANTS BY
TWO-WHEELER MOTOR VEHICLE USERS: A STUDY IN SELECT
CITIES OF MAHARASHTRA (INDIA)**

SYNOPSIS OF THE THESIS

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Introduction

Innovation has enabled mankind in its continued quest for new and improved solutions. Invention of the wheel and later, the internal combustion engines, led to the development of modern means of transportation, which hastened the progress of civilization. Rapid strides made by the petroleum industry, in petroleum exploration, production and refining to produce premium petroleum fuels and lubricants has been the prime support that has fostered the development of modern transportation.

Development of innovative products and services is often long drawn and capital intensive. Although development and marketing of new products and solutions is a high priority area for business organisations, in spite of meticulous time and cost intensive new product development process undertaken, the success rate of new products in the market is sometimes poor. It is all the more so, when it is a low involving product, where the customer is not actively involved in deciding on the product.

This research focuses on the impact of marketing channel and promotion strategies of lubricants marketing companies, in India, on adoption and usage of synthetic lubricants, a newly introduced innovative product, for two-wheeler motor vehicles powered by four stroke petrol engines, which include motorcycles, scooters and mopeds. Lubricants are viscous petroleum based substances used in machines to reduce friction, wear and to cool engines. Conventional lubricants are mineral oil based, whereas synthetic lubricants are the latest generation artificially made high performance lubricants, which have been recently introduced in India.

Motivation and Problem statement

This research has been motivated by professional management practice of the researcher, in marketing of lubricants for automobiles with special focus on launch of new and innovative categories of lubricant products.

Although synthetic lubricants have been commercially launched in India by all the major lubricants marketers over the last 10 years, they have cornered only around 5% of the automotive lubricant market by volume and 10% by value. This category of products continues to remain in the introduction stage of product life cycle. Lubricants marketers face challenges in terms of various dimensions of consumer buying behaviour, as lubricants are a

low involvement product category resulting in low awareness levels and lack of interest on the part of customers. Generally, customers are highly price sensitive and routinely disregard premium products.

These general attributes of individual consumers with respect to this product category, lead them to rely heavily on influential persons in the marketplace. In spite of all the marketing efforts of lubricants marketers, adoption and usage of synthetic lubricants has been limited. Successful marketing of a new product therefore remains a serious challenge and the impact of marketing strategies undertaken by lubricants marketers poses a highly interesting topic of study and a prime research problem.

Literature Review

An extensive concept centric literature survey has been carried out on relevant past research in the domains of marketing mix, channel strategies, promotion strategies, consumer behaviour, new product adoption, synthetic lubricants and lubricants marketing published in reputed journals, based on which the following research gaps have been identified:

- Absence of studies on awareness, adoption and usage of synthetic lubricants for two-wheelers in India,
- The most effective media to create awareness of the new product,
- The effect of sales promotion activities on new product adoption,
- Diffusion of information on the product and its effect on adoption,
- Sensitivity to high prices, value for money and personal economic factors on new product adoption in a low involvement category The effect of customer satisfaction on adoption of the product.

Objectives and Scope

Research Objectives drawn from the research problem statements, based on the above gaps identified are:

- To study the marketing channel and promotion strategies adopted by lubricants marketers,
- To study awareness of two-wheeler users and mechanics, regarding synthetic lubricants for two-wheelers,

- To study buying behaviour of two-wheeler users with respect to synthetic lubricants for their two-wheelers,
- To study the impact of the marketing channel and promotion factors in influencing the purchase and usage of synthetic lubricants,
- To study the role of the marketplace influencers in the purchase and usage of synthetic lubricants for two-wheelers,
- To study the factors influencing recommendations of two-wheeler mechanics, who act as key influencers to two-wheeler vehicle users.

The research scope covers users and mechanics of two-wheeler motor vehicles like motorcycles, scooters and mopeds which are powered by four stroke engines using petrol as fuel, in the cities of Pune, Nashik, Aurangabad, Kolhapur and Solapur in the state of Maharashtra, in India.

Hypotheses

In order to achieve these objectives, a set of 48 null hypotheses have been formulated, out of which, 42 null hypotheses pertain to two-wheeler users ,which are summarized as: there is no difference in two-wheeler users who use synthetic lubricants compared to those who use conventional mineral oil based lubricants for their two-wheelers, with regard to awareness; availability; benefits of synthetic lubricants; involvement levels; interest levels; price sensitivity; perception of value for money; vehicle characteristics; demographic factors; consumer behaviour characteristics like Customer Innovativeness, Opinion Leadership, Market Mavenism and Two-Wheeler Enthusiasm; effect of different modes of advertisement and promotions; effect of marketplace influencers like Innovative Customers, Opinion Leaders, Market Mavens, social, online media including blogs and product category influencers like Motor Vehicle Mechanics and Salespersons of Lubricants shops: satisfaction levels; and brand loyalty.

A further set of 6 null hypotheses pertain to mechanics, which are summarized as: there is no difference in two-wheeler mechanics who recommend usage of synthetic lubricants compared to those who recommend usage of conventional mineral oil based lubricants for two-wheelers, with regard to perception of influence over users: awareness; knowledge; and behavioural characteristics like Commercial Motive and Opinion Leadership.

Research Methodology

Research Methodology adopted for this research follows a descriptive research design. The target population for the study was three sets of population:

- The first set was users of 4 stroke petrol engine two-wheeler motor vehicles The second set was owners and mechanics of independent workshops.
- The third set was owners and managers of vehicle manufacturers' authorized service stations.

The sampling design comprised of:

- Two steps of sampling for the first set of target population, pilot survey on a sample size of 225 in Pune followed by final survey on a sample size of 400 in Pune, Nashik, Aurangabad and Solapur.
- Single step sampling on a sample size of 55 in Pune and Kolhapur for the second set of target population.
- Single step sampling on a sample size of 15 in Pune and Nashik for the third set of target population.

A well structured questionnaire was developed to serve as the research instrument for the first set of target population and was used to collect primary data for the pilot survey. Based on the pilot survey experience, the questionnaire was slightly modified for the final survey. Respondents were intercepted at the point of purchase of lubricants at workshops, fuel stations and lubricants shops and administered the questionnaire, on their willingness.

A separate well-structured questionnaire was prepared for the second set of target population. They were administered the questionnaire at their workshop, whereas for the third set of target population, a structured interview was conducted at their workshops on the basis of a prepared list of questions.

Data Analysis

The primary data collected from respondents was edited, coded and analyzed using IBM SPSS 22.0 software. A mere 17% of two-wheelers, overwhelmed by motorcycles were found to be using synthetic lubricants.

Out of the total 48 hypotheses, 38 were tested using ANOVA test while the remaining 10, involving vehicle characteristics and demographic factors, were tested using Chi square test. Null hypothesis was accepted in case of 23 hypotheses while it was rejected and alternative hypothesis was accepted in case of the remaining 25 hypotheses, considering significance level of 0.05.

Exploratory Factor Analysis was performed on 19 scale items of the questionnaire for mechanics, to reduce them to a grouping of few latent variables which explains the observed variables by extracting factors influencing the mechanics in their recommendatory behaviour. Principal Component Analysis was used to transform the variables into uncorrelated composite variables or principal components. Orthogonal rotation was selected to yield factors, in the final solution, which have no correlation amongst them. The criteria used for final factor extraction were that the Eigen values, which are the sum of variances of factor values, should be greater than one and that the factor structure should be meaningful, useful and conceptually sound. Accordingly five factors were extracted, which have been labeled and defined as: Personal Financial Benefits, Mass Visibility Benefits, Personal Esteem Benefits, Mass Awareness Benefits and Mass Engagement Benefits.

Findings

Based on the analysis of the primary data collected during the field survey by hypotheses tests and factor analysis, the research findings are as follows:

- There is significant difference in awareness of synthetic lubricants between users of synthetic lubricants and conventional lubricants.
- Adopters of synthetic lubricants are highly involved in the purchase process. Users of synthetic lubricants exhibited significantly higher levels of interest in acquiring greater knowledge on the lubricants.
- Significant difference exists in sensitivity to price and value for money between users and non-users of synthetic lubricants.
- Significant differences were also exhibited in adoption and usage of synthetic lubricants based on the characteristics of the vehicles owned by the individual respondents, like the category of the vehicle, age and the cubic capacity of the engine of their vehicle. However, owners displayed no difference in adoption levels of synthetic lubricants based on the make of their two-wheeler.

- Demographic characteristics like age, formal education, gender, marital status and family monthly take home income showed no difference in usage of synthetic lubricants while only occupation revealed significant difference.
- Adopters and users of synthetic lubricants were found to exhibit significantly higher levels of consumer behaviour traits like: Customer Innovativeness – Being among the first in their social circle to buy new technology products and willing to take calculated risks in doing so; Opinion Leadership – The ability to convince others on a specific domain and that others value their domain specific advice; Market Mavenism – Being the storehouse of marketplace information on new brands, types of products, their availability across markets and outlets; and Two-wheeler Enthusiasm – The extent of emotional attachment with their two-wheeler and enjoying long rides.
- Users of synthetic lubricants have not been swayed by advertisements through various media , which had no significant effect on users of synthetic lubricants compared to non-users.
- Sales campaigns at petrol pumps and free gifts were the only two out of the five methods of “below the line” sales promotions campaigns done by lubricant marketers, which had a significant effect on usage of synthetic lubricants. The other means like sales campaigns at lubricants shops, discounts and lucky draws did not have any significant effect.
- There is significant difference in effect of marketplace influencers like opinion leaders, social and online media, mechanics and salespersons of lubricant shops, whereas it is not so in the case of influencers like innovative customers and market mavens.
- Users of synthetic lubricants were found to exhibit significantly higher level of satisfaction and brand loyalty, compared to users of conventional mineral oil based lubricants.
- Mechanics, irrespective of their recommendatory preference for synthetic lubricants, had similar perception on the influence exerted by them; awareness and knowledge levels regarding the properties and functions of lubricants. They, however, exhibited significant difference in their commercial behavioural characteristics like commercial motive and opinion leadership. Commercial consideration has been found to be a strong differentiating factor between the two classes of mechanics. Those avoiding synthetic lubricants fear loss of business due to reduced customer visits resulting from

prolonged oil drain intervals, reduced wear of engine parts and lower incidences of downtime for maintenance. They also fear loss of customers, in case customers do not perceive any distinct advantage in using a higher priced product. Those recommending synthetic lubricants however placed technical performance as the top most recommendatory criteria.

Conclusions

The research concludes that the industry was not able to attract the attention of the target audience on the new product category of synthetic lubricants, through differentiated advertisement. However, below the line sales promotion campaigns conducted by marketers have been greater attention pullers, interest generators and usage instigators. The users of synthetic lubricants are highly knowledgeable and are involved in deciding for the purchase of the product category. Marketplace influencers like opinion leaders, mechanics and lubricant shop sales persons exert significant influence in purchase decisions of consumers on usage of synthetic lubricants. They play a key role in rapid diffusion and proliferation of adoption and continued usage of the new product category. They have, in turn, been impacted by the various direct marketing communications, personal selling and promotional campaigns, unleashed by lubricants marketers.

In view of the above, lubricants marketers have to thoroughly overhaul their marketing communication for promoting synthetic lubricants by differentiating synthetic lubricants from conventional lubricants, imparting greater emotional appeal in advertisements, incorporating concepts of greater value for money derived from their usage, modifying their promotion mix heavily in favour of below the line sales promotional campaigns to better engage with two-wheeler users and rapidly create a conducive environment where domain knowledge is actively sought and accessible to the target segment. They should segment mechanics based on their psychographic profile and thereafter deliver customized promotions, appealing to needs of each of these segments.

Contribution of the Research

This research points to the existence of a niche segment of early adopters of the product category of synthetic lubricants who have exhibited high levels of awareness, interest and involvement, contrary to the extant categorization of lubricants as a low involvement product category. It quantifies the extent of influence by marketplace influencers and various modes

of promotions to identify the most effective means, within each category. It extracts the factors influencing the recommendatory behaviour of mechanics, based on the influence of promotional strategies of lubricants marketers.

Limitations

The research is limited to only one consumable product category, which is synthetic lubricants for four stroke two-wheeler petrol engines; only one vehicle category, which is two-wheelers; only privately owned vehicles and only a few cities in one state of India. It is also limited to adoption and usage of the new product category compared to the conventional product category and does not analyze brand preference within the category.

Scope for Future Research

There exists scope for future research in studying impact of marketing strategies on adoption of other categories of new products and services, covering wider markets and using new consumer constructs. Longitudinal studies may be undertaken to study change in awareness, involvement, affluence, exposure to social media and brand affinity, with time and their impact on adoption. The recommendatory behaviour of influencers of various service categories and its impact on adoption and patronage of brands may be studied in future.