# Multinational oil giant iso case study

Business

Abstract A leading multinational oil giant ISO is planning to increase its market foothold in India, but is facing several challenges on the way to catch up with its competitors. Its rivals include public sector undertakings (Us) such as OIC, HP and BPCS which enjoy Nell-established brand presence, and distribution network in Indian's near-stagnant automotive lubricants market.

Creating a wider distribution network is however posing the biggest challenge for lubricants players in India. Public sector companies have an early advantage of a wider distribution network of petrol pumps. However, few private companies such as Castro have made strong retail network in the bazaar trade. In this competitive business environment, ISO-a new market entrant- is facing a number of distribution challenges. This case highlights the problems faced by ISO in managing one of its distributors, POCK, in its quest to quickly increase its market share.

Simultaneously, the case also highlights the key sales management issues " hen dealing with matured markets specially when dealing with tough customers. This case can be covered while teaching any of these courses- strategic marketing, distribution management, or sales management. The students can be either at undergraduate level or graduate level, but given the context of the case, graduate students would be more adept in learning from the case, and appreciate finer nuances in the case study.

Few key learning from the case that emerge are- Challenges of a matured industry, the nature of competition in the given market structure, sales management issues especially salesrooms controls, performance management, and motivation. Key Words: Lubricants, distribution, market entry, striation challenges.

On a cold November morning in 2006, Look was called for a closed door meeting in Zoo's New Delhi regional office. Look had recently Joined as the area sales manager in ISO, which was a leading NC oil company marketing lubricants in India since 1998. He people present in the meeting included, the financial controller office of ISO, the regional manager to whom Look reported, Vine, and a representative from ' zoo's Singapore office. Look was told that Abhor oil company (POCK) had filed a complaint against him for cheating and financial embezzlement, and the evidence suggested that en was guilty. Abhor O I Company was one to the distributors in Look" s sales territory. However, within 10 minutes of the start of the meeting, Look was left aghast.

He was forced to sign false declarations, and beg for mercy for reducing the future penal action against him, although he refused.

All the while, Look kept telling the investigators that it was a fabricated case based on false evidence since POCK was terminated as ISO' distributor based on his recommendation. Look felt cheated and betrayed by ISO given his painful toil to ensure high performance from the distributors in the hyper-competitive auto lubricants' market. Indian Automotive Lubricants Industry rhea scenario of Indian lubricant (lube, for short) industry has changed after the liberalizing of Indian economy in the early sass.

Prior to 1992, the Indian lube Industry was dominated by four major public sector companies including, Indian Oil Corporation (OIC), Hindustan

Petroleum Corporation Limited (HP), Brat Petroleum Corporation Limited (BPCS), and Indian British Petroleum (BIB). There were a few private sector companies too such as Castro, Gulf, Tidewater, etc.

About 90% of the Indian lube market was controlled by public sector undertakings (Us), while the engaging 10% was held by private sector players[l]. During 1992-93, as a part of liberalizing and policy deregulation, government decided to open the market, and demand of 38. Million tones per annum, growing at close to 6% annually[2]. It has been broadly divided into three major categories including Automotive, Industrial and Marine ; Energy applications (Annexed ' V). Among them, automotive segment comprised about 67% (950 ever 30 lubricant brands[3].

However, the industry is led by four largest players – OIC, Castro, HP and BPCS – commanding more than 70% of he market, and the remaining 30% is shared by several players including Macs, and unrecognized sector.

This leads to an extremely competitive market scenario[4] Annexed V). Accounting for about 50% market, the public sector firms still dominate the lube market[5]. OIC has been the leader in terms of profitability, with its Servo brand (Annexed VI). In the private sector, Castro has been the single largest player, accounting for about 20% of the domestic market share[6]. The other NC competitors such as Tidewater Oil, Elf, Shell, Mobil, Exxon, Pencil, Caltech, Gulf, among others hold marginal market share.

Too many players in the market have believe that consolidation will continue to have a major impact on market share, positioning, business ranking, manufacturing and on the competitive environment. Industry analysts have also predicted that, those oil companies owning refineries, sound research and development (R&D) facilities, innovative business plan, wide distribution network, strong brand, wide infrastructure and professionalisms technical services would continue to survive in the market. In recent times, the scenario has been changing, and competition is now based more….