PORTER'S VALUE CHAIN MODEL AND COMPETITIVE ADVANTAGE IN THE OIL INDUSTRY IN KENYA

BY

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Declaration

This research project is my original work and has not been presented for award of any degree in any university.

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This research project has been submitted for examination with my approval as the University Supervisor.

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Dedication

This research work is dedicated to my husband Mbatia Ndome and to my sons Elvis Mbatia and Alvin Mbatia without whom life would be meaningless. The study is also dedicated to my parents Mr and Mrs Solomon Munyi who have invested and believed in me over the years and helped me appreciate the value of hard work. To my sister and brother, who constantly challenge me to be the best, I am grateful for your support.

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Abbreviations and Acronyms

KPC	Kenya Pipeline Company
KPRL	Kenya Petroleum Refinery
NOCK	National Oil Corporation of Kenya
OMCs	Oil Marketing Companies
ERC	Energy Regulatory Commission
LPG	Liquidified Petroleum Gas
PIEA	Petroleum Institute of East Africa
LOKL	Libya Oil Kenya Limited
OTS	Open Tender System
ULLAGE	Storage space in pipeline

Abstract

The task of any business is to deliver customer value at a profit. In a hypercompetitive economy with increasingly rational buyers faced with abundant choices, a company can win only by fine-tuning the value delivery process and choosing, providing, and communicating superior value. Porter's Value chain is a model used to study the activities that are performed in the creation of a product or service by an organization. These activities add value and cost in the process of creating products and services. The activities may be classified as primary or secondary depending on whether they are the core business or they are auxiliary functions of the firm. The goal of these activities is to offer the customer a level of value that exceeds the cost of the activities, thereby resulting in a profit margin. Sustainable competitive advantage is a situation where a firm is capable of creating true value that is difficult for competitors to copy. A firm in this situation is able to earn economic rents. The objective of this study was to determine how a firm in oil industry in Kenya can utilize the value chain to create competitive advantage. The oil industry in general is divided into two sections: upstream and downstream operations. Upstream operations involve exploration and production works that will to discovery and mining of petroleum. The main players in the petroleum sector include the Kenya Pipeline Company (KPC), KPRL and the various petroleum companies involved in the distribution of petroleum products commonly known as Oil Marketing Companies (OMCs). The five major OMCs are Total Kenya, Kenol/Kobil, Oilibya, Kenya Shell and the government owned National Oil Corporation of Kenya. The study has been presented through five chapters and sections through which the researcher has discussed the above issues.

Five respondents were selected from the senior level of each of the five companies selected for the research. Questionnaires were administered to the five respondents and analyzed through descriptive statistics and content analysis. The study established that the five large oil companies have used the value chain to create competitive advantage in different ways. The study's implication to policy makers is that the value chain is valuable tool that can be utilized by companies in challenging environment in order to remain competitive, the practitioners have been presented with alternatives in the alternatives of either being a cost leader, a differentiator or be customer focused, the findings of this research will also form the basis for further research. The findings should be understood and evaluated in the light of the limitations of the study. Recommendations to make the value chain a better tool for competitive advantage are highlighted. Suggestions for further research are also given.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Competition is at the core of success or failure of firms. Competition determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture, or good implementation. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition (Porter, 2004). Competitive advantage is at the heart of a firm's performance in competitive markets. Today the importance of competitive advantage could hardly be greater. Firms throughout the world face slower growth as well as domestic and global competitors. To better understand the activities through which a firm develops competitive advantage and creates shareholder value, it is useful to separate the business system into a series of value-generating activities referred to as the value chain (Porter, 2004).

Marketing involves satisfying consumer's needs and wants. The task of any business is to deliver customer value at a profit. In a hypercompetitive economy with increasingly rational buyers faced with abundant choices, a company can win only by fine-tuning the value delivery process and choosing, providing, and communicating superior value. (Kotler & Keller, 2006). Porter's Value chain is a model used to study the activities that are performed in the creation of a product or service by an organization. These activities add value and cost in the process of creating products and services.

The activities may be classified as primary or secondary depending on whether they are the core business or they are auxiliary functions of the firm. The goal of these activities is to offer the customer a level of value that exceeds the cost of the activities, thereby resulting in a profit margin.

1.1.1 Value Chain Concept

To better understand the activities through which a firm develops competitive advantage and creates shareholder value, it is useful to separate the business system into a series of value-generating activities referred to as the value chain (Porter, 2004).The value chain displays total value, and consists of value activities and margin. Value activities are physically and technologically distinct activities a firm performs. These are building blocks by which a firm creates a product valuable to its customers. Margin is the difference between total value and the collective cost of performing the value activities.

Porter's Value chain is a model used to study the activities that are performed in the creation of a product or service by an organization. These activities add value and cost in the process of creating products and services. The activities may be classified as primary or secondary depending on whether they are the core business or they are auxiliary functions of the firm. The goal of these activities is to offer the customer a level of value that exceeds the cost of the activities, thereby resulting in a profit margin.

Value activities are therefore the discrete building blocks of competitive advantage. How each activity is performed combined with its economics will determine whether a firm is high or low cost relative to its competitors. How each value activity is performed will also determine its contribution to buyer needs and hence differentiation. Comparing the value chains of competitors exposes differences that determine competitive advantage.

1.1.2 Competitive Advantage

Thompson and Strickland (1989) noted that for any business strategy, to be capable of sustained success, must be grounded in competitive advantage. Competitive advantage is gained when a company moves into a position where it has an edge in coping with competitive forces and in attracting buyers. Every firm competing in an environment has a competitive strategy. Whether explicit, that is developed through a formal planning process or implicit, that is, one that has evolved through the various functional activities of the firm (Porter, 1998). For an organization to survive in a competitive environment, it has to adjust its strategic response by developing competitive strategies especially at the market level (Abekah, 1996).

The generic competitive strategies proposed by Porter to gain competitive advantage fall in to three broad categories. These are cost leadership, differentiation and focus strategies. If a firm in an industry is able to deliver benefits to buyers at a low cost, the firm will have competitive advantage over rivals who cannot do this provided that it can sell at prices that are at or near the industry average. Differentiation is the perceived value by the users or buyers where they recognize that a product meets their needs.

Porter (1985) also refers to focus strategies that include focus cost and focus differentiation. In the focus cost strategy, a firm seeks to be a low cost firm in its chosen market segment. The differentiation focus on the other hand implies that a firm seeks to best serve certain market segments based on this market's valued dimensions.

According to Porter (1985) the value chain is a tool that can be used to analyze the sources of competitive advantage. By competitive advantage, Porter (1985) refers also to sustainable competitive advantage which is a situation where a firm is capable of creating true value that is difficult for competitors to copy. A firm in this situation is able to earn economic rents.

1.1.3 Oil industry in Kenya

The oil industry in general is divided into two sections: upstream and downstream operations. Upstream operations involve exploration and production works that will to discovery and mining of petroleum. In Kenya exploration work is done by China Petroleum, BG Group PLC (BG) and Dominion Petroleum Limited (DPL). This is done through leasing of exploration blocks at a fee under supervision of National Oil Corporation on behalf of the government.

Upstream business is not highly visible in Kenya since there has not been any discovery of petroleum reserves yet. However recent discoveries of crude oil in Uganda and Sudan in addition to natural gas discovery in Tanzania have intensified interest and exploration activities in Kenya.

Downstream operations include refining of crude oil into petroleum products, shipping and activities, storage, overland distribution and retailing. (Musindi, 2008). Kenya gets its crude oil from ABU Dhabi, Iran and Saudi Arabia. Refined products come from these Middle East countries and India.

Before 1994, the oil industry in Kenya was government regulated with pump price controls and supply controls by use of national oil corporation. The formation of National Oil Corporation was precipitated by the oil crisis of the 1970s which resulted in supply disruptions and price hikes. National Oil Corporation initial activities mainly consisted of exploration activities delegated by Ministry of Energy. The company the started importation of 30% of crude oil into the country in 1988 which was sold to oil marketing companies based on market size (Musindi, 2008).

The petroleum sector was deregulated in late 1994 with the deregulation of retail prices of petroleum products and of the importation of crude oil and refined products. However, the sub-sector could not be fully deregulated mainly because of the market's dependence on KPRL for liquefied petroleum gas (LPG), and the absence of a viable infrastructure for its importation. Therefore, the Government requires oil companies to import and process crude oil through the refinery to satisfy the requirements for LPG.

Recently, the Government has introduced an open tender system for the importation of crude to the refinery. Under this system a tender for importation of crude is awarded to an individual oil company, which then imports crude for the whole industry and supplies to the other oil companies. Late 2010 the Kenyan government reintroduced pump price controls after an increase in the pump price to a high of Ksh. 101. (www.reuters.com).The government also reintroduced the 30% share of import allocation to National Oil Corporation.

1.1.4 Major Oil Companies in Kenya

The main players in the petroleum sector include the Kenya Pipeline Company (KPC), KPRL and the various petroleum companies involved in the distribution of petroleum products commonly known as Oil Marketing Companies (OMCs). The five major OMCs are Total Kenya, Kenol/Kobil, Oilibya, Kenya Shell and the government owned National Oil Corporation of Kenya. KPC which is government owned operates the pipeline, depots for product storage and truck loading. KPRL is privately owned limited liability company. The Government of Kenya (GOK) owns 50% of the company's equity and the other 50% is held by Essar Energy Overseas Limited. Crude is processed at a fee on behalf of the oil marketing companies.

The Kenol/Kobil group is an Africa's indigenous oil marketing conglomerate with an investment portfolio spanning the entire Eastern, Central and Southern parts of the African continent. The group consists of subsidiaries in eight African countries outside Kenya which is the head office including Uganda, Tanzania, Rwanda, Zambia, Ethiopia, Burundi, Zimbabwe and Mozambique (www.kenolkobil.com)

Total Kenya Limited is part of the Total Group, the 4th largest oil and Gas Company in the world operating in over 100 countries throughout the world. The Group is involved in all aspects of the oil industry from exploration and production to refining and marketing and it is also strong in the chemicals market.

Total has been operating in Kenya since its incorporation in 1955 as OZO East Africa Ltd. It began operations as Total Oil Products (E.A) Ltd. In 1991, the company name changed to Total Kenya Limited. It is the only subsidiary of a multinational petroleum company whose shares are quoted on the Nairobi Stock Exchange. (www.total.co.ke).

Kenya Shell, Ltd. was founded in 1961 and is based in Nairobi, Kenya. Kenya Shell, Ltd. was a subsidiary of BP plc and The Shell Petroleum Company, Ltd.Kenya Shell Ltd. operates as a subsidiary of Royal Dutch Shell plc. In 2008 the Royal Dutch Shell moved away from 15 African Nations and in 2010 the company also pulled out of Kenyan market. The Kenya subsidiary was sold but continues to operate under the brand name of Shell. (www.Kenyashell.com).

OiLibya has now been in existence in Kenya since 2006, having taken over Exxon Mobil's business in Kenya. Under the brand name Oilibya, LOKL operates 60stations country wide through a dealer network. It operates a lubricant blending plant in Mombasa, terminals in Nairobi, Mombasa and Eldoret and has a presence at the Kenya Pipeline Company (KPC) depots in Western Kenya. It also operates its aviation business through the two main airports in Kenya. (www.oilibya.co.ke).

National Oil Corporation of Kenya Limited was incorporated in 1981 under the Companies Act (Cap 486). The company's main objective then was to coordinate oil exploration (upstream) activities. In 1988 the company was mandated on behalf of the government to supply 30% of the country's crude oil requirements that would in turn be sold to oil marketing companies for refining and onward sale to consumers. However after the company de-regulation of the oil industry in 1994 lost that mandate, and had to formulate new survival strategies that saw it's entry into downstream operations. (www.nockenya.co.ke).

1.2 Research problem

An organization that is able to use its value chain to create competitive advantage is able to continually reinvent itself and therefore have sustainable competitive advantage that will ensure that it will remain competitive in the long run unlike organization that try to be competitive based on factors that can be easily imitated by others such as price.

With liberalization of the oil industry and introduction of the Open Tender System (OTS) which is a system that can involves all players tendering for the importation of crude oil which is refined and shared according to market share, there was influx of independent operators that were able to offer low prices to consumer based on their low overhead cost, and further price controls on the industry it has meant that companies have had to reinvent the wheel.

Some research has been carried on value chain and competitive advantage in other sectors but none has been done in the oil industry especially after government price controls. Some of the researches carried out in the past include: Njau (2010) looked at the impact of value chain management strategy on performance: a study of major oil companies in Kenya. Otieno (2010) looked at the value chain analysis in telkom Kenya. Ouma (2009) looked at application of Porter's value chain model at the Kenya revenue authority (KRA).Munyao (2008) looked at application of value chain in developing competitive advantage at Kenya Petroleum Refineries Limited (KPRL) Ouma (2008) looked at the relationship between value chain and competitive advantage in the insurance industry in Kenya. Odero (2006) addressed the value chain & competitive advantage in the corporate banking industry in Kenya, the case of Citibank.

This study seeks to answer the following question: how have oil companies in Kenya used their value chain to create competitive advantage?

1.3 Research Objective

To determine how an oil company can use its value chain to create competitive advantage.

1.4 Value of the study

By determining how the value chain can be used as a competitive advantage tool by ensuring that the cost of an activity is below its benefits in order to have a premium. Policy makers will be able to make decision as to what activities to concentrate on and the trade offs in the value chain in order to create competitive advantage for different organisations.

The study will focus on how to create competitive advantage through value chain. This will enable practitioners to utilise value chain as a competitive advantage tool in their organisations. This will help the organisation achieve margins even though there are price controls in place.

Few studies have been done regarding value chain and competitive advantage in the Oil Industry in Kenya. This study will also expand the body of knowledge and create a basis of further research in the field of value chain and competitive advantage and also for the professional manager in the Oil industry.

1.5 Definition of Terms

Value Chain: A linear map showing how value is added through a process from raw materials to finished products (Awino, 2007).

Competitive Advantage: Competitive advantage is gained when a company moves into a position where it has an edge in coping with competitive forces and in attracting buyers. It comprises of cost leadership, product differentiation and customer focus.

Large Business: In Canada a large firm is defined as one with over 500 employees. (Ward, 2010). Aosa (as cited in Awino, 2007) noted that in Kenya a large business employs 50 or more, has a sales turnover of at least Kshs. 3 million and sales per employee of at least Ksh.60, 000. Nickels and McHugh (as cited in Awino, 2007) noted that employment size, asset size and sales size are the key criterion used to define company size. They defined large business as an entity which employs over 1,000 people with an asset value of USD 100 million plus sales size of USD 250 million plus. Worthington and Britton (as cited in Awino, 2007) in study done in the UK and USA the same parameters were used. The common measures were turnover, value of output, capital employed or the level of employment.

Awino (2007) noted that key parameters used to define large business firms are turnover, number of employees, capital employed, value of output and sales turnover. In Kenya the major oil companies are those that in total control over 70% of the market share. Energy regulatory commission of Kenya has used market share as the basis of categorizing the major players in the oil industry in Kenya. In this research sales turnover which translates to market share will be used to define the large oil companies in Kenya.

CHAPTER TWO: LITERATURE REVIEW

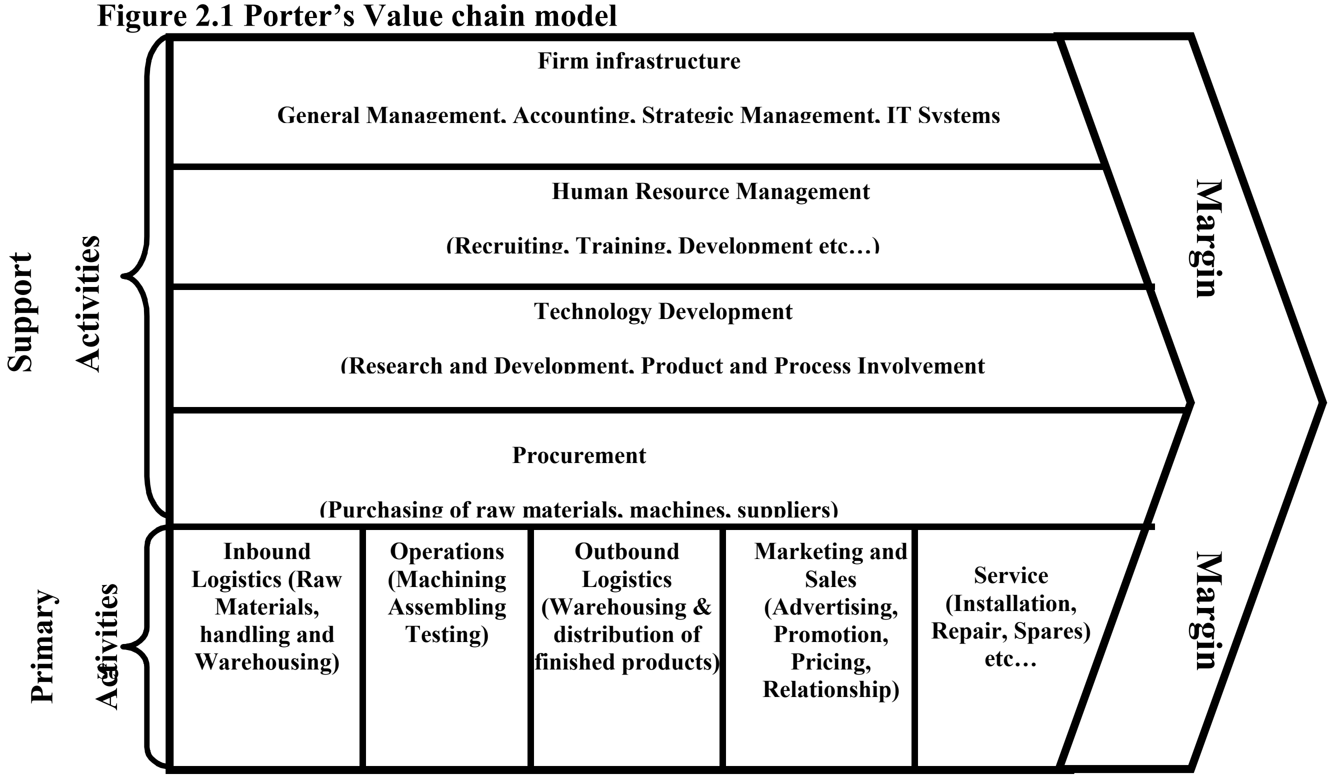
2.1 Introduction

This chapter deals with literature review that gives an insight to the work done by other scholars on value chain concept, value chain activities, linkages within the value chain, the buyer value chain, competitive advantage, value chain and cost analysis as well as value chain and differentiation.

2.2 The Value Chain

In his book Competitive Advantage, Porter (1985) introduced a generic value chain model that comprises a sequence of activities found to be common to a wide range of firms. Porter identified primary and support activities as shown in the following diagram:

Figure 2.1 Porter's Value chain model



Source: Porter M E (2004) Competitive Advantage: Creating and Sustaining Superior Performance. New York: Free press

Identifying the value chain activities is very important. These should be activities that are "technologically and strategically distinct" Porter (1985). In a firm, there are primary activities and support activities. These primary and support activities can be direct, indirect or be quality assurance activities. Clear and succinct definition of these activities is the first step for a firm that intends to use the value chain to gain competitive advantage.

To use the value chain as a tool of gaining competitive advantage, a firm in an industry has to properly define its value chain. The discrete value activities identified should have three key features. Firstly, they should have different economics, secondly, they should have a high potential impact of differentiation and thirdly they should represent a significant or growing proportion of cost. Successive desegregation of activities can expose differences that are important to competitive advantage.

According to Porter (1985), firms have gained competitive advantage by redefining the roles of traditional activities. He further argues that everything that a firm does must be captured as a primary or secondary activity. Value activities should be assigned to categories that best represent their contribution to a firm's competitive advantage. Therefore, the clear and proper definition of the value chain is very important in using the value chain to gain competitive advantage.

2.1.1 The Value Chain activities

Porter (1985) Primary activities are directly concerned with the creation or delivery of a product or service and can be grouped into five main areas. These are; inbound logistics, operations, outbound logistics, marketing and sales and service.

Inbound logistics are the activities concerned with receiving, storing and distributing the inputs to the product or service. They include materials handling, stock control, and transport. Operations transform these various inputs into final product or service: machining, packaging, assembly, and testing. Outbound logistics collect, store and distribute the product to customers. For tangible products this would be warehousing, materials handling, distribution, etc. In the case of services, they may be more concerned with arrangements for bringing customers to the service if it is a fixed location. Marketing and sales provide the means whereby consumers/users are made aware of the product or service and are able to purchase it. This would include sales administration, advertising, selling and so on. In public services, communication networks which help users access a particular service are often important. The last primary activity is Service. This includes all activities which enhance or maintain the value of a product or service, such as installation, repair, training and provision of spare parts.

The primary activities are linked to support activities. Support activities help to improve the effectiveness or efficiency of primary activities. They can be divided into four areas. These are the firm's infrastructure, human resource management, technology development and procurement.

Procurement refers to the processes for acquiring the various resource inputs to the primary activities. Technology development refers to all value activities that have a technology, even if it is just know-how. The key technologies may be concerned directly with the product or with processes or with a particular resource. This area is fundamental to the innovative capacity of the organisation. Human resource management, which transcends all primary activities, is concerned with those activities involved in recruiting, managing, training, developing and rewarding people within the organisation. Infrastructure refers to the systems of planning, finance, quality control, information management, etc. important to an organisation's performance in its primary activities. Infrastructure also consists of the structures and routines of the organisation which are part of its culture (Porter, 2004).

2.2.1 Linkages within the value chain

Gerry, Kevan and Whittington (2009) notes that, although value activities are the building blocks of competitive advantage, they not a collection of independent activities but a system of interdependent activities. Linkages exist between primary and secondary activities. Linkages also exist between the primary activities themselves and between the secondary activities themselves. There are also relationships between the way one activity is performed and the cost of performing other activities.

Linkages can lead to competitive advantage in two ways. The first one is through optimization and the second one is through coordination. An example of optimization is where the firm to reduce costs of service may either design a product using high cost materials and manufacturing methods or to have more stringent quality control. The firm can choose the optimum of these two options based on its long term strategy. Coordination as a competitive advantage on the other hand is the use of the activity interrelationships to enhance differentiation or cost advantages. An example is scheduling the manufacturing and delivery to customers to reduce inventory in the firm.

The generic causes of linkages in a firm's value activities according to Porter (1985) include, performing the same function in different ways, improving the cost of direct activities by greater efforts in indirect activities, performing activities inside a firm to reduce the need to demonstrate, explain or service a product in the field and performing quality assurance functions in different ways.

2.2.2 The buyer value chain

Gerry, Kevan and Whittington (2009) noted that buyers also have value chains, and a firm's product represent a purchased input to the buyer's chain. Understanding the value chains of industrial, commercial and institutional buyers is easy since they are similar. A firm's differentiation stems from how its value chain relates to its buyer's chain. This is a function of the way a firm's physical product is used in the particular buyer activity in which it's consumed as well as all other points of contact between a firm's value chain and buyer's value chain.

Differentiation then derives from creating value for the buyer through a firm's impact on the buyer's value chain. Value is created when a firm creates competitive advantage for its buyer-lowers its buyer's cost or raises its buyer performance. The value created must be perceived by the buyer if it is to be rewarded with a premium price. This means that the firm must communicate their value to buyers through such means as advertising or sales force. How this value is divided between the firm (premium price) and buyer (higher profits or more money satisfaction) is reflected in the firm's margin, and is a function of industry structure (Porter, 2004).

2.3 Competitive Advantage

Hill and Jones (2000), competitive advantage is the ability of a company to out-perform competitors within the same industry. Competitive advantage is an advantage over competitors gained through offering consumers greater value, either by means of lower prices or providing greater benefits and service that justifies higher prices (Johnson & Scholes, 2002).

Grant (1998) defines competitive advantage as the ability of a firm to persistently operate at a higher rate of profit over its competitors. It is the ability of a firm to outperform competitors on profitability. This therefore implies that a firm can enjoy competitive advantage only in reference to other firms in the same industry or strategic group (Kay, 1993). When we refer to competitive advantages, we usually speak in terms of real differences between competing firms. It stems from real strengths possessed by the firm or in real weakness possessed by rival firms (Hartline & Ferell, 2008).

Jones (2001) noted that successful innovation could reorganise industry structure. He observed that one of the consequences of innovation has been lower fixed cost of production thereby reducing barrier to entry and allow new and small enterprises to compete with larger established operations. Porter (1980) identified four generic strategies that could be adopted in order to gain competitive advantage, namely differentiation, cost leadership, differentiation focus and cost focus.

2.4 The Value Chain and cost analysis

Cost advantage is one of the two types of competitive advantage a firm can possess. Cost is important to differentiation strategies because a differentiator must maintain cost proximity to competitors. Unless the premium exceeds the cost of differentiating a differentiator will fail to achieve high performance.

Porter (1985) observed that a firm may create a cost advantage either by reducing the cost of individual value chain activities or by reconfiguring the value chain. Once the value chain is defined, a cost analysis can be performed by assigning cost to the value chain activities. The cost obtained from the accounting report may need to be modified in order to allocate them properly to the value creating activities.

Porter (2004) identified 10 cost drivers related to value chain activities. These are economies of scale, learning, capacity utilization, linkages among activities, interrelationships among business units, degree of vertical integration, timing of market entry, firm's policy of cost or differentiation, geographic location, and institutional factors (regulation, union activity, taxes).

Economies of scale arise from the ability to perform activities differently and more efficiently at larger volume, or from the ability to amortize the cost of intangibles such as advertising and R & D over a greater sales volume. It can also arise from efficiencies in the actual operation of an activity at higher scale as well as from less than proportional increase in the infrastructure or overhead needed.

The cost of a value activity can decline over time due to learning that increases its efficiency. Mechanisms such as layout changes, improved scheduling, labour efficiency improvement, yield improvement, procedures that increase utilisation of assets, and better tailoring of raw materials to the process. Learning is often accumulation of many small improvements rather than major break-through.

Where a value activity has substantial fixed cost associated with it, the cost of an activity will be affected by capacity utilisation. Fixed costs create a penalty for underutilisation; the ratio of fixed to variable cost indicates the sensitivity of a value activity to utilisation. Capacity utilisation at a given point in time is a function of seasonal, cyclical, and other demand or supply fluctuations unrelated to competitive position. Thus the pattern of utilisation over the entire cycle is the correct cost driver instead of utilisation at one point in time.

There are two broad types of linkages: linkages within the value chain and vertical linkages with the value chain of suppliers and channels, this therefore means that the cost behaviour of a value activity cannot be understood by examining the activity alone. Linkages provide opportunity to lower the total cost of linked activities.

The most important form of interrelationships is when a value activity can be shared with a sister unit. Sharing a value activity raises throughput in the activity. It reduces unit costs if cost is sensitive to economies of scale or learning, or if sharing improves the pattern of capacity utilisation because different business units place demands on the value activity at different times.

Integration can reduce cost in a number of ways. It avoids the cost of using the market, such as procurement and transportation cost. It can allow the firm to avoid suppliers or buyers with considerable bargaining power. It can also lead to economies of joint operation. However integration can raise cost by creating inflexibility, bringing activities in house that suppliers can perform more cheaply or raising exit barriers.

The cost of a value activity often reflects timing. A firm may gain first mover advantages. Late movers can enjoy benefits such as purchasing the latest equipment or avoiding high market or product development costs borne by early movers. A late mover might be able to tailor the value chain to prevailing factor costs. Another advantage of late mover is less senior and hence a cheaper work force.

Discretionary policy choices reflect a firm's strategy and often involve deliberate tradeoffs between cost and differentiation. Some policy choices that tend to have greatest impact on cost include: level of service provided, delivery time, channels employed, mix and variety of products offered, specification of raw materials, human resource policies, procedures for scheduling production, maintenance among others. Policies play an important role in determining cost.

The location of a value activity affects cost in a number of ways. Locations differ in the prevailing cost of labour, management, raw materials, energy among others. Opportunities often exist for reducing cost through relocating value activities or by establishing new patterns of location of facilities relative to each other. Changing location often involves trade offs it lowers some cost while raising others.

Institutional factors including government regulation, tax holidays and other financial incentives, unionisation, tariffs and levies constitute a major cost driver. Favourable institutional factors can lower costs just as unfavourable ones can raise them. While institutional factors often remain outside of a firm's control, means exist to influence them or minimize their impact.

A firm has cost advantage if its cumulative cost of performing all value activities is lower than competitors' costs. The strategic value of cost advantage hinges on its sustainability which is present if sources of a firm's cost advantage are difficult for competitors to replicate or imitate. Cost advantage leads to superior performance if the firm provides an acceptable level of value to the buyer so that its cost advantage is not nullified by the need to charge a lower price than competitors.

Porter (2004) observed that they are two major ways that a firm can gain cost advantage: control cost driver of value activities representing a significant proportion of total assets and through reconfiguring the value chain by adopting a different and more efficient way to design, produce, distribute, or market its product.

These two ways are not mutually exclusive. Cost reduction may or may not erode differentiation. Every firm should aggressively pursue cost reduction in activities that don't influence differentiation. In activities that contribute to differentiation, a conscious choice may be made to sacrifice all or part of differentiation in favour of improving relative cost position.

2.5 Differentiation and the Value Chain

Grant (1998) explained that a differentiation advantage can arise from any part of the value chain. For example procurement of inputs that are unique and not widely available to competitors can create differentiation, as can distribution channels that offer high service levels. Differentiation stems from uniqueness. A differentiation advantage may be achieved either by changing value chain activities to increase uniqueness in the final product or by reconfiguring the value chain.

Porter (2004) identified several drivers of uniqueness. These are, policies and decisions, linkages among activities, timing, location, interrelationships, learning, integration, and scale for example better service as a result of large scale, institutional factors. Many of these serve as cost drivers. Differentiation often results in greater costs, resulting in tradeoffs between cost and differentiation.

Firms make policy choices about what activities to perform and how to perform them. Some typical policy choices that lead to uniqueness include: product features and performance offered, services provided, intensity of an activity adopted, content of an activity, technology employed in performing an activity, skills and level of experience employed in an activity and training provided.

Uniqueness often stems from within the value chain, meeting customer needs often involves coordinating linked activities and optimizing linked activities or with supplier and channels that a firm exploits. Close coordination with suppliers can shorten new model development time, also by coordinating with channels or jointly optimizing the division of activities between the firm and the channels, uniqueness can frequently result, this can be done through: training channels in selling and other practices, joint selling efforts, subsidizing for channel investment in personnel, facilities and performance of additional activities.

Uniqueness may result from when a firm began performing an activity. Being the first to adopt a product image may pre-empt others from doing so and thus make the firm unique. In some industries moving late may allow a firm to employ the modern technology and thereby differentiate. Uniqueness may stem from location. For example a petroleum company may have conveniently located petrol stations and therefore results in it being unique. The uniqueness of a value activity may stem from sharing it with sister business units for example, sharing the sales force between fuels and lubricants allows the sales person to offer the buyer better service.

Uniqueness of an activity can be the result of learning about how to perform it better. Achieving consistent quality in a manufacturing process may be learning-driven. The spillages of learning to competitors erode its contribution to differentiation. Only proprietary learning leads to sustainable differentiation. Integration into new activities can make a firm unique because it's better able to control the performance of the activities or coordinate them with other activities. Integration may also provide more activities to be sources of differentiation. For example, providing service in-house instead of leaving to third party suppliers may allow a firm to be the only firm to also offer service or to provide service in a unique manner.

Porter (2004) noted that large scale can allow an activity to be performed in a unique way that is not possible at smaller volumes. In some cases scale can work against the uniqueness of an activity. Scale may reduce the flexibility of fashion related firms to buyer needs. Institutional factors sometimes play a role in allowing a firm to be unique.
The drivers of uniqueness vary for each activity and may vary across industries for the same activity. The drivers interact to determine the extent to which an activity is unique. A firm must examine each of its areas of uniqueness to see what driver of drivers underlie it. This will be critical to the sustainability of differentiation.

A firm must incur costs to be unique because uniqueness requires that it performs value activity better than competitors. Uniqueness does not lead to differentiation unless it's valuable to the buyer. A successful differentiator finds ways of creating value for buyers that yield a price premium in excess of the extra cost. A firm creates value for a buyer that justifies a price premium through two mechanisms: by lowering buyer cost and by raising buyer performance (Johnson, Scholes, and Whittington, 2009).Porter (2004) observed that actions that lower the cost of buyer value and activities representing a significant fraction of the buyer's cost constitute the most significant opportunities.

A firm can lower its buyer's cost through: lower delivery, installation, or financing cost, lower the required rate of usage of the product, lower direct cost of using the product, lower indirect cost of using the product, lower buyer cost in other value activities unconnected with the physical product and lower risk of product failure and thus buyer's expected cost of failure.

Kottler & Keller (2006) also noted that raising buyer performance will depend on understanding what is desirable performance from the buyer's point of view. Buyers often have a hard time assessing the value a firm provides in advance and will therefore base their judgement on factors such as advertising, reputation, packaging, professionalism, appearance, and personality of supplier employees, the attractiveness of facilities, and the information provided in sales presentation to infer the value a firm will create.

A firm can enhance its differentiation in two basic ways. It may become more unique in performing its existing value activities or it may reconfigure its value chain in some way that enhances its uniqueness. Becoming more unique in its value activities requires that a firm manipulate the drivers of uniqueness. A differentiator must simultaneously control the cost of differentiation so that it translates into superior performance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the research design, population of study, methodology that was used in collection of data, analytical framework of data analysis, which describes the firms and variables included in the study, the distribution patterns of data, and applied statistical techniques in investigating value chain and competitive advantage in the oil industry.

3.2 Research design

A descriptive survey research design was used to understand the process disintegrating a company's activities into primary and secondary activities and using these activities to create a sustainable competitive advantage. A descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it. A descriptive survey study is concerned with the what, who, where and how of phenomena (Kombo & Tromp, 2006). Therefore descriptive design was found to be most appropriate since the study sought to describe the value chain in the oil industry as it is, also this kind of design was utilized in studies with similar results as this one these studies include Ouma (2009) Application of Porter's value chain model at the Kenya revenue authority (KRA).Munyao (2008) Application of value chain in developing competitive advantage at Kenya Petroleum Refineries Limited (KPRL) Ouma (2008) Relationship between value chain and competitive advantage in the insurance industry in Kenya. Odero (2006) Value chain & competitive advantage in the corporate banking industry in Kenya, the case of Citibank.

3.3 Population

The population of this study included all the 176 Oil Importing and Marketing Companies registered by Energy Regulatory Commission of Kenya and the Ministry of Energy of Kenya. The researcher zeroed in on the oil companies controlling individually at least 5% and above of the market share in Kenya and together a total of 81.1% of the total market share, these firms have work force of at least 100 employees each which constitute a large firm, which are Total Kenya, Kenol/Kobil, Shell, Libya Oil, and Nock (Appendix 111).

In large firms, it's possible to disintegrate the activities in the value chain and therefore measure the competitive strategies used in the value chain, this is not possible in small firms where the structures are not in place. Small firms that are controlling individually less than 5% and have small work force therefore falling in the category of small firms don't have established value chain.

3.4 Sample Design

The study used purposive sampling design. The researcher used her judgement in determining the sample to use based on the market share of the oil companies. Out of the population of 176 the researcher choose the companies which control above 80% of the market share and individually control at least 5% of the total market share.

3.5 Data Collection

Primary data collection method was used, where semi-structured questionnaires were administered to the chosen respondents. The questionnaires were administered to the Business Managers or their equivalents in respective companies. The drop and pick method was utilised where the researcher dropped the questionnaires and collected them later. The questionnaires were later checked for any outliers.

3.6 Data Analysis

Data was analyzed using descriptive statistics and content analysis. The questions consisted of two parts, part one comprised of scaled responses, this is important in enabling the respondent put magnitude to the agreement or disagreement this was analyzed using percentages while part two consisted of open ended questions meant to expound on the answer in part one this was analyzed using content analysis. Content analysis is a research tool used to determine the presence of certain words or concepts from the responses.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter details the findings and analysis of the study as set out in the research methodology. It explains what the researcher found out through questionnaires. Data was collected through drop and pick questionnaires to the respondents. Data collected was both quantitative and qualitative and therefore the researcher used both descriptive statistics and content analysis to analyze the data.

4.2 Data Analysis

The study had two main variables namely drivers of cost advantage and differentiation in the value chain. The variables were derived from scaled responses to questions in appendix 11. A five point scale was used, followed by a qualitative question which sort to explain the choice in the previous question. The scaled questions were analyzed through percentages while the qualitative questions were analyzed through content analysis.

4.2.1 Quantitative Data

Table 4.1: Company Ownership

Ownership	Frequency	Percentage
Public Limited Company	1	20
Chain Subsidiary	3	60
Franchise	0	0
Government Owned	1	20
Total	5	100

Three out of the five large oil firms in Kenya are multinationals namely Total Kenya, Kenya Shell and Oilibya. Kenol/Kobil is publicly listed company in Kenya which operates in a number of countries across Africa. NOCK is a government owned company.

Table 4.2: Number of Retail Outlets

	Frequency	Percentage
Less than 50	0	0
50-100	2	40
100-150	0	0
150-200	3	60
Above 200	0	0
Total	5	100

Olibya and NOCK have the least number of retail outlets in Kenya, the majority of retail outlets are run by Total Kenya, Kenya Shell and Kenol/Kobil.

Table: 4.3: Effect of Price Controls by the government

	Frequency	Percentage
Very Positively	0	0
Positively	3	60
Negatively	1	20
Very Negatively	1	20
Not Sure	0	0
Total	5	100

Three oil marketers felt that the price controls were positive, this is because it meant that price has stopped being the differentiator, and those with less overhead cost were benefiting from this. However, two oil marketers felt that the price control by the government had a negative impact on their business since the government did not factor in the rising inflation and also omitted some costs; this was mainly those with large retail network.

Table 4.4: Level of Economies of Scale

LEVEL OF ECONOMIES	FREQUENCY	PERCENTAGE
Very High	2	40
High	3	60
Low	0	0
Very Low	0	0
Not Sure	0	0
Total	5	100

The companies where there are very high economies of scale are able to optimize resources and therefore reduce costs leading to increased margins. The economies of scale are especially present due to the large operations of these companies.

Table 4.5: Learning Effects

	Frequency	Percentage
Very Strong	2	40
Strong	3	60
Very Weak	0	0
Weak	0	0
Not there	0	0
Total	5	100

Learning has changed the way most of the oil companies do business through skilled labor, also concentrate on the key functions and outsource the other functions, in order to reduce cost, this was prevalent across all the oil marketers where they outsource non core activities and concentrate on the core activities, this has helped in cost reduction as well as optimization of resources.

Table 4.6: Linkages within the value chain

	Frequency	Percentage
Very Strong	1	20
Strong	4	80
Weak	0	0
Very Weak	0	0
Not sure	0	0
Total	5	100

There are strong linkages within the oil industry especially between the supplier who is mainly Kenya Petroleum Refinery Limited (KPRL), Kenya Pipeline Company (KPC) who mainly handle the product from Mombasa to upcountry, the quality auditor mainly SGS and Inspectorate.

Also linkages are strong where the oil companies are involved in blending of lubricants they therefore link with the suppliers of raw materials to ensure high quality products. The linkages with the suppliers also increase brand loyalty where suppliers are also customers through reciprocal business.

Table 4.7: Sharing with Sister Unit

	Frequency	Percentage
Very Strong	0	0
Strong	2	40
Weak	0	0
Very Weak	0	0
Not there	3	60
Total	5	100

The two companies that have sister units especially in the neighboring landlocked countries are able to share cost with those units where they can handle their imported products at a fee and also use the product when there are low stocks in the country.

Table 4.8: Policies and Procedures

	Frequency	Percentage
Very Strong	4	80
Strong	1	20
Weak	0	0
Very Weak	0	0
None	0	0
Total	5	100

The competition in the oil industry is stiff and therefore most of the operations are governed by stringent policies and procedures and these are prevalent in all the marketing companies interviewed, this has ensured cost reduction, strict adherence to safety standards and cost reductions

Table 4.9: Institutional factors

	Frequency	Percentage
Strongly Favorable	0	0
Favorable	1	20
Unfavorable	2	40
Strongly Unfavorable	2	40
Not Sure	0	0
Total	5	100

The institution factors such as taxation, government tariffs and energy cost are mainly viewed as unfavorable, this was mainly attributed to the fact that Kenya has one of the highest government tariffs in the world and also taxes are paid in advance which adversely affects the cash flow of the oil marketers. Nock which is government owned felt that institutional factors are favorable this is mainly because the government allocates a quota to the company for importation.

4.2.2 Qualitative Analysis

The large oil companies who have large capacity have entered into hospitality agreements with other smaller players who don't have the capacity; this has ensured that the companies earn some income through hospitality fees and also avoid incurring huge fixed costs on idle equipments. Other oil companies have entered into joint venture such as one between Total and KenolKobil this has ensured that they continue to make full utilization of the facilities jointly and therefore share the fixed cost. This is a measure to ensure full capacity utilization at all times.

Total Kenya entered the market in 1955, Shell in 1961, Oil Libya 2006 however it took over the operations of Mobil which had been in Kenyan market for a while, this means that the three companies have managed to lock in some customers who have remained their key customers over time. Nock was incorporated in 1981, with a view of being the controller of the industry and this has given it a lot of support from the government which is often viewed by the other oil marketers as undue advantage over the other players.

Kenol is a Kenyan company which acquired Kobil. However, Kobil remains a separate brand owned by Kenol. Depots for the five major oil companies are located at close proximity to each other across the country mainly near the pipeline station. Therefore the location of depots does not serve as a differentiator. However, the location of the stations has served to differentiate service by being easily accessible and being across the country, However, Nock and Oilibya are yet to be present across the country and the stations are far apart as compared to the other oil marketers. This has given the other three marketers an edge over Nock and Oilibya which is depicted in the market share.

In the recent past after price controls were introduced by the government, the oil marketers have engaged in other activities to increase the competitiveness. For example Total Kenya has recently launched 'Top Service Week' where top management as well as other office staff get out to the forecourts and serve the customers, this has been accompanied by free windscreen cleaning, under bonnet check and tyre pressure this has been accompanied by a lot of advertising and offering free fuel conserving tips. KenolKobil have been involved in rigorous promotion where they offer motorist discounts of up to Ksh.5 per litre in the service station, on a strategy of low margin high volume, this has made the company popular to most motorists and has acted as a differentiator from the other oil marketers who are selling at the stated price. This has increased the throughput in the stations.

Kenya Shell has been publishing at least one fuel saving tip in the newspaper to attract motorist. The company has also launched 'V-Power' and 'Unleaded Extra with Extra Kilometers' meant to save on the cost, this has been accompanied by heavy investment on advertising and promotions especially in the lubricants. Nock has launched fuel card to increase its competitiveness and also introduced LPG into the market. Oilibya have recently launched fuel card in an attempt to increase the market share and improve on the competitiveness.

4.3 Research Objective

This research had one objective that is to determine how an oil company can use its value chain to create competitive advantage. The companies interviewed were utilizing the value chain to create competitive advantage. For example Kenya shell are utilizing proprietary learning over the year for making fuels for sports car to bring high performance fuels into the market such as V-power and Unleaded extra this has differentiated the company's product from those of the competitors.

Another way that oil marketers are using the value chain is through integration with the buyer's value chain this has been achieved through investment in equipments for storing and dispensing fuels as well as being in charge of safety issues at the customer's site. The marketers also give their customers maintenance of the equipment at their expense.

Also the firm's economies of scale has also led to competitive advantage since the new entrants would have to invest heavily in order to compete at the same level with the large oil firms. For example, a new entrant would like huge capital investment to build a wide retail network and also build facilities such as blending plants.

The retail outlets have also seen increased battles to differentiate the service which is more or less the same, through extra services that are given to motorists for example when one attendant is fuelling the car, the other is cleaning the windscreen both in front and behind and another one is carrying out the under bonnet check so that you take the same time you would have to fuel but the motorist gets free services.

The companies are also involved in heavy advertising and promotions to make the customer aware of the value created unlike in the past where these were rare in the oil industry. Some OMCs have invested heavily in training their staff especially the technical staff such as engineers and also the other staffs go through regular training to ensure that consistent service especially in the forecourts and also to keep abreast changes in the industry and the technology.

The oil marketers are also utilizing information technology to enable the customers place orders online therefore saving time, also the payment process has also been made easy through RTGs and EFT to enable quick money transfer and also ensure safety. Therefore this study has established that it's possible to attain competitive advantage in the oil industry in Kenya through value chain.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter details the summary of the findings in relation to the objective of the study. It also gives the implications of the study to the three stakeholders identified in the importance of the study, while highlighting the limitations of the study and it will finally give recommendations for further research to up coming researchers.

5.2 Summary Finding

In summary this research has found out that an oil company in Kenya can use its value chain to create competitive advantage even when the industry is regulated and the product homogenous like it's the case of petroleum products. The value chain was found to be an important tool to all the oil marketing companies in creating competitive advantage.

Total Kenya and Kenya Shell were seen to utilize their value chains to differentiate in product leadership this is through innovative products where Kenya Shell has V-Power and Unleaded Extra and Total Kenya has specialized in high quality lubricants. Total Kenya has also utilized its value chain to achieve customer excellence through establishing mini depots known as consignment sites with their major customers to ensure consistency in the supply to the key customers, and to remove the burden of monitoring stock levels from the customer and placing it on the supplier's shoulders.

Some OMCs have installed equipments at customer's site this is to ensure that switching cost are raised since any new supplier would be required to purchase the equipment from the former supplier which is not always easy since that is a competitor. KenolKobil utilizes its value chain to achieve operational excellence where they are able to lower the overhead cost thus are able to sell at a lower price than their competitors, they have also attempted to have customer intimacy by understanding the hard economic times that Kenyans are experiencing and coming to their rescue through reduced pump prices.

Oilibya has utilized its value chain especially in the lubricants market to attain product excellence through their blending plant. Nock being a government owned company has benefited from quotas allocated to the company by the government, this means that rarely will the company suffer frequent shortages that have been experienced by other oil marketers also the company benefits when it imports the 30% allocation of the crude oil from the cash flow coming in from the marketers who pay upfront before they lift product. Warehousing and freight of petroleum products especially fuels is done by KPC which is also a government owned entity, this works to the advantage of the company.

All the oil marketers have utilized timing and integration especially with the bulk customers, where they ensure that the first company to get a new customer especially those that are putting up new factories invest heavily in equipment to lock the customer this ensure that the oil marketers remains the default supplier of product to that customer since a new supplier would have to acquire the equipments from the competitor.

5.3 Conclusion

Sustainable competitive advantage is in no doubt a difficult thing for a company in any industry to attain. For a company to remain competitive in the long run it must be able to have a value chain that cannot be easily imitated by other players, it must ensure that its competitiveness stems from its uniqueness. There must be a fit between the day to day operations of the company and the drivers of cost and differentiation. The resources both tangible and intangible must be mobilized to enhance competitiveness.

The value chain when well operated can be a valuable tool in creating sustainable competitive advantage. This can either bring out a low cost strategy where the organizations operates at low cost and therefore sells at low prices to their customers, or differentiate their product or service such that even where the product is homogenous, there is a clear difference in the eyes of the customer and create a source of loyalty to the brand.

However, the organization should remain should remain cognizant of the challenges of utilizing the value chain as a competitive advantage tool, cost advantage will result in above average only if the firm can sustain it. Cost advantage is sustainable if there are entry barriers that prevent competitors from imitating sources. Cost advantage derived from one or two value activities provides an alluring target for imitation. Cost leaders must accumulate cost advantage gained from numerous sources in the value chain that interact and reinforce one another.

The sustainability of differentiation depends on two things, its perceived value to the buyers and lack of imitation by competitors. To be sustainable differentiation must be based on sources where there are mobility barriers to competitors replicating them. Differentiation stems from multiple sources rather than on a single factor since it requires wholesale changes to imitate.

5.4 Recommendations

The research found out that though value chain has been utilized by the oil marketers to create competitive advantage, the full benefits of the value chain are not felt this is because storage on the Kenya Pipeline is allocated based on the market share which includes export sales this sometimes constraint product availability for the local market where plenty of the product held in the pipeline is transit material this has resulted in shortages in some instances. The researcher recommends that oil marketer invest in storage facilities other than the pipeline to enable full utilization of the value chain to gain competitive advantage.

The researcher also recommends the use of some drivers that can be sustainable in the oil industry, which include proprietary learning this is because learning which is proprietary can be hard to copy, linkages with the buyer value chain where the firms integrate their value chain with that of the buyers to lock in customers. The firms should also develop policies to create proprietary products, for example lubricants and services that are exceptional.

The firm's source of uniqueness must have barriers, for example the oil marketers can invests in interrelationship in the value chain such recommendation from the motor vehicle to use a particular specs of lubricant, learning which is proprietary will make the service of a particular brand resonate in the mind of a buyer where service is offered in a proprietary way which is sustainable, the sources of differentiation must also have a cost advantage to be sustainable.

Oil marketers must create switching costs at the same time it differentiates. These are costs incurred by the buyer when it changes suppliers, which allows a firm to sustain a price premium even if its product is equal to that of competitors. This can be coupled with first mover's advantage where the marketers target new buyers who are starting business and invest equipment in the customer's site. Activities that make a firm unique frequently raise switching cost since the buyer tailors its activities to exploit the firm's uniqueness.

5.4 Limitations of the study

This study was not without limitations, the study was carried out at a time when the industry is faced with stiff competition and therefore companies are not keen on divulging so much information especially about how they are operating to remain competitive. The study was carried out within limited time and resources which necessitated a sample survey. A census survey which includes the small operators in the market would perhaps bring out more interesting findings, and give more insight as to how firms are remaining competitive.

5.6 Suggestions for Further Research

One of the findings of this research was that some companies felt that the price control by the government was positive especially those with fewer retail outlets. A study to investigate the positive effects of price controls to an oil company is likely to give interesting findings.

Also a study a study to investigate the impact the quota allocated to NOCK by the government has on the profitability of the company would be appropriate. This is because currently the company is still retailing its products at the set price whereas the researcher feels that it could retail at a lesser price.

5.7 Implications of the study on policy, theory and practice

Due to the challenges facing the Kenyan economy of rising inflation, weak shilling, and the oil industry in particular which includes high number of marketers therefore minimizing the ullage per marketer at the KPC, quotas allocated to government owned NOCK which means one marketer is also a supplier to other marketers, price regulation by the government and inefficient refinery coupled with old technology, the policy makers in the industry will have to utilize the value chain as identified in this study and other studies to create competitive advantage, that is by either being cost leader, differentiating their product and service or creating a customer focus.

The value chain can be utilized to reduce costs or differentiate by increasing economies of scale, learning effects, interrelationships, policies and procedures. This study has established that practitioners can create sustainable competitive advantage by exploiting the drivers that cannot be easily imitated and also by combining more than one driver to ensure that imitation is difficult for competitors.

There are few studies that have been done especially in the Kenya on value chain. The study has had an impact on the body of knowledge by showing how companies can still make profit in a controlled environment, and in a highly regulated industry through use of the value chain, this in addition to expanding the existing body of knowledge will form basis for further research.

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Appendices

Appendix 1: Questionnaire

The questionnaire has two parts section A is aimed at giving a background of the company, and section B deals with aspects of value chain in your organization.

Section A

1. Please indicate name of your organization (optional)

   ____

2. General information about your organization

   a) Number of countries the company is present_______________

   b) Number of employees___________________________

   c) Number of plants and depots_____________________

   d) Number of retail outlets________________________

   e) Market share of the company________________

3. Please indicate the ownership structure of your organization.

   a. Sole ownership [ ]

   b. Partnership [ ]

   c. Franchise [ ]

   d. Chain subsidiary [ ]

   e. Other (indicate)___________________

4. List your major competitors in order of merit

   a) ______________________________

   b) ______________________________

   c) ______________________________

d) ______________________________

e) ______________________________

5. How has the price control by the government affected your profitability

   a) Very Positively [ ]

   b) Positively [ ]

   c) Very Negatively [ ]

   d) Negatively [ ]

   e) Not sure [ ]

6. What are the strategies that the company has employed to deal with the effect of the price controls

   a) ______________________________

   b) ______________________________

   c) ______________________________

   d) ______________________________

7. Are the strategies applied to the entire market (broad focus) or to some segments (narrow focus)?____

Section B

What level of economies of scale does the company operate in?

a) Very High [ ]

b) High [ ]

c) Low [ ]

d) Very Low [ ]

e) Not sure [ ]

Briefly explain how the level of economies of scale has affected your cost

____

____

Has learning or experience changed the way the company carries out its activities

a) Strongly Agree [ ]

b) Agree [ ]

c) Disagree [ ]

d) Strongly Disagree [ ]

e) Not sure [ ]

Briefly explain in what ways learning has changed the way you carry out your activities and the impact this has had on your cost and uniqueness

____

____

How have you managed the different fluctuations in capacity utilization?

____

____

Are there linkages within the value chain activities and also with the suppliers?

a) Very Strong [ ]

b) Strong [ ]

c) Weak [ ]

d) Very Weak [ ]

e) Not there [ ]

Briefly explain how these linkages have helped you company in terms of cost or to differentiate your product

____

____

Are there interrelationships within the value chain where an activity can be shared with a sister unit

a) Very Strong [ ]

b) Strong [ ]

c) Very Weak [ ]

d) Weak [ ]

e) Not there [ ]

Explain how these interrelationships have affected your cost patterns and the uniqueness of your products?

____

____

In relations to your major competitors how has the time the company entered Kenyan market affected your competitiveness?

____

____

Does the company have policies on service levels, delivery time, mix and variety of products, safety policies and human resources policies?

a) Very Strong [ ]

b) Strong [ ]

c) Weak [ ]

d) Very Weak [ ]

e) No [ ]

How have these policies affected your cost structure as well as the level of differentiation of your products?

____

____

How has the location of your depots and service station affected your cost, differentiation of your products?

____

____

Do you consider institutional factors (Government tariffs, Taxation, energy cost etc) in Kenya favorable or unfavorable to your business?

a) Strongly Favorable [ ]

b) Favorable [ ]

c) Unfavorable [ ]

d) Strongly Unfavorable [ ]

e) Not sure [ ]

Briefly explain

____

____

What activities are you carrying out to enhance your competitiveness in the market?

a) ____

b) ____

c) ____

Thank you for your cooperation

Appendix 11: Introduction letter to respondents

Eddah Munyi

University of Nairobi

Department of Business Administration

P.O.Box 30197

Nairobi.

1st September 2011

Dear Respondent

COLLECTION OF SURVEY DATA

I am a postgraduate student at the University of Nairobi, School of Business. I am undertaking a management research Titled **"Porter's value chain model and competitive advantage in the oil industry in Kenya".** This is to kindly request you to assist us collect the data by filling out the accompanying questionnaire. Your name will at no time appear in the research finding. The information provided will be used exclusively for academic purposes. My supervisor and I assure you that the information you give will be treated with strict confidence. The findings of this research can be availed to you upon completion of the research on request. In case of any questions pertaining to this project please do not hesitate to contact us on the above address.

Regards,

Eddah Munyi	Dr. Z. B Awino
MBA Student	University Supervisor

Appendix III: Kenya Petroleum Sales (January-March 2011)

COMPANY	**MKT SHARE %**
TOTAL KENYA	23.4
KENOLKOBIL	22.8
SHELL	17.9
LIBYAOIL	11.8
NOCK	5.2
GAPCO	4.4
HASS	1.8
GULF	1.8
HASHI	1.8
GALANA	1.4
BAKRI	1.4
ENGEN	0.8
OILCOM	0.7
RIVAPET	0.6
FOSSIL	0.5
OTHERS	3.7
TOTAL	**100**

Source: Petroleum Institute of East Africa (2011) Petroleum Industry data. Retrieved from http://www.petroleum.co.ke

Appendix IV: Authority to collect Data-University

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE..

TO WHOM IT MAY CONCERN

The bearer of this letter...MUNYI EDNAH WAMITO...

Registration No...D61/61798/10...

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA OFFICE
P. O. Box 30197
NAIROBI

JUSTINE MAGUTU
ASSISTANT REGISTRAR
MBA OFFICE, AMBANK HOUSE

Appendix V: Authority to collect Data-Oilibya

OiLibya

From,

Franklin Nubi

Terminal Manager

Libya Oil Kenya Limited

P.O Box 80394-80100 MSA.

To:

Eddah Munyi

C/O UON

P.o Box 30197

Nairobi.

Dear Madam,

RE: DATA COLLECTION.

This is an acknowledgement for receipt of your questionnaire, as a data collection tool to aid in completing your management research project entitled" Porter's value chain model and competitive advantage in the oil industry in Kenya"

We take note of your commitment to use the data so provided for academic purpose only.

We also take note of your commitment to treat the information obtained in the process in strict confidence.

In view of the above we undertake to provide the data for the above purpose ONLY.

Please arrange to pick the completed questionnaire within 3 days.

Regards,

24/10/2011

Franklin Nubi.

Terminal Manager.

Appendix VI: Authority to collect Data-KenolKobil

KenolKobil

KenolKobil Limited
I.C.E.A. Building, Kenyatta Avenue
P.O. Box 44202 or 30322,
00100 GPO, Nairobi, Kenya
Tel: +254 (0)20 - 2755000 / 2249333
Fax: +254 (0)20 - 2230967 / 2218274 / 2221614
E-mail: kenkob@kenkob.co.ke
Website: www.kenolkobil.com

ISO 9001 Certified

19th October 2011

University of Nairobi
Department of Business Administration
P. O. Box 30197
Nairobi

AUTHORITY TO COLLECTION OF SURVEY DATA

This is to inform you that M/s Eddah Munyi was allowed to collect data from Kenol Kobil ltd to enable her undertake her management research project.

Regards,

KENOL KOBIL LTD.
P.O. Box 84676 - 80100
MOMBASA

Phillip Njenga
TERMINAL MANAGER

Appendix VII: Authority to collect Data-NOCK

National Oil Corporation Of Kenya

UNIVERSITY OF NAIROBI

PO BOX 30197

NAIROBI.

1ST OCTOBER 2011

RE: COLLECTION OF SURVEY DATA

This to confirm that Ms Eddah Munyi came to us for data collection for academic purposes and she was assisted accordingly

Yours faithfully

NATIONAL OIL CORPORATION OF KENYA
MOMBASA OFFICE
MOMBASA TRADE CENTRE, SOUTH TOWER
58567 - 00200
TEL: 254-020-2103265

JOHN KIBARA

Ag. BRANCH MANAGER MOMBASA

Appendix VIII: List of Licensed Petroleum Companies

Energy Regulatory Commission

VALID PETROLEUM LICENCES AS AT 25.08.2011			
ERC/PET/00451	Keroka Petroleum Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	21.9.2011
ERC/PET/00452	Times-tech Investments Limited	Wholesale of Petroleum Products (Except LPG)	21.9.2011
ERC/PET/00453	Merica Service Station Limitd	Wholesale of Petroleum Products (Except LPG)	21.9.2011
ERC/PET/00454	East African Gasoil Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	21.9.2011
ERC/PET/00455	Regnol Oil (K) Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	21.9.2011
ERC/PET/00456	Kenol Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	12.10.2011
ERC/PET/00457	Kobil Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	12.10.2011
ERC/PET/00458	Massoil Investments Limited	Wholesale of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00459	Finejet Limited	Wholesale of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00461	Horyal Enterprise Limited	Wholesale and Export of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00462	Bonpatt Limited	Wholesale of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00463	Kulal Oil (K) Limited	Wholesale and Export of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00464	Prime Regional Supplies Limited	Wholesale and Export of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00465	Olympic Petroleum Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00466	Wonipet Energy Co. Limited	Wholesale of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00467	Libya Oil Kenya Limited - KPC Kisumu Depot	Wholesale and Export of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00468	Libya Oil Kenya Limited- KPC Eldoret Depot	Wholesale and Export of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00469	Libya Oil Kenya Limited- KPC Nakuru Depot	Wholesale and Export of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00470	Libya Oil Kenya Limited- JKIA Nairobi Depot	Wholesale and Export of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00471	Samann Link Enterprises Ltd	Import and Wholesale of Furnace Oil & Bitumen	20.10.2011
ERC/PET/00472	P.J. Petroleum Equipment Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00473	Intoil Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00474	Kester Kenya Limited	Wholesale and Export of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00475	Hindafro Enterprises Limited	Wholesale of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00476	Zala Energy Resources Limited	Wholesale of Petroleum Products (Except LPG)	20.10.2011
ERC/PET/00477	Mashafa Enterprises	Wholesale of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00478	Muloil Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	15.11.2011

ERC/PET/00479	Aegis Petroleum Limited	Wholesale and Export of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00480	Upper Hill Auto Services Limited	Wholesale of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00481	Libya Oil Kenya Limited - Head Office	Import, Export and Wholesale of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00482	Bit & Lubes Limited	Wholesale of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00483	Hass Petroleum Kenya Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00484	Stone Hill (Kenya) Limited	Wholesale of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00485	Bakri International Energy Company Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00486	Libya Oil Kenya Limited- Eldoret Depot	Wholesale and Export of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00487	Libya Oil Kenya Limited- Mombasa Terminal	Import, Storage, Export and Wholesale of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00488	Libya Oil Kenya Limited- Mombasa Blending Plant	Blending, Wholesale and Export of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00489	Libya Oil Kenya Limited- Nairobi Terminal	Storage and Wholesale of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00490	Watercore Services Limited	Import and Wholesale of Bitumen	15.11.2011
ERC/PET/00491	Apex Petroleum Limited	Wholesale and Export of Petroleum products (Except LPG)	15.11.2011
ERC/PET/00492	Topaz Petroleum Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00493	Galana Oil Kenya Limited- Head Office	Import, Export and Wholesale of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00494	Galana Oil Kenya Limited- KPC Nakuru Terminal	Wholesale and Export of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00495	Galana Oil Kenya Limited- KPC Eldoret Terminal	Wholesale and Export of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00496	Galana Oil Kenya Limited- KPC Kisumu Terminal	Wholesale and Export of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00497	Riva Petroleum Dealers Ltd	Import, Export and Wholesale of Petroleum Products (Except LPG)	15.11.2011
ERC/PET/00498	Jamerc Distributors	Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00499	Mashriq Petroleum (K) Limited	Wholesale, Export and Transportation of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00500	Cape Suppliers Limited	Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00501	National Oil Corporation Of Kenya- Head Office	Import, Export and Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00502	National Oil Corporation Of Kenya- Nairobi Depot	Storage, Wholesale and Export of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00503	Oil City Services Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00504	Jaguar Petroleum Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00505	Moil Kenya Limited	Import for Export (transit) of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00506	Global Petroleum Products Kenya Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00507	Total Kenya Limited- Head Office	Import, Export and Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00508	Total Kenya Limited- Eldoret International Airport	Storage, Wholesale and Export of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00509	Total Kenya Limited- Jomo Kenyatta International Airport	Wholesale and Export of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00510	Total Kenya Limited- KPC Eldoret Depot	Wholesale and Export of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00511	Total Kenya Limited- Wilson Airport	Storage, Wholesale and Export of Petroleum Products (Except LPG)	24.11.2011

ERC/PET/00512	Total Kenya Limited- Nairobi Bitumen Depot	Storage, Wholesale and Export of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00513	Total Kenya Limited- KPC Nakuru Depot	Wholesale and Export of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00514	Total Kenya Limited- MJT Shimanzi	Import, Storage, Export & Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00515	Total Kenya Limited- MJTChangamwe	Import, Storage, Export and Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00516	Total Kenya Limited- KPC Kisumu Depot	Wholesale and Export of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00517	Total Kenya Limited- Kisumu Depot	Storage, Wholesale and Export of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00518	Total Kenya Limited- Lokichogio Depot	Storage, Wholesale and Export of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00519	Total Kenya Limited- Moi International Airport	Wholesale and Export of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00520	Gulf Energy Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00521	Ainushamsi Energy Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00522	Jade Petroleum Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00523	Alba Petroleum Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00524	Bashir & Sons Limited	Wholesale and Export of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00525	Petroafrric Company Limited	Wholesale of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00526	Petro Oil Kenya Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00527	Kenya Shell Limited- KPC Eldoret	Wholesale and Export of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00528	Kenya Shell Limited- Moi Airbase	Wholesale and Export of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00529	Kenya Shell Limited- KPC Nakuru	Wholesale and Export of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00530	Kenya Shell Limited- KPC Kisumu	Wholesale and Export of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00531	Kenya Shell Limited- Head Office	Import, Export and Wholesale of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00532	Kenya Shell Limited- JKIA	Wholesale and Export of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00533	Kenya Shell Limited- Malindi Airport	Storage, Wholesale and Export of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00534	Kenya Shell Limited- Wilson Airport	Storage, Wholesale and Export of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00535	Kenya Shell Limited- Nairobi Terminal	Storage, Wholesale and Export of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00536	Kenya Shell Limited- Moi International Airport	Wholesale and Export of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00537	Kenya Shell Limited- Mombasa Terminal	Import, Storage, Export and Wholesale of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00538	Royal Energy (K) Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00539	Crown Petroleum (K) Limited	Wholesale of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00540	Rimaas Trading Limited	Wholesale of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00541	Tosha Petroleum (Kenya) Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00542	MGS International (K) Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00543	Addax Kenya Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	08.12.2011
ERC/PET/00544	Banoda Oil Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	29.12.2011

ERC/PET/00545	Concord Petroleum	Wholesale and Export of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00546	Gapco Kenya Limited- Head Office	Import, Export and Wholesale of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00547	Gapco Kenya Limited- KPC Nakuru	Wholesale and Export of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00548	Gapco Kenya Limited- KPC Eldoret	Wholesale and Export of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00549	Gapco Kenya Limited- KPC Kisumu	Wholesale and Export of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00550	Gas and Power International Limited	Wholesale of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00551	Petrocity Enterprises Limited	Wholesale and Export of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00552	Fossil Fuels Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00553	Fossil Fuels Limited	Bunkering and Export of Petroleum (Except LPG)	29.12.2011
ERC/PET/00554	Oilcom Kenya Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00555	Kukena Co-operative Savings & Credit Society Limited	Wholesale of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00556	Gapco Kenya Limited - Shimanzi Terminal II	Import, Storage, Export and Wholesale of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00557	Gapco Kenya Limited - Shimanzi Terminal I	Import, Storage, Export and Wholesale of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00558	Femgel Company Limited	Import for Export (Transit) of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00559	City Oil (K) Limited	Import for Export (Transit) of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00560	Engen Kenya Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00561	Trojan International Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00562	Hared Petroleum Limited	Import for Export (Transit) of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00563	Nafton Petroleum Limited	Import for Export (Transit) of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00564	Hashi Energy Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00565	Prime Oils Limited	Wholesale and Export of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00566	Jilk Petroleum Limited	Wholesale and Export of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00567	Byron Trustkett Investment Limited	Wholesale and Export of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00568	Kamkis Trading Company Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00569	Norman Wales Oils Limited	Wholesale of Petroleum Products (Except LPG)	29.12.2011
ERC/PET/00570	Premium Petroleum Company Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	25.1.2012
ERC/PET/00571	Al-leyl Petroleum Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	25.1.2012
ERC/PET/00572	Ramji Haribhai Devani Limited	Wholesale of Petroleum Products (Except LPG)	25.1.2012
ERC/PET/00573	I-Asus International Limited	Wholesale of Petroleum Products (Except LPG)	25.1.2012
ERC/PET/00574	Shreeji Petroleum Investments Limited	Wholesale of Petroleum Products (Except LPG)	25.1.2012
ERC/PET/00575	Lubeschem Kenya Limited	Import, Export and Wholesale of Lubricants & Petrochemicals	25.1.2012
ERC/PET/00576	Fast Energy Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	25.1.2012
ERC/PET/00577	Sisi Tuko International Limited	Import, Export and Wholesale of Lubricants	25.1.2012

ERC/PET/00578	Keneli Agencies	Wholesale of Petroleum Products (Except LPG)	25.1.2012
ERC/PET/00579	Pacific Energy Limited	Wholesale and Export of Petroleum Products (Except LPG)	25.1.2012
ERC/PET/00580	Mirofa Kenya Limited	Wholesale and Export of Petroleum Products (Except LPG)	25.1.2012
ERC/PET/00581	Sheikh Osman Investment Company Limited	Wholesale of Petroleum Products (Except LPG)	25.1.2012
ERC/PET/00582	Futures Energy Company Limited	Import for Export (Transit) of Petroleum Products (Except LPG)	25.1.2012
ERC/PET/00583	Essar Petroleum (East Africa) Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	25.1.2012
ERC/PET/00584	AL-Ahdal Petroglobe Enterprises Limited	Wholesale and Export of Petroleum Products (Except LPG)	23.2.2012
ERC/PET/00585	Kenya Pipeline Company Limited- Kenpipe Plaza	Transportation and Storage of Petroleum Products (Except LPG)	23.2.2012
ERC/PET/00586	Circular Petroleum Resellers Limited	Wholesale of Petroleum Products (Except LPG)	23.2.2012
ERC/PET/00587	AL-Ahdal Petroglobe Enterprises Limited	Import, Export and Wholesale of Lubricants	23.2.2012
ERC/PET/00588	Kenlloyd Logistics Limited	Import for Export (Transit) of Petroleum Products (Except LPG)	23.2.2012
ERC/PET/00589	One Petroleum Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	23.2.2012
ERC/PET/00590	Dancath Investments Limited	Wholesale and Export of Petroleum Products (Except LPG)	23.2.2012
ERC/PET/00591	Hajo General Merchants Limited	Wholesale of Petroleum Products (Except LPG)	23.2.2012
ERC/PET/00592	Dalbit Petroleum Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00593	Acuda Investments Limited	Wholesale and Export of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00594	Oceanic Oil Limited	Wholesale and Export of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00595	Flexon Oil Kenya Limited	Wholesale of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00596	Eldowoso Global Company Limited	Wholesale and Export of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00597	Mahadi Oil Kenya Limited	Wholesale of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00598	Lewan Oil and Gas Limited	Wholesale of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00599	Modern Oil Processors Limited	Wholesale and Export of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00600	Generation Petroleum Limited	Wholesale of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00601	Ilade Oil Co. Limited	Wholesale of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00602	Beitsamuel Investment (K) Limited	Wholesale and Export of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00603	Broadway Petroleum Limited	Wholesale of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00604	Tumac Engineering Services	Wholesale of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00605	Hanseer Enterprises Limited	Wholesale and Export of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00606	Cyn Energy Company Limited	Wholesale and Export of Petroleum Products (Except LPG)	23.3.2012
ERC/PET/00607	Total Kenya Limited - Nairobi Joint Depot	Storage, Wholesale and Export of Petroleum Products (Except LPG)	24.11.2011
ERC/PET/00608	Stabex International Limited	Wholesale of Petroleum Products (Except LPG)	03.4.2012
ERC/PET/00609	Millenium Dealers Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	20.4.2012
ERC/PET/00610	Prospects International Limited	Wholesale of Petroleum Products (Except LPG)	20.4.2012

ERC/PET/00611	Yukos Oil Kenya Limited	Wholesale of Petroleum Products (Except LPG)	20.4.2012
ERC/PET/00612	Kin Ken Logistics	Wholesale of Petroleum Products (Except LPG)	20.4.2012
ERC/PET/00613	Plan and Trend (EA) Limited	Wholesale of Petroleum Products (Except LPG)	20.4.2012
ERC/PET/00614	Mafuta Products Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	20.4.2012
ERC/PET/00615	Habihalim Co Limited	Wholesale of Petroleum Products (Except LPG)	20.4.2012
ERC/PET/00616	Tecaflex Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	20.4.2012
ERC/PET/00617	Taheri Gas Limited	Wholesale of Petroleum Products (Except LPG)	16.5.2012
ERC/PET/00618	Famus Trading Enterprises	Wholesale of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00619	Links Petroleum Company Limited	Wholesale and Export of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00620	Hanseer Enterprises Limited	Import, Export and Wholesale of Fuel Oil & Bitumen	26.5.2012
ERC/PET/00621	Habiboil (K) Limited	Import for Export (Transit) of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00622	Mida Energy Limited	Wholesale of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00623	Kenya Pipeline Company Limited - MIA	Storage of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00624	Kenya Pipeline Company Limited - Nairobi Terminal	Storage of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00625	Kenya Pipeline Company Limited - JKIA	Storage of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00626	Kenya Pipeline Company Limited - Nakuru Terminal	Storage of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00627	Kenya Pipeline Company Limited - Eldoret Terminal	Storage of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00628	Kenya Pipeline Company Limited - Kisumu Terminal	Storage of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00629	Packfuels Limited	Wholesale of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00630	Bengas Petroleum Limited	Import for Export (Transit) of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00631	Plexus Petroleum Company Limited	Wholesale of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00632	Hakika Fuels Limited	Wholesale of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00633	Siriwo Trading Company Limited	Wholesale of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00634	Quantum Petroleum Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00635	Flamex Petroleum Limited	Wholesale and Export of Petroleum Products (Except LPG)	26.5.2012
ERC/PET/00636	Murang'a Shuttle Services Limited	Wholesale of Petroleum Products (Except LPG)	12.6.2012
ERC/PET/00637	Dunota Amani Limited	Wholesale and Export of Petroleum Products (Except LPG)	12.6.2012
ERC/PET/00638	Prisko Petroleum Network Limited	Wholesale and Export of Petroleum Products (Except LPG)	12.6.2012
ERC/PET/00639	Kenya Pipeline Company Limited - KOSF	Storage of Petroleum Products (Except LPG)	19.6.2012
ERC/PET/00640	Kenya Petroleum Refineries Limited	Refining and Storage of Petroleum	20.6.2012
ERC/PET/00641	Ranway Traders Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	26..6.2012
ERC/PET/00642	Euro Petroleum Products E.A Limited	Wholesale of Petroleum Products (Except LPG)	26..6.2012
ERC/PET/00643	Diesel power company Limited	Wholesale of Petroleum Products (Except LPG)	26..6.2012

ERC/PET/00644	Agipol Africa Limited	Wholesale of Petroleum Products (Except LPG)	26..6.2012
ERC/PET/00645	Ocean Energy Limited	Wholesale of Petroleum Products (Except LPG)	26..6.2012
ERC/PET/00646	Goldfield General Supplies Limited	Wholesale of Petroleum Products (Except LPG)	26..6.2012
ERC/PET/00647	Doanic Enterprises Limited	Wholesale of Petroleum Products (Except LPG)	09.08.2012
ERC/PET/00648	Kenya Petroleum Refineries Limited	Storage of Petroleum Products - Kipevu Tank Farm	25.7.2012
ERC/PET/00649	Broadband Communication Networks Limited	Wholesale of Petroleum Products (Except LPG)	25.7.2012
ERC/PET/00650	Pac Oil Limited	Wholesale of Petroleum Products (Except LPG)	25.7.2012
ERC/PET/00651	Ecoflame Limited	Wholesale of Petroleum Products (Except LPG)	25.7.2012
ERC/PET/00652	Kenya Petroleum Refineries Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	25.7.2012
ERC/PET/00653	Interlink Petroleum Limited	Wholesale and Export of Petroleum Products (Except LPG)	09.08.2012
ERC/PET/00654	Famko Petroleum Limited	Wholesale and Export of Petroleum Products (Except LPG)	18.08.2012
ERC/PET/00655	Devcon Group Limited	Import, Export and Wholesale of Fuel Oil	24.08.2012
ERC/PET/00656	Promise Petroleum Limited	Wholesale and Export of Petroleum Products (Except LPG)	24.08.2012
ERC/PET/00657	Kenya Oil Ventures Limited	Wholesale of Petroleum Products (Except LPG)	24.08.2012
ERC/PET/00658	Astrol Petroleum Limited	Wholesale and Export of Petroleum Products (Except LPG)	24.08.2012
ERC/PET/00659	Palmerstone Petroleum Limited	Wholesale and Export of Petroleum Products (Except LPG)	24.08.2012
ERC/PET/00660	Shreeji Service Station	Wholesale of Petroleum Products (Except LPG)	24.08.2012
ERC/PET/00661	Zaycom Enterprise Limited	Wholesale of Petroleum Products (Except LPG)	24.08.2012
ERC/PET/00662	Sonangol Petroleum Limited	Wholesale of Petroleum Products (Except LPG)	24.08.2012
ERC/PET/00663	Pearl Energy Kenya Limited	Wholesale and Export of Petroleum Products (Except LPG)	24.08.2012
ERC/PET/00664	Compreg Company Limited	Wholesale and Export of Petroleum Products (Except LPG)	24.08.2012
ERC/PET/00665	Eldoret Petroleum services Limited	Wholesale of Petroleum Products (Except LPG)	24.08.2012
ERC/PET/00666	Cape Suppliers Limited	Import, Export and Wholesale of Petroleum Products (Except LPG)	24.08.2012