AN INVESTIGATION INTO THE RETAIL NETWORK PLANNING STRATEGIES AMONG MAJOR PETROLEUM MARKETERS IN KENYA.

BY

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A Management Research Project submitted in partial fulfillment of the requirements of the Degree of Master of Business Administration (MBA), Department of Business Administration, Faculty of Commerce, University of Nairobi.

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DECLARATION.

This project is my own original work and has never been submitted for a degree any other University.

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This project has been submitted for examination with my approval as a Universi supervisor.

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DEDICATION.

In memory of my late father, Nathaniel Kipkoech Melep, who sacrificed a lot for us all in the family.

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ABSTRACT.

The study sought to investigate the retail network planning strategies among major petroleum marketers in Kenya. A major petroleum marketer was defined for the purpose of this study as being any marketer registered with the Ministry of Energy with more than one branded retail outlet commonly known as petrol station. The study is based on nine firms that met this definition.

The specific objectives of the study were firstly, to establish the extent to which retail network planning strategies have been developed and used among major petroleum marketers in Kenya and secondly to identify the perceived benefits, if any, to marketers applying formal network planning strategies in their retail developments.

It was found that 67.7% of the marketers are foreign owned. The 67.7% of the foreign owned marketers includes a joint venture marketer (11.1%). The rest of the marketers are locally owned. Generally all the marketers studied apply network planning strategies, the degree of application varying from one marketer to another. The extent to which formal network planning strategies are applied was found to be wider among foreign owned marketers forming the majority of those studied (67.7%). This may be attributable to knowledge sharing between these marketers and their affiliates in other parts of the world. 62.5% of the marketers identified traffic patterns as a critical factor in network planning, 50% identified road network plans as critical and 25% identified demographics as critical though 62.5% identified this factor as very important.

In market share growth, 100% of the marketers gained substantial benefits by using demographics as a demand factor in network planning, 67.7% of those marketers that used road network plans as a factor gained substantial benefits in market effectiveness improvement and 67.7% of those marketers who used traffic pattern as a factor received substantial benefits in environmental protection. The other benefits of applying formal planning strategies include; improved profitability performance, improved staff competence, company growth, and prudent use of investment funds, ability to locate stations at ideal locations, image improvement, margin stability and divestiture of non-performing outlets. The study focused on marketers with branded outlets registered with the Ministry of Energy. There are however several independent

marketers who have not branded their outlets nor registered with the Ministry of Energy, but who have more than one outlet. Some of these marketers may be having network planning strategies that guide their investments. It is suggested that further research be carried out on these category of marketers to further enrich this study.

CHAPTER ONE

INTRODUCTION

1.1 Background

The business environment both locally and globally has undergone tremendous changes over time (Abeka, 1996). The rate at which these changes are taking place increased in the last quarter of the twentieth century. Businesses in all sectors of the Kenyan economy have been negatively impacted by these environment changes. In Kenya, this situation has been exacerbated by the down turn in the country's economy particularly in the last ten years or so (IEA, 2001).

The global scene has seen merges and acquisition in many industries of the international economy. In the Information Technology (IT) industry, Hewlett Packard is now going through its merger with Compaq. There are a number of acquisitions that have taken place in the communications, transportation, retail consumer products, education, publishing and service industries among others (FBBC Publications, 2002).

In the Oil and Gas global industry, ExxonMobil, BPAmoco, TotalFinaElf and ChevronTexaco have all merged within the last seven (7) years. In times of uncertainty the belief that big is beautiful appears shared by both the oil industry itself and the market (Hayward, 2001, Mehta et al, 1999). Therefore after a period of fragmentation and the emergence of increasing numbers of independent energy and petroleum companies, the energy industry is once again consolidating into a smaller number of larger players who are trying to maximize market share. The past few years have therefore seen a wave of upstream (exploration and mining of oil) and downstream (refining and marketing) mergers and acquisition, which have involved many of the industry's leading players. (Hayward, 2001, Droz, 2002)

Between them, ExxonMobil, Shell, BPAmoco and TotalFinaElf have almost half the global market share and the top 15 companies hold nearly 90% of the total market value. While the super-majors have seen a sharp rise in their market value, other oil companies have seen their market position eroded. Chevron (pre-merger with Texaco) was barely half TotalFinaElf's market value (Hayward, 2001).

The local petroleum industry, a key industry accounting for over 20% of the GNP (GOK (1), 2001) in the energy sector of the Kenyan economy has been, besides the above changes, greatly affected by the government's liberalisation of the petroleum sector in 1994 (Wairachu, 2000).

The major petroleum marketers in Kenya have faced severe challenges in their business environment in the past ten years or so (IEA, 2001). 66.7% of the major petroleum marketers operating in Kenya are multinational companies having affiliate offices in other parts of the world (GOK, (5), 2002). The processes that they employ in execution of their various business strategies are mainly rolled down from their corporate headquarters or from other geographies where processes are more developed.

Most marketers in the petroleum industry in Kenya participate in the downstream part of petroleum operations. Down stream refers to the refining and marketing operations (CPC (2), 1993). There is only one refinery in Kenya jointly owned and operated by the Kenya Government and some of the major petroleum marketers. This is where most marketers, source their products from although direct importation of refined products is done from time to time by the various marketers (Enercon (2), 2001). Marketers use various marketing channels to deliver their products to the end use customers. The following section briefly discusses the various channels of marketing used in petroleum marketing in Kenya.

Marketing channels are sets of interdependent organizations involved in the process of making a product or service available for use or consumption (Kotler, 2000). A marketing channel performs the work of moving goods from producers to consumers. It overcomes the time, place and possession gaps that separate goods and services from those who need or want them. Some of the key functions that are performed by members of a marketing channel include:

- Development and dissemination of persuasive communications to stimulate purchasing.
- Agreements on price and other terms so that transfer of ownership or possession can be effected.
- Assumption of risks connected with carrying out channel work.
- Provision of successive storage and movement of physical products.
- Overseeing actual transfer of ownership from one organization or person to another.

Traditionally, the petroleum industry in Kenya has used two main channels to market their products. These are the petrol service stations, which retail the industry's products and direct consumers who include manufactures and other consumers involved in commercial activities for example, Pan African Paper Mills in Western Kenya and Kenya Bus. After the deregulation and liberalization of the industry in 1994, wholesaling also commonly referred to as distributorship or reseller, developed (Enercon (2), 2001).

Retailing can be defined as all activities involved in selling goods or services directly to final consumers for personal, non-business use. Wholesaling includes all the activities involved in selling goods or services to those who buy for resale or business use. Wholesaling excludes manufacturers and farmers because they are engaged primarily in production (Kotler ,2000).

After the deregulation of the industry, many independent entrepreneurs developed retail facilities and needed product supplies. Since they could not access direct supply from the refinery and other distribution facilities, they sourced their fuel products from the petroleum marketers, mainly multinational companies, which pre-existed the petroleum industry deregulation of 1994 (Isaboke, 2001). The independent new entrants' retail outlets were widespread and haphazardly distributed. The petroleum marketers found it unviable to supply these outlets directly. They therefore set up wholesale distributor channel to supply the independents outlets (Enercon (2), 2001). These distributor channels include firms like Fuelex, Triton, etc.

The type of business the customer is involved in dictates commercial/consumer customer (manufacturers, farmers etc.) locations (Mbau, 2001). Location decision rest with the owners of these businesses and petroleum marketers have no input in these decisions. Pan Africa Paper factory for example is located in Western Kenya close to the source of raw materials, i.e. forests dedicated by the government for paper production. As for the distributors (wholesalers), their transactions are done at the marketer's supply facilities at the terminals/depots, from where they take ownership of the products (Murage, 2000).

Of all the above three channels, the only channel where marketers have control in the location of facilities is in retailing. Marketers in Kenya have direct interest in petrol service stations (retail outlets), where they either own the facilities or have entered into long-term lease arrangements with the property owners (CPC (2), 1993). Through the retail channel, marketers are able to carry out various forms of marketing communication, as they have full control of the channel. This is the channel that is used to display a marketer's brand image and other branding elements (Wanjau, 2001). A brand image comprises all those associations carried by a brand name (Kotler, 2000). A network refers to a system of units having a common purpose (Chambers, 1990). A marketer keen on developing a sustainable business will therefore strive to build a optimal network of service stations, which is spread to target high investment returns and which will not cannibalise the existing network, so as to cause the destruction of share holder value (Miggins (1), 2000). The retail network channel is therefore an important one to marketers, hence the focus in this study.

The deregulation and liberilisation of the petroleum sector in Kenya coupled with the other environmental changes has greatly lowered the barriers to entry for other investors mainly local, to the hitherto capital-intensive petroleum sub-sector (IEA, 2001). Some foreign investors e.g. Engen, have also taken advantage of these changes to invest locally (Isaboke, 2001).

The harsh economic conditions being experienced by Kenyans of all walks of life has led to significant reduction in fuel consumption (IEA, 2001). In the absence of growth, it therefore means that the new entrants into the industry would get their share of business from that already being enjoyed by existing marketers (Murage, 2000).

The new entrants especially the indigenous ones are developing low cost retail facilities. Due to low capital outlays, their payback periods are relatively shorter (Murage 2002). Some of these investors recoup their investments in less than one year. After the recovery of their investments, they are able to price their products more competitively than the major marketers who are mainly multinational corporations (Chepkwony, 2001). Consumers in Kenya have become very price sensitive. This has largely been a creation of the petroleum industry itself. Most of the marketers have emphasized price marketing rather than brand marketing (Sokoni, 2001). This is evident from an investigation done by Sokoni, a magazine for the Marketing Society of Kenya.

> "What happened to brand marketing, what happened to the good old days when you "went well because you went Shell", or you "followed the star" or you put "tigers in your tank". Today, gone are the brands and loyalty; you put in 54.99 or 58.49 wherever you find it. The oil companies in their wisdom have made the consumer price sensitive by selling him price and not the brand". (Sokoni, 2001)

The new entrants have therefore continued to eat into the market share of existing marketers (Murage, 2000). This has therefore put pressure on the major marketers to review their strategies in their retail business. One of the major challenges facing foreign owned major multinational petroleum marketers in Kenya today is how they can develop and execute their retail investment strategies in line with "best practices" compliant with processes being employed by their affiliates in other parts of the world, in a market that is experiencing declining fuel margins and other challenges caused by the environmental turbulence (Abeka, 1996).

Some of the strategies that the "best practice" approach dictate are quite expensive. To survive in this market now, the petroleum marketers have to employ their capital efficiently so as to price their products competitively (Miggins (1), 2000). These two scenarios (declining margins and high investment costs) therefore create a conflict. Major petroleum marketers have developed various strategies in their retail network developments to be able to cope with these changes.

Wairachu, (2000) in his study on changes in marketing mix of oil companies in Kenya, found out that companies have had to be innovative and seek for new ways of approaching the changed environment as the market is no longer the predictable one they were used to before liberalisation. Stiff competition resulting from liberalisation has lowered profit margins of petroleum products forcing companies to develop alternative sources of income to supplement their earnings.

Retail business in petroleum marketing in Kenya contributes significantly to the earnings of the various marketers. Indeed most of the locally owned independent marketers only participate in the retail part of the industry (Murage, 2000). This being the key business, the marketers focus most of their resources into developing appropriate strategies for the retail business unit so as to ensure continued success and sustainability in this part of their business (CPC (1), 1993).

One of the key strategies that petroleum marketers can use to gain sustainable competitive advantage is the development and execution of an effective retail network plan (Miggins (2), 2000).

1.2 Strategic retail network planning

Strategic retail network planning in the context of petroleum marketing is the process of developing marketing zones or areas at geographic level that are suitable for site investment and divestment programmes. (Miggins (1), 2000).

Planning a retail network is one of the biggest challenges facing the petroleum industry today. The ever-changing environment comprised of mergers, closures, new outlets, rebuilds, new offerings, operational changes and changes in consumer preferences has created the need for a dynamic, dependable retail plan to ensure survival (Miggins (2), 2000).

Broadly, strategic retail network planning encompasses the following:

1) Gathering of detailed market and competitive information.
2) Use of extensive data to evaluate long-term revenue opportunities.
3) Cost -based economics in determination of the preferred market zones

1.3 Statement of the Problem.

Network planning in petroleum retail marketing is an area that has recently been given a lot of emphasis by marketers not only in Kenya, but the world over.

Some of the challenges now being faced by major petroleum marketers in Kenya caused by the ever-changing environment include:

1) New entrants, mainly local independent marketers whose mode of entry appear haphazard. The new entrants have eaten into the business of the established marketers.
2) Increased competition.

   Many marketers in the industry are coming up with new strategies e.g. new offerings, networks expansion etc.
3) Changes in customer preferences and behaviour.
4) Other demand changes as a result of reduced consumption.

In the last ten years or so, most major marketers have set up departments/sections within their retail divisions to focus on network planning. Retail planners are being trained on how to develop strategies that ensure enhancement of shareholder value in retail developments (Miggins (1), 2000).

Given the emphasis on this critical aspect of petroleum marketing, it would be important to establish the extent to which network planning strategies have been developed and used among the major marketers.

1.4 Research Objectives

The objectives of the study are: -

1) To establish the extent to which retail network planning strategies have been developed and used amongst major petroleum marketers in Kenya.

   The principle objective in developing a strategic retail network plan is to focus site investment and divestment programmes (Schimonsky, 2001). It is expected that some marketers may be using business portfolio based models in their network planning strategies. This research will also investigate whether marketers are applying any of the documented business portfolio evaluation models e.g. the Boston Consulting Group Model, the General Electric Model, the Retail Explorer and Quadrant Analysis models both developed by MPSI Systems Inc. or any other.

2) To identify the perceived benefits, if any, to petroleum marketers applying formal network planning strategies in their retail developments.

1.5 Significance of The Study

This study is significant in a number of ways; -

1) It is expected to benefit investors in the petroleum marketing sector and those in businesses auxiliary to the petroleum product business, for example investors in fast food business, Commercial Banks seeking for Automated Teller Machines (ATM) locations and any other business allied to the petroleum industry.
2) Government and other agencies involved in planning and approval of petroleum marketing retail development and those involved in licensing of retail business activities are also expected to benefit from the study.
3) Academicians may use the study as ground for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The aim of strategic planning in any organization is to shape the company's businesses and products so that they yield target profits and growth. The concept and tools that underlie strategic planning emerged in the 1970s as a result of a succession of shock waves that hit the U.S. industry, the energy crisis, double-digit inflation, economic stagnation, Japanese competitive victories, deregulation of key industries. No longer could U.S. companies rely on simple growth projections to plan production, sales and profits. Today, the main goal of strategic planning is to help a company select and organize its business in a way that will keep the company healthy even when unexpected events adversely affects any of its specific businesses or product lines (Kotler, 2000).

Strategic planning calls for action in three key areas: The first is managing a company's business as an investment portfolio. The second key area involves assessing each business's strength by considering the market's growth and the company's position and fit in that market. The third key area is strategy. For each of its businesses, the company must develop a game plan for achieving its long-term objectives. Each company must determine what makes the most sense in the light of its industry position, objectives, opportunities, skills and resources (Kotler, 2000).

What hit the U.S. in the 1970s is currently being experienced in Kenya. Unemployment and high interest rates are some of the major economic challenges faced by Kenya today. Over half a million school leavers enter the job market every year and the formal sector can provide jobs for a fraction of these. After the deregulation of interest rates, the financial markets continue to charge high rates, which inhibit borrowing and thus investment (Newspread International, 2001). The stagnation in real per capita income over the past fifteen years has been due to limited economic growth accompanied by rapid population growth, the two factors resulting in increased unemployment and poverty (GOK, (3), 2001).

Although consumer price inflation has declined since 1997, real GDP growth and per capita Income has declined over the same period (CBK, 2002). In the last ten years, a number of key industries of the economy have been liberalised and deregulated. Petroleum industry, which currently accounts for about one fifth of all energy consumption in Kenya, including the traditional energy sources, fuel and charcoal, which make up the bulk of consumption at about 70 percent (Karekezi et al, 1996), was deregulated in October of 1994. The major thrust of the deregulation was to simultaneously free prices and the supply of petroleum products (IEA, 2001)

2.2 An overview of the retail environment.

Retail Industry is one of the largest in the world. It is the second largest industry in the United States both in number of establishments and number of employees. It employs more than 22 million Americans and generates more than US $ 3 trillion in retail sales annually (Mitchell, 2002). Retailers today are anxious to find new marketing strategies to attract and hold customers. In the past, they held customers by offering convenient location, special or unique assortment of goods, greater or better services than competitors and store credit cards. All of this has changed. In the face of increased competition most retail businesses that were once located in the center of cities are now opening up branches and other are completely relocating to suburban shopping centers, where parking is plentiful and family incomes are higher (Gross, 2000). Department store chains, oil companies and fast food franchisers exercise great care in selecting locations (Kotler, 2000)

The same trends are being seen in the Kenyan market. Retailing concepts are emerging in every corner in major towns and cities in Kenya. In Nairobi, most of the old structures are being demolished and re-developed into retail centers. More established retail centers like Sarit Centre, Yaya Centre, and Village Market among others have all been developed in the last ten years.

In a paper on the business case and developments in shopping malls (K'Obonyo, 2001) gives an insight of some aspects of the changes in the local retail environment.

"The retail landscape has undergone major evolutionary changes over the last decade. The evolutionary process has been characterized by distinct and sequential changes from small/grocery store to super markets; from super-markets to departmental stores, to hyper-markets/super stores, and shopping malls in that order.

Overall, between 75% and 95% of the shoppers drive motor vehicles on their shopping trips to and from the malls. As one would expect, the proportion of the shoppers who drive is mainly a function of the mall (particularly with respect to neighbourhood and distance from the route of public transport vehicles) and the variety of business outlets it houses. There is no doubt that the malls have stimulated economic activities in their neighbourhoods. For example, petrol stations and fast food outlets have been established to take advantage of the heavy traffic to and from the malls." (K'Obonyo, 2001)

2.3 Retail network planning: A petroleum industry perspective.

Most large companies consist of four organizational levels; the corporate level, divisional level, business unit level and product level. Corporate headquarters is responsible for designing corporate strategic plan to guide the whole enterprise. It makes decisions on the amount of resources to allocate to each division, as well as on which business to start or eliminate (Kotler, 2000). Network planning in petroleum marketing firms is handled at the retail business unit level (Miggins (1)). The network planning section coordinates the activities of the various retail sections of the retail business unit.

Managers of fuel retail networks confront incessant constraints with regard to resources while concurrently facing an increased workload. Heightened competition, workforce and cost reduction initiatives, increased regulatory requirements and post-merger management consolidated are some of the challenges managers around the world are facing (Schimonsky, 2000).

The retail value chain in petroleum marketing consists of seven critical success factors (Collin, 2002, Miggins (1), 2000). Each of these factors must be considered in order to become a premier marketer. It is essential to understand the customers and how they relate to the retail value chain. Best-of-practice marketers make sure they know the answer to the question: "Is this good for the customer?" Brands are only as strong as their weakest link in the retail value chain (Miggins (1), 2000).

Key among these factors is location. The old adage, "location, location, location," still applies (Miggins (1), 2000). As consumers are in a hurry to meet the many demands on their limited time, they are looking for a quick way to satisfy their need for petrol and convenience products. The population base is moving from the inner city to the outlying communities. Consumers are now traveling greater distances to get to work, run errands, and attend functions. The importance of traffic cannot be ignored. A successful retailer will have stronger locations than its competition (Coyne, 1998). Facility follows location. The retail facility should be adequate and convenient for use by the customer. Cleanliness, lighting and security are some of the critical issues related to the facility (CPC (2), 1993).

Some fuel retail outlets have convenience stores. A convenience store is a relatively small store located near a residential area, open long hours, seven days a week and carrying a limited line of high turnover convenience products at slightly higher prices. Many have added takeout/away sandwiches, coffee and pastries (Kotler, 2000). Indeed, the concept of incorporating convenience stores in a fuel retail outlet is increasingly becoming the norm in the industry (Traczek, 2001). Issues on merchandising of goods in the convenience stores targeted at the customer follow in importance. One must have the right products, adequate inventory neat appearance etc (UK Retail Marketing Survey, 2002). Pricing is another critical factor in the value chain. Prices can be set to drive volume, profits or a combination of the two (Miggins (4), 2000). It is important for the operations (trading activities at the outlet), another critical success factor, to complement the investment at the outlet. It is therefore critical to have a well-financed retailer at the outlet. It is important to maintain a consistent brand image at all the outlets (Wanjau, 2001). Without this the customer will be left confused and can lead to shift in loyalty and loss of customers hence negatively impacting on the bottom line of the marketer. Last but not least is the execution of each segment in the value chain. Both the speed and quality of execution is critical (CPC (2), 1993).

Competition cannot be ignored. Successful retailer must understand what competitors are doing. Where are they building? What are they building? What is their pricing posture? What can I do to entice customers to choose my outlet over the competition? (Miggins (1), 2000)

2.4 The network planning process

Best-of-practice retailers value the importance of network planning. Network plans help companies target capital toward the investments having the greatest potential economic returns (Spears, 2000). Premier planning can position a brand's network to withstand future competitive pressures. A network plan must be dynamic and flexible to respond to changes in the marketplace and corporate strategy. The process of developing a network plan is comprised of six main steps (Miggins (1), 2000).

1) Market analysis

The first step in the network planning process is to analyze the market. It is important to understand how each brand compares to the key competitors. Information about market share, outlet share, market effectiveness, pricing, facilities, merchandising practices, brand acceptance, traffic, operations and location will provide insight into the strength and weakness of each brand. It is also important to review and analyze trends. This type of information will allow a marketer to build competitor activity into the planning process for your network (Spears, 2000).

2) Market objectives

Analysis of fact-based information can be used to establish market objectives that compliment established corporate goals. Examples of such objectives are, enter market, grow network, maintain market share with capital investment, divest or change channel of distribution etc (Gross, 2000).

3) Site strategies

The site strategies should be consistent with your market objectives (Miggins (3), 2000). Examples of site strategies would include development of convenience stores, changes to pricing strategies, raze down and rebuild facilities etc (Miggins (4), 2000).

4) Integrated tactical plan

The individual site strategies derived in the previous step need to be integrated to evaluate their interactive impact. This is important to ensure that the individual site strategies complement the entire network. If this is not done, some activities may lead to cannibalisation of ones own network (Miggins (5), 2000).

5) Strategic market plan

Development of the strategic market plan begins with an economic evaluation of the proposed changes (Spears, 2000). The evaluation will reveal the overall effects on the network by the changes being proposed, from an economic standpoint. Once the marketer is sure that the strategies developed will lead to the attainment of the market objectives and the overall enhancement of the shareholder value, they are then incorporated into the market plan.

6) Monitoring

The strategic market plan should be continuously reviewed and updated to incorporate market changes (Spears, 2000). This is a critical step in network planning in view of the environmental turbulence in the industry both locally and globally. Included in the monitoring step is the audit of the processes used in planning to establish areas of improvement and to facilitate learning (CPC (1), 1993).

There have been several studies done in the petroleum industry on how marketers have responded to environmental turbulence in the industry. Isaboke (2001) did some research on the strategic responses by major oil companies in Kenya to the threat of new entrants into the industry and identification of future challenges there from. His study confirmed that the Kenyan Oil Industry is very competitive. Similar findings were made by Murage (2000) who studied the strategies used by the independent petroleum dealers in the oil industry in Kenya.

Chepkwony (2001) carried out a research on strategic responses of petroleum firms in Kenya to challenges of increased competition in the industry. His findings and those of the two studies above revealed that the industry is now very competitive and marketers are employing all strategies feasible to try and remain a float in the market. Their findings therefore support the need for this study.

Abekar, (1996) carried out a case study on strategic responses to changes in business environment in the Kenyan petroleum industry. His findings were that the industry players are environment driven and the broad strategies adopted post liberalisation by the players include low cost approach, differentiation and increased market presence. This finding adds weight to the need for this study as increased market presence is achieved through branded retail outlets.

Most of the studies that have been done in the area of retail network planning in petroleum marketing have been done in other countries. This study intends to establish how petroleum product marketers go about the process of retail network planning in the Kenyan environment borrowing from studies done elsewhere and locally in this, and any other related field.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was used in this survey so as to achieve the objectives set out above. Included in the methodology is the, population, sample and sampling design, data collection instruments and data analysis techniques.

3.2 The Population

The study was carried out in the petroleum industry within the energy sector in Kenya. The research focused on the retail part of petroleum marketing in Kenya. There are 18 petroleum marketers registered for importation and distribution by the Ministry of Energy (GOK, (5), 2002).

This study focused only on the major marketers among the eighteen (18). For the purpose of this study, a major petroleum products marketer was defined as one that has more than one, branded retail outlet. The total number from the Ministry of Energy records is nine (9). Some of the brands are under one management. These include Shell/BP managed as Shell and Kenol/Kobil managed as Kobil. All the nine marketers surveyed in the study responded (100% response rate).

3.3 Data Collection

This study used primary data collected using a questionnaire. In the questionnaire, retail outlets have been referred to as petrol stations. It was necessary to do this because petrol station is the most commonly used and understood term for a retail outlet in Kenya. These facilities are however appropriately referred to as retail outlets as marketers are increasingly providing other products besides petrol at the stations (Princeton, 2002). Some of these non-fuel products include fast food restaurants and convenience stores. Throughout the study the terms retail outlets and petrol station have been interchangeably used. For some marketers, the network planning responsibility is under the Retail Network Planning Manager, whose responsibility is mainly focused on network planning issues, while for others this responsibility falls under the Retail Marketing Manager, who besides network planning issues is also be responsible for other retail functions such as pricing, operations, non- fuel business etc (CPC (1), 1993). The respondents to the study were retail network planning managers, marketing managers or new business development managers depending on who handles the function. The questionnaire was administered on a "drop and pick-up later" basis. This method was used to ensure a high proportion of usable responses and a high return rate. The researcher was able to carryout personal interviews with five respondents.

3.4 Data Analysis

Before processing the responses, the completed questionnaires were edited for completeness and consistency across respondents. Data was then coded to enable the responses to be grouped into categories.

Descriptive statistics have been used to analyze the data. These include frequencies and percentages or proportions, which have been used to establish the number, and proportion of firms having and employing strategic retail network planning and development strategies. Simple tables and cross tabulations have been used to present the relationship between the firm's ownership and network planning factors. Mean scores have been calculated on those questions ranked on a 5 – point level scale with 1 taken as the lowest level (not important) and 5 as the highest (critical).

CHAPTER FOUR

DATA FINDINGS AND INTERPRETATION.

4.1 Respondents' Profile

4.1.1 Ownership.

The marketers were asked to classify ownership into local, foreign, joint venture and any other. From the responses, 33.3% are locally owned, 55.6% are foreign owned, and 11.1% is joint venture. The joint venture is between two foreign owned firms. It can therefore be concluded that major petroleum marketers in Kenya are mainly foreign owned (66.7%). This could be explained by the fact that investments in the petroleum industry are capital intensive and prior to the liberalization of the industry in 1994 it was mainly the multinational corporations who had access to resources and synergy with affiliates in other parts of the world that were able to invest significantly in the industry. It is possible also that locally owned firms have over time benefited from the foreign owned firms on network planning strategies through knowledge sharing in various forums e.g. workshops, seminars etc.

4.1.2 Duration in business.

The marketers were asked to indicate the duration they have been in petroleum marketing business. The responses indicate that 44.4% have been in the petroleum marketing business for less than 10 years while 55.6% have been in the business for more than 20 years. All those marketers who have been in business for over 20 years fall into those categories below that apply the various aspect of network planning strategies. It can be said that the experience these marketers have acquired in the industry could have helped them develop/improve on their strategies.

4.1.3 No. of Employees.

As one of the measures of size, the firms were asked to indicate the number of employees it has. From the responses, 37.5% of the respondents had less than 100 employees, 12.5% had between 100 to 200 employees, 37.5% had between 201 and 300 employees, and 12.5% had 301 to 400 employees (Table 1). Most of the marketers with the number of employees below 100 are relatively young in the industry. Majority of them are in the process of expanding their retail network and other marketing facilities and with time it is expected that the number of employees will go up.

4.1.4 Mission and vision statements.

Development of a vision and mission statement in a firm can be a pointer to a strong commitment to strategic planning in its various aspects of business. The marketers were asked to indicate whether they have documented vision and mission statements. From the responses, 88.9% of the marketers that participated in the survey had formal documented mission and vision statements. All those who have documented the statements have indicated in the various findings below that they consider the various aspect of network planning strategies in their developments.

4.1.5 Number of retail outlets.

The researcher's expectation is that the more the retail outlets a marketer has the more the need to have appropriate network planning strategies. Marketers were asked to indicate the number of outlets they have. 44.5%, which is the majority, have less than 50 retail outlets, 22.2% have 51-100 outlets, 11.1% have 101-150 outlets, 11.1% have 151-200 outlets and another 11.1% have 251-300 outlets. The findings below indicate that those respondents with over ninety (90) outlets take into consideration the various aspects of network planning strategies in their development. The one respondent with below fifty (50) outlets who indicated strong application of strategies is foreign owned and has been in the market for less than ten years. It can be concluded that the extensive use of the strategies by this marketer is due to the support from their corporate office.

Table 1: Respondents' Profile.

CHARACTERISTIC	FREQUENCY	PERCENTAGE (%)
OWNERSHIP		
LOCAL	3	33.3
FOREIGN	5	55.6
JOINTVENTURE	1	11.1
TOTAL	9	100
TIME IN THE BUSINESS		
LESS THAN 10 YEARS	4	44.4
10-20 YEARS	0	0
MORE THAN 20 YEARS	5	55.6
TOTAL	9	100
NO OF EMPLOYEES		
Less than 100	3	33.3
100-200	1	11.1
201-300	3	33.3
301-400	1	11.1
Not indicated	1	11.1
TOTAL	8	100
DOCUMENTED MISSION AND VISION		
WITH DOCUMENTED MISSION & VISION	8	88.9
WITHOUT DOCUMENTED MISSION & VISION	1	11.1
TOTAL	9	100
NO. OF OUTLETS		
LESS THAN 50	4	44.5
51-100	2	22.2
101-150	1	11.1
151-200	1	11.1
251-300	1	11.1
TOTAL	9	**100**

Source: Research Data.

4.2 Retail Network Planning Strategies.

To be able to assess the extent of the development and use of the strategies, the second section of the questionnaire was designed to capture various aspects of retail network planning strategies. These aspects include, market share, market effectiveness, pricing, facilities, merchandising, operations, environmental and information on brand closure/departures and corporate mergers and acquisition. Market share refers to the amount of business a marketer enjoys in relation to competition expressed as a percentage. Market effectiveness is a ratio of market share to share of outlets a marketer has. Pricing issues relate to the prices of the marketers' various products. Facilities refer to the infrastructure ("brick & motor"). Merchandising refers to the techniques of displaying products whereas operations relate to the general management of a retail outlet. The measures that a marketer puts in place to protect the environment against pollution falls under environmental protection.

The first part investigates aspects applicable to existing as well as new outlets whereas the second and third parts investigates aspects specific to existing and new outlets respectively.

4.2.1 Strategies for both existing and new outlets

4.2.1.1 Retail outlet development plans

Marketers using formal planning strategies in their developments are expected to have an outlet development plan. All the respondents had a retail outlet development plan except one that had a plan though not documented. Of these firms 88.9% updated their retail outlet plans annually while 11.1% did not indicate exactly when they update their plans (Table 2).

Table 2: Retail outlet Development Plans

Outlet Development plan	Frequency	Percentage (%)
Yes	9	100
No	0	0
Frequency of update		
Annually	8	88.9
Not indicated	1	11.1

4.2.1.2 Department dealing with retail outlet Planning.

The firms that were surveyed indicated that 55.6% of the firms had a department or a section of the company that deals with planning of retail outlets, 22.2% used the marketing department, and 11.1% each used the assets department and area marketing representatives respectively to plan retail outlet development (Table 3).

Table 3: Department dealing with planning retail outlets.

	RESPONSE	
DEPARTMENT	FREQUENCY	PERCENTAGE (%)
RETAIL OUTLET PLANNING	5	55.6
ASSETS DEPARTMENT	1	11.1
MARKETING DEPARTMENT	2	22.2
AREA MARKETING REPRESENTATIVES	1	11.1
TOTAL	9	100

Source: Research Data.

4.2.1.3 Number of employees dealing with retail outlet planning.

This information can indicate the importance a marketer attaches to network planning. The number of employees or persons dealing with retail outlet planning among the respondents showed a relatively uniform spread. 12.5% of marketers have one employee or person in the department. 25% of marketers have two, 25% have four and another 25% have six employees in the department. 12.5% have nine employees in the department. The summary is given in table 4 below. The findings are that respondents with a high number of employees dealing with planning also apply all the other aspects of network planning strategies.

Table 4: Number of employees dealing with retail outlet planning.

	RESPONSE	
NO. OF EMPLOYEES.	FREQUENCY	PERCENTAGE (%)
ONE	1	11.1
TWO	2	22.2
FOUR	2	22.2
SIX	2	22.2
NINE	1	11.1
NOT INDICATED	1	11.1
TOTAL	**9**	**100**

Source: Research Data.

4.2.1.4 Critical success factors in the retail value chain.

The respondents were asked to rate the level of importance attached to the critical success factors in the retail value chain i.e. market share, market effectiveness corporate acquisitions/mergers, merchandising, facilities, brand closures, operations, pricing, environmental protection and new entrants' effects. Summary of findings is given in the table 5.

Table 5: Critical success factors in the retail value chain.

	LEVEL OF IMPORTANCE					
CRITICAL SUCCESS FACTORS	CRITICAL	VERY IMPORTANT	IMPORTANT	LESS IMPORTANT	NOT IMPORTANT	TOTAL (%)
OPERATIONS	77.80%	22.20%	0.00%	0.00%	0.00%	100
PRICING	77.80%	11.10%	11.10%	0.00%	0.00%	100
ENVIRONMENTAL PROTECTION	77.80%	11.10%	0.00%	11.10%	0.00%	100
MARKET SHARE	55.60%	11.10%	33.30%	0.00%	0.00%	100
MARKET EFFECTIVENESS (Market Share/Station Share)	44.40%	11.10%	33.30%	11.10%	0.00%	100
CORPORATE	33.30%	33.30%	22.20%	11.10%	0.00%	100
MERCHANDISING (Groceries/Oil Display)	33.30%	11.10%	55.60%	0.00%	0.00%	100
FACILITIES (Type, Condition, Size,	11.10%	77.80%	11.10%	0.00%	0.00%	100
BRAND CLOSURES/DEPARTURE	11.10%	55.60%	33.30%	0.00%	0.00%	100
NEW ENTRANTS	11.10%	44.40%	33.30%	11.10%	0.00%	100
MEAN SCORE	**43.33%**	**28.88%**	**23.32%**	**4.44%**	**0.00%**	**100%**

Source: Research Data.

Operations pricing, environmental protection, market share and facilities, which though 11.1% of the respondents considered it critical, 77.8% consider it very important, were highly ranked on the level of importance among the critical success factors.

Respondents were also asked to indicate the frequency of update the above factors for themselves and competition. Respondents update their information on either monthly, quarterly, semi-annually, yearly or after certain period. For the respondents that participated in the survey, the periods of updating are summarized in table 6 sorted by quarterly frequency of update.

Table 6: Frequency of updating information on success factors.

	FREQUENCY OF UPDATE							
CRITICAL SUCCESS FACTORS	DAILY	WEEKLY	MONTHLY	QUARTERLY	YEARLY	INFREQUENT	LONG-TERM	TOTAL
MARKET EFFECTIVENESS (Market Share%/Station Share%)	0.00%	0.00%	25.00%	75.00%	0.00%	0.00%	0.00%	100%
MARKET SHARE	11.10	11.10%	22.20%	55.60%	0.00%	0.00%	0.00%	100%
NEW ENTRANTS	0.00%	11.10%	22.20%	33.30%	0.00%	33.30%	0.00%	100%
BRANDCLOSURES/DEPARTURE	0.00%	0.00%	33.30%	33.30%	0.00%	33.30%	0.00%	100%
OPERATIONS	25.00	12.50%	12.50%	25.00%	0.00%	25.00%	0.00%	100%
ENVIRONMENTAL PROTECTION	25.00	0.00%	25.00%	25.00%	0.00%	25.00%	0.00%	100%
FACILITIES (Type, Condition, Size, Etc)	0.00%	0.00%	25.00%	12.50%	50.00%	12.50%	0.00%	100%
CORPORATE ACQUISITIONS/MERGERS	0.00%	0.00%	11.10%	11.10%	22.20%	44.40%	11.10%	100%
MERCHANDISING (Groceries/Oil Display)	0.00%	12.50%	25.00%	0.00%	25.00%	37.50%	0.00%	100%
PRICING	66.70	22.20%	11.10%	0.00%	0.00%	0.00%	0.00%	100%
MEAN SCORE	**12.78**	**6.94%**	**21.24%**	**27.08%**	**9.72%**	**21.10%**	**1.11%**	**100%**

Source: Research Data.

To counter check the level of importance ranking of the success factors, marketers were asked to indicate the frequency of updating information on these factors in the market place. From the responses, pricing is the most frequently updated factor (66.70% update it daily) followed by operations and environmental protection updated daily by 25% of the respondents, market share updated daily by 11.1%. Majority of the marketers updates their information on a quarterly basis. There is therefore consistency in responses on the important critical success factors.

4.2.1.5 Important demand factors.

The level of importance that marketers attach to the critical demand factors i.e. traffic patterns, road network plans and demographics were investigated and found to be diverse among the respondents. The findings were sorted out by the critical factor. 62.5% of the respondents identified traffic patterns as critical factor in network planning. 50% identified Road network plans as critical and 25% identified demographics as critical though 62.5% identified this factor as very important. The summary is given in table 7 below.

Table 7: Level of importance attached to important demand factors.

	LEVEL OF IMPORTANCE					
DEMAND FACTORS	CRITICAL	VERY IMPORTANT	IMPORTANT	LESS IMPORTANT	NOT IMPORTANT	TOTAL
TRAFFIC PATTERNS	62.50%	25.00%	12.50%	0.00%	0.00%	100%
ROAD NETWORK PLANS	50.00%	12.50%	37.50%	0.00%	0.00%	100%
DEMOGRAPHICS	25.00%	62.50%	12.50%	0.00%	0.00%	100%
MEAN SCORE	**45.83%**	**33.33%**	**20.83%**	**0.00%**	**0.00%**	**100%**

Source: Research data.

To counter check the level of importance ranking of the critical demand factors, marketers were asked to indicate the frequency of updating information on these factors in the market place. From the responses, all the respondents either update the demand factors quarterly or annually. Traffic patterns are the most frequently updated (85.7%) followed by demographics (57.1%) and road network plans (42.9%) all on a quarterly basis. The summary is given in table 8 below.

Table 8: Frequency of updating information on important demand factors.

	FREQUENCY OF UPDATE							
DEMAND FACTORS	DAILY	WEEKLY	MONTHLY	QUARTERLY	ANNUALLY	INFREQUENT	LONG-TERM	TOTAL
TRAFFIC PATTERNS	0.00%	0.00%	0.00%	85.70%	14.30%	0.00%	0.00%	100%
DEMOGRAPHICS	0.00%	0.00%	0.00%	57.10%	42.90%	0.00%	0.00%	100%
ROAD NETWORK PLANS	0.00%	0.00%	0.00%	42.90%	57.10%	0.00%	0.00%	100%
MEAN SCORE	**0.00%**	**0.00%**	**0.00%**	**61.90%**	**38.10%**	**0.00%**	**0.00%**	**100%**

Source: Research Data.

Considering that a total of 87.5% of the respondents consider demographics to be either critical or very important, there is consistency in responses on the level of importance and frequency of updates on these factors among the respondents.

4.2.1.6 Areas selected for outlet development.

Respondents were asked to indicate whether they have selected areas for retail investment. All the respondents selected areas for retail outlet development. They were given the following choices: -

1. Per capita income of the area.
2. Demographics.
3. Government policy/Political reasons.
4. Network Coverage.

All the respondents indicated that they chose these areas because of the per capita income of the areas residents. 55.6% chose these areas because of the demographic reasons. All the respondents denied that Government policy or political reasons influenced their choices. 66.7% identify network coverage as the reason for choosing the areas (Table 9). Some respondents suggested more than one reason for choosing the selected areas. These responses supplement findings on the success and demand factors above.

Table 9: Areas selected for outlet development.

FACTOR	YES (%)	No (%)	TOTAL (%)
Per Capita Income	100	0	100
Demographics	55.6	44.4	100
Government policy/political reasons	0	100	100
Network Coverage	66.7	33.3	100

4.2.1.7 Market objectives for selected areas.

88.9% of the marketers in the survey have documented market objectives and goals for each area that they have selected for retail outlet development. This is another pointer to the level of formalisation of network planning strategies among the marketers. The response rate here also complements the other findings above.

4.2.1.8 Financial indicators used in deciding on investments.

Financial indicators for deciding on investment were also investigated. The indicators chosen include the Net Present Value (NPV), the Internal Rate of Return (IRR), the Discounted Payback, and the Profitability Index. The findings were sorted out according to which ones were critical financial indicators. NPV is critical to 28.6% of the respondents, IRR is critical to 83.3% of the respondents, discounted payback is critical to 50% of the respondents, and profitability index is critical to 57.1% of the respondents. This shows that most marketers prefer to use IRR in deciding on the investments.

4.2.1.9 Economic drivers in evaluation of the retail outlets.

In the evaluation of retail outlets, investment costs, operating expenses, volume, and margins are all considered. These factors were chosen according to the level of importance. Investment costs were found to be critical to 66.7% of the respondents, Operating expenses were found to be critical to 44.4% and very important to 33.3%, Volume is critical to all the firms (100%), margins are critical to 77.8% of the respondents. These findings indicate that marketers attach a lot of importance to economic drivers in their network planning strategies, and complements the finding that government policy and political reasons do not influence network planning strategies among the major marketers.

4.2.1.10 Frequency of auditing achievement of retail outlet performance targets.

One of the key benefits of auditing the outlet on achievement of set targets is the learning experience that it provides. The respondents indicated that they audit achievement of retail outlet performance targets on a quarterly, semi-annually, annually and other. 22.2% of the firms audit their outlets semi-annually, 33.3% audit them annually, 11.2% audit them quarterly and 33.3% audit them any other times they feel like. This is another pointer to existence and application of planning strategies among marketers.

4.2.2 Strategies specific to existing outlets.

4.2.2.1 Classifications in evaluating existing outlets

In an effort to establish whether the marketers use the classifications that are used in evaluation of existing businesses in documented portfolio management models, they were asked to indicate whether they apply the various classifications used in some of these models. Classifications included are:

- Question Marks – Those that are in high business potential and low market share areas.
- Stars – Those in high potential and high market share areas.
- Cash Cows – Low business potential and high market share.
- Dogs – Low potential and low market share.
- Protect position – Good location and high business potential.
- Invest to build – Good location and average business potential.
- Build selectively – Good location and weak business potential or average location and high business potential.
- Selectivity – Average location and average business potential.
- Harvest/Limited expansion – Average location and weak business potential.
- Protect/Refocus – Weak location and strong business potential.
- Manage for Earnings – Weak Location and average business potential.
- Divest – Weak location and weak business potential.

These classifications were found to be used as they are or under different names e.g. CALTRI & PAY BACK PERIOD, Discounted Cash Flow/Profit (PERT) etc. but with different meanings or insinuations. The extent of use is summarized in table 10 below.

Table 10: Classifications in evaluating existing outlets.

	YES		NO	
CLASSIFICATION	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
PROTECT POSITION	7	77.8%	2	22.2%
BUILD SELECTIVELY	7	77.8%	2	22.2%
STARS	6	66.7%	3	33.3%
QUESTION MARKS	6	66.7%	3	33.3%
PROTECT/REFOCUS	6	66.7%	3	33.3%
INVEST TO BUILD	6	66.7%	3	33.3%
CASH COW	6	66.7%	3	33.3%
MANAGE FOR EARNINGS	5	55.6%	4	44.4%
DOGS	5	55.6%	4	44.4%
DIVEST	4	44.4%	4	44.4%
HARVEST/LIMITED	4	44.4%	5	55.6%
SELECTIVITY	3	33.3%	6	66.7%

Source: Research Data.

From the responses it is not possible to distinctively establish whether there is any respondent who is using any documented portfolio management model e.g. the Boston Consulting Group model (BCG) "as is". However from the given definition of the various terms, respondents have indicated they are guided by the principles of investment portfolio modeling in their evaluation of existing network of outlets.

4.2.2.2 Documented portfolio models.

44.4% of the marketers that participated in the survey use formal documented investment portfolio management model for retail outlet planning (Table 11).

The models used by the marketers include: -

1. Network Planning model used by 25% of the respondents.
2. DCF/IRR model used by 25% of the respondents.
3. PERT model used by 25% of the respondents.
4. PAYBACK PERIOD model used by 25% of the respondents.

Table 11: Portfolio Models

MODEL	FREQUENCY	PERCENTAGE (%)	BREAKDOWN OF POSITIVE RESPONSES (%)
Network Planning model by MPSI	1	11.1	25
DCF/IRR	1	11.1	25
PERT	1	11.1	25
PAYBACK PERIOD	1	11.1	25
Not Indicated	5	55.6	0
TOTAL	**9**	**100**	**100**

4.2.2.3 Success factors for existing outlets.

The importance of the success factors specific to existing retail outlets owned by the marketers was also investigated. These factors include - location, facilities, merchandising, pricing, operations, and traffic flow past the site, environmental protection, and company brand.

The factors were rated from critical to those not important. The critical response was used in ranking the factors in order of importance. The ratings are as given in table 12 below.

Table 12: Success factors for existing outlets.

	LEVEL OF IMPORTANCE					
SUCCESS FACTOR	CRITICAL	VERY IMPORTANT	IMPORTANT	LESS IMPORTANT	NOT IMPORTANT	TOTAL
LOCATION	88.90%	11.10%	0.00%	0.00%	0.00%	100%
PRICING	66.70%	22.20%	11.10%	0.00%	0.00%	100%
TRAFFIC FLOW PAST SITE	66.70%	11.10%	22.20%	11.10%	0.00%	100%
ENVIRONMENTAL PROTECTION	55.60%	11.10%	22.20%	11.10%	0.00%	100%
OPERATIONS	44.40%	44.40%	11.10%	0.00%	0.00%	100%
COMPANY BRAND	33.30%	33.30%	22.20%	11.10%	0.00%	100%
MERCHANDISING	22.20%	22.20%	32.30%	22.20%	0.00%	100%
FACILITY (IES)	11.10%	77.80%	11.10%	0.00%	0.00%	100%
MEAN SCORE	**48.61%**	**29.15%**	**16.53%**	**6.94%**	**0.00%**	**100%**

Source: Research Data.

From the table above, location ranks high as a critical performance driver with 88.9% rating. Pricing and traffic flow are also critical drivers with 66.7% rating each. Environmental protection is another critical driver with 55.6%. Facility is not critical as much but very important at a rating of 77.8%. These findings support the earlier findings on the critical success factors applicable to existing and new investments in outlet developments.

4.2.3 Strategies specific to new outlets.

4.2.3.1 Location identification for new outlets.

Respondents were asked to indicate their means of identifying the locations to put up new retail outlets. These methods included; vendor inquiry, call in by property agents, search by company staff, and customer recommendations. Some marketers indicated use of a combination of these methods. 22.2% of the firms identify their locations through vendor inquiry, 33.3% identify through call in by property agents, 88.9% through search by company staff, and 25% by customer recommendations. Other methods, which were not very specific, account for 22.2%. The high response rate for search through company staff indicates that respondents desire to locate outlets in areas of their choice, which is consistent with findings on selected areas for outlet development above.

4.2.3.2 Success factors for new outlets.

There are several success factors that are important in new retail outlet development. These factors include; competitor presence and activity, size of land for proposed facility, environmental protection, demand changes, the fit of the site with the existing retail outlet network and development costs.

These factors had different degrees of importance. The levels of importance the organizations attach to these factors are summarized in table 13 below.

Table 13: Success factors for new outlet development.

	LEVEL OF IMPORTANCE					
SUCCESS FACTOR	CRITICAL	VERY IMPORTANT	IMPORTANT	LESS IMPORTANT	NOT IMPORTANT	TOTAL
COMPETITOR PRESENCE AND ACTIVITY	66.70%	22.20%	11.10%	0.00%	0.00%	100%
DEVELOPMENT COST	55.60%	22.20%	11.10%	11.10%	0.00%	100%
ENVIRONMENTAL PROTECTION	55.60%	0.00%	33.30%	11.10%	0.00%	100%
SIZE OF LAND FOR PROPOSED FACILITY	33.30%	55.60%	0.00%	11.10%	0.00%	100%
DEMAND CHANGES	33.30%	55.60%	11.10%	0.00%	0.00%	100%
THE FIT OF THE SITE WITH EXISTING PETROL STATIONS	22.20%	33.30%	33.30%	11.10%	0.00%	100%
MEAN SCORE	**44.45%**	**31.48%**	**16.65%**	**7.40%**	**0.00%**	**100%**

Source: Research Data.

The factors above were sorted according to the ones that were critical and the very important. The findings were that competitor presence and activity is the most critical with 66.7% of the respondents identifying it as critical and 22.2% identifying it as very important. Development cost is also critical to 55.6% of the respondents and very important to 22.2%. Environmental protection is critical to 55.6% and important to 33.3% of the respondents. Size of the land is however not critical to a majority of the respondents but very important to 55.6% of them while critical to only 33.3%. This is the same as the demand changes e.g. housing growth around the area. The mean score show that most marketers consider the listed factors in new retail outlet development to be critical, another pointer to the existence of planning strategies among the marketers.

4.3 Perceived benefits to marketers as a result of applying formal network planning strategies in retail outlet development.

Benefits of applying formal network planning strategies in retail outlet development include market share growth, market effectiveness improvement, price stability, brand recognition and acceptance, and environmental protection. The mean score for the above are presented in table 14 below.

Table 14: Benefit of applying formal network planning strategies

	PERCEIVED BENEFITS					
SUCCESS FACTOR	SUBSTANTIAL BENEFITS	SIGNIFICANT BENEFITS	SOME BENEFITS	LEAST BENEFITS	NO BENEFITS	TOTAL
MARKET SHARE GROWTH	37.50%	62.50%	0.00%	0.00%	0.00%	100%
MARKET EFFECTIVENSS IMPROVEMENT	25.00%	62.50%	12.50%	0.00%	0.00%	100%
PRICE STABILITY	25.00%	12.50%	37.50%	12.50%	12.50%	100%
BRAND RECOGNITION & ACCEPTANCE	37.50%	37.50%	12.50%	12.50%	0.00%	100%
ENVIRONMENTAL PROTECTION	50.00%	25.00%	25.00%	0.00%	0.00%	100%
MEAN SCORE	**35.00%**	**40.00%**	**17.50%**	**5.00%**	**2.5%**	**100%**

Source: Research Data.

50% of respondents indicated that they have received substantial benefits in environmental protection. Tough 37.5% and 25% respondents have indicated that they have received substantial benefits in market share growth and market effectiveness improvement respectively, 62.5% have indicated significant benefits for each of these benefits.

The other benefits of applying formal planning strategies from the responses include; improved profitability, ability to locate stations at ideal location thus better performance, improved staff competence, company growth, allocation of development funds, image improvement, stability in margins, and divestiture of non-performing stations. Anticipation of market a head of station development was also indicated as a benefit.

4.4 Relationships

4.4.1 Between benefits and selected aspects of respondents' profiles and network planning strategies

Respondents profile information and some aspects of their network planning strategies were cross tabulated with the perceived benefits received as a result of applying formal planning strategies in retail outlet development.

4.4.1.1 Market share growth

62.5% of the respondents that have a formal documented mission and vision received significant benefits in market share growth, while 37.5% had substantial benefits. The same proportion of respondents, who have department/section for planning retail outlets also, received significant benefits in market share growth. Respondents with one, two, four and six employees also received significant benefits. For respondents, who consider demographics as a demand factor in network planning, 75% had substantial benefits.

For respondents, who considered road network plans as a factor, 100% had substantial benefits. 50% of those firms that considered traffic pattern as a factor in network planning received significant benefits in market growth. 62.7% received significant benefits in market growth by using per capita income as a factor for choosing an area to put up outlets. 50% received substantial benefits by using demographics as a factor for choosing sites and 50% received significant benefits.

Network coverage as a factor for choosing site bestowed 60% of the firms with significant benefits of market growth. Substantial benefits of market share growth also accrued to 60% of those who use documented investment portfolio management model.

4.4.1.2 Market effectiveness improvement.

In market effectiveness, 67.7% of those respondents who use road network plans as a network planning factor gained substantial benefits while 33.3% gained significant benefits. 60% of those respondents who use traffic patterns as a network planning factor gained significant benefits while 40% gained substantial benefits. 50% of the respondents using demographics as a network planning factor gained significant benefits and 50% gained substantial benefits.

4.4.1.3 Price Stability.

For the price stability as a benefit, 67.7% received some benefits, which were neither substantial nor significant, by using road network plans as a network planning factor. Those respondents who use traffic patterns as a network planning factor received 20% significant and substantial benefits respectively. For demographics as a network planning factor, 33.3% of the respondents received some benefits that were neither substantial nor significant.

4.4.1.4 Brand recognition and acceptance.

For the brand recognition and acceptance, those respondents who use road network plans as a network planning factor received 33.3% significant and substantial benefits respectively. Those that used traffic patterns received 40% significant and substantial benefits respectively. And for those that used demographics as a strategy, 50% received significant benefits.

4.4.1.5 Environmental protection.

For the environmental protection benefit, the respondents that use road network plans as a factor received 20% significant benefits and 60% substantial benefits, while those that use traffic patterns received 33.3% significant and 67.7% substantial benefits. Those respondents who use demographics as a network planning factor, 50% received significant and substantial benefits respectively.

4.4.2 Between ownership and demand factors discussed under 4.2.1.5 above.

Cross tabulation of the demand factors of traffic patterns, demographics and road network plans with ownership was also done to establish whether there is a relationship between ownership and use of these factors. The results of the cross tabulation are in table 15 below.

Table 15: Relationship between ownership and demand factors.

	DEMOGRAPHICS					
OWNERSHIP	CRITICAL	VERY IMPORTANT	IMPORTANT	LESS IMPORTANT	NOT IMPORTANT	TOTAL
LOCAL	0.00%	66.70%	33.30%	0.00%	0.00%	100%
FOREIGN	25.00%	75.00%	0.00%	0.00%	0.00%	100%
JOINT VENTURE	100.00%	0.00%	0.00%	0.00%	0.00%	100%
MEAN SCORE	**41.67%**	**47.23%**	**11.10%**	**0.00%**	**0.00%**	**100%**
	ROAD NETWORK PLANS					
OWNERSHIP	CRITICAL	VERY IMPORTANT	IMPORTANT	LESS IMPORTANT	NOT IMPORTANT	TOTAL
LOCAL	33.30%	33.30%	33.30%	0.00%	0.00%	100%
FOREIGN	50.00%	0.00%	50.00%	0.00%	0.00%	100%
JOINT VENTURE	100.00%	0.00%	0.00%	0.00%	0.00%	100%
MEAN SCORE	**61.10%**	**11.10%**	**27.77%**	**0.00%**	**0.00%**	**100%**
	TRAFFIC PATTERNS					
OWNERSHIP	CRITICAL	VERY IMPORTANT	IMPORTANT	LESS IMPORTANT	NOT IMPORTANT	TOTAL
LOCAL	33.30%	66.70%	0.00%	0.00%	0.00%	100%
FOREIGN	75.00%	0.00%	25.00%	0.00%	0.00%	100%
JOINT VENTURE	100.00%	0.00%	0.00%	0.00%	0.00%	100%
MEAN SCORE	**69.43%**	**22.23%**	**8.33%**	**0.00%**	**0.00%**	**100%**

Source: Research Data.

It would appear from the above findings that there is a relationship between ownership (local or foreign) and the use of the selected aspects of network planning strategies. For locally owned marketers, it was found that, demographics, as a demand factor is very important to 66.7% but not critical. Road network plans were critical to 33.3% and very important to 33.3%. Traffic patterns were critical to 33.3% and very important to 66.7%.
For the foreign owned, demographics were critical to 25% and very important to 75% to them. Road network plans are critical to 50% and important to 50% of them. Traffic patterns are critical to 75% and important to 25% of them.
For the joint venture marketers, demographics, road network plans and traffic patterns are 100% critical.
There are other aspects of respondents' profile, network planning strategies and perceived benefits that could be cross tabulated and measurement of relationships carried out. This study has however focused on the few covered above. The findings above have shown that there is a consistent relationship between ownership (foreign or local) and use of

network planning strategies. All foreign owned firms consider all the demand factors critical. Except for price stability, all marketers have indicated substantial benefits ranging from 33.3% to 66.7% as a result of applying formal network planning strategies in their investments/developments.

4.5 Challenges experienced as a result of recent changes in the business environment in Kenya.

There are several challenges that have been experienced as a result of the changes in the business environment in Kenya especially in the petroleum industry. Respondents indicated some of these challenges as; reduced consumption, reduced margins, reduced market share, unfair competition and evasion of tax by competitors. Reduced margin is the most challenging with a mean score of 28.4% of the respondents identifying it as a challenge. 15.3% each for reduced consumption, reduced market share, and for unfair competition and evasion of tax, and 5.6% for higher safety risks, divestiture, increased investment costs, increased operational costs, price sensitivity, demand for better customer service among others.

4.6 Environmental challenges having the greatest impact on retail outlet planning process.

The environmental challenges having the greatest impact on retail outlet planning process include the following:

- Lack of/or inconsistent enforcement of regulations,
- Prevention of leakage,
- Avoiding closeness to high risk areas e.g. residential building,
- Upcoming environmental bill, forces of globalization,
- Disposal of waste.

Prevention of leakage ranks high with a mean score of 29.1%, followed by forces of globalization with 25%, then by lack of/or inconsistent enforcement of regulations at 16.7%. Fourth is the disposal of waste with 12.5%, avoiding closeness to high-risk areas and upcoming environmental bill both at 8.8%.

CHAPTER FIVE
SUMMARY AND CONCLUSION.

5.1 Summary

The objectives of the study were to establish the extent to which retail network planning strategies have been developed and used amongst major petroleum marketers in Kenya, and to identify the perceived benefits, if any, to petroleum marketers applying formal network planning strategies in their retail developments.

For the first objective, several aspects of retail network planning strategies were investigated. These included critical success factors for existing and new outlet developments, demand factors that guide marketers in their retail investments, portfolio evaluation criteria for existing outlets, economic drivers in retail outlet developments and financial appraisal techniques for retail outlet investments. All the respondents had a retail outlet development plan except one that had a plan though not documented. It was found that there is consistency in the level of importance attached to critical success factors among respondents. It was also found that there was consistency in responses on the level of importance and frequency of updates of demand factors i.e. traffic patterns, road network plans, and demographics, among the respondents. 62.5% of the marketers identified traffic patterns as a critical factor in network planning, 50% identified road network plans as critical and 25% identified demographics as critical though 62.5% identified this factor as very important. Findings shows that on average the network planning strategies are extensively used among major petroleum marketers in Kenya.

For the second objective, i.e. identification of the perceived benefits, if any, to petroleum marketers applying formal network planning strategies in their retail developments, the perceived benefits that were identified in the survey include; market share growth, market effectiveness improvement, price stability, brand recognition and acceptance and environmental protection. From the findings it was identified that marketers, who use formal network planning strategies, received either substantial or significant benefits.

In market share growth, all respondents that considered road network plans as a demand factor gained substantial benefits. 40% of the marketers gained significantly in market share growth by using traffic patterns as demand factor and 60% gained substantial benefits. 100% of the marketers gained substantial benefits by using demographics as a demand factor in network planning.

On market effectiveness improvement, 67.7% of those marketers that used road network plans as a demand factor in network planning gained substantial benefits while 33.3% gained significant benefits. 60% of those marketers that used traffic patterns as a demand factor gained significant benefits while 40% gained substantial benefits. 50% of those marketers that used demographics as a factor gained significant benefits and 50% gained substantial benefits.

For the price stability as a benefit, 67.7% received some benefits, which were neither substantial nor significant, by using road network plans as a factor. Those marketers that used traffic patterns as a factor received 20% significant and substantial benefits respectively. For demographics as a factor, 33.3% of the marketers received some benefits, which were neither substantial nor significant.

For the brand recognition and acceptance, those marketers that used road network plans as a factor received 33.3% significant and substantial benefits respectively. Those that used traffic patterns received 40% significant and substantial benefits respectively. And for those that used demographics as a factor, 50% received significant benefits.

For the environmental protection benefit, the marketers that used road network plans as a factor received 20% significant benefits and 60% substantial benefits, while those that used traffic patterns received 33.3% significant and 67.7% substantial benefits. Those marketers that used demographics as a network planning factor, 50% received significant and substantial benefits respectively. The other benefits of applying formal planning strategies include; improved profitability performance, improved staff competence, company growth, ability to locate stations at ideal locations, image improvement, margin stability and divestiture of non-performing stations.

5.2 Conclusion.

In conclusion, the objectives of the study were met. The response rate was 100% as per the population of study chosen. This project was an attempt to identify the extent to which the petroleum marketers use network planning strategies in their retail outlet network development and the perceived benefits that accrue to these marketers when they use such network planning strategies. It was found that the network planning strategies are critical to most of these marketers and that 67.7% of them are foreign owned given that the 11.1% joint venture is among them. 33.3% are locally owned. Therefore it can be concluded that there is extensive use of network planning strategies among foreign owned marketers. This may be attributable to knowledge sharing between these marketers and their affiliates in other parts of the world.

It was also found that those firms that used network planning strategies received either significant or substantial benefits in form of market share growth, market effectiveness improvement, price stability, brand recognition and acceptance and environmental protection. Apart from these there were other minor benefits like; improved profitability performance, improved staff competence, company growth, and prudent use of investment funds, image improvement, margin stability, and divestiture of non-performing outlets.

5.3 Limitations of the study

1) Some of the independent marketers who have not branded their outlets nor registered with the Ministry of Energy, but who have more than one outlet may be having a network planning strategy that guides their investment. Because of time limitations, the researcher was not able to expand the scope to include these marketers.

2) The researcher being in the petroleum industry encountered some reluctance from one of the respondents who though they filled the questionnaire, left some questions unanswered.

5.4 Suggestions for further research

The study focused on marketers with branded outlets registered with the Ministry of Energy. There are however several independent marketers who have not branded their outlets nor registered with the Ministry of Energy, but who have more than one outlet. Some of these marketers may be having network planning strategies that guide their investments. It is suggested that further research be carried out on these category of marketers to further enrich this study.

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APPENDIX 1

LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
FACULTY OF COMMERCE
P.O. BOX 30197
NAIROBI.

____

____

____

____

Dear (Respondent)

RE: MBA Research Project

As part of the requirement for the degree of Masters in Business Administration (MBA) of the University of Nairobi, the undersigned who is a student in the Faculty of Commerce, Department of Business Administration is required to undertake a project.

The attached questionnaire is designed to gather information on retail network planning strategies in the petroleum industry. All information you disclose will be used for this academic exercise and will be treated in strict confidence.

Final coding of the survey findings will ensure that the information you provide remains confidential.

Thank you.

Michael K. Koech
MBA Student

Mr. J. Maalu
Supervisor

APPENDIX II

QUESTIONNAIRE

Please answer the following questions by placing a mark [√] in the appropriate box or by giving the necessary details in the provided spaces.

SECTION A

1) Name of the firm

(As per its registration certificate)______________________________

2) How would you classify the ownership of your firm?

Locally Owned [ ]
Foreign Owned [ ]
Joint Venture [ ]
Other (Specify)______________________________

3) For how long has your firm been in petroleum marketing business?

Less than 10 years [ ]
Between 10 and 20 years [ ]
More than 20 years [ ]

4) i) Does your firm have a formal documented mission and vision statements

Yes [ ]
No [ ]

ii) If the response to the above question is 'yes' please write them down

Mission____

(*Use extra paper and attach if space is insufficient or attach a copy of the statement if separately printed.)

Vision____

(*Use extra paper and attach if space is insufficient or attach a copy of the statement if separately printed.)

5) Indicate the total number of employees in your firm____________

6) Does your company have a petrol station development plan?

Yes [ ]

No [ ]

7) If the response to question (Q6) above is yes, please indicate the frequency of update.

Quarterly [ ] Annually [ ] Every____ yrs.

8) (i) Does your company have a department/section for planning service stations?

Yes [ ]

No [ ]

(ii) If the response to the question (Q 8(i)) above is no, please indicate the department or section handling petrol station development______________

9) Indicate the total number of employees in petrol station planning department or those handling petrol station planning if in other departments__________

10) How many branded petrol stations does your company have______________

SECTION B

11) On a rating of 1-5,

Where:

1	2	3	4	5
Not Important	**Less Important**	**Important**	**Very Important**	**Critical**

Please indicate by ticking in the appropriate box, the level of importance your company attaches to the following information.

	1	2	3	4	5
i) Market share	[ ]	[ ]	[ ]	[ ]	[ ]
ii) Market effectiveness [Market share (%)/ Station share (%)]	[ ]	[ ]	[ ]	[ ]	[ ]
iii) Pricing	[ ]	[ ]	[ ]	[ ]	[ ]
iv) Facilities (Type, condition, size, etc.)	[ ]	[ ]	[ ]	[ ]	[ ]
v) Merchandising (groceries/oil display)	[ ]	[ ]	[ ]	[ ]	[ ]
vi) Operations	[ ]	[ ]	[ ]	[ ]	[ ]
vii) New entrants	[ ]	[ ]	[ ]	[ ]	[ ]
viii) Brand closures/departures	[ ]	[ ]	[ ]	[ ]	[ ]
ix) Environmental protection	[ ]	[ ]	[ ]	[ ]	[ ]
x) Corporate acquisition/mergers	[ ]	[ ]	[ ]	[ ]	[ ]

12). Please indicate the frequency of updating the information for your company and competitors on the following:

	Quarterly	**Annually**	**Other frequency (Specify)**
i) Market Share	[ ]	[ ]	___________
ii) Market effectiveness	[ ]	[ ]	___________

iii) Pricing	[ ]	[ ]	________
iv) Facilities	[ ]	[ ]	________
v) Merchandising	[ ]	[ ]	________
vi) Operations	[ ]	[ ]	________
vii) New entrants	[ ]	[ ]	________
viii) Brand closures/departures	[ ]	[ ]	________
ix) Environmental protection	[ ]	[ ]	________
x) Corporate acquisition/mergers	[ ]	[ ]	________

13). On rating of 1-5, where

1	2	3	4	5
Not Important	**Less Important**	**Important**	**Very Important**	**Critical**

please indicate by ticking the appropriate box, the level of importance your company attaches to the following factors:

	1	2	3	4	5
i) Demographics (population distribution etc.)	[ ]	[ ]	[ ]	[ ]	[ ]
ii) Road network plans	[ ]	[ ]	[ ]	[ ]	[ ]
iii) Traffic patterns	[ ]	[ ]	[ ]	[ ]	[ ]

14). Please indicate the frequency of updating the information in Q 13 above

	Quarterly	**Annually**	**Other frequency (Specify)**
i) Demographics	[ ]	[ ]	________
ii) Road network plans	[ ]	[ ]	________
iii) Traffic patterns	[ ]	[ ]	________

15) Does your company have selected areas for petrol station development?

Yes [ ]

No [ ]

16) If the answer to the above question (Q.15) is yes please indicate what your company considers being the main reasons for choosing these areas.

i) Per capita income	[ ]
ii) Demographics	[ ]
iii) Government policy/Political reasons	[ ]
iv) Network coverage	[ ]

17) Does your company have documented market objectives and goals for each selected area?

Yes [ ]

No [ ]

18). Does your company use the following classification when evaluating the existing petrol stations ?

	Yes	**No**
i) Question marks (i.e. stations in areas of high business potential/ Low market share)	[ ]	[ ]
ii) Stars (High business potential/High market share)	[ ]	[ ]
iii) Cash cows (Low business potential/High market share)	[ ]	[ ]
iv) Dogs (Low business potential/Low market share)	[ ]	[ ]
v) Protect position (Good location/High business potential)	[ ]	[ ]
vi) Invest to build (Good location/Average business potential)	[ ]	[ ]

vii) Build selectively (Good location/Weak business potential or average location/high business potential)	[ ]	[ ]
viii) Selectivity (Average location/Average business potential	[ ]	[ ]
ix) Harvest/limited expansion (Average location/ Weak business potential)	[ ]	[ ]
x) Protect/refocus (Weak location/ Strong business potential	[ ]	[ ]
xi) Manage for earnings (Weak location/ Average business potential	[ ]	[ ]
xii) Divest (Weak location/ Weak business potential)	[ ]	[ ]

19) Does your company use any formal documented investment portfolio management model in petrol station planning?

Yes [ ] No [ ]

20) If the response to the above question (Q 19) is yes, please state the model.

____

21). On a rating of 1-5 where

1	2	3	4	5
Not Important	**Less Important**	**Important**	**Very Important**	**Critical**

Please indicate by ticking the appropriate box, the level of importance your company attaches to the following performance drivers for your existing petrol stations:

	1	2	3	4	5
i) Location	[ ]	[ ]	[ ]	[ ]	[ ]
ii) Facility(ies)	[ ]	[ ]	[ ]	[ ]	[ ]
iii) Merchandising	[ ]	[ ]	[ ]	[ ]	[ ]
iv) Pricing	[ ]	[ ]	[ ]	[ ]	[ ]
v) Operations	[ ]	[ ]	[ ]	[ ]	[ ]
vi) Traffic flow past the site	[ ]	[ ]	[ ]	[ ]	[ ]
vii) Environmental protection	[ ]	[ ]	[ ]	[ ]	[ ]
viii) Company brand	[ ]	[ ]	[ ]	[ ]	[ ]

22). Please indicate by ticking the appropriate box below how your company identify new locations for petrol stations.

i) Through vendor enquiry [ ]

ii) Call in by property agents [ ]

iii) Search by company staff [ ]

iv) Other(Specify)____

____

____

____

23) On a rating of 1-5 where

1	2	3	4	5
Not Important	**Less Important**	**Important**	**Very Important**	**Critical**

Please indicate by ticking the appropriate box, the level of importance your company attaches to the following in your new petrol station developments

	1	2	3	4	5
i) Competitor presence and activity	[ ]	[ ]	[ ]	[ ]	[ ]
ii) Size of land for the proposed facility	[ ]	[ ]	[ ]	[ ]	[ ]
iii) Environmental protection	[ ]	[ ]	[ ]	[ ]	[ ]
iv) Demand changes e.g. housing growth, commercial developments etc	[ ]	[ ]	[ ]	[ ]	[ ]
v) The fit of the site with your existing petrol stations	[ ]	[ ]	[ ]	[ ]	[ ]
vi) Development cost	[ ]	[ ]	[ ]	[ ]	[ ]

24) Does your company have a response strategy for any competitor reaction to your improvements on the existing petrol stations or development of new petrol stations?

Yes [ ]
No [ ]

25). Does your company have a model for carrying out economic evaluation of petrol station investment opportunities.

Yes [ ]
No [ ]

26). If the response to the above question (Q.25) is yes, on a rating of 1-5 where

1	2	3	4	5
Not Important	**Less Important**	**Important**	**Very Important**	**Critical**

Please indicate the level of importance your company attaches to the following financial indicators in deciding on investment for petrol stations:

	1	2	3	4	5
i) The Net Present Value (NPV)	[ ]	[ ]	[ ]	[ ]	[ ]
ii) Internal Rate of Return (IRR)	[ ]	[ ]	[ ]	[ ]	[ ]
iii) Discounted Pay-back (DPB)	[ ]	[ ]	[ ]	[ ]	[ ]
iv) Profitability Index (PI)	[ ]	[ ]	[ ]	[ ]	[ ]

27). On a rating of 1-5 where

1	2	3	4	5
Not Important	**Less Important**	**Important**	**Very Important**	**Critical**

Indicate the level of importance your company attaches on the following factors in evaluating petrol stations (new and existing):

	1	2	3	4	5
i) Investment Costs	[ ]	[ ]	[ ]	[ ]	[ ]
ii) Operating expenses	[ ]	[ ]	[ ]	[ ]	[ ]
iii) Volume	[ ]	[ ]	[ ]	[ ]	[ ]
iv) Margins	[ ]	[ ]	[ ]	[ ]	[ ]

28). Does your company have an audit programme to verify achievement of petrol station performance targets?

Yes [ ] No [ ]

29). If the answer to the above question (Q.28) is yes, indicate in the box below the frequency of the audit.

Semi annually [ ]
Annually [ ]
Every two years [ ]
Every three years [ ]
Other (Specify)________________________________

SECTION C

30) On a scale of 1-5,

Where:

1	2	3	4	5
No Benefits	**Least Benefits**	**Some Benefits**	**Significant Benefits**	**Substantial Benefits**

Please indicate by ticking in the appropriate box, the amount of perceived benefits to your company on the following factors as a result of applying formal planning strategies in your service station developments.

	1	2	3	4	5
i) Market share growth	[ ]	[ ]	[ ]	[ ]	[ ]
ii) Market effectiveness improvement	[ ]	[ ]	[ ]	[ ]	[ ]
iii) Price stability	[ ]	[ ]	[ ]	[ ]	[ ]
iv) Brand recognition & acceptance	[ ]	[ ]	[ ]	[ ]	[ ]
v) Environmental protection	[ ]	[ ]	[ ]	[ ]	[ ]

31) Please state any other perceived benefits to your company as a result of applying formal planning strategies in your petrol station developments.

(*Use extra paper and attach if space is insufficient.)

32) What challenges if any has your organization experienced as a result of the recent changes in the business environment in Kenya e.g., increased competition, changes in customer preferences and behavior and demand changes.

(*Use extra paper and attach if space is insufficient.)

33) What environmental challenge do you consider as having the greatest impact on your retail network planning process?

____

____

____

____

____

____

____

____

____

____

THANK YOU FOR YOUR CO-OPERATION

APPENDIX III

MAJOR PETROLEUM MARKETERS OPERATING IN KENYA

1. CALTEX OIL (K) LTD
2. ENGEN KENYA LTD
3. JOVENNA EAST AFRICA LTD
4. KENOL KENYA OIL Co LTD/KOBIL PETROLEUM LTD
5. MOBIL OIL KENYA LTD
6. NATIONAL OIL COMPANY OF KENYA
7. PETRO KENYA
8. KENYA SHELL LTD/BP KENYA LTD
9. TOTAL KENYA LTD

Source: GOK; Ministry of Energy