

Brand Positioning Fuel Stations on High-Tier Fuel Category

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ABSTRACT

Companies need to build and maintain a competitive advantage. In the retail industry, the competition landscape will change when global brands enter the market, i.e. gas stations in Indonesia. Hence, it is essential to identify brand positioning in consumers' minds compared to competitor brands. This study examines the positioning of significant gas stations based on some attributes that refer to previous studies and in-depth interviews. The objects are high-tier fuel managed by three major brands, namely Pertamina, Shell, and British Petroleum (BP). Using purposive sampling and online surveys, data were collected from 256 respondents of Pertamina, Shell, and BP, further analyzed by Multi-Dimensional Scaling in developing a perceptual map. The findings indicate that Pertamina is perceived as more related to the station's tangible aspects, while Shell and BP were perceived as related to brand image and services. Even though the products are similar, this study clarifies differences in how consumers perceived these brands.

Keywords: brand positioning, multi-dimensional scaling, perceptual mapping, fuel station.

1. INTRODUCTION

In 2001, Oil and Gas Law No. 22 of 2001 concerning Oil and Gas was enacted. It allows other companies to do business related to oil and gas in Indonesia in addition to PT Pertamina (Persero). Until early 2020, several local and foreign companies carried out their principal business activities in the same field, including foreign companies Shell, Total, Vivo, and local company Aneka Kimia Raya (AKR), which now made a joint venture with British Petroleum (BP), as a new player emerging in 2018. It shows the increasingly fierce competition in the downstream sector directly related to retail consumers.

Along with the presence of BP since 2018, it changed the competition. Consumers have several choices for getting fuel. Pertamina & Shell needs to make changes to anticipate the competition. According to reference [1], companies must be able to create superior customer value to encourage exchanges and build long-term relationships with customers.

One indicator in the competition is how to do positioning for the brand in the minds of consumers. Brand positioning is a company action to design company offer and reputation to occupy a different position in targeting consumer mind [2], grow a particular image about a brand to the minds of its consumers [3], and have an essential role in the market [4]. Every company needs to know its gas station brand's position and its competitors in consumers' perception.

In Indonesia, the study that examines the three gas station brands' positioning is limited because BP is a new player in this business. In a study conducted by [5], brand positioning was analyzed only at Pertamina, Shell, and Total by using a Marketing Mix perspective. For that reason, this study adopted the research conducted by [6], which aims to identify various factors that influence the brand positioning of clothing retail stores and determine the competitive position of stores by researching product attributes and service attributes. Besides, re-researchers also elaborated variables related to product attributes from the study conducted by [6], which aims to find out the significant differences in

herbal healthcare brands in India. This research shows that the position of a brand is represented by product quality. Both of these studies were conducted in the retail sector.

Competition in product sales in the retail fuel sector is on non-subsidized fuel because only Pertamina is assigned to distribute subsidized fuel by Government Regulation Number 43 of 2018. Consumers who buy non-subsidized fuel, also called a consumer high-tier because they paid more than subsidized fuel. Willingness to pay more is closely correlated with product quality [7]. Consumers in the high-tier category help increase company profits, and it is significant to understand them [8].

Based on these facts and considerations, this research is expected to produce the position of Pertamina, Shell, and BP gas station brands on consumer perceptions of the high-tier fuel product category to their experience of visiting and buying fuel at the three gas stations. Besides, it is also to be able to identify significant attributes that influence the determination of Pertamina's position compared to those of Shell and BP. This study uses mixed-methods through in-depth interviews with executives (exploratory research) and questionnaires to collect data from customers (descriptive research). This study also uses MDS to analyze data and present it on a perception map.

To deepen the analysis, the author uses several pieces of literature to develop research, including:

1.1. Service Marketing

According to reference [1], a service is an act of offering to a party by a party and is usually intangible and does not affect ownership. Services can be complicated because of a shift in customer expectations and technological developments [9]. Service providers must understand how customers create value and how they can provide and support the consumption of services from these customers [10].

Comparison of marketing services with products has different service properties, leading to different marketing challenges [11]. Service marketing mix can also be identified as a marketing tool for a company to create something needed by the market [1]. The explanation of the concept in marketing services known as "7Ps" or can be identified as Products, Prices, Processes, Places, Physical Evidence, Promotion and People [11].

1.2. Service Quality

According to reference [12], dimensions in service quality are 1) tangibility (physical facilities, equipment, and personnel performance), 2) reliability (ability to perform services reliably and accurately), 3)

responsiveness (willingness to help customers and provide appropriate services), 4) assurance (employee performance related to their knowledge and ability to deliver services capable of providing trust to customers), and 5) empathy (care given by the company to customers).

1.3. Brand

A brand is a set of intangible and tangible attributes, where it is designed to create awareness and identity and build the reputation of a product, service, person, place, or organization [13]. A brand is a sign of ownership reflected in an idea as a label that allows consumers to identify [14].

1.4. Positioning

Positioning is the art and science of fitting products or services to one or more broad market segments that aim to distinguish them from the real competition [15]. According to Lamb [16] in [17], a brand position is formed from how its attributes significantly influence consumer choices.

Brand positioning is defined as the process of making, changing, or growing specific images about a brand to the minds of consumers [3]. It can be the basis for developing strategies to change positions or strengthen positions [18].

One strategy for positioning a product might be to change position or reposition. Repositioning is usually difficult to implement because of consumer perceptions deeply rooted in a product or brand [15].

1.5. Perceptual Mapping

Multi-Dimensional Scaling (MDS) is a class of procedures representing respondent perceptions and preferences spatially through visual displays [19]. MDS, also known as Perceptual Mapping, is widely used by professionals and academics to assess brand position compared to competitors in the market and focus on new positioning opportunities [20].

Perceptual Mapping as a tool for positioning is widely used in research both products and services in various industrial sectors, such as Sports brands [3], Herbal Healthcare brands [18], and Hotel brands [21]. MDS provides a useful approach to brand positioning problems [18].

2. METHODS

2.1. Sample Design

This study's population is all vehicle owners who buy high-tier fuel and have experience buying fuel at all three gas stations, namely Pertamina, Shell, and BP.

The sampling method can be described in two stages. In the first stage, an In-Depth Interview (IDI) with Pertamina executives with minimum middle management positions, including supervisors or group leaders [22] carried out using Judgment Sampling with a not limited number of samples. IDI is done until there are no new attributes mentioned by interviewees [23]. Then, a pre-test is carried out using Snowball Sampling with 71 respondents of Pertamina consumers.

In the second stage, the Primary Test is carried out using purposive sampling. The number of samples to be taken was a minimum of 200 respondents [19]. In this study, each respondent should have experience buying products at Pertamina, Shell, and BP gas stations.

2.2. Data Collection

This study used primary data, which were IDI results with management and respondents evaluation of the SPBU attributes. This study began by exploring the attributes through IDI to executives from Pertamina. IDI was conducted with three executives through face-to-face interviews and seven executives through online interviews because of the covid-19 virus pandemic.

Then, in the primary test, the data was collected from respondents through self-administered questionnaires using purposive sampling. Two hundred fifty-six respondents, who had experience in coming and buying products at Pertamina, Shell, and BP gas stations, were employed for the final analysis.

2.3. Measurement

This study used several scales, such as nominal and ordinal. The Likert scale is used to measure respondents' level of agreement or disagreement with a particular stimulus object [18]. All measurements use 7-point Likert (1 = "strongly disagree" and 7 = "strongly agree").

Facilities were measured through eight questions [6, 24], Personnel Interaction was measured through five questions [6] [25], Store Ambience was measured through nine questions [26, 27], Accessibility was measured through five questions [6, 28], Auxiliary Services was measured through five questions [6, 29], Advertising was measured through seven questions, Promotion was measured through four questions [6,31], Reliability was measured through ten questions [6,32], and Product Quality was measured through eight questions [17,33].

3. RESULTS AND DISCUSSION

3.1. Respondent Profile

The sample was slightly dominated by female respondents (50,8%), and the majority of the

respondents fell in the 26-35 age group (45,3%). It consisted of mostly workers with 69% and the respondents who use four-wheeled vehicles (68%).

The most significant respondents' profile to consumers with fuel consumption per week is higher than Rp.300,000, by 23%. The majority of respondents most often bought Pertamina 92 owned by Pertamina as many as 202 respondents. Most respondents bought fuel in Jakarta (163 respondents), and 74% had bought fuel in the last week.

3.2. Validity and Reliability Test

All factors and attributes were analyzed using SPSS 22 version. Overall, almost all factors and attributes used in this study were valid. Confirmatory Factor Analysis results suggested that the easy entry and exit of gas stations should be dropped because this item is not valid (component matrix 0.492 on Shell respondents and 0.369 on BP respondents).

3.3. Positioning Analysis

The attribute-based MDS produced nine factors consisting of 60 attributes for each gas station brand studied from 256 respondents. An index of fit was produced with an RSQ value of 1.0000. The stress value is 0.0001, where the value is included in the category of perfect. It can be concluded that the MDS model is perfect to represent the positioning of gas station brands with multi-attribute based.

The perceptual map showed that Pertamina is in a different quadrant, while Shell and BP are in the same quadrant. It can be said that Pertamina tends not to be similar to Shell and BP. Shell and BP tend to have similarities according to consumer perception.

Based on Fig. 1. Pertamina is associated close to the Promotion factor. Meanwhile, Shell is associated close to the Advertising factor. BP is perceived as close to facilities. Each brand certainly needs to have a unique approach [34] to compete with others.

On the perception map, Fig. 1. Pertamina gas stations are in the same quadrant with Advertising and Auxiliary Services variables on the perception map. It can be said that Pertamina is also close to those variables. Meanwhile, Shell gas stations are close to the Facilities and Accessibility variables because it is in the same quadrant. The Accessibility variable is also in the same quadrant as BP gas stations. It can be interpreted that Shell and BP gas stations have similarities in terms of Accessibility and Facilities.

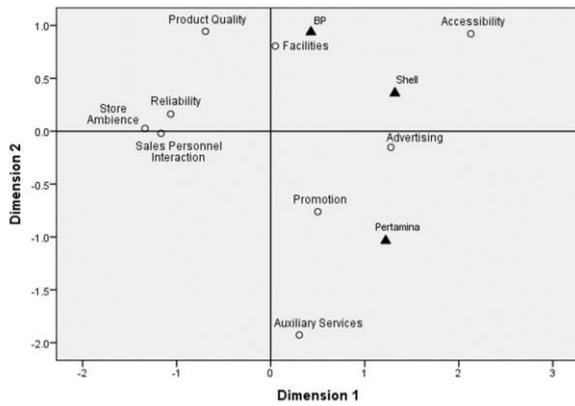


Figure 1. Brand & Factors Perceptual Map

Fig. 2 presents a map of the perception of brand and attributes. It showed a significant characteristic of the gas station. An index of fit was produced with an RSQ value of 0.99911. The Stress value is 0.01491, where the value is included in the category of perfect and excellent but tends to be perfect.

Although in Fig. 1, Pertamina is associated with the Promotion factor, but figure 2 shows that the attributes that are indicators of the Promotion factor are not associated close to Pertamina. Meanwhile, on the other hand, other attributes related to Personnel are closely associated with Pertamina, such as Officers offering Promos and offering the highest Quality Products and several attributes on the Store Ambience factor.

Meanwhile, Shell, which is closely associated with the Advertising factor, is also not associated closely with the attributes that are in the Advertising factor. On the other hand, there are other attributes related to the brand image and attributes related to Personnel, such as the friendliness and tidiness of officers who are also associated close to Shell.

BP is closely associated with several attributes in the Facilities factor, such as the availability of convenience stores, toilets, nitrogen, mosque, and parking. Other attributes are close to BP, those are Product Quality, such as Fuel Purity, Fuel which provides good acceleration and efficiency for vehicles. Fig. 2. Brand and attributes perceptual map as follow:

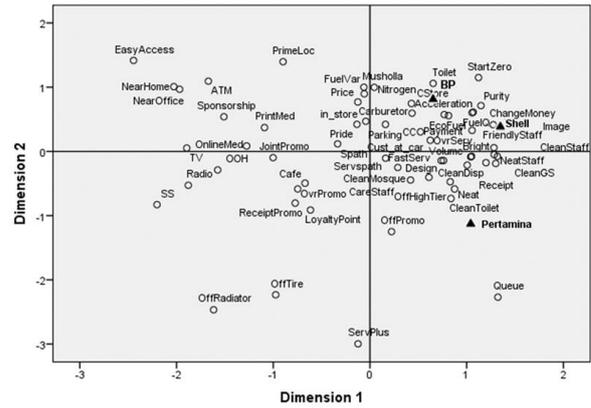


Figure 2. Brand & Attributes Perceptual Map

BP is closely associated with several attributes in the Facilities factor, such as the availability of convenience stores, toilets, nitrogen, mosque, and parking. Other attributes are close to BP, namely Product Quality, such as Fuel Purity, which provides good acceleration and efficiency for vehicles.

Other attributes in one quadrant have the potential to be unique to the brands; of course, this uniqueness is expected to differ between brands. Attributes that are presented on the perception map can describe the distinguishing attributes of each brand. This can be a company's uniqueness that can be improved or evaluated if it is not in line with company expectations. A brand can create a unique position based on a different set of attributes, as explained by [21].

According to the perceptual map, Pertamina is perceived to be not similar to BP and Shell. Shell is perceived to have similarities with BP. Pertamina, Shell, and BP are associated differently by consumers by looking at the perception map. The findings indicate that Pertamina was perceived as more related to the gas station's tangible aspects, while Shell was perceived as related to brand image, and BP was perceived as related to the services aspect. A brand can create a unique position based on a different set of attributes [21].

Each company's management can develop other factors based on brand perception maps and attributes, where Pertamina is closely related to several attributes in the Interaction and Store Ambience factors. The shell is closely related to its image attributes and several attributes in the Personnel Interaction factor. BP is closely related to several attributes in the facility factor. Each company has a different identity, and this attribute is a significant characteristic for each company.

Comparing with previous research in Indonesia conducted by [5], Pertamina gas stations have a close relationship with Advertising, Price, and Accessibility variables. It was not explained related to Pertamina gas stations' proximity to the attributes in the variables studied. Meanwhile, from this research, it is found that

Pertamina gas stations are closer to the Personnel Interaction and Product Quality variables. There are differences in their position Pertamina. On the other hand, Shell gas stations are perceived as close to the Sales Program or Promotion, Comfort, Capacity, and Personnel Performance [5].

Meanwhile, in this study, Shell gas station is described as being close to the Store Ambience variable and other variables that are also close, namely Personnel Interaction. This change can be due to many variables. It could be due to the number of samples or different segments and regions, and perhaps also because consumer preferences have changed [11].

Even though the products are similar, this study clarifies differences in how consumers perceived these brands. By understanding market perceptions, competitive power can be better understood and utilized appropriately as a basis for sustainable business development [34].

Based on the results, there are many inputs for the management of Pertamina, Shell, and BP, particularly to maintain the company superiority and strengthen the position of the gas station brand in consumer perception.

Pertamina management can strengthen the promo factor by developing loyalty programs through Apps and promo cooperation with other brands. They can also increase Personnel Interaction by consistently offering promo and high-tier products. Besides, they also need to improve the communication strategy related to brand positioning to consumers.

Shell management can still maintain ad placement in the gas station area and consider increasing advertisements on TV, Radio, and Out of Home. Practically, Shell management can work closely with the Advertising Agency to strengthen the brand position because brand positioning can be described as integrating marketing communication to align target consumer perceptions with brand identity and provide psychological meaning to buyers [3]. With a strong perceived image, Shell can communicate other advantages such as Personnel Interaction, Store Ambience, Reliability, and Product Quality, which consumers consider satisfactory.

BP management should maintain its business concept in developing gas stations by collaborating with convenience store providers in every new gas station building. ATM and Café can be considered by BP management to strengthen the position in the Facilities factor. Practically, BP management can make a partnership with banks or "ready drink to go" providers. Life changes to fast living habits [35]. BP management can also increase competitive advantage by promoting Product Quality because its attributes are close to BP.

In general, Pertamina, Shell, and BP need to conduct regular market research to determine the importance of factors and its brand's position to compete with other competitors.

4. CONCLUSION

MDS analysis can answer research questions about the position of Pertamina, Shell, and BP. It can also show significant attributes by consumers for Pertamina, Shell, and BP. The findings indicate that Pertamina is perceived as more related to the station's tangible aspects, while Shell and BP were perceived as related to brand image and services. Each brand has a unique position. Even though the products are similar, this study clarifies differences in how consumers perceived these brands. For that reason, Pertamina, Shell, and BP need to conduct regular market research to determine the importance of factors and its brand's position to compete with other competitors.

4.1. Research Limitations

This study has several research limitations. Not all interviews with Pertamina management can be done face-to-face. Intercept survey technique during the pre-test cannot be carried out due to pandemic conditions, so there is an element of bias that may arise in the study.

4.2. Suggestions

Further research should explore gas station attributes in more detail. It would be better if there were expert addition from other brands and Focus Group Discussions with consumers. It will explore qualitative data about the attributes of gas stations. The respondent category can be extended to RON 90 consumers if the price is already competitive. In subsequent studies, it is advisable to analyze the level of importance of factors. Further study should consider the intercept survey at the gas station to minimize bias.

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