THEME: SUSTAINABLE DEVELOPMENT GOALS: ROLE OF RESEARCH INNOVATION AND CAPACITY BUILDING.

TOPIC: THE IMPACT OF INDEPENDENT OIL DEALERSON MARKETING ACTIVITIES OF MULTINATIONAL OIL CORPORATIONS IN KENYA.

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PROBLEM STATEMENT

- 2016- 77 OIL REGISTERED COMPANIES IN KENYA. (PIEA, 2016)
- 76% OF THE MARKET SHARE CONTROLLED BY 6 CO’S.
- 4 MNC’S EXIT THE KENYAN MARKET POST LIBERALIZATION (SHELL, CALTEX, MOBIL, BP).
HYPOTHESES

- Hypothesis 0 1: Independent oil dealers have led to changes in the product line and product mix strategies for the multinational oil corporations.
- Hypothesis 2: Independent oil dealers have led to changes in pricing strategies for the multinational oil corporations.
- Hypothesis 3: Independent oil dealers have led to changes in distribution strategies for the Multinational Oil Corporations.
- Hypothesis 4: Independent oil dealers have led to changes in the promotional mix strategies for the multinational oil corporations.
METHODOLOGY

- descriptive survey research design which enables a researcher to generate broad range of data from which to draw comparisons and differences
- Population- All the multinational oil Companies (7) were considered.
- The key respondents were the senior managers of the MNCs that included chief executive officers and heads of departments (Iravo, 2011)
- The questionnaire and interview guides were used as the main data collection instruments in order to gather accurate, less biased data and increase quality of the data collected (Oloko and Ogutu, 2012).
- Data was collected using semi-structured questionnaires, interview guides, secondary data review and computer-based data review(Olsen, 2004 and Mugenda and Mugenda, 2003).
- A 5 Likert type scale was used, ranging from 5 – strongly agree to 1- strongly disagree, to indicate the extent to which the respondents agreed with the statements that were given. Such method was used by Oloko and Ogutu (2012) and showed a reliability coefficient of more than 0.70.
FINDINGS

- Majors exits from Kenya- BP, Caltex/Chevron, Mobil, Shell.
- Enhanced product offering by the MNC’s. A shift of emphasis to other products such as lubricants, LPG and Non-Fuel business i.e cafes, ATM,
- A shift by MNC’s in fuel card usage, fuel discounts and enhance customer loyalty.
- An aggressive retail expansion strategy across the MNC’s, while taking over some outlets initially owned by independents.
- Aggressive mass media campaigns – esp lubricants, LPG, and speciality products e.g V-power
These findings concur with earlier studies by Bernard and Koerte (2007) on 423 Multinational Corporations in USA and Germany which found out that MNCs employ relocation, avoidance, and marketing differentiation strategies when faced by competition.

The findings also agrees with the study by Ogutu and Nyatichi (2012) on competitive strategies adopted by multinational banks in Kenya similarly concluded that when MNCs are faced by competition in an industry, they maintain their competitive edge by largely adopting differentiation strategies.
CONCLUSION

- Proper manipulation of the various elements of the marketing mix gives companies a competitive edge of their rivals (Egan, 2007).
- As the research findings indicate, those who manipulated well the marketing mix elements have withered the storm (76% of the market share controlled by 6 Co’s) (PIEA, 2016).
- That the enhancement of the distribution channels has given the MNC’s sustained competitive advantage over the independents (Kotler and Armstrong, 2014).
The ad spent for the MNC’s has increased over the past years without a corresponding measure of its contribution on sales and profitability. It might be prudent for a study to be done to establish a correlation between ad spend and increase in sales and profitability.
REFERENCES

- IPAR Policy brief (2002), Kenya’s petroleum market and pricing policy before and after regulation. Governance program no. 1.


Kenya Pipeline Corporation, 2016. www.kpc.co.ke


PIEA (2016), Petroleum Insight: A magazine of the petroleum institute of East Africa 3rd September.


THANK YOU!