

Optimization of Marketing Strategies for New Green Oil Product-Taking Motor Oil Eco7 of Avellin as an Example

Jing Wang¹; Jintao Zhou¹; Jia Yue²; Yingxing Chen³

1 School of Business, University of Queensland, Brisbane, Queensland 4072, Australia

2 School of Finance, Lanzhou University of Finance and Economics, Lanzhou, Gansu Province 730020, China

3 School of History, Culture & Tourism, Huaiyin Normal University, Huaian, Jiangsu 223300, China

ABSTRACT. The main purpose of this paper is to analyze key issues and propose appropriate marketing strategies for new green oil product. Avellin's new product Motor Oil Eco7 was taken as an example. This paper analyzes the specific situation and customer segmentation faced by the company, provides corresponding strategies according to various aspects such as market trend, customer demands, pricing, etc. The results show that reasonable pricing, optimized market structure, establishment of different short-term and long-term target strategies and implementation of interactive sales and green sales strategies are appropriate market strategies for green petroleum products.

KEYWORDS: Marketing strategies, Green oil product, Eco7

1. Introduction

Analyzing the market environment and influencing factors of special products will help enterprises to formulate reasonable marketing strategies (Adams P, et al., 2019). Based on the awareness of environmental protection increasing and severe market competition, new green oil produced is expected to replace conventional oil and expand new market share. Avellin was founded in the United States in 1936 as an oil refiner engaged in the production of industrial and specialty chemicals, which can be regarded as a representative oil product company. However, Avellin had experienced slow growth since 2005. In 2014, Avellin was planning the launch of Eco7, a new eco-friendly and better driving performance oil. As customers are interested in environmentally-friendly automotive technology, the green oil is potential in new oil market even if it is still in its infancy. The purpose of this study is to propose appropriate marketing strategies for new green oil product, using Eco7 as an example.

2. Marketing Strategies for Eco7

For the sales of Eco7, it is essential for solving financial crisis and new problems of product launch by picking up better channel strategies (Table 1), using the appropriate pricing and product strategies (Adams, Bodas Freitas & Fontana, 2019).

Table 1 5c Framework Analysis for Eco7

| | | |
|--------------|---|---|
| Company | 11% market share in the PCMO market Slow-down growth Innovative technology of environmentally friendly oil | Higher cost than conventional and synthetic oil Higher pricing |
| Customer | Price sensitivity Increase awareness of environmental protection | >\$6.75, less customer interest <\$5.25, lose motivation of employee |
| Competitor | Baud and Motoline: larger market share with larger fast-lube chain Sevoline: an initiator in green oil Cheaper conventional oil | Sevoline-\$7.5 per quart Most companies have DIFM and DIY |
| Collaborator | Strong customer base Effective sales channel | Discount, coupons Increase customer flow |
| Climate | Large market potential Customer interest and social attention | |

| | |
|--|---------------------------------------|
| | Trend of environmentally friendly oil |
|--|---------------------------------------|

2.1 Market Analysis and Customer Demands

Oil customers have a high pricing sensitivity. Pricing also influences market penetration and sale performance. As traditional motor oil, Eco 7 needs to change its customer base. When Eco 7 priced at \$5.50 per quart, the company would lose motivation of employees but have high level of market penetration. While Eco 7 priced higher, customers would be less interested.

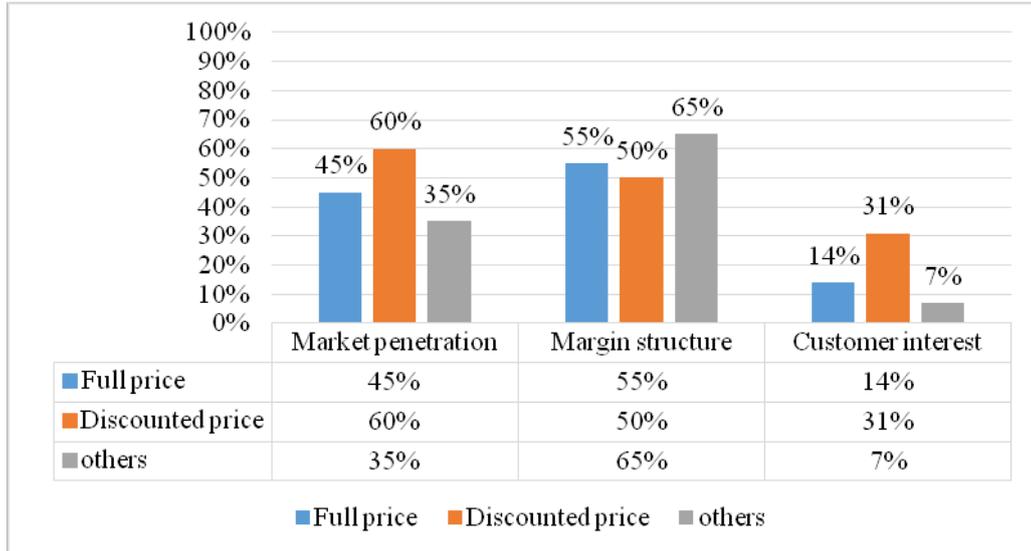


Fig.1 Comparison of Key Considerations Across Solutions

One of the significant factors in pricing is the relationships between supply and demand. This potential demand could be evaluated by customer interest and preference (Anon, 2012). As demonstrated in Figure 1, customers would be more likely to purchase a green oil when its pricing drops.

2.2 Pricing and Competitors

Discount is essential for market penetration in the early days of a new product. In the green motor oil market, Eco7 has only one competitor, Sevoline, which produced a recycle oil. However, pricing of SevoGreen was \$7.5 per quart and Sevoline did not build awareness so it did not resonate with its customers. Therefore, Eco 7 priced at \$5.25-\$6.75 has a good chance to capture the market opportunity based on lower price and good performance.

2.3 Channel Strategy

Avellin corporation has a strong customer base and loyalty by the Aventure program. And Eco7 was sold by 4400 Aventure program stores, which includes 73% of all independent DIFM stores and ignore other 1600 DIFM independent stores. Therefore, Avellin need further supervise the operation of channel structures. Avellin should provide the same product value and emphasize the important green factor with no sacrifice in quality and better driving performance by email, website, social media, online advertising, etc (Jin, Wu & Hu, 2017). A closer cooperation also should be built with mass merchandisers and warehouse clubs.

3. Optimization of Marketing Strategies

3.1 Channel and Pricing Strategy

Pricing strategy and channel strategy will be used to launch the new product. Avellin corporation wants to alleviate financial burdens by launching Eco7. And in the new market, this company needs higher market

penetration to maximize its profit and deal with its debts. Pricing is still a key point to customers (Steinhardt, G., 2019). Over half of the customers have a high level of price sensitivity on the green oil.

3.2 Expand the Market Share

The market share of new green oil product is one of the important variables related to investment rate of return. Therefore, enterprises need to increase market share. In addition, with market share increasing, the cost of producing the oil should also be considered. According to the law of diminishing marginal benefits, when the market share reaches a certain level, further improvement will pay a great price. The way to expand market demand: one is to find new users; Secondly, open up new uses; Third, increase the number of users.

3.3 The Green Sales Strategy

The green sales strategy aims at promoting sustainable development and carries out marketing to achieve the unification of economic benefits, consumer needs and environmental benefits. Based on the pursuit of economic benefits, the sales of green oil products pursue the long-term interests and sustainable development of human beings, attaching importance to coordinating the relationship between enterprise marketing and natural environment, and strive to achieve the integration of human behavior and natural environment. Green sales not only contribute to the improvement of the society or the environment, but also can establish a good corporate image, break through the green barriers, adapt to the upsurge of environmental protection, bring long-term benefits for enterprises. Green sales will bring higher marginal benefits, to achieve a reasonable “green profit”. In the long run, it is the inevitable result of the implementation of green marketing brigade.

3.4 Cross-Selling Strategy

Cross-selling is not only a marketing method, but also a marketing philosophy that makes full use of all possible resources to develop the market, serve the market, win customers, and even share the market with partners on a large scale. With deeper understanding of consumption attributes and interests of customers to Eco 7, reasonable judgments could be made based on more objective reference variables.

3.5 Short-Term and Long-Term Goals

A new product has its own life cycle therefore the product has different goals in its different stages (Gmelin, H. & Seuring, S., 2014). At the early age, Avellin need provide relevant product messages and build customer awareness. Therefore, company should focus on advertising, online promotion and offline communication to enhance the in-depth understanding of this green oil. Setting a long-term goal is to expand market share and increase market penetration. The corporation need have a better cooperation with suppliers and capture larger market potential.

4. Conclusions

In order to meet the requirements of economy and adaptability, an enterprise must evaluate all kinds of channels and choose the one that best meets the enterprise's long-term goal. To pursue short-term economic benefits and long-term sustainable development, reasonable pricing, optimized market structure, establishment of different short-term and long-term target strategies and implementation of interactive sales and green sales strategies are optimized market strategies for new green petroleum products.

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