

Research on Domestic Product Oil Marketing Strategy of China National Petroleum Corporation

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Abstract

With the rapid development of China's economy and the improvement of people's living standards, the demand for refined oil products market continues to grow, and PetroChina, as a leading enterprise in the domestic energy industry, is facing great opportunities and challenges. In recent years, PetroChina has been actively laying out its business in the domestic refined oil products market, continuously optimizing its marketing network and improving its service level, in an effort to gain an advantage in the fierce market competition. However, due to the complexity and changeability of the external environment and the limited internal resources, PetroChina still has many problems in marketing. Through a comprehensive analysis of PetroChina's marketing environment for refined oil products, this paper combines the SWOT analysis method to explore its strategic choices and suggestions for improvement in the domestic marketing of refined oil products. Through these studies, it is hoped that it can provide useful references for PetroChina in its future development, and help it better cope with market changes and realize sustainable development.

Keywords: PetroChina, refined oil products market, marketing strategy

1. Introduction

Against the backdrop of globalization and deepening market economy, the external environment and internal conditions of business operation have undergone profound changes. Since the outbreak of the international financial crisis, large international oil companies have been actively adjusting the layout of their refined oil products sales business, relying on their strong management capability, capital reserves, brand effect and technological innovation to optimize their marketing network worldwide and accelerate the expansion of overseas markets. The acceleration of globalization and the rapid development of network technology have further intensified the competitive situation in the oil products industry, posing a serious challenge to the traditional marketing model and management concept. As one of the largest state-owned enterprises in China, PetroChina's performance in the refined oil products market directly affects national energy security and economic stability. In recent years, with the adjustment of national policies and changes in the market environment, PetroChina has faced new challenges and opportunities in the marketing of refined oil products. In terms of the external environment, the country has increased its investment in environmental protection and new energy, the competition for market share has become more and more intense, and consumers' demand for environmental protection and quality has been rising. In the internal environment, PetroChina has abundant resources and strong technical strength, but its market reaction speed and innovation ability need to be improved [1]. In this context, how to optimize marketing strategy and enhance market competitiveness has become an urgent problem for CNPC. Through an in-depth analysis of PetroChina's marketing environment for refined oil products, this paper takes the domestic marketing strategy of PetroChina's refined oil products as the research theme, through the internal and external environmental changes of PetroChina, in-depth analysis of PetroChina's refined oil products marketing environment analysis and SWOT analysis, as a way to adjust the strategic choices of the development of domestic marketing of refined oil products, in order to establish a lasting competitive advantage of PetroChina in the market.

2. Marketing Environment Analysis of PetroChina's Refined Oil Products

2.1 External Environment Analysis of PetroChina Refined Oil Marketing

When analyzing the external environment of PetroChina's refined oil products marketing, the PEST analysis of the macro environment provides a comprehensive perspective. In terms of political factors, national energy policies and environmental regulations have a direct impact on the refined oil market, for example, policy support for new energy vehicles may reduce the demand for traditional refined oil. Economic factors are equally critical. The

domestic economic growth rate and consumer purchasing power are directly related to the consumption of refined oil products, while fluctuations in international oil prices affect the cost and price of refined oil products. Social and cultural factors, such as increased environmental awareness, are also driving the transformation of the refined oil products industry to cleaner and more efficient energy sources. Technological advances, on the other hand, offer new possibilities for the production and marketing of refined oil products, such as cost reduction through improved refining efficiency. The specifics of the PEST analysis are shown in Table 1. The industry environment analysis, on the other hand, reveals the competitive dynamics of the refined oil products market through the five forces model. The degree of competition among existing competitors is intense, which involves not only price wars but also product quality, service and brand influence. The threat of potential new entrants depends on market entry barriers and capital requirements, while the threat of substitutes is closely related to the development of new energy technologies. The bargaining power of suppliers is affected by the price of crude oil and the stability of supply, while the bargaining power of buyers is related to the price sensitivity of consumers and the substitutability of products. These analyses provide a better understanding of PetroChina's position in the refined oil products market and the challenges it faces [2].

Table 1. PEST Analysis

P (political environment)	National Political Bureau	E (economic environment)	Level of economic development
	Political System and Institutions		Economic System
	Government Policies		Economic Structure
	Laws and regulations		Macroeconomic policies
S (Sociocultural environment)	Education Level	T (Technological environment)	Government's focus on technology
	Customs		Speed of technological change
	Values		Speed of transformation of technological achievements
	Religion		Development trend of technology

2.2 Internal Marketing Environment Analysis of PetroChina Refined Petroleum Products

When exploring the internal environment of PetroChina's refined oil products marketing, corporate culture and human resource management play a crucial role. Corporate culture not only shapes the code of conduct of employees, but also drives the sustainable development of the enterprise. It plays a crucial role in shaping brand image and improving service quality, especially in the field of refined oil marketing, where the positive influence of corporate culture can enhance customer loyalty and market competitiveness. Human resource management, on the other hand, involves employees' professional skills, service consciousness and identification with the enterprise, which directly affect the marketing effect and customer satisfaction. In the marketing process of refined oil products, a high-quality marketing team can better understand the market demand, formulate effective marketing strategies, and provide excellent customer service. However, in the face of fierce competition in the refined oil products market and ever-changing customer needs, PetroChina needs to continually strengthen staff training and improve the team's professionalism and service level in order to adapt to the rapid changes in the market. Such efforts will not only enhance the company's market competitiveness, but also maintain its leading position in the fierce market competition.

3. SWOT Analysis and Strategic Choice of Domestic Marketing of PetroChina Refined Petroleum Products

3.1 Domestic Marketing Data Trend Analysis of PetroChina Refined Petroleum Products

PetroChina's performance in the domestic refined oil products market can be reflected in a number of financial indicators, including profitability, operating capacity, solvency and development capacity. The trend analysis of these data provides an important basis and reference for the company's marketing strategy. In terms of profitability, PetroChina's net profit margin has remained at a high level in recent years, which is mainly attributable to its strong market share and efficient cost control. In the domestic refined oil market, PetroChina not only possesses abundant resources and an extensive sales network, but has also significantly reduced production costs through technological innovation and management optimization [3]. However, the sustained improvement of profitability faces certain challenges, especially in the light of the fluctuation of international oil prices and the intensified competition in

the domestic market, how to maintain stable profit growth is an issue that the company needs to focus on. Profitability analysis is shown in Table 2.

Table 2. Profitability analysis

Profitability Indicators	2023	2022	2021	2020	2019
Return on net assets (%)	11.40	11.30	7.40	1.60	3.70
Return on total assets (%)	6.65	6.31	4.60	1.28	2.59
Gross Profit Margin (%)	23.53	21.96	20.76	20.02	20.44
Net interest rate (%)	5.99	5.04	4.39	1.73	2.66

In terms of operating capacity, PetroChina's inventory turnover ratio and accounts receivable turnover ratio have been performing well, thanks to the company's advanced logistics system and ability to forecast market demand. The application of smart gas stations and Internet of Things (IoT) technology has enabled PetroChina to respond quickly to market changes, optimize inventory management and reduce capital consumption. Nevertheless, with the expansion of the market scale, PetroChina still needs to continuously optimize its operational processes and improve the overall efficiency of its supply chain to cope with the increasingly complex market environment. The analysis of operating capacity is shown in Table 3.

Table 3. Operating capacity analysis

Operating Capacity Indicators	2023	2022	2021	2020	2019
Total assets turnover (times)	1.110	1.252	1.048	0.741	0.973
Inventory turnover (times)	13.22	16.23	15.21	9.963	11.14
Accounts receivable turnover (times)	42.77	51.92	49.76	33.20	40.69

In terms of solvency, PetroChina's gearing ratio and current ratio are both at healthy levels, demonstrating the company's strengths in financial management and risk control. The company's strong financing capability and sound financial policies ensure that it can quickly adjust its financial structure and maintain liquidity in the face of major investment projects and market fluctuations. However, with the expansion of business scale and the increase of investment projects, PetroChina needs to further strengthen its internal control to ensure the sustainability of its solvency [4]. The solvency analysis is shown in Table 4.

Table 4. Solvency analysis

Financial Risk Indicators	2023	2022	2021	2020	2019
Current ratio	0.956	0.983	0.928	0.804	0.706
Quick ratio	0.694	0.715	0.650	0.592	0.431
Gearing ratio (%)	40.76	42.55	43.69	45.07	47.15
Equity Factor	1.688	1.741	1.776	1.820	1.892
Equity Ratio	0.688	0.741	0.776	0.820	0.892

In terms of development capability, PetroChina's operating income growth rate and capital expenditure growth rate have continued to remain at robust levels. The company's investment in new energy and environmental protection technologies demonstrates its strategic vision for long-term development. In particular, in recent years, PetroChina's exploration of clean energy and low-carbon technologies not only conforms to national policy guidelines, but also lays the foundation for the company's sustainable development in the future. However, the enhancement of development capability requires continuous technological innovation and market development, and PetroChina needs to maintain its traditional business advantages while actively expanding into new business areas to find new growth points. The analysis of development capability is shown in Table 5.

Table 5. Analysis of development capacity

Growth Capacity Indicators	2023	2022	2021	2020	2019
Gross Revenue(yuan)	3.011 trillion	3.239 trillion	2.614 trillion	1.934 trillion	2.517 trillion
Gross Profit(yuan)	708.60 billion	711.20 billion	542.80 billion	387.20 billion	514.4 billion
Net profit(yuan)	161.10 billion	148.70 billion	92.16 billion	19.00 billion	45.68 billion
Deducted Net Profit(yuan)	187.10 billion	170.3 billion	99.44 billion	-11.99 billion	534.9 billion
Year-on-year growth of total operating income (%)	-7.04	23.90	35.19	-23.16	5.97
Net Profit(%)	8.34	61.39	385.01	-58.40	-13.87
Non-deductible net profit year-on-year growth (%)	9.91	71.22	929.28	-122.42	-19.75

The trend analysis of these financial data not only reflects PetroChina's existing strengths in the domestic refined oil products market, but also points out the direction in which the company needs to improve in the future. As a leader in the energy industry, PetroChina's performance in terms of profitability, operating capacity, solvency and development capability is impressive. However, in the face of the ever-changing market environment, the Company needs to make sustained efforts in the areas of resource utilization, technological innovation and market development, so as to ensure that it will continue to maintain its leading position in the future competition, and to make a greater contribution to the country's energy security and economic development [5].

3.2 SWOT Analysis of PetroChina's Domestic Marketing of Refined Petroleum Products

PetroChina's performance in the domestic refined oil products market is noteworthy, and its strengths, opportunities, threats and weaknesses are clearly visible. In terms of strengths, PetroChina has abundant resources and an extensive sales network, with gas stations across the country and an efficient logistics system providing the company with strong market competitiveness. In addition, the company's brand image is deeply rooted in people's hearts, and the quality of its products and after-sales services have won extensive trust from consumers. In terms of opportunities, with the sustained growth of the domestic economy and the advancement of urbanization, the demand for refined oil products market is steadily rising. PetroChina can seize this opportunity to further optimize its market layout and expand into emerging markets. At the same time, the country's emphasis on new energy and environmental protection technologies provides PetroChina with a new direction for transformation and development. In terms of threats, the volatility of international oil prices and the strong performance of domestic competitors pose a certain threat to PetroChina's market position. Uncertainty in international oil prices affects the purchase cost of refined oil products, while domestic competitors are gaining influence in certain regional markets. PetroChina needs to adopt flexible pricing strategies and market responses to minimize the adverse impact of the external environment. In terms of weaknesses, the Company still has room for improvement in technological innovation and market response speed. Although PetroChina has applied some advanced technologies, such as smart gas stations and the Internet of Things (IoT), there is still a gap compared with the international advanced level. In addition, the large organizational structure sometimes restricts the flexibility of the grassroots and affects the ability to adapt to the market. PetroChina can further increase its investment in technology research and development and management optimization to enhance its overall market competitiveness [6].

3.3 Current Problems of PetroChina in Domestic Marketing of Refined Oil Products

Although PetroChina has significant advantages in the domestic refined oil market, it also faces many problems. Among them, the lag in technological innovation is particularly prominent. Although PetroChina has already applied intelligent gas stations and Internet of Things (IoT) technology, there is still a gap in the speed of technological updating and the depth of application compared with that of leading international companies, which to a certain extent affects the company's market responsiveness and customer experience. In addition, the speed of market response also needs to be improved. The large organizational structure makes information transmission and decision implementation slow, and PetroChina sometimes appears to be inflexible in the face of fast-changing market demand and competitors' rapid actions. Another problem is the lack of brand influence in emerging markets. Although PetroChina has high brand awareness in the traditional domestic market, in some emerging markets and small cities, the market penetration of competitors is gradually increasing, and PetroChina's brand advantage has

not been fully utilized. This not only affected market share, but also posed a challenge to the company's long-term development. In addition, there was insufficient personalization and differentiation of customer services. Consumer demand for fueling services has become increasingly diversified, and PetroChina is still lacking in providing customized services and meeting specific customer needs. Many consumers have commented that PetroChina's services are focused on basic refueling and maintenance, and that it lacks more personalized initiatives such as membership services, points redemption and value-added services. Finally, the pressure of environmental protection and sustainable development cannot be ignored. As the country's requirements for environmental protection increase, consumer demand for clean energy and low-carbon technologies is growing, and PetroChina's investment and progress in this area has been relatively slow, failing to fully meet the market's expectations. These issues require great attention from PetroChina to ensure its leading position in the domestic refined oil products market [7].

4. Improvement Opinions on the Implementation of PetroChina's Domestic Marketing Strategy for Refined Petroleum Products

PetroChina has powerful resources and an extensive network in the domestic refined petroleum products market, but it needs to improve and optimize in a number of areas if it is to continue to maintain its leading position. Accelerating technological innovation is key. PetroChina can further increase its investment in smart fuel stations and IoT technology to improve the level of intelligence and customer service experience at fuel stations. For example, it can introduce more advanced self-service fueling equipment and mobile payment systems to optimize the customer fueling process and reduce queuing time. In addition, the development of market demand forecasting models based on big data helped the company adjust its inventory and supply strategies more precisely and reduce operating costs. Improving market responsiveness is also critical. A large organizational structure can sometimes be an obstacle to information transfer and decision execution. PetroChina can optimize its internal management processes and establish a more efficient decision-making mechanism. For example, it can improve the company's market response speed by establishing a system of regional market specialists to enable frontline employees to provide quick feedback on market changes. At the same time, it can strengthen cooperation with local governments and related organizations to quickly obtain market information and develop more flexible marketing strategies. In terms of brand building, PetroChina needs to further expand its influence in emerging markets and small cities. The company can increase brand awareness by increasing advertising and brand promotion [8]. Especially in emerging markets, it can quickly increase brand recognition by cooperating with local companies and launching joint marketing activities. At the same time, it can launch more products and services that meet the needs of local consumers to enhance brand stickiness. In terms of customer service, PetroChina can provide more personalized and differentiated services. It has established a comprehensive data analysis system to collect and analyze customer behavior data, so as to provide customized fueling and maintenance services. For example, launching membership services to provide privileges such as points redemption, priority refueling, and exclusive customer service. In addition, mobile applications are developed to provide functions such as online reservation, navigation services and coupons to enhance customer satisfaction and loyalty. Environmental protection and sustainable development are important directions for the future. PetroChina can increase its R&D and investment in clean energy and low-carbon technologies, gradually reduce the proportion of traditional refined oil products and promote new energy products. For example, increase the layout of charging stations for electric vehicles and provide alternative fuels such as biodiesel and natural gas. In addition, it has established environmental standards and management systems to ensure that the company is green in all aspects of production, transportation and sales, and to enhance its corporate social responsibility image. These improvements are intended to help PetroChina better meet market challenges, enhance its overall competitiveness, and ensure that it continues to maintain its leading position in future development. In practice, PetroChina needs to flexibly adjust and implement these measures in light of its actual situation to achieve the best results [9].

5. Conclusion

PetroChina has made remarkable achievements in the marketing of refined oil products, but it still needs to further optimize its strategy in the face of increasingly fierce competition and changing market demand. By analyzing the external and internal environments and combining SWOT analysis, this paper points out the problems of PetroChina in market expansion, customer service and technological innovation, and puts forward corresponding improvement suggestions. In the future, PetroChina should continue to increase investment in research and development, improve market reaction speed, proactively respond to policy and market changes, and strengthen interaction and communication with customers in order to achieve higher market share and better brand effect. Only through continuous innovation and aggressiveness can PetroChina maintain its leading position in the complex market environment and make greater contributions to national energy security and economic prosperity.

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