Chapter 8
8.1 Introduction

Customer centric strategies and their relevance have been talked of in the literature review. After co-creation of the visions, people wanted to achieve the vision objectives of customer delight and increasing market share. This led to a distinct need to Strategize to achieve the goals. For building the strategy HPCL wanted to understand the customer value proposition it would need to offer. The process of building the customer focused strategies is explained through the excerpts of interviews and their analysis in this chapter.

8.2 Constant Comparison - deriving concepts from analysis of interview excerpts:

The first interview analysis is from GM-Finance Ms. Sonal Desai Excerpts are as under:

“We are a service industry. Before we started strategizing, it was very compartmentalized: sales has to sell, operations has to supply the product, HR has to provide support for all the HR policies and finance has to give support to make sure that the transactions are going in place. The finance and HR or even operations never had to interact with the customers.” That was the time when this ACE came through…’

The important concepts from the above excerpt and their relationships are linked in the Atlas.ti diagram below:

![Figure 8.1]

Figure 8.1
She further adds:

“What happened in the ACE was that everybody was exposed to thing of the customer as priority; to think and understand what he wants and then work backwards to see how you can give it to him. Earlier we said that this is my procedure, let the customer come and we will give it to him in this manner. We were in control; we didn’t need the customer basically. I was only when all the deregulation happened that we opened our eyes. The best thing that happened was that, people who had put in 4-5 years, they made cross-functional teams and they sent them out into the field.

Each one was given a project; 1 group would go to the highway, 1 group would to the rural market, go to the customer, travel with the customer, stay with the customer, understand what he wants. Don’t say that “I think he wants this”. Let him say he wants this and also understand what he doesn’t say. Then the whole thing was collated; it was done in huge groups. …officers and then everything was collated and then the segmentation was done of the customers; that these are highway customers their needs are different, these are rural customers, these are city customers; within the city, there are youngsters who look for something, people who come with drivers need something else. The entire categorization was done, then the strategy was formulated that this is what they need.

How do we go about getting it? Till this phase, it was completely interactive. At this point, we started with process orientation... They had actually interviewed customers; segmented them...there were groups of officers who actually traveled in the trucks with the truckers to understand how they really live it up daily. Like a ‘day in the life of the customer’. Then they came back with all the requirements and the whole thing was collated. All this was done with the entire top management team; the chairman and all the directors were there besides the SBU heads and the zonal heads. Then stage by stage: 1st they did it at the regional office level, then they did it at the zonal office level and the final presentation of the segmentation was made to the entire team. Then they started giving ideas. Everything was done completely internally with no external help.’

The above interview was coded and the codes were linked by cause, effect, strategies and consequences as brought out in the interview. The first important concept which arose was:

Cross Functional Teams identified Customer needs on a segment wise basis and then the other codes from the interview were interpreted and then mapped with the help of Atlas.ti in the next page.
Figure 8.2 (Understanding Customer needs – Segment wise by Cross Functional Teams)
The next interview is from General Manager Aviation and Chief Manager Retail in 2003, ShirR Radhakrishnan. Excerpts from his interview:

‘What this group did was that we had across zones- 220 officers ( out of 4000 officers) m involved in co creation of vision and strategies- decision has to be taken at the poit of action- we called them in groups and gave 7 topics and they should understand the stated and latent needs of the customer and come out with a strategy listing out what the company should do to realize the SBU vision ...After that we started, beleiving in ourselves that we can ...This was facilitated by the coaches...I was the SBU coordinator...Some farmers spoke about how difficult for them to travel and get petrol...Hamara pumps borm.. We have a strategy for urban market...

This interview does bring out some codes on segmenting the customers and finding out the needs by 220 officers and reaffirms the codes in the earlier exhaustive interview.

Mr. Nair Dy General Administration and who was Dy General Manager Operations and Distribution earlier in South Zone was interviewed and excerpts of the interview are as under:

‘At the time of doing the visioning exercise itself, action plan was also drawn out to achieve that and people were accepted accountability on the actionable point to achieve the vision. To bring about a momentum in achieving the organizational vision and to draw out the power of alignment which was created through this exercise a strategy was made out by involving the junior officers across the functions. ...interacted with the transport owners and later traveled along-with the driver and helper for long distances to understand their personal preferences and habits, which was first of its kind exercise. Similarly till then no thought of the comforts of the family members who were traveling on the highways was available and the team came with a suggestion of exclusive 5 star type toilet facilities for families which was branded as “Fleurs”.

Now suppose we take one topic Good Fuel Promise then we ask how do you deliver good quantity and quality fuel to the customer and give customer satisfaction, customer delight. Another team was told like you have to work on the car segment, understand their needs and come up with a strategy. Some were told like understand the rural customer requirements and come with a strategy for them. This way every group had to come up with their strategy based on their topics for this, they had to go and talk to the customers and find out their needs, latent needs, expected needs. Now how will you find out latent needs, through customer surveys, focus groups or by any other means like interviews? Although humans express their needs some or the other way but the main thing is how can you capture those needs and meet them. So not only framed questions were asked but to explore further our officers even travelled with the truck drivers to hundreds of miles.

The new properties of the customer need identification that came up in this interview after the earlier two ones were

- Discovering the latent needs of the customer
- Young and frontline officers involved in customer need identification
- Developing strategies based on customer stated and latent needs

The above interviews concepts on understanding customer needs is discussed above and the properties are coded with the relationships in line with grounded theory methods of axial coding and displayed in Figure 8.3 in the next page.

185
Figure: 8.3(Understanding customer needs and creating value propositions based on need identification)
Once the needs were identified several of the interviews talk of how about hundred officers gathered in Mumbai and stayed together deliberated the value propositions with facilitation from Internal Coaches for different segments of customers and then created the strategies and finally presented to the Committee of Functional Directors and Chairman and they were approved by Management and which became the HPCL strategy for Marketing at the Petrol Pumps as often people call them or Retail outlets as per the Industry Nomenclature.

An interview with Dy General Manager South Zone is insightful on how the teams were instructed and worked for collecting customer needs:

‘Regional and zonal teams heads were given timely feedback to go into the depth of this issue. They were charged otherwise it was not an easy task and required a lot of sacrifice from their end. After few weeks a draft strategy was prepared by individual teams on each topic. Same exercise was done in all the four zones. We called all the groups and teams in the Mumbai where we asked the teams to make presentations. Initially there was lot of hesitation everybody was praising their own strategy, but we told them that finally we have to come to a single strategy so they started looking for good things in others and started accepting each other without differentiating like you are from south and north. This exercise included everything like storming, forming and norming. Zonal wise drafts were made and later finally one draft was prepared and presented to the top management, dealers etc so that multiple viewpoints could be taken into consideration.’

The strategies were derived from customer needs assessed by frontline officers in cross functional teams from across the country with all segment customers’ needs assessed across India. The teams thereafter were called to Mumbai where they deliberated, debated and finally created the strategies and presented to the dealers, other stakeholders and with their views incorporated finally presented the strategies to the Top Management.

The three Codes and arose from the interview are:

1. Co-Created Strategy by frontline officers across country
2. Buy in by Stakeholders and incorporation of multi-views from them
3. Approval from Top Management on Co-Created Strategy
Atlas.ti was used to map the above codes/concepts:

Figure: 8.4

Several Other interviews also brought the above hypotheses.

The Different Propositions for different Segments are seen in the interviews and also the Retail Strategy Document.

Mr P P Ganguly Regional Manager

‘… See how the teams were made...this person is in highway team so he is posted there.....even a person from the remotest place was called because he was a better person, management has picked him up...someone from north ,some from south...people were having a scattered thoughts and ideas and they were collaborated in one particular team.....then develop a formulae, go to the field if required, study the market and then you formulate your ideas into a proper presentation and then say what exactly you want. ... a trucker on being asked said that he wants a toilet, a dhabba and an STD booth etc in patrol pump. So to make HP’s service desirable these complimentary services are compulsory and we must provide these facilities at the petrol pump and only then start a petrol pump on the highway....if we want to generate our volumes seriously. Earlier,to start a petrol pump we would just dig a hole keep the tanks put two pumps and start the petrol pumps...no facility was there in a high for a petrol pump.: ’high-way raja’ then the segmentation of the customers were made out.
Hamara Pump for Rural:

We quote one of the officers who was involved in the Strategy Building groups. The quote is as under:

‘…we were four or five of us, and we started traveling across the north. We created our own, we identified whatever the needs were in the market, and analyzed it, projected to our GM level here in the north. Then we were asked to sit along with the other rural groups and deliberate what are the common needs across the country. We all deliberated for 15 days in Mumbai, and actually after 15 days we could finalize a real model which is required for the corporation across the country….Hamara pump was a rural group, it was rural group. Because India has 70% population staying in rural India and large agricultural base so we had a specific group for rural India.’

Similarly people went to rural areas and stayed overnight with the villagers to get the personal feel of their needs. With this deeper understanding of the customer needs every team came out strategy to address them. For example the Hamara pump, highway raja. Highway Raja primarily gives the truck drivers need the no one priority and amenities are designed.

In the Interview with Mr Ganguly then Regional Manager the need and implementation of value propositions for particular segment is visible. Excerpts are as under:

‘Q: You were a part of the strategy building team, can you tell us about the highway segment...would you like to talk about that.......

A: Take an urban customer … types of urban customers who are travelling in an urban market like a particular petrol pump which will be frequented by youngsters...The requirements of the customers in a residential area...dropping the kids of going to the market etc...on the highway different customers moving in and out....then we thought how can money transactions take place in a petrol pump... which petrol pump should have what kind of facility. In urban outlet there are three types of urban outlets...similarly in highway also ... similarly in rural markets also what kind of facilities. Accordingly it was more of a personal based......the dealer is selling the same petrol and diesel but different amenities...thus facility oriented petrol pump rather that only petrol and diesel based places...somewhere there is a eating joint or a grocery shop, somewhere an ATM...So these are the basic requirements that were generated...’

Dy General Manager South Zone also talked on the names we gave for retail outlets targeted to cater to the segments we had identified in urban, rural and highway segments. Excerpts of his interview are as under:

‘Similarly people went to rural areas and stayed overnight with the villagers to get the personal feel of their needs. With this deeper understanding of the customer needs every team came out strategy to address them. For example the Hamara pump, highway raja. Highway Raja primarily gives the truck drivers need the no one priority and amenities are designed.’
The Executive Director of Retail talked in detail on the segmentation and the value propositions for the customers in the segments. Excerpts are as under:

‘So therein , customer segmentation started happen.; we started making urban, rural n highway segment so within that 3 tier segment, we started looking at what customer in different segments require from each other n accordingly strategy was formed that we...found that on highway, the major need of the customer is...the trucking community, needs to have resting place, ...dhaba, ... secured place for parking, all this came in the physical survey by officers. And then the concept came that we must provide such facility on highway so we started 2 types of formats- one was called Junction outlet another Modern outlet. Junction Outlet would mean that it’s a full blown highway services n ... huge piece of land to develop our existing outlets; we started expanding n making investment ... kinds of restaurants apart from dhaba that was being provided...n then need was clean toilets when families were travelln on highway, the major need that was felt was we must have clean toilets. .....we branded the toilets...named Fleurs... the investment of 7-8 lacks per toilet, and so far I think we have provided 120 toilets across.

...have a loyalty card which is going to help truck drivers as well as owners; truck drivers they don’t need to carry cash...initiative that we started taking.

...looked at rural customers... for the 1st time ..it came out that we should have a separate set of outlets for rural.... in the interaction with the rural customers, it was farmers n others, it was found that these people they have to go 20 km away to nearby town ... time and money wasted in travel, ... no guarantee that they were getting quality product. So this was the finding of the survey that our people came out and that is where we said that we will benefit in rural areas. Then we said we’ll put up branded outlet over there which will meet the requirements of aspirations of this rural customers. So we started investing money on that area n so far we have provided at 1300 Hamara Pump outlets...

... Then came our strategy on urban n urban also we divided customers within urban 3 different categories- 3 wheelers, Car and then the SUvs and trucks segment; so then we we created 3 formats within urban- so that will be based on the ...again we provided allied retail business activities like Café Coffee Day kind of stores, Barista so that’s is what we felt is the need where people, youth would generally like to go n avail that n then we started providing ATMs. ...HPCL is the only company...more than 1000 ATMs in retail outlets

... Then as I said when we were upgrading our outlets, focus was given on retail visual identity. ... visibility has suddenly improved and people started feeling that these r the modern outlets, ... even today, the customers’ perception is that they do not get correct quality/quantity n that perception still remains in the minds of the customers n we said that we must ensure that ....we started automatic outlets... automated around 1680 outlets all across the country. ...

..3.brand for our select outlets... as club HP outlets. Club HP outlets is primarily outstanding customer and vehicle care...... doing the third party audit. These audits were also. We ‘re doing it from very reputed auditors. Till last year we were doing it with Bureau-Veritas. So very undisputed, unbiased audit ... on surprise basis to these outlets and check about 20 25 parameters and including housekeeping and [] time of automation, dispensing units and quality, quantity. All sorts of things... there is something for dealer to continue his club HP status.’

The interviews have been coded and the network diagram created by Atlas.ti. The Interview
from the ED was exhaustive, insightful and extremely helpful. With all the interviews coded in terms of implementation for offerings to the customers and since. Interviews taken up subsequently for coding on the customer offerings led to no fresh codes or concepts and therefore saturation had been achieved. Out of the Diagrams it was clear that we had arrived at a category: **Building Customer Offerings Based on Customer Needs (Identified by Cross Functional Teams):**
Figure: 8.5 (The network diagram on Building Customer Offerings Based on Customer Needs)
8.3 The emerging concepts their relation to the category

The above analysis gives us clear analysis that under the category: Building Customer Centric Strategies and Offerings the major concepts and subcategories are brought out below. The theoretical explanations of the concepts, codes or properties have been brought out from the interview reviews primarily.

   a) Setting up Cross Functional Teams to Identify Customer Needs
New strategies need new eyes. The people from different departments brought with them a new way of looking things. Also it reduced implementation problems later. It further helped create internal capability of the organization in its ability to build market oriented and customer focused strategies.

   b) Segmenting the Customer
We cannot create all facilities in all outlets. Segmenting the customers helped us to create proposition which would satiate the needs of the dominant segment in that area.

   c) Identifying Customer Stated and Latent Needs (Live a day in the life of the customer)
Customer needs identification means spending time with him. People spent months across the country living with truck drivers, villagers and spending time in the urban outlets. This led to accurate understanding of latent and stated needs.

   d) Co-Creating the Strategies with inputs from all stakeholders
Dealers, vendors, senior functionaries from different functions were requested and engaged for discussions. Strategies need the inputs of stakeholders for ensuring better market fit and robust strategies and reduce implementation problems created due to ownership of the strategy by stakeholders.

Literature review does not talk about co-created strategies for the organization by frontline officers in the Indian Oil Marketing companies. This is unique since those who were to implement strategy also created them. No mention of such strategies on an organizational scale in a fortune 500 company is seen and therefor is addition to the existing body of knowledge.
e) **Approval of Strategies**

Strategies to be implemented need Top Management Approval. That the management itself facilitated the process of identifying customer needs, group think at Mumbai, led to a very robust process of building the customer oriented strategies. But investments need top management inputs, thoughts and approval on the proposals which was not compromised.

f) **Creating the Infrastructure and Branded outlets to meet Customer Needs**

The offerings like “Highway Raja”, “Junction Outlets” for highway customers, “Hamara Pumps” for rural customers (Hamara Pumps have seeds and fertilizers relevant propositions for farmers, segmentation in Urban area Outlets with facilities like ‘Barista’, ‘Café-day’ or ATMs are clear parameters of creating needs oriented infrastructure for the target segment in that area.

g) **Meeting Early Success** (Monthly Sales in Hamara Retail Outlets of 90KL versus Expectation of 50 KL)

It is seen that 1300 outlets of Hamara Pumps have been created and the process is on. The early success of the rural in a new segment for HPCL gave the impetus to invest in this sector. Early Success is often needed in a new initiative as a feedback on the quality of initiative.

h) **Shared Understanding of Strategies leads to co-ordinated action.**

All interviews cutting across functions and levels explained the strategy process and offerings similarly, showing shared understanding and support for the strategy. This shows that if a strategy is co-created and inputs from all stakeholders considered then the resistance to implementation would give way to support and understanding.

The concepts, properties are shown in the following diagram mapped for relationships with the help of Atlas.ti in the next page.
Figure 8.6 (Building Customer Value Propositions and Business Strategies from Identified Needs of Customers)
Figure 8.7 Retail Outlets of Different Formats
8.4 Theoretical Contribution:

Research literature does not bring out from any of the where customer offerings were designed with huge investments in the Retail sector of the oil marketing companies by identifying customer needs segment wise with the help of cross-functional teams. This also led to as is apparent from the interviews shared understanding of customer needs by people from different functions like finance and human resources which led to superior execution.