

MARKETING STRATEGIES OF CALTEX OIL (UGANDA) LIMITED

BY

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DECLARATION

I, Mchaki Norah Dick, do hereby declare that this dissertation is my original work and has not been submitted wholly or in part for any academic award or qualification other than, for which it is now submitted. Therefore, no unauthorized copies of this work should be done without my acknowledgement.

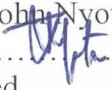


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Date... 12th APR^y 2006

This research report has been submitted for examination with my approval as a university supervisor

Mr. John Nyota



Signed

Date... 12/04/2006

DEDICATION

This work is dedicated to my father Dick Mchaki and my mother Fridah Mchaki, my brothers, PrayGod, Charles, Franscis, Humphrey, and Philibert and sister, Hapiness for showing me their love, encouragement and to all my friends, Nsanzineza Noel, Julius Lumori, and Patricia Sao who have made an endless effort in supporting my study.

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DEFINITION OF TERMS

- Marketing : Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services, organizations, and events to create and maintain relationships that will satisfy individual and organizational objectives.
- Marketing strategy : Marketing Strategy is a set of specific ideas and actions that outline and guide decisions on the best or chosen way to create, distribute, promote, and price a product or service (manage the marketing mix variables).
- Marketing mix : includes a combination of product, packaging, price, channels of distribution, advertising, promotion, and personal selling to get the product in the hands of the customer.

ABSTRACT

The general objective of this study was to investigate the marketing strategies adopted by Caltex Company to effect its operations. Specifically, the study aimed to find out the marketing strategies of Caltex Company; to examine the marketing policies of Caltex Company with a view to recommending how it could effectively tap on potential opportunities to strengthen its market share and to investigate customer's attitude towards service provided by Caltex.

The study used a descriptive study design. Purposive sampling was used to select 15 staff from Caltex. Convenient sampling was used to select 35 customers. Thus, the sample size was 50. The data collected was analysed using frequencies and percentages, which were presented using graphs and tables.

Premium product is the most competitive fuel product for Caltex. Regarding the diesel and oil products, Havoline (gear oil) is the most competitive. Type and number of vehicles was the most explanatory factor for some of the products doing better than others on the market. It was established that the amount allocated as expenditure on Caltex's marketing drive was adequate. The most used advertisement media by the company was mainly billboards. It was found that advertising and product branding were most factors that made Caltex's products better than products of competitors. There are more customers from within Kampala than from without. This has implications to Caltex (U) Ltd. There are more customers serviced by Shell (U) Ltd followed by those serviced by Total (U) Ltd, Caltex (U) Ltd, Petro and Kobil. The major reason why most customers fuel at the same station was superior quality products. Most customers service their vehicle at Shell (U) Ltd. Following this category, are those serviced by Total (U) Ltd,

Caltex (U) Ltd, Petro and Kobil. The major reason for customers servicing at the Caltex service station was superior quality products. Customers have a positive/good attitude towards service provided by Caltex.

It is recommended that Caltex (U) Ltd should first consider the type and number of vehicles in a region to determine the products it puts emphasis on while designing the marketing strategy. Caltex (U) Ltd should not rely mainly on advertising and product branding for marketing its products in order to out compete its competitors but enhancing the company reputation, offering sales services and customer support, promotion, on-time delivery, quality control, marketing research, use of new marketing methods, good customer care and control distribution channels. Caltex (U) Ltd should try harder to increase its market share given that it trails Shell and Total in the industry.

CHAPTER ONE

INTRODUCTION

1.0 Rationale of the study

Caltex Uganda Ltd is an oil marketing company that is profit making and has existed in Uganda for over 42 years. It is a subsidiary of the Chevron Texaco Corporation group of companies that grew out of an alliance made in 1948 between Chevron and Texaco Corporation

It distributes its products from three distribution centres commonly known as depots, located in Kampala, Jinja and Entebbe for aviation products.

The Kampala Depot, which also houses the Head Office, is the main terminal and it is located on Caltex House, Seventh Street, and Industrial Area. According to Roger Byamukama, Head of Card Marketing, the Kampala depot serves customers countrywide except the Eastern region.

Located at 80 kms to the east of Kampala, Jinja Depot serves the industrial region of Jinja plus the entire eastern region.

The Entebbe Depot is mainly reserved to serve the aviation industry, and it is strategically located near Entebbe International Airport, so as to target the airlines.

There are various marketing channels used by the Caltex Company in distributing its products to customers. These channels are further segmented into major markets namely Retail market, the Consumer market, the Aviation market and Lubricants markets and Sundries market.

The Retail Market: It is the biggest and consists of retail outlets spread throughout all major towns of the country. These retail outlets are commonly referred to as service stations. They serve the biggest number of customers. In the retail outlets business, the company appoints dealers who run these outlets on the company's behalf. They pay for the products to be delivered at the petrol stations and they take title to these products on arrival at the stations. They sell the products and earn a profit margin, which is standard and determined by the company.

There are two types of outlets, one that is owned by dealers referred to as "Dealer owned" and the other one that is owned by the company referred to as "Company owned" outlets.

Dealer owned outlets are whereby the dealer owns the premises of the petrol station. These are very few and the company discourages this type of scheme.

Company owned stations are those fully owned by the company. The appointed dealers pay rental fee, which is proportional to the products being stocked at the station

The Consumer Market: It comprises of customers who buy the products for consumption and in large quantities; such as Parastatal Organizations, Non-Government Organizations (NGOs) and other Companies. The company supplies these organizations directly. In most cases, fuelling pumps are installed at the customer's premises and deliveries are made in large quantities.

The Aviation Market: This deals with aviation fuel only and its customers are Airlines.

The sundries customer market serves Non-constant customers of the company. These are part time customers who come and go. The company is not committed to serving them

unlike the other segments whereby agreements are made between the company and the customers.

All these markets are cemented together by vigorous advertising, sales promotions and offering of best services.

Caltex Company deals in wide range of oil products like fuels, oil chemicals and gas.

The following are the main products offered by the Company:

Fuels.

Premium motor spirit	(PMS) referred to as Petrol Super,
Bulk illuminating Kerosene	(BIK) referred to as Paraffin,
Diesel gas oil	(AGO) referred to as Diesel,
Jet	referred to as Earo Fuel,
Aviation gas	(AVGAS)

Caltex lubricants (LUBS)

Delo (for diesel engine)	Delo 500
	Delo 6200
Havoline	gear oil

1.1 Research Problem

As stated by Roger Byamukama, the company has been occupying third position on the market from 2003 to 2005; after Shell Uganda Limited and Total respectively. Uganda's total consumption of petroleum products is estimated at 696 MT per year.

According to Roger Byamukama, the top three oil companies market shares are as follows:

2003 :(Shell Uganda Ltd.: 28.6%, Total: 16.5%, Caltex Oil (Uganda) Ltd.: 15.1 %)

2004 :(Shell Uganda Ltd.: 24.5%, Total: 16.6%, Caltex Oil (Uganda) Ltd.: 13.6%)

2005 :(Shell Uganda Ltd.: 28.8%, Total: 16.7%, Caltex Oil (Uganda) Ltd.: 13.6%)

According to the above information, Caltex Oil (Uganda) Ltd. is one of the Challengers of the Market Leader, i.e. Shell Uganda Ltd. However, it is clear that it has decreased its sales from 2003 until 2005.

It is under this perspective that the study was conducted to determine the factors that may have led to Caltex Oil (Uganda) Ltd. being consistently among the top leading companies in the oil industry. The result of the study will serve as a basis to come up with alternative strategies that may help the company to sustain and improve on its market share towards the attainment of a competitive edge in the market.

1.2 Objectives of the study

The general objective of this study was to investigate the marketing strategies adopted by Caltex Company to effect its operations. This allowed determining its ground of competition and would help to come up with possible actions to embark on in order to position the company more efficiently and effectively.

Specifically, the study aimed to:

- Find out the marketing strategies of Caltex Company.
- Examine the marketing policies of Caltex Company with a view to recommending how it could effectively tap on potential opportunities to strengthen its market share.
- Investigate customers' attitude towards services provided by Caltex.

1.3 Significance of the study

This study set out to explore the importance of the various marketing strategies adopted by the company during the time span covered and also identifying the alternative strategies the company can adopt to strengthen its competitiveness.

This study will be of paramount importance to Caltex Company, in a sense that it will set out its marketing strategies and alternative long-term goals that may help the company yield more profits hence improving on its competitive advantage.

The study will also benefit any other interested reader, because it will highlight the stand of Oil Companies in Uganda, hence revealing the possibilities of expansion where possible. Investors can also use the study as a basis of analysis of the Ugandan Petroleum market, hence detecting the gaps that may need to be served more accurately.

The study will also serve as a channel of feedback to Caltex from its customers. This should point out to the company areas to improve on in its endeavour to give the best services to customers.

For the scholars, the study will give an insight on the characteristics of oil companies in Uganda, and their respective roles in the market. This study may therefore serve as a basis of reference, in terms of illustrations or any other scholastic purpose.

CHAPTER TWO

REVIEW OF THE RELATED LITERATURE

2.0 Theoretical Background

The study was based on the theory of Marketing Strategy. According to Perreault and McCarthy (2002), Marketing Strategy Planning tries to match opportunities to the firm resources (what it can do) and its objectives (what top management wants to do). Successful strategies get their start when a creative manager spots an attractive market opportunity. Yet, an opportunity that is creative for one firm may not be attractive for another. Attractive opportunities for a particular firm are those that the firm has some chance of doing something about given its resources and objectives.

This reveals that Companies have to put a great emphasis on breakthrough opportunities- opportunities that help organizations develop hard-to-copy marketing strategies that will be very profitable for a long time. That is important because there are always imitators who want to “share” the innovator’s profit if they can. It is hard to continuously provide superior value to target customers if competitors can easily copy your marketing strategies.

Even if the manager cannot find the breakthrough opportunity, the firm should try to obtain a competitive advantage to increase its chance for profit or survival.

Competitive advantage means that a firm has a marketing strategy that the target market sees as better than a competitor’s mix. A competitive advantage may result from effort in different areas of the firm - cost cutting in production, innovation in Research & Development (R&D), more effective purchasing of needed components, or financing for a new distribution facility. Similarly, a strong sales force, a well-known brand name, or good dealers may give its competitive advantage in pursuing an opportunity. Whatever

the source, an advantage only succeeds if it allows the firm to provide superior value and satisfy customers better than some competitors.

Sometimes a firm can achieve breakthrough opportunities and competitive advantage by simply fine-tuning its current marketing mix or developing closer relationships with its customers. Other times it may need new facilities, new people in new parts of the world, and very new ways of solving problems. However, every firm needs some competitive advantage - so the promotion people have something unique to sell and success does not just hinge on offering lower and lower prices.

A key objective of marketing is to satisfy the needs of some group of customers that the firm serves. Broadly speaking, then, in the early stages of a search of opportunities we are looking for customers with needs that are not being satisfied.

However, potential customers are not alike. They do not all have the same needs nor do they always want to meet needs in the same way. Part of the reason is that there are different possible types of customers with many different characteristics.

A marketing mix must meet the needs of target customers, but a firm is not likely to get competitive advantage if it just meets needs in the same way as some other firm (McCarthy, 2002). Therefore, in evaluating possible strategies, the marketing manager should think about whether there is a way to differentiate the marketing mix. Differentiation means that the marketing mix is distinct from and better than what is available from a competitor. As suggested above, differentiation often requires that the firm fine-tunes all the elements of its marketing mix to the specific needs of a distinct

target market. Sometimes the difference is based mainly on one important element of the marketing mix – for example, an improved product or faster delivery.

Differentiation is more obvious to target customers, when there is a consistent theme integrated across the four P's decision areas. This emphasizes the difference so target customers will think of the firm as being in a unique position to meet their needs.

Market development reflects efforts to increase sales by selling present products in new markets. This is crucial for companies, and it involves searching for new uses, new usage, and new users of a product. Advertising in different media to reach new target customers, addition of distribution channels are also of importance for companies developing their market share.

2.1 The Concept of Marketing

Marketing has been in existence since humankind through barter trade and later money exchange. Marketing has evolved from its earlier origins of distributions and selling into a comprehensive philosophy. It is therefore cornerstone of policy and practice in many organizations. Several Scholars, Researchers and Thinkers have advanced several arguments in relation to the concept of Marketing.

Gupta and Lehmann (2000) define marketing, as the creative process of satisfying customers needs profitability. It is also a matter of identifying opportunities and deciding what risks to take when anticipating how customers might act or be persuaded to act. Appropriate techniques can and should be used but in the end, it is a matter of judgments.

According to Perreault and McCarthy (2002), Marketing is both a set of social process, in other word marketing exists at both macro and micro levels. The micro marketing level

refers to the performance of activities that seek to accomplish an organization's objectives by anticipating customers or client needs and directing a flow of need satisfying goods and services from produces to customer or client. Macro marketing is referred to as the social process, which directs an economy's flow of goods and services from produces to customers in a way that effectively matches supply and demand and accomplishes the objectives of society.

For Bhamhra et. al. (2000), Marketing is the performance of business activities that direct the flow of the companies' goods and services to consumers or users in one nation or other.

Marketing emphasize the need for management to consider the opportunities for profitable business operation from the customer's point of view.

Even if there are dissimilarities in understanding the concept of marketing, it is clear that it reflects the process of planning and executing conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and the organizational objectives. Although this broad definition allows the inclusion of non-business exchange process (i.e. persons, place, organization, ideas) as a part of marketing the primary emphasis is put on the environment in which marketing operations are conducted. In this respect, therefore, marketing is a management process of identifying, anticipating and satisfying customers' requirements through profitability.

The concept of Marketing Mix

McCarthy (2002) defines the Marketing Mix as a set of tools that a firm uses to pursue its marketing objectives. He groups these tools into the 4P's of marketing namely, Product, Promotion, Price and Place, and he explains them as follows:

Product: A product is referred to as anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. Products include more than just tangible goods. Broadly defined, products include physical objects, services, person, places, organizations, ideas or mixes of these entities. Because of their importance in the world economy, we give special attention to services. Service are a form of product that consist of activities benefits or satisfaction offered for sale that are essentially intangible and do not result in the ownership of anything.

Pricing: This refers to the amount of money charged for a product or service or is the sum of all the values that consumers exchange for the benefits of having or using the products or services. Historically, price has been the major factor affecting buyer choice. This is still true in poorer nations, among poorer groups, and with commodity products.

However, non-price factors have become more important in buyer choice behaviour in recent decades. Price is the only element in the marketing mix that produces revenue, all other elements represent costs.

Promotion refers to directing influencing ultimate consumers and distributors. It is a means that companies use to direct persuasive communications to target buyers and publics. It performs various parts of the total selling task, like developing interest, building desire and acceptance, creating preferences and most importantly making a sale.

Promotion is the most culture bound of the marketing function. Promotion is communication by the firm with its various audiences, with a view to informing and influencing them. Promotion is aimed at selling the product and enhancing the image of the company.

Placing is referred to as making products available in the right quantities and locations when customers want them. When different target markets have different needs, a number of place variations may be required.

On a broader perspective, placing entails that set of distribution channels-any series of firms or individuals who participate in the flow of products from the producer to the final user.

The Concept of Marketing Strategy

The marketing strategy spells out the manner in which the company desires to attain its objectives.

It consists of making decisions and expenditures, marketing mix and marketing allocation. Here, normally, the executives of the company sit together and renew the marketing strategy further and be able to alter it as time change.

A major aspect of marketing is the channel of distribution. Distribution is concerned with organizing systems of transportation, storage, and communication so that goods and services will be readily available to customers. The objective is to minimize the costs of storing and shipping merchandise while maintaining or improving the sales to the ultimate user (Stern, et. al, 1996):

Marketing therefore endeavours to achieve desired outcomes with target markets. In order to achieve these outcomes, it is guided by five conflicting concepts namely: Product concept, Selling concept, Production concept, Marketing concept, and Societal concept. The following are brief descriptions of these concepts according to Thompson and Strickland: (2001). They explain these concepts as follows:

Product concept: This holds that customers favour products that offer the most quality performance and features. Managers with this concept focus their efforts on making good products and improving on them overtime. A product is often considered in a narrow sense as something tangible that can be described in terms of physical attributes, such as shape, dimension, component, form, colour and so on.

The *selling concept* 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. Under this perspective, companies endeavour to acquire higher sales volumes than any of its competitors and put much importance to the needs and wants of its customers. The selling concept involves promoting the product. It includes the personal selling, advertising, and other direct mass- selling method.

The *production concept* holds that consumers favour those products that are widely available and low in cost. Companies that are production oriented concentrate on achieving high efficiency and wide distribution coverage. Production is a very important economic activity, whether for lack of skill and resources or just lack of time, most people do not make most of the products they use. Although production is a necessary economic activity, some people overrate its importance in relation to marketing.

The *marketing concept:* Under this concept, the key to achieve the firm's goal consists of determining the needs and wants of target markets and delivering the desired satisfaction

more efficiently and effectively than the competitor. This differs and conflicts with other concepts above.

The *societal marketing* concept holds that the company's task is to determine the needs, wants and interests of target market and deliver the desired satisfaction more effectively than competitors in a way that preserves and enhances consumers and society's well-being.

Dolan (1998) asserts that a marketing strategy serves as the foundation of a marketing plan. A marketing plan contains a list of specific actions required to successfully implement a specific marketing strategy. An example of marketing strategy is as follows: "Use a low cost product to attract consumers. Once our organization, via our low cost product, has established a relationship with consumers, our organization will sell additional, higher-margin products and services that enhance the consumer's interaction with the low-cost product or service."

While it is possible to write a tactical marketing plan without a sound, well-considered strategy, it is not recommended. Without a sound marketing strategy, a marketing plan has no foundation. Marketing strategies serve as the fundamental underpinning of marketing plans designed to reach marketing objectives. It is important that these objectives have measurable results.

While investigating the relationship between the marketing strategies applied by Uganda Breweries Ltd and its competitiveness, Yombo (2002) puts it that a good marketing strategy should integrate an organization's marketing goals, policies, and action sequences (tactics) into a cohesive whole. He further observes that the objective of a marketing

strategy is to provide a foundation from which a tactical plan is developed. This allows the organization to carry out its mission effectively and efficiently.

After his analysis about the role of marketing strategies in New Ventures, Mwesigwa (2001) observes that marketing strategies are partially derived from broader corporate strategies, corporate missions, and corporate goals. They should flow from the firm's mission statement. A range of micro environmental factors also influenced them. Marketing strategies are dynamic and interactive. They are partially planned and partially unplanned.

The Concept of Market Dominance

According to Harmesh, (1978) et, al., market dominance is a measure of the strength of a brand, product, service, or firm, relative to competitive offerings. There is often a geographic element to the competitive landscape. In defining market dominance, you must see to what extent a product, brand, or firm controls a product category in a given geographic area.

Market dominance strategies

These calculations of market dominance yield quantitative metrics, but most business strategists categorize market dominance strategies in qualitative terms. Typically, marketer will consider four types of market dominance strategies that are: These are market leader, market challenger, market follower, and market nicher.

Market leader: The market leader is dominant in its industry. It has substantial market share and often extensive distribution arrangements with retailers. It is, typically, the industry leader in developing innovative new business models and new products (although not always). It tends to be on the cutting edge of new technologies and new

production processes. It sometimes has some market power in determining either price or output. Of the four dominance strategies, it has the most flexibility in crafting strategy. There are few options not open to it. However, it is in a very visible position and can be the target of competitive threats and government anti-combines actions.

Research in experience curve effects and the study during the 1970s concluded that market leadership was the most profitable strategy in most industries. It was claimed that if you cannot get enough market share to be a major player, you should get out of that business and concentrate your resources where you can take advantage of experience curve effects and economies of scale, and thereby gain dominant market share. Kotler and Armstrong (2002), today we recognize that other less dominant strategies can also be effective.

According to Kotler and Armstrong (2002), the main options available to market leaders are:

- Expand the total market by finding new users of the product, new uses of the product, more usage on each use occasion.
- Protect your existing market share by: developing new product ideas, improve customer service, improve distribution effectiveness, reduce costs
- Expand your market share: by targeting one or more competitor without being noticed by government regulators

Market Challenger: A market challenger is a firm in a strong, but not dominant position that is following an aggressive strategy of trying to gain market share. It typically targets the industry leader (for example, Pepsi targets Coke), but it could also target smaller and more vulnerable competitors. The fundamental principles involved are:

Assess the strength of the target competitor. Consider the amount of support that the target might muster from allies.

Choose only one target at a time.

Find a weakness in the target's position. Attack at this point; consider how long it will take the target to realign their resources to reinforce this weak spot.

Launch the attack on as narrow a front as possible. Whereas a defender must defend all their borders, an attacker has the advantage of being able to concentrate their forces at one place.

Launch the attack quickly, and then consolidate.

Some of the options open to a market challenger are price discounts or price cutting, line extensions, introduce new products, reduce product quality, increase product quality, improve service, change distribution, cost reductions, intensify promotional activity (Lilien et al., 1988)

Market Follower: According to Peter and Donnelly (2004), a market follower is a firm in a strong, but not dominant position that is content to stay at that position. The rationale is that by developing strategies that are parallel to those of the market leader, they will gain much of the market from the leader while being exposed to very little risk. The advantages of this strategy are: no expensive R&D failures, no risk of bad business model, "best practices" are already established, able to capitalize on the promotional activities of the market leader, no risk of government anti-combines actions, minimal risk of competitive attacks, don't waste money in a head-on battle with the market leader.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter explains the research methodology adopted which includes the research design, scope of the study, study population, sample size, sample selection procedures, method of data collection and data analysis.

3.1 Research design

This study was a descriptive survey design, which gave a intensive detailed description of the marketing strategies of Caltex (Uganda) Ltd in its endeavour to increase the selling of petroleum product

3.2 Area of study

The study was conducted in Kampala and specifically in Caltex Head Office at Seventh Street. The Head Office was selected because it is where the managers and marketing personnel have their offices and thus relevant information about the marketing strategies could be obtained there. Customers for study were selected at Caltex petroleum at Nsambya-Ggaba road. This petrol station was selected, as it was most cost effective to the researcher and representative of the busy fuel stations of Caltex Uganda.

3.3 Research subjects

The study collected data from managers in the Marketing Department and Customer Care Department of the company and from the customers of the company through the Caltex petrol station at Nsambya.

3.4 Sample selection and size

Judgment sampling was used to select 15 staff members from Caltex. This method was used for this category of respondents because, in their positions, they were on a daily basis involved in the marketing of the company's products. Therefore, it was expected that they had a wealth of relevant information concerning the scope of the study and thus they should participate in the study. Convenient sampling was used to pick 35 customers at Nsambya Caltex Petrol Station. This method was used because of time and financial constraints. Thus, customers who came to refuel were requested to participate in the study.

The sample consisted of 4 male and 3 female Marketing Managers totalling 7 Marketing Managers; 3 male and 5 Customer Care Staff totalling 8 Customer Care Staff; and 20 male and 15 female Customers totalling 35 Customers. In total, there were 27 male and 23 female respondents making a sample size of 50 respondents.

3.5 Research instruments

The research instruments were of three categories:

3.5.1 Personal Interview

Personal interview was method used for collecting primary data through a face-to-face approach. The interviewer (researcher) asked questions to which the respondent answered. At the same time, the researcher took note of the answers from the respondent. This was used to get information from customers because they did not have time for filling in the questionnaire given that they were selected on the spot at the petrol station. Personal interview was used because it is also fast to collect data from the respondents.

3.5.2 Questionnaires

Questionnaires were also used as instrument used to collect primary data. They contained a set of questions, both closed-ended and open-ended questions. The respondents were required to fill these questionnaires at their own convenience. They were distributed to the Marketing Managers and Customer Staff of Caltex (Uganda) Ltd. These were used for this category because by nature of their work, most of the time they were at the Head Office and thus had time to fill them and are literate enough to understand the questionnaires. The researcher used “drop-and-pick” method, where the questionnaires were left with the respondents to fill them and the researcher picked them later.

3.5.3 Documentary review

Secondary data was obtained from written materials such as textbooks, publications about Caltex (Uganda) Ltd and researched work from established libraries. This was important in writing the background and literature sections of the study.

3.6 Data collection procedures

The researcher sought permission from the Managing Director of Caltex (Uganda) Ltd to collect data from the company.

3.7 Data analysis

The data collected was analysed using frequencies and percentages, which were presented using graphs and tables. Interpretations from the analysed data were made and compared with the literature to make meaningful discussion, conclusions and recommendations.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF THE RESEARCH RESULTS

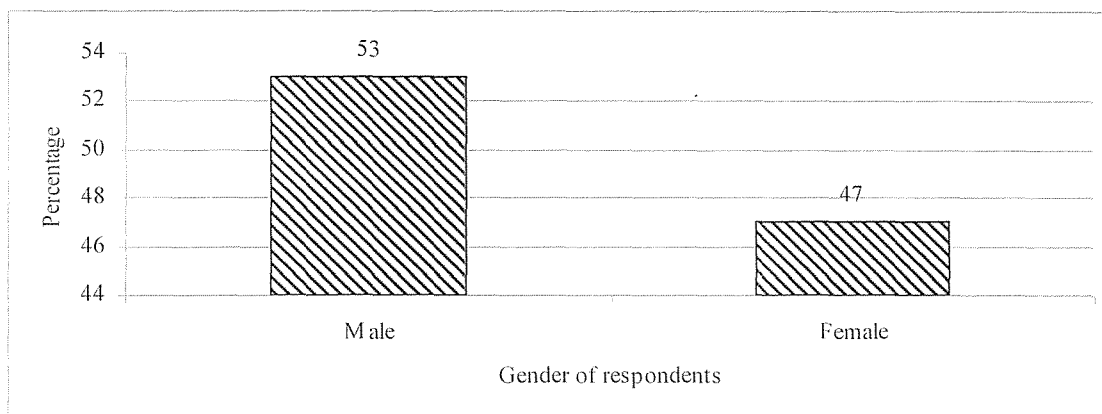
4.0 Introduction

This chapter presents the results and discussion of the results. It is divided into three sections. The first section presents results and discussion of the results on the background information of the respondents. The second section presents results and discussion of the results on strategies of Caltex Company. The third section presents results and discussion of the results on the marketing policies of Caltex Company. The fourth section presents results and discussion of the results on customers' attitude towards services provided by Caltex

4.1 Background information

This consists of the gender of the respondents, department of Caltex staff and number of years the staff had worked with the company. There were 27 male Caltex staff and customers and 23 female Caltex staff and customers. Results are presented in figures 1 and 2 and Table 2.

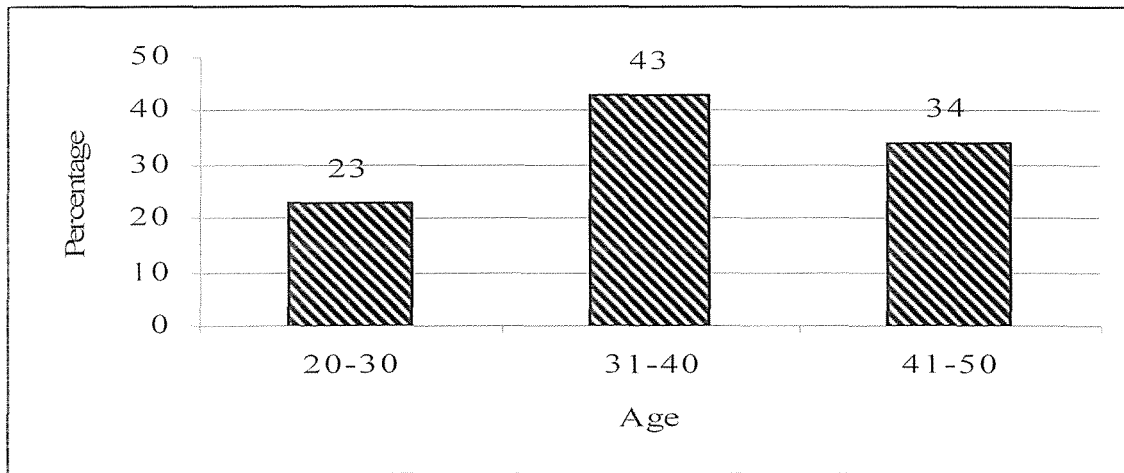
Figure 1: Proportion of respondents according to sex



Source: Primary data

Figure 1 shows that there were more males (53%) compared to the females (47%) who participated in the study. This variation may be attributed to ratio of males to females in Uganda, where most of the population consists of males.

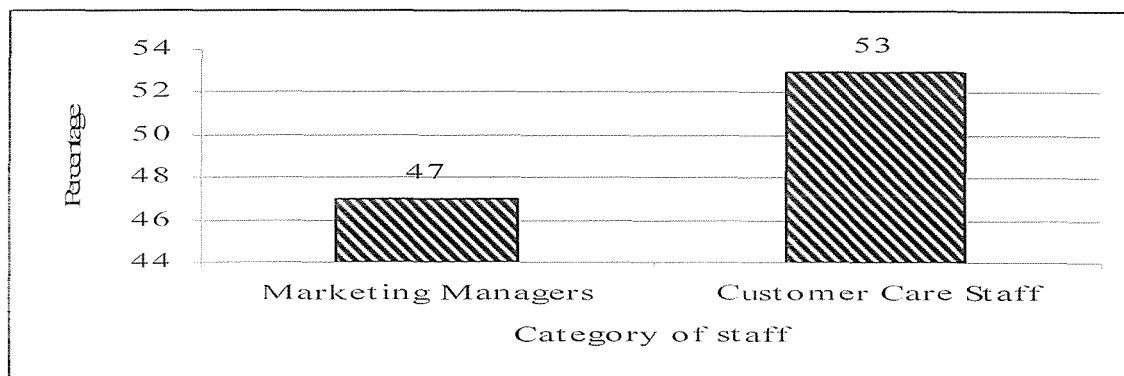
Figure 2: Proportion of customers according to age



Source: Primary data

Figure 2 shows that most of the participated in the study fell in the age group 31 to 40 years, represented by 43%. The age group following this was 41 to 50 years ($N = 12/35$) and lastly 20 to 30 years 23% ($N = 8/35$). This shows that the customers who participated in the study were mature and information obtained from them was most likely based on experience.

Figure 3: Proportion of staff members according to department



Source: Primary data

Figure 3 shows that there are more customer care staff members (53%) compared to the Marketing Managers (47%). This variation may be attributed to the fact that in all organizations, management constitutes a smaller proportion of the workers than any other category of employees.

Table 1: Proportion of staff members according to number of years with the company

Years with the company	Frequency	Percent
0 - 2 year	5	33
3 – 5 years	6	40
6 -10 years	3	20
Over 10 years	1	7
Total	15	100

Source: Primary data

Table 1 shows that most of the staff members, 40% ($N = 6/15$), had been with the company for 3 to 5 years. The second proportion of staff members, 33% ($N = 5/15$), had been with the company for 0 to 2 years. The third proportion of staff members, 20% ($N = 3/15$), had been with the company for 6 to 10 years. The fourth proportion of staff members, 7% ($N = 1/15$), had been with the company for over 10 years. These findings show that since most staff members who participated in the study were with the company

for at least three years, then the information they provided was trustworthy because it was based on experience they had gained in marketing with the company.

4.2 Caltex (Uganda) Ltd Marketing strategies

A number of factors were considered to determine Caltex (U) Ltd' marketing strategies. Results are presented in the following tables. Staff members were requested to rank the fuel products using a scale of 1 to 5 (1 being the most competitive and 5 the least competitive). Results are presented in Table 2. The first column presents the fuel products. The second to the sixteenth columns present the ranking of the fuel products by the 15 staff members. The last column presents the total ranking of all the staff members.

Table 2: Ranking the company's fuel products by staff members

Type of product	Staff members rankings															Total
Premium	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
Diesel gas oil	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	30
Kerosene	3	4	3	3	4	3	3	4	3	3	4	3	3	4	3	50
Jet (Earo fuel)	4	3	4	4	3	4	4	3	4	4	3	4	4	3	4	55
Aviation gas	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	75

Source: Primary data

Table 2 shows that the premium product is ranked as the most competitive fuel product because it has the lowest total rank. Following this are diesel gas oil, kerosene, jet (earo fuel) and aviation gas, respectively.

Respondents were requested to rank the diesel and oil products using a scale of 1 to 3 (1 being the most competitive and 3 the least competitive). Results are presented in Table 3. The first column presents the fuel products. The second to the sixteenth columns present the ranking of the fuel products by the 15 staff members. The last column presents the total ranking of all the staff members.

Table 3: Ranking the company's diesel and oil products by staff members

Type of product	Staff members rankings														Total
Havoline (gear oil)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15
Diesel engine Delo 500	2	2	2	2	2	2	2	2	2	2	2	2	2	2	30
Diesel engine Delo 6200	3	3	3	3	3	3	3	3	3	3	3	3	3	3	45

Source: Primary data

Table 3 shows that the Havoline (gear oil) is ranked as the most competitive product because it has the lowest total rank. Following this are Diesel engine Delo 500 and Diesel engine Delo 6200, respectively.

Staff members were asked which of the above named products sells most in the regions of Kampala, Western, Northern, eastern and Southern Uganda. Findings are presented in Table 4.

Table 4: Proportion of staff members indicating the product most sold in a particular region

Type of product	Kampala	Western	Northern	Eastern	Southern
Premium	15 (100%)	15 (100%)		15 (100%)	15 (100%)
Diesel gas oil	.		11 (73%)	.	.
Kerosene
Jet (Earo fuel)
Aviation gas
Havoline (gear oil)
Diesel engine Delo 500
Diesel engine Delo 6200

Source: Primary data

Table 4 shows that all the staff members, 100% (N = 15/15), said that premium sells most in Kampala, western, eastern and southern regions of the country. However, most staff

members, 73% (N = 11/15), said that diesel gas oil sells more in the northern region of the country.

Staff members were asked what they thought had led to some of the products doing better than others on the market. Findings are presented in Table 5.

Table 5: Proportion of staff members on reasons for some of the products doing better than others in the market

Reason for products doing better than others	Frequency (Out of 15)	Percent
Type and number of vehicles	14	93
Advertising campaign	13	87
Aggressive sales team	11	73
Timely delivery	10	67
Product always available	7	47
Superiority of products	5	33

Source: Primary data

Table 5 shows that type and number of vehicles are most explanatory factor for some of the products doing better than others in the market. Following in order of most explanatory factor for some of the products doing better than others in the market are advertising campaign, aggressive sales team, timely delivery, product always available and superiority of products.

Staff members were asked if they considered the amount allocated as expenditure on Caltex's marketing drive was adequate. Results are presented in Table 6.

Table 6: Proportion of staff members on whether the amount allocated as expenditure on Caltex's marketing drive adequate

Response	Frequency	Percent
Yes (adequate)	8	54
No (inadequate)	2	13
Average	5	33
I do not know	0	0
Total	15	100

Source: Primary data

Table 6 shows that most staff members, 54% (N = 8/15), thought the amount allocated as expenditure on Caltex's marketing drive was adequate. However, a third of the staff members, 33% (N = 5/15), thought the amount allocated as expenditure on Caltex's marketing drive was average. Thus, the finding suggests that the amount allocated as expenditure on Caltex's marketing drive is adequate.

Respondents were asked in terms of advertising media, to rate the most used. Findings are presented in Table 7.

Table 7: Ranking the advertising media according to most use by staff members

Advertising media	Staff members rankings															Total
Bill boards	1	1	1	2	1	1	1	2	1	1	2	1	2	1	1	19
Printing media	2	2	2	1	2	2	2	1	2	2	2	2	1	2	2	27
Electronic media	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	45
Leaflets	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	60

Source: Primary data

Findings show that the most used advertising media by the company is mainly by billboards. This is because of its lowest rank score. Following in order of most used advertising media are print media, electronic media and leaflets.

Respondents were asked to give two reasons they thought made Caltex's products better than products of competitors. Findings are presented in Table 8.

Table 8: Proportion of staff members on what makes Caltex's products better than competitors' products

Reasons	Frequency (out 15)	Percent
Advertising	15	100
Product branding	15	100
Competitive pricing	13	87
Company reputation	12	80
Offering sales services and customer support	11	73
Promotion	11	73
On-time delivery	9	60
Quality control	8	53
Market research	6	40
Use of new marketing methods	5	33
Good customer care	3	20
Control distribution channels	2	13

Source: Primary data

Results in Table 8 show that all respondents, 100% (N = 15/15), rated advertising and product branding as the highest factors that made Caltex's products better than products of competitors. These were followed by company reputation, offering sales services and customer support, promotion, on-time delivery, quality control, market research, use of new marketing methods, good customer care and control distribution channels.

Staff members were asked to what extent they thought that the products had contributed to the competitiveness of Caltex in the petroleum business. Findings are presented in Table 9.

Table 9: Proportion of staff members on extent to which the products have contributed to the competitiveness of Caltex in the petroleum business

Response	Frequency	Percent
Not at all	0	0
Very little	0	0
Little	2	13
Much	5	33
Very much	8	53
Total	15	99

Source: Primary data

Findings in Table 9 show that most staff members, 53% ($N = 8/15$), said that the products have contributed very much to the competitiveness of Caltex in the petroleum business. A third of the staff members, 33% ($N = 5/15$), said that the products have contributed much to the competitiveness of Caltex in the petroleum business. Few of the staff members, 13% ($N = 2/15$), said that the products have contributed little to the competitiveness of Caltex in the petroleum business. Thus, findings suggest that the products have contributed very much to the competitiveness of Caltex in the petroleum business.

Staff members were asked the extent to which the price of products contributed to the competitiveness of Caltex in the petroleum business. Findings are presented in Table 10.

Table 10: Proportion of staff members on the extent that the prices have contributed to the competitiveness of Caltex in the petroleum business

Response	Frequency	Percent
Not at all	0	0
Very little	0	0
Little	0	0
Much	3	20
Very much	12	80
Total	15	100

Source: Primary data

Findings in Table 10 shows that most staff members, 80% (N = 12/15), said that the prices have contributed very much to the competitiveness of Caltex in the petroleum business. A fifth of the staff members, 20% (N = 3/15), said that the prices have contributed much to the competitiveness of Caltex in the petroleum business. Thus, findings suggest that the prices have contributed very much to the competitiveness of Caltex in the petroleum business.

Staff members were asked the extent to which the distribution of products contributed to the competitiveness of Caltex in the petroleum business. Findings are presented in Table 11.

Table 11: Proportion of staff members on the extent that the distribution of products has contributed to the competitiveness of Caltex in the petroleum business

Response	Frequency	Percent
Not at all	0	0
Very little	0	0
Little	0	0
Much	4	27
Very much	11	73
Total	15	100

Source: Primary data

Findings in Table 11 shows that most staff members, 73% (N = 11/15), said that the distribution of products have contributed very much to the competitiveness of Caltex in the petroleum business. Over a quarter of the staff members, 27% (N = 4/15), said that the distribution of products have contributed much to the competitiveness of Caltex in the petroleum business. Thus, findings suggest that the distribution of products have contributed very much to the competitiveness of Caltex in the petroleum business.

Staff members were asked the extent to which the promotion of products contributed to the competitiveness of Caltex in the petroleum business. Findings are presented in Table 12.

Table 12: Proportion of staff members on the extent to which that the promotion of products have contributed to the competitiveness of Caltex in the petroleum business

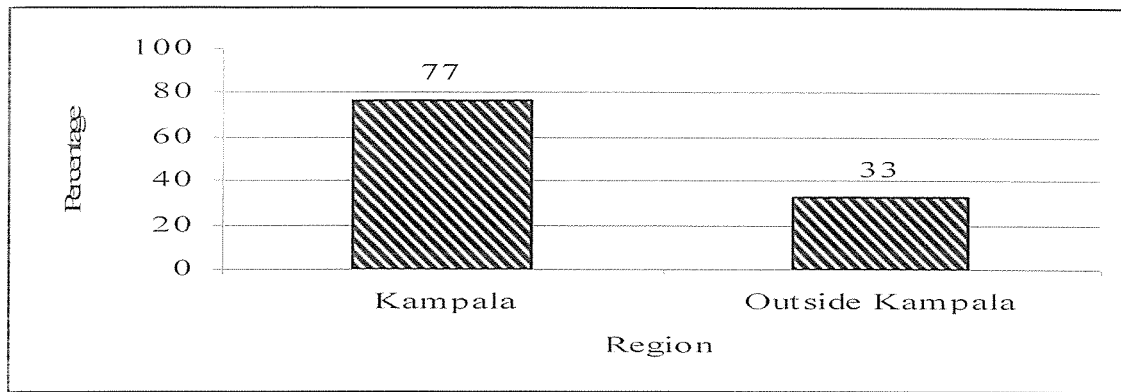
Response	Frequency	Percent
Not at all	0	0
Very little	0	0
Little	0	0
Much	6	40
Very much	9	60
Total	15	100

Source: Primary data

Findings in Table 12 shows that most staff members, 60% (N = 9/15), said that the promotion of products have contributed very much to the competitiveness of Caltex in the petroleum business. Over a third of the staff members, 40% (N = 6/15), said that the promotion of products have contributed much to the competitiveness of Caltex in the petroleum business. Thus, findings suggest that the promotion of products have contributed very much to the competitiveness of Caltex in the petroleum business.

Customers were asked about whether they reside within Kampala or outside Kampala. Findings are presented in Figure 4.

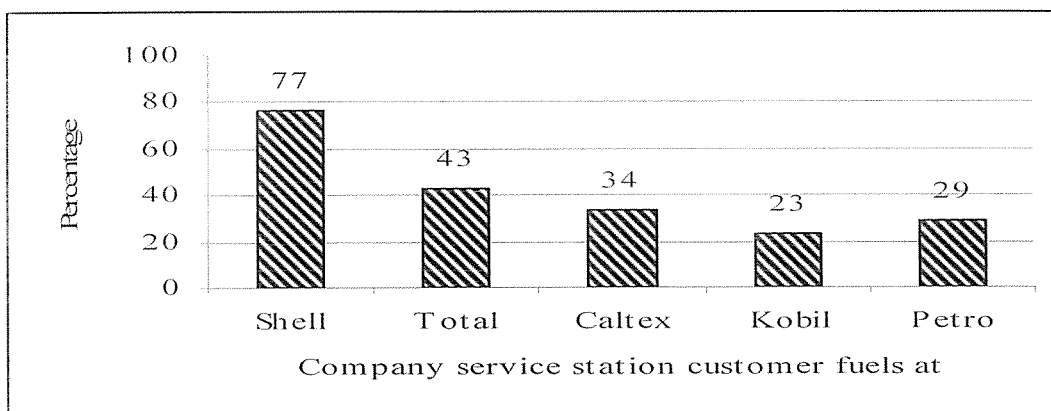
Figure 4: Proportion of customers according to region



Source: Primary data

Figure 4 shows that majority customers (77%) came from within Kampala and 23% came from outside Kampala. This has implications to Caltex (U) Ltd. Kampala branch in terms marketing its products in respect to where the customers come from. For Caltex (U) Ltd. Kampala, it must target mainly Kampala residents.

Figure 5: Proportion of customers according to company service station which customer fuels from

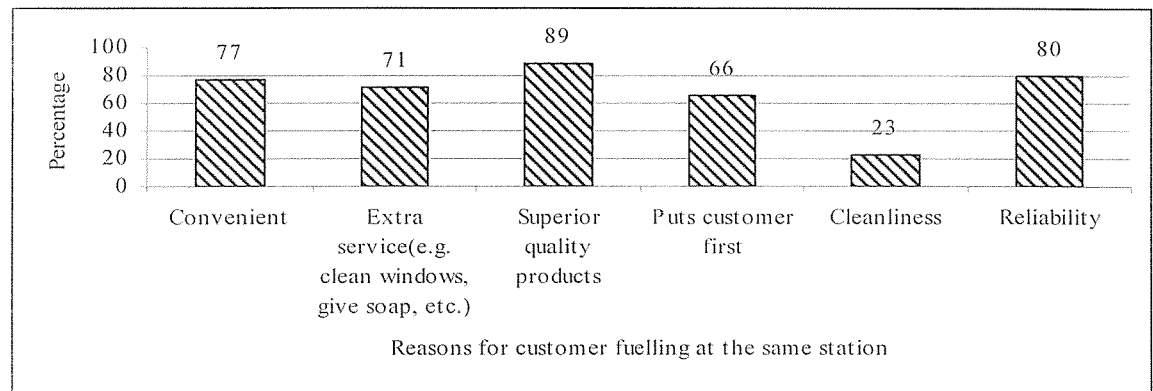


Source: Primary data

Figure 5 shows that there most customers (77%) serviced at Shell (U) Ltd. Following this category, are those who serviced at Total (U) Ltd (43%), Caltex (U) Ltd (34%), Petro (29%) and Kobil (23%). These findings are in agreement with statistics given in the

background of the study about the market share of petroleum companies where Shell is first and Total and Caltex follow, respectively.

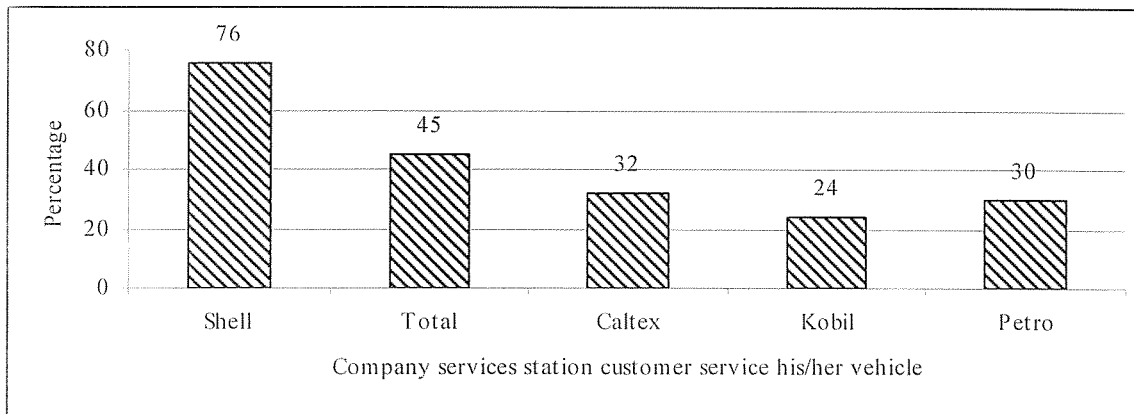
Figure 6: Proportion of customers according to reasons they fuel at the same station



Source: Primary data

Figure 6 shows that most customers (89%) gave the reason for fuelling at the same station as superior quality products. Following this were customers who gave the following reasons for fuelling at the same station as: reliability (80%), convenience (77%), extra services such as clean windows, give soap (71%), company puts the customer first (66%), and cleanliness (23%). Caltex Uganda can take into consideration these reasons and use them when formulating marketing strategies especially emphasizing those, which were given by the majority of the customers.

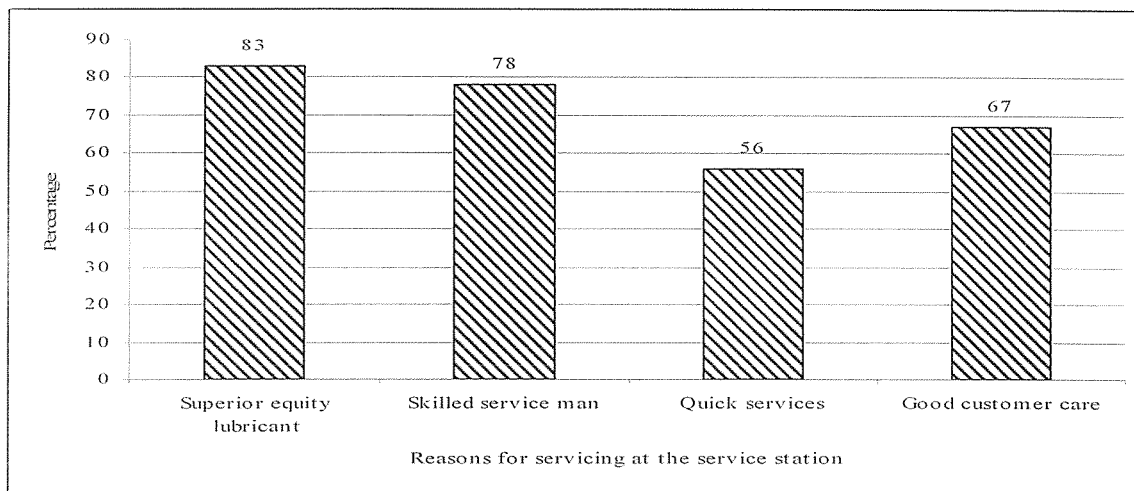
Figure 7: Proportion of customers according to petroleum station he/she services his/her vehicle



Source: Primary data

Figure 7 shows that most customers (76%) service their vehicles at Shell (U) Ltd. The customer who serviced at Total (U) Ltd (45%), Caltex (U) Ltd (32%), Petro (30%) and Kobil (24%) follows this. These findings concur with those on where customers fuel their vehicles in Figure 5 and are support the statistics given in the background of the study about the market share of petroleum companies where Shell is first and Total and Caltex follow, respectively.

Figure 8: Proportion of customers according to reasons for servicing at the service station



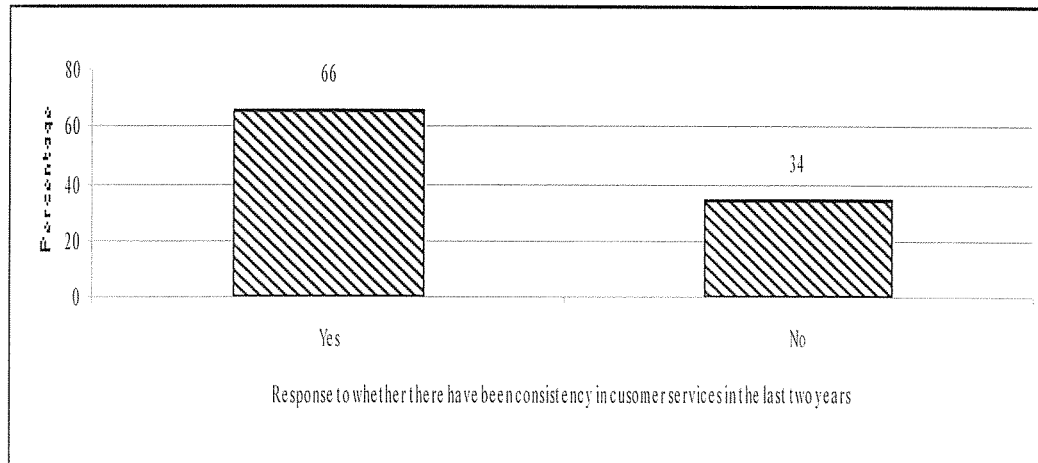
Source: Primary data

Figure 8 shows that most customers (83%) gave the reason for servicing at the service station as superior quality products. Following this were customers who gave the following reasons for servicing at the service station: skilled service man (78%), good customer care (67%), and quick services (56%). Caltex Uganda can take into consideration these reasons and use them when formulating marketing strategies especially emphasizing those, which were given by the majority of the customers.

4.3 Customer's attitude towards service provided by Caltex

Customers were asked if there been consistence in customer services at Caltex in the previous two years. Findings are presented in Figure 9.

Figure 9: Proportion of customers according to consistence in customer services at Caltex in the last two years



Source: Primary data

Figure 9 shows that most customers (66%) were of the view that there had been consistence in customer service at Caltex in the last two years. Slightly over a third of the customers (34%) said there had not been consistence in customer service at Caltex in the last two years. Thus, findings suggest that most customers have a positive/good attitude towards service provided by Caltex.

CHAPTER FIVE

SUMMARY OF FINDINGS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the summary of findings and recommendations. It is divided into two sections. The first section presents the summary of findings. The second section presents recommendations.

5.1 Summary of findings

Premium product is the most competitive fuel product for Caltex followed by diesel gas oil, kerosene, jet (earo fuel) and aviation gas, respectively. Regarding the diesel and oil products, Havoline (gear oil) is the most competitive followed by Diesel engine Delo 500 and Diesel engine Delo 6200, respectively. In respect to sales in various regions of Uganda, premium sells more in Kampala, western, eastern and southern regions of the country and diesel gas oil sells more in the northern region of the country.

Type and number of vehicles was the most explanatory factor for some of the products doing better than others on the market. Following in order of most explanatory factor for some of the products doing better than others in the market were advertising campaign, aggressive sales team, timely delivery, product availability and superiority of products.

It was established that the amount allocated as expenditure on Caltex's marketing drive was adequate. The most used advertisement media by the company was mainly billboards. Following in order of most used advertising media are print media, electronic media and leaflets.

It was found that advertising and product branding were factors that made Caltex's products better than products of competitors. Following these, in making Caltex's products better than products of competitors, were company reputation, offering sales services and customer support, promotion, on-time delivery, quality control, marketing research, use of new marketing methods, good customer care and control distribution channels. It was established that the products, prices, distribution of products and promotion of products have contributed very much to the competitiveness of Caltex in the petroleum business.

There are more customers from within Kampala than from outside. This has implications to Caltex (U) Ltd. In terms of marketing its products in respect to where the customers are located. For Caltex (U) Ltd, it must continue to mainly target Kampala market.

Most customers fuelled their cars at Shell (U) Ltd followed by Total (U) Ltd, Caltex (U) Ltd, Petro and Kobil. These findings are in agreement with statistics given in the background of the study about the market share of different companies.

The major reason why most customers fuel at the same station was superior quality products. Following this were reliability, convenience, extra services (such as clean windows, give soap), company putting the customer first, and cleanliness. Caltex Uganda can take into consideration these reasons and use them as input for marketing strategies formulation.

Most customers serviced their vehicles at Shell (U) Ltd. Those who serviced at Total (U) Ltd, Caltex (U) Ltd, Petro and Kobil respectively follow this.

The major reason, according to customers, for servicing their vehicles at the service station was superior quality products. Following this were skilled service man, good customer care, and quick services. Caltex Uganda can look at these as part of their strength.

Customers have a positive/good attitude towards service provided by Caltex. This is because of the consistent customer services at Caltex that the customers received. This positive/good attitude was also demonstrated in the customers' habit of fuelling and servicing their vehicles from Caltex (U) Ltd. This was attributed to efforts to marketing its products.

5.2 Recommendations

Caltex (U) Ltd should first consider the type and number of vehicles in a region in order to determine the products to put emphasis on while marketing. Small vehicles, which are largest in number, run on premium while heavy vehicles use diesel.

Caltex (U) Ltd should not rely mainly on advertising and product branding for marketing its products in order to have a competitive edge. It needs to equally use other approaches such as improving the company reputation, increasing the offer of sales services and customer support, improving promotion, improving quality control and market research, and improving customer care and control distribution channels.

Caltex (U) Ltd should endeavour to increase its market share given that it is trailing Shell and Total. It needs to increase the number of customers fuelling and servicing vehicles' at

their companies' stations. This will be achieved if the approaches in the previous sections are considered while marketing its products.

Management at Caltex needs to revisit the prices, distribution and promotion of Caltex products given that they have a big effect on the competitiveness of Caltex in petroleum business.

5.3 Suggestion for further research

Further research is suggested in the following areas:

- i. Further research can be carried out on comparison of marketing strategies carried out by the oil companies.
- ii. A comprehensive study can be carried out on consumers' attitude towards marketing strategies practiced by Caltex (U) Ltd.
- iii. A research can be conducted on the attitude of distributors towards the marketing strategies of Caltex.

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APPENDICES

Appendix A: transmittal letter for the Managing Director of Caltex Oil (Uganda)

Ltd, Kampala

The Managing Director,
Caltex Oil (Uganda) Ltd,
Head Office Uganda
P.O. Box 7095 Kampala, Uganda

January 15, 2005

Mchaki Norah Dick,
P.O. Box 20000, Kampala,
Uganda.

Dear Sir/Madam,

I am a finalist student at Kampala International University having pursued a Degree in Bachelor of International Business Administration (BIBA). As part of the study, we are required to collect relevant information through questionnaires, and reading materials for a compilation of a research study.

I am therefore, requesting to carry out my Field Study from your Company as a partial fulfilment of the award of the Bachelors Degree in International Business Administration.

Thank you for your kind consideration.

Yours truly,



MCHAKI NORAH DICK.

Appendix B: Customers Questionnaire

Vehicle registration number

1. Sex F ☐ M ☐

2. Age a) 20-30

 b) 31-40

 c) 41-50

3. Town Kampala ☐ Out of Kampala ☐

4. Which company services station, do you fuel from

a) SHELL ☐ b) CALTEX ☐ c) TOTAL ☐ d) KOBIL ☐

d) PETRO ☐

5. Give reasons why you fuel at the same station in No 6

 a) Convenient

 b) Extra services (e.g. clean windows, give soap, etc)

 c) Superior quality products

 d) Puts the customer first

 e) Cleanliness

 f) Reliability

 g) Credit facilities

6. At which petrol service station do you service your vehicle?

SHELL ☐ CALTEX ☐ TOTAL ☐ KOBIL ☐

PETRO ☐

7. Give reasons for servicing at the service station in No 9 above (if more than one

please tick against each)

- a) Superior equity lubricant
- b) Skilled service man.....
- c) Quick services.....
- d) Other (Please specify)

8. Has there been consistence in customer services in the last two years?

- a) Yes b) No

Appendix C: Caltex Oil Uganda Ltd. Questionnaire

1. SEX M ☐ F ☐

2. Department _____

3. Number of years with the company

(i) 0 - 4 yrs

(ii) 5 – 10 yrs

(iii) Above 10 yrs.

4. Using a Scale of 1-to-5 (1 being the most competitive and 5 the least competitive),
how would you rank/ rate the following products of Caltex

Fuel

Premium

Kerosene

Diesel gas oil

Jet (Earofuel)

AV gas

5. Using a scale of 1-3 (1most competitive and 3 the least competitive) How would
you rank / rate the following product of Caltex?

Lubricant

Delo 500

Delo 6200

Havoline (gear oil)

6. Of all the above products, indicates which products sell more in the following regions Uganda (Territorial mapping)

1. Kampala _____
2. Nation Uganda _____
3. Southern Uganda _____
4. Western Uganda _____
5. Eastern Uganda _____

7. What do you think has led to some of the products doing better than the other on the market (Tick)

- (a) Superior products
- (b) Advertising campaign
- (c) They are always available
- (d) Timely delivery to one lets
- (e) Aggressive sales team
- (f) Other reasons (please suggest)

.....
.....
.....

8. Would you consider the amount allocated as expenditure on Caltex marketing drive adequate?

- (i) YES (Adequate) ☐
- (ii) NO (Inadequate) ☐
- ☐

(iii) Average amount

(iv) I don't know

9. In terms of advertising media which of the following is the most used (scale 1 – to -)

(i) Print media

(ii) Electronic media

(iii) Bill boards

(iv) Leaf lets

(v) Others specify

Give two (2) reasons that you think makes Caltex products better than products of other competition?

(i) _____

(ii) _____

11. To what extent have products contributed to the competitiveness of Caltex in the petroleum business?

a) Not at all b) Very little c) Little d) Much e) Very much

12. To what extent has the price of products contributed to the competitiveness of Caltex in the petroleum business?

a) Not at all b) Very little c) Little d) Much e) Very much

13. To what extent has the distribution of products contributed to the competitiveness of Caltex in the petroleum business?

a) Not at all b) Very little c) Little d) Much e) Very much

14. To what extent has the promotion of products contributed to the competitiveness of
Caltex in the petroleum business?

a) Not at all ☐ b) Very little ☐ c) Little ☐ d) Much ☐ e) Very much ☐