EFFECTS OF MARKETING STRATEGIES ON PERFORMANCE OF PETROLEUM COMPANIES IN KENYA

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DECLARATION

This Project is my original work and has not been presented for a degree in any other University

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This Project has been submitted for examination with my approval as the Student's University Supervisor.

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ABBREVIATIONS AND ACRONYMS

AMA	:	American Marketing Association
CFA	:	Collateral Financing Agreement
ERC	:	Energy Regulatory Commission
GoK	:	Government of Kenya
HHI	:	Harfindal Hirschman Index
KPC	:	Kenya Pipeline Company
OMC	:	Oil Marketing Companies
OTS	:	Open Tender System
O&G	:	Oil and Gas Companies
PIEA	:	Petroleum Institute of East Africa
ROA	:	Return on Assets
ROE	:	Return on Equity
SPSS	:	Statistical Package for Social Sciences

ABSTRACT

The current study set out to document the strategic responses of oil firms in Kenya to challenges of increased competition by seeking answers to possible effects of marketing strategies on performance of petroleum companies in Kenya. Primary data were collected using questionnaires from a total of 35 firms. The data were analyzed using descriptive statistics including percentages, mean scores, standard deviations and frequencies. Thereafter regression analysis was used to determine the influence of the independent variable on the dependent variable. The study established that i) the petroleum industry has ensured cost leadership strategy by strategic location of storage, filling and loading facilities, and high operational efficiency through reduced wastage of time and resources; ii) the industry has ensured consistent product availability and use of highly efficient equipment and facilities; ii) the industry uses segmented markets as a method of competitive advantage; iv) the industry employs various strategies to remain profitable in a largely competitive market. The study also concluded that cost leadership, corporate growth, market-focus and differentiation strategies are responsible for gaining market share among petroleum companies in Kenya. The study recommended that the industry should embrace cost leadership and differentiation strategies to enhance the profit margin. Finally, the government through the Energy Regulation Commission should ensure that the players in the petroleum marketing business compete on a level ground by fully enforcing the Energy Act and removing the price regulation in the petroleum market to enable petroleum marketers practice price leadership strategy.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Over the decades global business environment has greatly changed at a remarkable intensity and pace. According to Acquaah and Yasai-Ardekani (2008), volatility, competitiveness and unpredictability of the environment is greatly observed in operating environment. Marketing strategies have thus been of essence as weapons of defense to curb competition, despite manifestation of operative environmental changes influences.

The continuous increase in competition being faced will ensure accrued rewards for companies' embracing competitive advantage to compete with their competitors having a precise consumer needs understanding ability. Business landscape transformation is achievable despite the ever changing operating environment through continuous scan of the environment as well as offering goods and services of high value to customers (Allen & Helms, 2006). Marketing strategies thus contribute extensively in performance influence of any organization while adaptation to changes observed in the environment of business. Once a firm identifies its competences it becomes possible for it to direct its concentration on areas of higher competitive advantage.

Evolution of marketing beyond traditional economic analysis has led to its application in resolving problems that extend over the firms' boundaries and in societal goals attainment (Lazer 1969). Marketing mix constitutes actions and solutions that are in operation to facilitate meeting of customers' needs and achievement of business goals. Marketing strategies functions in determination of the nature, strength, direction and interaction that exists amid elements of marketing mix and the factors in the environment in a certain situation. According to Levie (2006) developing an organization's marketing strategy aims at establishing, building, defending and mentioning its competitive advantage.

To impact on mutually-satisfying transactions of exchange and relationships; marketing strategies and tactics exist in taking decisions on different variables. That is to say, marketers use different tools which involve extra-large marketing (Kotler, 1997) and also product marketing (4Ps) (McCarthy, 2002) that is Product, Price, Place and Promotion. According to Kotler and Connor (1997), marketing is a challenging practice yet it seems so simple to give description on. In the service industry, the P’s increase to seven, that is, physical evidence, process, and people (Bashan, 2011).

Despite other small independent oil companies being incorporated in Kenya, the petroleum sector largely remains oligopolistic. International companies dominate markets accounting for 90% of all imported petroleum products and virtually businesses in the country. Total Kenya, Shell BP, Caltex, Mobil and KenolKobil controlled 85.3% of the market in early years 2000 (GoK, 2006). In 2008 market concentration ratio was 76.7% with HHI (Harfindal Hirschman Index) estimating it at 1649.16. Over the years, a number of companies have exited the Kenyan market (and East African market at large) mostly through mergers and acquisition. Previously dominating oil companies such as Chevron, Caltex, Agip, BP, Mobil and others have exited the local market and their assets taken over by other new or existing companies. However many small independent oil marketing firms have continued to join the oil and gas sector since the market is now liberalized.

A research study explaining performance diversity is of essence especially in energy industry. Taking into consideration firms’ importance of strategies incorporation (Porter,1980), as well as literature on existing gaps. Porter’s typology is employed in carrying out investigations here. In addition it also investigates on the influences of Porter’s typology on the performance of a firm, with specific emphasis on exploring and testing the correlation between Porter’s generic strategy and performance.

1.1.1 Marketing Strategies and Organizational Performance

Marketing strategies entail the firms’ embrace of tactics to countering marketing stress, enhancing attraction of buyers, and improvement of market position in the present (Thompson & Strickland, 2002). According to Porter (2008) acceptance of marketing strategies by firms aims at finding a place in the market where they can best safeguard themselves from industrial marketing forces and help in manipulating such forces to their advantage. Porter (2008) argues that through the five forces that shape the industry, analysis and understanding of environmental marketing helps a firm to develop a competitive advantage in the industry. These forces are entry of new competitors, bargaining power of buyers, contention among current competitors, substitution threat and bargaining power for suppliers. Marketing forces analysis signals the truth that competition goes way beyond the already established industry players.

According to Bourgeo (2009) through marketing strategy firms establish enduring competitive advantage over its competitors. A marketing strategy guides an organization's financial management, marketing and other operations through highlighting important decisions. David (2010) points out that marketing strategy support an enterprise in determining its operations as of current and in the future, and at the same time helps the organization in identifying markets suitable for venturing into.

Firms should give consideration to initiators of change in turbulent business environment so as to catch up with competition (Karanja, 2012). According to Kenol Kobil (2010) change drivers include globalization, integration of regional economic, technology, government, regulatory authorities, customer needs and wants. In order to exploit the opportunities that exist in growing markets, firms must develop appropriate strategies. Porter (1980) views an industry that is growing as an industry characterized by absence of game rule, presence of technology innovations and arising of new needs of customers. According to Pearce and Robinson, (2003) a firm is at the verge of creating a risk and an opportunity if it does not strategize its activities on management of appropriate strategies' development.

1.1.2 Firm Performance

The concept of performance is a relative concept. However, the measures used to determine the performance of the firm remains an issue of debate among researchers, academia and policy makers as well. According to the Longman Advanced Dictionary (2000) firm performance is the ability of a firm or product to compete and be more successful than others in the industry. From the literature, it is argued that a firm's performance is its ability to compete in a homogeneous market or industry and succeed or do better than others.

Different researchers have supported the concept that the success of a firm depends on its superior performance; and that the performance of the firm can be measured by financial and nonfinancial indicators. According to Liargovas and Skandalis (2014) the firm performance can be measured using various financial performance indicators like the return on sale, the return on assets and the return on equity because these results can be easily calculated. Porter (2004) posits that firms may compete on market share and profitability. Allen and Helms (2006) argued that the key determinants of a firm performance are the marketing expenditure, relative product quality and the level of productivity. In support of this financial evaluation, Bauer and Colgan (2011) proposed the firm performance by evaluating its sales and net profit margin. According to Allen and Helms (2006), Baue and Colgan (2011) and Bain (2009) the firm can quantify performance using the financial performance in the form of Return on Assets (ROA) and Return on Equity (ROE).

Bourge (2009) suggested that in the new environment of business, the performance of the firm can be measured by the pecuniary, consumer, internal business process and the perspectives of knowledge and progression. David (2010) concluded that the financial measure is appropriate to measure the firm performance. Using at least five years period of ROA is appropriate because it measures the long term strategy to survive and the structural variables of the firm. While there exist a multidimensional view on the concept and measure of the firm performance, financial measure are the more convenient measure that determines the firm performance even though there are nonfinancial measure like customer satisfaction, service and product quality and the total market shares. Therefore, this study measures the performance of the petroleum companies by using the return on assets (ROA), which is the financial measure that evaluates whether the firm management earned reasonable return with the asset under their control (Emery, 2007).

1.1.3 Petroleum Firms in Kenya

According to the Kenya Energy Regulatory Commission (2015), the major sources of commercial energy in Kenya are the petroleum fuels. Kenya being a prime petroleum products importer, it has 800km cross country oil pipeline running from Mombasa to Nairobi and Western Kenya, terminating in Nairobi, Nakuru, Eldoret and Kisumu, under the management of Kenya Pipeline Company. Kenya Pipeline Company (KPC) has recently acquired another terminal at Konza City previously owned by Petrocity Oil Company. In 2006, the Energy Act No. 12 of 2006 was enacted, delegating the Energy

Regulatory Commission (ERC) with the mandate of regulating petroleum and renewable energy sectors in addition to electricity (KERC, 2015).

Kenya therefore is currently importing refined products only now that the refinery in Changamwe, Mombasa is not functioning. The Ministry of Energy through the Open Tender System (OTS) coordinates the importation of refined products. The OTS winner allocates refined products to other oil companies under coordination of the Ministry of Energy based on calculated cargo participation as well as each company's market share. Indications on importation of refined fuels have it that major oil companies are the dominants (Government of Kenya, 2005). Total owns the highest market share at 18.5%, Vivo own 17.6%, Kenol Kobil own 15.7%, Gulf Energy own 6.4%, National Oil Corporation own 5.9%, Libya Oil own 5.9%, Hashi own 4.7% while the rest is held by more than 30 other smaller players (PIEA, 2016).

At the retail level, there are numbers of subsidiaries to foreign based and local based companies of varied sizes who have outlets through which petroleum products are sold directly to consumer. The subsidiaries of foreign markets companies are by far the largest players in the sub-sector despite liberalization of the industry which allowed for the entry of more players in the market (Petroleum Institute of East Africa (PIEA, 2000).

1.2 Research Problem

Currently the oil industry plays a remarkable stake on the growth and development of countries' economy. Therefore, a dynamic importance for strategic planning for such institutions gets them to foresee a better future by adapting to the environment beside the oil industry policies (Kettunen, 2006). Progressively, companies are currently more dependent providing services compared to delivering of performance at a competitive level as observed by market demands and stakeholders. Achievement of this requires careful definition of delivering services, negotiated, and agreed upon with more consideration on needs, wants and preferences of parties' involved. For profitability of an organization, strategies must be in place for its positioning in market dominance as well as improving its overall performance. To confront the competitive pressure in the oil market environment, marketing has been of essence in improving firms' performance in many nations (Bimal, 2012). The oil sector is a major player in the country's development of socio economy. As a matter of fact in Kenya, all other sectors depend on this sector and any form of destabilization in the sector will affect almost all other sectors in the economy.

Globally, efforts on several researches have had to deal with macro disputes and management of company structure and strategies emphasis, conduct and performance of marketing activities due to their relation with indices of performance such as market share, growth, efficiency and consumers and clients' wellbeing. Allen and Helms (2006) laments the major defect that exists in static and microanalysis of marketing practices in developing economies, that is, minimization of marketing environment impacts on performance measures achievement. According to Bain (2009) despite effortless undertakings of research to give explanations at the organizational level, on marketing practices in developing economies, they lack provision of answers to issues that relate to strategies influences on the performance of mineral prospecting industries particularly the petroleum marketing companies. Therefore, marketing strategy functions to determine the nature, strength, direction and interaction existing in elements of marketing mix and the environmental aspects in a specified situation (Britt & Jex 2008; Cross, 1999).

The field of petroleum industry in Kenya has been widely studied. Mwangi (2012) researched on Factors that influence relocation of Multinational Oil companies based in Kenya to other countries and found that major reasons that led to the exit was shrinking profit margins. Chege (2012) researched on challenges of strategy implementation for firms in the petroleum industry in Kenya and established that the major challenges were technology, resource allocation, job responsibilities, prioritization, organization structure, values and resistance to change. Kieyah (2011) carried out a study on the petroleum industry in Kenya while Deloitte (2013) researched on the oil and gas potential in East Africa. The Institute of Economic Affairs (2000) researched on the state of Petroleum Industry in Kenya since Liberalization. There had been no research yet on the marketing strategies embraced by petroleum marketing firms in Kenya to remain of essence, in spite of the high competition experienced in the Oil industry in Kenya that has contributed to the exit of a number of oil marketing multinationals from the market. This study sought to fill this gap by answering the research question: What are the marketing strategies adopted by petroleum marketing firms in Kenya to remain competitive?

1.3 Research Objectives

To assess the degree to which marketing strategies affect performance of Kenyan petroleum companies.

1.4 Value of the Study

The perceptions of the effect of management in marketing strategies on organizational performance are under investigation here, thus contributing to the existing pool of knowledge.

To the students, researchers, strategists, marketers and policy makers, this study will equip them with understanding of the relationship in existence for marketing strategies and the performance of organizations. To the managers, it will enable them to selectively establish a workable strategy from the several alternative strategies available and enhance stakeholders' comprehension of the direction being taken by the organization.

High fuel prices reduce the discretionary family income and influences a myriad of spending decisions. For instance, those with cars, they will either only use them when they have received their salaries or will use the cars very sparingly. For those who use kerosene, a family may be forced to use charcoal or firewood to meet domestic needs. With Collateral Financial Agreement (CFA), the supply of petroleum products can be guaranteed and hence the prices of the petroleum products will not sky rocket due to high demand and little supply. To the collateral managers, this study opens a window for them to carry out more research and take in new clients who look at improving their financial performance. Collateral Management equips lenders with the setting up of operational parameters of risk while still lending, controlling and monitoring these parameters (Ananthakrishnan, 2013).

Through this research, the government is able to appreciate the need of ensuring sufficient petroleum products are available. In periods of high petroleum products prices, there are usually reduced economic growth, a deteriorating foreign balance of trade and rising prices. CFA helps by ensuring that the consignment bought is bought at a reasonably low price as it is done through the OTS. This ensures that there is availability of petroleum products that are reasonably low priced than would have been if each OMC were to buy their share independently and for cash.

The study will help petroleum firms to understand how leadership strategy cost and differentiation strategy affects the sales productivity. It will also help the customers to understand various marketing strategies and their effects on sales performance of various commodities in general.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Chapter two gives a summary of the works of other researchers in regard to this study. It entails theoretical review, empirical review and the research gap in existence.

2.2 Theoretical Foundation

A theoretical framework is the structure for the support of theories which introduce research study and describe why the research problem exists. It is important to state what other scholars hold as knowledge and what those theories have in common on your problem. It therefore provides scientific justification for your investigation. This study is based on the Neo Institutional Theory of Differentiation

2.2.1 Neo Institutional Theory of Differentiation

This theory gives a description on goods and services differentiation (Oliver, 1996). In organizational and competitions pressures of higher influence, strategic managers decisions translate to coping with them, which in turn result in legitimacy, differentiation and isomorphism, which, according to resource-based view, can enhance the chances of acquiring competitive advantage as a result of differences in capabilities and resources.

From the propositions of this theory, rivalry reduction and probability increment in increasing competitiveness is attributable to differentiation. Improvement of performance is intensified by superior efforts of sharing limited resources as heightened by differentiation on firms' competitiveness.

2.3 Porter's Generic Strategies

Sustainable competitive advantage" came into existence when Porter in 1985 put forth competitive strategy types possessed by a firm in achieving long run competitive advantage that is sustainable. Porter gives detailed approach on success of a business. Sustainable competitive advantage equates to a superior performance that is sustainable. According to his propositions, structural conditions of an industry are outlined in his mode of Five Forces that determine industrial performance averagely. According to Porter

(1980), two types of competitive advantage i.e. low costs and differentiation leads to derivation of a competitive position that is strong and performance of a specified firm in an industry. However, these two approaches don't alternate each other since even on the basis of differentiation, costs also largely matter. Porter's approach gives a wide range of market on cost leadership and differentiation seeking competitive advantage.

According to Porter (1980,) achievement of remarkable performance in an industry that is competitive is achievable through pursuing cost leadership, differentiation, or focus approach to industry competition development. Failure of an organization in pursuing generic strategies may lead to it being stuck and experience diminished performances in comparison to firms laying hold of this strategy. Due to their dependence on the industry or firm, these generic strategies are applicable in business unit levels and hence their name.

2.4 Marketing and Marketing Management

Quoting American Marketing Association (AMA) (1985) Kerin, Hartley and Rudelins (2004) gave a definition of marketing as that process that entails planning and execution of pricing conception, promotion, and ideas distribution, goods and services in creating satisfactory exchanges to objectives of individuals and organizations. London Chartered Institute of Marketing, (2005) defined marketing as the process of management that is in charge for identification, anticipation and satisfaction of consumers' requirements profitably. Stanton (1983) gave a definition of marketing to be totally the interaction of business activities aimed at planning, pricing, promoting and distributing wants in satisfaction of present and potential customers via products and services profitably. In view of the above definitions, marketing particularly encompasses need identification and need satisfaction, remembering the components of the marketing mix, which includes both tangible and intangible products. Beverland and Lockshin (2004) claimed that critically, marketing is a spanning periphery doings for institutions, that brings firms to be in direct and constant attachment with customers, similarly corresponding to views of the likes of Moris, et al, 2002; Day 1999, & Morris et al, 1990 and in source identification, and customer value delivery (Flint et al, 2002).

Appiah-Adu and Singh (2004) proposes that for modern day businesses, a competitive environment appear to demand that firms' progression in its identifiable segments marketing implementation should be successful. The initiator of strategic planning and business operations is taken to be marketing hence; it is depicted to be core in organizational efforts. Subsequently, over the years, academic researchers and business practitioners have given great attention to the concept of marketing effectiveness (Norburn, et al, 1990; Lai, et al, 1992; Ghosh et al, 1994; Dunn et al, 1994). Kotler, (1977); Dunn et al, (1994); Webster, (1995) business executives have been encouraged by this steady stream of management literature to initiate marketing effectiveness improvement as a result of characteristic link with administrative variables such as enhanced gratification of customers, maximization of profits, competitive advantage and coordination of organizations. As stated clearly by Miller and Leptos, (1987) for firms to enhance efficiency, productivity and effectiveness, marketing had better be treated as a profession. Moreover, the argument of others is that fundamental function for operative marketing proficiencies is the core initiator of achievement of excellence (Hooley et al, 1994).

Kotler (1997) defined marketing in term of four distinct elements, as also expressed by Kohli and Jaworski (1990) and Webster(1992) as follows, philosophy of organizational market placement, subdivision supervision, targeting and positioning strategies, operationalized through the marketing mix, and reinforced all over by market astuteness. However, according to Onah (2000.) the word "marketing" is becoming an enigma. He asserted that marketing is a process that within societal constraints, attempts to establish mutually satisfying relationship, between people or organizations with diverse requirements. The practitioners are people or organizations that seek to satisfy these requirements (Inanga, 1985). Lastly, on the concept of marketing, Anyanwu (1995) claimed that the concept of marketing is used to talk about the marketing principles application in solving problems that organizations and institutions face, hence marketing pervasively goes beyond societal activities of vending tooth paste, soap and steel (Kotler, 2009).

Ferrell and Pride (2002), on the order hand, defined management of marketing as the process of planning, organizing, implementing, and controlling marketing activities to successfully and proficiently facilitate exchanges. Accordingly, they attempted to differentiate between marketing and marketing management, and observed that marketing has the programs functions of product planning, designing, pricing, promotion, distribution and exchange; whereas, management marketing is accountable for analysis, planning, execution and control of these marketing activities for effective performance, growth, and sustainability. But Kotler and Keller (2006) put the definition of management of marketing as the art and science that gets, keeps, and grows customers through generating, providing and communicating customer value that is superior via choosing target markets. The duo claimed that marketing management takes place when a party to potential exchange contemplates other parties' ways of realizing desired responses. From Wikipedia (2008) marketing management is said to be a discipline of business that focuses practically on the marketing techniques applications; and firm's marketing resources and activities management. It was noted from this viewpoint that the choice of marketing management is pretty far-reaching, implying that any activity or resources of the firm used to obtain clients and be able oversee the company's interactions with them are within the preview of marketing management. McKenna (1991) expressed a similar opinion as the last two authors, of encompassment of management of marketing factors that has influences on the company's ability for value delivery to customers that must be universal, part of everyone's job description from the receptionist's desk to the Board of Directors. Boone and Kurtz (2007) expressed definition of marketing management as the planning process and conception execution, pricing, promotion, distribution, ideas research, goods, services, organizations and events that create exchanges, and relationship maintenance that satisfies exchanges, individuals and organizational goals.

2.5 Marketing Strategies

Dess and Davis (1984), cost leadership strategy refers to collection of achievements that are integrated andare useful for production of goods and services with distinctive characteristics offered to customers at minimal price in comparison to those of the competitors or at reduced costs that are aimed at acheiving higher profits. A cost leadership strategy is aimed at production of products and services that are cheaper than those of its rivals. It aims at gaining a marketing advantage through offering the lowest cost in the market (Bauer & Colgan, 2001). For a firm to execute its cost leadership strategy sucessfully, it has to design, produce, and sells more of its product as compared to its competitors (Parnell, 2000). Process innovations, product designs, economies of scale, reduction in production costs and time, learning curve, benefits and re-engineering activities are what initiates cost advantages and reduction of costs.In order to lower the costs, firms invest in facilities that are efficient-scale, ensure effective controls of cost of production and embark in minimizing cost that lead to additional expense in areas such as advertising (Porter, 1980). The basic thing for a firm pursuing marketingness through cost reduction is to embark on upholding efficiency in all operations so as to successively control all cost and exploit new ways that can lead to cost reduction (Dess & Davis, 1984).

Malburg (2000) observed that cost leadership strategy is of essence for use by an organization so as to achieve low cost advantage. He further insists that firms ought to outsource from other organizations on the activities that result to cost advantage and immediately discontinue activities having none.Power (2001) observes that cost leadership is achievable through ensuring greater productions and dispatch, economies of scale, products design, updating technology, utilization of resources, input cost reduction and ensuring easy accessibility of raw materials. Helms *et al* (1997) made similar observations in his study that lower pricing results to increased demands translating to higher market share. However, disadvantages of cost leadership strategy are also eminent. It leads to reduction in customer loyalty and revenue loss if an enterprise lowers its price so much (Cross, 1999). Miller (1988) argued that for cost leadership strategy to be effective,product lines had to stabilize and innovations to major in production processes. Porter (1980)suggested that placing firm's emphasis on budgetary controls and returns will aid much in ensuring costs and prices are as low as possible.

Where firms offer products or services with exceptional sorts that are valued by customers constitutes differentiation strategy (Kotler, 2000). This strategy enables for the incorporation of unique characteristics, qualities and opinions to an enterprises' product hence adding value (Ireland *et al*. 2001). Differentiation excellence depends on a researching on needs of buyers and expectations so as to be informed on what they perceive as necessary. The desired characteristic are then incorporated while making the product so as to enhance buyer desire for that product. Products whose characteristics have significance difference from those of competitors form the basis of marketing advantage. Uniqueness of a product adds value to a firm enabling it to command a fair price. Firms' ability to supply differentiated product to the market at a price that is higher than the expenditure incurred in production, enables it to perform better than its competitors and earn higher proceeds. Differentiation strategy is highly characterized by perceived quality (whether real or not), which is achievable via superior product design, technology, customer service, dealer network among others. Differentiation has an advantage in that supposed value and brand loyalty safeguards firms against threats from any of the forces determining marketing state of a market. Barriers to new entrants are shielded by brand loyalty of firms from substitutes. Production technology acts as a risk to differentiation strategy. Differentiation advantage 'shelf life' is getting shorter and shorter, and this may at the end of it change customer tastes and wipe out the marketing advantage.

Differentiation grants a customer the reason for choosing a specified brand despite there being other services or products. Kotler (2000) pointed out that although most goods and services are differentiable, not every product differences is valuable or worthy to consumers. An encounter exists in establishing an alteration that customers consider to be relevant and how to promote these differences (Aaker, 1984). This helps an organization in avoiding risks of over, under, disorderly and suspicious positioning. Sheikh (2007) asserts that a variety of methods of differentiating the goods and services are so prominent currently. Included in these ways is unusual provision features, product innovations that are of speed and technological update, customer service that is responsive, tastes and perceived prestige and status (Porter, 1980). Differentiation strategy used by firms should be able to incorporate development and investment in activities that are distinctive and that customers would prefer.

Market Focus strategy entails targeting particular market segment whereby it enables an enterprise to provide service to the segment effectively and efficiently compared to its rivals. Focusing involves choosing market niche which contains customers with distinctive preferences. A niche can be based on specialized requirements, geographical uniqueness or appealing special attributes to certain members. A focus strategy with regard to low cost is based on existence of a customer segment with needs which have a less cost to satisfy compared to the entire market while focus strategy anchored on differentiation is depended on the existence of a buyer segment with demand for product with special attributes. Advantages of focus strategy involve customer control in cases of the firm being the sole supplier. Enhancement of customer loyalty cushions the firm to counter new entrants in form of opponents and alternatives. Thus, adoption of this strategy ensures that firms closely monitor and meet the needs of the customers.

Through market Focus, enterprises target at enhancing their market share by venturing in a suitable market and markets which are unattractive to the competitors and which are overlooked. The market niches may be as a result of factors such as geography, product requirement and specifications and customer characteristics. Porter (1980) pointed out that excellence of a focus strategy is a function of the size of an industry segment and its potential to grow but Focus-based strategies are used jointly with either differentiation or cost leadership strategy. David, (2010) argues that focus strategies turn out to be more successful where buyers have distinct tastes and preferences and where the markets gap has not been ventured into by competitors.

Ansoff matrix describes Corporate Growth Strategies as the basis for existing and impending goods of a firm and accessible markets thereof. The matrix highlighted four types of growth strategies which a firm can adopt. These include Market Penetration strategy which involves focusing on selling existing products or services into existing market to gain a higher market share; Market Development strategy which grows a firm via pointing the goods on proposal to innovative market sectors; Diversification strategy which grows a firm by diversification in new businesses through new product development and intended features of the fresh fairs and Invention Growth approach develops fresh and rationalized goods for trade sectors being served presently (Porter, 1996).

Most firms capabilities and resources are highly leveraged by market penetration strategy, whereas market share growth maintenance increases the market spectrum. Existence of opportunities for increased market share is observed in cases where competitors have exhausted the capacity limits. Due to limited market penetration when a market approaches saturation, a firm must pursue other strategies in order to ensure continued growth.

2.6 Marketing Strategies and Performance of Organizations

A study by Kombo (1997) on the motor industry projected that in order for firms to penetrate the marketing environment they had to embrace significant changes in their strategic variables. Introduction of fresh skills in manufactured goods development, differentiation of their merchandises, segmentation and targeting their consumers with plenty and better-quality customer service was embraced by firms. Marketing strategy directly related to the performance of a firm as observed via increased profitability (Bain, 1956). A study by Hahn and Powers (2010) had it that formulating and successfully implementing prominent strategies leads to apprehension of grander performance by a firm in comparison to firms that lack to embrace such.

Parnell (2011) noticed remarkable researches on generic strategies impacts on firm's performance. Conclusions by Spanos and Lioukas (2001) point out affirmative existence of evidence for the rapport amongst generic approaches and market performance, which was immaterial. Argyres and McGaha (2002) concur that disparity and lesser charges were openly linked with cost-effectiveness. However, this research was not conducted in the energy industry Kenya context hence the study cannot be generalised to the petroleum companies in Kenya. Hahn and Powers (2010) recognized that high quality strategy design and efficacious application results to realization of superior performance in comparison to firms not doing so.

According to Porter (1980) competitive strategies have had considerable support and recognition in the field of strategic management. Porter argued that better marketing position in a particular industry can be improved or diminished by organizations search for marketing strategy; depending on the enterprise strategy chosen which happens to be the foundation of competitiveness.

In conclusion, generic strategies of cost leadership or differentiation have emanated to a superior performance, while others found combination strategies to be optimal on low-cost and differentiation. Argyres and McGaha (2002) conclude that there was a direct relation between differentiation and reduced cost in comparison with profitability. Cost leadership strategy was quite significant in offering perfomance advantage (Helms, 2006, and Power and Hahn, 2004). Hahn and Powers (2010) states that design and positive execution of strategies with higher value realizes greater efficiency by firm in comparison to a firm that fail to do so.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

This chapter discusses the research methodology that was applied in the study. The subsections are research design, population of the study, data collection and analysis.

3.1 Research design

Descriptive survey approach was employed to collect data from respondents. Kothari (2006), claims that different kinds of questions are considered in descriptive research in order to reach survey and fact establishment. Appropriateness of this study is observed in that variables don't include manipulation but rather establishment of current phenomenal status (Borg & Gail, 1983). This design equips the researcher in examining of marketing strategies effects on organizations performance of petroleum companies in Kenya.

3.2 Population of the Study

The targeted population was all the petroleum companies in Kenya. Cooper and Schindler (2006) described population as the sum of essentials collected about which one wish to make some inference. According to PIEA April-June 2016 publication, there are 35 OMCs plus the other group classified as others (Appendix II). All the 35 OMCs have their head offices in Nairobi. It was therefore a census survey.

3.3 Data Collection

The researcher personally collected the data from the target respondents where possible. Drop and pick method was also used. The questionnaires were personally administered to the respondents by the researcher. This method made the data collection simpler and the researcher was able to facilitate accuracy in the data collection as the method entailed a personal appeal. Upon presentation of the questionnaires the respondents were expected to fill in their responses in the provided spaces. The questionnaires collected information based on the objectives of the study.

3.4 Data Analysis

The pertinent data were first cleaned, coded and organized in a manner that facilitated analysis using the Statistical Package for Social Sciences (SPSS). Quantitative data collected was analyzed by use of descriptive statistics to generate percentages, mean scores, standard deviations and frequencies. Tables and other graphical presentations were used to present the data. Regression analysis was used to establish the link that exists between the independent and dependent variables.

The regression model used was:

$y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + á$

Where:

y = Firm performance

B_0 = Constant Term

$B_1B_{2,}$ $B_{3,}$ = Beta coefficients

X_1= cost leadership strategy

X_2= Differentiation strategy

X_3= Market Focus strategy

X_4= Corporate Growth Strategies

á=Error in the model:

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This Chapter discusses the findings and discussions in line with the objective of the study which was to assess the degree to which marketing strategies affect performance of Kenyan petroleum companies.

4.2 Response Rate

All the 35 questionnaires administered were filled and returned. This represented 100% response rate. A 50% response rate is satisfactory for analyzing and reporting; 60% response rate is good and an excellent rate is that which is 70% and beyond (Mugenda & Mugenda 1999). Therefore the response rate was considered excellent for the study.

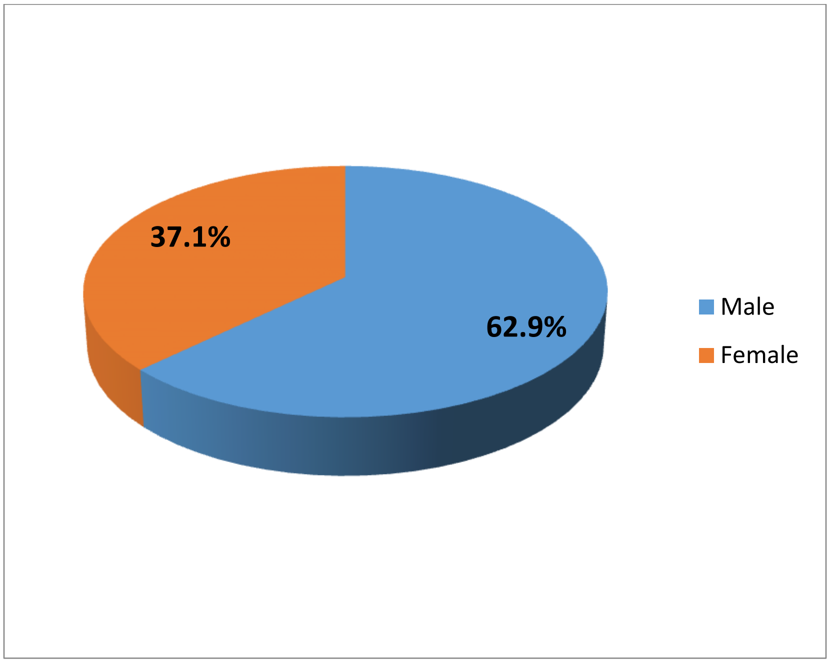
4.3 Demographic Profile

This research established the demographic information in order to determine whether it had the effects on marketing strategies and the performance of petroleum companies in Kenya. The demographic information of the respondents included gender, the period of service and education levels.

4.3.1 Gender Distribution

It was paramount for this study to determine the gender of respondents in order to acknowledge any evidence of gender parity in indicated positions. The information is presented in Figure 1.

Figure 4.1: Gender Distribution



Source: Primary Data

The results in Figure 4.1 revealed that were more male respondents (62.9%) in the study as compared to female respondents (37.1%).

4.3.2 Period of Service in the Company

The researcher sought to determine if the respondents had stayed in the industry long enough to provide valuable responses that pertain to marketing strategies and the performance of petroleum companies in Kenya. The relevant results are summarized in Table 4.1.

Table 4.1: Period of Service in the Company

Years of Service in Company	Frequency (n)	%
0-4 years	3	8.6
5-9 years	5	14.3
10-14years	12	34.3
Over 15years	15	42.8
Total	**35**	**100**

Source: Primary Data

The results in Table 4.1 show that 42.9% of the respondents had served in their companies for above 15 years, 34.3% had provided services between 10 and 14 years, 14.3% had worked for 5 to 9 years while only 8.6% for a span of 0 to 4 years. It was concluded that a great percentage of the respondents had worked for considerable time in their companies.

4.3.3 Highest Level of education

The respondents had been asked to indicate how their highest level of education. The pertinent results are depicted in Table 4.2.

Table 4.2: Highest Level of education

Level of Education	Frequency (n)	%
Postgraduate	13	37.1
Degree	15	42.9
Certificate/Diploma	7	20.0
Total	**35**	**100**

Source: Primary Data

As depicted in Table 4.2, 42.9% had attained university degree, 37.1% had postgraduate education while 8.33% had certificate/college diplomas. These results strengthened the response rate of 100% due to the fact that majority of the respondents were well educated as they were in a position to respond to the questions of research on marketing strategies and the effectiveness of petroleum companies in Kenya.

4.4 Marketing Strategies

The study sought to investigate different marketing strategies and their effect on the performance. In subsections 4.4.1, 4.4.2, 4.4.3, and 4.4.4, respondents had been asked to indicate their responses using a scale of 1 to 5 (5=very great extent, 4=great extent, 3= moderate extent, 2=less extent and 1=No extent). The relevant responses are summarized in each sub-section.

4.4.1 Differentiation Strategy

The respondents were then asked to indicate the extent to which "the scope of discrepancy of goods and services affected organizational performance". The pertinent results are summarized in Table 4.3.

Table 4.3: How Discrepancy of Goods and Services affected Organizational Performance:

To What Extent	Frequency (n)	%
Very Great Extent	21	60.0
Great Extent	6	17.1
Moderate Extent	5	14.3
Little Extent	3	8.6
Total	**35**	**100**

Source: Primary Data

The results in Table 4.3 revealed that majority of the respondents agreed that differentiation of goods and services impacted on organizational performance to a very great extent (60.0%) while 8.6% agreed to a little extent that differentiation of products and services affected organizational performance. These findings portray that differentiation of products and services affected organizational performance in various ways.

The differentiation strategy results were further expanded and respondents thereafter asked to indicate their responses. The relevant responses are given in Table 4.4.

Table 4.4: Responses on Differentiation Strategy

Differentiation Strategy Statement	No Extent (1) %	Less Extent (2) %	Moderate Extent (3) %	Great Extent (4) %	Very Great Extent (5) %	Mean Score
Uniqueness of a product adds value to an industry enabling it to command a fair price	-	4	10	59	27	4.18
The industry maintain a strong brand /image identification	-	-	11	52	37	4.33
The industry use network as a Differentiation strategy	-	3	9	49	39	4.22
The industry frequently develop new products/services	-	5	19	43	33	4.21
The ability to supply differentiated product to the market at a price that is higher than the expenditure incurred in production, enables this to perform better than its competitors	-	2	7	56	35	4.24
There is innovation in technology to differentiate Services/ products;	-	3	12	56	29	4.18
The industry offers a broad service/ product range to cater for varied needs	-	-	6	69	26	4.20
There are strict service/product quality control procedures through TQM	1	2	6	55	36	4.22
Differentiation excellence in this industry depends on buyers' needs and expectations	3	1	12	61	20	4.12
Grand Mean Score						**4.21**

Source: Primary Data

The results in Table 4.4 indicate to a great extent that "The industry offers a broad service/product range to cater for varied needs" with 69% and a mean score of 4.20. On the other hand, only 3% agreed at no extent in terms of "differentiation excellence in this industry depends on buyers' needs and expectations". The overall mean score for Differentiation Strategy was 4.21. The study findings were in agreement with Leitner and Goldenberg (2010) who concluded that to enhance performance, superiority must exist in differentiation strategy.

4.4.2 Cost Leadership Strategy

Further, the study sought to find out the extent to which their organizations used each of the following ways to respond to market changes. The relevant responses are summarized in Table 4.5.

Table 4.5: Responses on Cost Leadership Strategy

Statements on Cost Leadership Strategy	No Extent	Less Extent	Moderate Extent	Great Extent	Very Great Extent	Mean Score
	%	%	%	%	%	
The industry underprices its products and services to outdo competitors	3	1	12	62	21	4.09
The industry has an efficient and low cost distribution channels	-	-	6	69	26	4.16
The industry acquires its capital from low cost sources	-	1	9	57	33	4.21
The industry firms emphasizes on training, education, and institutional learning in order to reduce staff turnover, wastage and defects	7	8	11	55	19	4.19
This industry continuously develops cost effective and innovative services/ products and refines existing ones	-	4	8	57	31	4.27
The industry achieves economies of scale through lending to groups and extensive mass mobilization of members to build a large customer base	4	6	12	54	24	4.12
The industry outsources noncore functions and/or enters into joint ventures to control cost	-	-	7	70	23	4.18
The industry achieves new service features in response to demand	3	3	8	59	27	4.17
Grand Mean Score						**4.71**

Source: Primary Data

To a very great extent, the highest rated way was “the industry acquires its capital from low cost sources” with 33%, followed by “this industry continuously develops cost effective and innovative services/products and refines existing ones” (31%) and “the industry achieves new service features in response to demand (27%). On contrary, the respondents felt that at no extent that “the industry Petroleum firm emphasizes on training, education, and institutional learning in order to reduce staff turnover, wastage and defects” with 7%. The overall mean score for cost leadership strategy was 4.71. These findings concur with Allen and Helms (2006) who outlined that cost leadership influences organizational perfomance.

4.4.3 Market Focus strategy

On marketing focus strategy, the respondents had been requested to indicate the extent at which their organization embraces factors that improve effectiveness. The results are contained in Table 4.6.

Table 4.6: Responses on Marketing Strategy

Market Focus Strategy	No Extent	Less Extent	Moderate Extent	Great Extent	Very Great Extent	Mean Score
	%	%	%	%	%	
Increasing number of service points	1	8	17	54	20	4.11
Ensuring easy accessibility for clients	-	10	18	55	19	4.08
Conducting Regular market surveys of customer needs	-	3	8	67	21	4.02
Use of latest technology	-	4	8	64	24	4.09
Offering services not offered by competitors	-	-	7	69	24	4.06
Attractive appearance of premises	-	2	3	58	37	4.14
producing affordable products	-	-	6	69	26	4.10
increasing investment logistics and supply chain management	1	2	6	55	36	4.11
expanding its distribution network	3	1	12	61	20	4.13
broad range of new products	-	5	19	43	33	4.01
Offering their goods and services to areas which have niche.	-	2	7	56	35	4.09
Offering goods and services to the market based on geographical aspects, purchasing power of customers, and demand variation.	-	3	12	56	29	4.08
Better services to the identified market niche	-	5	19	43	33	4.05
Grand Mean Score						**4.08**

Source: Primary Data

As discernible in Table 4.6, the respondents rated to a great extent “Offering services not offered by competitors” and “producing affordable products” all with 69%. The results further reveal that all the mean scores were over 4.00 on a scale of 1 to 5. This meant that the organizations embraced factors that improve effectiveness.

4.4.4 Corporate Growth Strategy

The respondents were finally asked to point out the extent of agreement with the following statement in relation to how they affect performance in their business. The pertinent results are summarized in Table 4.7.

Table 4.7: Responses on Corporate Growth Strategy

Corporate Growth Strategy Factors	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree	Mean Score
	%	%	%	%	%	
Market Penetration has enabled industry to achieve growth and enhance its market share	-	-	-	25	75	4.43
Market Development enabled the industry to grow through directing the products that they currently offer to new market segments	-	19	16	30	35	4.15
Diversification has enabled the industry to grow as a result of diversifying into new businesses through development of new products and services for new markets	-	-	6	69	26	4.31
Product Development has enabled a firms to develop new and modernized products for the market segments it currently serves	1	2	6	55	36	4.21
Grand Mean Score						**4.28**

Source: Primary Data

The results in Table 4.7 show that the respondents strongly agreed that "Market Penetration has enabled industry to achieve growth and enhance its market share" with 75% while as the same time strongly disagreeing "Product Development has enabled a firms to develop new and modernized products for the market segments it currently serves" with 1%. The overall mean was 4.28. This means that exploitation of new markets for products already in existence is bound to enhance firms performance in case the major competencies in operation relates to specified products rather than to the specific segments of the market (Mintzberg1973).

4.5 Industry Performance

The respondents were also requested indicate the way in which the performance measures below are perceived in their organization as a result of adopting marketing strategies. The relevant results are presented in Table 4.8.

Table 4.8: Adoption of Marketing Strategies

Marketing Strategies	**Mean Score**	**Standard Deviation**
Market share	3.51	1.0134
Sales Volume	3.63	.9235
Customer satisfaction	3.38	1.1812
Product and Service quality	3.69	.7364
Organizational processes	3.78	.9481
Customer loyalty	3.21	1.0106
Customer retention	2.91	1.1321
Profitability	3.65	0.8321
Grand Mean Score	**3.47**	

Source: Primary Data

The results in Table 4.8 indicated that there was improvement on Organizational processes, Product and Service quality, profitability, Sales Volume and Market share with a grand mean score of 3.47. There was an indication that Customer satisfaction remained unchanged at a mean score of 3.38; and a decline in customer retention depicted by a mean score of 2.91. Despite much strategies being adopted, a high imitation existed from competitors and thus its failure for the industry. These findings concur with the findings of Spanos and Lioukas (2001) who argued that a positive relation is pronounced between generic strategies and market performance. The findings however disagree with Spanos and Lioukas (2001) findings that the relationship existing between these strategies and financial performance was insignificant.

4.6 Correlation Analysis

Karl Pearson's product moment correlation analysis was of essence in determining the link that exists amid variables considered in this study. The findings summarized in Table 4.9.

Table 4.9: Correlation Matrix

		Organizational Performance	Cost Leadership Strategy	Corporate Growth Strategy	Market Focus Strategy	Differentiation Strategy
Organizational Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
Cost Leadership Strategy	Pearson Correlation	.476**	1			
	Sig. (2-tailed)	.000				
Corporate Growth Strategy	Pearson Correlation	.248*	-.343**	1		
	Sig. (2-tailed)	.023	.002			
Market Focus Strategy	Pearson Correlation	.281**	.101	-.180	1	
	Sig. (2-tailed)	.010	.377	.116		
Differentiation Strategy	Pearson Correlation	.304**	-.208	.368**	-.243*	1
	Sig. (2-tailed)	.005	.067	.001	.032	
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

Source: Primary Data

Pearson's correlations analysis was at 95% confidence interval and 5% confidence. The matrix of correlation between the marketing strategies and organizational performance is summarized in Table 4.9. The results has presented a positive relationship existing amongst performance of organizations and the strategies of marketing as pointed out by Pearson's correlation of 0.476, 0.248, 0.281and 0.304 respectively.

4.7 Regression Analysis

Predictor variables influence was tested using multiple regression analysis. The results are presented in Table 4.10.

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.819[a]	.671	.653	.37290

Fitness of the model was determined using coefficient of determination. The coefficient of multiple determinations (R^2) is the variance in the dependent explained uniquely or jointly by the independent variables expressed as a percentage. The models' average adjusted coefficient of determination (R^2) was 0.653 and it had an implication that 65.3% of the variations in the performance of the organization are explainable using the predictor variables studied.

Coefficient table was also of essence in determining the study model. The findings are tabulated as follows.

Coefficients of variation

A polynomial, a series or any expression constituting a multiplicative factor referred to as coefficient; normally it's a number, involving no variables in the expression. The findings are presented in Table 4.11.

Table 4.11: Coefficients of Variation

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.676	.327		.538	.592
	Differentiation Strategy	.517	.096	.397	5.375	.000
	Cost Leadership Strategy	.397	.043	.670	9.336	.000
	Market Focus Strategy	.269	.048	.394	5.660	.000
	Corporate Growth Strategy	.230	.042	.413	5.448	.000

Source: Primary Data.

From the SPSS generated output presented in table above, the equation ($\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$) becomes:

$$Y = 0.676 + 0.517X_1 + 0.397X_2 + 0.269X_3 + 0.230X_4$$

The regression model gives that, change in differentiation strategy by a unit while other influences remain constant results to a corresponding change in the performance of the organization by 0.517. In addition a small cost leadership strategy deviation results to a corresponding change in organizational performance by a value of 0.397. Market focus strategy changes are accompanied by corresponding changes in structural performance by 0.269 while a noticeable group development approach changes result to changes in organizational performance by 0.230. The implication here is that differentiation strategy highly influenced organizational performance with cost leadership strategy being the second influencer, market focus strategy being third and corporate growth strategy as the last influencing factor.

The findings conform to Bain (1956) that marketing strategy and industry performance have a direct relationship as observed via increased profitability. The findings concur with

Argyres and McGaha (2002) in their conclusions that diversity and lower cost had a direct connection with profitability. The findings further agree with Power and Hahn (2004) significant perfomance advantage resulting from cost leadership strategy.

A significance level of 5% was used to undertake this study. Comparison between probability value and $\alpha=0.05$ was the criteria employed to establish the significance of independent variables. Profitability value less than α indicated the significance of independent variable otherwise no significance. Thus predictor variables in this case were significant as depicted by possibility values of less than $\alpha=0.05$.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study assessed the degree to which marketing strategies affect performance of Kenyan petroleum companies. To satisfy the above objective, quantitative data was collected by use of questionnaires from all the petroleum companies in Kenya.

After data collection, the data was cleaned, coded and organized in a manner that facilitated analysis using the Statistical Package for Social Sciences (SPSS). The analyzed data generated percentages, mean scores, standard deviations and frequencies. Tables and other graphical presentations were used to present the data. Regression analysis was used to establish the link that exists between the independent and dependent variables.

5.2 Summary

The study targeted a sample size of 35 respondents. The response rate was 100%. The results showed that majority of the respondents were males (62.9%) and that 42.9% had attained university degree.

On differentiation strategy, the respondents indicated to a great extent that "the industry offers a broad service/product range to cater for varied needs" with 69% and a mean score of 4.20. On the other hand, only 3% agreed at no extent in terms of "differentiation excellence in this industry depends on buyers' needs and expectations". The overall mean score for Differentiation Strategy was 4.21.

On cost leadership strategy, to a very great extent, the highest rated way was "the industry acquires its capital from low cost sources" with 33%, followed by "this industry continuously develops cost effective and innovative services/products and refines existing ones" (31%) and "the industry achieves new service features in response to demand (27%). On contrary, the respondents felt that at no extent that "the industry Petroleum firm emphasizes on training, education, and institutional learning in order to reduce staff turnover, wastage and defects" with 7%.

The findings on marketing focus strategy showed that to a great extent “Offering services not offered by competitors” and “producing affordable products” all with 69% were rated the highest. The results further revealed that all the mean scores were over 4.00 on a scale of 1 to 5. This meant that the organizations embraced factors that improve effectiveness.

The pertinent results on Market Penetration showed that the respondents strongly agreed that “Market Penetration has enabled industry to achieve growth and enhance its market share” with 75% while as the same time strongly disagreeing “product development has enabled a firms to develop new and modernized products for the market segments it currently serves” with 1%. The overall mean was 4.28. This meant that exploitation of new markets for products already in existence is bound to enhance firms performance in case the major competencies in operation relates to specified products rather than to the specific segments of the market (Mintzberg1973).

According to the information generated, it indicated that there was improvement on Organizational processes, Product and Service quality, profitability, Sales Volume and Market share with a grand mean score of 3.71. There was further indication that Customer satisfaction remained unchanged with a mean score of 3.38; and a decline in customer retention depicted by a mean score of 2.91.

Results of the regression analyses revealed that a positive link between institutional performance and the marketing strategies (cost leadership, corporate growth, market focus and differentiation strategies). The fitness of the model was determined using coefficient of determination. The coefficient of multiple determinations (R^2) is the proportion of the variance in the dependent explained uniquely or jointly by the predictor variables. The average adjusted coefficient of determination (R^2) for the model is 0.653 and giving an implication that 65.3% of the variations in organizational performance are explainable by the predictor variables studied.

The regression model gave a minute change in differentiation strategy that resulted to change in organizational performance by a factor of 0.517. The outcomes agree with Bain

(1956) that marketing strategy relates directly to performance of the industry as seen through profitability increase. Similarly, Argyres and McGaha (2002) stated that there is a direct link existing mid differentiation and lower cost were and profitability.

At 5% significance level the results of the study were established. Comparison on the probability value and $\alpha=0.05$ was the criteria employed in comparing the significance between the predictor variables. A probability value of less than α implied that the predictor variable was significant. In this study, each of the predictor variables was significant as their probability values were below $\alpha=0.05$.

5.3 Conclusions

The petroleum industry ensured cost leadership strategy by strategic location of storage, filling and loading facilities, and high operational efficiency through reduced wastage of time and resources.

Under corporate growth strategy, the industry ensured consistent product availability and use of highly efficient equipment and facilities. There was also the use of high customer attendance standards, brand image management and use of additional payment methods.

Under focus strategy, the petroleum industry used segmented markets as a method of competitive advantage. The researcher also concludes that the cost leadership, differentiation, focus and market expansion strategies were effective in enhancing the performance of the petroleum sector.

The study found that the industry employed various strategies to remain profitable in a largely competitive market. Conclusions are that the approaches adopted by the petroleum firms included the cost leadership strategy, differentiation strategy, corporate growth strategy and focus strategy. The researcher also concluded that differentiation strategy and cost leadership strategies were the most widely used competitive strategies.

The study also concluded that the following strategies are responsible for gaining market share among petroleum companies in Kenya: cost leadership, corporate growth, market-focus and differentiation strategies. In addition, it can be concluded that, product, price, place, promotion, process, people and physical ambience strategies also lead to improved performance. However, it should be noted that there are other factors that contribute positively in increasing the performance of the petroleum companies in Kenya. This is because the four independent variables have contributed only sixty eight percent towards this trend. Finally, petroleum companies in Kenya have adopted the marketing strategies to help them improve their performance. In order to improve sales and market share, the industry should consider selling of their products in a right manner and also sell relevant products to the public. They should also team up with the other oil companies in order to carry out promotions throughout the country in a bid to promote public awareness.

5.4 Recommendations

Despite that various elements (product, price, promotion, physical ambience and distribution) exerting positive significance on gaining market share among petroleum companies in Kenya, marketing managers ought to figure out that the strongest impact has emerged from people and process which strongly effected on gaining market share among petroleum companies in Kenya. Reasonably, the 4Ps result on the successful consequence of a service delivery process and the interactions operating amid the service provider and the customer, represents that business operations are fundamentally successful. The resulting effect of this is improved performance of the company and customer fulfillment/loyalty levels due to successful relations in marketing initiatives. This will result in customer retention and eventually customer acquisition from the competitors. This leads to a gain in market share.

Since petroleum marketers cannot control the prices of petroleum products, the industry should aim at embracing cost leadership strategies and differentiation strategies to ascertain increases in profit margin. The government through the Energy Regulation Commission should ensure that the players in the petroleum marketing business compete on a level ground by enforcing the energy act fully and getting rid of unscrupulous marketers. The government should also remove the price regulation in the petroleum market to enable petroleum marketers practice price leadership strategy.

5.5 Limitations of the Study

Despite the provision of notable insight in this research, a number of limitations can be highlighted:

The study mainly focused on competition whereas there could be other environmental factors that could greatly affect the operations of a firm.

The unwillingness of marketing managers to confide information claiming to have engagements and consequently, delegating this to marketing department staff. This is evident in that most private firms do not want to disclose much information to outsiders.

5.6 Suggestion for Further Study

Modification by doing a case study of the market leader in the industry can be carried out to actually determine the marketing strategies that they use that enable them remain at the top of the game. Researching further ought to be carried out to determine the other performance increasing aspects of petroleum companies in Kenya other than marketing strategies. Research can also be carried on other industries other than the petroleum companies.

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APPEDICES

APPENDIX I: QUESTIONNAIRE

SECTION A: DEMOGRAPHICS

Please tick where appropriate

1. Indicate your gender

   Male [ ] Female [ ]

2. How long have you worked for this company?

   0-4 Years [ ] 5-9 Years [ ] 10-14 Years [ ] Over 15 Years [ ]

3. Highest Level of education

Primary Level	[ ]	'O' Level	[ ]
Certificate/Diploma	[ ]	Degree	[ ]
Postgraduate	[ ]		

SECTION B: MARKETTING STRATEGIES

Differentiation Strategy

5 To what extent does differentiation of products and services affect performance in your company?

Very great extent	[ ]
Great extent	[ ]
Moderate extent	[ ]
Little extent	[ ]
No extent	[ ]

6 Please indicate the extent to which you agree with the following statements on differentiation strategy in your industry? Use a scale of 1 to 5 where 5= very great extent, 4= great extent, 3 = moderate extent, 2= less extent and 1= No extent.

Statement	**1**	**2**	**3**	**4**	**5**
Uniqueness of a product adds value to an industry enabling it to command a fair price					
This Petroleum industry maintain a strong brand /image identification					
The industry use network as a Differentiation strategy					
The industry frequently develop new products/services					
The ability to supply differentiated product to the market at a price that is higher than the expenditure incurred in production, enables this to perform better than its competitors					
There is innovation in technology to differentiate Services/ products;					
The industry offers a broad service/ product range to cater for varied needs					
There are strict service/product quality control procedures through TQM					
Differentiation excellence in this industry depends on buyers' needs and expectations					

Cost Leadership Strategy

7 To what extent does your industry use each the following options in response to changes in the market? Use a scale of 1 to 5 where 5= very great extent, 4= great extent, 3 = moderate extent, 2= less extent and 1= No extent.

Statement	**1**	**2**	**3**	**4**	**5**
This industry Prices its products/services below competitors to outperform them					
The industry has an efficient and low cost distribution channels					
The industry acquires its capital from low cost sources					
The Petroleum industry emphasizes on training, education, and institutional learning in order to reduce staff turnover, wastage and defects					
This industry continuously develops cost effective and innovative services/ products and refines existing ones					
The industry achieves Economies of scale through lending to groups and extensive mass mobilization of members to build a large customer base					
The industry out sources non-core functions or enters into joint ventures to control cost					
The industry achieves new service features in response to demand					

Market Focus strategy

8 Rate the extent to which your company has utilized the following factors for enhancing performance. Use a scale of 1 to 5 where 5= very great extent, 4= great extent, 3 = moderate extent, 2= less extent and 1= No extent.

Market Focus Strategy	**1**	**2**	**3**	**4**	**5**
Increasing number of service points					
Ensuring easy accessibility for clients					
Conducting Regular market surveys of customer needs					
Use of latest technology					
Offering services not offered by competitors					
Attractive appearance of premises					
producing affordable products					
increasing investment logistics and supply chain management					
expanding its distribution network					
broad range of new products					
Offering their goods and services to areas which have niche.					
Offering goods and services to the market based on geographical aspects, purchasing power of customers, and demand variation.					
Better service services to the identified market niche					

Corporate Growth Strategy

9 To what extent do you agree with the following statement in relation to how they affect performance in your company? Use a scale of 1 to 5 where 5= Strongly agree, 4= Agree, 3 = Neutral, 2= Disagree and 1= Strongly Disagree.

Factors	**1**	**2**	**3**	**4**	**5**
Market Penetration has enabled industry to achieve growth and enhance its market share					
Market Development enabled the industry to grow through directing the products that they currently offer to new market segments					
Diversification has enabled the industry to grow as a result of diversifying into new businesses through development of new products and services for new markets					
Product Development has enabled the industry to develop new and modernized products for the market segments it currently serves					

SECTION C: INDUSTRY PERFORMANCE

10 What is the trend of the following performance measures in your company as a result of adoption of marketing strategies?

	Greatly Improved	**Improved**	**Constant**	**Decreasing**	**Greatly decreased**
Market share					
Sales Volume					
Customer satisfaction					
Product and Service quality					
Organizational processes					
Customer loyalty					
Customer retention					
profitability					

THANK YOU

APPENDIX II– Population of Oil Marketing Companies in Kenya

According to PIEA April – June 2016 publication, there are 35 OMCs. Also, all the 35 OMCs in the population have their head offices in Nairobi, which made it easy to collect data.

1. Total Kenya Limited
2. VIVO Energy Kenya Limited
3. Kenol/Kobil Limited
4. Hashi Energy Limited
5. Gulf Energy Limited
6. Libya Oil Kenya Limited
7. Gapco Kenya Limited
8. Regnol Oil Kenya Limited
9. Petro Oil Limited
10. National Oil Corporation of Kenya Limited
11. Hass Petroleum Limited
12. Fossil Fuels Limited
13. Engen Kenya Limited
14. Oryx Energies Kenya Limited
15. Bakri International Co. Limited
16. Royal Energy Kenya Limited
17. MGS International Limited
18. Tosha Petroleum Kenya Limited
19. Ainushamsi Energy Limited

20. Galana Oil Kenya Limited

21. Olympic Petroleum Limited

22. Banoda Oil Limited

23. Ranway Traders Limited

24. Essar Petroleum (EA) Limited

25. Cityoil Kenya Petroleum Limited

26. Ramji Hiribhai Devani

27. East African Gas Oil Limited

28. Dalbit Petroleum Limited

29. Trojan International Limited

30. Global Petroleum Products

31. Axon Energy Limited

32. Tiba Oil Company Limited

33. Futures Energy Co. Limited

34. Tradiverse Kenya Limited

35. Fast Energy Limited

Source: (Petroleum Institute of East Africa, 2016)