DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other College, Institution or University other than the USIU in Nairobi for academic credit.

Signed __________________________ Date 2/15/91

John K Mburu

This project paper has been presented for examination with my approval as the appointed supervisor.

Signed Mabichi Kachwade Date 7/6/2001

[Signature]

Charles Mayaka, Project Supervisor.

Signed Muvashonde Date 7/6/2001

[Signature]

Dean, School of Business, USIU in Nairobi.

Signed [Signature] Date 2/17/01

Deputy Vice Chancellor, Academic Affairs-USIU in Nairobi.
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ABSTRACT
Over the last six years, the Kenya Government has been implementing economic reforms intended to restore economic growth and ensure efficient management of the economy. In October 1994, Kenya’s petroleum sector was liberalized. This meant that the traditional petroleum companies had to formulate and implement effective marketing strategies so as to remain competitive, sustain market and profit growths. This sector has experienced a relatively high rate of instability and turbulence. Competition has increased and new players have invested in the industry. Success is now dependent on how the players in this sector formulate and implement their Strategic Marketing Plans in order to remain profitable.

Against this background, this project sought to study and investigate up to what extent are the companies in this sector formulating and implementing Strategic Marketing Plans and what influence the formulation of the Marketing Strategies. Specifically, the project examined the companies in the Liquefied Petroleum Gas (LPG) sector. This product is commonly known as the cooking Gas. Variables that had a bearing on the study problem were defined and the instruments for measuring them were clearly specified.

A questionnaire was employed and four LPG marketing companies participated in the study. Both qualitative and quantitative information was required. The study included analysis of primary as well as secondary data. SPSS, MS Excel, MS Word, descriptive statistics i.e. proportion, percentages and frequency distributions were used. In addition, measure of both central tendency and spread were used to compare certain characteristics of the LPG Companies.

LPG companies were investigated with respect to involvement in Strategic Marketing practices. Strategic Perspective to Marketing centers on analyzing environmental, competitive advantages and business factors affecting business units and forecasting future trends in business areas of interest to the enterprise. It was found that the Kenyan Liquefied Petroleum Gas Companies are generally involved in formal Strategic Marketing Practices. Awareness of various aspects of Strategic Marketing was reported. Formal strategic marketing strategy development with top and middle management involvement is practised.

Factors that influence formulation of Strategic Marketing Initiatives were identified. Influence of parent companies, threat of new entrants and intensified competition were found to be the critical factors leading to the LPG companies adopt Strategic Marketing. The move towards Strategic Marketing Management was also attributed to the deregulation of the industry and the fact that all players are subsidiaries of multinational companies and back ups in marketing operations were common. This foreign influence has obviously has an effect on the marketing management systems adapted by the companies.
CHAPTER 1: INTRODUCTION

1.1 Background
This chapter provides an overview and sets the context for the study. The purpose of strategic marketing management, approaches and the forms in practice will be discussed. Research problem, the objective of the study and its value will be highlighted.

The management of large organizations requires managers to possess well developed human, technical and conceptual skills .Top managers are primarily concerned with decisions relating to the future of the firm. These decisions involve the interplay of both internal and external environmental factors. An understanding of the driving forces behind this environmental influence is necessary in order to properly assess their potential impact on Organisation. The manager’s aim at making the organization responsive to any environmental challenges. The firm’s success is dependent on its ability to recognize and respond positively to internal and external environmental challenges. By using strategic marketing, organizations are able to recognize and respond to new developments and opportunities appropriately.

1.2 Strategic Marketing Management
Strategic marketing management is a managerial approach, which encompasses the crucial marketing activities in an organization right from defining objectives to the development of action programs to achieve these objectives. Strategic marketing presents a view of a business as well as necessary actions that are needed to gain a competitive edge. Strategic marketing management is a holistic approach to the management of the organization.

The concern of the Strategic Marketing is the future and how the organization anticipates it. The implications of every decision are considered prior to implementation. (Hunsey, D .E, 1991). The four components of the strategic marketing approach are analysis, choice, implementation and control.Strategic marketing is the process of analyzing environmental, competitive and business factors affecting business units and forecasting future trends in business areas of interest to the enterprise. It involves participating in setting objectives and formulating corporate and business unit strategies, selecting target marketing strategies for the products in each business unit, establishing marketing objectives, developing and implementing and managing program positioning strategies for meeting target needs. (Craven, 1971).

1.3 The Need for Strategic Marketing
Writers in this field have documented the benefits of strategic marketing to
organizations. Strategic marketing provides guidance while enhancing dynamism and coordination in the firm. This is essential in the times of rapid and discontinuous changes that characterize a turbulent environment. Such changes include the saturation of traditional markets and the influx of new competitors. Organizations could anticipate and respond to the resulting shifts through the use of strategic marketing. (MS Wilson, 1991)

Strategic marketing enables organizations to adopt competitive approach in their environments. It enables the firm to anticipate and respond appropriately to environmental challenges. In addition the organization’s ability to initiate and influence its environment is enhanced. By adopting a proactive stance, as opposed to reactive posture, the firm is in a position to exert control over its destiny. This has a positive impact on overall performance.

Strategic marketing enhances the competitive edge of the firm. Strategy formulation focuses on how to cope with competition. Competitor analysis techniques enable managers develop both an enhanced understanding of their industry and methods of systematically reviewing the environment in order to improve their competitive position. In addition, managers are able to generate strategies and action programs to enable them compete successfully.

Strategic marketing offers a systematic, logical and rational approach to making strategic choices. This is primarily through the provision of data after analysis in order that reasonable and informed risks can be taken where necessary. (Jauch & Glueck). Within the internal environment of an organization, employees’ attitudes to change are of great importance. Strategic marketing provides an improved perspective of change among employees. It provides a basis for identifying the need for change to all marketers, making them view change as an opportunity rather than a threat. (P Kottler, 1995). Though the use of strategic marketing does not guarantee improved performance, certain potential advantages accrue to companies practicing it. These include competitive advantages, market intelligence, effective marketing resource allocation and identification of opportunities or gaps. Related intrinsic values include improved business growth and profitability.

1.4 Approaches to Strategic Marketing Management
The approaches to strategic marketing can be classified into two: analytical and behavioral. These approaches are based on dominant variables in strategy development. The analytical approach comprises the technology of strategic marketing. It emphasizes the importance of analysis in strategy development. The focus is on the various strategies formulation techniques such as SWOT analysis, portfolio planning, and forecasting, and industry and competitor analysis. (Hussey,
A significant achievement of the analytical approach has been in shifting the perceptual boundaries of organizations. By putting information in new patterns, these analytical approach enables managers see new dimensions and perspective relevant to their operations. The behavioral approach lays its emphasis on peoples’ behaviors. It pinpoints corporate structures, culture and leaderships as major determinants of strategy. (Kottler p., 1995).

1.5 Recent Environmental Developments
Over the last six years, the Kenya government, with prompting of donor countries, the World Bank and the International Monetary Fund (IMF) has implemented economic reforms intended to restore economic growth and ensure efficient management of the economy. These reforms include currency devaluation, freeing of foreign exchange controls, privatization and trade liberalization of energy sector in which LPG is a key energy product. The overall objective is the creation of a competitive free market. There has been gradual implementation of the reforms in virtually all sectors of the economy. The Kenyan petroleum industry of which LPG or cooking gas is a key product was no exception.

In October 1994, the Kenyan Government formally announced the liberalization of the petroleum and LPG sector. (Kenya ‘Gazette No. 1036, November 1994). The implication was that the Oil companies and other players could import refined LPG and set their own consumer prices depending on market forces. LPG marketing companies are likely to face increased competition from new entrants such as BOC, Alba, Engen, ELF and Tri-Star as well as independent local dealers. The Kenyan petroleum industry is increasingly becoming market oriented and the critical success factors such as distribution and product differentiation are changing. Success now will depend on how well the LPG companies will adjust to the new business environment. The situation suggests the need for strategic marketing management in order to realize growth.

1.6 Research Problem
In Oct 1994, the LPG market was fully liberised and the implications were that more players could market the products as well as import refined petroleum products including LPG. The change of the Kenya LPG business environment meant that the LPG companies also required changing their marketing activities. Strategic perspective to marketing centers on planning for the future. The rapid pace of change and environment complexity has resulted in the inability of many organizations to develop a strategic approach to marketing.

The research had its specific focus on strategic marketing practices within the LPG companies in Kenya with the aim of finding out if many LPG organizations find difficulty in developing a strategic approach to marketing.
In a free market, companies are expected to compete with a view to acquiring sustainable competitive advantage. The study will identify how the companies if any, are modifying their marketing strategies to create sustainable competitive advantage. The study will also identify any possible barriers to strategic marketing, and suggest means to overcome the barriers.

1.7 Research Questions
The Research was guided by the following broad questions.
   i. Are there existing Strategic Marketing Initiatives in the industry?
   ii. What types of broad Marketing Strategies are being used in particular companies in the industry?
   iii. How are these Marketing Strategies developed and over what period?
   iv. How are they implemented?
   v. What benefits have been realized as a result of implementing Strategic Marketing?
   vi. What are the challenges and barriers to Strategic Marketing plans formulation and implementation?

1.8 Objectives
The objectives of the study were:
   a) To investigate and document the state of strategic marketing practices within Kenyan LPG energy sector and
   b) To find out what factors influence the formulation and implementation of the Strategic Marketing Plans.

Specific practices to be investigated are strategy development, environmental and business analysis, Strategic marketing audit, Selection of alternative plans, Implementation, Industry and competitor analysis.

1.9 Importance of the Study
The strategic marketing process can improve an organization’s efficiency, effectiveness, decision-making and teamwork. It improves effectiveness by creating a synergy of individual efforts that advances the organization rapidly towards its goals. A valuable benefit of any strategic management effort lies in the process rather than in the product and therefore it can be applied to any industry. When an organization integrates its strategic marketing and planning prices, managers can focus more clearly on organizational outcomes and priorities.

The research is important to scholars and key managers in organizations, as it will establish the fact that strategic marketing is a critical success factor in business. It will give proponents of strategic marketing the authoritative proof of the applicability of strategic management. The research seeks to prove that the
business failures could be caused by lack of strategic marketing, among others. The outcome will be of particular importance to the LPG companies. The findings will help business in making sound choices for long lasting business success,

The research will also provide an in-depth understanding of the concept of strategy. Strategic marketing is the management orientation of the twenty first Century and beyond. Therefore knowledge of strategic marketing process is a valuable tool in career development for students. The research will also be useful to discipline/profession of the management in general, as it will give insights into how management reacts to changes in the external environment. The research will also be reference material students of management and to strategic managers.

1.10 Scope of the Research
The source of the research data and information will be will be from all the established LPG companies in Kenya as well as the new entrants. These include Shell/BP; Caltex, Mobil, Kobil/ Kenol, Agip, Total, ELF and Engen. The study will have a bias towards the analytical approach to the strategic marketing. Information from related industry such as Kenya Refineries, Kenya Pipeline Company as well as Ministry of Energy will be obtained.
CHAPTER 2: LITERATURE REVIEW

2.1 Strategic Marketing Management
This chapter deals with strategic marketing in the LPG industry.
Strategic marketing has been defined in different ways by different authors. Strategic marketing centers on planning for the future. It expands the marketer’s role from an emphasis on only tactical decisions to do with the marketing mix to include decisions about the future direction of the Organisation. For marketing, this involves the markets in which the company will operate and the products and services it should develop. These short of decisions have significant resource implications; long term effects and affects all functions within a company. Strategic marketing is the process of analyzing environmental, competition and business factors affecting business units and forecasting future trends in business. It involves participating in setting objectives and formulating corporate and business unit strategy, selecting target market strategies for the products in each business unit, establishing marketing objectives, developing, implementing and managing program positioning strategies for meeting target needs. This definition establishes the obligation imposed upon strategists in the organizations. Establishing the long-term direction implies the need for a vision and a mission for the firm. Setting of specific performance objectives means that achievable targets must also be set. The importance of a rigorous environmental analysis is emphasized in the consideration of both the internal and external circumstances surrounding the firm. A distinguishing characteristic of strategic management is brought out in the emphasis on effective implementation of organizational action plans.

2.2 Concepts of Strategic Marketing
The core concept of strategic marketing is the strategy. It is fundamental planning concept since strategy related decision influence the way organization relates to environment. Purpose of strategic marketing is to provide direction and cues to organizations that permit it to achieve its objectives while responding to opportunities and threats.
Strategy is a large scale, future oriented plans for interacting with competitive environment to optimize achievement of organizational objective. (Pearce & Robinson, 1991). Peace’s model of strategic marketing planning process has five stages: Environmental and business analysis, detailed marketing audit, Strategy formulation and corporate objectives, Estimated expected results, Identifications of alternative plans, implementation and review.

2.3 Levels of Strategy:
Strategy is visualized at three levels in an Organisation: corporate, business and functional. (Ansoff, H. I. & Sullivan P. A., 1993). Each strategy level has a different focus. Corporate has the widest scope. Its primary concern is defining the business domain or overall mission of the firm. Business level focuses on how
each of the firm’s business will compete. At this level, the strategic marketing
corcepts are utilized to enhance competitive advantages. Functional strategy has
efficient resource utilzation as its primary concern like maximum resource
productivity.

2.4 Functions of Strategic Marketing
Strategic marketing enables the organization to cope with the changes by defining
and guiding its response pattern.
Strategic marketing enables an organization to focus their resources and efforts.
(Pearce and Robinson, 1991)
Strategic marketing also helps companies to develop a competitive advantage in
the market. Strategic marketing enhances effectiveness. The structure of an
organization follows the strategy of that organization.
Limitations of strategic marketing
Strategic marketing entails forecasting into the future like planning ahead. This
forward planning involves future predictions in a discontinuous environmental
change. (Ansoff and Sullivan, 1993). However, such forward planning may prove
to be difficult. This is especially so when one considers the discontinuous changes
in the environment. An organization’s ability to forecast into the future is
dependent on the level of turbulence in its environment. An increased turbulence
level means higher environment uncertainty. This makes the planning process
more difficult.

2.5 Strategic Marketing Formulation
There are two schools of thought for strategy marketing formulation. Which are
based on process. Rational analytical view strategy development is seen as a
formal, deliberate, disciplined and rational process. This view has that the best
strategies are always selected. Power behavior view where the strategy
development is identified with the power relationships and behavioral factors in a
firm. Emphasis is on the multiple goals of an organization, importance of
bargaining and negotiations and the role of coalitions in the strategy making
approach. Both these two approaches are used to formulate a comprehensive
strategy.

Historical development of strategic marketing management addressed the issue of
marketing and strategy in 1950s. His primary concern was identifying the firm’s
business. Studies conducted in the 1960s and early 1970s revealed that corporate
planning was practiced in the United States and abroad. (Ringbakk1969, Taylor
and Irving 1971). This period was characterized by relatively stable growth
business environment. Planning was rather extrapolative by forecasting and
extended budgeting. The underlying assumption was that no major changes would
occur in the future.
In 1970s, the business environment began to change dramatically. For example the oil crisis of 1973 changed the business environment. Other factors included new technological development and increases foreign competition. Tradition markets became saturated and decline in growth became frequent. The stable environment became upset and unpredictable. These new developments posed serious challenges to business. It was then necessary to modify or adopt the marketing functions so as to cope with a turbulent environment.

Criticism of the traditional marketing was focused on implementation of strategic marketing and the concepts. It was necessary to have a match between the strategy and the environment within which it is implemented. This would involve considering factors such as the firm’s internal culture, functional capabilities, social and political factors at play.

The dominant factor in the proposals by the various writers was that traditional planning needed to be changed. Unlike in the past, it had to reflect the prevailing business circumstances. There was now increased emphasis on implementation, flexibility and adaptability in strategic marketing. Various recommendations were made regarding the changes necessary in the planning systems. It was therefore necessary that strategic marketing should be:

- Be flexible, adaptable and focused
- Address the implementation issues
- Be instrumental in developing competitive advantages
- Enhance strategic thinking
- Links both analytical and behavioral features

These aspects of strategic marketing and planning are still the overriding concerns of strategic management.

2.6 Strategic Marketing Process

Strategic marketing process is the way in which objectives are determined and strategic marketing decisions are made in the organization. The philosophy underlying the process is that firms should continuously monitor internal and external environmental trends in order to adapt to change. The key activities in the strategic marketing process are: Mission specification, Objectives setting, environment scanning, Industry analysis, Competitor analysis, Market analysis, Internal analysis, strategy selection, Strategy implementation and Strategy evaluation.

2.7 Environmental Scanning

This process is also known as environmental analysis. It involves monitoring and interpreting broad trends in the external environment of the firm. These trends may be economic, political, legal, social-cultural or technological. Such factors greatly influence strategy change. They eventually have an impact on the company’s operations. The identified trends have then to be checked against the
company’s planning assumptions such as commercial interests rates, inflation and economic growth.

2.8 Industry Analysis

Industry analysis involves the organization comprehensively studying the nature of the industry it operates in. The aim is to enable the organization develop an understanding of the attractiveness of the industry. Aspects of the interest include the industry structure, growth potential, capacity requirements, regulatory considerations and major developments. The attractiveness of the industry depends on the degree of competition in that particular industry. This is in turn determined by:

- Threat of new entrants
- Threat from substitutes
- Rivalry within the industry
- Bargaining power of buyers
- Bargaining power of the suppliers

The collective strength of these forces helps to determine the ultimate profit potential of the industry.

2.9 Competitive Analysis

The strategic marketing manages net process aims at developing competitive advantage. Information of the rivals forms the basis of the strategy to be formulated. Competitor’s strategies are highly interdependent and therefore the competitors’ position is a crucial determinant of the choice of the strategy. (Thompson and Strickland, 1985). Effective competitor analysis requires systematic study of the existing and potential competitors. The factors to be investigated are current and future goals of the competitions, Competitors, perception of the industry, capabilities of the existing competitors and the potential ones.

2.10 Brief history of LPG Internationally

In this sub-section, the gas industry is examined from an international perspective. Historical development and the roles of the players are examined.

Standard oil Company

The gas – LPG and the oil industry traces its history to Pennsylvania, USA with the establishment of the Standard Oil Company by John D. Rockefeller. Over the years the company expanded its operations on a continental basis but was broken up through anti-trust legislation in 1911 for acting as a monopoly. Thirty-eight companies emerged. (Sampson, 1976)

Multinational LPG Corporations

For over sixty years the gas industry was under control of six companies: Exxon, Gulf oil, Texaco, Mobil, British Petroleum and Shell, three of which were direct
offsshoots of Rockefeller's Standard oil trust. These companies were responsible for the growth of oil and LPG industry over the years. Their long experience and vast resources enabled them develop highly integrated structures worldwide. They controlled over 80% of the world's oil and LPG production. They however faced competition from other independent oil companies such as Amoco, standard oil of Ohio-SOHIO, Atlantic Richfield and Occidental. Other European Oil and LPG companies emerged such as Total of France and Agip of Italy.

**OPEC: Organization of Petroleum Exporting Countries**

The oil producing countries presented the greatest threat to the domination by the oil/LPG companies over the industry. With ever-rising worldwide demand for oil products, producer countries were assured of increasing revenues through which they could implement their national plans. From the late 1950s, however, the business environment began to change. Increased oil production demand led to an oil surplus in the world market. These developments provoked the formation of the Organisation of Petroleum Exporting Countries (OPEC) in 1960. The members included Saudi Arabia, Venezuela, Iran, Iraq, Kuwait, Algeria, Libya, Nigeria, UAE, Gabon, Indonesia and Ecuador. It was the exercise of the OPEC's political clout that led to the first oil crisis of 1973. (Sampson, 1976). The dominant issues facing the international LPG industry today have been the unstable prices and safety. (*Economist, May 11 1985*). Economic recession in the industrial economies of the Organization of Economic Corporation and Development-OECD countries, which are the major LPG consumers, has affected the demand of LPG negatively. Many consumers particularly in the developing and underdeveloped continents prefer using other means of energy.
CHAPTER 3: LPG INDUSTRY

3.1 The Kenya LPG Industry
As in other countries, LPG plays a crucial role in social-economic development. It accounts for more than 20% of the Kenyan’s total domestic and commercial needs (Kenya Economic survey, 1998). Though LPG and Oil prospecting has been going on, no known commercial exploitation reserves have been identified. Kenya is therefore a net importer.

3.2 First Deregulation
Between 1963 and 1970, the present market players in the Kenyan LPG industry had already established a presence. These were Shell/BP, Mobil, Caltex, Total and Agip. The LPG industry was partly deregulated. The companies could determine the prices and the quantity to be processed.

3.3 Price Controls (1971-1994)
Fixing the existing prices and imposing a price ceiling carried out the process of price control implementation. Approval for price adjustment had to be sought from the Ministry of Energy. The parameters used to in setting LPG prices were:

- International crude oil prices
- Freight rates
- Prevailing exchange rates
- Inland transportation rates
- Government taxes
- LPG processing fee

3.4 Second Deregulation 1994
Deregulation process entails the lowering or total dismantling of government controls hindering the operations of a free market system. In the context of the LPG, this meant the removal of price controls and freedom for the LPG companies to purchase LPG from the most competitive sources. The most significant concern is with regard to the oil refinery whose protection from direct competition was effectively dismantled. (Daily Nation, March 22, 1995). Other LPG players were encouraged to invest in the LPG industry. Excessive importation of the oil products by the oil companies meant a reduction in the supply of the LPG as experienced after the deregulation.
CHAPTER 4: RESEARCH METHODOLOGY

4.1 Population and Sampling
The population in the study was the LPG companies operating in Kenya. This population includes the new entrants in the industry. The current number of registered LPG companies is seven, five are the traditional LPG marketers (Total, Mobil, BP/Shell, Caltex and Agip) and the other three are new entrants but have not launched the LPG except one (BOC), which will soon launch its brand. Engen and ELF although authorized to sell LPG do not intend to sell LPG in the near future.

4.2 Survey Process
In order to collect the data effectively, the survey procedure was implemented in four ways. Constructing the questionnaire, determining the population, requesting respective companies to participate in the study and interviewing the respondents.

Request for study participation
All the research companies were contacted by sending letters of introduction (Appendix 1) along with the questionnaire. Follow-up phone calls were made for scheduled appointments. Of the seven target companies, access was gained from six, one declined to participate citing the reasons that they are still working on the strategies to re-launch the LPG and also there is likelihood of this firm being acquired by another. The response was therefore 87%. The actual number of the companies marketing the product is four. The other two are preparing to launch their brands. Sources of secondary information were Kenya Petroleum Refinery, ministry of Energy and Central Bureau of statistics.

4.3 Interview Process
The respondents were top managers such as General, Marketing, Planning and communications managers. Two chief executive officers (Managing Directors) were also interviewed. These are the people who are familiar with the marketing strategy process in their respective organizations.

4.4 Limitations of the Methodology
With respect to the research methodology employed in the study, limitations arose out of the using the survey mode for data collection. Survey research has certain weaknesses. Survey could be obtrusive and therefore not discreet research instruments. In our study context, it means that the respondents were interviewed about their companies. Such self-reporting may not always be accurate or true. The use of a structured questionnaire meant that we predetermined the questions, which the respondents were expected to answer all the questions. However, there may have been cases where the respondents just answered questions even when they did not understand them. There was confidence, however, that these limitations did to impair the results of the research. Extra caution was taken to
minimize, as far as possible, the potential effects of these limitations.

4.5 Questionnaire Construction – Sample appendix 1 a
Two types of personal interviews were used: structured and unstructured. The practices to be investigated were delivered from a model of strategic marketing processes. Mission, objectives, planning formality, planning horizon, environmental scanning, strategies development, industrial analysis and competitor analysis. This chapter outlines the steps undertaken in executing the study. Inclusive are the specific methods and procedures used in the collection, measurement and analysis of the necessary data. In order to assist in the interview process, a questionnaire was developed. It was personally administered on the respondents by the researcher. The questionnaire had both open ended and closed questions. (See appendix). Both types of questions were necessary in order to gather both numerical and supplementary data as earlier stated. The questions were derived both from empirical studies and the model of strategic marketing process. Slight modifications were made on those questions, which proved difficult to understand, after the interview.

4.6 Data Collection
Survey data collection modes included personal, telephone and mails. The necessary information was both quantitative and qualitative. With personal interview, deep and verified information was obtained from the respondents. Supplement information was obtained by probing with additional questions. For the purpose of collecting standard numeric data and supplementary information, unstructured interviews in form of open-ended questions was used.

4.7 Data Analysis
Completed questionnaires were edited in a specified field. Coding was done to enable basic statistical analysis to be carried out. Descriptive statistics i.e. proportions percentage and frequency distributions were used. In addition, measures of both central tendency and spread were used to compare certain characteristics of the LPG companies.

4.8 Coding of the Companies
The various company respondents agreed to provide information on condition that the confidentiality was maintained. Therefore all the companies were given codes for identification purposes: These were AC, EB, XK, SY, BC, KO and EN.
CHAPTER 5: RESEARCH FINDINGS AND DISCUSSIONS

The results are presented on the basis of the arrangement of the strategy aspects investigated. Due to the added emphasis on the qualitative research in the study, rich and deep supplementary data was also gathered. These have been incorporated into the body of the research findings.

5.1. Company Profiles
The respondents provided background information with which company profiles are developed. The various company respondents agreed to provide information on condition that the confidentiality of the companies was maintained. In order to fulfil this undertaking, all the companies were given codes for identification purposes. These were AC, EB, XK, and SY.

5.1 Company AC
The company is a local subsidiary of a joint venture between two of the multinational LPG corporations. The Parent Corporation is a holding company whose primary activity is direct or indirect ownership of subsidiaries and affiliates worldwide. The parent company has the responsibility as an investor, to ensure the maximum financial performance of all the subsidiaries. Through service agreement arrangements, the parent company provides limited financial, human relations and specialized services to the local subsidiary. The subsidiary is largely independent of the parent company and formulates its own strategies. However, these have to conform to corporate policy. The mission and vision statements are formulated at the head office; these statements are then distributed to subsidiaries and affiliates worldwide such as the Kenyan subsidiary company, AC.

5.2 Company EB
The company is a subsidiary of one of the world’s largest multinational LPG corporations. The chief Executive Officer reports to the parent company’s Africa Services division. The parent company’s organizational structure was described as highly decentralized. Overseas subsidiaries enjoy great freedom in making independent operational and investment decisions. A company’s respondent explained as “our parent company hardly concerns itself with the operations. We are quite flexible and so we are able to control ourselves. As long as their dividends grow, we are o.k.”

The parent company input in the LPG operations is visible through setting and monitoring the health, safety and environmental standards in line with the overall corporate policy.

5.3 Company XK
This company is also a subsidiary of another large multinational Petroleum Corporation. The company is autonomous from its parent company with respect to
daily operations. It was stated that this level of freedom was in line with corporate policy where all subsidiaries operate with little interference from the head office. The autonomy may also be seen with regard to the purchase of crude oil from which LPG is processed on the international market. The respondent stated, “we purchase crude oil from the most price competitive sources. Should our parent company offer the best prices, we buy from them.” The parent company’s major input is in providing Group guidelines and standards such as safety and performances.

This is a newly incorporated company in Kenya. It has four petrol stations in the country. It distributes LPG for another company, as it does not have own importation and storage facilities.

5.4 Company SY
This is a subsidiary of a multinational company. The parent company’s organizational structure was also described as a highly decentralized. The company autonomy may be regarded as the purchase of crude oil on the international market. “We purchase the LPG from the most price competitive sources. If the parent company happens to be offering the best prices on the market, then we can purchase from them.”

This company also manages the local franchise for another multinational on its behalf. These franchisees do distribute the LPG.

5.5 Company BC
This company has just completed the plans to launch the LPG. It has completed its distribution network, pricing structure and product mix. The launch is expected in May 2000. Unlike the other LPG companies, its main business is gases for industrial use.

5.6 Company KO
This is a locally incorporated company. The company does not market any LPG in Kenya. It does sell its refinery share of the LPG to the other companies. However, the marketing Manager confirmed that there are plans to launch LPG in year 2003.

5.7 Company EN
This is a newly registered company and has only two petrol stations. The company does not plan to launch LPG in the near future although it intends to distribute for company EB once it completes its distribution network.

5.8 LPG Companies Characteristics
Certain characteristics of the LPG companies were investigated. These included the age, ownership and size of the companies. The results are presented in table 4.1 and 4.2.
### Table 4.1 - Age and company

<table>
<thead>
<tr>
<th>Company</th>
<th>Age - years</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company AC</td>
<td>34</td>
<td>Foreign-Markets LPG</td>
</tr>
<tr>
<td>Company EB</td>
<td>42</td>
<td>Foreign-Markets LPG</td>
</tr>
<tr>
<td>Company XK</td>
<td>26</td>
<td>Foreign-Markets LPG</td>
</tr>
<tr>
<td>Company SY</td>
<td>30</td>
<td>Foreign-Markets LPG</td>
</tr>
<tr>
<td>Company BC</td>
<td>56</td>
<td>Foreign</td>
</tr>
<tr>
<td>Company EN</td>
<td>5</td>
<td>Foreign</td>
</tr>
<tr>
<td>Company KO</td>
<td>52</td>
<td>Local</td>
</tr>
</tbody>
</table>

Source: Interview

Companies KO does not market LPG although the Kenya Petroleum refinery processes its proportion. Despite marked differences in the firms’ ages, there was no relationship between the age and the existence of the strategies. The average age of the companies interviewed was 33. The standard deviation was 17.98. This figure is attributed to companies EB and XK whose ages differ by 16 years above and below the mean respectively. Three of the companies have been operating in Kenya for over 30 years.

### 5.9 Business Sizes

### Table 4.2 - Size of the Oil companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Employees</th>
<th>Retail Outlets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company AC</td>
<td>288</td>
<td>116</td>
</tr>
<tr>
<td>Company EB</td>
<td>149</td>
<td>104</td>
</tr>
<tr>
<td>Company XK</td>
<td>251</td>
<td>116</td>
</tr>
<tr>
<td>Company SY</td>
<td>204</td>
<td>160</td>
</tr>
</tbody>
</table>

Sources: Interview

The average number of employees was 272. Deviation was 103.6 due to the company EB and SY whose mean differed from the average by a wide margin. Mean for the retail outlet was 124 with standard deviation at 24.65. Apart from company SY, there was no significant disparity from the mean. With regard to both the number of employees and retail outlets, company SY is the largest of the LPG companies studied, while EB is the smallest. However, the number of employees is not proportional to the size of the distribution network.

### 5.10 Missions and Objectives

Companies' missions, objectives and LPG sub-objectives

All the companies had written missions statements. Two of these statements indicated that the respective companies aimed at being the best companies in
marketing all the petroleum products including LPG. Respondent of company SY stated that their company aimed at being the first choice for the LPG. Environmental and safety concerns were clearly highlighted in all the statement.

**LPG Sub-objectives**

Three companies had stated that their objectives were to be the leading LPG suppliers in all the markets-Domestic, Institutions and Industrial.

One company had stated that their five-year plan was to control 25% of the LPG market in Kenya-Currently it has 16%.

### 5.10 Awareness of the LPG objectives

<table>
<thead>
<tr>
<th>Awareness</th>
<th>Number of Companies</th>
<th>Proportion: %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Top &amp; Middle</td>
<td>2</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Interview

Differences emerged in the awareness of the presence of the LPG objectives among the companies’ staff. Only four companies that both and top management seemed to be aware. In these cases, the objectives were regularly emphasized and articulated through internal corporate newsletter. Of the companies, which exported lack of awareness, one respondent stated:

"We have LPG objectives which I have seen, but I don’t think other employees in the company in the company are aware that it is around. It is not publicized as such even within the company." -Respondent for the company XK.

The respondent for the company EB expressed similar view.

### 5.12 Objectives Analysis

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPG Objectives</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Increase Market share</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Profit growth</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Increase Turnover</td>
<td>4</td>
<td>75</td>
</tr>
<tr>
<td>First brand choice</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Safety, Health and Environment</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Maximize shareholders value</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Cost competitiveness</td>
<td>1</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Interviews
All companies had set objectives: Market leadership, improved sales turnover and growth in profits were the most frequently cited objectives. Three of the companies stated that they had an objective to be the first brand of choice to the consumer. Improved return on assets was also mentioned as an objective. Safety, health and environment issues were taken seriously. Both the quantities and qualitative aspects of the objectives were emphasized. An important consideration was the need for extra caution while pursuing certain objectives. This was due to the potential risk of drastic effects on the company’s cash flow position, which would affect the operations.

Table 4.5: The levels at which the LPG objectives were set

<table>
<thead>
<tr>
<th>Participants</th>
<th>Number</th>
<th>Proportion%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management only</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Top and Middle mgt.</td>
<td>2</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: interviews

All respondents indicated that their corporate objectives were communicated to company’s employees. The various methods used and their frequency is as in table 4.6

5.13 Methods used to communicate the LPG business objectives

Table 4.6

<table>
<thead>
<tr>
<th>Channel of communication</th>
<th>Frequency</th>
<th>Proportion %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meetings</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>In house Magazine</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Seminars</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Corporate policy manuals</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Mission statements</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Informal discussions</td>
<td>1</td>
<td>25</td>
</tr>
<tr>
<td>Budgetary plans</td>
<td>1</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Interviews

5.14 Budget Plans and planning horizons

As shown in table 4.7, all the respondents indicated that their companies prepared budgets for planning purposes. These budgets were primarily financial in nature. However company XK indicated that the budgets were comprehensive as they incorporated operations, health, safety and environment.
Table 4.7 Types of plans used

<table>
<thead>
<tr>
<th>Types of plans</th>
<th>Frequency</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgets</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Annual Plans</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Short terms plans</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Long terms plans</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Functional plans</td>
<td>3</td>
<td>75</td>
</tr>
</tbody>
</table>

Source: Interview
Annual and short plans were prepared by all the companies. Not all companies had long-term plans. In company XK, previous effects of price controls, resources constraints and the predominantly local operations influenced the company to plan at short range for a maximum period of two years.

Difference was also noticed in other plans. In three companies, separate functional plans were prepared with the marketing plan being the most frequently mentioned. The plans mentioned by respondents were all documented.

Table 4.8 Planning Horizons

<table>
<thead>
<tr>
<th>Company</th>
<th>Planning Horizon</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC</td>
<td>5 years and above</td>
</tr>
<tr>
<td>EB</td>
<td>1 to 3</td>
</tr>
<tr>
<td>XK</td>
<td>1 to 3</td>
</tr>
<tr>
<td>SY</td>
<td>3 to 5</td>
</tr>
</tbody>
</table>

Source: Interview
Table 4.8 shows that different companies have different planning horizons in all cases an annual review of the planning environment was carried out. Company EB and XK had the shortest planning horizon. Respondent from company EB stated that ‘All our plans are short range. For instance if we want to improve on our retail network by appointing new LPG distributors or petrol stations, the proposal is discussed at the end of financial year’.

5.15 Participation in Strategic Marketing
Participation in planning was restricted to top management only in company AC. In table 4.9. Additional input from middle management was noted in other companies.

Table 4.9 Participants in planning process

<table>
<thead>
<tr>
<th>Participant</th>
<th>Number</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management. Only</td>
<td>1</td>
<td>25</td>
</tr>
<tr>
<td>Middle management</td>
<td>3</td>
<td>75</td>
</tr>
</tbody>
</table>

Source: Interview
Company SY respondent said "Planning in our company is a bottom-up process. We therefore need the input of all those involved in the implementation of these plans".

Table 4.10 Characteristics of the planning process:

<table>
<thead>
<tr>
<th>Feature</th>
<th>Frequency</th>
<th>Prop.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existence of a planning dept</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Plan timetable</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Informal planning sessions</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Planning responsibility</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Planning meetings</td>
<td>2</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Interview

All companies had planning departments. Formal planning sessions and meeting are often held outside the company’s premises. Informal planning is not given specific time as it assumed as ongoing. A response from company XK is: "There is no particular time that we sit down and say that we are planning. It is a continuous process".

5.16 Marketing Strategies and Strategic plans

As in fig 4.11, the respondents stated a variety of strategies used by the various companies. All the respondents mentioned quality customer service. The LPG sellers especially in the depots and in the petrol stations defined this as efficient and reliable service delivery.

The ability to procure LPG on the international market at competitive prices was also mentioned by all the respondents. This increases the profit margins. Other strategies mentioned included advertising, increased, training and support for service stations operators and addition of new retail networks.

Company XK mentioned low retail prices as a strategy. Soon after the deregulation of the LPG, retail prices were increased exception of XK. At the time, company XK aim was to offer the lowest LPG prices.

Table 4.11 Marketing strategies mentioned

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Frequency</th>
<th>Prop. %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality customer service</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Competitive product source</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Price</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Advertising</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Reseller training &amp; incentive</td>
<td>4</td>
<td>75</td>
</tr>
<tr>
<td>More outlets</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Low prices</td>
<td>1</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Interview
Strategies development
The respondents were also asked how they develop their strategies. Company XY involves an elaborate process of data collection in their company. Advanced statistical techniques, including the use of regression analysis, were used in making the strategic choices. The variables in the strategies included industry growth rate, market trends, government regulations, past performance, customer needs, the goals and overall corporate policy.

Table 4.12 Participants in the strategy formulation

<table>
<thead>
<tr>
<th>Participants</th>
<th>Number</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management</td>
<td>1</td>
<td>25</td>
</tr>
<tr>
<td>Top and middle</td>
<td>3</td>
<td>75</td>
</tr>
</tbody>
</table>

Table 4.12 shows the participants in strategic marketing formulation for the LPG. Formulation was restricted to top management in company SY.

5.17 Environmental Scanning
The main concern of the nature of the environmental scanning carried out by the companies was local and international economic trends, government policy and the market trends.

In company AC market research was stated as the activity similar to environmental scanning. Market research firms were hired on a regular basis to carry out this function for all the products including LPG. The general manager-Marketing & Operations was in charge of this function.

Respondents for company SY and XK stated that their firms had marketing intelligent systems, which carried out the activities mentioned as comprising the environmental scanning. The system’s aim was to monitor those developments in the environment that potentially affect the company and then disseminate this information to the relevant departments. The responsibility of the environment scanning varied slightly among the companies. In company SY one officer was in charge of gathering the market intelligence. In XK, the budget controller and the market analyst were responsible. In EB, information gathered was analyzed at functional level and ultimately to the corporate level. The following were mentioned as the source of information for the environmental scanning purposes with respect to LPG.
1. Economic survey and statistical bulletins with information on key economic indicators such as Gross Domestic Product (GDP) and gross national product (GNP).
2. Annual budgetary estimates by the finance ministry.
3. International publications such as finance times in company SY.
4. Local papers such as dailies.

5.18 Industry Analysis

All the respondents indicated that their companies carried out industry analysis. In addition, three out of the four respondents stated their companies’ position in the industry on the basis of the market share.

Table 4.13 Key success factors mentioned

<table>
<thead>
<tr>
<th>Success factor</th>
<th>Frequency</th>
<th>Proportion%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing strategies</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Distribution outlets</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Convenience locations</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Efficient information Systems</td>
<td>2</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Interview

All respondents mentioned that marketing strategies, adequate distribution, location of the outlets and systems were critical success factors in LPG industry. Availability of adequate resources was also stated as a success factor. The LPG capital investment is high and includes facilities such as retail outlets, roadtankers, filling equipment and storage facilities.

Various sources of information relevant to the LPG industry which are used by the companies are:
1. Price monitoring report issued monthly by the Ministry of energy after the deregulation of the industry.
2. Local and international press reports
3. International periodicals such as petroleum intelligence
4. Information from the Kenya Refinery in Mombasa and Kenya Pipeline - Quantity of the LPG processed by each player, Monthly and annual sales data for each player
5. Government reports on annual energy requirements.

Table 4.14 Mean score of the importance of industry aspects

<table>
<thead>
<tr>
<th>Industry Aspect</th>
<th>Mean Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry Growth Rate</td>
<td>4.75</td>
</tr>
<tr>
<td>New Strategic Industry Focus</td>
<td>4.75</td>
</tr>
<tr>
<td>Regulation Influence by Government</td>
<td>4.50</td>
</tr>
<tr>
<td>Exit/Entry/Out of LPG business</td>
<td>4.00</td>
</tr>
</tbody>
</table>

Source: Interview: Max score is 5.0
The rate of LPG growth was considered as very important as the table 4.14 indicates. Previously the companies had primarily focused on supply systems. With opening of the market this focus shifted. The respondents stated that a major issue that remains unresolved was lack of clear policy guidelines to govern the industry’s operations in a deregulated environment. Respondent of company SY envisaged such a situation. “The LPG is a highly flammable and can have disastrous consequences on human life. It is crucial that certain ground rules be clarified to all the players.”

The respondents also voiced their concern over the government directive issued by the Energy ministry at the time of deregulation. All the players were directed to build up LPG stocks for 10 days. The stock is translated into high expenses. The entry or exit of the companies into or out of the LPG industry was ranked the least important aspect.

5.19 Competitor analysis

Table 4.15 Information obtained on competitors

<table>
<thead>
<tr>
<th>Nature of Information</th>
<th>Frequency</th>
<th>Proportion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Share</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Retail Net Work Development</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Sales Statistics</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Product Packages/Sizes</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Stock/Supplies</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Human Resources Policy</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>Promotion/Advertising</td>
<td>3</td>
<td>50</td>
</tr>
<tr>
<td>Retail Prices</td>
<td>2</td>
<td>50</td>
</tr>
<tr>
<td>Financial position</td>
<td>2</td>
<td>50</td>
</tr>
</tbody>
</table>

Sources: Interviews

The nature of the information on the competitors collected by the companies is as shown above. Other types of the competitor information of interest included lease expiry dates on dealer owned LPG outlets where a particular LPG company might not have a presence. This helped in deciding on the appropriate time to approach the stations’ proprietor and enter into a contract with the dealer ahead of renewal by competitors.

Price discounts offered to bulk commercial consumers were also of interest for purpose of matching or even improving on them. The state of equipment such as LPG filling and storage facilities as well as the number and state of cylinders was also established. In order to estimate and assess competitors’ operational costs, the LPG companies monitor the LPG distribution costs incurred by the rivals.
All respondents indicated that the marketing representatives were regularly used to gather the intelligence. Respondents stated that there was free exchange of inside information among the LPG companies. Company XK respondent said that "If I wanted to know how much stock a particular LPG company is holding, the data will be readily available." Additionally, all the companies sent financial data to a single auditor who compiled this information. Copies of this information are made available to the firms.

The refinery was also mentioned as a source of information. The players jointly own it. In order to achieve the LPG sector policy objectives as mentioned in chapter 2, it was inevitable that the exchange of the information was possible. Meetings among the LPG firms and the Energy are regular and the information is available for each company. Joint reports of the stocks are available from the ministry as well as from the refinery. Information flow is also possible from employees who change job from one firm to another. LPG outlets also provide information. Another source of the information is the only LPG cylinder manufacturer. This company is the only local supplier of the cylinders. However, the players have now started importing empty cylinders due to the cost saving and better quality. Company AC imported 1000 cylinders from South Africa in March 2000.

The current strategies employed by the competitors were cited as the most important consideration with respect to competition among the firms. These strategies are monitored as indicated by the company SY correspondent.

"You need to understand your competitor in this industry. You have to know what the rest are doing and if possible get a copy of this strategy."

Table 4.16 Mean score on the importance of competitor aspects

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Mean score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitors strategies</td>
<td>4.75</td>
</tr>
<tr>
<td>Marketing practices</td>
<td>4.75</td>
</tr>
<tr>
<td>Competitor Goals</td>
<td>4.5</td>
</tr>
<tr>
<td>Human resources</td>
<td>4.25</td>
</tr>
<tr>
<td>Possibility of new entrants</td>
<td>4.25</td>
</tr>
<tr>
<td>Financial strength of competitors</td>
<td>4.00</td>
</tr>
</tbody>
</table>

Source: Interviews

An important observation was with regard to the LPG companies with respect to the new entrants into the industry. The industry believes that the entrance is not easy due to the heavy capital required. Respondent for the company EB said.
"The number of the new entrants does not threaten us except one as long as there is a level playing ground. The only fear is the business practice of the new entrants. If the practice is not ethical, then we will be concerned."

Company XK respondent expressed a similar view.
"As long as nobody takes shortcuts, we are O.K. every one should play according to the rules."

5.20 Pricing Policies
Additional supplementary data was obtained from the respondents. With the companies now in position to set their own prices, it is of interest to investigate the nature of pricing policies. Two different policies were observed.

Company EB, XK and SY maintained a uniform pricing policy. Respective prices were set at their head offices and offered by their retail outlets. Company SY indicated that retail outlets were categorized on the basis of geographical zones. Each zone had own prices. Company AC had maintained a pricing policy where the outlets set the prices. The respondent said:
"The distributors are left to determine their prices at discretion. Once the firm determines the depot price, dealer set their own but they have to monitor the other competitor prices. They too have to meet the company’s set sales targets."

5.21 Results
LPG companies were investigated with respect to the involvement in marketing strategy practices. One significant factor that may explain the results obtained is that the Kenyan LPG companies are subsidiaries of multi-national corporations. Even the possible entrants are also subsidiaries of some multinationals. This is also a reflection of the companies’ profile as discussed earlier. This account for the prevalence of mission statements and the parental influence. One respondent indicated that mission and vision statements were passed on from their parent company and hence the parent companies do have influence on the strategy practices.

The availability of the managerial support and resources enabled them undertake formal marketing strategy practices. An example is the Executive Management Development program attended by one of the respondents at the company headquarters. This support has enabled the LPG companies have formal corporate objectives with necessary communication, formal planning practices and also employ professional managers to oversee the operational. Participation in setting the marketing objectives, planning and marketing strategies formulation was restricted to top and middle management.
The level of participation may be explained by this professional approach. The nature of the LPG industry may explain level of the industry and the competitor analysis. It is highly competitive and dominated by foreign companies. As discerned from their corporate objectives, all were interested in improving market share, sales turnover and increasing the profits as well as registering high return on assets (ROA). They were all interested in understanding the LPG industry structure, factors affecting their environment such as regulatory procedures and the state of their competitors. The competitive nature of the industry also explains their involvement in formal strategy development. The companies develop and document marketing strategies so as to enhance competitiveness. Historically the LPG companies have seen the players consistently cooperating and sharing information. Being subsidiaries of the original players on the international scene, this practice has filtered down the Kenyan LPG industry. This also explains the high rate of the industry and competitor analysis.

The nature of the Kenyan business environment has also played crucial role in determining the companies’ marketing strategy practices. By the time this study was undertaken, the LPG companies were still adjusting from price-controlled regime to a free sector. Price controls had forced the firms to plan on a short-term basis but this focus is shifting to long term. The size of the LPG companies may have influenced the nature of their involvement in marketing strategy practices. All the companies had more than 100 LPG outlets. This implies that all are big firms and are keen on this product. It would therefore be necessary to undertake formal management practices in order to effectively oversee their operations.

5.22 Summary of the Findings

Results in relation to the theory of the strategic marketing:
In this section, the findings are related to the theory of strategic marketing management illustrated by the model presented in chapter two.

All the LPG companies studied had written mission statements and formal corporate objectives as well as business (LPG) objectives. These objectives were communicated to the business managers in the organizations by use of various channels. Top and middle management participated in setting the marketing objectives. Apart from the planning tools such as budgets and annual plans, the LPG companies also had a mix of functional and long-term plans. Planning horizons varied from one to five years.

It was top and middle management that participated in the marketing planning.
process. The LPG departments are responsible for the LPG marketing plans. These companies have formal strategic planning systems.

The LPG companies use various well-documented marketing strategies. Formal marketing strategy development with top and middle management involvement is practiced. Environment scanning in various forms is carried out as a formal system process. All the oil companies carry out competitor analysis. Substantial information on competitors is sought. The companies attached importance to various aspects of their competitors operations. Industry analysis was also present among in the firms. The respondents also mention critical success factors. Functions of the various boards included strategy formulation, setting the objectives, leadership and future predicting, and performance review and plans approvals. The top management involvement in the strategy process was therefore substantial.

The LPG industry is dominated by subsidiaries of multinational companies; these subsidiaries enjoy high degree of autonomy. This is clearly reflected on the company profiles. As stated by all the respondents, relations between the LPG companies and the government are strained. The LPG companies have different policies on the retail product prices: For instance, the unit prices of all LPG brands in the market in a given region were different.

5.23 Synthesis
The findings of the study indicate that the strategic marketing practices among the LPG companies are generally in line with the strategic marketing theory. However, this practice started in 1994 after the deregulation.

The theory states that the strategic marketing presents a view that sees it as chosen actions by means of which a market position relative to other competing enterprises is sought and maintained. This gives the notion of competitive position. In chapter one, various forms of strategic marketing practices in organizations as stated by Cravens (Strategic Marketing Techniques). It can be established that The LPG companies are developing a strategic approach to marketing. They do not solely rely on budgets for planning purposes. Though there is the predominance of the short planning horizons, this may be attributed to the era of price controls when the companies had to depend on the government to determine the prices. At the moment, the LPG industry is still adjusting to the new environment. There is also significant reliance on long term planning. In addition, documentation and communication of marketing strategies is prevalent.

Many organizations find it difficult to develop a strategic approach to marketing because among others lack of marketing, skills lack of resources in terms of both time and money and because of non-marketing orientation. The Kenyan LPG
companies have all these attributes. Within six years after the deregulation, strategic marketing benefits such as product availability at all times wider package ranges and wider distribution network have been realized. However, since the industry is not fully practicing the strategic marketing, consumers are still dissatisfied in areas such as high prices, lack of product awareness and poor distribution network in rural and Semi-urban areas. Other hindrance, which has caused the LPG industry from fully being LPG strategic marketers, is: No serious new entrants are in the markets since the industry was liberalised and therefore status quo still remains. However, one new strong entrant is just about to launch it product.

The move towards strategic marketing management within a short period is attributed to the reliance on professional management. More important is the fact all the players are subsidiaries of multinational companies and back ups in operations are common. This foreign influence has obviously had an effect on the management systems adapted the companies. As reflected in the literature review, strategic marketing management emerged from the developed world. The home countries of these multinationals are in developed countries.

5.24 Implications of the Study
From the findings obtained, the LPG companies are now shifting from short to long range strategic marketing planning. This implies that the companies are able to anticipate the future and meet the challenges. In an era of turbulence environment such as in the current Kenya, the use of strategic marketing and management is a factor of success. Their consistent monitoring of competitors is also important in order to enhance customer value.

Kenya LPG is at crossroads today. LPG companies are making attempts to adjust to the new business environment. New developments keep emerging in the industry such as illegal LPG sellers. The LPG industry has to face the challenges brought by deregulation. With the competition in the industry expected to increase, LPG companies need to enhance and improve on their strategic marketing management. This would guarantee their continued survival in the industry. The LPG companies need to effectively enhance their understanding of both their internal and external environments. Effective strategies can then be developed with each company attempting to create competitive advantages. Relations with the government were found to be strained. Improving these relations will ensure that the environment for practicing strategic marketing is conducive.

5.25 Limitations of the Study
Limitations included both practical constraints and the inherent nature of the
study. First it was the researcher's intention that all the companies would provide full information. One company however, did not provide adequate information citing confidentiality and the corporate policy as the reason. Secondly the study has focused on too many aspects of strategic marketing. Deeper insight on specific branch of strategic marketing may have been obtained from a narrowly focused study.

The study also took one dimension of strategy development—the rational analytical approach. Factors such as power and behavioral aspects, which can influence strategy development, were not considered.
CHAPTER 6: CONCLUSION AND RECOMMENDATION

The general object of this study was to determine whether the LPG companies in Kenya have adopted Strategic Marketing Management and what factors influence the formulation and implementation of Strategic Marketing Plans. The data was gathered through a questionnaire and was analyzed, presented, interpreted and discussed. The focus of this chapter is to summarize the findings and draw conclusions based on the findings in order to determine whether the findings comprehensively answered the research questions and fulfilled the objectives of the study. Recommendations based on the findings are also presented.

6.1 Conclusions and Recommendation

The first objective of the research was to find out whether the LPG Companies in Kenya formulate and implement Strategic Marketing Plans. Four companies, which market LPG in Kenya, were investigated. Awareness of various aspects of the Strategic Marketing Practices was reported. It was also found that the Kenyan LPG companies are generally involved in formal Strategic Marketing Practices. Apart from the planning tools such as budgets, the LPG Companies had a mix of functional and long term Marketing Strategies. Planning horizons varied from one to five years. Top and middle management participated in setting the Marketing Strategies and LPG departments effected implementation.

The Research Findings indicate that the key challenges the LPG companies face when developing a strategic approach to strategic marketing are lack of marketing skills and because of non-marketing orientation background. This was attributed to the Kenyan LPG companies being regulated by the Government prior to 1994. However, within six years after the deregulation, Strategic Marketing benefits such as product availability at all times, wider product package choices and wider distribution network have been realized.

The second objective was to find out what factors influence the formulation and implementation of Strategic Marketing Plans. It was found that the parent companies, all of which are headquartered outside Kenya, influence the Strategic Marketing Plans of their Kenyan subsidiaries. Such influence is in form of adopting a global strategy or drawing experiences from other subsidiaries. Kenyan LPG marketing companies are subsidiaries of multinationals. This accounts for the parental influence on the Strategic Marketing Plans. The unstable business environment in Kenya, increased competition and the threats of new entrants in the industry also played crucial role in determining the companies Strategic Marketing Practices. Corporate support was found to be a critical success factor in
implementing the strategies. However, adoption of these practices started after the industry liberalization in 1994.

6.2 Recommendation
Based on the findings it was recommended that further research could be carried in Strategic Marketing Management. Research in strategic marketing in Kenya is still in infancy. Similar research could be undertaken in other sectors. Fewer strategy aspects could be selected and covered in much wider perspective. Similar research should be carried frequently so as to investigate and document the extent to which companies are practicing strategic marketing.
Appendix 1 a: Letter of introduction

Dear Sir,

RESEARCH PARTICIPATION
Will you please participate in the search for the truth in the market status in Kenya? I am a graduate student at U.S International –Africa studying towards an MBA. I am undertaking a study entitled "Strategic Marketing Practice in Kenya". The study is focused on the LPG-Liquefied Petroleum Gas Industry. Being a key decision-maker in this industry, your expertise and participation is required. I shall appreciate should you please extend this interview to other colleagues in your firm.

I will call in your office so a to fix a meeting time and the details. The information provided will be strictly for academic purpose and will be kept confidential. If need be, a copy of the results will be available for you once the research is complete. The study supervisor is Mr. C Mayaka, a marketing/Business lecturer at USIU.

Yours Faithfully

John Mburu
Appendix 1 b: Questionnaire

1. Company data
   1.1 Name of the company/parent company
   1.2 Country of origin
   1.3 Under which category is the ownership?
      - Wholly foreign
      - Wholly local
      - Joint Ownership
   1.4 Employees population
   1.5 Number and location of LPG outlets

2. General Information
   2.1 Interviewee name /Title
   2.2 Length of service
   2.2 Past work experience

3. Missions and objectives
   3.1 What are the company’s missions and objectives?
   3.2 The sub-objectives of the LPG?

4. Marketing planning
   4.1 What types of broad plans does your company have?
   4.2 Classification by the time: Long or short range.
   4.3 Levels: Functional or Business levels

5. What are the marketing strategies for LPG?
   5.1 How long ago were these strategies first developed?
   5.2 Are these plans reviewed and if so at what frequency?
   5.3 Who participates in the development of these strategies?
5.4 What time periods do your plans cover?
   0 to 1 year
   0   To 3 years
   0   To 5 years
   5 years and beyond

6. Please indicate whether the following features are characteristics of your marketing planning process.

6.1 Formal planning meeting Y/N

6.2 Informal planning sessions Y/N

6.3 Plans timetable Y/N

6.4 Clear-cut responsibilities of planning Y/N

7. Marketing strategies and strategic plans

7.1 Has your company developed any strategies for operations? Y/N

7.2 If so what type of strategies?

7.3 Have you changed these strategies over time/N?

7.4 If so why?

7.5 Do you intend to maintain these strategies?

7.6 How are these strategies developed? By Individuals, Groups or Consultants?

7.7 Are these strategies in written form and are there broad plans?

7.8 What forecast and reforecast tools does your company use?

8. External & Internal Information

8.1 Does your organization gather external and internal information to assist in strategy making? Y/N

8.2 Do you gather competitors' information?
8.3 If yes what type of information?

8.4 How is his information gathered?

9. Please indicate the level of importance that your company attaches to the following.

1=Least important to 5=Most important

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10. Industry analysis

10.1 What is the company’s rank: 1992 to 1999 comparative i.e. in the industry in terms of LPG share and marketing expenditure.

10.2 What are the key factors that determine marketing practices in the industry?

10.3 Does the company gather information that is unique to the industry?

11. Please indicate the level of importance to the following.

1=Least important to 5= Most important

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12. Prior and post liberalisation barriers

12.1 What are the barriers if any before and after the liberalisation?

13. Strategic marketing resources

13.1 What resources are available?

13.2 Are these resources adequate?
Appendix 2: Operational definitions

1. Mission statement:
   A statement defining why an organization exists and the nature of its business.

2. Objectives:
   A quantified or more precise statement of specific aims or purpose of the organization.

3. Formality in Planning
   The deliberateness in planning, demonstrated by an organization. This may be indicated by the amount time spent on planning, the designation of planning responsibilities, existence of written plans and the communications.

4. Participation in planning
   The cadres of management in the organization that share in, and make contributions to the planning process.

5. Planning Horizon
   The time span covered by plans in an organization.
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