

## **Strategies for marketing of LPG under differential/higher price structure**

LPG cylinders, as we know it, has been the main source of fuel for cooking at the residential and commercial places (such as restaurants, hotels etc.). It has also been used widely at industrial sites nationally. There is a huge demand for the product in various forms i.e. in cylinders, in tankers as bulk, Auto LPG (vehicles) etc.

### **Major players operating in this industry**

- 1) Govt. owned companies like Bharat Petroleum, Hindustan Petroleum and Indian Oil Corporation
- 2) Privately owned firms such as Aegis, Reliance, Super Gas, Max, Gilden, Premier LPG and many other smaller players in the market

### **Challenges we face, operating as private firm in this industry**

- 1) Subsidy :: It is only available to govt. owned companies to give affordable gas to the end consumers (general public only). This is only for LPG cylinders, comes in the size of 14.2 kg, also known as domestic gas.
- 2) Price Difference :: Due to subsidy, domestic gas is substantially cheaper than the retail commercial price of a cylinder. Example, the cost of per kg gas in May 2021, was approx. Rs. 56 after subsidy whereas we offered the same product at Rs. 69 per kg. Therefore, it makes it difficult to compete in the market but with only those who are entitled to get the subsidy.
- 3) Corruption/Illegal activities :: It has been observed in the market that domestic subsidized gas is being used for commercial purposes. Although, this is illegal, but due to lack of strict guidelines and supervision by the government, commercial places have been taking an undue advantage of the scenario.

### **To overcome above challenges, Premier LPG is taking the following steps :-**

- 1) Educating customers : It is critical to inform the client, specifically commercial and industrial sites that they are not eligible for subsidy and use of domestic gas is illegal. An inspection will impose heavy penalty on them and bad reputation on their firm. This is a risk for incurring heavy cost on the business.

By converting them as a customer of commercial gas with Premier LPG and with minimal increase in their cost today, their business is safe and becomes sustainable.

- 2) Reducing gap in prices : Historically, the price difference between subsidized gas and commercial gas was very high, upwards of Rs. 20 to Rs. 30 per kg. Due to booming economy in India and various initiatives taken by the government such as "Give Up Subsidy", privatization in various industries including LPG etc. the price differential is reducing. The market is much more competitive now, with differential of only Rs. 5 to Rs. 10 per kg, depending on the customer segment. This will further reduce and hopefully will eliminate eventually.

**There are several important advantages that we provide to the customers, some of them are listed below :**

- 1) Ease of booking  
You can order our products conveniently by any of the following methods :
  - a) Calling us on our customer care number
  - b) Order on our mobile app
  - c) Order online on our website
  - d) Collect instantly from our authorized retailers near you
- 2) Timely delivery  
You can choose the delivery day and indicative time slots, as per your preference.
- 3) Quality  
The LPG we provide is imported and therefore is of high quality. It gives extra output as compare to the gas provided by the Govt oil companies.
- 4) Cylinder Sizes  
We have different sizes available for variety of applications. Sizes are 4kg, 12kg, 17kg and 33kg. It can be used for any purposes such as barbeque, residential cooking, commercial cooking or industrial use.
- 5) Gas Quantity  
One of the important elements is the actual quantity of gas filled in the cylinders. You will often find that govt. agencies & other firms are charging for 14.2 kg gas but when you weigh, it is much less than that, ranging from minus 500 gms up to 1500 gms. We assure you the right quantity in the size you buy. If you find it less, we are happy to weigh instantly at the time of purchase and discount the product accordingly.
- 6) Customer Service  
We are available from 7am to 7pm seven days in a week to take your order, provide you service and answer to your query. Moreover, you can take supply from our plant in night also.
- 7) Minimum documentation  
A customer can purchase our product on any authorized ID proof they have versus very limited acceptable options by the government agencies
- 8) Extra perks with no additional cost to you
  - Our product comes with money back guarantee in case we fail to deliver to you as promised
  - Accidental insurance policy
  - Claim GST wherever applicable (no minimum quantity needed)
  - Consumer loan scheme available to make it affordable for everyone
  - You can refill the cylinders as often as you need with no limits in an year imposed by the government currently for determining the subsidy eligibility
  - Refundable cylinder security as per the terms printed on the back of security voucher in short period.