

Final Research Report

The Effectiveness of Marketing Strategies As Practiced By Petroleum Companies.

Case study: Shell (Uganda) ltd

**A Dissertation Presented
To The School Of Business And
Management, Kampala
International University**

**In Partial Fulfillment Of The
Requirements for the Degree
Bachelor of International
Business Administration**

By

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Declaration

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



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This research project has been submitted with the approval of supervisor



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A research project submitted to school of business and management: Kampala international university

DEDICATION

Special dedication goes to my beloved mother, **Miss MUMINA KUSOW** for her wonderful support both morally and financially, that fulfilled my dreams and made where I am today.

My humble dedication still straightens to my beloved sisters especially **Ashu** and **Simaney** for their courage and patience during my studies.

ACKNOWLEDGMENT

The conceptualization, and development of this work were significantly facilitated by contributions from a great number of people with whom I interacted before and during the study. It would be impractical to name them individually. Nevertheless, I wish to sincerely acknowledge their contribution to this effort. In addition to that, I am also obliged and honoured to acknowledge some individuals and groups for their specific contributions.

First, I wish to register my deepest gratitude and appreciation to some of my lecturers for their support during the study, without which this work could not have been completed. I am especially indebted to **Mr. Malinga Ramadhan** for the unfailing support he provided to me throughout the study.

Secondly, special gratitude and sincere acknowledge goes to **Mr. Ibrahim Lethome** for his great support and advice. Also my appreciation goes to my comrades and specifically indebted to **Mrs. Rukia Ahmed Sheikh** for her moral support and the courage during my studies. Finally, I appreciate and congratulate **Mr. Ibrahim Abdi Mohamed** for the great love, concerned and full support which he provided tirelessly. With his absence there could have been a big gap.

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CHAPTER ONE

1.0 BACKGROUND TO THE STUDY

1.1 Introduction

This chapter is based on the research proposal on which the final project has been based. It consists of the following area; the background to the study, the problem statement, the hypothesis, the objective, the scope, the significance of the study, the methodology adopted by the study and finally the problems and limitations faced during the course of this study.

1.2 Brief History of Shell Company

Shell Uganda limited is an oil marketing company which is profit making and has in Uganda for over 68[sixty eight] years. It is a subsidiary of the Royal Dutch shell group of companies that grew out of alliance made in 1907 between the Royal Dutch petroleum company and the shell transport and trading company, where the Royal Dutch petroleum had 60% share and shell transport and trading company had 40% share.

1.2.1 Distribution Centre

The shell company distributes its products from five distribution centre commonly known as Depots, from which all parts of the country are supplied. The company's markets are segmented into five regions namely; the central region, western region, Jinja region, eastern region and Entebbe Aviation.

1.2.1.1 Kampala Depot

This is where the researcher has conducted her research study. It's the main installation at the head office, located on shell house, Seventh Street, industrial area. It serves the largest number of customers in the central region comprising of Kampala, Mukono,

Mpigi Luwero, Masaka and Hoima District. In addition, the Northern part of Uganda is also served from Kampala Depot.

1.2.2 Sales

Uganda consumes approximately 240,000 metric tones of petrol product every year, which shell share at about 40%. Its competitors include, Total Uganda limited, Caltex Uganda limited, Esso Uganda limited, kobil etc.

The Shell Company has a retail outlets almost throughout the whole country and these are served from the nearest Depot branches. The company attempts to serve all customers all customers with all products that they might need and which the company can provide. In doing so, it aims at full market share and coverage.

There are various marketing channels used by the customers. These channels are further segmented into major markets namely; retail market, consumer market and the aviation market.

1.2.2.1 The Retail Market

It is the biggest market and consists of retail outlets spread all over the country. These retail outlets are commonly referred to as petrol stations and they serve the biggest number of customers. In the retail outlets the company appoints dealers who run these outlets on the company's behalf. In rare cases the company appoints commission agents for few retail outlets. Here the appointed person does not pay for the products delivered at the station. It is the company's responsibilities to provide the products to the station and the appointed person does the selling and deposits all the sales proceeds to the company's bank account. This person is normally reoffered to as "company's commission agent". At the end of every month, the agent is paid commission which is percentage of his\her monthly sales. So the more he\she sales, the more is earned.

1.2.2.2 The Consumer Market

This comprises of customers who buy the products for consumption and in large quantities. These include organizations like parastatal, non-governmental organization

and other companies. The company [shell] these organizations directly. In most cases fueling pumps are installed at the customers' premises and deliveries are made in large quantities.

1.2.2.3 The Aviation Market

This serves Aviation customers who include the Airlines. There are part-time customers who come and go. The company is not committed to serve them unlike the other segments where agreements are made between the company and the customer.

All these are segmented together by extensive and vigorous advertising, sale promotions and offerings of best services to act as competitive advantage.

1.2.3 Products

The shell company deals in wide range of oil products like fuel, oils, chemicals and gas. The following are the main products;

Fuels

- Premium motor spirit[pms] also called petrol upper
- Diesel
- Aviation gas

Shell Lubricants

Rotella SX40 ; for diesel Engine

Spirax 140 ; for gear oil

Alvania ; for greasing

Dromus B [HB]; cutting oil

Agroma ; tractor oil

Retinax ; for greasing

Dialla B ; transformer oil

Shell Chemicals

Supona Extra ; for killing cattle ticks

Fedona ; for killing flying and crawling insects

Abate ; for killing insects in stagnant water

Dithane ; for agricultural products

Butmen ; for road resealing

Shell afriges ; used as cooking power

Teepol Anticepti; an anticeptic

Shell Tox ; an anticeptic

In addition, there are other smaller products which are irregularly marketed by the company.

1.3 Problem statement

Creating a relationship between marketing strategy and competitiveness needs a unique thinking. The modern competitiveness thinking is practical, and it continues throughout the company life in trying to find out the new customers and also maintains the old ones by improving the strategies used and winning the new customers.

Much as Shell has a lion's market share and is leading in the market of oil, it is as a result of using many marketing strategies. However, it is not clear which of the used marketing strategies are more effective in the market. It will be better to identify one or few effective marketing strategy in order to reduce the cost of using many of them. But the question to be answered is that which one is effective and how effective is it in achieving the organization's goals? Thus this research is meant to have an insight on the effectiveness of the marketing strategies as practiced by shell company.

1.4 Hypothesis of the Study

The hypotheses for the marketing strategies as a source of competitive advantage by the shell company are;

- I. Adequate marketing strategies which lead to efficient performance in a competitive business undertaking.
- II. The marketing policies and strategies adopted by the company do adequately serve the corporate objectives of competitive advantage.

1.5 Objective of the Study

The broad objective of this study is to assess the effectiveness of marketing strategies that enabled Shell Petroleum Company to become market leader in of petroleum products in Uganda.

1.5.1 Specific objectives of the study

- i. To evaluate the nature and extent of the companies market share.
- ii. To examine the course of the success and failures of the marketing strategies in shell company.
- iii. To examine the marketing policies of the company with a view of recommending how it could effectively tap the existing opportunities to strengthen its market share.

1.6 Significance of the Study

- The study sets out to explore the importance of various marketing strategies adopted by the company during the time span covered and also in pointing the alternative strategies the company can pick on to strengthen its leadership.
- Other researcher and students who may wish to study about the marketing strategies used by different companies to enhance their effectiveness will benefit from the study.
- The shell company will also benefit from this study since it will add to their existing knowledge on marketing strategies.

- Readers will have an overview of marketing strategies and policies adopted by a leading petroleum company in Uganda and the magnitude of competition within the petroleum industry.

1.7 Scope of the Study

The study shows how effective marketing strategies act as a source of competitive advantage in petroleum industry and in particular that of Shell Company. Other area of the study that has been considered is studying different marketing strategies used by other companies to reach the competitive edge of their opponents.

The study taken place at Kampala branch and centered on the existing market survey

1.8 Problems and Limitation

It will be incredible to perceive that a study of this nature and magnitude will be conducted without any problem during the study, the following problems and limitations are faced,

- **Time constraints**

It's not possible to visit all the retail outlets of Shell Company due to limited time. Therefore information is basically from Kampala branch. Also considering other issues at hand, the time to be used for the study was not adequately enough. The study of this nature or magnitude needs more time.

- **Financial constraint**

This is a common constraint, but nevertheless it takes toll on the quality of the work it will produce. Thus, funds for research are inadequate hence affecting the data collection procedure

- **Unwillingness to release information**

There are some difficulties in acquiring information due to the competitive structure of the oil industry and fears for the information to leak to competitors. Therefore, there is a lot of useful information they prefer to withhold, to avoid stiffer competition than what already exist.

- **Coverage**

The researcher only cover Kampala branch although there are several more branches. This is because the location of some branches is insecure for instance the northern part.

1.9 DEFINITION OF KEY TERMS

Marketing: - business undertakings aiming to create and promote consumers demand and to direct the flow of goods from producer to final consumer.

Strategy:-long term goals, policies and key definition adopted by the company.

Promotion: - process of marketing, communicating, distributing, persuasion and influence in order to help the sale of goods and services.

Positioning: - the act of designing a firms product and image to occupy a distinctive place in the mind of the target consumer/market.

Differentiation: - adding a set of meaningful and valuable differences to distinguish a firm's offerings and competitors offerings.

Competitive advantage: - having an added /extra advantage of a company's competition over its competitors (rivals).

Image: - the way public perceives about a firm and its products.

Identity: - the way a firm aims to position itself or its product towards the customers.

CHAPTER TWO

2.0 Literature review

2.1 Introduction

Marketing has been in existence since mankind through barter trade and later money exchange. Marketing has evolved from its earlier origins of distribution and selling into a comprehensive philosophy. It is therefore a cornerstone of policy and practice in many organizations to date. The study endeavors to explore the contributions of marketing to increase the profitability of an industry. One of the major components of a company public or private is the marketing function. It is interrelated with other functions of the company in order to achieve a common goal. Marketing has undergone evaluation throughout and now plays a major role in modern corporate management. Its one of the basic functions of a company's operations through which are acquired.

According to Philip Kotler in G.S Kindra[ED], 1984, less developed countries (LDC's) today have a general dissatisfaction with growth models based on capital formation and productivity improvements.

Businessmen refer marketing as the process of distribution .Marketing represents all business activities involved in determination, creation and satisfaction of human wants at fair prices. Simple meaning of marketing is selling of goods and services. Of course, sale of goods leads to transfer of ownership and possession of goods.

Marketing is a comprehensive term; it includes a group of business activities in order to create and promote consumer demand and to direct the flow of goods/services from the original producer to the final consumer in the process of distribution.

2.2 Modern definition of marketing

Marketing is an on-going (continuous) process of discovering and translating consumer wants into appropriate products and services (by means of planning and developing a product on the basis of marketing research and information), creating demand for these products (through pricing and promotion) under keen competition, and serving the demand (through transport and storage) with the help of channels of distribution, such as wholesalers and retailers. In addition there is a need to have marketing program which is also called marketing mix. It covers product planning or merchandising, pricing, promotion and physical distribution.

William J. Stanton and Charles Futrell (1987) define a market as “a place where buyers and sellers meet, products and services are offered for sale and transfers of ownership occurs”

Marketing therefore, tries to achieve desired outcome with target markets. In order to achieve these outcomes, it is guided by four conflicted concepts namely, product concept, selling concept, production concept and marketing concept.

2.2.1 The Product Concept

This holds that customers favor products that offer the most quality, performance, forms and features. Managers in these product oriented firms focus their effort on making good products and improving on them overtime.

2.2.2 The Selling Concept

This holds that companies are mostly interested in selling as much as possible to increase their sales volumes and they focus on needs and wants of customers. The Shell company endeavors to acquire higher sales volumes than any of its competitors and also puts much importance to the needs and wants of its customers.

2.2.3 The Production Concept

This holds that consumers favor those products that are widely available and low in cost. Companies that are production oriented concentrate on achieving high efficiency and wide distribution coverage.

2.2.4 The Marketing Concept

This holds that the key to achieve the firms goal consist of determining the needs and wants of the target markets and delivering the desired satisfaction more efficiently and effectively than competitors. This differs and conflicts with other concept above. Thus the shell company complies with this concept by segmenting its market and serves each market separately. This can lead efficient and effective services.

2.3 Qualities of a Good Market

Marketing strategies is also enhanced by the effectiveness of the market; therefore, in order to get a wider market for a commodity, it has to posses certain characteristics.

- i. The commodity must have a universal appeal. It must be required by all the people, e.g. the stable products such as cotton, wheat, rice e.t.c are universal demanded and therefore posses world market

- ii. The commodity must be durable so that its quality can be preserved until it reaches its final destination. Milk cannot have an international market. It must be sold locally. Fruits, vegetable, meat, however, nowadays, can get national or world market as they can be preserved by means of refrigerators.
- iii. It must be portable and transportable within a reasonable cost so that its price does not increase more than that of the goods sold locally. If the cost of transport is too high, it cannot have a wider market.
- iv. If the production of a commodity is very scarce in relation to demand, it will be sold all over the world irrespective of its transport cost or heaviness. For instance, the capital goods, such as machinery, produced in England may be sold in the Eastern world if the same machinery is not produced there.
- v. The product on sale must be preferably standardized, graded or branded and capable of sale by sample or description. Raw materials, foodstuffs should be standardized and graded if they are to enter the world trade.
- vi. The property in the goods should be freely transferable with minimum legal formality. This is possible through documents of title to goods.
- vii. There should be freedom to enter into a contract and freedom to carry on trade
- viii. The area covered by the market should have best means of communication and transport so that the buying and selling can take place at ease and with advantage to all.

2.4 PRODUCT

It is the heart of marketing mix. It fills in the needs of consumer or user .A product conveys a message indicating a bundle of utilities and expectations to a buyer .It must offer economic, social and psychological satisfactions.

William J. Stanton and Charles Futrell (1987) define a product as “a set of tangible and intangible attributes, including packaging, colour, prices, manufacturers prestige, retailers prestige and manufactures and retailers services.

The assertion that a product has a life cycle implies four things;

- i. A product has a limited life.
- ii. Products sales pass through distinct stages each posing different challenges to the seller.
- iii. Products profits rise and fall at different stages of the PLCs
- iv. Products require different marketing, financial, manufacturing, purchasing and personal strategies in different stages of their life cycle.

The product life cycle commences with the introduction stage where the new product is first distributed and made available for purchase. It takes time to fill the market with the products sales growth is bound to be low in this stage.

The scenario in low sales growth is attributed to;

- i. Delays in expansion of production capacity
- ii. Technical problems
- iii. Delays in making the product available to the customers especially in obtaining adequate distribution through retail outlets.

- iv. Customers reluctance to change established behavior patterns
- v. Incase of expensive new products, sales growth is retarded among others by a small number of buyers who can afford anew product.

The study identifies that this initial stage in the product life cycle has been overcome by the oil products offered by the shell company. After the introduction stage, the product passes through the growth stage, maturity stage and finally to the decline due to the technological advances, consumers' shifts in tasks, increased domestic and foreign competition.

As sales declines, some firms withdraw from the market. Those remaining may reduce the number of products offered to the market .They drop smaller market segments and weaker trade channels .This is evidenced by the computing oil companies closing some of their small retail outlets (petrol stations) and their up countries depots.

2.5 PRICING

Price is the valuation placed upon the product by the offerer. It is to cover pricing, discounts, allowances and terms of credit .It is a means of competition. Economist defines price as the exchange value of a product or services always expressed in money.

Price indicates sacrifice of purchasing power. When the bundle of benefits exceeds the price (cost), consumer gets real satisfaction. When the price (cost) turns out higher than expected benefits and uses, the consumer /user has post-purchase dissatisfaction and repeat purchase is out of the question. Seller must bear in mind the probable impact of

pricing on their products. Price is an important factor in purchase decisions, particularly for cost-conscious buyers.

Many companies however do not handle pricing well. The most common mistakes include;

- i. Pricing is too cost oriented.
- ii. Price is not revised often enough to capitalize the market changes.
- iii. Price is set independent from the rest of the marketing mix rather than as an intrinsic element of marketing positioning strategies.

Therefore, the following factors should be considered while making pricing decisions;

- i. The company pricing objectives.
- ii. The nature and the extent of the customers demand
- iii. The manufacturing and the marketing costs.
- iv. The competitor's actions and reactions.

Companies should focus on getting reliable and detailed information through market intelligence in order to achieve an effective pricing policy.

However, its important to not that pricing should be oriented towards the company long term objectives regarding the market share, volume and profitability.

Shell Uganda limited sets the price of other products putting into consideration the demand schedule, the cost function, and the competitor's prices. Production, cost set a floor to the prices while competitors price provide an orienting point that the company considers.

2.6 Promotion

The term promotion means to push forward or to advance an idea in such a way as to gain its approval and acceptance.

In business promotion has a narrower meaning. Promotion is tools of marketing communication in order to move forward a product, a service, or an idea in a channel of distribution.

Promotion is used in marketing to inform consumers (demand) of the availability and features of products and services and to convince the consumers to purchase the offering. Thus promotion is responsible for the creation of demand which is one of the main functions of selling. All kinds of promotion can be employed to create demand for products, to maintain their demand, and to capture demand from competitors. In this sense, promotion is a form of non-price competitors. Price and promotion are the alternative instruments for meeting competition and creation/ maintenance of consumer demand.

Promotion is the process of marketing communicating involving information distribution, persuasion and influence to help the sale of goods or services. It has two basic purposes:

1. persuasive communication influencing the buyer behavior in favour of purchase/repurchase. 2. Powerful tool of competition for aggressive marketing.

2.6.1 Elements of promotion

There are five basic components of a promotion- mix: personal selling, advertising, packaging, sales promotion, and publicity and public relations

2.6.1.1 Advertising

According to American marketing association, advertising may be defined as ‘.... Any paid form of non- personal presentation and promotion of ideas, goods and services by an identified sponsor’. It is non-personal as contrasted with personal selling. It is by an identified sponsor as contrasted by publicity. Advertising is impersonal (printed) salesmanship for mass selling and a means of mass communication. In general for low-cost mass-consumed goods, advertising is a good promotional tool. For other types of products it is used as supporting means of promotion.

2.6.1.2 Publicity

It is non-personal stimulation of demand for a product or service or a business unit by placing commercially significant news about it in a publication or obtaining favorable presentation of it upon radio, television, or stage that is not paid for by the sponsor.

2.6.1.3 Personal selling

Personal selling is a unique type of promotion presented on personal basis. It is the most important type of promotion. It is the best means of oral and face-to-face (direct) communication and personal presentation with the prospect for the purpose of making sale. It is the most effective (but most costly) means of promotion for complex and

expensive products. In selling consumer durable goods and industrial goods it is supreme form of promotion.

2.6.1.4 Packaging

Package is now considered as a powerful tool of promotion. It is rightly called 'silent salesman'. In hardly a minute or so, it can attract attention, create interest, arouse desire by presenting a sales message and convince the buyer or prospect to take purchase decision and action. Impulse selling is done by packaging. In self-service retail stores or supermarkets, packaging has replaced the counter salesman effectively. Package is also a means of advertising.

2.6.1.5 Sales promotion

Salesman promotion covers those marketing activities other than advertising, publicity and personal selling. Sales promotion offers aggressive methods of selling or creating demand and these methods are supporting forms of promotion. Sales promotion supports and increases the effectiveness of advertising and personal selling. We have sales promotion to consumers, dealers and the company's own sales force.

2.6.1.6 Public relations

It is a form of promotion to create, develop and maintain a bright public image of an organization in the community so that the reputation or goodwill of the seller acts as a good selling point to promote sale of goods under competition. Under consumer-oriented marketing, publicity and public relations constitute a part of promotion.

2.7 STRATEGIC SELECTION

The problem with strategic selection for the business marketer is that the choice of strategic and combination of strategies for the firm are almost limitless. However, there are six major strategies orientations that all managers should be aware of:

2.7.1 Organization-based strategies

The organization's structure, processes, and management predisposition help determine the firm's strategic intentions. These factors combine to establish the business's propensity for adaptive behavior in the marketplace. Firms displaying an external, or market environment, orientation are more committed to product market change than their internally oriented counterparts. There are four kinds of organizations: prospectors, defenders, reactors, and analyzers.

2.7.1.1 Prospectors.

Prospectors have the most adaptive capability, and they devote resources to identifying new market opportunities. Research and Development(R&D) expenditures and an emphasis on monitoring market change allow these organizations to adopt an aggressive market product position. Broadly defined markets and an innovative orientation are also components of the prospector attitudinal profile. Computer companies like Apple and next fit this profile.

2.7.1.2 Defenders.

Defenders adopt conservative strategic orientation with tightly defined market segments, minimal commitment to adoptive capabilities, and an emphasis on operational efficiency. Effective cost controls allow these organizations to compete on the basis of price. The

desire for market stability and limited resource commitment to innovation complete the defer profile. The American steel manufactures during the 1970s fit this category.

2.7.1.3 Reactors.

Reactors are also low in adoptive capability, not so much because of overt strategic choice but because they lack the ability to monitor and evaluate market change. The source of this weakness is poor strategic formulation by management and organizational culture oriented to the status quo.

2.7.1.4 Analyzers.

Analyzers have strategic orientation that encompasses aspects of both prospectors and defenders. Analyzers seek market niches that supply a stable source of demand and an opportunity to develop new product.

2.7.2 Competitive based strategies

These derive for competitive advantage induces managers to search for strategic that will forestall such market threats as new entrants, substitute products, and aggressive direct competitors. This leads to developing entry barriers, focusing on growth markets, and raising the buyer's switching cost, respectively. Three underlying strategies comprise competitive-based approach:

1. *Cost leadership* strategies allow the organization a competitive advantage because operational efficiencies permit it to offer lower prices to its consumers.
2. *Differentiation strategies* refer to tactics of attracting customers through better product quality, superior design characteristics, and superior service.

3. *Focus (or niche)* strategies used by the organization to attract specifically defined segment. Companies using a focus strategy can also achieve their objectives selectively applying cost leadership or differentiation techniques.

2.7.3 Environmental management strategies

Environmental management strategies are based on the idea that an organization should adopt a proactive approach in dealing with its environment. The strategy is designed to alter the firm's environment so that it more closely fits the organization's structure and objectives. Three types of strategies can be used to change the firm's environment: independent strategies, cooperative strategies, and strategic maneuvering.

2.7.3.1 Independent strategy.

Included here are a number of techniques. Competitive aggression is used in an attempt to drive competitor from the marketplace. Public relation and voluntary action are used to demonstrate good corporate citizenship and thereby diffuse criticism of the organization.

2.7.3.2 Cooperative strategies.

These strategies are designed to neutralize the aggressive behavior of competitor or participants in the marketing environment. Trade associations are sometimes used as a way to encourage friendly relationships between competitors and to lobby governments.

2.7.3.3 Strategic maneuvering.

This strategy includes entering "environmentally friendly" markets and diversifying as a means of spreading risk. Tobacco manufacturers, for example, have expanded into real estate because of the controversy surrounding cigarette consumption.

2.7.4 Military based strategies

Military based strategies help the manager allocate limited corporate resource in order to maximize their effectiveness. Resource allocation is made within a competitive setting either for purpose of launching an effective attack against competitors or to establish an effective defense against the attack of aggressive competitors.

Most attack strategies work on the principle of the aggressor concentrating resources on some aspect of the defender's market. The objective is to overwhelm the defender's resource and thereby acquire the defender's market. Flank attacks, for example, require that the aggressor develop specific strengths that can then be focused against the defender's weakness.

2.8 POSITIONING

Another way in developing an effective marketing strategy is to clearly position a product or services offering in the market place. By definition, *positioning is the act of designing a firm's product and image to occupy a distinctive place in the mind of the target consumer/market*. In simple terms, positioning is what you do to the mind of the prospect i.e. you position an offering in the mind of the prospect basing on the types of the marketing mix.

It is not simple to position a product in the mind of the consumers; the following are the keys to successful positioning;

- i. Clarity: the positioning idea must be clear in terms of both target market and differential advantage. Complicated positioning statements are unlikely to be remembered.
- ii. Consistency: people always receive different messages daily, to break through this noise a consistent message is required
- iii. Credibility: this is pursuing a differential advantage that must be credible in the minds of the target customer.

- iv. Competitiveness: the differential advantage should have a competitive edge. It should offer something of value to the customer that the competition is failing to supply.

2.9 DIFFERENTIATION

According to Philip Kotler, differentiation is the process of adding a set of meaningful and valuable to distinguish a firm's offerings and competitors' offerings. Product differentiation is the key to competitive advantage. A company product can be differentiated along five dimensions.

- Product differentiation: this involves the form, features, quality, durability, reliability, style, packages and design of a given product.
- Services differentiation: this involves customers training, customers consulting, delivery, installation, maintenance and repair services e.g. warranties. It is services offered by the company/firm in terms of value services and improving qualities.
- Personnel differentiation: this involves better trained workers or employees. They exhibit the following traits; competency, courtesy, credibility, reliability, responsiveness and communication.
- Channel differentiation: These are the channels of the product. They involve the coverage, expertise and the performance.
- Brand image differentiation: these are the kind of brand a company gives to its product. It can be symbol, colour, media, special attributes and events.

Image is the way the public perceives about a firm and its products.

Identity is the way a firm aims to position itself or its product.

CHAPTER THREE

3.0 Methodology

3.1 Introduction

This chapter explains how the data has been collected and analyzed. That is, descriptions of the research design, area of study, sample selection, data collection method and data processing and analysis.

3.2 Research design

The study contains both secondary and primary data. Various methods have been used to collect this data and process it as well.

3.3 Area of study

The research has been conducted at shell company Kampala branch located in the industrial area Namuwongo. Specifically it has been conducted under the department of marketing .Its product are fuel and gas.

3.4 Sample selection

Zikmund (2000:338) defines a sample as a subset or some part of a larger population.

Sampling is therefore, a process of using a small number of items or parts of a larger population to make conclusions about the whole population. Once the decision to sample has been made, the first question related to sampling concerns identifying the target population, that is, the complete group of specific population elements relevant to the research project.

The selection of the respondents was by simple random sampling. The strata used were by department and in this case it was the marketing department. Sex and education level

cannot easily be established for the purpose of random sampling, 100% of the respondent was drawn from the customers.

The researcher issued forty five questionnaires of which only forty were attended and returned.

3.5 Data collection

The researcher had to get methods of obtaining data in accordance with the objectives and nature of the research methodology. The researcher therefore, chose the following methods:

- Questionnaire
- Interview
- Documentation

The researcher used questionnaires, interview and documentation in collection of data from respondents.

3.5.1 Questionnaires

The questionnaire is a standardized form for recording answers on the basis of set questions, (mishra. 2000:121)

Collection of the primary data necessary for this study was by use of self administered questionnaires. On the basis of the study objectives research questionnaires was developed, presented before being administered on to the sample.

3.5.2 Interview

To supplement the primary data that has been collected after the questionnaire, an interview has been conducted also. Basing on the objective of the study, an interview guide was developed and then pre-tested.

3.5.3 Documentation

It is imperative to note that both primary and secondary data has been collected. To collect secondary data needed for the study, documentary review has been used. The secondary data to be collected cover various aspects, definitions of marketing factors, strategies and other related literature.

3.6 Data Processing and analysis

In the study both qualitative and quantitative was used for the purpose of data analysis. The data has been tabulated, analyzed and then interpreted. Together with analyzed qualitative data, analyzed quantitative information has helped the writing of the reports. On the other hand, qualitative data will be analyzed theoretically from the objectives of the study.

The study mainly used quantitative data although qualitative data was also analyzed. Collected data was edited to ensure that data collected was accurate, complete and consistent.

The researcher then analyzed the data using the statistical package for the social sciences (spss) which helped the researcher expose frequencies and other close relationships that the data produced.

CHAPTER FOUR

4.0 DATA PRESENTATION, ANALYSIS AND INTERPRESENTATION

4.1 Introduction.

The researcher was able to collect the following data pertaining to the Effectiveness of marketing strategies as practiced by petroleum company's , shell (Uganda) limited.

The data has been presented in table and pie chart format and analyzed showing the respondents, their frequency and percentage presentation. This analysis and interpretation has been done in a sequential and systematic approach so as to enable the reader to understand and be able to use the data and information in this research.

Furthermore, the data presentation its analysis and interpretation also helps the researcher to come up with the summary and hence the data gathered is as follows;

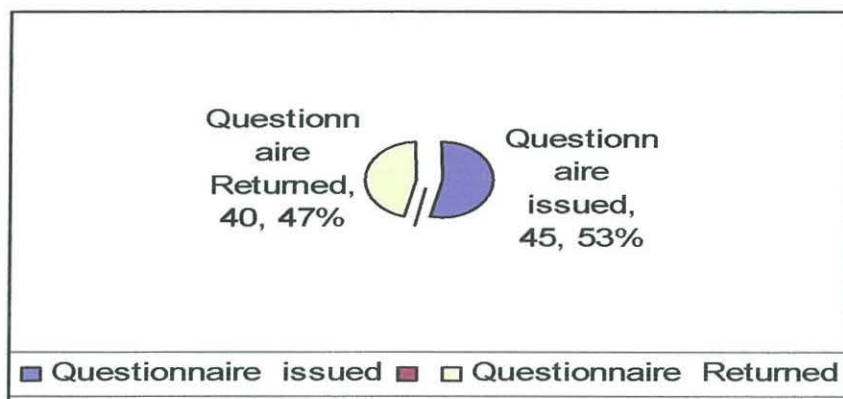
4.2 DEMOGRAPHIC DATA

i. Respondents Samples

This illustrates the sample size of the respondents who were used in a survey by the researcher.

Table 4.2.1 and pie chart Respondents sample size

Respondents	Frequency	Percentage
Questionnaire issued	45	100%
Questionnaire Returned	40	



Source: Primary data.

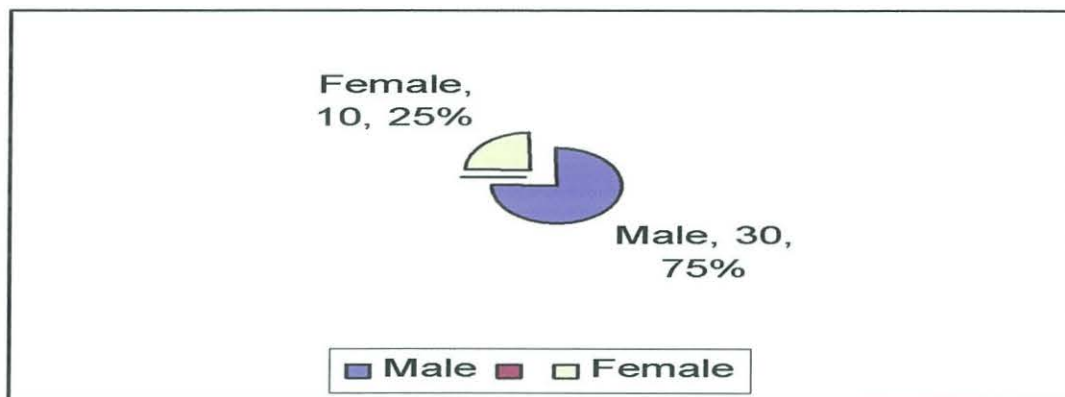
The above table and pie chart shows the number of the questionnaires that were issued by the researcher. The researcher issued 45 questionnaires and only 5(five) were not returned back meaning that 40(forty) of the questionnaires were brought back hence making the researcher to use 40(forty) as 100% of the respondents in this research.

ii. Respondents Gender.

Apart from the number of the respondents issued with the questionnaires to fill, the researcher also noticed the need to be gender sensitive to avoid biasness and the data is presented on the table& pie chart below;-

Table 4.2.2 and pie chart ; Respondents Gender

Respondent Gender	Frequency	Percentage
Male	30	75%
Female	10	25%
Total	40	100%



Source: Primary data

From the data presented above, it shows that the researcher received 75% of her response data from the male leaving the female with 25% of which only they were 10 respondents as compared to 30 male respondents.

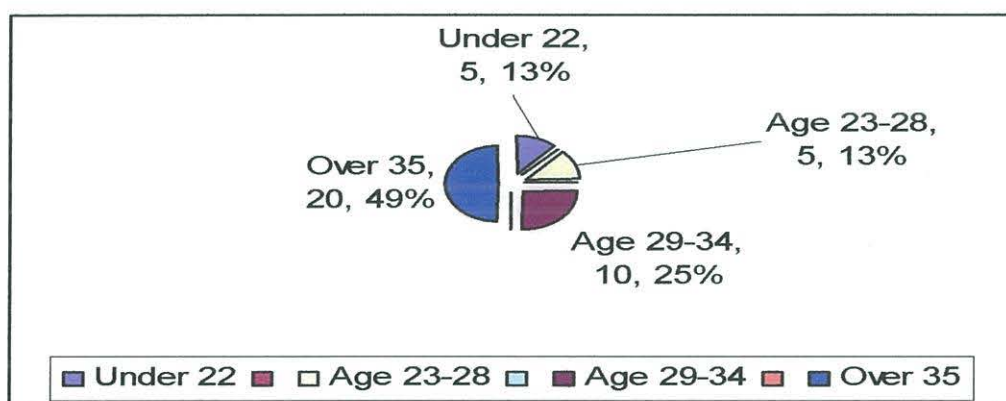
Furthermore, the researcher noticed that the questionnaire which were not duly completed were from female since male were given 30 questionnaires of which all were returned but 15 questionnaires issued to female were returned with 5 unattended too.

iii. Respondents age

In table 4.2.3 and pie chart below the researcher considered the need of knowing the ages of the respondents in order to gather information from different age group.

Table 4.2.3 and pie chart; Respondents age group

Age	Frequency	Percentage
Under 22	5	12.5
Age 23-28	5	12.5%
Age 29-34	10	25%
Over 35	20	50%
TOTAL	40	100%



SOURCE; Primary data

The above table and pie chart indicates that majority of the sampled respondents fall over 35 years, these forms 50% of he respondents while the remaining percentage were distributed between the years under 22 which represent 12.5%, 23-28 12.5%, and finally 25% that represent 29-34 years.

iv. Marital status

Table 4.2.4 and pie chart below on Marital Status of the respondents

Considering the marital status enables the researchers to get various information pertaining to the status of the respondents

Table 4.2.4 and pie chart; marital status of the respondents

Marital Status	Frequency	Percentage
Single	15	37.5%
Married	25	62.5%
TOTAL	40	100%



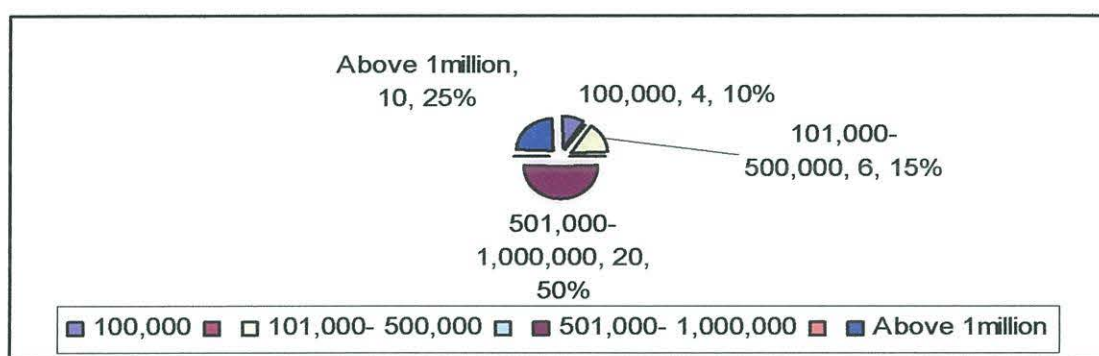
SOURCE; primary data

The above table and pie chart indicates that 62% of the respondents were married compared to 37% who are single. This shows that the respondents who attended the questionnaire were mostly from married status.

v. Income level of the respondents

Table 4.2.5 and pie chart; Income of the respondents in Uganda per month

Income	Frequency	Percentage
100,000	4	10%
101,000- 500,000	6	15%
501,000- 1,000,000	20	50%
Above 1million	10	25%
TOTAL	40	100%



SOURCE; primary data

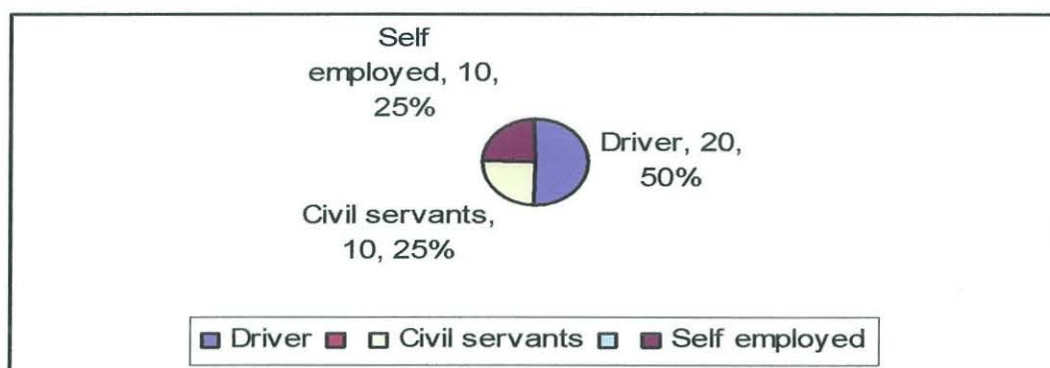
The above table and pie chart indicates that 50% of the sampled respondents were earning U.SHS.501, 000- 1000,000. The rest to represent the remaining percentage

vi. occupation of the respondents

Table 4.2.6 and pie chart below was done by the researcher to establish the occupation of the respondents.

Table 4.2.6 and pie chart; Respondents Occupation

Occupation	frequency	percentage
Driver	20	50%
Civil servants	10	25%
Self employed	10	25%
Total	40	100%



Source: primary data

Table and pie chart above indicates that 50% of the respondents are drivers, who are earning living out of driver job. Remaining are 25% for civil servant and 25% for self employed.

4.3 Types of vehicles

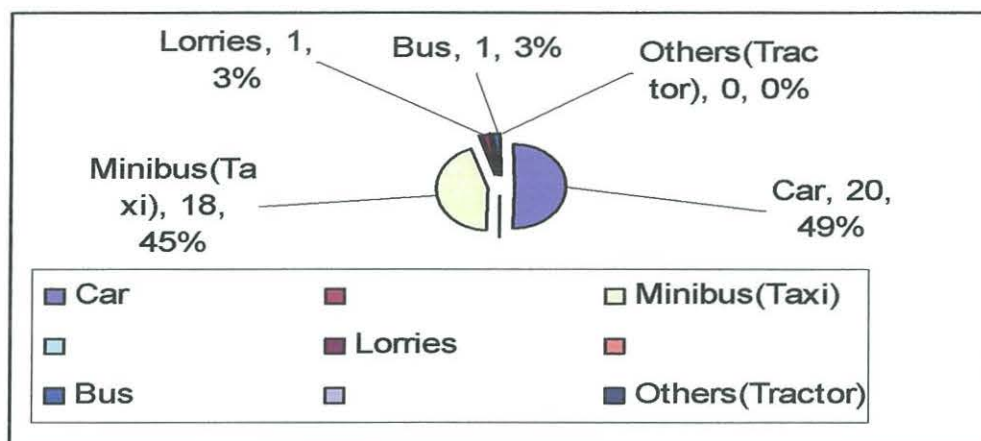
This was also of much interest to the researcher so as to ascertain the kind of vehicles that mostly visited the petrol station for fuelling.

The data was collected from the petrol stations within the central business district (CBD) and nearby the town furthest being in Kireka and Kampala Jinja highway including those in Nakawa.

This was necessary to enable the researcher to get variety of data from variable filling shell stations.

Table 4.3.1 and pie chart : Types of Vehicle fuelled at shell stations

Respondents vehicles	Frequency	Percentage
Car	20	50%
Minibus(Taxi)	18	45%
Lorries	1	2.5%
Bus	1	2.5%
Others(Tractor)	-	0%
TOTAL	40	100%



SOURCE: Primary data

From the above analysis, cars had the highest frequency of response thus 50% with taxis being 45%. Only one bus and a lorry driven were able to fill and return questionnaires with viable data.

Researchers view as per the respondent trend and observation made was that, most vehicles filling at this station were majority cars and minibuses (taxis) as compared to others.

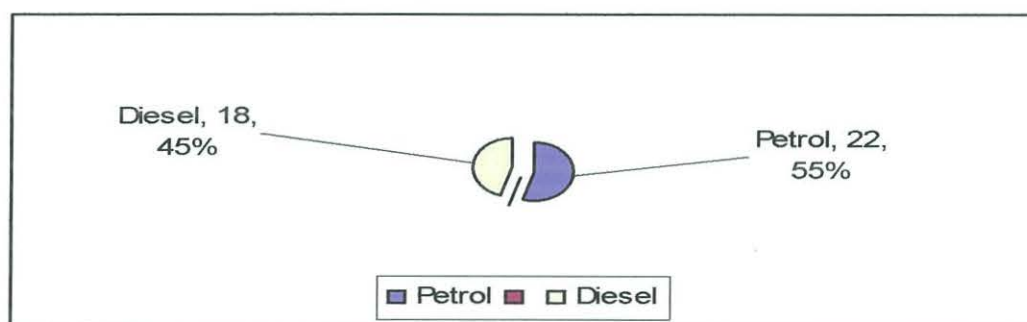
4.4 Types of Vehicle Engine

This is illustrated to show that the data collected by the researcher was also based on the different fuel used by different engines. This enables the researcher to notice or ascertain the kind of product these vehicles could use.

The data is as presented on the table and pie chart below;

Table 4.4.1 and pie chart; Types of engines used by the respondent (vehicles)

Respondent	Frequency	Percentage
Petrol	22	55%
Diesel	18	45%
TOTAL	40	100%



SOURCE: Primary data

The above table and pie chart illustrate that most of the customers/respondents uses petrol and this is given 55% which represent 22 of the responded questionnaires leaving 18 respondents who makes 45% of the remaining percentage in favor of petrol.

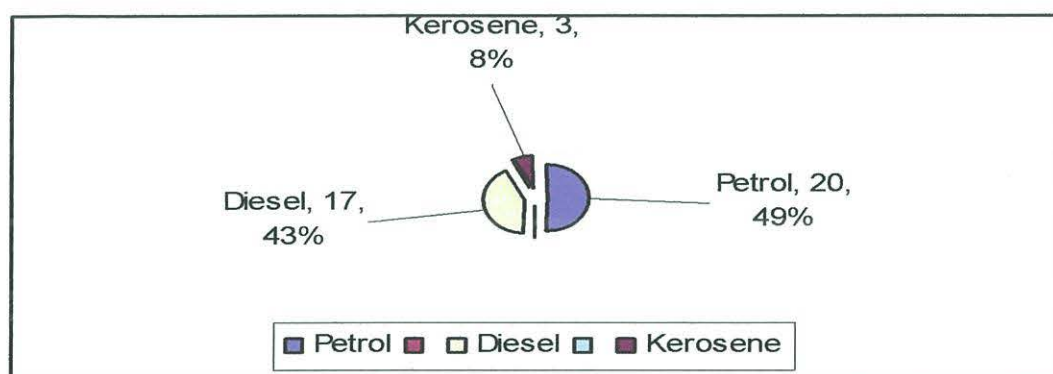
According to the researcher, the reason why they were in favor to petrol was due to the fact that the respondents used cars and minibus more than any other vehicles as this is manifested in table 4.3.1 and pie chart above.

4.5 Types of product

This was done by the researcher to try and analyze that among all products of petrol stations, which kind of product was a star, cash cow or question mark to the company and the data was as follows:

Table 4.5.1 and pie chart ; the product sold

Respondents	Frequency	Percentage
Petrol	20	50%
Diesel	17	42.5%
Kerosene	3	7.5%
TOTAL	40	100%



SOURCE: Primary data

The above table and pie chart shows that apart from the products used by vehicles for instance petrol and diesel, the clients also bought kerosene for domestic purpose.

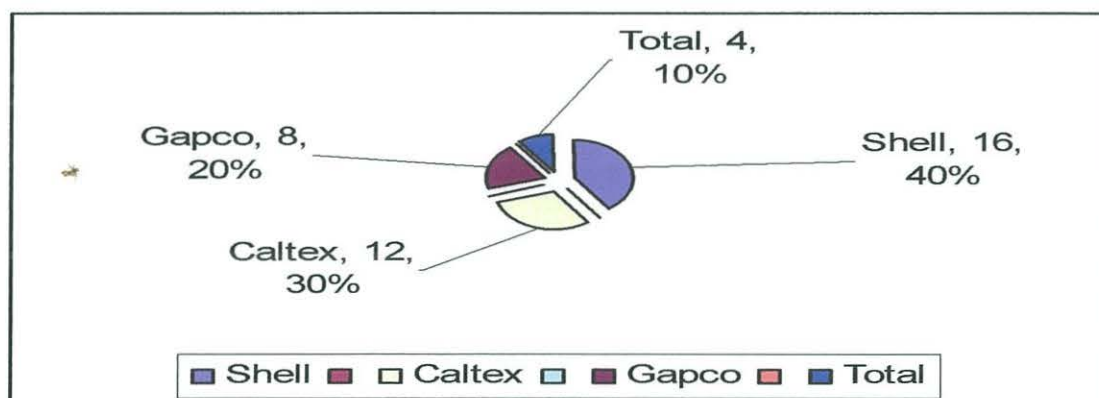
The most frequent type of product was petrol which represented 50% of the sale with diesel being 42.5% and kerosene 7.5%. This shows that petrol and diesel are used for vehicles and kerosene for domestic purpose.

4.6 The most popular petrol station.

The researcher also wanted to know the respondents attitude towards various filling stations and to identify which one is the most popular. The data was presented in the table and pie chart below;

Table 4.6.1 and pie chart; most popular petrol stations

Stations	Frequency	Percentage
Shell	16	40%
Caltex	12	30%
Gapco	8	20%
Total	4	10%
TOTAL	40	100

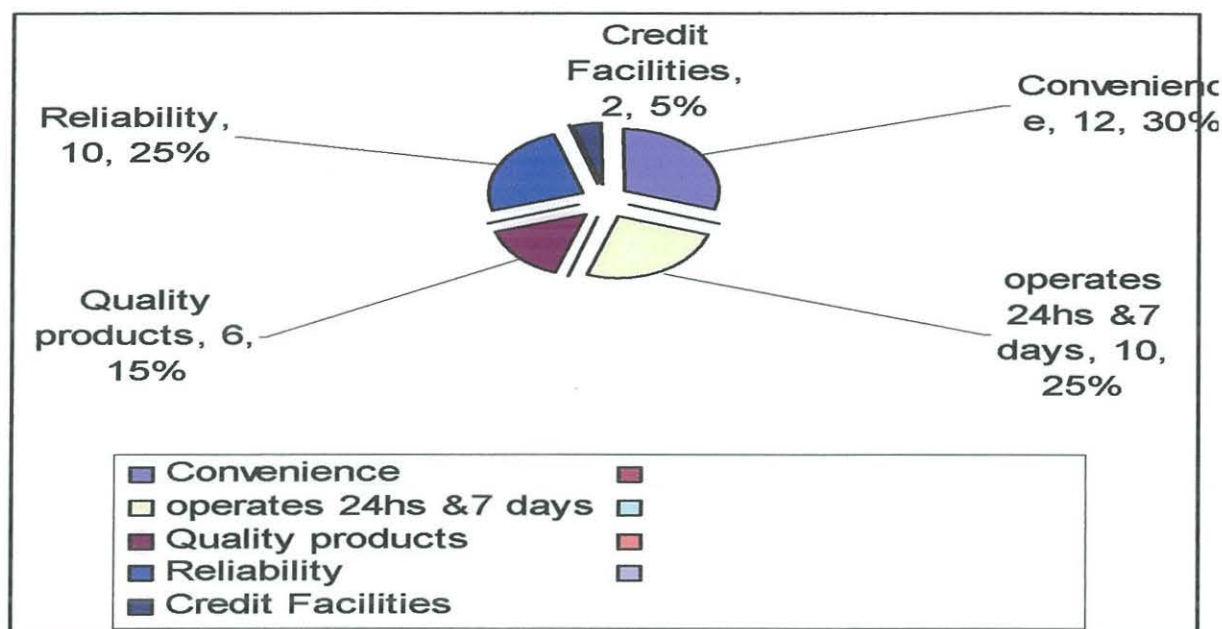


Source: primary data

The table and pie chart above shows that Shell is the most popular station and the researcher confirmed that the respondents have given various advantages that makes shell petrol stations to be the most popular as compared to other petrol stations. The data was as presented below.

Table 4.6.2 and pie chart; Advantages of the above service stations

Response	Frequency	Percentage
Convenience	12	30%
operates 24hs &7 days	10	25%
Quality products	6	15%
Reliability	10	25%
Credit Facilities	2	5%
TOTAL	40	100%



SOURCES; primary data

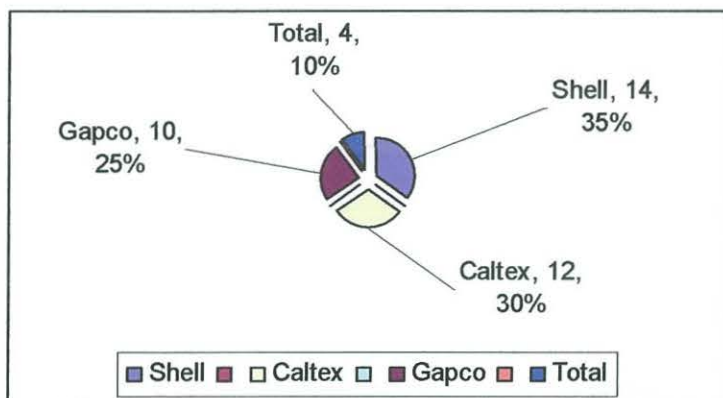
The data in table and pie chart above gave the researcher the reason why the respondent opted one filling station to another. According to the researcher, the respondent believed that convenience of the filling station was major factor when they were choosing the filling station this represented by 30%. This was followed that station operates 24 hours which represent 25% and its reliability 25%.

4.7 The petrol station that most respondents service their vehicles

Apart from fueling, the researcher also wanted to if there is any other services provided by this petrol station. The services include vehicle servicing for instance wheel balancing and other minor services. The data was presented in the table below as collected by the researcher.

Table 4.7.1 and pie chart ; Servicing of vehicles in relation to petrol stations.

Stations	Frequency	Percentage
Shell	14	35%
Caltex	12	30%
Gapco	10	25%
Total	4	10%
TOTAL	40	100%



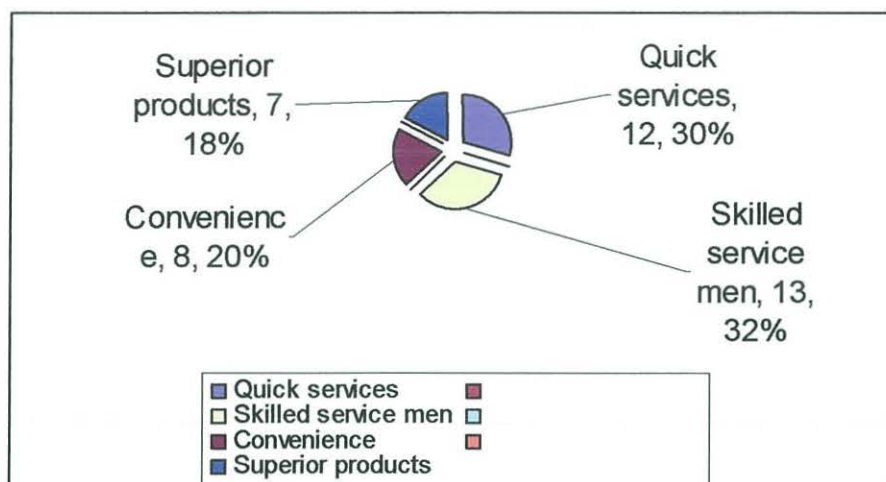
SOURCE; Primary data

From the above data, it can be considered that most respondents still favoured shell for the servicing of their vehicles. Total was the most least with 4 of the respondents representing 10%.The data showed that shell had a better response than others.

In addition, the researcher also wanted to ascertain the reason as to why the respondents still favour shell petrol station in terms of servicing their vehicles and as a result the respondents gave various advantages as presented in the table& pie chart below;

Table 4.7.2 and pie chart ; the respondents' choice

Response	Frequency	Percentage
Quick services	12	30%
Skilled service men	13	32.5%
Convenience	8	20%
Superior products	7	17.5%
TOTAL	40	100%



SOURCE; Primary data

The respondents favoured the filling station in table 4.7.1& pie chart above because it has a quick services and skilled servicemen as this has taken 30% and 32.5% of the respondents respectively.

As much as the convenience and superior products also contributed to the selection of the stations but not as much and this is evidenced in the table above.

The researcher also carried out some interview with the respondents and ascertained the following;-

4.8 When asked for major weakness, they responded as follows:

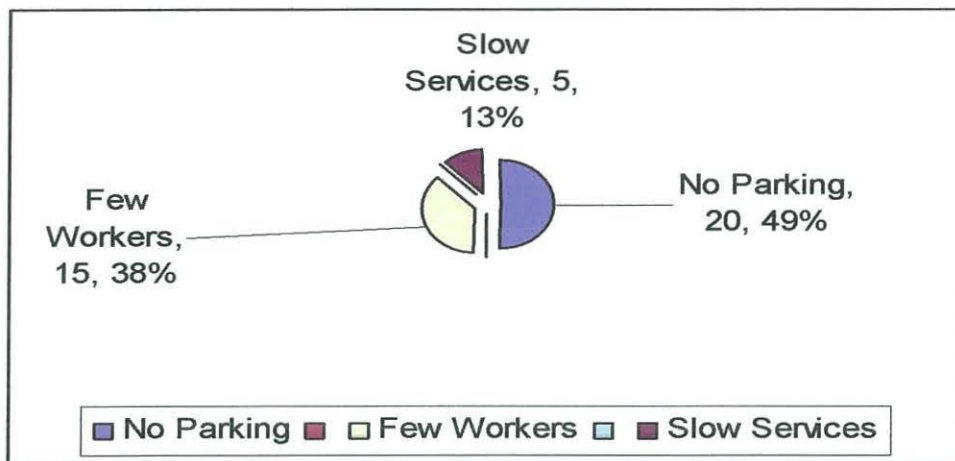
That the respondents considered the following to be the major weaknesses of the petrol station chosen in number 4.6 above;

- I. No packing space
- II. Few workers to serve the increasing clients number
- III. As a result of the above ,it led to the slow provision of services

This can further be explained in the table & pie chart below;

Table 4.8.1 and pie chart : Rating the major weakness in response 6

Response	Frequency	Percentage
No Parking	20	50%
Few Workers	15	37.5%
Slow Services	5	12.5%
TOTAL	40	100%



SOURCE: Primary Data

In the above table and pie chart the response refers to the highest weakness that the respondent ascertained in the petrol station of their choice with 20 representing 50%, 15 as 37.5% and slow services as 12.5% to be the major weaknesses of the filling station.

4.9 possible improvement of the above weakness

The researcher further asks the interviewees to mention or suggest

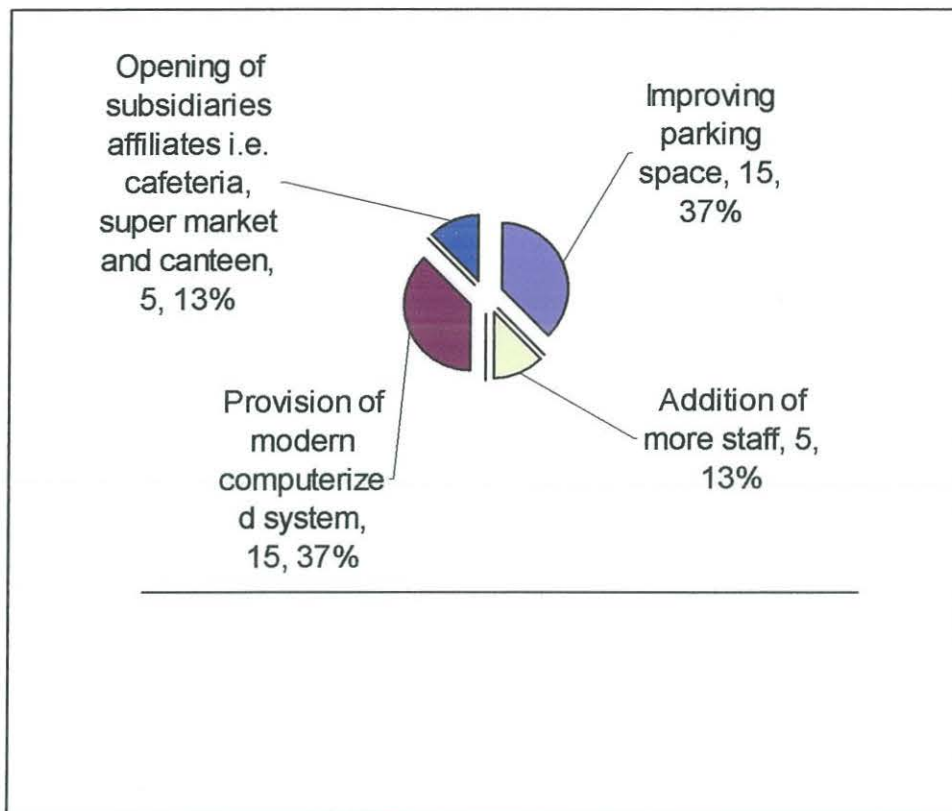
Any possible improvement for the above weaknesses, thus they responded by saying:

- I. Improve the packing space
- II. Addition of more staff
- III. Provision of modern computerized fueling system
- IV. Opening up of subsidiary affiliates i.e. cafeterias, supermarket and canteens.

This can be further explained in the table and pie chart below illustrates the information below

Table 4.9.1 and pie chart; Suggestion on possible improvement

Suggestion	Frequency	Percentage
Improving parking space	15	37.5%
Addition of more staff	5	12.5%
Provision of modern computerized system	15	37.5%
Opening of subsidiaries affiliates i.e. cafeteria, super market and canteen	5	12.5%
TOTAL	40	100%



SOURCE; primary data

In relation to the above suggestion, improve parking space and provision of modern computerized were the major possible improvement which both ranks with 37.5% while the advocating for more staff and opening up subsidiaries were both 12.5%.

4.10 company that respondent's belief to be the leader

The researcher also interviewed the respondent and obtains the following information.

The company the belief to be the leader on the petroleum market.

The table and pie chart below shows the frequency and their percentage.

Table 4.10.1 and pie chart; the company that respondents belief to be the market leader

company	frequency	percentage
shell	18	45%
Caltex	13	32.5%
Gapco	6	15%
others	3	7.5%
total	40	100%

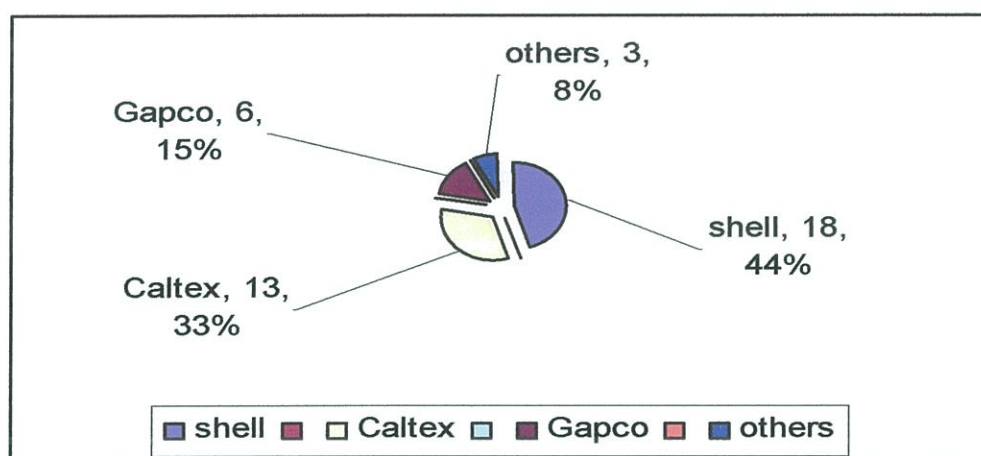


Table and pie chart above indicate that most respondents belief shell company is the market leader this is represented by 45%. Remaining is shared by other companies.

4.11 Asked for marketing strategies to be adapted

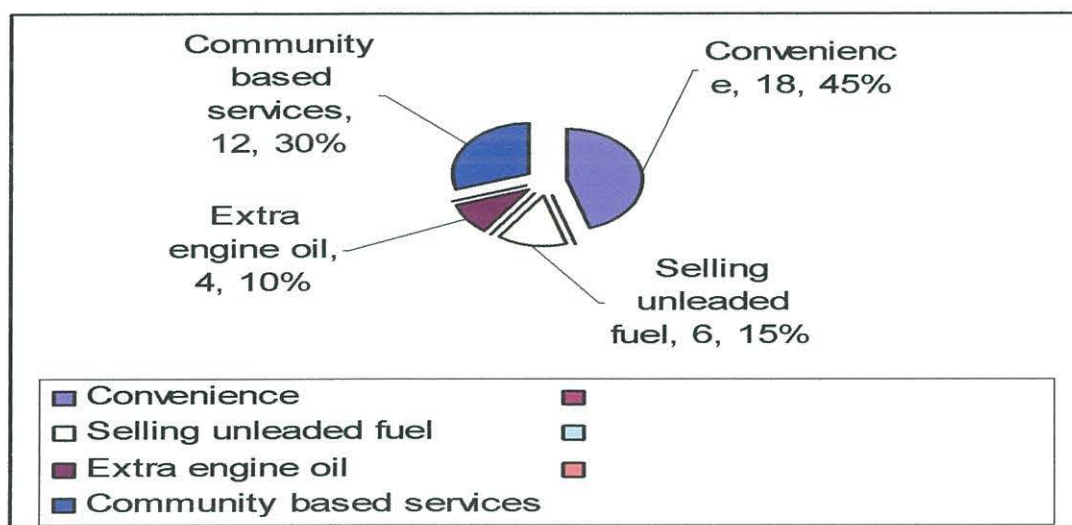
The researcher further asked about the kind of marketing strategies they thought the company used the respondent mentioned the following:

- i) Convenience services
- ii) Selling of unleaded petrol
- iii) Provision of Extra Engine Oil
- iv) Community Based Services i.e. sponsorship

This can as well be analyzed in the table & pie chart below

Table 4.11.1 and pie chart; Marketing strategies used

Strategy	Frequency	Percentage
Convenience	18	45%
Selling unleaded fuel	6	15%
Extra engine oil	4	10%
Community based services	12	30%
TOTAL	40	100%



SOURCE; Primary data

Respondent were able to mention some of the data above as being the strategies used by their chosen petrol station thus convenience being 45%, with selling of unleaded fuel 15%, provision of extra engine oil being 10% with community based services like sponsorship taking 30%.

4.12 When asked for any change toward customer in the last two years

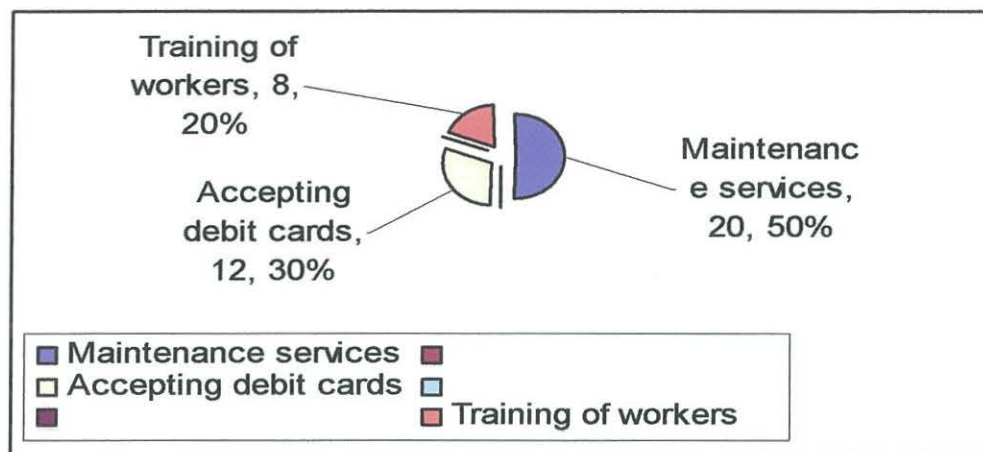
When researcher asked about any changes about the marketing strategies in the past two years, the interviewees thought that their have been changes in customer services which included:

- I. Offering of maintenance services
- II. Accepting the use of ATM cards
- III. Further training of their workers

This can be further explained in the table and pie chart below

Table 4.12.1 and pie chart; changes in customer service in the last two years

Strategy	Frequency	Percentage
Maintenance services	20	50%
Accepting debit cards	12	30%
Training of workers	8	20%
TOTAL	40	100%



SOURCE; Primary data

The table and pie chart above responds to some of the changes that occurred in the last two years in terms of customer services. This made the fueling station to have a competitive advantage, with maintenance services being 50%, followed by accepting debit cards which had 30% of the response and finally advocating for the workers training 20% of the response.

4.13 When asked about comments, observation and criticisms

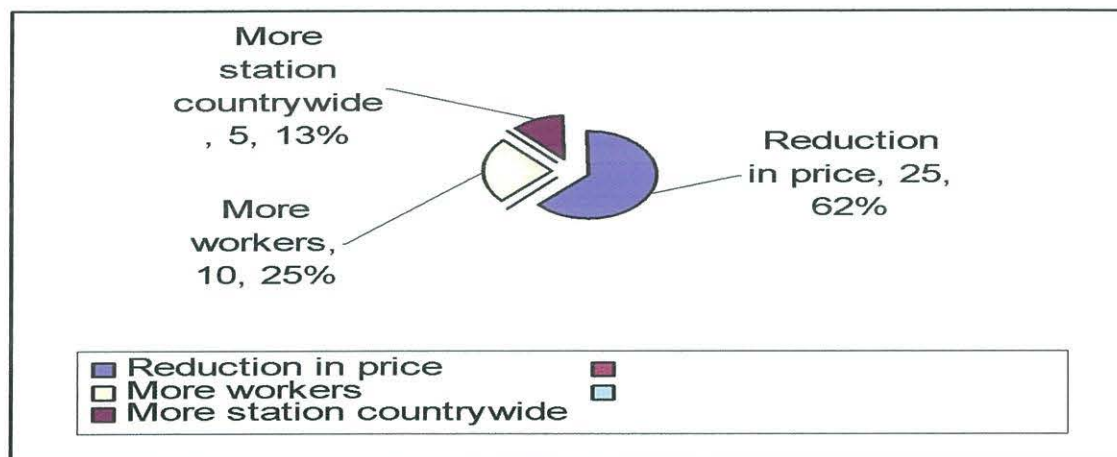
Finally, researcher asked any additional comments, observation and criticism pertaining to petroleum product in Uganda and they responded by:

- I. The reduction in prices
- II. Employment of more workers to increase their effectiveness
- III. To add more station countrywide

This can be further explained in the table and pie chart below

Table 4.13.1 and pie chart; Observation, Criticism made and comments by respondents

Response	Frequency	Percentage
Reduction in price	25	62.5%
More workers	10	25%
More station countrywide	5	12.5%
TOTAL	40	100%



SOURCE; Primary data

The above table and pie chart shows the reaction of the respondents when asked about their observation, criticisms or comments. 62.5% were in favor of reduction in products price while those who advocated for more workers were 25% and finally those who called for more stations to be allocated countrywide comprised 5 respondents being 12.5% of the respondents.

The next chapter will be on the summary, conclusion and the recommendation.

The next chapter will be on the summary, conclusion and the recommendation.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter is going to give a summary of the data analysis of which its results will be used to make conclusion and recommendation.

The researcher used her experience and knowledge of marketing so as to summarize data in a useful form.

In addition, some of the data will be blended and used synonymously so as to bring out their meaning and importance.

Therefore, this chapter will bring out the strategies used by shell Petroleum Company as per the data that has been collected from the field by using both the questionnaires and interview method.

5.2 SUMMARY OF MAJOR FINDINGS.

5.2.1 Demographic data of respondents.

The researcher issued out (45) forty five questionnaires of which forty (40) were returned duly filled leaving five out of which the male who were able to fill the above were noted as thirty (30) and ten (10) from the female.

The five questionnaire not returned were ones given to female showing that female weren't too much inquisitive neither to offer help. Most of the drivers seemed to be men of which the researcher met as drivers. It is shown with table (table 4.2.1 – 4.2.2)

These drivers also varied on their marital status and age group. (Table 4.2.3) showed that most drivers were aged between 29- 34 and above 35 years old. Their marital status being married as shown on table 4.2.4.

The finding shows that most of these drivers income were above five hundred thousand shilling per month ((Uganda shillings)UGX 500,000) showing that they were either in middle class earners or above hence the reason as to why they could afford the vehicles (table 4.2.5).

In addition to above, their occupation showed the trend of their income since those who earned less than five hundred thousand a month were mostly drivers either employed as chauffer or taxi drivers (table 4.2.6)

In further observation, the kind of vehicles that were noted in this petrol station (shell) which was used as case study showed that car's were many and equally to mini buses (taxi) leading the researcher to note that those who earned above one million (1,000,000) could be the owners and those who earned less than five hundred thousand shilling (500,000) could be the taxi drivers as this also went hand in hand with their occupation.

The respondents' vehicle mostly used petrol and diesel as their fuel (table 4.4)

5.2.2 Products offered

From the data collected, the researcher identified all the types of the products that were sold by the shell station and this included petrol both super and premium, diesel and paraffin (table 4.5) and many more others.

The first ones were majority used for driving the vehicles while paraffin was meant for domestic consumption. This really showed that the shell station was the most popular since, among all respondent interviewed, it led by majority followed by Caltex, Gapco and Total respectively (Table4.6).

When analyzing the reason as to why the respondents Considered shell in favor of the other stations, the advantages mentioned by the respondents were that it was convenience, operates 24 hours and 7 days a week, offer quality products, reliable and also and also they accepted the use of debit card facilities.(Table 4.6.1)

Hand in hand to that (Table 4.7) showed that still most of the respondents serviced their vehicles in the same petrol stations. The respondents were also in favor of petrol station that could offer quick services, had skilled service men, which is convenient and with superior products.

Apart from the questionnaire issued, the respondents were also interviewed so as to get their opinion as far as these filling stations were concerned.

Despite the fact that they liked shell petrol station compared to others, still they saw some weaknesses in this station and they were able to mention, for instance, no enough parking space for the clients' vehicles which forced some clients to turn to other petrol stations.

To add on, due to increase in clients' number, the ratio of the employees to the customer was low and as a result of the above there was a slow provision of services.

When told to suggest some possible improvements for the above weaknesses, the following were their response:-

- First, the parking space should be enlarged or an extra ground should be created so as to accommodate enough clients.

- Secondly, due to slow service provision which was as a result of unmatching clients' ratio to workers, they urged that it would be much better if more employees could be recruited.
- Thirdly, they also advocated for the provision for the modern computerized fueling system in all of the shell petrol stations .In addition, this could also be accompanied by the opening up of subsidiaries outlets like cafeterias, supermarkets and canteens
- Lastly but not the least, the respondent also show the need of having maintenance services, uses of debit cards and further workers training to enable efficiency.(Table 4.12)

On addition comments, they still had to advocate for the reduction in products price and increase of more petrol stations countrywide, (Table 4.13).When asked to gaze the kind of strategies used by the shell station, they acknowledge convenience services, selling of quality products like unleaded petrol free of sulphur, provision of extra engines oil and community based services like sponsorship (4.11).

The above information shows that shell has been able to come up with good products that have offered the most quality performance, forms and features. In addition, they have also increased their selling volume by focusing on needs and wants of the customers; this has also been boosted by the availability of wide range of products given to the target markets and delivering the desired satisfaction more efficiently and effectively than competitors.

5.3 CONCLUSION

From the data collected and analyzed, the researcher was able to find out the marketing strategies that made shell petrol station to have a competitive advantage over others and this included:-

5.3.1 Positioning

The shell petrol station has been able to develop an effective marketing strategy of positioning their products and services to occupy a distinctive place in the mind of the target consumers/markets, this has been achieved since the company used clarity, consistency and competitive advantage as a key to successful positioning and thus this adds to its credibility.

5.3.2 Differentiation Strategy

This has worked for the shell company since they have been able to come up with product ,services, channel, image differentiation and also personnel differentiation who are competent reliable and responsible.

5.3.3 Cost Leadership

This was also followed and has been manifested when the company has gained a competitive advantage because of its operational efficiencies allowing it to offer lower prices to its consumers

5.3.4 Environmental Strategy

This has been achieved since shell company has been able to maneuver its environment by entering “ environmentally friendly”, markets and diversifying as a means of spreading risks and this is by selling unleaded petrol products free of sulphur

The above marketing strategies have led to the belief of the researcher that shell Petroleum Company is the market leader of petroleum product in Uganda.

5.4 RECOMMENDATION

On the part of the shell company, the researcher would like the company to improve on some of its weaknesses as mentioned by the respondents in chapter 4 of the research. for instance, the parking space should be enlarged to accommodate enough clients, more employees should be recruited for better service provision, modern computerized fueling system should be introduced and finally many subsidiaries affiliates should be opened e.g. supermarket, cafeterias and canteens.

In addition, the researcher would like further research to be carried out in this field to ascertain if shell is still the leading petroleum product seller in Africa or the whole world in general.

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QUESTIONNAIRES

STUDYING THE PETROLEUM PRODUCT IN UGANDA MARKET:

As part of the requirement for the award of bachelor of international business administration, Kampala international university. I am undertaking a research entitled, **'The Effectiveness of marketing strategies practiced by petroleum companies' case study, Shell Company(kampala , Uganda).**

You are kindly required to fill this questionnaire indicating what you think are the most sincere answers to the questions asked and answer the brief interview in number 9.10, 11, 12, 13 and 14.

This research project is purely for academic purposes and all information gathered will be handled and treated confidentially.

1. Demographic Information

- i. The gender of respondents; male ☐ female ☐
- ii. Marital status of respondents; single ☐ married ☐
- iii. Age of respondents;
Under 22 ☐ 23- 28 ☐ 29- 34 ☐ over 35 ☐

iv. Income of respondents per month;

Under 100,000 ☐ 101,000-500,000 ☐ 501,000- 1M ☐ over 1M ☐

v. Respondent's occupation;

Driver ☐ civil servant ☐ self employed ☐

2. Type of vehicle

Car ☐ mini bus ☐ lorry ☐ bus ☐ others ☐

3. Types of engine: petrol ☐ diesel ☐

4. Type of product sold: petrol ☐ diesel ☐ kerosene ☐

5. Which company's petrol station do you buy your fuel from?

Shell ☐ total ☐ gapco ☐ caltex ☐ others ☐

6. Give reason(s) why fuel at the petrol station in number 5 above (if more than one please tick against each)

a. Convenience ☐

b. Open seven days a week ☐

c. Open 24 hours a day ☐

- d. Superior quality product ☐
- e. Puts the customers first ☐
- f. Cleanliness ☐
- g. Reliability ☐
- h. Credit facilities ☐
- i. Others ☐ (please specify)

7. At which petrol station do you service your vehicle from?

Shell ☐ total ☐ gapco ☐ caltex ☐ others ☐

8. Give reasons for servicing at the petrol station in number 7 above. If more than 1(one) please tick against each.

- Convenience ☐
- Superior quality lubricant ☐
- Skilled service men ☐
- Quick services ☐
- Others ☐ (please specify)

9. What would you consider to be the weaknesses at the petrol station in number 7 (seven) above.....

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10. Suggest any possible improvements for the above weaknesses

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.....

11. Which company do you belief is market leader in petroleum product/services?

Shell ☐ Total ☐ Gapco ☐ Caltex ☐ Other ☐

12. What marketing strategies do you think the leader have adopted to win more customer? Please comment.....

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.....

13. Have there been any changes in customer services in the last two years?

Yes. ☐ No ☐

If yes, please specify.....

.....

14. Please give any other additional comments, observation, criticisms and recommendations about the petroleum products on the market.

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Thank you.