COMPETITIONS AS A CONSUMER SALES
PROMOTION TECHNIQUE: AN ANALYSIS OF
THEIR IMPACT ON THE PERFORMANCE OF
COMPANIES IN THE KENYAN OIL INDUSTRY.

BY

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OF THE REQUIREMENT FOR THE DEGREE OF
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DECLARATION

This Research Project is my original work and has not been submitted for a degree in any other university or any other award.

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This research project has been submitted with my approval as the Department Chairman.

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Chairman
DEDICATION

This work is especially dedicated to my:

Parents Njoroge Wainaina and Wambui Njoroge

Brothers Wainaina Njoroge, Kamicha Njoroge and Lenkupae Charles

Sister Nyambura Lenkupae

Nephew Lenkupae Adam

Special friend and companion Maina Gichanga
ACKNOWLEDGEMENT

The successful completion of this work is owed to the help and encouragement from various people in their different capacities. To these people I am truly indebted.

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ABSTRACT

With liberalization of the Kenyan oil industry, multinational oil companies like Caltex Oil (Kenya), Mobil Oil (Kenya), Total (Kenya), Shell and BP (Kenya) and Agip (Kenya) have faced stiff competition from upcoming independent or indigenous oil dealers like Galana, Jovena, Fuelex, Gapco, Millsfield, Jet, Engen, Nock, Skyline among others.

The multinationals have therefore had to rethink strategy so as to maintain and if possible increase their market shares. The indigenous oil dealers are competing by giving the consumers better prize deals than the multinationals. The multinationals have resulted to use of nation-wide or regional sales promotions, advertising, public relations activities and ancillary profit centres (APC's). In the recent years consumer competitions have been on the rise in the Kenyan oil industry as a sales promotion technique used by the multinational oil companies. It is interesting to note that this is not the case this year.

Although many people respond to the competitions, it is not clear whether the response is due to the “free” prize, for fun, due to loyalty or due to economic pressure to buy what comes cheap. The objectives of the research therefore was aimed at trying to identify and analyse the views of oil companies on the impact (positive and negative) of consumer competitions on their performance in the oil industry. It also tried to identify problems associated with the implementation,
management and evaluation of consumer competitions and therefore come up with recommendations on how to increase their effectiveness. No such study has ever been carried out and hence there will be no comparison of results with empirical studies of a similar nature. Since consumer competitions are a sales promotion technique, the study used sales promotion evaluation techniques to assess their impact on multinational companies using them in the Kenyan oil industries.

The study was carried out between May and July 2000 and achieved its objectives by carrying out a study on all the multinational oil companies in Kenya. Use of both secondary and primary data was possible. Primary data was collected using a questionnaire containing unstructured and structured questions. These questionnaires were administered personally by the researcher after pretesting, to all Marketing or Retail Managers of the multinational oil companies. Data was analysed using descriptive statistics like percentages frequencies and cross tabulations. The Likert Scale and the Statistical Package for Social Scientists (SPSS) was utilized.
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1.0 CHAPTER ONE: INTRODUCTION

1.1 BACKGROUND

1.1.1 General Background on Consumer Competitions

The field of marketing communications is often divided into 4 areas; advertising, personal selling, public relations and publicity and sales promotion.

Sales promotion encompasses an array of marketing tools and techniques most of which as the name suggests aim to promote sales. The nature of these techniques can vary widely in terms of target audiences, benefits offered, duration and desired response.

Target audiences can be divided into 3 distinct groups: consumers, retailers and other marketing intermediaries who form part of the channel of distribution, and the companies own sales force.

Sales promotion employs two types of strategies – push strategies and pull strategies, says Aren F and Bovée L (1994). Pull strategies are those strategies that use offensive consumer promotion tactics to attract customers and hence increase demand for a brand. These include coupons, rebates, premiums, contests or competitions, trading stamps, samples, guarantees, quantity increases, price decrease among others.
Contests or competitions remain one of the most popular type of consumer promotions according to Burnett J. (1984). He attributes this dramatic growth during the 1970s and 1980s to the increasing need of people to get “something for nothing” along with fortuitous legal developments. As a general rule, people like competitions. There are two major types of competitions according to Bohen H. William (1978). These are competitions of chance and competitions of skill. Those of chance are easier to run, he contends.

The 1980s witnessed widespread growth in the extent and variety of sales promotions used by companies. In an increasing number of markets, companies’ promotions are accounting for a greater share of overall marketing communications budgets than classic “brand sale” advertisement notes Warner Malcom. Marketers are now learning to take a more strategic view of promotions and their potential to convert and capture competitors’ customers, reinforce customer loyalty and fulfil a range of marketing objectives unlike in the common view that promotions are short-term tactical marketing tools whose role is limited to temporarily boosting sales.

The use of consumer competitions in Kenya is not a new phenomenon. They have been in Kenya since the 1970s with East African Industries as the first Kenyan Company to run them. They continued growing into the early 1980s. Suddenly there was a slump which was due to the fact
that every company was using them to the extent that customers lost interest for they were not fun anymore. However in the 1990s they picked momentum again. This was attributed by a promotions agency – Marketing Support Services to various reasons like:

- Liberalisation of the economy; the more companies faced competition and more so for the first time, the more they realized that it was no guarantee that whatever was produced would be bought or absorbed into the market.
- Depreciation of the Kenyan shilling; thus the need for value deals for Kenyan citizens.
- High retrenchment and unemployment rates; companies therefore have to maintain or increase their market shares by offering consumers prizes aimed at starting off independent lives through competitions.

Most of the competitions run in Kenya are those of chance. They are controlled by the Betting control and Licensing Board, in accordance to the Betting, Lotteries and Gaming Act (Cap 131). Details required for a permit to run competitions can be seen in Appendix 1. Great care and specialized knowledge is needed for their use according to Lestar R., Burke S. and LaForge R. (1984) because of legal restrictions and high costs. Sources from the Betting Control and Licensing Board say that
the number of companies applying for licenses are on the increase, but not all get them due to legalities not complied with.

1.1.2 Background of Competitions in the Kenyan Oil Industry

Before the Kenyan economy was liberalised, the Kenyan oil industry was dominated by multinational oil companies like Caltex Oil (Kenya), Mobil Oil (Kenya), Total (Kenya), Shell and BP (Kenya) and Agip (Kenya). The economy then experienced oligopolistic kind of market structure. Whatever most of the companies produced was guaranteed a market. These major oil companies are member of Petroleum Institute of East Africa (PIEA).

With the advent of liberalization, there have been changes in business forcing companies to adopt to the new environment or lose their market share, maybe die out altogether. The effects of liberalization have been no less tumultuous in the oil market in Kenya and the multinationals have had to rethink strategy.

Liberalization in the oil industry saw the mushrooming of indigenous oil traders or the independent oil distributors or independent petroleum dealers. These belong to the Independent Petroleum Dealers Association (IPDA). Some of them include Jovena, Fuelex, Gapco, Galana, Millsfield, Jet, Engen, Nock, Skyline and JM filling station which was the first officially opened indigenous petroleum dealer in Nairobi.
Currently petroleum operations fall under the Local Authorities Act, the Trade Licensing Act and the Petroleum Act. After liberalization of the oil industry in Kenya, the formal oil sector in Kenya according to the Daily Nation (31 October, 1999) consists of the following formally registered oil companies:

- 5 multinational majors (Agip, Caltex, Mobil, Total, Shell and BP).
- One multinational – Kenyan major – Total (due to 20% local shareholding)
- Two Kenyan majors – Kenol and Kobil
- A number of Kenyan not so major independent dealers (eg. Jovenia, Fuelex, Gapco, Jet, Galana, Millsfield, e.t.c.).

Each of these are properly established and licensed. They have between over one and one hundred filling stations therefore a total of about eight hundred filling stations in Kenya.

Before liberalization, some of the multinational companies pulled out e.g. Mobil and Esso. But with liberalization, Mobil has made a comeback to take advantage of opportunities presented by the sector's liberalization. National Oil Corporation of Kenya which was not in retailing before liberalization decided to go into retailing for it found out that this maybe the only area that it may have an advantage according to Daily Nation (July 13, 1998). Kenol and Kobil became jointly
managed (sister companies) now in control of a big share of the Kenyan market.

Most of the multinationals also due to stiff competition and high interest rates have been forced to focus their attention on cash sales unlike before liberalization when their forecast was on bulk buyers and contracted consumers like parastals, and government ministries. These contracted consumers or bulk buyers could easily wipe out a company's profits in this environment of high lending rates, observed Mr. Muamer Ng'eur MD Total (Kenya), Daily Nation (7 March 2000). Apart from concentration on cash sales from fuel, the multinationals have resulted to the following strategies:

- Diversification into the area of non-fuel business or Auxilliary Profit Centres (APC's) e.g. convenience stores, quick service restaurants, car wash bays and tyre centres.
- Building low cost/investment sites at selected high potential areas only.
- Running less operations with the aim of reducing overheads.
- Going into joint ventures/developments with dealers and other companies in putting up facilities such as service stations and depots.
- Introduction of smaller and more affordable product packages e.g. gas packages and lubes.
• Oil companies jostling to sponsor such activities as the Air show, the Safari Rally, the Camel Derby, Concours de Elegence among others.

• Contributions to charity and education e.g. Shell/BP and Total now pay school fees for several students from poor families.

Despite such changes in strategy by the multinational oil companies, the Kenyan oil industry has seen the entry of more private oil marketers. Ninety indigenous oil dealers have surfaced on the Kenyan market, giving the established multinational companies stiff competition, an Assistant Minister for Energy Mr. Yusuf Chanzu notes, (Daily Nation, 17 Dec. 1999). Competition from independent stations, according to The Standard 30 March 1999, has resulted to a drop in pump prices by as much as four Kenya shillings. Before liberalization pricing systems favoured the multinational oil companies in Kenya but hardly ever the consuming public. Fuel prices were always going up and so were Kerosene prices. However, with liberalisation it's a dream come true for the Kenyan consuming public for prices are reversing their trend by going down. This can be attributed to the independent dealers having a definite cost advantage with their low overheads unlike the multinational whose prices are high due to import taxes and tariffs.

Multinational companies have had no choice then but to try to fight to increase or maintain their market share. The Kenyan oil market dominance according to the Daily Nation (September 1 1998) had the
following estimates by industry experts – BP/Shell with nearly 22.2%, Caltex 17%, Total 16.8%, Mobil 6.39 and Agip 8.6%. The remaining 19.1% goes to the Kenyan major oil companies (Kenol and Kobil).

Apart from facing stiff competition from the independent players through price, the multinationals have had a number of threats since the industry's liberalization. Among these are:

- No level playing field
- Service station takeovers
- Independents depressing profit margins
- Haphazard licensing with the central government through the office of the president and Ministry of Energy, the Provincial Administration and the Local Authorities all involved in licensing.
- Poor enforcement of the law – Dumping of export product locally and product adulteration.
- Illegal and substandard outlets
- Double standards where the law is ignored or twisted to suit certain situations which favor certain players
- Lack of a Regulatory Body.

All marketing communication strategies have been in use to maintain and increase their market shares, ranging from advertising, public relations and publicity, personal selling and sales promotion. In the
Kenyan oil industry one of the most prominent sales promotion technique in use to attract and maintain consumers, especially in the last 2 years, is competitions. Just like other means of sales promotion, the more a company uses competitions to attract potential customers and maintain existing ones, the more its competitors are likely to use the same tool to counteract. This is true in the Kenyan situation. In 1998, the Kenya oil industry had only 5 prize competitions held by Caltex, Mobil and Total and ran in the Nation Newspapers. But come 1999, there were 8 prize competitions ran in the Nation by BP/shell, Caltex, Kenol/Kobil, Mobil and Total.

These competitions can be said to have generally a twofold objective. Firstly they seek to maintain brand loyalty and secondly they hope to increase the frequency of use and purchase from existing and if possible potential customers. With this trend of increasing use of consumer competitions, there are questions that arise – what are their impact on company performance? How effective are they in helping a company achieve its marketing objectives? Do they have any negative impact on companies involved? If any, how does the company improve on their implementation so as to attain better results than their competitors?
1.2 PROBLEM STATEMENT

Prior to 1990s, the use of consumer competitions as a sales promotion technique by companies in the Kenyan oil industry was minimal. Since the liberalization of the economy, their use has increased in all industries. The oil industry in Kenya has had its share of consumer competitions and they have been on the increase. Although many people respond to the competitions its not clear whether the response is due to the “free” prize, for fun, due to brand loyalty or/and due to economic pressure to buy what comes cheap or “free”. Its therefore necessary to investigate if the impact of competitions used by the oil companies in Kenya are more on the positive side or on the negative side. With all the excitement surrounding competitions, are the results always positive or is there a dark side that the consumers or the companies have to deal with?

Like other sales promotion techniques aimed at the consumers, competitions are not short of problems. User competitions are subject to tight legal controls e.g. in Kenya, it’s a requirement that all unclaimed prizes are returned to the Kenya Betting Control and Licensing Board. Identification of other problems associated in consumer competitions during their implementation and evaluation is necessary in order to anticipate them, avoid them or come up with possible solutions e.g. bad publicity from losers, poor quality prizes or prizes that are not issued at all. Although consumer competitions have been in use for some time in
the oil industry in Kenya, there is still room for improvement, which this study hopes to come up with.

1.3 RESEARCH OBJECTIVES

The broad objective of this study was to investigate both negative and positive impacts of using consumer competitions on company performance in the Kenyan oil industry.

From this broad objective the specific objectives of the research were:

- To identify and analyse the views of oil companies on the impact of consumer competitions.
- To identify problems associated with the use of consumer competitions during both implementation and evaluation process.
- To recommend further effective user competition implementation and evaluation strategies for the oil companies.

1.4 JUSTIFICATION AND SIGNIFICANCE OF THE STUDY

It is hoped that the findings of this study will help:

- Marketers in the Kenyan oil industry identify some of the problems inherent in the use of consumer competitions.
- Incorporate the different views of marketing managers in the oil industry to come up with better communicating, implementing and evaluation strategies for consumer competitions.
- The researcher enhance her research skills in the field of marketing.
• Other scholars and researchers use the data gathered as a source of reference

• Contribute to the accumulated body of knowledge and academia.

1.5 SCOPE OF THE STUDY

This study examined the impact of consumer competitions both negative and positive in the Kenyan oil industry. Since this sales promotion technique has been used only by the multinational companies, they are the only ones targeted for data collection.

Questionnaires were administered only to marketing/retail managers of the multinational companies but not filling station managers. This is because the research limited itself to the national consumer competitions not the regional or site consumer competitions, which are run by station dealers, to meet their sales volume as per contracts signed with the multinationals.

1.6 DEFINITION OF WORKING CONCEPTS

1.6.1 Sales Promotion

Probably the best single definition of sales promotion according to Peattie and Peattie (1994), is all those marketing activities usually specific to a time period, place or customer group, which encourage a direct response from consumers or marketing intermediaries, through the offer of additional benefits.
1.6.2 Competitions/Contests

Competitions have been defined by the Readers Digest Oxford Wordfinder (1996) as events or contests in which people compete for a prize.

A competition has also been defined by Oxford Wordpower Dictionary (1993) as a situation where two or more people are trying to achieve the same thing or gain an advantage.

1.6.3 Multinational

A multinational has been defined by Oxford Wordpower Dictionary (1993) as a company having factories, offices or other operations in many different countries.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

The study aimed at analysing the effectiveness of consumer competitions as a sales promotion tool. Consumer competitions can also have a negative impact on company’s performance. After such an evaluation the study came up with possible recommendations that may alleviate the negativity of using consumer competitions in the Kenyan oil industry or with possible recommendations that will improve on the use of consumer competitions in the Kenyan oil industry.

2.2 MARKETING/COMPANY OBJECTIVES AND COMPANY PERFORMANCE

The purpose of marketing communications strategies is to help the company achieve its marketing objectives. Typical marketing objectives according to Arens F and Bovée L. (1994) include:

- Introduce new products
- Induce present customers to buy more
- To attract new customers
- To combat competition
- To maintain sales in off seasons
- To increase retail inventories so more goods may be sold.
- Obtain greater shelf space.
When a company achieves its set marketing objectives, it's possible also to achieve its trade company objectives. Such a company can be said to be performing well. Due to liberalisation of trade and licensing procedures, independent oil retailing firms are proliferating and providing competition to multinational firms. In order to remain competitive and grow, firms in the oil industry have adopted the use of consumer competition among other promotion strategies to enable them withstand competition, providing for survival and growth of the companies.

2.3. EVALUATION OF USER CONSUMER COMPETITIONS AND COMPANY PERFORMANCE

A number of studies have been done on the impact of the changing business environment in Kenya. Aosa (1992) investigated aspects of strategy formulation and implementation within large private manufacturing companies. Kombo (1997) on the Motor industry franchise holders; Bett (1995) on the dairy industry and Abekah (1996) on the Kenyan Petroleum industry. All these studies tend to emphasize a relationship between changes in the business external environment and internal company operations. There is no study in Kenya's oil industry that has analysed the promotional techniques aimed at the consuming public and their impact on the oil companies' performance, especially in attaining their marketing objectives and ultimately their overall company objectives.
Different companies have different marketing objectives. Due to this, different oil companies will have different objectives to attain when they employ consumer competitions as a sales promotion technique. There is therefore no standard tool implemented to measure the impact of sales promotion techniques like competitions used in the oil industry in Kenya.

Since consumer competitions are a sales promotion technique, this study will use sales promotion evaluation techniques to evaluate the impact of consumer competition in the Kenyan oil industry. Standard sales promotion evaluation systems are not adequate. This has been noted by Schultz E. and Robbinson A. (1982) and they suggest an outline of a paper and pencil method that they feel will provide much better results. These are:

- Write down sales promotion objectives
- Make everyone involved with the products marketing promotion familiar with the objectives
- Increase the sales promotion evaluation system, which includes 5 check points.
  - How good is the general idea?
  - How well will the sales promotion idea appear to the target audience?
  - Does the idea have competitive uniqueness?
  - How well is the sales promotion idea presented?
Determine the cost efficiency of the sales promotion. Sales promotion is difficult to evaluate but the attempt must be made. This has been noted by Wilmshurst John (1991). He also goes on to say that it's important to know what the purpose of the particular sales promotion activity (in this case user competitions) so as to increase their effectiveness. It is generally accepted that the effect of any promotional activity is likely to follow a S-curve; where increases in promotion expenditure increase the number of buyers although beyond a certain point, the returns from additional expenditure start to decrease.

THE S-CURVE EFFECT OF PROMOTIONAL EXPENDITURE

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<th>Number of buyers</th>
<th>Cost of promotional activity</th>
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It's rarely possible however to relate actual purchases so directly to levels of expenditure and normally, we need to measure some other dependent variables like:
• Number of "promoted" units taken up
• Number of new users who repeat purchase
• Profit per promoted unit and profit for those unpromoted units that can be ascribed to the promotion
• Attitudes (short- and long-term) towards the brand among actual and potential users.
• Ascribable profit from both new and former users who take up the promotion
• Available sales and profit against promotional cost
• Distribution and display increases, increase in impulse buying, sales trade and consumer goodwill.

However any attempt at measurement of the effectiveness of sales promotion techniques should take into consideration external factors or conditions, notes Stanton J., Etzel J. and Walker J. (1991). Such factors include issues like the behaviour of competitors, the state of the economy and other promotional techniques or marketing communications strategies the company is using then.

The appeal of promotions for marketing managers lies in their cost effectiveness, flexibility, measurability and the speed with which they can be implemented, notes Warner Malcom. The benefits for consumers include increases in the value of the product offering,
reduction of the perceived purchase risk or simply the enjoyment of taking advantage of a promotional offer. In Kenya, last year saw a dynamic surge in the number and nature of promotions. Has it finally dawned on most companies that promotions, if well thought out, are instrumental in helping achieve their bottom line objectives? This is question paused by Marketing Support Services Kenya which goes on to note that several different sectors in Kenya undertaking promotions were all in a very competitive field and they range from banks to supermarkets, oil companies to media houses and many other different sectors.

However, there are very many criticisms leveled at the use of competitions notes Burnett J. John. These may be summarized as follows by critics:

- There are many costs associated with designing an effective competition.
- Prize selection is very difficult and care should be taken to see to it that the prize is attractive to the consumer yet it must not overshadow the basic product.
- The media strategy employed to communicate the competition may also be complex and/or costly
- Retailers or middlemen may also often be part of this process and may resent their participation.
• Competitions may also generate more ill-will than goodwill.

• Great care must be taken to meet the letter of the law in designing competitions.

• Concerning effectiveness of competitions, it’s difficult to know what level of sales increase is generated by the competition – determining whether these customers are new or existing customers and whether they remain customers are important yet unanswered questions.

2.4 CONCLUSION

It’s with such a review that the research embarked on the study since the different multinationals in the Kenyan oil industry will have different measures of their company performance attributable to the use of consumer competitions as a sales promotion technique.
CHAPTER THREE

3.0 RESEARCH DESIGN/METHODOLOGY

3.1 RESEARCH DESIGN: INTRODUCTION

In this part of the study, the type of study is discussed, the population of the study defined, the sample size and selection method, a description of the data collection instrument and data analysis will be made. There will also be a highlight on possible limitations encountered during data collection.

3.2 TYPE OF STUDY

The objectives of this study were achieved through conducting a survey on all the multinational oil companies in Kenya. A survey research according to Tull and Albaum (1973) has been defined as a systematic gathering of information from respondents for the purpose of understanding and/or predicting some aspects of the behaviour of the population of interest. Its possible in a survey to collect quantitative and qualitative data and this facilitates comparison.

3.3 POPULATION OF INTEREST

The population of interest consist of all multinational oil companies in Kenya. These are registered and are members of Petroleum Institute of East Africa (PIEA). These companies operations falls under the Local Authorities Act, the Trade Licensing Act, and the Petroleum Act of Kenya.
3.4 DATA DESCRIPTION AND COLLECTION

The study used both secondary data and primary data. Primary data was collected using a questionnaire containing both unstructured and structured questions. (Appendix iv). The questionnaires were administered personally by the researcher aided by one research assistant after pretesting and making of necessary modifications to enable the questionnaire achieve the objectives of the study.

The questionnaire was administered to marketing/retail managers in the multinational oil companies in Kenya. Probes were used where necessary to capture desired information from the unstructured questions.

3.5 DATA ANALYSIS TECHNIQUES

In this study data was analysed using simple descriptive statistics. Descriptive statistics included the use of percentages, frequencies and cross tabulations so as to achieve the set objectives. These descriptive analytical techniques have been seen exclusively applied in selected studies in the past like Steel and Webster (1992) and Bett (1995).

The Likert scale was used with 5 taken to mean the highest level and 1 taken as the lowest level. This was used on frequencies and percentages calculated to indicate what adjustment has been adopted on the strategic variables in response to competitions usage. The Likert score is simple to construct and provides a scale only for respondents (Tull and Albaum)
The statistical package for social scientists for IBM PC (SPSS/PC+) was utilized to analyse data secured using the 5-point Likert scale. This was involved applying factor analysis statistical technique.

3.6 LIMITATIONS OF DATA COLLECTION

Due to the nature of the industry, the following problems were encountered:

- Lack of empirical studies of a similar nature so as to enable comparison of results
- Some of the questions were perceived as sensitive and companies refused to respond to them making data analysis and research recommendations difficult.
CHAPTER FOUR

4.0 DATA ANALYSIS, FINDINGS AND DISCUSSION OF RESULTS

4.1 DATA ANALYSIS

The multinational oil firms, initially targeted for the research all responded to the questionnaires. These include Caltex (Kenya), Total (Kenya), Agip (Kenya), BP/Shell (Kenya) and Mobil (Kenya).

Due to the nature of the sample size – a total of six firms, only simple descriptive statistics like percentages, frequencies, and cross-tabulations were used for data analysis. Tables are used, for presentation of the findings. The Likert scale and the statistical package for social scientists was utilized to help arrive at descriptive statistics presented.

DATA FINDINGS AND DISCUSSION OF RESULTS

The multinational oil companies in the Kenyan oil industry were in existence long before the industry was liberalized. This was as early as 1899. The second one came into the market in 1943 while the third and fourth in 1952 and 1954 respectively. One of the companies pulled out but after the oil industry was liberalized, it made a come back in 1997.

After liberalization of the Kenyan oil industry all the multinational oil companies have been faced by very stiff competition amongst themselves and also from the upcoming independent petroleum and gas dealers. Each company acknowledges that its competitors are striving to improve their
marketing techniques to either maintain their market share or to gain a wider one. The competition is the industry is so stiff that the minute one company introduces any new marketing methods, techniques or equipment; the other companies also assess the cost and advantage of introducing the same or even a better version. The table below indicates that about 80% of the companies do so.

Table 1: Competitors Strategies Implemented

<table>
<thead>
<tr>
<th>Value Label</th>
<th>Frequency</th>
<th>Valid Percentage</th>
<th>Commutative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>1</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Yes</td>
<td>4</td>
<td>80</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews

Such competition has been brought about by some changes in the oil industry market environment. The multinational oil companies then adjust accordingly depending on the importance attached to the various changes. The very important changes challenging the Kenyan oil industry and acknowledged by 80-100% of multinational oil companies include computerization, trade liberalization, licensing procedures, import tariffs and competition for geographical location of fueling sites. Other changes get mixed reactions depending on the overall company objectives. These can be summarized in the following tables.
Table 2: Increase of Firms in the Oil Industry

<table>
<thead>
<tr>
<th>Value Label</th>
<th>Frequency</th>
<th>Valid Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unimportant</td>
<td>1</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Important</td>
<td>3</td>
<td>60</td>
<td>80</td>
</tr>
<tr>
<td>Very important</td>
<td>1</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews

Table 3: Changes in Consumer Tastes and Attitudes

<table>
<thead>
<tr>
<th>Value Label</th>
<th>Frequency</th>
<th>Valid Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairly important</td>
<td>3</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Important</td>
<td>1</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Very important</td>
<td>1</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews

Table 4: Purchasing Ability

<table>
<thead>
<tr>
<th>Value Label</th>
<th>Frequency</th>
<th>Valid Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairly important</td>
<td>1</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Important</td>
<td>2</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>Very important</td>
<td>2</td>
<td>40</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews
Table 5: Promotion Techniques Variations

<table>
<thead>
<tr>
<th>Value Label</th>
<th>Frequency</th>
<th>Valid Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairly important</td>
<td>3</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Important</td>
<td>1</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Very important</td>
<td>1</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews

Apart from the above changes, the multinationals have face numerous other challenges and changes, 20% of the companies consider high government levies, high costs of the product and competitive pricing from the independent dealers as major challenges. 40% contend that the current legal framework is a challenge while 60% of the companies find dumping and fuel adulteration as major challenges. These challenges can be faced by education of consumers, filling station attendants and dealers, contends 20% of the multinational companies 60% hold that lobbying with the government can help. Further solutions suggested by 20% of the companies include regional pricing, industrial effort/biocoding and cartel.

Most of the challenges were anticipated by the companies and apart from facing them, the companies have been undertaking some activities in order to be more competitive. 20% have undertaken activities ranging from repackaging of lubes, card marketing, joint ventures e.g. depots, cost leadership strategies, advertising and public relations initiatives and sales promotions. 40% have resulted to non-fuel alternative profit centres.
(APC's) e.g. trye centres, car wash/bays and convenience stores. 60% are vigoursly training and retraining dealers and filling station attendants so as to improve services to clients.

In the last especially 5-10 years after the Kenyan oil industry was liberalized, the multinational oil companies have hyped up sales promotion techniques so as to maintain or increase their market shares. One technique which was most recognisable and used were consumer competitions; as summarized in the tables below.

### Table 6: Consumer Competitions Usage

<table>
<thead>
<tr>
<th>Value Label</th>
<th>Frequency</th>
<th>Valid Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>2</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Yes</td>
<td>3</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews

### Table 7: When Usage Started

<table>
<thead>
<tr>
<th>Value Label</th>
<th>Frequency</th>
<th>Valid Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applicable</td>
<td>2</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>1990-1993</td>
<td>1</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>1994-1997</td>
<td>1</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>1998-2000</td>
<td>1</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews
From the tables above, 60% of the multinational oil companies have been using consumer competitions after the liberalization of the oil industry in Kenya. Each of these companies have run at least one national competition annually but several regional or site competitions as many times as its required to meet certain stations or regions sales objectives. According to 20% of the companies, competitions strategies, are used to match competitors strategies, act as special opportunities for sponsorship e.g. sports and help increase market share growth. 60% contend that competitions really help boost declining market shares. The following table is a summary of the value that is added to marketing communications strategies by a company using competitions.

Table 8: Valued Added to Marketing Communications Strategies

<table>
<thead>
<tr>
<th>Value Label</th>
<th>Frequency</th>
<th>Valid Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applicable</td>
<td>3</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Enhancing the brand</td>
<td>1</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Increasing consumer goodwill</td>
<td>1</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews

From the above table 60% of the multinational oil companies see no additional value from the use of competitions to their marketing communication strategies. They also see the use of consumer
competitions as a sales promotion tool as incredible. This can be seen in the table below.

**Table 9: Credibility of Competitions as a Sales Promotion Tool**

<table>
<thead>
<tr>
<th>Value Label</th>
<th>Frequency</th>
<th>Valid Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incredible</td>
<td>3</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Fairly credible</td>
<td>1</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Credible</td>
<td>1</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews

The following is a summary of how consumer awareness is rated during the period competitors are in use.

**Table 10: Consumer Awareness and Competitions**

<table>
<thead>
<tr>
<th>Value Label</th>
<th>Frequency</th>
<th>Valid Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applicable</td>
<td>2</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Below average</td>
<td>1</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>Average</td>
<td>1</td>
<td>20</td>
<td>80</td>
</tr>
<tr>
<td>Above average</td>
<td>1</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Interview

About 80% of the companies contend that consumer competitions do not enhance consumer awareness of the company or its product. Only 40% of
the companies find that consumer inquiries increase in the period that competitions are running, while 20% find an above average increase in consumer inquiries as shown in table below.

Table 11: Extent Consumer Competitions Attract Consumer Inquires

<table>
<thead>
<tr>
<th>Value Label</th>
<th>Frequency</th>
<th>Valid Percent (%)</th>
<th>Cumulative Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applicable</td>
<td>2</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Above average</td>
<td>1</td>
<td>20</td>
<td>60</td>
</tr>
<tr>
<td>To a very large extent</td>
<td>2</td>
<td>40</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews

The impact of user competitors generally can be summarized as follows:

Table 12: Impact of User Competitions

<table>
<thead>
<tr>
<th>Value label</th>
<th>Filling station owners</th>
<th>Impact on filling stations manager</th>
<th>Filling stations attendants</th>
<th>Current consumers</th>
<th>Potential consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent %</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Above average reception</td>
<td>_</td>
<td>_</td>
<td>20</td>
<td>20</td>
<td>_</td>
</tr>
<tr>
<td>Very receptive</td>
<td>40</td>
<td>40</td>
<td>20</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>Not applicable</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Interviews
The factors that can influence the effectiveness of competitions according to 20% of the multinational companies in order to help alter the impact given above (Table 13) includes issues like originality, ease of participation, real savings for the customers and portraying on image of trustworthiness through the communication channels. 60% of the companies vet for proper execution procedures and use of price advantage to capture the attention of all involved.

However the harder a company tries to make competitions run, attractively, the more the competitors strive to outdo them. In the Kenyan oil industry, competitors increase over the years especially from independent dealers has been attributed by 20% of the companies to laxity of government controls, such that challenges like dumping and adulteration are rampant. 40% attribute it to liberalization which 60% to the lucrative nature of the industry.

Despite the above challenges the quality of competitions run can be maintained through close monitoring, originality and offering tempting prices according to 20% of the companies. 40% contend that in addition to the above, the companies should use professional advertising and sales promotion agencies.

Consumer competitions if designed well before implementation should help an organisation meet its marketing and ultimately its overall company
objectives. The following table is a summary to the extent that well designed competitors help the multinational oil companies meet their marketing objectives and ultimately the overall company objectives.

Table 13: Extent to Which Consumer Competitions Meet Marketing and Company Objectives

<table>
<thead>
<tr>
<th>Value label</th>
<th>Create interest</th>
<th>Create immediate sales</th>
<th>Remind company name to the market</th>
<th>Soften buyers resistance</th>
<th>Induce experiments on products</th>
<th>Induce shift from competitors</th>
<th>Recapture Lost customers</th>
<th>Stimulate impulse buying</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very large extent</td>
<td>40</td>
<td>60</td>
<td>—</td>
<td>40</td>
<td>40</td>
<td>20</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Large extent</td>
<td>—</td>
<td>—</td>
<td>40</td>
<td>20</td>
<td>20</td>
<td>—</td>
<td>—</td>
<td>20</td>
</tr>
<tr>
<td>Fairly large extent</td>
<td>—</td>
<td>—</td>
<td>20</td>
<td>20</td>
<td>—</td>
<td>40</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Little extent</td>
<td>20</td>
<td>—</td>
<td>20</td>
<td>40</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Not applicable</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Interviews

Before any promotional campaign is approved and launched, competitions included, there are some factors that should be considered. In the multinational oil companies studied the factors have been rated differently as a matter of importance attached to each. This has been summarized in the table below:
Table 14: Factors Considered Before Approving and Launching a Promotion Campaign.

<table>
<thead>
<tr>
<th>Value label</th>
<th>Meet customers needs &amp; wants</th>
<th>Effectively carries the theme</th>
<th>Is believable</th>
<th>Capture market attention &amp; interest</th>
<th>Will be remembered</th>
<th>Will improve Company’s image in the market</th>
<th>Adheres to legalities</th>
<th>Will be cost effective</th>
<th>Has competitive uniqueness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very important</td>
<td>40</td>
<td>20</td>
<td>20</td>
<td>40</td>
<td>40</td>
<td>20</td>
<td>40</td>
<td>60</td>
<td>20</td>
</tr>
<tr>
<td>Important</td>
<td>20</td>
<td>20</td>
<td>40</td>
<td></td>
<td>20</td>
<td></td>
<td>20</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Fairly important</td>
<td>20</td>
<td>40</td>
<td>20</td>
<td></td>
<td>20</td>
<td></td>
<td>20</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Unimportant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not applicable</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td></td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Interviews

When implementing and evaluating of consumer competitions, the study come up with the following results on how important competitions are in helping attain some of the set marketing and overall organisational objectives. The results can be presented in tabular form as follow:

Table 15: How important are competitions in helping meet a company’s marketing and organisational objectives

<table>
<thead>
<tr>
<th>Value label</th>
<th>Introduce new product</th>
<th>Induce present consumers to buy more</th>
<th>Attract new customers</th>
<th>Combat competition</th>
<th>Maintain sales in off season</th>
<th>Increase retail inventories so that more litres may be sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very important</td>
<td>60</td>
<td>20</td>
<td>40</td>
<td>40</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Important</td>
<td></td>
<td>20</td>
<td>20</td>
<td>20</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Fairly important</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>Unimportant</td>
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<td>20</td>
<td>20</td>
<td>20</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Not applicable</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td></td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Interviews

Apart from consumer competitions, other sales promotion tools are used at the same time. This can be seen from the tables below:
Table 16: Usage of other sales promotion tools along-side competitions

<table>
<thead>
<tr>
<th>Value label</th>
<th>Frequency</th>
<th>Valid percent</th>
<th>Commutative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>1</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Yes</td>
<td>4</td>
<td>80%</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Interviews

Table 17: Other sales promotion tools used along-side competitions

<table>
<thead>
<tr>
<th>Value Label</th>
<th>Frequency</th>
<th>Valid percent</th>
<th>Cumulative percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discounting</td>
<td>1</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Sponsorship e.g. sports</td>
<td>1</td>
<td>20%</td>
<td>40%</td>
</tr>
<tr>
<td>Give aways</td>
<td>1</td>
<td>20%</td>
<td>60%</td>
</tr>
<tr>
<td>Trade promotions</td>
<td>1</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>Not applicable</td>
<td>1</td>
<td>20%</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews

Reasons for using other sales promotion tools alongside competitors have been attributed by 20% of the companies to helping recover lost sales, induce trial usage of brands, increase market share and benevolence. In addition to these reasons 40% of the companies also attribute these kind of
combination of sales promotion techniques to their ability to help attract new business.

During the period that consumer competitions are in use, they have been credited to several achievements but in varying extents as summarized in the table below:

Table 18: Extent to which competitions can be credited to various achievements observed while they are in use.

<table>
<thead>
<tr>
<th>Value label</th>
<th>Increase in no. of litres taken up (demand)</th>
<th>Increase in no. of new users who repeat purchase</th>
<th>Increase in profit per filling station running the competition</th>
<th>Increase in no. of litres taken up by existing consumer</th>
<th>Increase in no. of impulse buyers</th>
<th>Increase in consumer goodwill</th>
<th>Increase in channel intermediaries effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very large extent</td>
<td>40</td>
<td>20</td>
<td>40</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Large extent</td>
<td>20</td>
<td>20</td>
<td>-</td>
<td>20</td>
<td>20</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fairly large extent</td>
<td>20</td>
<td>-</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>Little extent</td>
<td>-</td>
<td>20</td>
<td>-</td>
<td>20</td>
<td>-</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>Not applicable</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Interviews

There are various problems associated with the implementation and valuation of consumer competitions. 20% of the oil companies find themselves faced with the problem of supervision of dealers and filling station attendants, subjectivity of results, budget over-runs, fatigue and competitors reactions (whereby competitors copy cat your idea and capitalize on your weaknesses when launching their consumer competition). 60% further contend that logistics and poor organisation are major problems. 20% of the companies have resulted to education of dealers and filling station attendant so as to help cope with the above
mentioned problems. On top of this 40% have also resulted to detailed planning and use of promotional agencies to help them run consumer competitions.

The multinationals have also adapted procedures helping them measure the possible impact that arise out of using consumer competitions, as shown in the table below:

Table 19: Presence of Procedures to measure impact of consumer competitions.

<table>
<thead>
<tr>
<th>Value label</th>
<th>Frequency</th>
<th>Valid percent (%)</th>
<th>Cumulative percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>2</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Yes</td>
<td>3</td>
<td>60</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Interviews

20% of the 60% of the multinationals use formal procedures like daily sales analysis/trends, data exchange and surveys. 40% of the 60% of the multinationals use informal procedures to measure the impact of competitors. For example, the assumption that increase sales during the period the competitions are in use in due to the success of the competition run. If there is a decrease in sales or the level remains stagnant the competition is deemed as a failure.
CHAPTER FIVE

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS

The main objective of the study was to investigate both negative and positive impacts of using consumer competitions on company performance in the Kenyan oil industry. Due to the dynamic surge in the number and nature of consumer competitions in the oil industry especially in the last two years, one would not have been wrong to assume that these competitions solely have a positive impact on the multinational oil companies performance.

From the results of the companies studied competition became very stiff after the oil industry was liberalized and each strategy competitors introduce, about 80% are imitated and improved upon by others in the industry to help them maintain or increase their market shares. Although 60% of the companies have used consumer competitions since liberalization attracting a major response from the fuel consumers, their credibility was termed as 60% incredible to the company performance, 20% fairly credible and 20% credible.

The consumers give 100% reception to the competitions whether its due to brand loyalty, a sense of adventure, the "free" prize or/and economic pressure to buy what comes cheap or free. But the companies suffer silently for immediately the competition is over, the normal trend of sales,
consumer inquires, consumer goodwill, effectiveness of channel intermediaries and profit per filling station, resumes. From a discussion with the respondents, the consumers go back to their normal brand or take off to the competitor currently running a competition. All the money spent to organise and run the competition therefore goes down the drain resulting to the conclusions that competitions are incredible in helping a company attain its set marketing and overall organisational objectives.

From the findings of the study the multinational oil companies should not blame each other and/or their consumers. With reference to Table 15, its clear that the only factors deemed as very important before approving and launching a promotion campaign is its cost effectiveness – 60%. Other factors like the competition meeting customer needs and wants, capturing market attention and interest, adheres to legalities and will be remembered are seen as very important by only 40%. The factors of competitions effectively carrying the company’s promotional theme, the competition been believable, having competitive uniqueness and the competition helping improve the company’s image in the market are all considered as very important by only 20% of the companies.

The above kind of rating of factors that should be considered as very important before approving and launching a promotion campaign but are not often taken into consideration can then lead to the conclusions that its no wonder that the marketing/retail managers have encountered problems during the implementation and evaluation of competitions. Such problems
include poor supervision of dealers and filling station attendants, subjectivity of results, budget over-runs, fatigue and duplication of the competitions ideas and themes by competitors.

Since most of the factors which are very important to consider before launching a promotional campaign are deemed so by only a very small percent – 40%, it may also help explain the findings of the study shown in Table 14. Competitions are to a very little extent or are not at all responsible in helping the companies meet their marketing or overall objectives. 40% of the respondents acknowledged that there is no marketing or company objective that has ever been attained through the use of competitions. Of the 60% remaining, although objectives were attained, not all that were set but only about 3 out of 8 were attained with an above 50% success. All the rest had a less than 40% success of achievement.

Due to the notion that the consumer competitions’ impact on company performance weighs greatly on the negative side, and the problems encountered by the multinationals while implementing and evaluating consumer competitions, its no wonder that fuel consumers are yet to see any competition run this year.

5.2 RECOMMENDATIONS TO IMPROVE QUALITY OF COMPETITIONS

Based on the study results in Chapter four and the conclusions above, the following recommendations can be put forward to the multinational oil companies to assist them make better decisions on how to organise,
implement and evaluate consumer competitions for the consumers will always look forward to them.

In addition to education of dealers and filling station attendants, entering a cartel not to run competitions, detailed planning and use of promotional agencies to help them run competitions, the multinational oil companies can improve on the quality of competitions through:

- Taking into consideration factors that should be looked at before approving and launching a promotion campaign as very important to the success of the campaign. Apart from cost effectiveness and adhering to legalities other factors to consider include meeting consumer needs and wants, believability, capturing the markets attention and interest, competitive uniqueness and effectively carrying the theme of the company.

- Instead of entering a cartel not to run consumer competitions, an agreement should be arrived at on who and when should a competition be run e.g. one company annually or every three or six months.

- The companies could also leave the individual dealers with the freedom to pick on how best to achieve their sales volume targets. Therefore competitions can be localized on the site not national. This is because some dealers have thrived on these competitions and so have their consumers and hence to stop them altogether does more damage than good.
• The time duration the competitions run can be reduced to help the companies cope with the biggest problems encountered during the implementation and evaluation of competitions like logistics budget over-runs and fatigue.

5.3 RECOMMENDATIONS FOR FURTHER RESEARCH

There are certain issues that are still unresolved by this study. Further research should therefore be carried out to determine the impact competitions have on the fuel consumers.

Research can be conducted on the impact of competitions on the dealers that run the filling stations. This way the impact of competitions can then be truly analyzed.
BIBLIOGRAPHY


**Daily Nation:** July 13, August 11, September 1, 1998.
Daily Nation: March 30, October 31, December 17, 1999.


Website visited include:

WWW. cnnfn.com – Industry watch

WWW. caltex.com

WWW.texaco.com


APPENDIX I: APPLICATION FORM

THE BETTING, LOTTERIES AND GAMING ACT
(Cap. 131)

APPLICATION FOR A PERMIT AUTHORIZING PROMOTION OF PRIZE
COMPETITION UNDER (SECTION 59A OF THE ACT)

To: The Director,
Betting Control and Licensing Board,
P.O. Box 43977,
NAIROBI.

In accordance with the Betting, Lotteries and Gaming Act, Cap. 131 of 1966 and the
regulation made thereunder—

I, ................................................ of ............................................

(Full name) (Firm's Name)

P.O. Box .........................................................................
duly authorized in that on behalf by the promoters specified below hereby apply for and on
behalf of the promoters for a permit authorizing the promotion of the following prize compe-
tition .................................................................

2. I attach herewith the artwork and the actual questionnaire together with the correct
answers of the proposed promotion.

3. What exercise of skill is necessary in relation to the said prize competition.

4. What method will be used to decide the winners?

5. Appended herebelow are the details of the promotional cost:

   (i) Advertising cost (TV, Press, etc.) ...........................................

   (ii) Cost of prizes i.e.

   1st Prize .................................................................
   2nd Prize .................................................................
   3rd Prize .................................................................
   Other Consolation Prizes ............................................

   TOTAL COST .................................................................

6. What method will be used to distribute the prizes to winners?

7. What will be the duration of the promotion and the date of the draw?

8. Give any other information relevant to the promotion

Date .................................................................

(Signature)

(Description)

NOTES:

(i) Application must be submitted at least thirty days before the date set for the promotion.

(ii) Unclaimed prizes shall be surrendered to the Board after three (3) months from the
date of the draw.
KenYatta University
Faculty of Commerce
Office of the MBA Co-ordinator

Tel: 810901-19 Ext 57215
Fax: 811455
Email: avuku@nbn-net.co.ke
P.O. Box 43844, Nairobi, Kenya.

03 May 2000

To Whom It May Concern

Research Project by D53/8243/98 – Njoroge J Waria

The above named is a second year MBA student at the Faculty of Commerce.

She is carrying out a research project entitled "Competitions as a consumer Sales Promotion Technique: An Analysis of their impact on the performance of companies in the Kenyan oil industry".

The information obtained in the course of this project will be used for academic purposes only and will be treated with utmost confidentiality.

Please provide her with the necessary assistance.

Thank you.

G. K. Atheru
MBA Co-ordinator
MAY 2000

TO WHOM IT MAY CONCERN

Dear Respondent,

I am a masters student in the Faculty of Commerce, Business Administration Department, at Kenyatta University.

I am carrying out a research on "Competitions as a Sales Promotion Technique: An Analysis of their impact on Company Performance in the Kenya Oil Industry".

The questionnaire is aimed at eliciting information which will be useful in the above mentioned research as part of the Master of Business Administration Degree requirements.

You have been selected as one of the respondents in this study. The information supplied will be used strictly for academic purposes only and will be treated with utmost confidentiality.

Your cooperation will be highly appreciated.

Thank you.

NJOROGE J. WARIA.
APPENDIX IV

QUESTIONNAIRE

COMPETITIONS AS A CONSUMER SALES PROMOTION TECHNIQUE: AN ANALYSIS OF THEIR IMPACT ON THE PERFORMANCE OF COMPANIES IN THE KENYAN OIL INDUSTRY.

Information collected from this questionnaire will be treated in strict confidence and will be used only for this academic study.

1. Name of company __________________________________________
   (Optional)

2. Year company started operating in the Kenyan oil industry
   _________________________________________________________

3. Company ownership (Please tick)
   International [ ]   Global and Kenyan major [ ]
   Kenyan major [ ]   Other (specify) [ ] ________________________

4a) How is the competition facing your organisation?
   (Please tick)
   Very stiff [ ]   Fairly stiff [ ]   Not stiff [ ]

(b) Do you acknowledge that your competitors are striving to improve their marketing techniques to gain a wider market share? Yes [ ]   No [ ]
(c) Have your competitors recently introduced any new marketing methods, techniques or equipments

No [ ] Yes [ ] Specify ________________________________

(d) If yes, have you accessed the cost and advantage of introducing any of them yourselves?

No [ ] Yes [ ] specify ________________________________

5. Below is a list of some changes in the oil industry market environment. Please indicate how important each of the factors is related to your company

Key 5 = Very important
     4 = Important
     3 = Fairly important
     2 = Unimportant
     1 = Totally unimportant

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Computerization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Trade liberalization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Licensing procedures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Increase of firms in the Oil Industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Import tariffs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) Changes in consumer tastes and attitudes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Client service changes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
b) What are the other business challenges has your organisation faced in recent years?

________________________________________________________________________________________

________________________________________________________________________________________

c) How have you faced each challenge?

________________________________________

________________________________________

d) Were any of these challenges experienced in the recent past anticipated by your organisation?

________________________________________________________________________________________

________________________________________________________________________________________

e) If yes, which one?

________________________________________________________________________________________

________________________________________________________________________________________

6. What activities have you been undertaking to be competitive? (Please list them)

________________________________________________________________________________________

________________________________________________________________________________________
7) Does your company use consumer competitions as a sales promotion technique? 
   [ ] Yes  [ ] No 

b) When did you start using consumer competitions? 

  

c) How many have you run so far? 

  

8) In terms of marketing and overall organisational objectives, kindly indicate how you rate the following within your organisation; when implementing and evaluating consumer competitions.

<table>
<thead>
<tr>
<th>Key</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Very important</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Important</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Fairly important</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Unimportant</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Totally unimportant</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Introduce new product</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>b) Induce present consumers to buy more</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>c) Attract new customers</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>d) Combat competition</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>e) Maintain sales in off season</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>f) Increase retail inventories so that more litres may be sold</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>
9) How could you rate your customers' awareness on the product since their use? (Please tick one)

- Well below
- Below
- Average
- Above
- Excellent

1[ ] 2[ ] 3[ ] 4[ ] 5[ ]

10) To what extent do competitions attract customer inquiries? (Please tick one)

- Not at all
- Below
- Average
- Above
- To a very large extent

1[ ] 2[ ] 3[ ] 4[ ] 5[ ]

11) In your opinion how credible are consumer competitions as a sales promotion tool?

- Not at all
- Incredible
- Fairly incredible
- Credible
- Very credible

1[ ] 2[ ] 3[ ] 4[ ] 5[ ]

12. How would you rate the impact of user competitions on your business?

Key

- 5 = Very receptive
- 4 = Above average reception
- 3 = Average reception
- 2 = Below average reception
- 1 = Not receptive at all
13. In your opinion what factors influence the effectiveness of competitions?

14. Competitors have increased in intensity during the last two years, what reasons do you attribute to this growth?

15. What influenced your decision to use consumer competitions?

16. Generally what value do you think consumer competitions have added to your marketing communications strategies?

17. How do you ensure that the quality of competitions is maintained?
18. Please state any problem associated with the implementation and evaluation of consumer competitors.

b) How have you tackled the above problems that you have encountered while administering consumer competitors?

19. Do you use other sales promotion tools alongside consumer competitions?
   Yes [ ] No [ ]

b) If yes, please state the other sales promotions you have used.

c) Please state the reasons for using competitions and other techniques mentioned above at the same time to reach out to your consumers.

20) To what extent are consumer competitions designed to meet the following marketing objectives and ultimately your overall company objectives?

Key  5 = Very large extent

4 = large extent

3 = Fairly large extent

2 = Little extent

1 = No extent at all
a) Create interest

b) Create immediate sales

c) Remind your company name
to the market

d) Soften buyers resistance

e) Induce the market to
experiment your products

f) Foster a desire in change to
shift from competitors

g) Recapture lost customers

i) Stimulate impulse to buy
from you rather than from
competitors.

21. Below is a list of some factors that are considered before approving and launching a promotion campaign. Kindly indicate how they are rated in your company

<table>
<thead>
<tr>
<th>Key</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Very important</td>
</tr>
<tr>
<td>4</td>
<td>Important</td>
</tr>
<tr>
<td>3</td>
<td>Fairly important</td>
</tr>
<tr>
<td>2</td>
<td>Unimportant</td>
</tr>
<tr>
<td>1</td>
<td>Totally unimportant</td>
</tr>
</tbody>
</table>
b) Effectively carries
the theme

   [ ] [ ] [ ] [ ] [ ]

c) Is believable

   [ ] [ ] [ ] [ ] [ ]

d) will capture market
   attention and interest

   [ ] [ ] [ ] [ ] [ ]

e) will be remembered

   [ ] [ ] [ ] [ ] [ ]

f) Will improve the company's
   image in the market

   [ ] [ ] [ ] [ ] [ ]

g) Adheres to legalities

   [ ] [ ] [ ] [ ] [ ]

h) Will be cost effective

   [ ] [ ] [ ] [ ] [ ]

i) Has competitive uniqueness

   [ ] [ ] [ ] [ ] [ ]

22. Does your company set up procedures to measure the possible impacts that arise out of using consumer competitions?

   Yes [ ]
   No [ ]

a) If so, which procedures are set up and what respective impacts are measured (Please list them accordingly).

<table>
<thead>
<tr>
<th>Procedure set up</th>
<th>Impact the procedure measures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
b) If not, why?

---------------------------------------------------------------

c) How then does the company tell if the consumer competition was a failure or a success?

---------------------------------------------------------------

23. To what extent can consumer competitions be attributed to the following in the period they are in use?

Key
5 = Very large extent
4 = large extent
3 = Fairly large extent
2 = Little extent
1 = No extent at all

1 2 3 4 5

a) Increase in number of
Litres taken up (demand) [ ] [ ] [ ] [ ] [ ]

b) Increase in number of new
users who repeat purchase [ ] [ ] [ ] [ ] [ ]

c) Increase in profit per
Filling station that is running the competition [ ] [ ] [ ] [ ] [ ]
d) Increase in number of Litres taken up by existing consumers

e) Increase in number of Impulse Buying consumers

f) Increase in consumer goodwill

g) Increase in channel intermediaries effectiveness