

RESEARCH AMONG MANAGERS OF AGIP STATIONS IN ADMINISTRATION FROM ROMANIA, REGARDING THE DISTRIBUTION SYSTEM EFFECTIVENESS AND EFFICIENCY

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ABSTRACT: *The present work brings forward a research performed at the level of the managers of Agip stations from Romania, which are in administration, regarding the distribution system efficiency and effectiveness. By means of such research we aimed at: a clearer comprehension of the partnership between S.C. Agip Romania S.R.L. and the managers who administrate the stations, regarding the distribution system; the accurate identification of the system of supply with merchandises of the stations found in administration, of its efficiency and effectiveness; the observation of the efficiency or inefficiency of the transport, manipulation and merchandises storage activities; the analysis of clients satisfaction degree related to the method of acquisition of the merchandises in these stations etc. In order to fulfil the research objectives, we used as data collection instruments the observation on site, the discussions with the stations managers, the investigation of the documents placed at by dealers and the questionnaire.*

KEY WORDS: *research, managers, Agip, station, administration, distribution, study*

1. AGIP LTD ROMANIA - MEMBER OF THE GROUP ENI

"Azienda Generale Italiana Petroli" (A.G.I.P.) was established in 1926 at the initiative of Italian government to trade products of mineral oils (Agip Manual for the operation of service stations and fuel distribution). In 1953 the company was restructured and its field of activity widened. Agip, the core company of the Eni energy holding is active in the Downstream (supply, refining and disposal of products of mineral oil) in the world.

In 1952, in Italy, to Cortemaggiore was found oil. The president of Agip at that time, Enrico Mattei, decided to designate the fuel "Supercortemaggiore" and represent the

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name with a symbol. There was a contest and of all drawings and graphs presented it was elected this “dog with six legs” of the Italian drawer Giuseppe Guizzi. Since then, **the dog with six legs** wish welcome at Agip gas stations to millions of drivers around the world. The energy holding was founded in 1953 as a state-Italian enterprise (Ente Nazionale Idrocarburi). Eni is one of the leading companies from Mineraloil branch and methane gas, and since 1995 is listed on international stock exchanges (Milan and New York). Until today (after four sale stages) 63.4% were privatized. With 36.6% of the shares, the Italian state is still in possession of the "golden share" (Agip Manual for the operation of service stations and fuel distribution).

Agip Romania Ltd is present in Romania since 1995 and has as main activity the construction and operation of service stations and fuel stores, the management of stores in stations, the marketing of lubricants, greases and maintenance of AGIP products, and LPG commercialization. Agip is a company owned by Eni SpA in Eni International BV Amsterdam (99.95%) and by private associates (0045%) (http://www.agip.ro/ro/html/folder_1757.shtml).

One of the main objectives of the company Agip Romania is the expanding of the network of service stations and fuel distribution in order to achieve a market share of 10% nationally, through the purchase or construction of Class A stations and through a policy of total quality services.

- *Name of organization:* Agip Romania
- *Headquarters:* Headquarters of Agip Romania is in Bucharest, Barbu Văcărescu Street, nr. 162, District 2.
- *History:* Agip Romania was established in 1994 and begun its activity in 1995.
- *Useful information:* Agip România is established under Law 31/1990 and has the following identification data: unique registration code: 6811583; tax attribute: RO; order number in the trade register: J40/27493/23.12.1994; no. Associate: 1 associated with the social parties 100%.
- *Filed activity:* areas in which it operates are the distribution of petroleum products and the retail.

The main activity according to the certificate of registration tax is: *Retail trade of fuels for motor vehicles - CAEN code 5050.*

The main range of products and services that our society accomplishes are:

- retail distribution of motor fuel through the network of own stations and the associated ones;
- auxiliary services for motor vehicles;
- sales of goods and non-food goods in stores associated to fuel distribution stations;
- activities of bar and restaurant in their own stations;
- distribution and transportation of LPG for heating and auto traction through their own and associated networks;
- transport and distribution of automotive and industrial lubricants;
- distribution and transportation of fuels and motor fuels in the Wholesale.

Agip Ltd. Romania changed its legal form of organization in 2006, becoming Agip Ltd Romania; this was announced in a communication of the company. "The change does not have an impact on contracts and commitments of Agip Romania, which are still valid for the duration specified, it was reported in a communication of the company. The sole administrator of the new companies registered at the Registry of Commerce, is **Nicola Meuli**.

Agip Ltd. Romania has a pyramidal organization chart as seen in Figure 1.

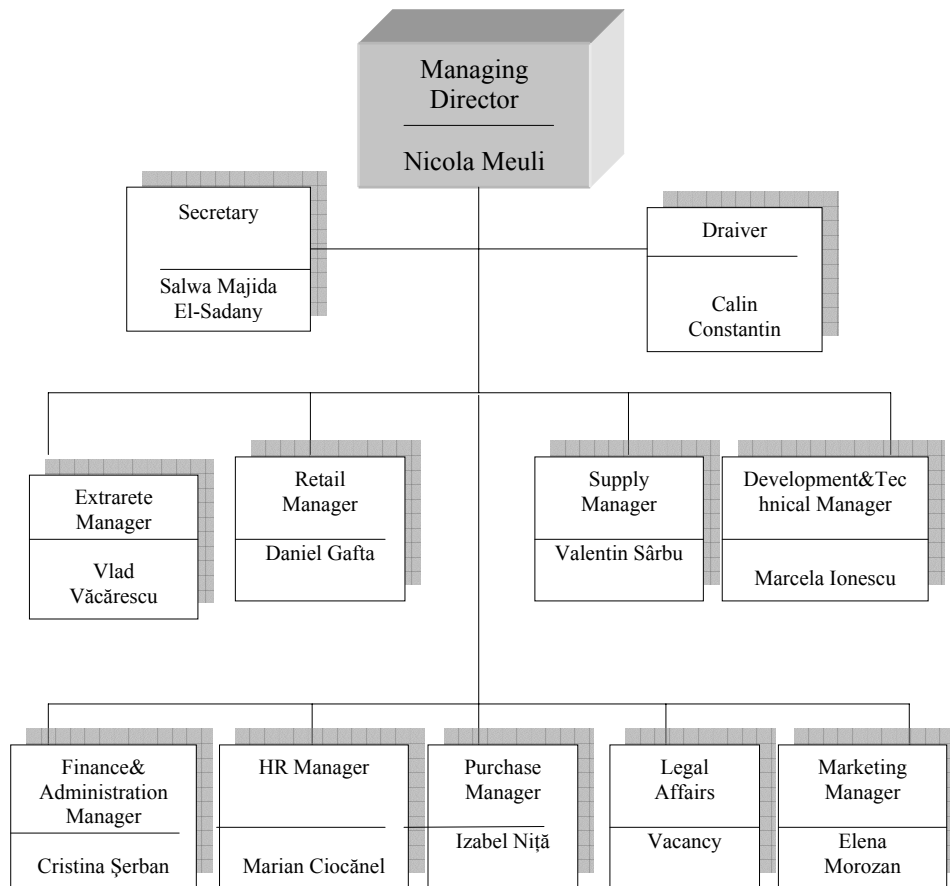


Figure 1. Organization Chart of AGIP Ltd Romania (S.C. Agip Romania S.R.L.)

Therefore, the General Manager Nicola Meuli coordinates the activities of nine managers who operate a number of departments. The organization of Agip Ltd Romania successfully contributes to the achievement of an effective and efficient leadership and coordination, reflected in economic and financial results.

2. INTERNATIONAL ACTIVITY

AGIP, the core company of the Eni energy holding is active in the Downstream (supply, refining and disposal of products of mineral oil) in the entire world.

Eni is active in 75 countries around the world with over 79,000 contributors, and produces approx. 653,000 barrels oil per day and sells over 58 billion m³ of gas per year.

In international rankings of Mineral oil companies listed on stock exchanges, Eni occupies the following positions:

- position 8th in the world in total production;
- position 7th in global reserves;
- position 4 in Europe in refining;
- position 2nd in quantities of gas sold on the European market;
- position 1st in Europe in petroleum chemistry.

Under the brands of "Agip" and "IP", it has in Italy a network of over 10,000 service stations and fuel distribution, i.e. a market share of over 40%, being the leader on the Italian market in downstream. To these, it also adds 6 own refinery, which processes annually approx. 40 million tones of crude oil and semi-processed products.

Outside Italy, Agip has, through its subsidiaries and branches, a network of approx. 3,000 service stations and fuel distribution in Europe, Africa and Latin America. Agip is part of the few companies that cover the entire production cycle of lubricants: from receipts and the industrial production of additives and base oils to reconditioning of waste oils. The premises for these are the permanent research, at all levels of processing oil. Research is done in the research center Agip EURON - one of the most modern in Europe - in San Donato Milanese near Milan.

3. THE RESEARCH AMONG MANAGERS FROM AGIP STATIONS IN ROMANIA, WHICH ARE ADMINISTERED AS REGARDS THE EFFECTIVENESS AND EFFICIENCY OF THE DISTRIBUTION SYSTEM

Agip in Romania has established a network of 37 petrol stations. Of the 37 petrol stations, 6 are in administration: 2 in Bucharest, 2 in Pitesti, one in Craiova and one in Targu Jiu. These stations and more precisely their distribution system, have been at the centre of an author's concerns, being realized a comprehensive research among those who manage these petrol stations.

a. Purpose and objectives of the research consisted in identifying the correct and comprehensive efficiency and effectiveness of distribution system, as well as the importance Agip Ltd Romania (on the one hand) and Agip Ltd Romania -stations in the administration (on the other hand) are conferring to the system.

Starting from their objective, by the research it was aimed the achievement of the following *objectives*:

- Clearer understanding of partnership between Agip Ltd Romania and managers who manage the stations, as regards the distribution system;
- Appropriate identification of the supplying system of goods in stations in administration and more specifically, of its efficiency and effectiveness;
- Observing the efficiency or inefficiency of the transport, handling and storage of goods;
- Analysis of the degree of satisfaction of customers about how to buy goods from Agip stations;
- Identifying the degree of satisfaction of Agip dealers in connection with the partnership agreement concluded with Agip Ltd Romania.

b. Research methodology. Marketing research (Balaure, 2003, p. 126) represents the formal work through which, by means of concepts, methods and techniques of scientific investigation, are carried out the specification, measurement, data collection, analysis and interpretation of marketing information for leadership to know the economic environment in which they work, identifying opportunities, evaluating action alternatives of marketing and their accomplishment. The literature of specialty, a modality of approaching reality and the nature of the goal, notes the existence of two types of marketing research: quantitative (that is studying the objective reality, in accordance with the principles of positivism, aiming to identify its representative aspects) and qualitative (which approaches reality through a naturalistic and interpretive manner, aimed at highlighting its significant aspects) (Cătoi, 2002, p. 191).

In order to meet the research objectives, as instruments for collecting data on the spot observation, the discussion with station managers, research documents available from dealers and questionnaire, were used. The questionnaire is a formalized set of questions designed to generate the necessary data for accomplishing objectives of marketing research. It has the advantage that it is an inexpensive way to gather information. (Cătoi, 2002, p.311) Information obtained on the basis of questionnaires are quantitatively and qualitatively, can be detailed according to certain criteria, to enable a thorough knowledge of some aspects of the market that can not be approached based on data from secondary sources (Colibaba, 2001, p.62).

The investigated unit is represented by all managers of stations Agip Ltd Romania, which are in the administration. They are: Mr. Andrei Brutu (an economist by profession), which manages two stations located in Pitesti (Agip Pitesti Balcescu and Agip Pitesti Republicii), Mr. Calin Dumitrescu (an engineer by profession), which manages two stations located in Bucharest (Agip Rahova and Agip September 13) Mr. Florin Nărmzoiu (an engineer), which manages a plant in Craiova and Mr. Nicolae Chilea (an engineer), who manage an Agip station located in Targu Jiu.

c. Results of research. The conclusion of the research revealed that all managers from Agip stations are satisfied or very satisfied with the partnership Agip Ltd Romania, which is obviously a happy prerequisite for the success of their business. From the questionnaires, it resulted the fact that Mr. Chilea Nicolae, manager of Agip station in

Targu Jiu was first involved in the partnership with Agip Romania, being at the same time, the most pleased with this collaboration (the years when the stations were put into administration are presented in table below).

Table 1. Years in which Agip stations were put into the administration

Critical no.	Station put into administration	Year in which it was put into administration	Manager of the station
1	Agip-Târgu Jiu	2001	Chilea Nicolae
2	Agip-Craiova	2001	Nărămzoiu Florin
3	Agip-Pitești, Bălcescu	2002	Brutu Andrei
4	Agip-Pitești, Republicii	2005	Brutu Andrei
5	Agip-București, 13 Septembrie	2007	Dumitrescu Călin
6	Agip-București, Rahova	2008	Dumitrescu Călin

The table shows that the last one who concluded partnerships with Agip is Mr. Calin Dumitrescu, who manages two stations in Bucharest. This happened because until 2007 the policy for Agip stations in Bucharest did not provide their putting into administration. However, based on the good results of the stations in Pitesti, Craiova and Targu Jiu, since 2007, the leadership of Agip found as appropriate the administration of stations in Bucharest, too (for the moment only two such stations were put into administration).

The main problems that the dealers are copying with in managing the business are: excessive centralization of business; lack of clear demarcations of each person who is developing their tasks in the headquarter; cumbersome communication with Agip Romania headquarter; inefficient sustaining of the activity in the territory, in comparison with stations in Bucharest; competitive advantage of the other direct competitors (in particular, OMV and Rompetrol) arising from their marketing campaign/ image, and also, from a better coverage of the territory of Romania (as compared with Agip).

Regarding the policy of imposing the providers by Agip Ltd Romania, 50% of managers consider it a very good fact, 25% that is a good fact and 25% that it is not a very good fact. 75% of managers are satisfied with the Agip providers (i.e. managers in Pitesti, Craiova and Targu Jiu), the manager from Bucharest being displeased.

Working with a single system provider is considered appropriate by half of the managers, the other half finding it as inappropriate, preferring the collaboration with other providers (in particular with alcohol beverage suppliers, automotive accessories and video). The research revealed that all managers consider the supplied goods as being of a good and very good quality, which is an important argument for the success of the distribution and in general, for the success of the business.

Some of the managers have complained, however, of the supply variety. Agip Ltd Romania does not allow but the purchase of listed goods, which, unfortunately, is quite limited. Managers of the stations in Bucharest and Pitesti argue that they made a series of

surveys among customers, the result being that many of them would like the offer of products to be more varied. The managers mentioned above explain this shortcoming in that the stations are working non-stop, especially at night, and are required a series of products, which, unfortunately, are unlisted. These managers have said that complaints were often made in the office, concerning the desire of diversification in the range of goods, but unfortunately the reactions were not as expected.

Another minus of the distribution policy of Agip Ltd Romania -stations which are in administration is represented by the fact that goods happen to get damaged in the station (in the station in Craiova this is happening very often). This is due to improper storage or supplier, or handling or transport.

In what concerns the conditions of storage of goods in the stations, three managers consider them as appropriate, the only problems existing in the station in Craiova, which does not amount to Agip standards, requiring, according to his manager, modernization actions. Mr. Florin Nărănzoiu believes that if these actions are not taken soon, the station results will be increasingly weak, especially because of the fact that in Craiova, the system competition is fierce, and Rompetrol stations and, especially, OMV seem to increase their market position, obviously to the detriment of the station that he manages.

All Agip dealers conducted surveys among customers, and it emerged that they prefer Agip stations, in particular, because of proximity and diversity of the supply. It happens however that a portion of customers to buy products here because of the brand, but they are especially Italian persons or employees of Italian companies, which typically have concluded cooperation agreements.

d. Conclusion of the research. As a consequence of the research, it was revealed that all managers of Agip stations in administration consider the distribution policy as having an essential role in the business that they manage (business of which they are satisfied and very satisfied). Also, all these managers consider the goods supplied as a qualitative one- an essential argument to the success of the business. The vast majority of Agip stations put into administration, benefit from optimal conditions of storage, the only problem existing in Craiova stations which require investments to modernize.

Concerning the collaboration with a single provider system, views are divided: 50% finding this as the appropriate solution, 50% finding it as inappropriate (preferring collaboration with other suppliers).

The main minuses of the distribution policy (in addition to the problems faced by the station in Craiova) are determined by: quite limited offer of listed products and the incapacity of purchasing other products; rigidity of the distribution system, excessively centralized, which are limiting their processes at the level of stations put into administration.

The main advantages of the distribution policy are represented by: strong operativity of the made processes concerning the supplying activity; good quality of goods; efficiency of transport, handling and storage; special attention given to customers and their needs by Agip Ltd. Romania and by Agip stations put into administration. During

the research, an aspect has consistently being shown out: that all managers consider customers as an essential element of their business. They are permanently concerned with their needs, convinced that the degree of customer satisfaction directly influences the success of their business.

In conclusion, the research revealed that the distribution policy occupies an essential role in the business. The distribution system of Agip Ltd. Romania stations (which are in administration) is an effective one, but there are a number of minuses that need to be fixed.

4. CONCLUSIONS OF THE STUDY

Agip Ltd. Romania is a member of the group ENI, whose main activity is *Retail trade of fuels for motor vehicles - CAEN code 5050*. The distribution network consists of 37 petrol stations of which 6 are in administration. These stations were found at the centre of the author's preoccupations and more precisely, their distribution policy. In this sense, complex research at the level of the managers was accomplished, and it revealed that the policy distribution incubates many advantages, but, unfortunately, also, some minuses that need to be remedied.

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