CHAPTER 4

NON –FUEL RETAILING – A NEW APPROACH TO RETAILING

Introduction

Since oil is a commodity, there is no product differentiation, all OMCs are selling similar product with different name hence the consumer is indifferent towards them. Thus OMCs has to find out some other ways to attract and retain the consumer. Non – Fuel retailing is a step in this direction. Non – Fuel retailing includes all offerings at the fuel station other than the fuel and the fuel additors eg. departmental stores, coffee shop, restaurants, courier services, medicine shops, music stores, auto service stations, pay telephones etc. Oil companies throughout the world are venturing in to this business and generating revenue. According to M2 Presswire, major OMCs are the biggest player in the forecourt business (M2Presswire, July 2010). Most of these companies have developed their own brand format for retailing. This chapter consists of a study of the NFR offerings of the major Petro Retail companies of the world and of India.

4.1 NON – FUEL RETAILING OFFERINGS OF INTERNATIONAL OIL MARKETING COMPANIES

Exxon Mobil, Royal Dutch Shell and British petroleum are the top three OMCs of the world in terms of revenue (15 Biggest oil Companies, Oct 2012). All the three companies are into the business of NFR. The broad area of NFR of these
companies includes convenience store and vehicle care services. The detail non-fuel offerings of these companies are discussed below:

4.1.1 EXXON MOBIL

Exxon Mobil is the world's largest publicly traded oil company in the world (15 Biggest oil Companies, Oct 2012). It is the world’s largest oil refiner and marketer of petroleum products. Throughout the world its products are marketed as Exxon, Esso and Mobil. Exxon brand is established in the US market and customers rely on it for its branded fuel service and lubricant for their personal and business need. Esso and Mobil are also a trusted brand throughout the world for their quality. Throughout the world these products are known for their quality and customer satisfaction. It is the largest of the six oil majors with daily production of 3.921 million barrel of oil equivalent. Beside fuel (Oil and Gas), the company is also in the business of NFR offerings. The major NFR offerings of this company are vehicle care services, fast food services and convenience store.

On the Run Café

![Image of Exxon On the Run Café](image_url)

Fig 4.1 On the Run Café of Exxon
The Café services of Exxon are offered with the name “On the Run”. This café offers high quality coffee to both take away and sit in customers. Besides the coffee other hot and cold beverages and large variety of sandwiches are available at these outlets.

**Touchless Car Washes**

Exxon offers its vehicle care services with the name touchless car wash. It is a car wash service station where the cars are thoroughly cleaned with soft warm water and specially designed biodegradable soaps.

![Fig 4.2 Car Wash services of Exxon – Touchless Car wash](image)

**Esso Auto Club**

The other NFR offering of the Exxon in the vehicle care services category is called Esso auto club. It offers emergency services for road assistance, road accidents and stolen vehicles. It also offer travel assistance for planning vacations.
4.1.2 SHELL

Shell or Royal Dutch Shell as it is globally known is the second largest oil and gas company in the world in terms of turnover. Its registered office is in London. It was created in the year 1907 with the merger of Royal Dutch Petroleum Company and “Shell” Transport and Trading Company Ltd of UK. At present it is operating in almost 90 countries and one of its largest businesses is in United States. It has 44,000 stations worldwide (Shell a glance, 2010). The company is ranked at the second position globally in the fortune 500 list in 2011 (Tharoor Isaan, 2010). Like other OMC it is also in the business of NFR and offer services like loyalty program and convenience store.

Shell Select Convenience Store

These stores offer a variety of fast food and drinks. They also offers convenience items like groceries, phone cards, newspapers and magazines and travel items. In order to attract more customers these stores are conveniently located.
Fig 4.4 : Shell Select Convenience store

Vehicle services
Shell auto serve and shell car wash are two vehicle services of Shell in the NFR category. These outlets provide fast and personalized vehicle wash services

Shell Auto serve

Fig 4.5 : Shell Auto Serve Outlet
4.1.3 BP

The name BP is derived from the initials of one of the company’s former legal name British petroleum. It is a British oil and gas company having headquartered in London, United Kingdom. In the year 2011 it was the third largest energy company and fourth largest company in the world. It is operating in more than 80 countries and has 22,400 service stations worldwide. The company’s largest division is BP America which is the largest producer of oil and gas in US. The company’s major NFR formats includes convenience store and car wash services. The convenience store of the company is called “ampm” and the car wash services are provided at BP Super wash and BP Motor Club.
am pm Convenience Store

This store used to sell convenience items like food (Sandwiches, juices and other fast food snack). They also sell customized hot and cold beverages.

Wild Bean Café

BP have one more food outlet where the company used to sell customized coffee. The name of this outlet is “Wild Bean Café”.

Fig 4.7 : am pm Convenience Store of BP

Fig 4.8 : Wild Bean Cafe
4.2  NON-FUEL FFERINGS OF MAJOR INDIAN OMCs

In the Indian petro retail market, the major OMCs are IOCL, BPCL and HPCL. The detail studies of their various NFR initiatives are given below:

4.2.1  INDIAN OIL CORPORATION LTD. (IOCL)

IOCL is the India’s largest public sector company in terms of the turnover and rank 98th in the fortune “Global 500” listing. It operates the largest and the widest network of retail fuel station in the country numbering 20,575 out of this 16,350 are regular retail outlets and 4,225 are Kissan Seva Kendra. It has started many non fuel offerings in urban and rural market and on highways. It had tied up on revenue sharing mode with brands like Hindustan Uniliver Limited, Dabur, ICIC Bank, Fems and Petals, MTR Food, PVR Cinemas, UAE Exchange, Reliance Capital and DHL to name a few (Retail, Non – Fuel 2012). Its convenience store is called convenios and the vehicale care services are provided at Xtracare Petrol Pumps.

Convenios

At Convenios store, packed food, branded groceries, beverages and gift items are sold.

Xtracare Petrol Pumps

The Xtracare petrol pumps are equips to provide vehicle care services like brake fluid check, air check, battery check, windshield wiper check etc.

“Swagat” Outlets

The “Swagat” outlets cater to the need of the travelers on highway. These outlets have restaurants, retiring rooms and vehicle care services. These facilities have been provided keeping in mind the need of the highway travellers.
In the rural market IOCL have open KSK outlets. Beside selling fuel, these outlets used to sell pesticide, banking products, fertilizers, seeds etc.

Fig 4.9 Xtracare and Swagat Petro Pumps of IOCL

Kissan Seva Kendra (KSK)

Fig 4.10 Kissan Seva Kendra
4.2.2 BHARAT PETROLEUM CORPORATION LTD (BPCL)

BPCL is also a public sector undertaking and presently have 22% share in the retail petrol market. The company is also having many NFR formats, some of them includes dhaba, rest room / dormitory, saloon, laundry, tailor shop, kirana shop, Houda facility and amphitheater for truckers and food court and children’s play park for tourist. It is also providing health care services to the commuters.

In & Out

The convenience store of BPCL is called “In & Out”. It used to sell products like ATM, Music, Beverages, Snacks, convenience foods, toiletries and select range of branded groceries and other FMCG products, Basic amenities.

V-care

The vehicle care services of BPCL are run with the name V- Care. These outlets provide basic vehicle needs. These outlets have also tied up with Honda and GM for their after sales services.
4.2.3  HINDUSTAN PETROLEUM CORPORATION LTD (HPCL)

HPCL is a public sector undertaking with 20% market share in petrol marketing. It has started “Club HP” petrol pumps. These petrol pumps are categorized into mega and max outlets. This outlet provides basic vehicle services, accessories and consumer able. The company has also got itself associated with leading companies like Coco Cola India, ICICI Bank, Fed Ex, Western Union Money Transfer, Café Coffee Day, US Pizza, Skype.

Fig 4.12 Club HP Outlets

Aadhaar Outlets

In the rural market HPCL has opened “Aadhaar Outlets” in association with Godrej Agrovet. These outlets provide Cattle feed, grocery, seeds, fertilizers, poultry products, aqua feeds etc.
### 4.3 SUMMARY OF THE NON–FUEL OFFERINGS OF INTERNATIONAL AND INDIAN OIL MARKETING COMPANIES

#### Convenience Store

**Table 4.1**

**Convenience Stores of International Oil Marketing Companies**

<table>
<thead>
<tr>
<th>Company</th>
<th>Convenience Store</th>
<th>Products / Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exxon Mobil</td>
<td>On the Run</td>
<td>Coffee, cold drinks, snacks and fast food</td>
</tr>
<tr>
<td>Shell</td>
<td>Shell Select</td>
<td>Confectionary, cold drinks, bakery products, grocery items.</td>
</tr>
<tr>
<td>BP</td>
<td>am pm</td>
<td>Hot and cold beverages, freshly prepared food, grab and go sandwiches.</td>
</tr>
</tbody>
</table>

**Table 4.2**

**Convenience stores of Indian Oil Marketing Companies**

<table>
<thead>
<tr>
<th>Company</th>
<th>Convenience Store</th>
<th>Products / Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPCL</td>
<td>In and Out</td>
<td>ATM, Music, Beverages, Snacks, convenience foods, toiletries and select range of branded groceries and other FMCG products, Basic amenities.</td>
</tr>
<tr>
<td>HPCL</td>
<td>HP Speed mart</td>
<td>Convenience foods, toiletries and select range of branded groceries and other FMCG products, Basic amenities.</td>
</tr>
<tr>
<td>IOCL</td>
<td>Convenios</td>
<td>Packed food, branded groceries, beverages, gifts etc.</td>
</tr>
</tbody>
</table>
Vehicle Care Services

Table 4.3

Vehicle Care services of International Oil Marketing Companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Vehicle Care service Services</th>
<th>Products / Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exxon Mobil</td>
<td>Touchless car services</td>
<td>Car wash</td>
</tr>
<tr>
<td></td>
<td>Esso Auto club</td>
<td>Emergency roadside assistance, travel services,</td>
</tr>
<tr>
<td></td>
<td>BP Super wash</td>
<td>Car is washed instantly in just six minutes</td>
</tr>
<tr>
<td></td>
<td>BP Motor club</td>
<td>Provide 24X7 vehicle assistance, offer on the road services to the motorist</td>
</tr>
<tr>
<td>Shell</td>
<td>Shell Car wash</td>
<td>Offer super fast car wash services and also it is environment friendly as it recycle almost 80% of the water it uses.</td>
</tr>
<tr>
<td></td>
<td>Shell Auto serve</td>
<td>One stop solution for complete range of automobile products. Provide battery, lube, tyre, wiper, change and other maintainance services</td>
</tr>
</tbody>
</table>
Table 4.4

*Vehicle Care services of Indian Oil Marketing Companies*

<table>
<thead>
<tr>
<th>Company</th>
<th>Vehicle Care Services</th>
<th>Products / Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>IOCL</td>
<td>Xtra Care Petrol pumps</td>
<td>Break fluid check, air check, battery check, windshield wiper check etc.</td>
</tr>
<tr>
<td></td>
<td>V-care</td>
<td>Basic vehicle needs are provided, have tied up with hero Honda and GM for their after sales services.</td>
</tr>
<tr>
<td>BPCL</td>
<td>Quick Care</td>
<td>Mega and Max outlets “Club HP” outlets provides basic vehicle services, accessories and consumer able.</td>
</tr>
<tr>
<td>HPCL</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.5

*NFR of Oil Marketing Companies in Rural India*

<table>
<thead>
<tr>
<th>Company</th>
<th>NFR service</th>
<th>Products / Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>IOCL</td>
<td>Kisan Seva Kendra</td>
<td>Pesticide, banking products, convenience store, fertilizers, seeds,</td>
</tr>
<tr>
<td></td>
<td>Aadhaar Outlets</td>
<td></td>
</tr>
<tr>
<td>HPCL</td>
<td>Godrej Agrovet Ltd. (Tie Up)</td>
<td>Cattle feed, grocery, seeds, fertilizers, poultry products, aqua feeds.</td>
</tr>
</tbody>
</table>
Summary

It has been found that all the major OMCs are there in the business of NFR, the size and variety may varies. All the OMCs have their own brand of convenience store. It has also been found that companies are continuously looking out for new opportunities and areas in which new services can be started out. Like in the Indian market IOCL is planning to open multiplexes in collaboration with PVR and BPCL have started motels and dormitory especially for truckers.