Chapter 1

Introduction

This chapter consist the introduction of automotive industry. The global and Indian growth trend of automotive industry is mention in this chapter. The impact of automotive industry on lubricant industry is also mention in this chapter. Researcher also discusses the different types of lubricants and the future of automotive lubricant in India. The demand and production of automotive lubricant in India covers in it. The different PSU’s and Private automotive lubricant brand is also discusses in this chapter. This chapter also includes the importance of brand positioning for automotive lubricant oil in India. Need for research and organization of the study also discusses in this chapter.
1.1 Automotive Industry: An Overview

1.1.1 Global Automotive Industry

The demand of automotive products is associated with the economic development of the world. The economic growth is one of the most important factors to increase the demand of automotive products. In 2013 there were more than 1.2 billion motor vehicles worldwide. Global motor vehicles ownership is around 148 vehicles per 1000 peoples. Presently the worth of global automotive industry is 80 billion dollar which is expected to grow up to 100 billion dollar by 2020 (Robert Abelard, 2013).

The brand image of automobile is a key factor which differentiates consumers from those of other competitors in the market. Normally a very strong brand image provides a very uniqueness of the product. The global growth of automotive is around 4% annually in year 2014. Brand positioning plays a crucial role in automotive industry to influence the bulk number of consumers. The demand of automotive products ultimately increases the demand of automotive lubricants in India. The growth rate of automotive products in Asia is much higher than the other continents.
Table: 1.1 Total Growth and Compound Annual Growth Rate of Automotive

<table>
<thead>
<tr>
<th>Country Name</th>
<th>Total % Growth</th>
<th>CAGR %</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1259%</td>
<td>20%</td>
</tr>
<tr>
<td>India</td>
<td>469%</td>
<td>12%</td>
</tr>
<tr>
<td>United States</td>
<td>6%</td>
<td>1%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>214%</td>
<td>8%</td>
</tr>
<tr>
<td>Brazil</td>
<td>50%</td>
<td>3%</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>90%</td>
<td>5%</td>
</tr>
<tr>
<td>South Korea</td>
<td>71%</td>
<td>4%</td>
</tr>
<tr>
<td>Europe &amp; Central Asia</td>
<td>33%</td>
<td>2%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>11%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Eco Habitat, Jethro, (2014)

Table: 1.2 Ranking of Countries on the Basis of Population Vs Vehicles.

<table>
<thead>
<tr>
<th>Country Ranking</th>
<th>% of Global Population</th>
<th>% of World Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>18.9%</td>
<td>7.7%</td>
</tr>
<tr>
<td>India</td>
<td>17.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>United States</td>
<td>4.4%</td>
<td>23.6%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3.6%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Brazil</td>
<td>2.8%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

Source: Eco Habitat, Jethro, (2014)
1.1.2 Indian Automotive Industry

The Economic growth of India is increasing the sales volume of automobile. The demographic of India is one of the major factors responsible for the growth of automobiles. Due to affordability of private vehicles, low cost car penetration and prosperity, the number of automobiles increasing very rapidly in India. Presently there are approximately 40 million vehicles on Indian road. The contribution of Indian automobile industry in its GDP is around 4%. According to World Bank India only 18 peoples per 1000 have car. So there is too much opportunity for car maker in India.

Classification of vehicles in India


Fig: 1.1
In recent past Indian economy experienced a continuous growth. The Indian automotive industry is one of the leading industries for Foreign Direct Investment (FDI). According to the statistics of government of India (2013), the automotive sector is the fourth largest sector in India. The Indian automotive industry has tremendous potential. The Indian automotive market is dominated by low cost vehicles. The Indian car market is dominated by small car which is approximately 75% of the total car market.

![No. of Vehicles in Major Indian Cities](image)

**No. of Vehicles in Major Indian Cities**


Fig: 1.2
The number of vehicles in Delhi is highest in comparison to other metropolitan cities. The number of two wheelers and four wheelers is continuously rising in Delhi.

**Table: 1.3 Composition of Vehicle Population in Delhi (% of Total)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Two Wheelers</th>
<th>Cars, Jeeps &amp; Taxis</th>
<th>Buses</th>
<th>Goods Vehicle</th>
<th>Other Vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>70.1</td>
<td>12.8</td>
<td>1.2</td>
<td>5.4</td>
<td>10.5</td>
</tr>
<tr>
<td>2002</td>
<td>70.6</td>
<td>12.9</td>
<td>1.1</td>
<td>5.0</td>
<td>10.0</td>
</tr>
<tr>
<td>2003</td>
<td>70.9</td>
<td>12.8</td>
<td>1.1</td>
<td>5.2</td>
<td>10</td>
</tr>
<tr>
<td>2004</td>
<td>71.4</td>
<td>13.0</td>
<td>1.1</td>
<td>5.2</td>
<td>10</td>
</tr>
<tr>
<td>2005</td>
<td>72.1</td>
<td>12.7</td>
<td>1.1</td>
<td>4.9</td>
<td>9.1</td>
</tr>
<tr>
<td>2006</td>
<td>72.2</td>
<td>12.9</td>
<td>1.1</td>
<td>4.9</td>
<td>8.8</td>
</tr>
<tr>
<td>2007</td>
<td>71.5</td>
<td>13.1</td>
<td>1.4</td>
<td>5.3</td>
<td>8.7</td>
</tr>
<tr>
<td>2008</td>
<td>71.5</td>
<td>13.2</td>
<td>1.4</td>
<td>5.3</td>
<td>8.6</td>
</tr>
<tr>
<td>2009</td>
<td>71.7</td>
<td>13.3</td>
<td>1.3</td>
<td>5.3</td>
<td>8.4</td>
</tr>
<tr>
<td>2010</td>
<td>71.7</td>
<td>13.5</td>
<td>1.1</td>
<td>5.0</td>
<td>8.6</td>
</tr>
<tr>
<td>2011</td>
<td>71.8</td>
<td>13.6</td>
<td>1.1</td>
<td>5.0</td>
<td>8.5</td>
</tr>
<tr>
<td>2012</td>
<td>72.1</td>
<td>13.9</td>
<td>1.2</td>
<td>5.12</td>
<td>8.68</td>
</tr>
<tr>
<td>2013</td>
<td>72.43</td>
<td>14.05</td>
<td>1.23</td>
<td>5.23</td>
<td>8.7</td>
</tr>
</tbody>
</table>

Source: Offices of state Transport Commissioners (2013).
1.2 Lubricant Market: Global Vs India

1.2.1 Global Lubricant Market

Global demand of lubricant oil is approximately 45 million metric tones. Total global demand of automotive lubricant constitutes 53% of total lubricant which is approximately 24 million metric tones. Presently U.S.A. is the largest consumer of lubricant oil in the world. The Position of China and India is second and third respectively. According to John Miller (2012) within 8 – 9 years China will surpass the U.S.A in lube consumption. The reason behind this is that the automobile sector in U.S.A. has reached its saturation point whereas in China and India the demand of automobile is increasing continuously. The total demand of automotive lubricant in India is 60% of the total lubricant which is approximately 1.26 million metric tones.

![Worldwide Consumption of lubricant oil in 2013](Source: Kline Blog, Henry Machkova, 2013)

Fig 1.3
1.2.2 Lubricant Market in India

India accounts for 6% of total global lubricant demand which is approximately 2.1 million metric tones (Castrol annual report, 2013). In India the consumption pattern of lubricant industry is similar to the global lubricant industry. The consumption of automotive lubricant in India is more than the industrial lubricant. The consumption of automotive lubricant in India is approximately 65% of the total lube which is 2.1 million metric tones whereas consumption of industrial lubricant is 35%. The major lubricant companies in India are BPCL (MAK Lubricant), IOCL (Servo), HPCL (HP Lube), Castrol, Gulf, Shell and Veedol etc.

![Market share of Automotive and Industrial Lubricant in India (In % Volume)](image)

Source: Ken_Research, David Boer, (2013)

Fig 1.4
1.3 Classification of Lube Oils

Lubricants are mainly classified into two parts: Automotive Lubricants and Industrial Lubricants. Total global demand of automotive lubricant constitutes 53% of total lubricant which is approximately 24 million metric tones whereas demand of industrial lubricant is 47% which is approximately 21 million metric tones.

World demands of automotive and industrial lubricants are as follows

Source: Ken Research, Repo Lindberg, (2013)

Fig 1.5
1.4 Indian Automotive Lube Market

The growth of automotive lubricant in India is driven the demand of automotive lubricant. In India there are three main channels for the sales of automotive lubricant, these are bazaar trade format, petrol pumps and original equipment manufacturers. Automotive lubricants in India are further divided into diesel lubes and petrol lubes. Diesel lubes comprise 60 percent of the market, petrol based lubricants cover 40 percent. In India diesel lubricant are consumed by tractors, heavy commercial vehicles & four wheelers, three wheelers whereas petrol lubricant are consumed by two wheelers, four wheelers etc.

Growth Trend of Indian Automotive Lubricants Market


Fig 1.6
Major Driven Factors of Indian Automotive Lubricant Market

Growth of automobile

Competition

Quality

Automotive Lubricant Market

Growth opportunities based on geographical

Commoditization

Source: Kline Blog, M.T. Ellen, (2013)

Fig 1.7
Liberalization Policy in India Lubricant Industry

The demand of lubricant in India is third largest in the world after U.S.A. and China. Indian lubricant markets were dominated by PSU’s (IOCL, BPCL and HPCL) till the liberalization policy. The Indian lubricant market changed after 1992 when liberalization took place. After liberalization too many private lubricant manufacturers enter into the Indian market. Later on Indian Government dismantled the administered pricing mechanism & free pricing policy allowed in the Indian Lubricant market. The deregulation policy of Indian government encouraged so many foreign lubricant manufacturers to expand their business in India. Entry of multinationals companies imposed too much competition between PSU’s and Private players which benefitted the end consumers.
## 1.5 Automotive Lube Brands in India and Major Players

Table: 1.4 PSU’s Automotive Lubricant Brands in India

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Brand Name</th>
<th>Products</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bharat Petroleum Corporation Ltd.</td>
<td>MAK</td>
<td>MAK CH – 4</td>
<td>SAE 5W – 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MAK CG -4</td>
<td>SAE 15W – 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MAK V2</td>
<td>SAE 15W – 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MAK Multigrade</td>
<td>SAE 20W – 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MAK Gold Plus</td>
<td>SAE 15W – 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MAK Diamond</td>
<td>SAE 15W – 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MAK CL-4</td>
<td>SAE 15W – 40</td>
</tr>
<tr>
<td>Hindustan Petroleum Corporation Ltd.</td>
<td>HP</td>
<td>HP Extra Super Motor Oil</td>
<td>20 W 40 / 20 W 50</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HP Extra Super Engine Oil</td>
<td>20 W 40 / 20 W 50</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HP SJX</td>
<td>15 W 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HP Natural Gas Oil</td>
<td>L 15 W 40</td>
</tr>
<tr>
<td>Indian Oil Corporation Ltd.</td>
<td>SERVO</td>
<td>Servo Futura Synth</td>
<td>5W – 50</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Servo Super MG</td>
<td>5W -30/ 10W-30/</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Servo Superior XEE</td>
<td>10W – 40/ 20W -40</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>/20W -50</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>10W – 30, 10W –</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>40, 15W – 40, 20W -50</td>
</tr>
</tbody>
</table>
**Servo**

Servo is the brand name of Indian Oil Corporation Limited. Indian Oil Corporation or IOCL is a state owned oil and gas corporation of India. Its head quarter is in New Delhi, India. According to Fortune Global 500 it is the 88th largest corporation of the world. It is also the largest public sector corporation of India by revenue.

Indian Oil Corporation have 67% share in downstream area, 49% share in petroleum products market and 31% market share in refining capacity. It is controlled by Government of India.

The major products of Indian Oil Corporation are LPG, Diesel, Petrol and Lubricants.

The Brands of Indian Oil Corporation in different sectors are as follows:

1. Indane Gas: Industrial and Domestic Gas.
2. Xtra Premium: Automotive Natural Gas.
3. Auto Gas: Automotive Natural Gas.
4. Indian Oil Aviation: Aviation Fuel.
5. Servo: Lubricants and Greases.

Servo provides a complete lubricants solution for automotive, industrial and marine segment. Servo sells their lubricants through there petrol pumps and the retail outlets. The products of Servo are available at each parts of the country.
Grades of Servo Brand

Source: IOCL Annual Report, 2013
Fig 1.8
**MAK Lubricants**

Bharat Petroleum Oil Corporation produces their lubricants under the brand name of MAK Lubricants. The head quarter of MAK Lubricant is in Mumbai. Apart from India MAK market their lubricants in Sri Lanka, Nepal, Bangladesh and Middle East. MAK produces wide variety of lubricants for industrial sector, marine sector, commercial vehicles, passenger car segment, 2 stroke and 4 stroke engine.

Bharat Petroleum Oil Corporation is producing lubricant for the last two decades. In 2003 Bharat Petroleum Oil Corporation brings it all lubricants under the brand name of MAK. The marketing set up of MAK lubricants are divided into four regions East, West, North and South. MAK Lubricants are continuously increasing their market share with the help of brand positioning. MAK Lubricants also associates with bike and car rallies. Indian cricket team captain Mahindra Singh Dhoni was a brand ambassador of MAK Lubricants from 2006 to 2011.

MAK automotive lubricants for four wheeler segment are classified in the following area:

- Automotive Greases
- Automotive Specialties
- Engine Oil
- Gas Engine Oil
- Gear and Transmission Oils
Grades of MAK Lubricant Brand

MAK Lubricant

Industrial Lubricant

Automotive Lubricant

Defence Grades

Automotive Oils & Greases

Passenger Commercial Lubricants

Passenger Car Petrol Lubricants

Two/Three vehicle lubricants


Fig 1.9
**HP Lube**

In 1952 it was established by the name of Standard Vacuum Refining. In 1962 the company had changed their name and putted their new name Esso Standard Refining Company of India Limited. In 1974 they again changed their name by Hindustan Petroleum Corporation Limited.

Hindustan Petroleum Corporation Limited producing their lubricants under the brand name of HP Lube. HPCL is an Indian state own oil & gas company. Its head quarter is in Mumbai, Maharashtra. The major products of HPCL are petrol, diesel, LPG, aviation fuel & lubricants. The market share of HP lube is 12% in Indian lubricant market. The major plants of HP lube are in Silvassa, Kolkata, Mumbai and Chennai. HP Lube has also many R & D centres which provide quality products that enhance the performance of automotive.

The major brands of HP Lube are following

- Racer 4
- Koolgard
- Milecy
- Laal Ghoda
- Thanda Raja
Grades of HP Lube Brand

HP Lube

- Automotive Grades
- Industrial Grades
- Industrial Specialties
- Greases

- Engine Oils
- Gear Oils
- Transmission Oils
- Auto Specialties

Source: HP Lube Product Data Sheet, (2013)

Fig 1.10
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Brand Name</th>
<th>Products</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Castrol India Ltd.</td>
<td>Castrol</td>
<td>Castrol Edge</td>
<td>5W – 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Castrol Magnatec</td>
<td>10W - 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Castrol Magnatec</td>
<td>5W - 30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mangatec Diesel</td>
<td>15W – 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Castrol GTX</td>
<td>20W - 50</td>
</tr>
<tr>
<td>Gulf Oil Corporation Ltd</td>
<td>Gulf</td>
<td>Gulf Formula GX</td>
<td>SAE 5W – 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gulf TEC</td>
<td>SAE 10W – 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gulf Max Supreme</td>
<td>5W – 30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gulf Max Supreme</td>
<td>20W – 50</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gulf Max TD</td>
<td>SAE 15W – 40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gulf Mult G</td>
<td>SAE 20W – 50</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gulf Super Diesel X – 10</td>
<td>SAE 15W - 40</td>
</tr>
<tr>
<td>Tide Water Oil Corporation Ltd</td>
<td>Veedol</td>
<td>Veedol Blue Blood</td>
<td>SAE 10W – 30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Veedol Turbostar</td>
<td>SAE 20W – 50</td>
</tr>
</tbody>
</table>
Castrol

Castrol is British lubricants brands which offer a wide variety of lubricants, greases and oils for different sectors. Castrol produces lubricants for industrial and automotive sectors. In India Castrol is the 2nd largest producer of industrial and automotive lubricants. Castrol has captured around 22% market share of Indian lubricants market. Castrol is a part of British Petroleum Group. British Petroleum holds 70% stake of Castrol India Private Limited. Castrol have nation wide more than 270 distributors and 70,000 retail outlets. Castrol entered into the Indian market in 1979 under the brand name of Indrol Lubricants and Specialities Pvt. Ltd. In 1990 the company changed its name by Castrol India Limited. Castrol India Limited manufactures their products in 5 manufacturing factoring plants across the country. The company have a capacity to produce 2,36,000 tones of lubricants. The company markets their products under two segments automotive and non automotive segments.

Despite the intense competition Castrol are able to maintain their brand. Castrol has created their unique brand positioning.
Castrol maintain their competitiveness by applying following strategies

- Castrol continuously improving quality and technical capabilities of their lubricants.
- Castrol working very closely with the automotive mechanics because they play very essential role in influencing final consumers.
- Castrol continuously increasing their distributors’ centres in semi urban and rural areas for future growth.

**Castrol Three Pronged Strategy**

Source: www.motilaloswal.com, Ramesh Khare, (2013)  
Fig 1.11
Grades of Castrol Brand

Source: www.motilaloswal.com, Ramesh Khare (2013)

Fig 1.12
Veedol

Tide water Oil Corporation is one of the major leading brands in Indian lubricants market. It was established in 1928. It produces lubricants under the brand name of Veedol. Tide Water Oil Corporation has more than 50 distributors, 650 dealers and 50,000 retail outlets all over the country. It produces lubricants for commercial vehicles, tractors, passenger cars, two/three wheelers and trucks. It produces transmission oils, greases, coolants and gear oils for automobile sector. For industrial sector it produces heat transfer oils, metal working fluids, greases etc. Tide Water specially focuses on quality of their products and continuously upgrades their technology advancement as per the requirement. Tide Water was established in 1887 in New York City. Earlier at that time the company was entered into the gasoline market. They have 5 plants in Silvassa, Howrah, Turbhe, Oragadam and Faridabad.
Grades of Veedol Brand

- Veedol Lubricants
  - Automotive Lubricants
  - Industrial Lubricants
  - Genuine Oils
    - Diesel Engine Oils
    - Two Wheeler Oils
    - Passenger Car Motor Oils
      - Veedol Blue Blood
      - Veedol Turbostar


Fig 1.13
**Gulf Oil Corporation Limited**

The company was founded in 1901. Gulf Oil Corporation produces its lubricants under the brand name of Gulf. Gulf produces lubricants which are specially designed to satisfy all types of engines. Gulf Oil Corporation is one of the leading manufacturers of lubricants in India. Gulf Oil Corporation belongs to Hinduja Group. Hinduja group established the Gulf Oil Corporation in 1st January 2002 with the merger of IDL industries limited. The merger has enabled the company to establish a large marketing network of lubricants. Hinduja group owned Gulf Oil Corporation on April, 2014.

Gulf Oil Corporation innovated the idea of selling branded oil products through pumps and containers in ‘Orange Disc’ logo. The first innovative step taken by Gulf Oil was establishing a service station in 1911. Gulf Oil is one of the leading brands in the world.

**Major Lubricants of Gulf Oil Corporation Limited for Four Wheeler Segment is following:**

- Gulf Formula GX
- Gulf TEC
- Gulf Max Supreme 20W – 50
- Gulf Max TD
- Gulf Multi G
- Gulf Super Diesel X - 10
Grades of Gulf Brand

Gulf

- Diesel Engine Oils
  - Gulf Super fleet Turbo 15W-40
    - Gulf Super fleet 15W-40
      - Gulf Super Diesel Engine Oils
        - Gulf XHD Supreme 15W-40
          - Gulf XHD Supreme 20W-40
    - Gulf Max Supreme 15W-40
      - Gulf Max Supreme 20W-40

- Passenger Car Motor Oils
  - Gulf TEC
    - Gulf Max Supreme 5W-30
      - Gulf Max Supreme 20W-50

- Industrial Lubricant
  - Gulf Multi G

- Motor Cycles Oils
  - Gulf Pride 2T
    - Gulf Harmony
      - Gulf Harmony 2F
      - Gulf Harmony CME
        - Gulf Pride 4T 20W-40

Source: Gulf Annual Report, (2012-13)
Fig 1.14
1.6 Brand Positioning: It’s Importance in Automotive Lube Segment

Brand positioning of lubricant is a combination of high perceived prestige and price premiums in order to attract middle class (Philip J. Kitchen, 2008). Brand positioning of automotive lubricant create the awareness among the consumers. The brand positioning of automotive lubricant plays a very crucial role because it helps the lubricant brand to create there distinct image in comparison to other competitors. Private automotive lubricant brands in India are continuously increasing their market share by doing effective brand positioning. Several studies had been conducted in U.S.A., China and Italy and had identified that brand positioning play a very crucial role in lubricant industry (Wengo Duo, J.R. Rober). Brand positioning creates awareness among the consumers towards the lubricant brands. Private automotive lubricant brand in India investing huge amount on brand positioning to gain more market share. Castrol have created their distinct image among the consumers by aggressive brand positioning.

Brand Positioning is one of the most important things in marketing. Brand Positioning means to create a distinct image in the mind of the consumers in comparison to other brands (Kevin Lane Keller). It is the way to make a particular brand relevant to the target market. Brand Positioning help the product to go to the top of the mind of the consumers. The brand positioning varies according to the sector. It is important for each and every sector. Brand Positioning is one of the most important tools which make the brand and the product higher and bring a lot of publicity to the brand. Publicity play a very crucial role in brand positioning
as it creates awareness among the consumers. Brand Positioning is the first step of strategic brand management (Strategic brand management 2013). The main components of brand positioning are as follows:

Mental map

Competitive frame of reference

Points of parity and points of difference

Core brand association

Brand mantra

1.7 PSU’s Automotive Lube Brands: Issues and Challenges

The automotive lubricants markets in India are highly price sensitive. The demands of automotive lubricants in India are continuously increasing due to increase in sales of automobiles. Till the decade of nineties the PSU’s brands were dominating the Indian automotive lubricant market. But after 1993 when liberalization policy took place the market share of PSU’s automotive lubricant brands starts decreasing. In 1990 the market shares of PSU’s automotive lubricant brands were 90 percent which reduces up to 60 percent in 2012 (Annual report of PSU’s 1990-2012). Private automotive lubricant brand are continuously capturing the market share of PSU’s automotive lubricant brands. Private automotive lubricant brand are using brand positioning as an effective tool to increase their market share.
1.8 Motivation for Research

India is the third largest lubricant market in the world. Demand of Automotive lubricant oil in Indian market is increasing continuously. Since the last two decades the demand of automobile in India in continuously increasing due to which the demand of auto motive lubricant is also increasing. But the market shares of PSU’s automotive lubricant brands are continuously decreasing. Private automotive lubricant brands are continuously increasing their market share by aggressive brand positioning whereas PSU’s brands are lagging behind them.
1.9 Organization of the Study

The whole study has been organized into five chapters. The first chapter consists of introduction of the Indian automotive lubricant market and the various companies which are in to the business of lubricant oil. This chapter also consists of an introduction of PSU’s and private automotive lubricant brands in India. This covers the importance of brand positioning for automotive lubricant market in India. All these things will help in a giving a clear idea about the subjects under study. The second chapter consists of literature review. This has been done to have an insight into the automotive lubricant brands in India and their brand positioning. Thematic and theoretic literature has been mention. The third chapter research methodology consist the different statistical tools and techniques which has been used in this research. The fourth chapter is data analysis in which comparative analysis between brand positioning of PSU’s and Private Brands for four wheeler segment have been done. In this chapter researcher also identified the factors on which PSU’s brand are lagging behind the Private brand for four wheeler segment and fit the obtained result into Kevin Lane Keller model of brand positioning. In last fifth chapter researcher mention the conclusion and recommendation of the research. Researcher is also suggesting the direction for future study in this chapter.
1.10 Conclusion Remarks

In this chapter researcher concluded that economic growth is one of the most important factors to increase the demand of automotive products. Researcher found that the brand image of automobile is key factor which differentiates consumers from those of other competitors in the market. The Economic growth of India is increasing the sales volume of automobile. Presently there are approximately 40 million vehicles on Indian road. The contribution of Indian automobile industry in its GDP is around 4%. India accounts for 6% of total global lubricant demand which is approximately 2.1 million metric tones (Castrol annual report, 2013). The growth of automotive lubricant in India is driven the demand of automotive lubricant. In India the consumption pattern of automotive lubricant industry is similar to the global automotive lubricant industry. The major lubricant companies in India are BPCL (MAK Lubricant), IOCL (Servo), HPCL (HP Lube), Castrol, Gulf, Shell and Veedol etc. Since in the last two decades the demand of automobile in India in continuously increasing due to which the demand of automotive lubricant is also increasing but the market shares of PSU’s automotive lubricant brands are continuously decreasing. In this chapter researcher has been find that the Indian automotive lubricant market is very tough and PSU’s are lagging behind the private brands on brand positioning of automotive lubricant.