CUSTOMER PERCEPTION ON THE EFFECTIVENESS OF MARKETING PRACTICES: A COMPARATIVE STUDY OF SELECTED FIRMS IN THE LUBRICANTS MARKET IN KENYA.

BY

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KENYATTA UNIVERSITY

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DECLARATION

This research project is my original work and has not been presented at any other university.

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DEDICATION

To my loving wife Josephine,
my dear daughters Peace and Patience who have continuously challenged my life and kept me going.
To my parents Steve and Florence,
who instilled in me the value of education
ACKNOWLEDGEMENT

I am deeply indebted to everyone who has given me support in the course of developing my research. My sincere gratitude goes to my supervisor Prof. J. Chege who supervised me through. For his excellent guidance, instructions and coaching throughout the study.

The late Mr. Muchai, for initially supervising me on the project and inspiring me. My gratitude goes to Kenyatta University School of Business lecturers for providing guidance and assistance. The Nairobi University library staff for their support. I am also very grateful to Mr. William Mwangi and his wife Tash, a close friend who was a great source of inspiration, guidance and encouragement.

Finally, heartfelt appreciation goes to my family, especially my wife and two daughters, for their love and support which sustained me during the hours spent while undertaking my studies.

May God bless you all.
Companies in the oil industry have been experiencing drastic changes in the market share and customer loyalty. The industry is characterized by customer shifts and switches. This is occurring despite all companies employing marketing strategies to enhance their market presence. Due to aggressive marketing strategies, the customer has become concerned with various marketing practices each company is employing. The factors that cause switches start shifting from what the customer views as strategies to what the customer perceives as marketing practice, hence the effect of customer perception to the marketing practices.

The main objective of this study is to investigate whether there are differences customers perceive between the marketing practices employed by Chevron and other competitors i.e. Shell, Total and Kobil that may be affecting the market share. Data was collected using structured questionnaires from both Chevron and competitors customers. It emerged that competitors were generally perceived as stronger than chevron in implementing most of the marketing practices like having full range of lubricants, changing prices infrequently, having departmental collaboration, fast order to delivery process, having a loyalty program, customer feedback tracking system and flexible policies. From the research it was clear that Chevron needs to change and adjust most of its marketing practices as they may be causing a reduction of its market share. Marketing practices with statistically significant difference were found like full range of products, dual brand, excellent after sales service, relaxed credit policy, easy account opening process. Major recommendations were for Chevron to fight counterfeits, enhance internal collaboration, reduce frequency of price changes, relax business processes and introduce some CRM programs.
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CHAPTER ONE

INTRODUCTION

This chapter consists of the background of the study, statement of the problem, objectives of the study, research questions, and significance of the study and limitations of the study.

1.1 Background to the study

A lubricant (colloquially, lube, although this may also refer to personal lubricants) is a substance (usually a liquid) introduced between two moving surfaces to reduce the friction and wear between them. A lubricant provides a protective film which allows for two touching surfaces to be separated, thus lessening the friction between them.

Lubricants are an essential part of modern machinery. Everything from computer hard disk drives to the Airbus A380 requires lubrication of its moving parts.

Typically lubricants contain 90% base oil (most often petroleum fractions, called mineral oils) and less than 10% additives. Vegetable oils or synthetic liquids such as hydrogenated polyolefins, esters, silicone, fluorocarbons and many others are sometimes used as base oils. Additives deliver reduced friction and wear, increased viscosity, improved viscosity index, resistance to corrosion and oxidation, aging or contamination.

Chevron previously known as Caltex came into being in 1936. The then top international oil giants, Standard Oil of California (SOCAL) later Chevron and Texas Company, later Texaco rationalized their operations outside the United States of America to form
California Texas Oil Company, later Caltex. The history of Chevron in East Africa dates back to March 1961 when Caltex was registered as a private company to manufacture process and market petroleum products. Chevron Kenya is functionally divided into two departments namely Fuels Business unit and Lubricants business unit which primarily markets Light fuels, Heavy fuels, and LPG (Liquified Petroleum Gas) while Lubricants Business unit deals in manufacture and marketing of Lubricants. The company is renowned for its high quality branded lubricants in Kenya.

The other companies that have been used in this research are Shell Kenya Limited, Total Kenya Limited and Mobil/Tamoil. The later has changed its name to Libya Oil Kenya Limited. The types of lubricants that the case companies market include automotive, industrial and specialties.

The clientele range from big corporations to small scale consumers. Big corporations include Kengen, Kenya Power and Lighting, Bamburi Cement, Rai Plywood who consume over 20,000 litres of lubricants per month. Small consumers include customers with less than 2,000 litres per month of lubricants consumption.

1.2 Problem Statement

In the last three years, great changes have been seen in the lubricants industry in Kenya as regards customer loyalty, market share and profitability. Customer switches have been massive from one company to another; price wars have become intense leading to margin erosion and hence causing lubricants to be sold as commodities and not as specialized
products. Customer switches arise due to lack of customer satisfaction. This is attributed to lack of customer follow up, lack of proper customer complaints handling procedure and lack of personalized attention to specific customer needs. This and many other relationship related issues have led to great changes in Lubricant market shares of different oil companies in Kenya as clearly shown in the table below between the years 2004-2006.

Table 1.1 Year 2004-2006 Percentage Lubricants Market Share

<table>
<thead>
<tr>
<th>OIL COMPANY</th>
<th>YEAR 2004</th>
<th>YEAR 2005</th>
<th>YEAR 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHEVRON</td>
<td>41</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>OTHERS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SHELL</td>
<td>30</td>
<td>32</td>
<td>40</td>
</tr>
<tr>
<td>TOTAL</td>
<td>11</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>MOBIL/OILIBYA</td>
<td>12</td>
<td>23</td>
<td>18</td>
</tr>
<tr>
<td>KOBIL &amp; OTHERS</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>TOTAL OTHERS</td>
<td>59</td>
<td>77</td>
<td>79</td>
</tr>
</tbody>
</table>

Source: Ministry of Energy

From the statistics shown in Table 1.1, it clearly shows that the lubricants market share have been decreasing for Chevron Kenya since the year 2004 while for the other competitors, it has been increasing. According to Berry and Gresham (1986), it is crucial that marketing be thought of in terms of having customers and not merely acquiring customers as fierce competition reshapes the industry. This is important as acquiring customers is five times expensive than retaining an existing customer. Berry and Gresham (1986) indicates that many companies have difficulties in differentiating themselves on product selection only. Oil companies can benefit in achieving distinction in ways important to their target market hence providing competitive advantage. This
clearly shows that the marketing practices being used could be contributing to the problem of loss of customers and the market share.

Many organizations have sought to redefine the pattern of exchange between themselves and their customers, from being predominantly transaction based to predominantly relational. Transformations in technology, the political and legal environment, the economy, customer expectations, and competitive forces have made the art of marketing more complex and challenging than ever. Marketers who see this rapidly changing landscape as a threat are likely to struggle in the increasingly complex marketing environment of today and tomorrow. Revenue extraction in the current competitive market has been a difficult factor for lubricants marketers. With the shift of customers from one supplier to another, quite some substantial revenue is lost.

In the 1990’s, the lubricants business in the oil industry gained new importance as oil companies started focusing on the sector due to increased margins that would supplement the other business units. Customers became demanding as competition became more intense. As a result of this increasing competitive business environment, customers and sales must be fought for. Relationship marketing has become an integral factor in many companies as a strategy and marketing effort.

Many Lubricants marketing Oil companies rely on old marketing principles, not seizing competitive advantage through areas such as competitive pricing, customer satisfaction, product offering, relationship marketing and not in return enjoying loyal customers who become advocates for them. This regard to marketing must change, and Chevron Kenya
realizes this due to the fact that many of their customers have been switching to competition.

To date, Chevron Kenya has been successful with limited marketing plan, mainly advertising in newspapers, trade promotions and relying on referral marketing to bring in new customers. However, as the industry grows, the management feels that there is a need to evaluate the marketing practices and establish a strategy that is deliberately planned and intended with specific attention to the customer perception change.

The purpose of this research then is to investigate the marketing practices that Chevron Kenya and its competitors (Shell, Total and Mobil) may be engaging differently that might be contributing to differences in the market share.

1.3 Objectives of the Study

General Objective

The general objective of this study is to establish the marketing practices being used by Chevron Kenya and competition in the lubricants business.

Specific objectives

The following are the specific objectives:

1. Determine to what extent different marketing practices employed influence customer perception towards Chevron and competitors lubricants market.

2. Determine whether there are significant differences between customer perception on marketing practices employed by Chevron and competition.

3. Identify the marketing practices that Chevron Kenya needs to focus on to ensure market share retention and growth.
1.4 Research Questions

The following research questions were addressed in this study

1. To what extent are the marketing practices influencing customer perception on Chevron and competition in the lubricants market?

2. Are there significant differences between customer perception on marketing practices employed by Chevron and competition?

3. What marketing practices should Chevron Kenya implement in order to retain and grow its market share?

1.5 Scope of the Study

In this comparative study, the researcher will concentrate on Chevron and selected competitors. While Chevron has two business units, Fuels business unit and Lubricants business unit, our main focus will be the lubricants business portfolio. Major competitors will involve the major oil companies i.e. Mobil, Shell and Total. The research will involve the customers for both Chevron lubricants as well as the selected competitor’s lubricants. The researcher chose the lubricants business unit due to marketing of the product involves more marketing practices and strategies than fuel which is sold as a commodity. This is also an area of interest for the researcher.
1.6 Significance of the Study

The study will assist the management of Chevron Kenya to make decisions and strategies that may enable them gain a competitive edge in the rapidly changing market where companies are competing for the same clients. It will equip management consultants with relevant information on the subject so as to enable them to authoritatively advice their clients. The study will serve to educate the customers and help the customer to know their worth to the supplier herein Chevron Kenya Limited.

The study will also form a basis and insight for further research especially in the field of human and financial resources, customer satisfaction, competition, promotions, product offering and relationship marketing. The education fraternity will add knowledge in the field and provide a platform to continue investigation on the less known market segment of Lubricants in the oil industry.

Chevron Kenya will be able to differentiate itself from the other competitors. With the current set up, branding may not cause any impact, customer enlightenment has increased and product or service differentiation may not hold water. This calls the company to implement other strategies in order to differentiate its self. Chevron Kenya will also focus on the most profitable relations with customers, products or channels. Most efforts and strength are utilized by the small nagging customers who want attention and personalized
service. The marketing company’s sales force efforts should be focused to the profitable customers.

1.7 Organization of the study

Chapter on in this study presents the background of the study, the problem statement, research objectives, research questions, the scope and finally the significance of the study. Chapter two deals with the general literature, empirical literature, conceptual framework and ends with the identified research gap. Chapter three gives the research method, target population, sampling procedure, research instrument, data collection procedure and data analysis method. Chapter four presents the sample characteristics, presents the research findings and comprehensive discussion of the same. The last chapter gives a summary of the study, conclusion and recommendations drawn from the study.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

In this chapter, general literature is presented first followed by the empirical literature. The summary is then presented followed by the conceptual framework.

2.2 General Literature

Perception is the process of attaining awareness or understanding of sensory information. What one perceives is a result of interplays between past experiences, one’s culture and the interpretation of the perceived. If the percept does not have support in any of these perceptual bases it is unlikely to rise above perceptual threshold.

Customer perception is the perceived experience a customer makes in his various interactions with a company (e.g. how fast, easy, efficient and reliable the process and practice is). Customers have a wider choice of often less distinguishable products and they are much better informed. For many offerings the balance of power shifts towards the customer. Customers are widely aware of their greater power, which raises their expectations on how companies should care for them.

Bringing it all together, it becomes ever more difficult to differentiate a product or service by traditional categories like price, quality, functionality etc. In this situation the development of a strong relationship between customers and a company could likely prove to be a significant opportunity for competitive advantage. This relationship is no longer based on features like price and quality alone. Today it is more of the perceived
experience a customer makes in his various interactions with a company (e.g. how fast, easy, efficient and reliable the process is) that can make or break the relationship. The customer perception will influence his or her buying behaviour and may cause a switch hence affecting the market share.

2.2.1 Marketing Practices affecting Customer Perception.

Any company’s market share is affected by the effectiveness of it’s marketing practices and other strategies that directly or indirectly affect the customers preferences, ease of switch and satisfaction in the product or services provided.

For the purpose of this study, challenges to increase the market share will be assessed of the following key characteristics; Extended Marketing mix or the 7 P’s, Resources, Relationship marketing, Customer satisfaction, Competition, Internal Policies and Controls.

2.2.2 Extended Marketing Mix Practices

a) Product practices

In marketing, a product is anything that can be offered to a market that might satisfy a want or need (Kotler et al., 2006). A product is of two types: Tangible (physical) or Intangible (non-physical). Since services have been at the forefront of all modern marketing strategies, some intangibility has become essential part of marketing offers. It is therefore the complete bundle of benefits or satisfactions that buyers perceive they will obtain if they purchase the product. It is the sum of all physical, psychological, symbolic, and service attributes, not just the physical merchandise. All products offered in a market can be placed between Tangible (Pure Product) and Intangible (Pure Service) spectrum.
Product quality is an essential part of the element product in marketing due to various customer needs, preferences and tastes. In his research, Chepkwony (2001) found out that companies need to improve the quality of existing products to meet the ever changing customer needs. Customer tastes are always evolving and other competitors are always enhancing the product qualities. If a company is stagnant in terms of quality, customers preferences will not be met as they keep changing, this will directly lead to loss of customers which means loss of sales and hence market share erosion. In this research, a high perception of product quality, gives an oil company an edge and has a direct positive influence of the market share. If the customers perceive that the company’s product quality meets their expectations, they become loyal to the company and hence the company is able to retain and grow its market share.

Due to many companies involvement in marketing of essentially same or equivalent products, Isaboke (2001) found out that most companies had developed product differentiation to maintain a competitive edge over competitors. This is very vital in the lubricants market where differentiation can bring a competitive edge over competition. Wahome (2001) opined that as fortunes in the oil sector begin to dwindle, diversification by firms from core business is increasingly being seen as a cushion. Most companies are investing in new products integrated in their product line or completely out of their line. This in effect opens a different market that may not have many competitors involved. Most companies are engaging in selling services to complement product sales which are reducing due to competition and market erosion. Abeka (1986) found out that each major oil company had launched at least one product or service to achieve competitive edge and
capture opportunities in the market. This is done in a bid to excite the market and cause better view of the company versus competition in the technological changes and innovations. When a company introduces a new product, customers perceive the company as flexible to adjust to different requirements and industry demands which positively affects the company’s sales and directly affects the market share.

b) **Price practices**

Pricing is the manual or automatic process of applying prices to purchase and sales orders, based on factors such as: a fixed amount, quantity break, promotion or sales campaign, specific vendor quote, price prevailing on entry, shipment or invoice date, combination of multiple orders or lines, and many others.

Pricing objectives or goals give direction to the whole pricing process. Determining what your objectives are is the first step in pricing. When deciding on pricing objectives you must consider the overall financial, marketing, and strategic objectives of the company, the objectives of your product or brand, consumer price elasticity and price points and the resources you have available.

The price element in the oil industry has become very vital in any sales success. This has led to price wars. Due to price wars in the oil industry, more and more companies are becoming flexible in their pricing structure. Wairachu (2000) found out that oil companies were becoming flexible on payment terms as indicated by extension of credit limit and period. He also found out that companies were also extending discounts and
allowances to customers in order to retain them. Less frequent changes of prices causes customers to perceive a company as focused and this assists in planning hence positively enhancing a company perception in the market. Flexibility in pricing as per market forces shows a company’s flexibility and accommodation to its customers. This positively enhances customer perception and loyalty is created hence retention and growth of the market share.

According to Isaboke (2003) most oil companies follow the strategy of matching competitor prices more often than price skimming strategy. Price skimming is a pricing strategy in which a marketer sets a relatively high price for a product or service at first, then lowers the price over time. It is a temporal version of price discrimination/yield management. It allows the firm to recover its sunk costs quickly before competition steps in and lowers the market price. When companies match prices or lower them than competitor’s, the customer perceives the price as affordable and fair. This positively affects the company by ensuring increased sales hence growth in the market share.

Wairachu (2000) found out that companies are using pricing in the oil industry to capture more customers and retain customers. This supports the fact that most companies see penetration pricing as a means of increasing market share and sales volume. Penetration pricing is the pricing technique of setting a relatively low initial entry price, a price that is often lower than the eventual market price. The expectation is that the initial low price will secure market acceptance by breaking down existing brand loyalties.
Penetration pricing is most commonly associated with a marketing objective of increasing market share or sales volume, rather than short term profit maximization.

c) **Promotion practices**

Promotion involves disseminating information about a product, product line, brand, or company. Promotion is comprised of sub-categories, personal selling, non-personal selling, advertising, sales promotion, publicity and public relations, trade shows, direct selling, product placement and event marketing.

The specification of these four variables creates a promotional mix or promotional plan. A promotional mix specifies how much attention to pay to each of the four subcategories, and how much money to budget for each. A promotional plan can have a wide range of objectives, including: sales increases, new product acceptance, creation of brand equity, positioning, competitive retaliations, or creation of a corporate image.

Personal Selling is an effective way to manage personal customer relationships. The sales person acts on behalf of the organization. They tend to be well trained in the approaches and techniques of personal selling. However sales people are very expensive and should only be used where there is a genuine reason. The use of personal selling is important in lubricants marketing as it requires more explanations and demonstrations being a technical product. Good personal selling ensures customer perception is positively influenced towards the product or service hence generating sales which in the long term affects the market share.
Sales promotions tend to be thought of as being all promotions apart from advertising, personal selling, and public relations. For example, the BOGOF promotion (Buy One Get One Free) others include couponing, money-off promotions, competitions, free accessories (such as free blades with a new razor), introductory offers (such as buy digital TV and get free installation), and so on. Each sales promotion should be carefully costed and compared with the next best alternative.

Direct mail is very highly focused upon targeting consumers based upon a database. As with all marketing, the potential consumer is 'defined' based upon a series of attributes and similarities. Creative agencies work with marketers to design a highly focused communication in the form of a mailing. The mail is sent out to the potential consumers and responses are carefully monitored. For example, if you are marketing medical text books, you would use a database of doctors' surgeries as the basis of your mail shot.

A company which invests in advertising creates a perception of quality and closeness in the customers' point of view. Product and company awareness is greatly influenced by advertising and promotions. This greatly influences the sales growth hence the growth and retention of market share for a company.

d) Place practices
Place is a term that has a variety of meanings in a dictionary sense, but which is principally used in a geographic sense as a noun to denote location, though in a sense of a location identified with that which is located there. However, most scholars are referring to location in a geographic, and not a specific placement, sense. Place refers to location and coverage using the channels and accessibility of the locations to the customers.

Wairachu (2000) shows the need of companies to ensure accessibility of their products and services by establishment of convenience stores to ensure convenience and ease. Ease of accessibility of products and services ensures customers are flexible and perceives the purchase as easy. This wholesomely affects sales and in turn the market shares of the company. Isaboke (2001) while addressing the responses of oil industry players highlighted that many companies were developing new markets as well as carrying out market segmentation, to ensure a wide coverage and ease of accessibility to customers. The customer perception of a company changes as it becomes easy to deal with this kind of company. In many times, this increases customer sales and loyalty which affects the market share as well.

There are different types of channel intermediaries such wholesalers, agents, retailers. Wholesalers break down ‘bulk’ into smaller packages for resale by a retailer. They buy from producers and resell to retailers. They provide storage facilities which reduce the physical contact cost between the producer and consumer and take some of the marketing responsibilities.

e) **People practices**
People in the marketing mix, incorporates personnel training, appearance, incentive and social skills. The sales knowledge challenge is a training needs assessment which measures an individual’s knowledge of sales in the following seven areas which are; attitude which the sales personality, time management, is finding the suspect/prospect, determining needs and developing rapport, the sales presentation and handling objections. The way company staff handles objections and issues, has a direct influence to the customer perception of the company in terms of care and accommodation. This affects the relationship of the customer with the company and hence the perception of the customer to the company may be influenced positively or negatively which will affect sales and hence market share.

Compensation is a typical challenge as well as a barrier. Incentive plans that rely on stack rankings, requiring reps to compete against their colleagues for pay or recognition, encourage reps to develop “proprietary” knowledge, skills, and relationships. This is compounded by the recruitment exercise, where strictness is involved as found out by Chepkwony (2001), that firms have tightened recruitment policy and have placed high academic and professional qualifications. This affects the customer perception of the customer to a company as they will always relate the company with high quality staff. This will in turn influence the customers buying pattern to the company positively and enhance the market share.

Many companies report that they intended to increase their utilization of channel partners to drive business in the future, and were finding that the policies, procedures, and tools
they have provided their own sales representatives do not always work effectively when used by the channel. They report the need to greatly simplify their operations if they are going to gain mind share from the channel reps to aggressively sell their products or services. This is picked out by Wairachu (2000) who identified that oil companies had started training their channel partners to ensure they can be utilized in gaining the market share. However, this aspect has not been seen as a challenge where the oil companies are unable to convert the strategy to a workable solution. Well trained marketing channel representatives will enhance customer perception in the company due to being professional and enlightening. This will increase sales revenue which will affect the market share.

Sales representatives often need support from other functional areas such as finance, manufacturing, distribution, R&D (research and development), etc. in order to close a deal. Communicating effectively with those departments is seen as difficult today, and for many companies is becoming even more so. Chepkwony (2002) found out that information flow internally to enable correct decisions to be made and right communication given to customer was very vital and important. Customers, who see different company departments working seamlessly together with one voice and purpose, perceive the company as a straight forward entity with integrity values. This influences the loyalty and increases sales which will translate to increased market share.

The rate of change in the marketplace is increasing the need for training on products, prospect's industries, competitors, and the like. Most companies are having a difficult
task to ensure that the knowledge transfer is accomplished. While wanting to engage in more training, they more often than not, can not justify it against the short-term impact it may have on performance. As found out by Kombo (1997), most companies have increased investment in training of their personnel to ensure they are fit to counter intense competitive environment. He also found out that as the companies seek to increase sales, they were going to the extent of training channel partners to be able to gain their mind share and loyalty, which greatly changes the partners perception in terms of the company need to grow with them and enhance relationship. This directly influences the customer loyalty and hence market share.

f) Process practices

A business process is a set of linked activities that create value by transforming an input into a more valuable output. Both input and output can be artifacts and/or information and the transformation can be performed by human actors, machines, or both. There are a number of processes that are employed to ensure the company operates as required without exposing itself to various faculties.

There are three types of business processes which are, the Management processes, which are the processes that govern the operation. Typical management processes include "corporate governance" and "strategic management". Secondly, the operational processes. These processes create the primary value stream, they are part of the core business. Typical operational processes are Purchasing, Manufacturing, Marketing, and Sales.
Thirdly, the Supporting processes. These support the core processes. Examples include Accounting, Recruitment and Information Technology support.

Processes are functions, exchanges or activities that create perceived value by satisfying needs of those involved in the transaction. These processes succeed in moving people closer to making a decision to purchase and facilitate a "sale." Afterwards, these processes anticipate, identify and satisfy customer requirements profitably and successfully manage existing relationships. Most companies have seen the need of always finding out customer requirements and planning for the same. This is highlighted by Wairachu (2000) that companies need to carry out customer forecasting and hasten order processing time to avoid stock outs and delayed transactions. Fast processes will positively influence the customer perception in dealing with the company and will enhance loyalty hence retention and growth in market share.

g) Physical evidence practices

Unlike a product, a service cannot be experienced before it is delivered, which makes it intangible. This, therefore, means that potential customers could perceive greater risk when deciding whether or not to use a service. To reduce the feeling of risk, thus improving the chance for success, it is often vital to offer potential customers the chance to see what a service would be like. This is done by providing physical evidence, such as case studies, or testimonials. This affects the customer perception towards the product or service which the customer may have not used and they end up gaining confidence hence
purchasing and using the same. This directly affects the market share as customer purchases grow.

Fifield (1998) found out that customers tend to form an impression of a service organization partly through physical evidence such as buildings, layout and goods associated with the service. In the lubricants market, the depots and warehouses where customers go to purchase lubricants also form an impression on the customer. This affects the customer’s perception of the product or service as it may impact positively or negatively. This will translate to increase or decrease in customer loyalty and purchase which affects the market share.

2.2.3 Human and financial resources

Companies with a greater number of resources than their competitors will have an easier time competing in the marketplace. Resources include: financial (cash and cash reserves), physical (plant and equipment), human (knowledge and skill), legal (trademarks and patents), organizational (structure, competencies, policies), and informational (knowledge of consumers and competitors). Small companies usually have a harder time competing with larger corporations because of their disadvantage in resource allocation.

Most companies have made changes in the technology they use to achieve efficiency in their operations as indicated by Isaboke (2001). He further found out that cost leadership was a critical factor for competitiveness which necessitated collaboration like use of joint
Kombo (1997) highlighted that large companies utilize their financial strength to source cheaply especially using cash basis. He found out that they were buying also from cheap sources in order to be competitive. When the products are competitively placed, the perception of the customer is positively influenced and they end up purchasing more hence increasing the market share for a company.

### 2.2.4 Relationship marketing practices

The definition for relationship marketing according to the chartered institute of marketing is the process of getting closer to the customer by developing a long-term relationship through careful attention to service needs and their quality delivery.

The need for relationship marketing stems from the changing dynamics of the global marketplace and the expanding requirements for competitive success Rich (2000). Literature seems to agree that the relationship approach is an emerging perspective in marketing literature (Gummerson 1997; Moller and Halien 2000). Scott (1995) stated the progression of relationship marketing by suggesting that “relationship selling moves the dyadic exchange associated with personal selling from a short-term transaction orientation to a life-long process where immediate closings might be postponed on the basis of more effectively meeting customer needs”, as Yau et al. (1999) stated “the primary impetus behind the concept of relationship marketing is to foster a long-term
relationship and thereby create repeat purchases”. Repeat purchases will increase any company’s market share. There are different programs a company can adopt. Partnering programs is the first type of relationship marketing programs between customers and marketers to serve end user needs. In the mass markets, two types of partnering programs are most common: co-branding and affinity partnering (Teagno 1995). One-to-one marketing individual marketing approach is based on the concept of account based marketing. Such a program is aimed at meeting and satisfying each customer’s need uniquely and individually (Peppers and Rogers 1995). Delivering service to customers through a team of cross functional customer contact employees ensures that customers can get a higher level of personalized service for a wide range of services, as they keep meeting the same employees for every customer call (Kuria 1999). What was once a concept only prevalent in business-to-business marketing is now implemented in the mass market and distributor customer context. This enhances loyalty and increases the market share.

Continuity marketing programs is used given the growing concern to retain customers as well as emerging the knowledge about customer retention economics have led many companies to develop continuity marketing programs that are aimed at both retaining customers and increasing their loyalty (Payne 1995). For consumers in mass markets, these programs usually take the shape of membership and loyalty card programs where consumers are often rewarded for their member and loyalty relationships with the marketers (Raphel 1995; Richards 1995). These rewards may range from privileged services to points for upgrades, discounts, and cross-purchased items. For distributor
customers, continuity marketing programs are in the form of continuous replenishment programs ranging anywhere from just in-time inventory management programs to efficient consumer response initiatives that include electronic order processing and material resource planning (Law and Ooten 1993; Persutti 1992). Such loyalty programs assist in ensuring customer perceives added value on a company’s product or service hence retaining and gaining customers. This will positively affect the market share.

2.2.5 Customer Satisfaction practices

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator within business and is part of the four perspectives of a Balanced Scorecard (Naude 2000)

In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. It has been long thought that customer satisfaction was sufficient to promote customer retention (Naude 2000). Chepkwony (2001) identified that most companies have put measures to get feedback from customers in view of making improvements. He confirms that firms have re-designed organizational structure with a view of making them flatter and hence increasing efficiency. The improvements are made to ensure customers become loyal by perceiving the company as caring and concerned to satisfy them, hence increasing the market share of the company.
Mathenge (2003) found out that for customers to be satisfied, a company needs first to improve in the area of reliability, secondly, simplify processes like the order to cash process and thirdly communication to be improved. This has a direct influence to the customer perception towards a company and causes the customer to be loyal hence growth in market share.

However, further research indicates that satisfied customers may defect, and dissatisfied customers may remain loyal (Buttle 1999). It shows that a significant percentage of satisfied customers are not retained, taking their business elsewhere despite their satisfaction with products and services. Research by Reicheld (1993) points out that 65-85% of recently defected customers claimed they were satisfied or very satisfied with their previous suppliers. Most satisfied customers form a perception that other companies also are able to satisfy their requirements. This shows that in some instances, satisfied customers can still switch suppliers due to the change in their perception and this can positively or negatively affect the market share.

### 2.2.6 Competition practices

Competitors are companies that satisfy the same customer needs. In general, a company should monitor three variables when analyzing each of its competitors (Kotler 2002). The first being, share of market which is the competitor’s share of the target market, secondly, share of mind which is the percentage of the customers who named the competitor as the first who comes to mind in the industry and thirdly the share of heart which is the percentage of customers who named the competitor as preferred while buying a product.
However, Mathenge (2003) in his research on the strategic responses to a changing competitive environment found out that, there was an increasing level of customer education in the market and companies needed to adjust to be able to retain customers. He further concluded that due to legislative changes, competition was enhanced in the oil industry. This was due to the fact that customers were more enlightened and had changed perceptions that they could only use a particular product from a particular company. This is also agreed to by Muthaura (2002) who concluded that the legislation changes on new entrants had seen the coming up of independent oil companies who were increasing competition due to being low cost operators and with low cost investment. In the oil industry, no research has been done how the low cost investment has affected the market. This has changed the customer perception on quality and price. Companies end up being more concerned on the price and the product depending on how the customers perception on the product or service positioning is.

There are different competitor reaction patterns. The laid back competitor is where a competitor does not react quickly or strongly to a rival’s move. The selective competitor is where a competitor reacts only to certain types of strategies. The tiger competitor reacts swiftly and strongly to any assault. The stochastic competitor does not exhibit a predictable reaction pattern. Most companies exhibit either of the reactions depending on what they are exposed to. This changes the customer perception on the company’s products or services hence affecting loyalty which will affect the market share.
Groenroos, (1991), indicates three types of competitive strategies. The market leader strategies aim at expanding total market share as well as defending the market share. Market challenger strategies which work for both cheaper and prestige goods, is used to avoid product proliferation, enhance product distribution and innovation as well as reduce manufacturing costs. It involves intensive advertising, promotions and price discounts. Lastly, market follower strategies are used as counterfeits, clones, imitations and adaptors to the market. These strategies play a big role in changing customer perception to a company. This may positively or negatively affect the customer purchase behavior and hence in the long run affect the market share.

2.2.7 Internal Policies and Controls Practices

Internal controls are systems of policies and procedures that protect the assets of an organization, create reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations. These systems are not only related to accounting and reporting but also relate to the organization’s communication processes, internally and externally, and include procedures for handling funds received and expended by the organization, preparing appropriate and timely financial reporting to board members and officers, conducting the annual audit of the organization’s financial statements, evaluating staff and programs, maintaining inventory records of real and personal property and their whereabouts and implementing personnel and conflicts of interest policies.
The internal processes and policies safeguard the company, but they should not become a hindrance to customer ease of transaction. This is concurred by Muthaura (2002) who found out that customers were concerned on the order to cash process which they expect speed execution, convenience of service delivery and supply reliability. In his research, he however did not investigate the influence on speedy execution and easy processes to the customer perception on the company. When the transactions execution are fast and processes easy to be dealt with, the customer perception towards a company is positively influenced and as such customer loyalty which ensures retention and increase in market share.

2.3 Empirical Literature

The oil industry has had a number of researches done in various fields in the industry. Wairachu (2000), researched on the adjustment of marketing mix by the oil companies due to liberalization of the oil industry. His objective was to find out which elements of the marketing mix had been adjusted by the oil industry due to the liberalization of the oil industry. His research involved interviewing various high management staff of the different oil companies. He found out that most oil companies had adjusted their marketing strategies as regards to the marketing mix, to remain competitive in the market. The strategies that were affected were mainly pricing where most companies had to reduce their prices to ensure competitiveness due to undercutting. Product packages were modified frequently to reduce counterfeiting. Promotions received more emphasis and budget allocation to ensure market equity was achieved. Whilst the results concurred with this research, the methodology used was not comprehensive as it involved a limited
population. This was subject to bias and information protection giving unrealistic picture.

In this research, the researcher uses the customers as his population instead of the management who are likely to withhold information.

On the other hand, Chune (1998) researched in the food manufacturing industry in Nairobi. His objective was to identify the changes in a firm’s internal corporate behavior due to the external environment. The research involved interviewing various management staff of the food industry. His findings were that competition was stiff due to imported cheaper products and changes in the external environment lead companies to concentrate on their brand and advertising as a competitive strategy. This research also concurs with these findings as most oil companies were forced to invest more on brand and advertising due to stiff competition. The research differs with the current one on the scope of sample used, where the management staff used the researcher feels is limiting to expose real issues.

Mohammed (1995) researched on the motor vehicle industry. His objective was to find out how players in the market adjusted the marketing mix to cope with increased competition from dealers of reconditioned and second hand used motor vehicles. Increased influx of reconditioned and second hand used motor vehicles was directly eroding their market share. It involved interviewing various motor vehicle dealers on how they were affected by the influx and how they were countering the same. He found out that most of the elements of the marketing mix were being adjusted. Most players reduced their prices to counter the low priced second hand motor vehicles. They
introduced different models of motor vehicles to be able to reach both the low and top tier customers. This same fact is echoed in this research as many companies have been forced to introduce a dual brand strategy with two brands, one targeting the low tier customers and the other targeting the top tier customers.

Other researches done in the oil industry in Kenya are Abeka (1996), Njuguna (1996), and Wamathu (1999) which all were addressing strategic management in the industry. No research has been done to cover the customer perception on marketing practices.

### 2.4 Summary

From the foregoing, few studies have been done within the oil industry. None has been done on the lubricants market highlighting the different marketing practices affecting customer perception. This research is intended to determine the marketing practices being utilized by firms in the lubricants and the extent to which the practices are different from the customer’s perception and may be affecting the market share.
2.5 Conceptual framework

The following figure represents the conceptual framework.

Figure 2.0 Conceptual framework  
Source: Researcher

Chevron and other selected oil companies, deploy various marketing practices in the lubricants market. These practices include pricing, promotion, product, place, people, internal processes and controls, human resources and competition. The market practices either positively or negatively affect the customer perception towards the company and its products or services. This causes customer switches or retention which directly affects the market share of the respective companies.
CHAPTER THREE
METHODOLOGY

3.1 Introduction

This chapter highlights the research method used, the population, sample, sampling method and data analysis methods used. This research undertook a comparative approach. The comparative study approach was effectively used to better meet the researcher’s goals and purpose of determining the various marketing practices chevron and other selected firms were employing that had significant difference. As observed, chevron lubricants market share had been declining from the years 2004 to 2006, whereas the other selected firms market share had been increasing. A comparative study was well suited to determine which marketing practices chevron and the other competitors were employing differently hence giving different market share.

3.2 Research Method

The comparative study was conducted using the descriptive research design. This allowed the researcher to establish the frequency of occurrence of various variables already identified. Descriptive research design was selected by the researcher based on the fact that the research was geared towards determining various marketing practices; chevron was implementing differently from competition and may have affected its market share. This tested the level of the customer’s agreement and acceptance of various practices, and also gauging the effectiveness of various practices employed by the case company and its competitors.
3.3 Target Population

According to Mugenda and Mugenda (1999) a population is a complete set of individuals, cases or objects with same common observable characteristics. The population studied in this research, comprised of Lubricants customers in Kenya. There are about 1,000 large scale lubricants customers in Kenya who consume over 12,000 liters of lubricants per year. About 100 customers for chevron and 500 customers for the selected firms namely Shell, Total, Mobil and Kobil.

3.4 Sample and sampling procedure

From the lubricants customers in Kenya, a sample size of 25 lubricants customers who are currently purchasing lubricants from Chevron Kenya Limited and 25 competitor lubricants customers who are not currently purchasing lubricants from Chevron Kenya Limited were used. See appendix III for the list of customers used. In view of the nature of the research, this was felt to be an adequate sample size. Furthermore, it would have been conceptually difficult to determine which dimensions of respondents' profiles were most critical in determining responses to questions about the different challenges and which would therefore be tested for non-response bias.

This research used systematic random sampling method. The choice of Chevron was done using purposive non probability method. The population was first separated for Chevron Kenya and for the major competitors. Each of the population was then reduced to only the customers that purchase over 12,000 liters of lubricants per year, where the year 2006 was used as the basis. This thresh hold was used because customers purchasing
less than 12,000 liters per year are not keen on the suppliers and end up purchasing through middlemen like distributors.

### 3.5 Research Instrument

Questionnaires were used to collect data from the customers. According to Mugenda and Mugenda (1999) questionnaires have numerous advantages. They have a relatively simple method of obtaining data and items on questionnaires can be easily constructed by beginning researchers. Less time is also consumed in using questionnaires for gathering information in comparison to interviews. Finally, respondents can remain anonymous.

The questionnaire had two sections. The first section was the general one where the customer gave general information like the establishment and the main current supplier. The second section was divided into the main marketing practices identified with questions giving the level of agreement on a likert scale of 1 to 5. Close ended questions were put on a likert scale which required the respondent to rate the objects being investigated. Additionally, open ended questions were used to explain responses to some close ended questions. The same questionnaire was administered to both the chevron and competitor customers. Mugenda and Mugenda (1999), states that validity has to do with how accurate the data obtained in the study represents the variables of the study. The validity of the research instrument was tested by using experts in the area to check whether the items in the instrument were valid.
3.6 Piloting of the research instrument

The research instrument was piloted using two customers in Nairobi which was outside the sampled customers. Mugenda and Mugenda (1999) states that piloting ensures that research instruments are stated clearly and have some meaning to the respondents. Piloting was useful to enable the researcher establish how the respondents understood the questions and at the same time assess approximately how long it took to get feedback from them. The researcher was therefore able to plan for data collection procedure and also modify the questions that were ambiguous.

3.7 Data Collection Procedure

The researcher began by obtaining an authorization letter from Kenyatta University. Once the questionnaire was piloted and found valid for the study, the researcher together with the research assistant delivered the questionnaires to the respondents by hand. A letter of transmittal personally signed by the researcher accompanied all the questionnaires briefly explaining the purpose, the importance and the significance of the study assuring the respondents of the confidentiality. The researcher had to wait for the questionnaires to be filled but where this was not possible, the questionnaire was left with the respondent and picked latter. The respondents used were mainly the key decision makers in the companies for sourcing lubricants.
3.8 Operationalization of Variables

The variables that were being studied in this comparative study were measured on a 1 – 5 scale where 1 represented ‘strongly agree’ with a score of 5 while 5 represented ‘strongly disagree’ with a score of 1. The variables studied included product practices, price practices, promotion practices, place practices, people practices, process practices, physical evidence, human and financial resources practices, customer satisfaction practices, competition practices and lastly internal policies and controls practices.

3.9 Data Analysis and Interpretation

The researcher used descriptive statistics to analyze and present the findings. SPSS (Statistical Package of Social Sciences) was used as a means to analyze data. By use of likert scale with ‘strongly agree’ having a score on 5 while ‘strongly disagree’ scoring 1, each item scored differently for Chevron and competition. By the use of Statistical Package of Social Sciences (SPSS) version 13.0, the mean for both chevron and competition data was arrived at and the means were compared by the use of independent samples t test.

From the SPSS output, Levene’s test of equality of variances helped in rejecting the equal variances assumed rows. The researcher concentrated on where the variances of the two groups were significantly different. The researcher only used the different aspects which are statistically different with a 1% and 5% level of significance to explain the difference in the marketing practices between Chevron Kenya and competition.
CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

In this chapter, the findings are presented, analyzed and discussed. The presentation of the results cover the sample characteristics, marketing practices and the discussion. The extended marketing mix, customer satisfaction, competition, relationship marketing, resources, internal policies and controls are the identified marketing practices posing the main challenges. Chevron’s lubricants customers and competitor’s lubricants customers were examined separately to identify the challenges and other factors that relate to both Chevron and competition.

4.2 Sample Characteristics

The results of the data with 50 lubricants customers were received with a response rate of 88%.

Table 4.1 General sample characteristics

<table>
<thead>
<tr>
<th>Company</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chevron</td>
<td>24</td>
<td>48</td>
</tr>
<tr>
<td>Shell</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Oilibya</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Kobil</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>88%</td>
</tr>
</tbody>
</table>
From Table 4.1 above, out of the targeted 25 chevron customers, 24 were successfully interviewed. From a target of 25 competitor customers, 20 were successfully interviewed.

Table 4.2 Customer loyalty

<table>
<thead>
<tr>
<th>Company</th>
<th>Chevron</th>
<th>Shell</th>
<th>Oilibya</th>
<th>Total</th>
<th>Kobil</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of interviewee customers</td>
<td>24</td>
<td>8</td>
<td>5</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>No. of loyal customers</td>
<td>17</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

From Table 4.2 above, out of 24 chevron customers interviewed 17 customers were loyal, on the 8 Shell customers, 6 were loyal and 2 had other competitors supply. Out of the 5 Oilibya customers, 4 were loyal, 5 Total customers among which 3 were loyal and 2 Kobil customers with none being loyal. The customers interviewed were mostly direct and distributor customers who purchased lubricants only and others who purchased both fuels and lubricants.
4.3 Marketing Practices

4.3.1 Practices on the Extended Marketing Mix

a) Product practices

Table 4.3.1- Perception on the Product practices

<table>
<thead>
<tr>
<th>Product practices</th>
<th>Chevron mean</th>
<th>Competition mean</th>
<th>Mean Difference</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality highest in the market</td>
<td>4.04</td>
<td>3.72</td>
<td>0.32</td>
<td>1.537</td>
<td>0.136</td>
</tr>
<tr>
<td>Full range of lubricants available</td>
<td>3.04</td>
<td>4.52</td>
<td>1.48</td>
<td>5.79</td>
<td>0.00**</td>
</tr>
<tr>
<td>Utilizes dual brand to meet all my need</td>
<td>2.04</td>
<td>3.76</td>
<td>1.72</td>
<td>5.99</td>
<td>0.00**</td>
</tr>
<tr>
<td>Frequently modifies packages for taste</td>
<td>2.60</td>
<td>2.92</td>
<td>0.32</td>
<td>0.95</td>
<td>0.346</td>
</tr>
<tr>
<td>Product quality meets my expectations</td>
<td>4.08</td>
<td>4.40</td>
<td>0.32</td>
<td>2.11</td>
<td>0.040*</td>
</tr>
<tr>
<td>Introduces new products meet new needs</td>
<td>1.96</td>
<td>3.88</td>
<td>1.92</td>
<td>7.29</td>
<td>0.00**</td>
</tr>
<tr>
<td>Products have no counterfeits</td>
<td>2.00</td>
<td>4.12</td>
<td>2.120</td>
<td>5.783</td>
<td>0.00**</td>
</tr>
</tbody>
</table>

* Significant at 5% level  ** Significant at 1% level

From the table 4.1 above, in general competition had a high mean over chevron.

Competition customers perceived their suppliers highly as having a full range of products, utilizing dual brand, frequently modifying product packages and having no counterfeits. Chevron customers highly rated quality as the highest in the market.

However, quality being perceived as the highest, frequent package modification and products having no counterfeit did not have statistical significant difference.

There were significant differences between Chevron and the competition in terms of availing a full range of lubricants. Further inquiry showed that Chevron lacked specialized lubricants like synthetics which had a specific customer and equipment requirements. Competition was offering specialized lubricants for challenging applications like synthetics and other bituminous based greases. Dual brand offering had a significant difference between Chevron and competition which is attributed to marketing of only one brand by Chevron. This is a global strategy for Chevron to ensure
Maximization of brand marketing. Most competitors had two brands to be able to capture both the lower and high tier customers. Product quality meeting expectations had a significant difference between Chevron and competition though the mean difference was small i.e. 0.320. This clearly shows the unquestionable high quality perception of the lubricants by the market. Introduction of new products had a significant difference between Chevron and competition which may have attributed to Chevron having no new products introduction in the recent past. A number of respondents indicated that in the last over two years they have been dealing with Chevron, there had not been any new product introduced. On the contrary, most competitors have introduced new products to complement their product range and meet new market requirements.

**b) Price practices**

Table 4.3.2 - Perceptions on Price practices

<table>
<thead>
<tr>
<th>Price practices</th>
<th>Chevron mean</th>
<th>Competition mean</th>
<th>Mean Difference</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offers competitive prices than competition</td>
<td>2.00</td>
<td>3.32</td>
<td>1.32</td>
<td>5.28</td>
<td>0.000**</td>
</tr>
<tr>
<td>Flexibility pricing as per market forces</td>
<td>2.12</td>
<td>4.12</td>
<td>2.00</td>
<td>9.744</td>
<td>0.000**</td>
</tr>
<tr>
<td>Uses discount to compete</td>
<td>3.20</td>
<td>3.68</td>
<td>0.48</td>
<td>1.432</td>
<td>0.159</td>
</tr>
<tr>
<td>Has low prices in the market</td>
<td>2.00</td>
<td>3.08</td>
<td>1.08</td>
<td>4.55</td>
<td>0.000**</td>
</tr>
<tr>
<td>Less frequent price changes</td>
<td>4.40</td>
<td>4.44</td>
<td>0.040</td>
<td>0.178</td>
<td>0.859</td>
</tr>
</tbody>
</table>

** Significant at 1% level

From the table 4.2 above, in general competition had a high mean on all practices. However, flexibility pricing, using discount to compete and having less frequent price changes had no significant difference. Offering competitive pricing had a significant difference between Chevron and competition, showing the prices to be uncompetitive. Most respondents indicated that Chevron had the highest prices in the market. Competitor prices were deemed to be fairly competitive. Low prices in the market had a significant
difference between Chevron and competition which indicated the market prices were perceived as high. Further indications showed that the Chevron prices were the highest in the market. The main reason for competitor prices being deemed as low was due to lagging to increase prices as the market leaders did. This gave them time to compare and ensure their prices were matching or lower than the leaders.

c) Promotion practices

Table 4.3.3- Perceptions on Promotion

<table>
<thead>
<tr>
<th>Promotion practices</th>
<th>Chevron mean</th>
<th>Competition mean</th>
<th>Mean Difference</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offers sponsorship of events or charities</td>
<td>2.96</td>
<td>3.80</td>
<td>0.840</td>
<td>4.494</td>
<td>0.000**</td>
</tr>
<tr>
<td>Uses discounts and incentives</td>
<td>4.00</td>
<td>3.88</td>
<td>0.120</td>
<td>0.721</td>
<td>0.478</td>
</tr>
<tr>
<td>Uses more advertising than others</td>
<td>1.84</td>
<td>3.60</td>
<td>1.76</td>
<td>8.56</td>
<td>0.000**</td>
</tr>
<tr>
<td>Frequent rebate promotions</td>
<td>2.16</td>
<td>2.28</td>
<td>1.760</td>
<td>8.561</td>
<td>0.000**</td>
</tr>
<tr>
<td>Promotes only when prices increases</td>
<td>1.84</td>
<td>1.84</td>
<td>0.00</td>
<td>0.00</td>
<td>1.000</td>
</tr>
</tbody>
</table>

** Significant at 1% level

From table 4.3 above, competition had generally a high mean on customer perception as offering sponsorship, using more advertising and promotions while chevron customers had a high mean on perception of using discounts and incentives. However, offering sponsorship, use of discounts and incentives, frequent rebate promotions and promotions when prices increase had no significant difference.

Using more advertising than others had a significant difference between Chevron and competition. This is attributed to lower usage of advertising in the media by the virtue of Chevron’s established brand equity. Chevron has been riding on the historical brand equity hence done less advertising. Chevron budgets for promotion was indicated as low while competitors being high. Most competitor companies had invested in high
advertising budgets to build the equity. This was prompted by the need to close the gap created by historical brand building of old companies like Chevron who have been in the market for a long period.

d) Place practices

Table 4.3.4- Perceptions on Place practices

<table>
<thead>
<tr>
<th>Place practices</th>
<th>Chevron mean</th>
<th>Competition mean</th>
<th>Mean Difference</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenient/accessible depots/warehouses</td>
<td>2.64</td>
<td>3.28</td>
<td>0.640</td>
<td>2.454</td>
<td>0.018</td>
</tr>
<tr>
<td>Wide market coverage</td>
<td>4.04</td>
<td>4.20</td>
<td>0.160</td>
<td>1.089</td>
<td>0.282</td>
</tr>
<tr>
<td>Strategic distribution channels/distributors</td>
<td>2.12</td>
<td>3.88</td>
<td>1.760</td>
<td>5.599</td>
<td>0.000**</td>
</tr>
<tr>
<td>Competent distributors covering market</td>
<td>1.76</td>
<td>4.04</td>
<td>2.280</td>
<td>6.604</td>
<td>0.034</td>
</tr>
<tr>
<td>Effectively manage depots and warehouses</td>
<td>1.84</td>
<td>4.24</td>
<td>2.400</td>
<td>7.861</td>
<td>0.015</td>
</tr>
</tbody>
</table>

** Significant at 1% level

From the table 4.4 above, competition was perceived highly on all the practices though; convenient depots, wide market coverage, competent distributors and effectively managed depots all did not have any significant difference.

Strategic distribution channels and distributors had a significant difference. This is attributed to Chevron having only distributors in Nairobi and has not concentrated in strategically recruiting distributors in strategic locations to cover the wide market.
e) People practices

Table 4.3.5- Perceptions on People practices

<table>
<thead>
<tr>
<th>People practices</th>
<th>Chevron mean</th>
<th>Competition mean</th>
<th>Mean Difference</th>
<th>t value</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departments work collaboratively</td>
<td>3.72</td>
<td>4.52</td>
<td>0.80</td>
<td>4.25</td>
<td>0.000**</td>
</tr>
<tr>
<td>Customers are trained on products</td>
<td>4.52</td>
<td>4.00</td>
<td>0.520</td>
<td>2.243</td>
<td>0.030</td>
</tr>
<tr>
<td>Staff up to date on handling objections</td>
<td>4.36</td>
<td>4.00</td>
<td>0.360</td>
<td>1.737</td>
<td>0.090</td>
</tr>
<tr>
<td>Staff effective in developing rapport</td>
<td>3.48</td>
<td>3.60</td>
<td>0.120</td>
<td>0.351</td>
<td>0.727</td>
</tr>
</tbody>
</table>

** Significant at 1% level

From table 4.5, generally, competition was perceived highly to having their departments working collaboratively and staff being effective in developing rapport. Chevron was perceived highly in training customers and being able to handle objections. However, customers trained on products, staff being up to date with handling objections and effective rapport development by staff did not have significant difference. Departments working collaboratively had a significant difference between Chevron and competition. Chevron had low mean which is attributed to sales staff handling all issues and following up even issues dealing with other departments. Most Chevron customers indicated that there were some incidences of lack of cohesion and understanding in Chevron’s part which became exposed to them. Most competitors have a number of staff who blend to ensure customer satisfaction. The distribution of resources like customer service which ensures closeness to the customer were indicated to be working seamlessly to the point a customer could be served by a finance personnel whereas the salesperson is supposed to do so in the norm.
f) Process practices

Table 4.3.6- Perceptions on Process practices

<table>
<thead>
<tr>
<th>Process practices</th>
<th>Chevron mean</th>
<th>Competition mean</th>
<th>Mean Difference</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective and flexible credit process</td>
<td>1.96</td>
<td>3.72</td>
<td>1.76</td>
<td>5.98</td>
<td>0.000**</td>
</tr>
<tr>
<td>Fast order to delivery process</td>
<td>2.52</td>
<td>3.80</td>
<td>1.280</td>
<td>3.689</td>
<td>0.001</td>
</tr>
<tr>
<td>Effective purchasing process</td>
<td>2.56</td>
<td>3.48</td>
<td>0.920</td>
<td>2.725</td>
<td>0.009</td>
</tr>
<tr>
<td>Effective customer Accounting process</td>
<td>4.56</td>
<td>3.08</td>
<td>1.48</td>
<td>6.22</td>
<td>0.000**</td>
</tr>
<tr>
<td>Effective logistics process</td>
<td>2.32</td>
<td>3.60</td>
<td>1.28</td>
<td>3.21</td>
<td>0.002**</td>
</tr>
<tr>
<td>Processes are cumbersome</td>
<td>3.52</td>
<td>2.92</td>
<td>0.600</td>
<td>1.455</td>
<td>0.153</td>
</tr>
</tbody>
</table>

** Significant at 1% level

From table 4.6 above, chevron was generally perceived highly in having effective customer accounting process and processes being cumbersome while competition was perceived highly in having effective and flexible credit process, fast order to delivery process, and effective logistics process. However, fast order to delivery process, effective purchasing process and cumbersome processes did not have significant difference. Effective and flexible credit process had a significant difference between Chevron and competition. Chevron had a high mean attributed to the rigid requirements while extending nay credit facility to a customer. This is necessitated by the company perception of security and is based on the past experience where the company incurred bad debts. Most competitors had less stringent credit requirements in extending credit facilities to the customers. Effective accounting process had a significant difference between Chevron and competition indicating Chevron’s system being very effective and accurate. This was due to Chevron’s investment to a globally tested and trusted SAP system. Most competitors had moderate accounting systems prone to some inaccuracies indicated by the customers. Effective logistic process had a significant difference between Chevron and competition Chevron had a low score due to lack of efficiency in the logistic processes. Most Chevron customers indicated they had experienced delays in
most of the times they have been dealing with Chevron attributed to the long and cumbersome logistic process adopted by Chevron. Most competitor customers indicated a hassle free and effective logistic process adopted by the main players.

**g) Physical Evidence practices**

Table 4.3.7- Perceptions on Physical evidence practices

<table>
<thead>
<tr>
<th>Physical evidence practices</th>
<th>Chevron mean</th>
<th>Competition mean</th>
<th>Mean Difference</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has most OEM approvals</td>
<td>4.00</td>
<td>4.12</td>
<td>0.120</td>
<td>0.549</td>
<td>0.588</td>
</tr>
<tr>
<td>Effective coverage of the lubricants market</td>
<td>4.00</td>
<td>4.40</td>
<td>0.40</td>
<td>2.83</td>
<td>0.007**</td>
</tr>
<tr>
<td>Product package better than competition</td>
<td>3.16</td>
<td>3.88</td>
<td>0.72</td>
<td>3.02</td>
<td>0.004**</td>
</tr>
</tbody>
</table>

** Significant at 1% level

From table 4.7 above, customers perceived competition highly on all the practices. However, having most OEM approvals did not have significant difference. Effective coverage of lubricants market had a significant difference between Chevron and competition despite a low mean difference of 0.400. This is attributed to lack of other infrastructure to reach the whole market. The current channels being used by Chevron are direct selling and use of service stations which are limited in reaching the whole market which offers very low market coverage. Competition had a high score which may be due to availability of other infrastructure like depots, exclusive distributors and service stations to reach the whole market. Product package being better than competition had a significant difference between Chevron and competition. This on more inquiry may have been attributed to the fact that Chevron had not modified or changed the product package in the recent past. Most competitors have had at least two changes in the product
packages which was attributed to countering counterfeit as well as re-launching some existing range of lubricants in to the market afresh.

4.3.2 Human and financial resources practices

Table 4.3.8- Perceptions on Resources practices

<table>
<thead>
<tr>
<th>Human and financial resources practices</th>
<th>Chevron mean</th>
<th>Competition mean</th>
<th>Mean Difference</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical capability above competition</td>
<td>4.72</td>
<td>3.60</td>
<td>1.12</td>
<td>5.48</td>
<td>0.000**</td>
</tr>
<tr>
<td>Supplier keen on investing equipment at Customer premises</td>
<td>3.00</td>
<td>3.48</td>
<td>0.239</td>
<td>2.009</td>
<td>0.051</td>
</tr>
<tr>
<td>Imports most lubricants</td>
<td>2.40</td>
<td>3.00</td>
<td>0.600</td>
<td>2.521</td>
<td>0.015</td>
</tr>
<tr>
<td>Re-sells other brands if required</td>
<td>2.04</td>
<td>2.24</td>
<td>0.200</td>
<td>0.564</td>
<td>0.576</td>
</tr>
<tr>
<td>Effective central customer service location</td>
<td>3.52</td>
<td>4.32</td>
<td>0.800</td>
<td>3.597</td>
<td>0.001</td>
</tr>
<tr>
<td>Has competent sales staff</td>
<td>2.56</td>
<td>4.08</td>
<td>1.52</td>
<td>7.04</td>
<td>0.000**</td>
</tr>
</tbody>
</table>

** Significant at 1% level

From the table 4.8 above, in general, customers perceived competition highly on keenness to invest equipment, importing most lubricants, re-selling other brands and having effective central customer service location. Chevron customers perceived higher than competition on the technical capability. However, supplier keen on investing equipment, importation of most lubricants, re-selling other brands and effective customer service location did not have significant difference.

Technical capability above competition had a significant difference between Chevron and competition. It was indicated by most customers that the technical capacity held by Chevron is higher than competition. The main reason is due to continuous technological research and innovations being done globally. This is attributed to Chevron having their own brand to support. Competent sales staff had a significant difference between Chevron and competition. This was attributed to Chevron’s sales staff just meeting the
customer expectations. Staff turnover was highlighted as the main issue causing staff not to be competent in terms of knowing and dealing with customers as compared with competition who were able to retain their sales staff longer hence retaining the experienced personnel.

4.3.3 Relationship marketing practices

Table 4.3.9- Perceptions on Relationship Marketing practices

<table>
<thead>
<tr>
<th>Relationship marketing practices</th>
<th>Chevron mean</th>
<th>Competition mean</th>
<th>Mean Difference</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective utilization of dedicated account managers</td>
<td>2.56</td>
<td>4.08</td>
<td>1.52</td>
<td>7.04</td>
<td>0.000**</td>
</tr>
<tr>
<td>Focuses on customer retention</td>
<td>4.00</td>
<td>3.36</td>
<td>0.64</td>
<td>2.98</td>
<td>0.005**</td>
</tr>
<tr>
<td>Focuses on product benefit</td>
<td>4.00</td>
<td>3.08</td>
<td>0.92</td>
<td>4.82</td>
<td>0.000**</td>
</tr>
<tr>
<td>Focuses on specific customer needs</td>
<td>4.08</td>
<td>3.84</td>
<td>0.240</td>
<td>2.578</td>
<td>0.013</td>
</tr>
<tr>
<td>Offers Consignment stocking</td>
<td>1.68</td>
<td>3.20</td>
<td>1.52</td>
<td>5.93</td>
<td>0.000**</td>
</tr>
<tr>
<td>Has loyalty card/program</td>
<td>2.08</td>
<td>2.96</td>
<td>0.880</td>
<td>3.086</td>
<td>0.003</td>
</tr>
</tbody>
</table>

** Significant at 1% level

From table 4.9 above, in general customers perceived highly competition to effectively utilize dedicated account manager, offering consignments stocking and loyalty card/programs. Chevron was highly perceived to focus on customer retention, product benefit and customer needs. However, focus on customer needs, involving high management contacts and having loyalty card did not have significant difference. Effective use of dedicated account managers had a significant difference between Chevron and competition. This on further inquiry, Chevron’s low score was attributed to the functional structure of the company hence not working on the account manager strategy. Most competitors were using account managers as a marketing strategy where the manager handles all the customer requirements and issues. Focus on customer retention had a significant difference. Chevron had a higher score. This on further inquiry
showed that focusing on customer retention for Chevron was the main strategy in use by company to ensure retention of customers. They were using rewards that ranged from privileged services to discounts, and cross-purchased items. Most competitors were indicated to having low focused programs to ensure customer retention. Focus on product benefit had a significant difference between Chevron and competition with Chevron also having a higher score. This was attributed to Chevron’s products perceived high quality that ensured they were using the benefits to market the products. Offering of consignment stocking had a significant difference between Chevron and competition. Most competitors were indicated to having the programs with the large consumers of lubricants.

4.3.4 Customer Satisfaction practices

Table 4.3.10- Perceptions on Customer Satisfaction practices

<table>
<thead>
<tr>
<th>Customer satisfaction practices</th>
<th>Chevron mean</th>
<th>Competition mean</th>
<th>Mean Difference</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resolves complaints effectively and fast</td>
<td>3.80</td>
<td>3.64</td>
<td>0.160</td>
<td>0.840</td>
<td>0.405</td>
</tr>
<tr>
<td>Excellent after sales service</td>
<td>4.00</td>
<td>3.48</td>
<td>0.52</td>
<td>3.16</td>
<td>0.003**</td>
</tr>
<tr>
<td>Has feedback communication system</td>
<td>2.08</td>
<td>3.44</td>
<td>1.360</td>
<td>5.552</td>
<td>0.000</td>
</tr>
<tr>
<td>Tracks/communicates satisfaction needs</td>
<td>2.56</td>
<td>3.52</td>
<td>0.96</td>
<td>3.53</td>
<td>0.001**</td>
</tr>
<tr>
<td>Frequently inquires of level of satisfaction</td>
<td>3.76</td>
<td>3.84</td>
<td>0.080</td>
<td>0.525</td>
<td>0.602</td>
</tr>
</tbody>
</table>

** Significant at 1% level

From the table 4.10 above, in general, competition had a higher mean on the perception on having feedback communication system while chevron was highly perceived as resolving complaints effectively, having excellent after sales service. However, resolving customer complaints, having feedback communication system and frequently inquiring of level of satisfaction had no significant difference.
Excellent after sales service had a significant difference between Chevron and competition. Chevron’s high score was attributed to effective after sales programs that were effectively used and maintained like used oil monitoring system, technical seminars and lubrication surveys. Most competitors were indicated as to only having sales with minimal after sales programs. Tracking satisfaction needs had a significant difference between Chevron and competition. This was attributed to most customers alleging Chevron as having no measures to check on customer satisfaction. Communication also was highlighted as being weak, hence inability to track satisfaction. This was contrary to most competitors who used their customer service, finance and marketing teams to ensure satisfaction was measured and tracked for most customers. They had employed programs to check customer satisfaction annually and surveys especially on the stations.

4.3.5 Competition practices

Table 4.3.11- Perceptions on competition practices

<table>
<thead>
<tr>
<th>Competition practices</th>
<th>Chevron mean</th>
<th>Competition mean</th>
<th>Mean Difference</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concerned with product quality</td>
<td>4.32</td>
<td>3.68</td>
<td>0.640</td>
<td>3.024</td>
<td>0.004</td>
</tr>
<tr>
<td>Concerned with product price</td>
<td>2.52</td>
<td>3.28</td>
<td>0.760</td>
<td>2.504</td>
<td>0.016</td>
</tr>
<tr>
<td>Significantly affected by counterfeits</td>
<td>3.48</td>
<td>2.00</td>
<td>1.48</td>
<td>5.11</td>
<td>0.000**</td>
</tr>
</tbody>
</table>

** Significant at 1% level

From table 4.11 above, in general, Chevron was perceived highly as concerned with product quality and significantly affected by counterfeits while competition was highly perceived as concerned with product price. However, both concern with product quality and price did not have significant difference.
Significantly affected by counterfeits had a significant difference between Chevron and competition. The high score for Chevron was due to being directly affected significantly by counterfeits. The main reason was due to the demand and brand equity already with Chevron’s lubricants, which made them vulnerable to counterfeit hence affecting Chevron’s market. Due to the Chevron’s brand strength in the market, small competitors were indicated to counterfeiting Chevron’s brand of lubricants and selling in pretense of being the real brand. The company had not also shown any clear efforts of countering the vice like changing the packages, taking legal action or advertising against the same. Most competitors were indicated as having low levels of counterfeit problems due to aggressive.

4.3.6 Internal Policies practices

Table 4.3.12- Perceptions on Internal Policies and controls practices

<table>
<thead>
<tr>
<th>Internal policies and controls practices</th>
<th>Chevron mean</th>
<th>Competition mean</th>
<th>Mean Difference</th>
<th>t value</th>
<th>p value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relaxed Credit policy friendly</td>
<td>1.72</td>
<td>4.04</td>
<td>2.320</td>
<td>10.375</td>
<td>0.000**</td>
</tr>
<tr>
<td>Customer Service charter aligned to market needs</td>
<td>2.92</td>
<td>3.52</td>
<td>0.600</td>
<td>2.774</td>
<td>0.028</td>
</tr>
<tr>
<td>Has easy account opening procedure</td>
<td>2.08</td>
<td>4.00</td>
<td>1.92</td>
<td>6.95</td>
<td>0.000**</td>
</tr>
</tbody>
</table>

** Significant at 1% level

From table 4.12 above, in general, competition had a high mean thus customer service charter alignment did not have significant difference. Relaxed credit policy had a significant difference. Chevron credit policy is very stringent and is coupled up with account opening procedure. Easy account opening procedure had a significant difference between Chevron and competition. Chevron had a low score attributed to having rigid requirements that have to be met. Some of the requirements made no business sense as indicated by some customers. To get any credit facility extension required a security like
a bank guarantee or a credit rating done by a global credit rating company. Main
competitors had minimal and reasonable requirements like a bank reference letter,
making it easy to and fast to open a credit trading account. They were extending credit
facilities without any securities.

4.4 Discussion
From the research carried out, the researcher found out that there were a number of
marketing practices competition and Chevron Kenya were undertaking that were
significantly different as discussed in the following section.

4.4.1 Extended Marketing Mix Practices
Chevron Kenya does not have a full range of lubricants to meet all customer needs. It
also had a deficiency in terms of product packaging, which had not been changed for a
long period. This causes the products to be vulnerable to counterfeiting. It was discovered
that most competitors were offering dual brands and were not affected by the
counterfeits.

Chevron Kenya needs to fight counterfeit, which may be causing a drop in market share.
Chevron should also launch a new product which concurs with Abeka (1986) who found
out that each major oil company had launched at least one product or service to achieve
competitive edge and capture opportunities in the market. Pricing of lubricants has made
Chevron Kenya less competitive due to the use of market leader strategy.
Frequent price changes had also caused constant migration of customers from Chevron to competition. Competitors are utilizing competitive pricing, and changes of prices are very rare. Chevron should utilize competitive indexing strategy in pricing to ensure prices are competitive compared to the market. This also agrees with the findings of Isaboke (2003) who concluded that most oil companies follow the strategy of matching competitor prices more often than price skimming strategy.

Chevron's main weakness from the research may be lack of advertisement. Chevron had not sponsored any new event in the recent past and carries out advertisements only when promotion activation is needed. The competition offer discounts and incentives, they offer sponsorship especially in sports and carry out intense advertisements of their lubricants. Advertisement is the main way needed for Chevron Kenya to improve it's promotions effectiveness.

Chevron Kenya was lacking departmental collaboration internally. This causes conflicts internally in the company and leads to customer dissatisfaction. The competition has strong departmental collaboration with staff that is able in handling objections. This is also agreed by Chepkwony (2002) who found out that information flow internally should enable correct decisions to be made and right communication given to customer was vital. Chevron Kenya should ensure there is internal departmental collaboration to ensure smooth business flow and transactions.

It was identified that all processes needed to be tailored to the market needs. The main process that has a major challenge is the credit policy, order to delivery process and
logistics process. The competitors have an effective and flexible credit policy, well controlled out sourced logistics as well as easy and fast order to delivery process.

Wairachu (2000) found out that oil companies were becoming flexible on payment terms as indicated by extension of credit limit and period. Mathenge (2003) identified that for customers to be satisfied, a company needs first to improve in the area of reliability, secondly, simplify processes like the order to cash process and thirdly communication to be improved. This concurs to the findings of the researcher and hence Chevron Kenya should tailor make the credit and logistics process to be able to meet customer needs and expectations.

4.4.2 Human and financial resources practices

The researcher found out that Chevron had a high technical capability than the competition and less competent staff. Chevron Kenya faces great challenges in retention of their competent staff. This has made the competition to gain from the staff migration who have been attracted by them. Chevron should invest more on research to know why the competent staff are migrating now and then leaving chevron to be like a training ground. Issues pertaining to human resources should be addressed as the knowledge migration will hurt Chevron market share.

4.4.3 Relationship Marketing

The main issues of challenge to Chevron Kenya are non utilization of account manager, lack consignment stocking arrangement and less involvement of high level management. The competition use the dedicated account managers who are able to focus on the
customer needs, they have rolled out loyalty programs and use high level management to make leads in the market.

As Peppers and Rogers (1995), found out in their research, account manager strategy is aimed at meeting and satisfying each customer’s need uniquely and individually, Chevron Kenya should adopt the account manager marketing strategy and ensure internal processes can support loyalty programs and consignment stocking arrangements.

### 4.4.4 Customer Satisfaction

It was established that Chevron Kenya had no comprehensive feedback communication system, they do not resolve customer complaints effectively nor do they track or communicate customer satisfaction needs. On the contrary, the competition has a customer feedback communication with effective customer complaints resolution and tracking of customer feedback communication. Chepkwony (2001) asserts that most companies have put measures to get feedback from customers in view of making improvements, Chevron Kenya should install a feedback communication system and be in a position to resolve customer complaints in a speedy and effective way.

### 4.4.5 Competition

Counterfeits affect Chevron’s competitive edge in a very big way that the market share keeps on drifting due to quality concerns. The same is replicated by high prices which a market leader strategy is adopted, making Chevron uncompetitive in the market. On the other side, competition was rarely affected by counterfeit and they mainly use price to
compete in the market. Chevron Kenya should ensure their prices are competitive and fight counterfeit legally as well as internally by changing some aspects like packaging.

4.4.6 Internal Policies and Controls

Chevron Kenya growth is challenged by having a very stringent credit policy, strict account opening procedures and its customer service charter being not aligned to the market needs. The policies are governed corporately making them out of norm with the market conditions.

Competition have a relaxed credit policy, easy account opening procedure and their customer service charter is well aligned to the market needs. Muthaura (2002) found out that customers were concerned on the order to cash process which they expect speed execution, convenience of service delivery and supply reliability. This concurs to the findings of this research and as such, Chevron should amend or tailor make the policies to reflect the local market aspects. Credit policy and account opening procedure should be relaxed to accommodate more customers while still protecting the company’s interests.
5.1 Introduction
In this chapter, the researcher summarizes the study and discusses the findings and gives recommendations to further this study.

5.2 Summary
The purpose of this study was to establish the different aspects of marketing being undertaken by Chevron Kenya and competition that are different and may be affecting Chevron Kenya’s market share. To accomplish this purpose, variables guiding the study were proposed from the literature related to the practices and technology in the lubricants industry. These variables, which served as the framework for this research, were extended marketing mix (product, price, promotion, place, physical evidence, people and process), customer satisfaction, relationship marketing, resources, competition, internal policies and controls.

The first objective was to establish to what extent the different marketing practices affected customer perception of Chevron and competition that may have led to change in market share in the lubricants market. The results indicated that customers perceived competition highly on most of the marketing practices like having a full range of products, utilizing dual brand, modifying product packages frequently, introduction of new products, use of advertising, less frequent price changes, strategic distribution channels, inter collaboration, effective use of dedicated account managers, having loyalty programs, easy account opening procedures. The customers perceived Chevron as strong
on having quality products, use of discounts and incentives, handling objections effectively, high technical capability, concerned on customer retention, excellent after sales service, resolving complaints fast, effective accounting process, stringent credit policy.

The second objective was to determine whether there was significant difference on the marketing practices as perceived by the customers. The study established that availing full range of products, dual brand offering, product quality meeting expectations, offering competitive pricing, use of advertising, strategic distribution channels, departments working collaboratively, effective accounting process, product package, technical capability, competent sales staff, focus on customer retention, effective use of dedicated account managers, focus on product benefits, excellent after sales service, significant effect by counterfeits, relaxed credit policy and easy account opening procedure had significant difference.

The third objective was to identify the marketing practices that chevron needed to focus in order to retain and grow the market share. The study established that chevron needed to implement a full range of products, fight counterfeits, change prices infrequently, invest more on advertisement, enhance departmental collaboration, tailor make processes not to be cumbersome, retain competent staff, utilize account managers, implement a comprehensive customer satisfaction feedback system and relax the credit policy as well as ensure less exposure,
5.3 Conclusion

From the research findings, it is clear that there are quite a number of marketing practices that the customer in the oil industry perceives as ineffective as concerns Chevron. Chevron needs to fight counterfeits which is hurting its business. This can be achieved by either invoking legal address on counterfeiters, creating awareness to counter counterfeits and changing product packages. They need launch a full range of lubricants to meet the whole market requirements. Dual brand strategy can work well to ensure both top and low tier market is covered. Manage the pricing cycles by ensuring few price changes, this can be done by having an annual price review. They need to advertise more through the audio and written media. It will be vital that they seek internal collaboration. Inter company collaboration needs to be enhanced and improved through seamless inter departmental transactions and communications to customers. They need to set up CRM programs like loyalty card programs, consignment stocking, co-marketing and co-branding. Lastly Chevron needs to tailor make policies and processes like credit and account opening to fit the market. This can be done by tailor making the processes to adopt and fit in various customer levels like bank guarantees for high exposure customers and open credit for less exposed. If Chevron has to reverse the trend of declining market share, more focus is needed on turning the customer perception from the negative aspect towards the various marketing practices and strategies they are currently engaging.

5.4 Recommendations

This research attempted to identify the challenges facing Chevron Kenya Limited in enhancing it’s lubricants market share.
The researcher recommends the following to Chevron:

1. Come up with a strategy to fight counterfeits which is hurting sales and company reputation.

2. Reduce the frequency of price changes by anticipating the future costs and incorporating the same in the current costs.

3. Ensure internal collaboration is enhanced.

4. Implement Customer Relationship Management programs.

5. Relax business processes to be able to attract and retain customers.

5.5 Suggestions for further research

The researcher feels there are three areas in which this research could be further explored and evaluated. The following recommendations are offered:

1. Further research could provide more answers about the specific lubricants sector like industrial, commercial and consumer

2. Additional research in the other petroleum portfolio i.e. Fuels could be conducted to verify if the whole business portfolio of lubricants and fuels location has an effect directly or indirectly on the market share. Also, customers with no relationship with the company could be considered for a research sample to see if people’s perception had an effect.
REFERENCES


To whom it may concern,

I am an undergraduate student in the Management Programme at University of Nairobi, pursuing a Bachelor of Science degree in Marketing. I am currently conducting a study on the role of relationships in marketing. The purpose of the study is to improve sales of consumer products.

The information you provide will be used for research purposes only and will be treated with strict confidence.

Your cooperation will highly be appreciated.

Yours sincerely,

Mr. P. Machari
Lecturer, Management Programme
University of Nairobi, School of Business Administration
APPENDIX I

SAMPLE REQUEST LETTER FOR SURVEY

KENYATTA UNIVERSITY
INSTITUTE OF OPEN LEARNING
SCHOOL OF HUMANITIES AND SOCIAL SCIENCES

Date:

To,

WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: REQUEST FOR APPLICATION OF QUESTIONNAIRE – JAMES M WAKIRU

This is to introduce the above named student to you. He is a post graduate student in Kenyatta University pursuing a Masters in Business Administration – Marketing Option. In partial fulfillment for the award of the MBA degree, he is conducting a study “Investigation into the challenges facing Chevron Kenya as it seeks to improve its market share within the oil Industry. (Case Study of the Lubricants Business Portfolio)”

This is therefore to kindly grant him an opportunity to interview you on the same. The interview will aim at completing the attached questionnaire which form an integral part of the research project.

The information will be used exclusively for academic purpose and will be treated with strict confidence.

Your cooperation will highly be appreciated.

Mr. P. Muchai
Lecturer, Kenyatta University School of Business
Supervisor

James M. Wakiru
MBA Student
APPENDIX II: QUESTIONNAIRE

Kindly fill appropriate spaces and tick accordingly.

1. Name of your establishment. ________________________________
2. How many suppliers do you have for lubricants? __________________________
3. Who is your current main supplier of lubricants?
   - Chevron [ ] Shell/BP [ ] Kenol [ ]
   - ExxonMobil [ ] Total [ ]
   - Other [ ] Please specify __________________________

PRODUCT

4. Please tick the box which best describes your level of agreement as regards your current supplier on a rating of 1 – 5 where:
   1. Agree strongly
   2. Agree
   3. Neither agree or disagree
   4. Disagree
   5. Disagree strongly.

   Quality is the highest in the market [ ] [ ] [ ] [ ] [ ]
   Full range of lubricants available [ ] [ ] [ ] [ ] [ ]
   Utilizes dual brand to meet all my needs [ ] [ ] [ ] [ ] [ ]
   Frequently modifies packages for taste [ ] [ ] [ ] [ ] [ ]
   Product quality meets my expectations [ ] [ ] [ ] [ ] [ ]
   Introduces new products meet new needs [ ] [ ] [ ] [ ] [ ]
   Products have no counterfeits [ ] [ ] [ ] [ ] [ ]

PRICE

5. Please tick the box which best describes your level of agreement as regards your current supplier on a rating of 1 – 5 where:
   1. Agree strongly
   2. Agree
   3. Neither agree or disagree
   4. Disagree
   5. Disagree strongly.

   Offers competitive prices than competition [ ] [ ] [ ] [ ] [ ]
Flexibility pricing as per market forces [ ] [ ] [ ] [ ] [ ]

Uses discounts to compete. [ ] [ ] [ ] [ ] [ ]

Has low prices in the market [ ] [ ] [ ] [ ] [ ]

Less frequent changes (once per annum) [ ] [ ] [ ] [ ] [ ]

PROMOTION

6. Please tick the box which best describes your level of agreement as regards your current supplier on a rating of 1 – 5 where:

1.- Agree strongly
2.- Agree
3.- Neither agree or disagree
4.- Disagree
5.- Disagree strongly.

Offers sponsorship of events or charities [ ] [ ] [ ] [ ] [ ]

Uses discounts and incentives [ ] [ ] [ ] [ ] [ ]

Uses more advertising than others [ ] [ ] [ ] [ ] [ ]

Frequent rebate promotions [ ] [ ] [ ] [ ] [ ]

Promotes only when prices increases [ ] [ ] [ ] [ ] [ ]

PLACE

7. Please tick the box which best describes your level of agreement as regards your current supplier on a rating of 1 – 5 where:

1.- Agree strongly
2.- Agree
3.- Neither agree or disagree
4.- Disagree
5.- Disagree strongly.

Convenient/accessible depots/warehouses [ ] [ ] [ ] [ ] [ ]

Wide market coverage [ ] [ ] [ ] [ ] [ ]

Strategic distribution channels/distributors [ ] [ ] [ ] [ ] [ ]

Competent distributors covering market [ ] [ ] [ ] [ ] [ ]

Effectively manage depots and warehouses [ ] [ ] [ ] [ ] [ ]
PEOPLE

8. Please tick the box which best describes your level of agreement as regards your current supplier on a rating of 1 – 5 where:
1.- Agree strongly
2.- Agree
3.- Neither agree or disagree
4.- Disagree
5.- Disagree strongly.

<table>
<thead>
<tr>
<th>Services</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departments work collaboratively</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Customers are trained on products</td>
<td></td>
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<tr>
<td>Staff up to date on handling objections</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff effective in developing rapport</td>
<td></td>
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</tr>
</tbody>
</table>

PROCESS

9. Please tick the box which best describes your level of agreement as regards your current supplier on a rating of 1 – 5 where:
1.- Agree strongly
2.- Agree
3.- Neither agree or disagree
4.- Disagree
5.- Disagree strongly.

<table>
<thead>
<tr>
<th>Services</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective and flexible credit process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fast order to delivery process</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Effective purchasing process</td>
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<td></td>
</tr>
<tr>
<td>Effective customer Accounting process</td>
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<tr>
<td>Effective logistics process</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Processes are cumbersome</td>
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</tbody>
</table>

PHYSICAL EVIDENCE

10. Which of the following are developed and utilized by the supplier?
- Case studies [ ]
- Testimonial [ ]
- Customer approvals [ ]
- OEM Approvals [ ]

11. Please tick the box which best describes your level of agreement as regards your current supplier on a rating of 1 – 5 where:
1. - Agree strongly
2. - Agree
3. - Neither agree or disagree
4. - Disagree
5. - Disagree strongly.

Has most OEM approvals [ ] [ ] [ ] [ ] [ ]

Effective coverage of the lubricants market [ ] [ ] [ ] [ ] [ ]

Product package better than competition [ ] [ ] [ ] [ ] [ ]

RESOURCES

12. Please tick the box which best describes your level of agreement as regards your current supplier on a rating of 1 – 5 where:

1. - Agree strongly
2. - Agree
3. - Neither agree or disagree
4. - Disagree
5. - Disagree strongly.

Technical capability above competition [ ] [ ] [ ] [ ] [ ]
Supplier keen on investing equipment at Customer premises [ ] [ ] [ ] [ ] [ ]
Imports most lubricants [ ] [ ] [ ] [ ] [ ]
Re-sells other brands if required [ ] [ ] [ ] [ ] [ ]
Effective central customer service location [ ] [ ] [ ] [ ] [ ]

RELATIONSHIP MARKETING

13. Please tick the box which best describes your level of agreement as regards your current supplier on a rating of 1 – 5 where:

1. - Agree strongly
2. - Agree
3. - Neither agree or disagree
4. - Disagree
5. - Disagree strongly.

Effective utilization of dedicated account managers [ ] [ ] [ ] [ ] [ ]
Focuses on customer retention [ ] [ ] [ ] [ ] [ ]
Significantly affected by counterfeits

INTERNAL POLICIES AND CONTROLS

17. Please tick the box which best describes your level of agreement as regards your current supplier on a rating of 1 – 5 where:
   1.- Agree strongly
   2.- Agree
   3. - Neither agree or disagree
   4.- Disagree
   5. - Disagree strongly.

   Relaxed Credit policy friendly
   Customer Service charter aligned
to market needs
   Has easy account opening procedure

18. If Chevron is not your lubricants supplier, what in your opinion do you consider hinders you to start supplier-customer relations with Chevron?

   Pricing
   Supply consistency
   Reduced ‘red tape’ transactions
   Product quality
   Credit policy/facility
   Promotion
   Customer –Supplier relations
   Supportive competent staff
   After sales service
   Fast order delivery process

19. What other final comments do you have on your expectations from a Lubricants supplier?

THANK YOU.
<table>
<thead>
<tr>
<th>Feature</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focuses on product benefit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focuses on specific customer needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involves high level management contacts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offers Consignment stocking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Has a loyalty card/program</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CUSTOMER SATISFACTION**

14. Does your supplier have a written customer complaint handling procedure?  
   Yes [ ]  No [ ]

15. Please tick the box which best describes your level of agreement as regards your current supplier on a rating of 1 – 5 where:
   1. Agree strongly
   2. Agree
   3. Neither agree or disagree
   4. Disagree
   5. Disagree strongly.

<table>
<thead>
<tr>
<th>Service</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resolves complaints effectively and fast</td>
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</tr>
<tr>
<td>Excellent after sales service</td>
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<tr>
<td>Has feedback communication system</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Tracks/communicates satisfaction needs</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Frequently inquires of level of satisfaction</td>
<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

**COMPETITION**

16. Please tick the box which best describes your level of agreement as regards your current supplier on a rating of 1 – 5 where:
   1. Agree strongly
   2. Agree
   3. Neither agree or disagree
   4. Disagree
   5. Disagree strongly.

<table>
<thead>
<tr>
<th>Concerned with product quality</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concerned with product price</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>
APPENDIX III: LIST OF CHEVRON CUSTOMERS

1. Nakauto House (K) Ltd.
2. Menengai Hardware and Motor Spares
3. Kenya Grange Vehicles
4. Coast Petroleum Dealers
5. Kengen Nairobi South
6. Inter Consumer Products
7. Athi River Mining
8. Umoja Rubber Products
9. Spinners and Spinners
10. W.E Tilley Muthaiga Ltd
11. Unilever Kenya Ltd
12. Iberafrika Power East Africa Ltd
13. Teita Estates
14. BDF East Africa Ltd.
15. Nairobi Bottlers
16. Napro Industries Ltd
17. Nakuru Industries
18. Homa Lime Company Ltd
19. Spin Knit Dairy Ltd
20. Atlantis Auto Spares
21. Moledina Enterprises Ltd.
22. Akamba Public Road Services Ltd.
23. City Hopper Limited
24. Magadi Soda Company Ltd
25. Rift Valley railways
APPENDIX IV: LIST OF COMPETITOR CUSTOMERS

1. Lubeschem Kenya Ltd.
2. Delmonte Ltd
3. H Young Company
4. Comply Industries Ltd
5. Bamburi Cement Ltd
6. Sameer Africa Ltd
7. Eveready Batteries East Africa
8. Summit Textiles Ltd
9. General Plastics Ltd
10. Rea Vipingo Plantations
11. Kapa Oil Refineries
12. Mastermind Tobacco Kenya Ltd
13. Spin Knit Textiles Ltd
14. Kenya Co-operative Creameries
15. Oserian Development
16. Rai Plywood
17. Kenya Ports Authority
18. Tri-Pac Chemicals Industries Ltd.
19. Nzoia Sugar Company
20. Muhoroni Sugar Company
21. Corrugated Sheets Ltd
22. Brookeside Dairy Ltd
23. Bidco Oil Refineries
24. Blow last Limited
25. British American Tobacco Kenya Ltd