



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF MARKETING STRATEGY PRACTICES AT  
NATIONAL OIL ETHIOPIA**

**BY:  
ANSUAR ADEM**

JANUARY 2016  
ADDIS ABABA, ETHIOPIA

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ID NUMBER: - SGS7/0274/2006B**

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF  
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## **List of Abbreviation and Acronyms**

NOC	National Oil Ethiopia
YBP	Yetebaberute Beherawi Petroleum
NPC	NOC-Premium-Customer
EPSE	Ethiopian Petroleum Supply Enterprise
LPG	Liquefied Petroleum Gas
COOM	Chief operating officer marketing

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## **Abstract**

*One of the core activities in Business Company to stay in a business is having a well developed marketing strategy. The crucial success or failure a company depends on its marketing strategy. Having this in mind, this study has been designed to assess the marketing strategy practices of National Oil Ethiopia (NOC). The main objective of the study was to assess the marketing strategy of National oil Ethiopia (NOC) and to identify whether it is aligned with the target marketing and marketing mix to satisfy customer requirements in particular to Lubricating oils. The study also helps to identify the major problems encountered to implement marketing strategies. Closed and open ended questionnaire along with interviews were used for the purpose of data collection. The selections of the respondents were carried out by using purposive sampling technique because it is believed that marketing department staffs have more exposure about the marketing activities of the company than other departments and the researcher took all the respondents marketing staff a total population of the study. Thus study concludes that NOC is not working well on the branding activities and the price of the products is higher than the competitors. And also the company is facing problems to implement the marketing strategies. Among the problems, Stiff price and service based competition from existing and new entrants, Difficulty to secure land to expand retail network in Addis Ababa and in main Regional towns, Absence of quality checking authority, High investment cost of pumps and underground tankers and Entry of new competitors with cheaper price. In general, the researcher recommends that the company would be strong competitor in the market by positioned its products in the customers mind through an intensive work on branding and if it is possible adjusting the price by gathering information about other companies.*

**Key Words:** Marketing Strategy, Marketing Mix, Target Marketing, Segmentation

# **CHAPTER ONE**

## **INTRODUCTION**

This chapter deals with introducing the entire portion of the study. It starts with providing an insight to the research in general under background of the study, background of the organization, and proceeds with stating the real gap with the business under problem statement part. In addition, it encompasses objective of the study backed with research questions to be addressed with research finding. It finally addresses significance of the research to users followed by the particular area the research is Scope of the study

### **1.1 Background of the Study**

We know that marketing differs from the other functional area in that it's a primary concern with exchanges that takes place in markets outside the organization and it is a critical part of the company's success. So to find and keep customers by creating competitive advantage companies have to design an appropriate marketing strategy.

“Marketing strategy is a marketing logic by which the company hopes to create customer value and achieve profitable customer relationships” (Kotler and Armstrong, 2012). Creating customer value and long term relationship with the customers enable companies to achieve the stated objectives. In today's world with the very competent business environment companies must review and watch carefully the environment and their marketing strategy to create long term customer value and customer relationship. Marketing strategy is a process of planning and implementing company policies towards realizing company goal in harmony with the company vision. If the marketing strategy of a given company is not done properly, everything that follows is of little value.

Marketing strategies are generally deals with the marketing Mix or ‘four Ps’, Product, price, promotion and place. All the Marketing Mix variables help the company in formulating marketing strategies as competitive advantages.

The organization in question, National Oil Ethiopia (NOC) PLC is the first domestic oil company established in April 2004 GC, engaged in supply and distribution of petroleum Products. The Company is marketing its products in both Commercial and retail markets. Like

other members in the Ethiopian downstream oil Company, supply and distribution of fuel, lubricating oils and LPG (Liquefied Petroleum Gas) are the major pillars in which the company is providing to the market.

In addition, NOC markets bitumen, chemicals and petroleum coke, and Steam coal. Hence, NOC is a market leading Company in the fuel sector with progressive increments observed since establishment. But the company can't cope up in the market with its competitors in marketing of lubricants. Therefore, the study will assess the marketing strategy of NOC for the product that cannot achieve its target as needed. The Ethiopian oil industry currently comprises five international companies including the big ones Total Ethiopia, Libya oil Ethiopia, and five domestic companies involved in supply and distribution of petroleum products. Openness of the sector for FDI is also attracting investors to own lubricants blending plant in Ethiopia, which in turn boost the degree of stiffness in competition within the industry.

Hence, the study is dedicated to assess the marketing strategy practices of to be a market leader in lubricants business. NOC is importing from the known American based Company 'Chevron' and the family brands of 'Caltex and Texaco'. The study will source relevant data from company marketing staffs.

## **1.2 Background of the Organization**

Established in April 2004 and engaged in the importation, distribution and retailing of petroleum products including Gasoline, Gas oil, Kerosene, Jet A-1, Fuel Oils, Lubricants, Bitumen, LPG, Petroleum coke, Chemicals and Steam Coal with a vision to become customers' preferred choice, National Oil Ethiopia (NOC), joined the petroleum and allied products supply and distribution Industry in November 2004 which until that time was the domain of multi-national companies only. Since then, it has registered a continuous growth in all areas: network expansion, customer base, asset portfolio, profitability. Likewise, other members in the Ethiopian downstream oil Company, supply and distribution of fuel and lubricants are the major pillars in which the company is dominantly working on.

Ethiopian Petroleum Supply Enterprise (EPSE) is the sole supplier of white products (fuel) through a competitive bid on the international market. Hence, all petroleum marketing

companies in Ethiopia including NOC are supplied by EPSE at a standard cost regulated by the government. Hence, NOC is a market leading Company in the fuel sector with progressive increments observed since establishment. NOC markets one of the leading lubricant brand Chevron Caltex Lubricants based in America with a remarkable share in the market particular to the segment. There are about 100 industrial and automotive grade lubricants in its product line items being marketed in the Ethiopian oil market.

Currently NOC lubricants are being marketed through the major customer segments namely, distributors, resellers and retail consumers dominantly engaged in serving individual motorists for automotive grades. Whereas, the Commercial Class of business is being served through a competitive tender dominantly for the industrial grade lubricants.

The Company owns two major depots for JET A-1 and other public products. Dukem Depot is dedicated for storage and sales of Benzene, Gasoil and ethanol. In addition, the company managed to own about three aviation depots at Gambella, Jimma, and Assosa in addition to the other big located at Bole international air port. NOC Kality warehouse is dedicated for imported Lubricants storage and supply point.

### **1.3 Statement of the problem**

It is expected that every business company whether small or large, private or government, domestic or international operates in uncertain environment. In the circumstance of changing customer expectations, technological advancement, increasing environmental uncertainties, business managers have a big challenge of making the right marketing strategy and setting their strategic priority in order to allocate their resources to different functions in an efficient manner for business achievement. Due to this, managers must develop new tools, new notions, new strategy and the new mindsets to cope with the turbulent environments leading to discontinuous change.

In fact when you run a business, everything might not be easily accomplished. Marketing success is the lifeblood of any company. Everyone knows that a marketing strategy influences the company's ability to generate profits or to stay in business. Likewise, National Oil Ethiopia (NOC) faces with problems while practicing and implementing marketing strategies. As anybody can see from the company's website, currently National Oil Ethiopia (NOC) is competing with international oil companies like Total and Libya oil having their own oil base in the upstream business and other indigenous oil companies. Having upstream oil base means the companies can import to Ethiopian their own products that are being manufactured abroad. But, NOC is importing Lubricants from "Chevron" which is— a conglomerate of three worlds' renowned brands CALTEX, TEXACO and CHEVRON, is a leader in the Global Lubricants and recognized for its commitment to excellence. National Oil Ethiopia Plc (NOC) has established a significant growth in terms of market share and profitability in merchandizing fuel products. On the other hand, National Oil Ethiopia can't be market leader and a strong competitor in Lubricating Oil. As can be seen from the market share of oil companies in Ethiopia that is prepared by A.A Bromhed &co which is an independent audit firm, up to December 2014 NOC has an average market share of 32% of Lubricants business. Oil companies like Naztech petroleum investment group has already started manufacturing in Ethiopia "Lubtam Lubricants & Greases, the first lubricants blending plant in Ethiopia, launched production. (<http://addisfortune.net> June 24, 2014). Therefore, Starting manufacturing Lubricants in Ethiopia is also affecting the Lubricants market by make lowering the price to some extent. In such circumstances companies have to design a proper marketing strategy in terms of the major



marketing mix's to overcome with the stiff competition “The marketing mix is one of the dominant in modern marketing” (Kotler, Armstrong, Saunders and Wong, 1999.) In addition companies are expected to develop a proper segmentation, targeting and positioning of its product in order to have competent marketing strategy that enables to achieve company's objective. Therefore; the company's marketing strategy has to be reviewed and needs modifications with the business line of lubricants.

## **1.4 Research Questions**

This study attempted to assess the problems associated with the marketing strategy practices in National Oil Ethiopia (NOC). The following key research questions formulated in line with the above problems.

- What are the marketing mix elements designed for marketing strategies in order to fulfill customer requirements.
- How does NOC segmenting, targeting and positioning its product to win competitors particularly to Lubricating oils.
- Which of the marketing mix elements NOC is being challenged most, compared to its competitors?
- What are the problems encountered in implementing the marketing strategies?

## **1.5 Objective of the study**

### **1.5.1 General Objective**

The general objective of the study is to assess the marketing strategy practices of National Oil Ethiopia (NOC) and to identify whether it is aligned with the target marketing and marketing mix to satisfy customer requirements in particular to Lubricating oils.

### **1.5.2 Specific Objective**

The study has attempted to address the following specific objectives.

- ✓ To explore marketing mix elements that is deployed in NOC to satisfy its customer.

- ✓ To assess how the company strategically positioning, targeting and segmenting the market to achieve its objectives.
- ✓ To identify which marketing mix elements is being challenging compare to competitors.
- ✓ To identify problems encountering the marketing strategy implementation of NOC and to give recommendations.

## **1.6 Scope of the study**

The scope of the study has limited to how the marketing strategies are practicing in NOC in order to attain its stated goals that aligned with target markets, segmenting, positing and marketing mix in particular to Lubricating oils product line to satisfy customer needs. The Lubricants line of business is the second wide area in terms of sales turnover and number of product lines next to fuel, though it stood first in terms of profit the company is enjoying. The research has designed a descriptive; and analyzed by using both qualitative and quantitative to clearly describe the detailed evidence about the facts on the ground. The total populations of the study were the marketing staff of national oil Ethiopia. Considering the size of the total population data were collected from all staffs. Accordingly; the data has collected using interview and questionnaire from the sales persons of all marketing departments and the managers of marketing departments. The study have utilized the inputs from company sales and marketing officials located at the head quarter in addressing the challenges faced by the company over the market aligned with the deployed strategy.

## **1.7 Limitation of the study**

However, relevant data sourced from marketing officials are thought to be the basic inputs for undertaking the study, failure to address the major competing firms in the industry associated with their unwillingness in disclosing facts with their marketing strategy may result in limiting the accuracy of the finding to some extent. In addition, lack of similar research papers in the specific area is also one of the limitations observed in course of the research undertaking.

## **1.8 Significance of the Study**

The ultimate goal of any business establishment is to remain in the business profitability through production, sales products and services. One of the core activities in a business company is having a well developed marketing strategy. The main success or failure of a company depends on its marketing strategies. Therefore, the study intended to help the company management to redirect their attention to this highly essential function. This study is expected to worth to look the company's problem related to marketing strategy and to recommend on the way forward.

Furthermore, it is believed that the study will be also important to the emerging indigenous and international investors engaged in the sector in view of having a clear picture as to how the existing oil business is progressing and understanding the ever increasing customer anticipation allied with the business line. The study will also contribute towards the advancement of theoretical knowledge and serve as for marketing researchers, consultants and business students at different level.

## **1.9 Organization of the Research**

This research project is organized into five chapters: Chapter one has contained the introduction part dealing with research problems, objectives, scope and significance of the study. The second chapter discussed the review of related literatures about the subject matter. In chapter three the research methodology is discussed. How to obtain the important information and the appropriate tools to collect the data. The fourth chapter contains data analysis and data presentation of the results.

Finally, chapter five has covered the conclusions of the findings and forwards recommendations.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Marketing strategy overview**

Kotler and Armstrong (2012) defines Marketing strategy is a marketing logic by which the company hopes to create customer value and achieve profitable customer relationships. From the above definition we can understand that marketing strategy focuses on long term company objective and maintains a long term relationships with the customers and it is a means to realize the company's stated goal. Marketing strategy involves two key questions: which customers will we serve (segmentation and targeting)? And how will we create value for them (differentiation and positioning)? Then the company designs a marketing program the four Ps that delivers the intended value to the targeted customers (Kotler, 2012.) In any business identifying the user of the products and services and as the same time value creation with the customer is a key success for the company. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. Marketing strategy encompasses selecting and analyzing the target market(s) and creating and maintaining an appropriate marketing mix that satisfies the target market and company.

Marketing strategies are the means by which marketing objectives will be achieved and are generally concerned with the four major elements of the marketing mixes; product, price, promotion and place ( McDonald and Dunbar,2007)

Taking consideration of the above definition companies rely on marketing strategies for established product lines or services by designing a proper marketing mix business will sustain and customer's need will get satisfy.

#### **2.2 Elements of marketing strategy**

A Marketing strategy is made of several interrelated elements. The first and most important is market selection which is directly related to choosing the markets to be served. Product planning includes the specific product the company sells i.e. the makeup of the product line, the design of individual offerings in the line. Another Element is the distribution system; the wholesale and retail channels through which the product moves to the people who ultimately buy and uses it.

The overall communication strategy employs advertising to tell potential customers about the product through radio, television, direct mail, and public print and personal selling to deploy a sales force to call on potential customers, urge them to buy, and take orders.

Finally, pricing is an important element of any marketing program and is most directed marketing elements in the creation of value to shareholders. The company must set the product prices that different classes of customers will pay and determine the margin of commissions to compensate agents, wholesalers, and retailers for moving the product to ultimate users (Mongay, 2006).

### **2.3 Segmentation, Targeting and Positioning (STP)**

Michael (2011) suggests that “Almost any marketing textbook will tell you that the key to successful marketing can be summed up by the STP strategy—that is, segmentation, targeting, and positioning”. The term market segmentation refers to subdividing a market along some community, similarity or affinity. That is a member of the market segment share something in common. STP marketers attempt to identify those market segments, direct marketing activities at the segments which the marketers believe that their company can satisfy better than their competitors, and position their product offering so as to appeal to the targeted segments. Actually, every buyer has individual needs, preferences, resources and behaviors. Since it is not impossible to provide for every customer’s individual characteristics, marketers group customers to market segments by variables they have in common. These common characteristics allow developing a standardized marketing mix for all customers in this segment. Andrew (2010) Good use of STP lead to segmentation of the market in to groups that are homogenous by need, these groups can then be prioritized by their positional return and one or more is then chosen to be served-it/they become a target market-and a marketing mix is chosen to do just that.

#### **2.3.1 Bases for Segmentation**

The markets can be segmented based on the following basic customer’s characteristics.

##### **A) Demographic Segmentation**

In demographic segmentation, we divide the market on variables such as age, family size, family life cycle gender, education; religion, race, generation, income, nationality and social class (Kotler, 2007). Gender, age, income, housing type, and education level are common demographic

variables. Some brands are targeted only to women, others only to men. Music downloads tend to be targeted to the young, while hearing aids are targeted to the elderly. Education levels often define market segments.

### **B) Geographic Segmentation**

Geographic Segmentation divides the market into geographic units such as nations, states, regions, countries, cities, or neighborhoods (Kotler, 2007). This is perhaps the most common form of market segmentation, wherein companies segment the market by attracting a restricted geographic area. For example, corporations may choose to market their brands in certain countries, but not in others. A brand could be sold only in one market, one state, or one region. Geographic segmentation can take many forms (urban versus rural, north versus south, seacoasts versus interior, warm areas versus cold, high humidity areas versus dry areas, high elevation versus low elevation areas, and so on).

### **C) Behavioral Segmentation**

In behavioral segmentation, marketers divide the buyers into groups on the basis of their knowledge of, attitude towards; use of, or response to the product (Kotler, 2007). Behavioral segmentation is based on actual customer behavior toward products. Some behavioral variables include: Benefits sought, Usage rate, Brand loyalty, User status: potential, first time, regular, etc., Readiness to buy, Occasions: holidays and events that stimulate purchases.

### **D) Psychographic or Lifestyle Segmentation**

Psychographic or Lifestyle Segmentation is a method of segmenting which seeks to classify people according to their values, opinions, personality, characteristics, interests and similar elements. Its nature makes the approach dynamic, as its elements change, life style also would be altered, and the segmentation based on this technique must be dynamic (Kayoed, 2014).

### **2.3.2 Target Market Selection**

Once the firm has identified its market –segment opportunities, it must decide how many and which one to target (Kotler, 2012). According to the above definition after segmentation the market to be served has to be identified in target marketing selection. Targeting is the actual selection of the segment. A set of buyers sharing common needs or characteristics that the company decides to serve.

### **2.3.3. Positioning**

It answers the question: Why will someone in the target market(s) buy my product or service instead of the competitions? An equivalent question is: What should be the perceived value of my offering compared to the competitions? (Kotler, 2007). Positioning is the use of marketing to enable people to form a mental image of your product in their minds (relative to other products). Positioning is how the product or service is to be perceived by a target market compared to the competition.

### **2.4. Marketing Mix Strategies**

As stated by Kotler (2003) ‘Marketing mix describes the set of tools that management can use to influence sales’. In order to maximize sales we have different kind of tools. The formulation is called the 4Ps-product, price, place and promotion.

It is a planned mix of the controllable elements known as a “mix” because each ingredient affects the other and the mix must overall be suitable to the target customer. Kotler (2003) also added other three Ps-People, Process and physical evidence. A profitable formula for marketing operation is mostly that marketing mix changes as per marketing conditions and also with changing marketing factors. The marketing tools are classified in to four broad groups, called the four Ps of marketing: products, price, place and promotion. To deliver on its value proposition, the firms first create a need satisfying market offering (product). It must decide how much it will charge for the offering (price) and how it will make the offering available to target consumers (place). Finally, it must communicate with target customers about the offering and persuade them of its merits (Kotler and Armstrong, 2012).

#### **2.4.1 Product mix strategy**

The product mix of an individual company can be described in terms of width, length, depth, and consistency. The width refers to how many different product lines the company carries. The length refers to the total number of items in the mix. The depth of a product mix refers to how many variants of each product are offered. The consistency of the product mix refers to how closely relate the various product lines are in end use, production requirements, distribution channels, or some other way (Kotler, 2007).

Kotler (2000) defines that product is anything that can be offered to the market to satisfy a want or a need. Products include physical good, services, experiences, events, persons, places, properties, organization, information, and ideas. The customer will judge the offering by three basic elements: product features and quality, service mix and quality, and price appropriateness. As a result, marketers must carefully think through the level at which they set each product's features, benefits and quality.

A product, service is the starting point of all marketing activities. A product is a combination of different attributes. It comprises of physical factors such as color, design, features, performance and non physical factors like value, quality etc. Product planning involves a variety of decision to be taken firmly to bring the product in the market. When we think about product we have to take consideration: Design is very important in a today's world as it is all about gaining attention, focusing it on the product and influencing the purchase decision of the customers. The design is directly linked to show success and makes the difference; Technology must be used to develop user friendly products with product differentiation.

Usefulness of product can increase market share of the product as it is very essential component to have competitive advantage in the market a product should be developed keeping extra uses in comparison to same type of product available in the market. Product differentiation is established in the market by increasing the usefulness of a product. Value is something which is a look around of companies while developing a product so that if customers are paying then, they should not feel that they have been charged more than the manufacturing cost of the product. Hence high performance product which meets or exceeds a customer demand related to a product's performance should be developed.

Convenience is a factor related to usage of the product and the product should bring ease in life of customer. Quality product is one of the marketer's major tools (Kotler and Armstrong, 2012). Packaging is used for raising the product's value. Packaging increases the perceptual experiences about the quality of the product. Packaging plays the role of attention-getter which starts the sales process. It provides information about product attributes such as price, quality, quantity, instruction for use and other product information (Kayode, 2014).

Kotler, Armstrong, Saunders and Wong (1999) defines Branding has become a central issue in a product strategy. On the one hand, developing a branded product requires a great deal of long



term marketing investments, especially for advertizing, promotion and packaging. Branding usually assures high or at least consistent quality and hence encourages repeat purchase. Warranties give an assurance to the customer about after sales service which assures the customer about the durability of the product and maintains satisfied customers in the market.

### **Marketing through the Product Life Cycle**

In today's highly dynamic marketing environment, a company's marketing strategy must change as the product, market, and competitors change over time. Here, we describe the concept of the product life cycle (PLC) and the changes that companies make as the product passes through each stage of the life cycle. Kotler (2007), says that a product has a life cycle is to assert four things.

- Products have a limited life
- Product sales pass through distinct stages with different challenges, opportunities, and problems for the seller.
- Profits rise and fall at different stages of the product life cycle.
- Products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each stage.

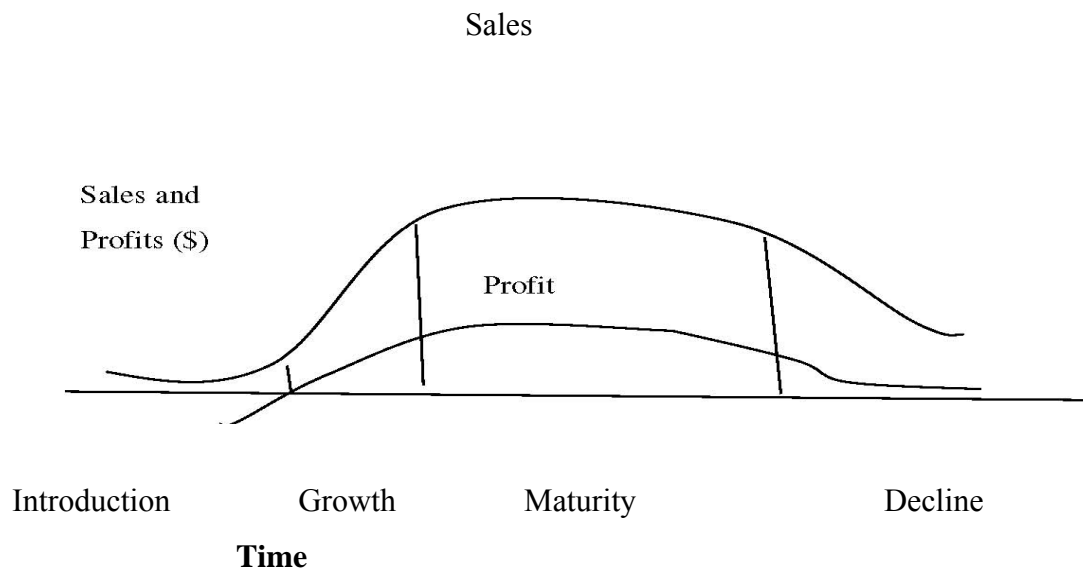


Figure 1: Sales and Profit Life Cycle  
(Kotler, 2007)

### **A). Marketing Strategies: Introduction Stage**

Because it takes time to roll out a new product and fill dealer pipelines, sales growth tends to be slow at this stage. There are several causes for the slow growth: delays in the expansion of production capacity, technical problems (“working out the bugs”), delays in obtaining adequate distribution through retail outlets, and customer reluctance to change established behaviors. Kotler and Armstrong (2012) insist that introduction stage is a period of slow sales growth as the product is introduced in the market. Profits are nonexistent in this stage because of the heavy expenses of product introduction.

### **B). Marketing Strategies: Growth Stage**

The growth stage is marked by a rapid climb in sales and attracted by the opportunities; new competitors enter with new product features and expanded distribution. Prices remain where they are or fall slightly, depending on how fast demand increases. Companies maintain or increase their promotional expenditures to meet competition and to continue to educate the market.

Kotler(2007), suggests that in the growth stage firms may use six strategies to make sustainable growth in the market:

- Improving product quality and adding new product features and improved styling.
- Adding new models and flanker products.
- Entering new market segments.
- Increasing distribution coverage and entering new distribution channels.
- Shifting from product awareness advertising to product preference advertising.
- Lowering prices to attract the next layer of price sensitive buyers.

### **C). Marketing Strategies: Maturity Stage**

At some point, the rate of sales growth will slow, and the product will enter a stage of relative maturity. This stage normally lasts longer than the previous stages, and poses alarming challenges to marketing management. Most products are in the maturity stage of the life cycle, and most marketing managers cope with the problem of marketing the mature products.

Three strategies for the maturity stage are market modification, product modification, and marketing mix modification (Kotler, 2000).

Market Modification: the company might try to expand the market for its mature brand by working to expand the user of the brands.

Product modification: Managers try to stimulate sales by modifying the products characteristics through quality improvement.

Marketing mix modification: products managers can try to stimulate sales by modifying other marketing mix elements such as prices, distribution, advertizing, sales promotion, personal selling and services.

#### **D). Marketing Strategies: Decline Stage**

As sales and profits decline, some firms withdraw from the market. Those remaining may reduce the number of products they offer. Kotler and Armstrong (2012) indicate that sales declines for many reasons, including technological advances, shift in consumer tests, and increased completion. As sales and profits declines, some firms withdraw firms the market. Those remaining may prune their product offerings. They may withdraw from smaller market segments and weaker trade channels, and they may cut their promotion budget and reduce their prices further.

#### **2.4.2. Pricing Strategies**

Price is the only element in marketing mix that produces revenues, all other elements represent costs. Price is also the most flexible marketing mix elements (Kotler and .Armstrong, 2012). As stated above after we produced our product we needs to make sales based on the prices that going to be set. The important factor in pricing is the deciding the cost of the product, strategy for marketing & its expenses related to distribution, advertisement expenses or any kind of price variation in the market. The most important elements of an effective market strategy are the ability to maximize and protect the price of the product. Since price is the final measure of customer value and competitive advantage.

## **Methods of pricing**

### **A. Cost based pricing**

Kotler, Armstrong, Saunders and Wong (1999) define that cost plus pricing is adding a standard markup to the cost of the product. To calculate products cost we need to include the cost of production, promotion and distribution. Add the profit level you want from the business to the product cost subtotal to determine your product price. The amount of profit you add to the product cost subtotal can be set according to three different methods (a profit percentage with product cost, add a percentage to an unknown product cost and blend of total profit and product costs). Each of the three costs based pricing methods described begin with a product cost subtotal. There for, the company designs what it considers being a good product, totals the cost of making the product, and sets a price that covers costs plus a target profit.

### **B. Competition based pricing**

Consumers will base their judgments of a products value on the prices that competitors charge for similar products (Kotler, Armstrong, Saunders and Wong 1999). The big advantage of competition based pricing is that you are focused on your industry and therefore your competition. An industry focus looks closely at the types of existing and emerging competition. Once you know what your competitors are doing, you can better decide how you will manage your business.

### **C. Value based pricing**

Value based pricing means that the marketer cannot design a product and marketing program and then set the price. Price is considered along the other marketing mix variables before the marketing program is set. The company set its target price based on customer perceptions of the product value. The targeted value and price then drive decisions about product design and what cost can be incurred. As a result, pricing begins with analyzing customer needs and value perceptions and a price is set to mach consumers' perceived value (Kotler, Armstrong, Saunders and Wong 1999).

### **2.4.3. Promotional strategies,**

Promotion means activities that communicate the merits of the product and persuade target consumers to buy it (Kotler and Armstrong 2012). Promotion helps the trader and sales force to represent the product to the consumers in an effective manner and bring them to buy. Promotion consists of different blends of its components which are used to achieve the company's marketing goal. According to Andrew (2010) the elements of promotional mix are: personal selling, sales promotion, public relation, direct mail, trade fairs and exhibition, advertising and sponsorship. Advertising is a powerful element of promotion mix. The main aim of the advertising is to create and develop the image of a product in the market. It is one of the important tools of competition which maintains the dynamism of industry. Promotion mix decides the positioning of the product in the target market. It should be considered as expenditure and hence added to the cost of a product. Personal selling: any oral presentation in a conversation with one or more prospective purchaser for the purpose of making sales (Kayode, 2014). As recognized by Andrew (2010) sales promotion tends to be thought of as being all promotions apart from advertising, sales promotion and public relations.

Therefore, promotion is necessary for the success in serving customers. Consumers also benefit from promotion because it is through this process that they determine which product or service will satisfy their needs.

### **2.4.4. Distribution Strategies (Place)**

Distribution is the physical movement of goods from producer to wholesaler, from wholesaler to retailer and from retailer to consumer (Manmohan, 2012). It includes distribution channels, warehousing facilities, mode of transportation and inventory control management thus it is a mechanism through which goods and services are moved from the service provider and manufacturer to consumer. If the product is a business product then a business team is required to interact with different clients and ensure the availability of the product for them. Distribution has a huge effect on the profitability therefore a firm should have excellent supply chain and logistics management plan for distribution. All the four variables of marketing mix are interconnected. By increasing the price of the product, the demand of the product will be lesser distribution points will be required. Kotler(2003) recognized that distribution channels are dynamic and they can create a competitive advantage when used right, but become a competitive

liability when used liability. The overall marketing mix can result in dynamic modeling based on customer feedback for improving a product and the same can be launched as the upgraded product.

#### **2.4.5. People,**

Andrew (2010) remembered that, people buy from people that they like, so the attitude skills and appearance of all staff need to be first class. The people employed in any company will determine the quality of service that the customers receive. This is true for services, but also impact on business making tangible products. Happy, skilled and motivated staff makes happy customers. They are more likely to think about the customer and deliver good customer service if they are well trained and recruited for their positive attitude for customers. Therefore, a company can achieve a competitive advantage over competitors through a high level of pre sales and after sales support and advice.

#### **2.4.6. Process,**

For the purpose of marketing mix, process is an element of service that sees the customer experiencing an organization's offering (Andrew, 2010.) The process involved in delivering the products and services to the customer have an impact on the way in which the customers perceive the business process of the company. By looking at all process involved in getting the products to the customer, the company must resolve those problems which are identified and serve the customers in a very organized and attraction way.

#### **2.4.7. Physical Evidence**

Physical evidence is a term used to describe the type of image that the business represents through its physical presence, namely its locations, the appearance of its staff, its vehicles etc. when customers do not have that can be see touch try before they buy ,they are more likely to assess you by the image of you put across. Andrew (2010) physical evidence is a material part of a service.

## **2.5 Review of Empirical Literature**

### **2.5.1. Influence of Marketing Strategy on Market Share**

Moggahadam (2012) in his study title ‘The Influence of marketing strategy elements on Market share of firms in the case of polymer sheet manufacturing co.’ concluded that; In the competitive environment of the market share, it is very important for a firm to be looking forward to the determinants of market share. The central theme of the research was to explore the factors that influence its sales. The findings suggested that marketing strategy consist of product, price, promotion, and place strategies influence market share. In the product strategy quality, variety, sale service and product specification increased market. These findings indicate that firms need to manufacture a product with better quality, and this issue requires more attention in this competitive market. One of the important items in quality is the material of products that has the significant impact on quality of products. As noted by market needs different kinds of product with special specification in size, color, cover and thickness. Customers need after-sale service and information, especially about applying this kind of product for different production. So, managers who want to increase market share need to improve quality, introduce new product or variety of goods, apply the customer request specification in size and color, and hiring the specialized staff for after-sale service. According to analysis pricing, period of payment, offer of discounts, that are under the pricing strategy to increases sales volume. Companies need to decrease their cost to offer better price to customers due to the first important item for buyers, which is price of goods. In order to differentiate the price, one of Porter generic strategy is applied by many companies in their attempt to obtain these capabilities. In addition, period of payment and discount offering provide more value for buyers.

### **2.5.2. Strategic Marketing and firm’s performance: a case study of Nigerian oil and gas industry**

Akinyele (2011) conducted a research to investigate the impact of strategic marketing and firm’s performance of the Nigerian oil and gas industry. In his study hypothesis have been formulated from the problem statements saying that, “The organizational structure and strategies adopted do not affect the market share of Nigerian oil and gas marketing companies” as can be seen from his study, The overall results suggest that strategic marketing is a driver of organizational

positioning in a dynamic environment, and that it helps to enhance the development of new product/service for existing markets. These findings, along with other interesting findings of the study, are discussed. The hypothesis stated by the researcher has been rejected. The findings implied that the organizational structure and strategies adopted by oil and gas marketing companies affect market share positively. Several empirical studies have concluded that an organizational structure and strategies adopted is indeed an important element in companies' success. In my own view organizational structure and strategies are the most needed part of any company even at the time of establishment. By implementing and following the established structure and strategies company knows where about their direction. I believe that more successful companies have well defined organizational structures and strategies, in sharp contrast to less successful companies. The researched has concluded that the evidence from findings suggested that oil and gas marketing companies have comparative advantages in adopting various marketing strategies using different technologies. Oil and gas marketing companies appeared to specialize in the use of traditional methods of marketing, which is based on "soft" information gathered from close contacts by marketing and sales department rather than the use of the specialized strategic marketing methods that are based on "hard" quantitative information. After his conclusion the researcher also passes his recommendation, The concepts and principles of total quality management (TQM) are recommended for holistic study, in addition to contemporary marketing management issues such as relationship marketing, value analysis, business process re-engineering. Beside the above recommendation the researcher also passes Efforts should be made by organizational marketers to understand the relevant factors that affect both clients' behaviors, and the strategic options to be adopted to cope with such behaviors.

### **2.5.3. Winning Strategy in an Industrial Lubricants Selling: Case Study**

In India, recently 2015, PrakashR. and Rajiv has conducted a research on the winning strategy of Lubricants industry. The researcher has been used the well known model of Porter's three generic model of marketing strategy. They strongly advocated the model as "Porter's model to approach market with specific strategy is most accepted strategy model in domestic, regional, international & global markets". Porter suggest that by using his model one can formulate his strategy in order to be try to win the competitors and formulate the competitive advantages of any business. The tree models used by these scholars are:



- 1. Overall cost leadership:** Low cost relative to competitors is the theme running through the entire overall cost leadership strategy and the objective is clearly overall industry cost leadership. Attaining cost leadership typically requires aggressive construction of efficient scale facilities and strong pursuit of cost reductions through experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in areas like R&D, service, sales force, advertising, etc. When attempting to achieve an overall cost leadership position, low cost relative to competitors is the theme running through the entire strategy.
- 2. Differentiation:** consists in differentiating the product or service offered by the firm, in other words, creating something that is perceived industry-wide as being unique. Differentiation may be achieved in various ways, for example through design, brand image, technology, features, customer service, and dealer network.
- 3. Focus:** the focus strategy aims at serving a particular target or segment of the industry well, as opposed to both overall cost leadership and differentiation strategies seek to achieve their objectives industry-wide.

The following model also has been incorporated in their paper to clearly show the porter's topology generic strategies.

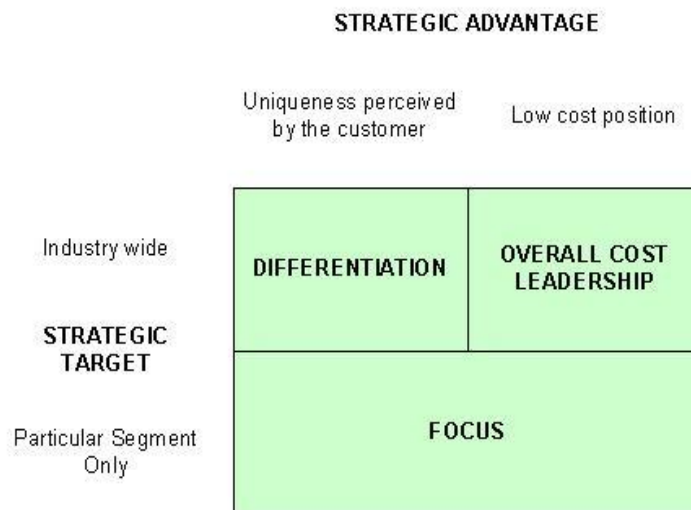


Figure 2: Porter's Generic Strategies

PrakashR and Rajiv (2015)

The conclusion drawn from this study was that a single strategy (differentiation strategy) in one business cycle which resulted a loss in a business opportunity.

#### **2.5.4. Marketing Mix of 4P'S for Competitive Advantage**

Meera (2012) also conducted a research with a title of “Marketing mix of 4p’s for competitive advantage”. According to the study the marketing mixes are the basic variables before launching a new product or service. The firms should also plan on these different components and they are product, price, promotion and place. The main aim of the article was to describe the importance of relationship of various components of marketing mix for attaining competitive advantage within the market. This study considers a broad view of Marketing Mix of 4P’s, as the biggest challenges of the Marketing professionals in today’s world is to design an optimum marketing mix which takes care of both customer’s satisfaction and organizational goals. So, a firm which can make an optimum marketing mixes in today’s world, will definitely achieve its stated organizational goal and satisfy the customers.

The researcher concludes that, all the elements of marketing mix need careful revision and a depth study with complete concentration. Promotional tools depend upon the type of product, the price which will be charged for the product and the procedure through which it would reach to the customer furthermore while deciding the price of product; the important things to consider are manufacturing cost of the product, promotion cost and amount incurred on distribution channels.

#### **2.5.5. The effect of marketing mix in attracting customers: Case study of Saderat Bank in Kermanshah Province.**

The study by Pour, Nazari and Emami (2013) named “The effect of marketing mix in attracting customers: case study of saderat Bank in Kermanshah province”. Since researchers sought to explore the relationship between combining elements of marketing and attracting customers to the bank in Kermanshah Province using survey method and the research was descriptive type. The study used hypothesis saying that “Marketing mix elements and the relationship between bank customers are significant”. After test has been made the researchers has drawn the following conclusions. They conclude that there is a significant positive relationship between the bank customers and the marketing mix elements to advance the goals of the bank. Marketing

involves a number of activities. To begin with, an organization may decide which of its target group of customers to be served. Once the target group is decided, the product is to be placed in the market by providing the appropriate product, price, place and promotion. These are to be combined or mixed in an appropriate proportion so as to achieve the marketing goal.

### 2.5.6. Brand Positioning of Automotive Lubricants in Indian Market

Guatam srivastava (2013) has conducted a research named “Brand Positioning of Automotive Lubricants in Indian Market”. Since, brand positioning is one of the key elements of marketing strategy the researcher wanted to see the impacts of branding on the preference of the lubricant consumers. Exploratory and descriptive research has been used in order to obtain the real facts on the ground about the impact of positioning on consumers purchasing preference. Convenience sampling technique was used and the researched collected the information from the different petrol pump by asking drivers, owners and users. According to the researcher the attributes of brand positioning are independent variables whereas the attribute of consumer purchasing decision are dependant variables. After that, the researcher has found the relationship between the attribute of brand positioning and consumer buying behavior by using multiple regression analysis. Finally the researcher concluded by getting some room in the consumers mind about the Indian lubricant business, the market share will enhance. As the demand of Lubricants increasing continuously, carrying out this kind of researches may show the way how to forward in this business.

### 2.6 Conceptual framework.



Figure 3: The Four P Components of the Marketing Mix (Kotler, 2000)

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This section incorporates the major pillars by which the entire process of addressing the research problem at hand is undertaken. Accordingly, it starts with designing the research, identifying the target group to be involved in the research and deploying an appropriate sampling technique. Furthermore data sources, method of data collection and analysis are incorporated in this section including ethical considerations validity of the data.

#### **3.1 Research Design**

Research designs are plans and the procedures for research that span the decisions from broad assumptions to be detailed method of data collection and analysis (Creswell, 2009).

This study is design to identify the marketing strategy of NOC that are implementing currently and emphasize on the reason why NOC is not leading the lubricants industry. So, the main factor that hinders NOC is identified and the desired information has been from the chief operating officer marketing (COOm), marketing managers and sales representatives of the marketing department. From the chief operating officer data was collected by personal interview and questionnaire used for the managers and sales representatives. A descriptive study attempts systematically to describe a situation, problem, phenomenon service or program or provides information about say, the living condition of community, or describes attitude towards an issue (Kumar, 2011). Thus, designing the research as a descriptive being dominantly qualitative is deemed to be most appropriate and analyzed by using both qualitative and quantitative to clearly describe the detailed evidence about the facts on the ground.

#### **3.2 Target Population**

The target populations of the study involved the managers and employees of the marketing department in NOC who have with a direct exposure to the marketing activity. The marketing department of NOC is structured as COOm( chief operating officer marketing ), there are two managers for two class of markets namely retail and commercial and there are a sales force who are in the front line of the day to day marketing activities of the company.

As per the up-to-date employee data base of the company there are about 35 marketing staff of the company. From which one is the chief operating officer marketing, two of them are the managers of retail and commercial departments and the remaining are sales representatives. Thus, the population of the study were 35 who are working in marketing department. The selection of the respondents has been carried out by using purposive sampling research method because the other departments might not be concerned about marketing strategies and the researcher also took all the respondents of marketing staffs as a total population of the study.

### **3.3 Sample Size and Sampling Technique**

An optimum sample size is one which fulfills the requirements of efficiency, representativeness, reliability and flexibility (Kothari, 2004). The sample size is expected to represent the total population of the study that is deemed to be used as a source of relevant data. The selection of sample size depends on the size of population to obtain accurate information. As stated with the target population of the study the total population is 35 marketing staff of NOC. Therefore, considering the size of the population is small the target population in general is addressed fully through census.

### **3.4 Sources of Data**

The source of data ultimately determines the validity of the research. It is believed that about the marketing strategy of NOC all the marketing staffs are well conscious. So, from the marketing staff all the primary data has been collected. For secondary data, lubricant sales volume, market share of oil companies, written producers of marketing strategy, business plan of the company, different journals and books are addressed to gather the relevant information.

### **3.5 Data Collection instruments**

The primary data is collected through in the form of in depth personal interview with chief operating officer marketing (COO) and closed and open questionnaires also distributed for both retail and commercial class of markets managers and sales representatives to gather the appropriate information.

### **3.6 Data Analysis and Presentation**

After all data are collected was checked for completeness. Accordingly, statistical package for social sciences (SPSS) version 20 was deployed for producing frequencies and percentages of each response. In addition, Tables, charts and graphs are positioned to present the results on numerous variables with the study in arriving at summary of the data collected.

### **3.8 Ethical Considerations**

As a marketing strategy research deals with examining both the wider external and internal environment, high consideration of ethical issues while approaching respondents and collecting data for analysis is believed to be what a marketing researcher should give a due attention to.

Similarly, as the research at hand deals with addressing basic marketing strategy of NOC; discussion was undertaken in terms of creating awareness as to the objective of the study. Thus, respondents have come to understand that the study is merely intended for academic purpose and hence their response will be kept confidential and solely dedicated for the stated objective. The researcher also will keep this information that has been provided by the respondents for this research.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

This segment is composed of two major sub sections. The first category deals with presenting results of data collected from both primary and secondary sources and the other portion is where results will be discussed, analyzed and interpreted as part of addressing the research objective through findings.

#### 4.1 Results

##### 4.1.1 Overview of NOC Market Share versus Industry in Lubricants

Growth in Ethiopian oil industry is composed of Consumption enhancements observed in the major product segments namely fuel and lubricants; however few indigenous companies are engaged in marketing LPG, Bitumen and petroleum coke in addition. Hence, Demand in both product line is directly associated with level of growth seen in the national economy in terms of energy consumption. Below is sales trend for lubricants in the past ten years in Ethiopian downstream oil industry. Overview of NOC Market Share versus industry in Lubricants

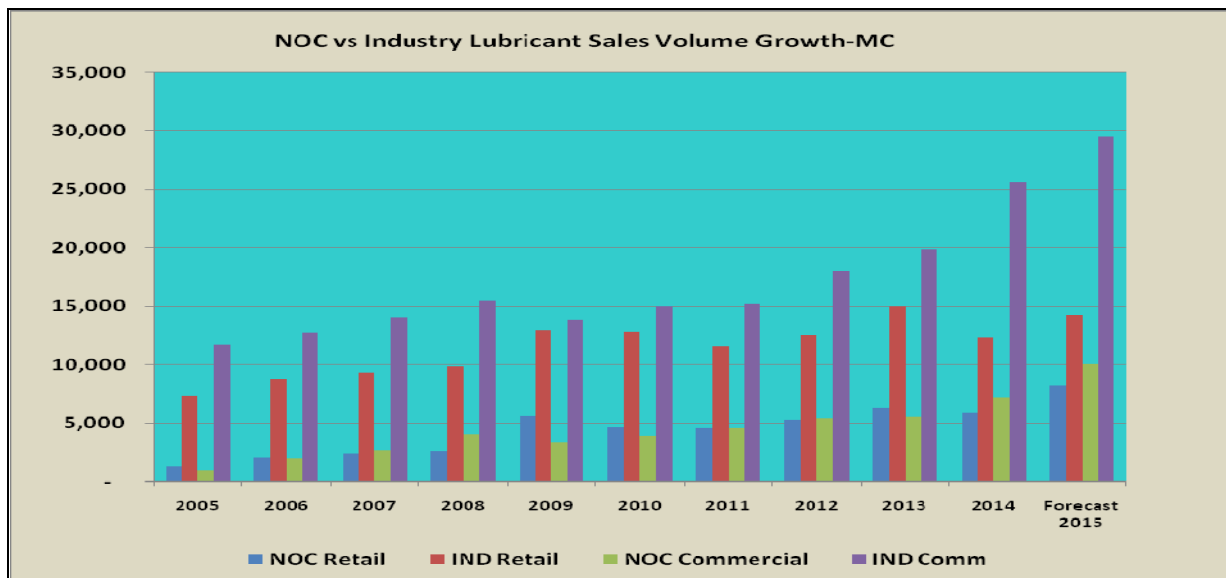
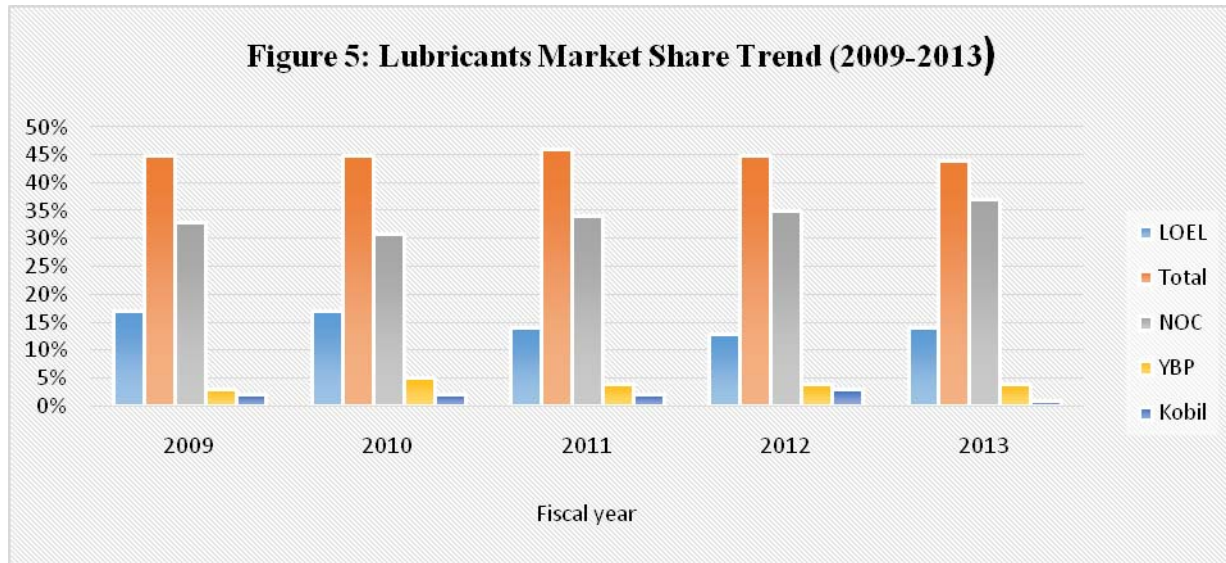


Figure 4 (source: marketing plan of NOC, 2015)

The following data shows respective shares owned in the oil market for the recent five years.



(Source: A.A Bromhead & Co)

#### 4.1.2 Profile of Respondents and Results

Questionnaires were distributed to 34 employees of marketing department staffs of NOC Among these, 33 (97%) were collected on time. Only 1 questionnaire (3%) was failed to complete and return the questionnaires.

All the returned questionnaires were completed and considered for the analysis. This particular section deals with analyzing the extent to which NOC is responsive to marketing mix elements particular to Lubricants marketing in view of winning the competition outlying in the industry. The degree to which the company is strong with its marketing mixes will ultimately reveals the marketing strategy being followed in light of enhancing its share in the market

**Table 1: Total Number of questionnaires distributed, returned and unreturned.**

Questionnaires	Number	Percentage
Returned	33	97%
Unreturned	1	3%
Total distributed	34	100%



**Table 2: General information of respondents**

Description	Category	Frequency	Valid Percent	Cumulative Percent
Gender	Female	3	9.1	9.1
	Male	30	90.9	90.9
	Total	33	100.0	100
Age	21-35	29	87.9	87.9
	36-50	4	12.1	12.1
	Total	33	100.0	100
Educational Background	BA/BSC	29	87.9	87.9
	MA/MSC	4	12.1	12.1
	Total	33	100.0	100
Position	Managerial	4	12.1	12.1
	Non managerial	29	87.9	87.9
	Total	33	100.0	100
Experience	less than 1 year	3	9.1	9
	2-5 years	19	57.6	57.6
	5-10 years	11	33.3	33.3
	Total	33	100.0	100

Source: questionnaire analysis, 2015

As can be seen from the above table, 90.9% employees were male and the least amount 9.1% staffs were females. The age of majority employees were between 21 and 35 years old that accounts 87.9 % and employees who were from 36-35 are 12.1%. This indicates that there is a potential advantage for working by young employees especially to achieve future objectives of the company's marketing strategy since the young employees are more eager and energetic to work.

Regarding educational level of the respondents, majority are holders of BA/BSC accounts 87.9% and the other four staffs holding Masters Degree which accounts for 12.1%. This indicates that the employees of the company are educated and can perform the company's marketing strategy in a better way.

With respect to the position of the respondents, 87.9% were fall in lower level employees and the lowest numbers fall in managerial level. Majority of the employees are following the few manager's plan and direction to attain the marketing objective of the company. Majority of the

respondent's service in the company is from 2-5 years which accounts 57.6% following by 33.3% is 5-10 years. 9% of the employees have experience of less than a year. From the company's profile, we can see that NOC established before 11 years. Therefore, relatively staff turnover is less when we compare with the establishment of the company.

**Table 3 Employees' response in relation to the company's product quality.**

<b>What is your opinion about the products quality?</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Excellent	12	36.4	36.4
Very Good	16	48.5	84.8
Good	5	15.2	100.0
<b>Total</b>	<b>33</b>	<b>100.0</b>	

Source: questionnaire analysis, 2015

As depicted from table 3 majorities of the respondents, 48.5. % and 36.4% says that the quality of the company product is in a very good as well as in excellent manner respectively. On the other hand, some of them said that the quality of the company products is grouped under in good (15.2%) manner. This implies that the products that are provided by the company are quality. Since, majorities of the respondents fall in very good and excellent manner. By providing a quality product the company can sustain its competitive advantage in the lubricants business.

**Table 4 Employees' response about packaging of the products.**

<b>How do you rate the packaging of the product?</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Excellent	9	27.3	27.3	27.3
Very Good	17	51.5	51.5	78.8
Good	6	18.2	18.2	97.0
Medium	1	3.0	3.0	100.0
Poor	-	-	-	
<b>Total</b>	<b>33</b>	<b>100.0</b>	<b>100.0</b>	

Source: questionnaire analysis, 2015

As per the response, 51.5% of the respondents revealed that the packaging of the product is very good, 27.3% said is excellent. On the other hand, 18.2% and 3% of the respondents said good

and medium respectively. The response implies that the packaging of the products is very good and the company does not have a packaging problem related to the products that are being import.

**Table 5 Employees response about the brand of “chevron”**

<b>I believe the company the uses “chevron” brand effectively</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Strongly disagree	-	-	-
Agree	11	33.3	33.3
Undecided	3	9.1	42.4
Disagree	17	51.5	93.9
Strongly disagree	2	6.1	100.0
<b>Total</b>	<b>33</b>	<b>100.0</b>	

Source: questionnaire analysis, 2015.

As can be seen from table 5 regarding the use of “chevron” brand by the company, most of the respondent disagree which accounts 51.5% of the total population. Among the total population of the study 33.3 % agreed, 9.1% were undecided and 6.1% were strongly disagreeing. NOC is importing lubricating oil from Chevron which is one of the leading companies in manufacturing of lubricants. The table clearly reveals that majorettes of the respondents said disagree regarding the use of chevron brand. This implies that, even though NOC is importing a brand lubricant which is known in the world. The company is unable to use the brands in the existing market.

**Table 6 Employees’ response about to which marketing mix NOC is being challenging.**

<b>Which marketing mix element is do you think most challenging to NOC comparing to competitors?</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Product	1	3.0	3.0
Price	23	69.7	72.7
Distribution	4	12.1	84.8
Promotion	5	15.2	100.0
<b>Total</b>	<b>33</b>	<b>100.0</b>	

Source: questionnaire analysis, 2015

Table 6 shows response of the respondents about challenging marketing mix of NOC with the current lubricants business. The above Table reveals that 69.7% of the respondents agreed price is most challenging to NOC. The remaining respondents said that, 15.2% promotion, 12.1% distribution and the other 3% said product. The above table clearly shows that NOC is challenging with price. This indicates that the other companies like Total and Oil Libya have a cheaper product than NOC. As stated in the problem statement part Total and Oil Libya has their own upstream oil base. That means, they are carrying out oil exploration and produces the lubricants by their own plants. Therefore, they can provide/ export to Ethiopian market products with a reasonable price. On the other hand NOC is importing finished products from ‘‘chevron’’ which manufactures lubricating oils.

**Table 7 Employees’ response about to the price of the products.**

<b>What is your opinion about the price of the products compared to competitors?</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Very cheap	0	0	
Cheap	0	0	
Affordable	7	21.2	21.2
Expensive	23	69.7	90.9
Very expensive	3	9.1	100.0
Total	33	100.0	

Source: questionnaire analysis, 2015

As far as the theory is concerned, a large number of internal and external factors are examined before prices can be set. As per the response, 69.7% of the respondents revealed that the pricing strategies of the company’s products are expensive, and 21.2% said it is affordable and 9.1 % said it is very expensive. The response implies that the company pricing strategy is more expensive than the competitors. If the price of the products is affordable and reasonable the customers would be ready to buy the company’s product.

**Table 8 Employees’ response about price discounts and conditions for discounts**

<b>Does the company provide price discount?</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
NO	0	0	0
Yes	33	100	100
Total	33	100	100
<b>On which condition the company provides price discount?</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Holydays	1	3	3
purchase of huge quantity of product	23	69.7	72.7
cash payment	9	27.3	100
Defective products	0	0	0
Total	33	100	

Source: questionnaire analysis, 2015

As depicted from the above table, all (100%) of respondents said that the company provides price discounts. This implies that the company has a price discount offer for its customer.

Employees of NOC answered about the condition of providing price discount. As can be seen from the above table, 69.7% of the respondents said that, the company provides a price discount at the time of purchase of huge quantity of the product. Likewise, 27.3% of the respondents answered the company provides a discount on cash payment and the other 3% of the respondents said that during holydays. The above table shows or implies that, the company is providing a price discount during purchase of huge quantity of the company’s product.

**Table 9 Employees’ response about the target customers of the company.**

<b>Target customers of the company</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Consumers	7	21.2	21.2
Resellers	6	18.2	39.4
Distributors	18	54.5	93.9
other intermediaries	2	6.1	100.0
Total	33	100.0	

Source: questionnaire analysis, 2015

The one and most crucial activity of the marketing strategy is the selection of target markets or the identification of the products to whom delivered.

As the above table shows, 54.5% of the respondents said that the target markets are distributors, 21.2% of the respondents replied consumers, 18.2% of the respondents said resellers and rest of 6.1% of the respondents said other intermediaries. So, from the above table we can conclude that the company's main target customer is distributors. Through, distributors the company's product can reach to other consumers. From the responds I have got additional way of customer targets that is based on different service sectors or business class like construction, agriculture, transport, mining, power and others.

**Table 10 Employees' response about product accessibility and availability.**

<b>The company's product availability and accessibility are?</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Excellent	13	39.4	39.4
Very Good	14	42.4	81.8
Good	5	15.2	97.0
Poor	1	3.0	100.0
<b>Total</b>	<b>33</b>	<b>100.0</b>	

Source: questionnaire analysis, 2015

Distribution strategies are concerned with the channels of a firm that employ to make its goods available to customers.

As table 10 depicts, 42.4% of the respondents said, the availability and accessibility of the products are very good, 39.4% replied excellent and 15.2%% of the respondents responded as it is good. The remaining 3% of the respondents said it's poor. This implies that product availability and accessibility of NOC is at admirable and distribution system of the company is so good and determines the products presence and the buyers' accessibility to the product. Thus, products availability is so nice and buyers can get the product easily in almost in a place they want.

**Table 11 Employees' response about bases of segmentation.**

<b>What are the bases of segmenting the market?</b>	<b>Frequ ency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Geographic	25	75.8	75.8
Economic situation	5	15.2	90.9
Demographic	3	9.1	100.0
physiological/Life cycle	0	0.0	
<b>Total</b>	<b>33</b>	<b>100.0</b>	

Source: questionnaire analysis, 2015

The above table indicates that the majority of respondents said that the bases of the company's market segmentations are geographic location which accounts 75.8%. The other 15.2% and 9.1% of the respondents answered as economic and demographic bases of segmentation respectively. From this response, we can conclude that the basis of the company's market segmentation is the geographic location.

**Table 12 Employees' response about advertizing strategy of the company.**

<b>Which type of advertizing strategy the company using?</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Media	12	36.4	36.4
Word of mouth	3	9.1	45.5
Free sampling	2	6.1	51.5
Internet	4	12.1	63.6
Billboard	12	36.4	100.0
<b>Total</b>	<b>33</b>	<b>100.0</b>	

Source: questionnaire analysis, 2015

The above table clearly reveals that the best strategy of advertising is through media communication (TV, Radio, newspaper) and Billboard as accounts equal percentage of 36.4% of the respondents. Others replied that 12.1% said the company uses internet in order to advertize company products. While, the remaining respondents said that, the strategies the company using to advertize its product is word of mouth and free sampling which accounts 9.1% and 6.1% respectively.

From this we can concluded that the best way of advertising means of the company's products is through media advertisement and Billboards. This media advertisement includes TV, Radio and newspapers. The billboard includes, at the service stations of NOC, distributors areas and in the office of NOC.

**Table 13 Employees' response about the promotions made the quality of the product.**

<b>How do you evaluate the promotions made about the products quality?</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Very compatible	2	6.1	6.1
Compatible	5	15.2	21.2
Undecided	4	12.1	33.3
Less Compatible	22	66.7	100.0
No promotion at all	0	0	
<b>Total</b>	<b>33</b>	<b>100.0</b>	

Source: questionnaire analysis, 2015

The above table evidently shows about the advertisements made about the quality of products that, majorities of the respondents which accounts 66.7% said it is less compatible or not well matched. The other respondents said that, 15.2% and 12.1% is compatible and undecided respectively. The smallest number of respondents answered as it is very compatible. This implies that the company is not being use the advantage of promotional activates. Even though, the products are quality there must be a means to create awareness about the product quality.

**Table 14 Employees' opinion about Appropriateness of the company promotional tools**

<b>Effectiveness of promotional tools</b>	<b>Least effective (1)</b>		<b>Effective (2)</b>		<b>Most effective (3)</b>	
	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>percentage</b>
Advertising	6	18.2	19	57.60%	8	24.20%
Sales Promotion	3	9.10%	18	54.50%	12	36.40%
Personal selling	9	27.3	10	30.30%	14	42.40%
Public relation	17	51.50%	13	39.40%	9	9.10%

Source: questionnaire analysis, 2015



The above table reveals, as a majority of the respondents replied personal selling is the most effective mechanisms of the company's promotional tool and the other majority of the respondents indicate that Advertizing, sales promotion are a kind of promotional tools which falls under effective. On the other hand public relation is least effective of promotional tools. The above response implies that the company uses personal selling promotional activates than the rest of the others. Advertizing and sales promotions are effective next to personal selling. But, when we see the effectiveness of public relation promotional tool, it is the least effective among the other promotional tools to promote the company's promotion.

**Table 15 Employees' response about customer's primary reason to buy the products**

<b>Customer's primary reason to buy the products?</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Quality of the product	9	27.3	27.3
Proximity of supply	21	63.6	90.9
Lower price than others	1	3.0	93.9
Customer preference	2	6.1	100.0
effective promotion	0	0	
<b>Total</b>	<b>33</b>	<b>100</b>	

Source: questionnaire analysis, 2015

Employees were asked about the primary reasons why customers buy the company's product and then Table 15 shows that majority of the respondents' answered as proximity of supply which accounts 63.6 %. The remaining said that quality of the product 27.3%, 6.1% were said customer preference and 3% of the respondents said that lower price than others. Even though, customers buy product for different reasons, the above table shows that the primary reason of buying NOC's product is proximity of supply.

**Table 16 Employees’ response about customer’s the process of selling company’s product.**

<b>What is the process of selling the product of the company?</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Direct personal selling	21	63.6	63.6
direct online selling	1	3.0	66.7
indirect through the channels	11	33.3	100.0
Telemarketing	0	0.0	
<b>Total</b>	<b>33</b>	<b>100</b>	

Source: questionnaire analysis, 2015

The above table shows about 63.3% of the respondents agreed with the selling mechanism of the product is done by through direct personal selling. The remaining 33.3% answered that the selling process is through indirect trough the channels and 3% answered that the selling process of the company is online selling. The implication of selling for the company product is mainly through direct personal selling channels. The sales representative of the company are addresses the consumers, distributors, resellers and negotiations with them.

**Table 17 Employees’ response about company’s overall marketing strategy.**

<b>How would you rate the overall marketing strategy of the company?</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
ineffective	6	18.2	18.2
Effective	21	63.6	81.8
Highly effective	6	18.2	100.0
<b>Total</b>	<b>33</b>	<b>100</b>	

Source: Questioner analysis, 2015

As can be observed from the above table more than half of the respondents responded that the overall marketing strategy of the company is effective. The other respondents answered as most effective and least effective with equal amount of percentage, 18.2% of the total population. This implies the overall marketing strategy of the company accomplishes its duties with in an

effective manner .in this case the strategies has to be enhance to the level of most effective manner in order to successfully achieve the objectives of marketing strategy.

**Table 18 Employees’ response about their performance to the company’s strategy.**

<b>I can perform the marketing strategy practice of the company effectively.</b>	<b>Frequency</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
strongly Agree	7	21.2	21.2
Agree	23	69.7	90.9
Undecided	2	6.1	97.0
Disagree	1	3.0	100.0
Strongly Disagree	0	0.0	
<b>Total</b>	<b>33</b>	<b>100</b>	

Source: questionnaire analysis, 2015

The above table reveals that the employee performance about the company strategies. From the total respondents about 70% agreed that as they can perform the company’s marketing strategy. The other 21.2% of the respondents said they were strongly agreed to perform the company’s marketing strategies. On the other hand, 6.1% of respondents answered as undecided and 3% replied as disagree to perform the overall marketing strategy of the company. This implies that the employees can perform the marketing strategy practices of the company effectively. Hence, the Marketing strategies are the means by which the marketing objectives will be achieved, the employees and managers of the marketing department are performing their duties to achieve the company’s objectives. And the attitude of the employees needs to be found as strongly agrees to achieve the marketing strategy of the company.

#### **4.1.2.1 Results from Open Ended Questions**

Two Open ended questions were additionally addressed distribute to respondents. Likewise their responses are summarized as follows.

The first was about the problems encountered to implement the marketing strategy of the company and the second was the general comments of the overall marketing strategy of the company. The responds were answered as; in the first palace marking must be independently seen different from sales. Marketing strategy has to be designed in a critical way of implementing the marketing mixes better than what competitors are offering in the market.

The major problems were mentioned by the employees are, However, NOC is importing lubricants from a well known brand in the world “chevron” the company did not work on the brands of the products. The branding is needs more works than any marketing activates of the company. The customers mind needs to be washed with the brand of the lubricants that are available in the market. The second major problems were there is no effective and compatible marketing strategy based on environmental scanning to support and hit the sales target. The other major problems of marketing strategy of the company is that, rather than developing a strategic way of selling the lubricants the company uses as a strategy, fuel delivery is up on the purchase of lubricant oils quota . In this case the customers are showing their anger on the company because of they are not buying lubricants “stop delivery of fuel” will be implemented as a strategy. If delivery of fuel is stopped their total operation will be also stop and they would not be productive at all. Therefore, following this kind of strategy is leading the company to lose its customers. The respondents have forward their general view regarding to the marketing strategy of NOC by saying that ,the company has to develop a clear way of selling lubricating oils rather than being use the most short cuts and other way of spellings. Furthermore intensive application of marketing and retention strategies are areas of improvement revealed by respondents.

### **4.1.3 Interview Analysis**

In order to gather more information about marketing strategy practices of National oil Ethiopia (NOC), interview questions were forwarded to the chief operating officer of the marketing (COOm). Accordingly the interviewee's responses to the questions are depicted briefly as follows.

#### **1. How do you evaluate the company's overall current marketing strategies?**

As per the interviewee replied, modern marketing is a complex practice that involves the delivery of quality and standard products, the establishment of various and efficient distribution networks, popularizing the product with fair prices and delivering continuous services after distribution. In this connection, NOC the marketing strategy of the company is being practiced and it is customer oriented. This indicates the company's marketing strategy is effectively implemented by its employees to achieve its objectives and the employees also showing great commitment and dedication to accomplish the marketing objectives of the company.

The COO also added that, Competition in the oil industry Market is aggressive; the dynamics in the Industry is at its peak than ever posing both opportunities and challenges to the Company.

In this regard, NOC has managed to succeed and maintain its market leadership position by scaling up its competitiveness through deployment of Information and Communication Technologies to support its offerings and Operations. For example, During Year 2015, NOC has introduced the NOC Fuel Card Service that will enable us better serve our Corporate and Individual Motorists customers. On the other hand, The Lubricants-God-Father initiative the company launched is also bearing momentum to further strengthen the relationship with our Distributors and Resellers to enable us consolidate Market Leadership position in this Channel too. The NOC-Premium-Customer (NPC) scheme is another initiative to be introduced at Service stations to enable us serves loyal customers with their Fueling and other service needs on a fast track approach through a dedicated lane for them. This scheme is also expected to boost purchase/use of the company's Lubricants by Motorists visiting stations on daily basis.

Above all, NOC is trying to take the market leadership of oil industry in Ethiopia by effectively implementing the above mentioned company's strategy. Furthermore, the company also working on the staff motivation, training and rewarding systems of the marketing staff of the

company to enhance the market share.

**2. Is there any competition? Who are your competitors? What are your major competitive advantages?**

Currently there are five companies that are having a tangible share in the Ethiopian oil industry particular to lubricants market segment of which two are indigenous/local companies' i.e. NOC and YBP. The others are Total Ethiopia with a well known brand of 'RUBIA', Libya Oil Ethiopia Ltd with a brand of "DEOMAX" and NOC is also assisted with "DELO" these all are all lubricants are meant for Diesel Engine oils.

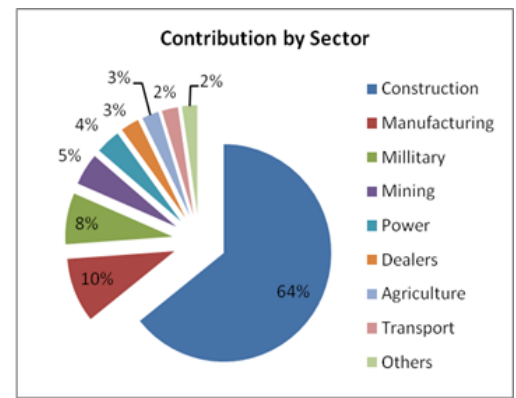
This implies that there is an intensive competition in the market. NOC is doing better than its competitors. For example, beyond delivering quality products and selecting best partners, NOC marketing strategy focuses on implementing an efficient distribution net work along with creative and innovative marketing. It gives special attention in training and upgrading the skills and competence of employees and partners. Beside to the above, as the interviewee responded the major competitive advantages of the company are:

- Product Leadership
  - Product strategy (Range of products with Consistent Supply).
  - High quality products with different brands for different sectors.
- Customer Intimacy
  - Relationship strategy
  - Building fervent relationship, at all levels, to insight customers and not to delight them only.
- Using our logistics service as competitive advantage.
- Exploiting our competitive advantage of having product base (Fuels, Bitumen, Petcoke, LPG)
- Develop additional Retail sites, Distributors, Resellers in and outside Addis.

From the interview responses we can conclude that NOC is following its own strategies in order to overcome the stiff competition in the oil industry particularly in Lubricants business.

### 3. Who are your target consumers? And how does the company position its products?

As the respondent answered me this question, the target customers of NOC are distributors, resellers and NOC has classified the target groups the company as business sectors. The following diagram can clearly shows contribution by sector for the target customer of NOC. Therefore using this kind of customer grouping NOC is penetrating the market and trying to positioning its products in the customer mind by implementing different promotional strategies and build a strong brand as well.



### 4. What are the marketing strategies offered by the company in terms of 4Ps?

According to the COO Marketing mixes are controllable elements of the company's products, prices, promotion place/distribution strategies that are essential for the marketing strategy implementation. The response implies that the company uses the 4Ps marketing mix elements for the purpose of marketing strategy implementation because each ingredient affects the other and each mix must be suitable to the target customers and to maximize its profits, gain market share and for competitive advantages. Therefore, the manager is capitalize that if the company is use these marketing mixes effectively the market share of lubricants business will boost and the sated marketing objectives will be accomplished.

### 5. What are the problems you encountered in implementing the marketing strategies?

In fact when you run a business, everything might not be easily accomplished. Likewise the company faced with some problems while implementing the marketing strategies. The interviewee forwarded the following problems regarding the marketing strategy practices/implementation. These are:

- Stiff price and service based competition from existing and new entrants
- Difficulty to secure land to expand retail network in Addis Ababa and in main Regional towns.
- Dependence on Few Distributors that market All brands

- Low margin on fuels and high cost of doing business (increasing working capital requirement).
- Absence of quality checking authority
- Working capital constraints of Customers hence high trade debt
- High investment cost of pumps and underground tankers
- Entry of new competitors with cheaper price

These all implies that the company has faced a problem of implementing the marketing strategies and these problems may hinder the strategies to not to achieve the objectives of the company successfully.

**6. What is the status of promotional mixes done by the company interims of advertising, personal selling, sales promotion, participating in bazaars and exhibitions, brochures etc?**

According to the interview made, the company's promotional strategy is to arouse customer's awareness, to create brand preferences and to maintain the existing customers of the company. The company carries out its promotional campaign using different promotional tools and mechanisms.

Advertising is one of the promotional tools intensively utilized by the company. Because through it the company believes that it can reach more audience than other promotional tool.

Personal selling is the other promotional tools used by the company in its promotional mix. It involves direct relationship between the sellers and the customers. In addition, the company does its promotional activity through television, radio, magazine, newspaper, participation special sponsorship programs, meeting participants as a promotion etc.

**7. How do you evaluate your pricing strategy compared with major competitors, is your products are cheap or expensive relatively to your competitors?**

With regard to the above question the interviewee revealed that the company has not written pricing policy and said that the price of products is depends on different factors like:

**Transportation charges:** Costs are incurred by transporting inputs and distributing the final products.

**Competitors' costs:** costs incurred in order to stand out competitors resulting in different pricing by competitors' pressure.



**Gross profit costs:** a margin that the company maintains in order to gain and survive after covering its direct costs.

**Over head costs:** costs that are incurred for different marketing activities, wages, salaries etc

**Net profit:** the ability of paying the owners in the form of dividends.

Generally, the pricing strategy is not in a single way because there is a highly turbulent environment and the price also will change according to the conditions. The company like any other organization, prices its products to maximize its profits or the price must cover the whole costs and should gain some profits. The manger also added that most customers are price sensitive. Always they are looking for discounts.

#### **4.2 Discussion of the results**

The oil industry prospect in Ethiopia is endowed with energy resources such as biomass, Hydropower, solar energy, Coal and natural gas and is not a great consumer of petroleum fuels. However, the energy consumed in Ethiopia is still derived from traditional energy resources. The balance is made up of electricity and oil products. Some portion of the population, however, is supplied with electricity. The biggest and unresolved challenge facing the industry at present is the declining company and dealers margins and the continuous rise of operating costs that affect the return on investment and working capital required to maintain the operation.

In addition the decline of oil price in the world market will also be another challenge for the industry. In Ethiopia's context, however there are developments from the government side to stimulate the Oil Industry by improving Company as well as Dealers' margin which may, to some extent, answer the queries being raised by Oil Companies for years which is expected to happen in the year 2015 but not yet.

The Ethiopian Lubricants market was majorly dominated by Total, Mobil, Agip and shell lubricants feeding the market with their source in the upstream bases. However Emergence of National oil Ethiopia (NOC) in 2004 as an indigenous oil marketing firm with its import from Chevron and liquidation of AGIP, Exxon Mobil and shell from the downstream activity with the aim of strengthening the upstream source ,brought Total, NOC ,Oilibya and yetaberut the major ones involved in the downstream business. While Total and Oilibya has upstream sources in

supplying their branded lubricants, the other indigenous ones have different import sources for the products.

In addition associated with the foreign direct investment policy of the Ethiopian government in promoting manufacturers in the country in view of reducing imports, NAZTECH Petroleum has also emerged as the first foreign company engaged in producing lubricants as stated in the statement of the problem. However, under this stiff competition companies must deliver a quality of products with a reasonable price, if not it is very challenging to attain the marketing objective of the company. Accordingly the employees of NOC were asked about the quality of the products that are being delivered by the company. Majority of the respondents responded that the products are quality product. Therefore, is very advisable to continue the quality products to the market. This implies that, providing a quality product leads to enhanced image and reputation of the company and its brands.

With regard to the packaging of the product of lubricates oil, a remarkable results has been found. Packaging includes the activity of designing and producing the container for product (Kotler, 2000). Packaging is also one of the dimensions of quality and also used to attract customer. The respondents answer leads to conclude that there is no packaging problem of with the products. Again, delivering good products in packaging has to be in a continues manner to attract and retain the customers.

According to Kotler, (2000) brand is a major issue in product strategy.

Building a brand is not an outcome from an overnight process, having continuous advertisement on quality, feature and price of a product. However, brand building needs a sustainable effort through integrating variety of tools including advertisings, sponsorship, event participation, participating in social affairs and public relations. Besides, the way services are delivered, commitment from sales persons and part taking in corporate social responsibility issues in aggregate put an icon for differentiating certain product from the other. Accordingly, the existing level of efforts made in this regard with NOC is said to be minimal and striving further is expected to position '*Chevron*' brand in the mind of its customers than any other brands in the market. In connection with this the respondents were asked to give their feedback about the brand of the company's product. More than half of the respondents replied as they are disagreeing on the exploitation of '*Chevron*' brand. Therefore, this is an alarming rate for NOC more works has to be done with regard to the brand perspectives. So, getting a blue print in the

customers mind is an assignment for the company. Positioning of the products with the customers mind need more work and needs improvements.

In line with the challenging marketing mix of NOC is identified and found as it is price. As we can see from the respondents, majorities are agreeing that the company is facing with its price of the products. This implies that, the products are delivered by NOC in the market are expensive compared to the competitors. The basic thing in pricing is that the relationship between the price of a product and the value it gives to customers has to be fair and proper. As Price is revenue for a company it should also be noted that it is a cost for a customer. From the interview the manager said that, whatever you proved to the market, customers are always looking for discounts. The above response implies that if the price of the product is expensive compared to competitors and the customers also looking for discounts. The pricing strategy of the company needs to be revised otherwise the customers may looking in to other oil company. For the company to attract large number of potential customers and in order for it to increase the consumption rates by the existing customers and to attain large market share the company has to adjust/reduce the price charged for its products by maintaining the quality of the products and gathering information about the price of products that are in the markets.

As the employee answered, the offers a price discount which helps to encourage sales and keep the harmony between the company and customer. Most of the respondents replied that the company offers a discount in the circumstance of purchase of huge quantity of the products. On the other hand, there is also a discount at the time of cash payment. Having these kinds of scheme is means of break through the market. However, it is very essential to have information how the other oil companies are providing the incentive schemes to its customers because it helps the company to see again the discounts system in order to retain the existing customers and also to attract the new customers. Thus, it is preferable to focus price discounts in different forms in order to serve and satisfy those customers in the best way and then in the long term the company achieving high profit from these discounts.

Segmentation can be simply defined as dividing a market by a set of pre determined criteria (Andrew, 2010). Before selecting the target customers, segmentation has to be carefully selected. Most of the respondents answered that NOC is using geographic location in order to

segment the market. This implies that the sales representatives have their own customers based on geographic location in Addis Ababa and outside the city.

Market targeting is a process of evaluating each market segment's attractiveness and selecting one or more segments to enter (Kotler, Armstrong, Saunders & Wong, 1999). After segmentation of the market identifying the target groups is very essential part in marketing. Likewise, the target customers of NOC are distributors and consumers from the interview analysis also there are different sectors to be served by the company. Like agricultural, construction, mining and the like. This indicates that the company has a wide coverage of customers in different sectors. So by keeping this customer targets the company can achieve the marketing objectives. After clearly identifying the market segment and targeting, the company must deliver the products to the customers in an organized manner. The design of an organization's distribution system is a key factor in creating customer value and in differentiating one company's offering from that of another. With regard to the availability and accessibility of the company's product, it is found as the company is doing well. So, after seeing this, the company has a well organized logistics system to provide company product to the customers. In the interview analysis it is also explained that the company is using its logistics system as competitive advantage of the company. NOC has to keep in availing the products in the place where the customer's need may lead for the long term customer relationship and value creation in the industry.

With regard to the way of promoting the lubricants NOC is using media and billboards. Media is in the form of radio, television, newspaper and the like. On the other hand, billboards are on the service stations, distributor's gate. Promotion, in recent times, has become the life birth of the modern business. It is a device for gaining and maintaining a competitive advantage in the market by communicating the benefits of products of a company to a large number of people, which in turn facilitates sales to achieve long-run profitability performance. The promotional message should be carefully designed in such a way that it can easily be understood to the potential and target customers. In the results of the study, the company is using different form of promotional tools. But, when we see the appropriateness of these tools, the most effective one is personal selling. NOC is more implementing personal selling promotional mix than others. Personal selling involves direct relationship between the seller and the customers. In line with advertising, sales promotion and public relation the company is using in an effective manner to

create awareness about the company's product. Even though, NOC is trying to disseminate information about the products quality in the form of advertizing. The compatibility of the promotion made about the product's quality is very less as can be observed from the respondents. This infers that, NOC is importing quality products from chevron but the brand awareness for those products is not adequately made. If the product are quality the company must disseminate the about the qualities of the products in an organized and professional way.

Respondents also asked about the primary reason why the customers are buying the products and majority of the respondents said that, it is because of proximity of supply and of the quality of the products. From this we can conclude that the logistics system of the company is very good. The key element in logistics chain is transportation system, which joints the separated activates. Therefore, keeping this good trend of logistics system NOC can have continues manner of delivering the product to its customers. Achieving marketing objective of the company definitely leads to achieving company's target profit. Therefore, being hard working on marketing strategy is very essential part of the major activities of the company. At the same time, there are also hindering factors to implement the marketing strategies of the company. These are: Stiff price and service based competition from existing and new entrants, Difficulty to secure land to expand retail network in Addis Ababa and in main Regional towns, Dependence on Few Distributors that market All brands, Low margin on fuels and high cost of doing business (increasing working capital requirement),Absence of quality checking authority, Working capital constraints of Customers hence high trade debt, High investment cost of pumps and underground tankers Entry of new competitors with cheaper price. This implies that, NOC has many has problems in order to implement marketing strategies. So, other strategies also needed to overcome the above problems.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter is intended to summarize the major findings, draw conclusions from data analyzed, recommend on the possible gaps observed in line with the general objective.

#### 5.2 Summary of the major Findings

This study was intended assess marketing strategy of NOC that are being practiced in petroleum products particularly on lubricates business. Accordingly, the study was carried out through collecting data by questioner from the employee of National oil of Ethiopia and personal interview also conducted to collect the relevant information. In addition, secondary data also gathered by reviewing different documents of NOC like compressive business strategy of the company and Market share of oil companies. The study has made its base on the popular marketing mix elements which are inputs for strategic marketing, in measuring the extent of Company's responsiveness towards the outlying competition in light of striving for achieving the marketing objective of the company. The major findings of the study is summarizes as follows.

- NOC is importing a quality product of “Chevron”, one of the world's largest lubricate manufacturer in America. The products are good in packaging and the quality. But, NOC is not utilizing the brand of chevron in Ethiopian lubricates business. The product of the company is not positioned well in the customers mind.
- From the marketing mixes, NOC is being most challenging with price and promotion in the market Even though, NOC is providing a price discount, the price of the products is expensive with compared to the competitors in Ethiopian market.
- NOC is implementing all marketing mix elements in order to satisfy the customers and to achieve the stated marketing objective of the company.
- The company is using geographic segmentation and economic situation and targeting its customers mainly on distributers and major construction sectors in Ethiopia. Secondly NOC is also targeting its market in the consumers and resellers.

- The accessibility and availability of the product to the market is found as so nice and buyers can get the product easily the place the customers want.
- Above all, to implement marketing strategy NOC is facing a challenges like Stiff price and service based competition from existing and new entrants, Absence of quality checking authority and Entry of new competitors with cheaper price. From the open ended questions respondents mentioned that delivery of fuel is used as mechanism to sale lubricants and there is no effective and compatible marketing strategy based on environmental scanning to support and hit the sales target.
- The overall marketing strategy of the company is rated as the effective and also the staff commitment for the marketing stagey of NOC is found in a good performance.
- NOC also have a competitive strategy of customer intimacy, logistics service, Develop additional Retail sites, Distributors, Resellers in and outside Addis and Product Leadership.

### **5.3 Conclusion of the study**

The main conclusions of the study in relation to each of the marketing strategy elements and the associated followup actions considered to be needed are given below.

Marketing strategies are the means by which the marketing objectives will be achieved. The employees and managers of the marketing department of NOC are performing their duties to achieve the company's objectives. To satisfy the needs of the customers and achieving the marketing objectives NOC is being implement the marketing mix elements.

The products that are being used in the market is found quality according to the responses of the respondents but, awareness creation on brand/Positioning of the product in the mind of customer, which is a basis for assuring brand positioning and loyalty is at its infant stage; despite it is believed to be a major weapon by which product differentiation is realized. The researcher observed that the branding issue is one of the major gaps in this study.

It has been also observed that pricing and to some extent promotion are the major marketing mix elements the company is challenged of most. In order to generate revenue price is a mandatory element but it has to be considered with the existing market price of the product. Promotion strategy is also an essential tool for the practice of the marketing strategy of the company. The company promotional tools are advertising, personal selling, sales promotion and public relation. Among these tools NOC is using personal selling and advertisement mostly. It has no any written pricing policy as a result the prices of the products are depends on different factors like; transportation charges, Competitors' costs, Gross profit costs, Over head costs, Net profit etc.

Market segmentation is the activity of subdividing the market along with some commonalities, similarity or kinship. It is also classified based on the customer characteristics such as demographic, geographic, behavioral and psychographic or lifestyle segmentation. However, among those segmentation bases the company uses geographic location as a major form of segmentation variables. NOC also provide the products to the customers in the well organized manner and less complain from the customers with regard to the availability of the products. After segmenting the markets in geographic form, NOC is targeting its market by distributors, different business sectors and resellers.

NOC is passing through very intensive completion in the oil industry. But, NOC has its own competitive advantage to try to win in the market. The major competitive advantages are: product leadership, customer intimacy, logistics service of the company, exploring product base and expanding additional retail sites, distributors and resellers in and out of Addis.



When NOC is implementing the marketing strategy, there are problems that the company faced. These are: Stiff price and service based competition from existing and new entrants, Difficulty to secure land to expand retail network in Addis Ababa and in main Regional towns, Low margin on fuels and high cost of doing business (increasing working capital requirement), Absence of quality checking authority, Working capital constraints of Customers hence high trade debt, High investment cost of pumps and underground tankers and Entry of new competitors with cheaper price. On the other hand, one of the strategies to sell the lubricants has a connection with delivery of fuel. In general NOC is also introducing new marketing strategies of NOC fuel card service is started in 2015. The other is Lubricants God father also used as a means of sales and the NOC premium customer is another scheme is introduced in the service stations to serve the loyal customers.

## 5.4 Recommendations

The following recommendations are made as part of a remedial action intended for filling gaps observed with the research results. Furthermore, the recommendations are believed to serve as an input for Company's management in its operation for achieving market leadership particular to lubricants channel. The recommendation is made from the major marketing mix point of view and also emphasize on enhancing strategic capability in responding towards the emerging challenge with the industry.

- ✓ Marketing strategy is a tool by which sales targets are achieved. Hence, each and every path under the major mixes has to be identified and tested against key performance indicators. It is also highly recommendable that in depth competitor analysis has to be carried out in identified the major mixes by product differentiation.
- ✓ The Company better develop a long-range view and try to implement a more structured approach to attain information about potential customers, competitor's action and market intelligence in with the industry.
- ✓ Building brand loyalty through coordinating various promotional tools i.e. event sponsorship, corporate social responsibility and advertisement.
- ✓ In order to alleviate the problems in the pricing of the products, the company is better to set its pricing technique based on the analysis of the customer's perception of the product value. Moreover, the prices has to be set to attract more customers and to increase their level of satisfaction by developing good relationship with suppliers of lubricants to maintain the lowest possible price structure throughout the whole process.
- ✓ Note that the elements of the marketing mix should be integrated because each element of the mix usually has some impact, direct or indirect on the others. For example, if the company modifies its product, it probably has to change the price because it costs more to produce. The customer doesn't make up his mind to purchase a particular product merely on the basis of price. There are many other factors which affect this decision such as communications made about the advantages or benefits of the products. Thus, the company tries to be effective in its promotional activity to communicate the benefits offered by its products and initiates customers towards purchase.

- ✓ To overcome the problems with regard to working capital constraints, I suggest the company to improve the cash collecting process. If it is possible by organizing credit committee who are dedicating the overall credit control.
- ✓ Expanding the distributors sector in all brands by provides discounts and appropriate credit term.
- ✓ In the investments of Pumps and underground tankers, design a way of some amount of money the station owners for the maintenance.

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**St. Mary's University**  
**School of Post Graduate Studies**  
**MBA Program**

**Questionnaires to be filled by employees of the marketing department of National Oil Ethiopia**

**Dear respondents;**

The purpose of this questionnaire is to enable me to carry out a research for the partial fulfillment of master's degree in MBA. The research focuses on National Oil Ethiopia (NOC) with the topic of "Assessment of marketing strategy practices". A Marketing strategy questionnaires are tools used to collect data from people regarding Marketing. Hence, to gather information, I kindly seek your assistance in responding to the questions listed below. Any information you present will be kept absolutely confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated.

**N.B:**

- Writing your name is not necessary.
- Put "√" for your choice in the box provided.
- You can give more than one answer.

Thank You in advance!

1. Gender

Male       Female

2. Age (in Years)

Under 20     21-35     36-50     51-65     Over 65

3. Educational Level

1-12 Complete     Certificates     Diploma

BA/BSC     MA/MSC     PhD

Other (if Any) \_\_\_\_\_

4. Position

Managers

Staff

5. How long have you been employee of National Oil Ethiopia (NOC)?

Less than one year

Two to five years

Five to ten years

More than Ten Years

6. What is your opinion about the products quality?

Excellent

Very good

Good

Medium

Poor

7. How do you rate the packaging of the product?

Excellent

Very good

Good

Medium

Poor

8. I belief the company the uses “chevron” brand effectively.



Strongly agree

Agree

Undecided

Disagree

Strongly disagree

9. Which marketing mix element is do you think most challenging to NOC comparing to compotators.

Product

Price

Distribution

Promotion

10. What is your opinion concerning the price of the products compared to the compotators?

Very Cheap

Cheap

Affordable

Expensive

Very Expensive

11. Does the company provide price discount? Yes  No

12. If your answer for # 12 is yes, on which condition the company provide a price discount?

- During Holydays
- Purchase of Huge quantity of products
- During defective products among those purchased products.
- Cash Payment
- If another please specify \_\_\_\_\_

13. Who are the company's major customer groups?

- Consumers
- Resellers
- Distributors
- Other intermediaries
- Other (If any) please specify \_\_\_\_\_

14. The company's product availability and accessibility are?

- Excellent
- Very Good
- Good
- Fair
- Poor

15. What are the bases of segmenting the market?

- Geographic Location
- Physiological /Life cycle

Economic situation

Demographic

Other (If any) Please specify \_\_\_\_\_

16. Which type of advertizing strategy the company using?

Media (news paper, Radio, TV)

Word of Mouth

Free Sampling

Internet

Billboard

Other (Kindly suggest other method)

17. How do you evaluate the promotions made of the product's quality?

Very Compatible

Compatible

Undecided

Less compatible

No promotion at all

18. On the rate 1 to 3, where 1 represents "least effective" and 3 represents "most effective", how would you rate the appropriateness of the following promotional mixes to the company? Please put a tick mark for each provided box).

<b>Promotional tools</b>	<b>1</b>	<b>2</b>	<b>3</b>
Advertizing			
personal selling			
sales promotion			
Public relation			

19. What are the customer's primary reasons for buying the company's product?

- Quality of the product
- Proximity of supply
- Lower price than others
- Effective promotion
- Customer preference
- Other (if any please specify)

20. What is the process of selling the product of the company?

- Direct personal selling
- Direct online selling
- Indirect through the channels
- Telemarketing
- Other (if any please specify)

21. On the rate 1 to 3, where 1 "represents least effective" and 3 represents "most effective". How would you rate the overall marketing strategy of the company?

- 1
- 2
- 3

22. I can perform the marketing strategy practice of the company effectively?

- Strongly Agree

- Agree
- Undecided
- Disagree
- Strongly disagree

23. What are the major problems encountered in implementing the marketing strategies?

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24. If you have further comment please point out in the space provided below.

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**St. Mary's University**

**School of Post Graduate Studies**

**MBA Program**

**Interview questions with Marketing Managers of National Oil Ethiopia (NOC)**

**Dear respondent;**

The purpose of this interview question is to enable me to carry out a research for the partial fulfillment of master's degree in Business Administration (MBA). The research focuses on National Oil Ethiopia (NOC) with the topic of "Assessment of marketing strategy practices". A Marketing strategy interview questions are tools used to collect data from Chief operating officer Marketing regarding Marketing practice of the company. Hence, to gather information, I kindly seek your assistance in responding to the questions listed below. Any information you present will be kept absolutely confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated.

Thank You in advance!

1. How do you evaluate the company's overall current marketing strategies?
2. Is there any competition? Who are your competitors? What are your major competitive advantages?
3. Who are your target consumers? And how does the company positioned its products?
4. What are the marketing strategies offered by the company in terms of 4Ps?
5. What are the problems you encountered in implementing the marketing strategies?
6. What is the status of promotional mixes done by the company interims of advertising, personal selling, sales promotion, participating in bazaars and exhibitions, brochures etc?
7. How do you evaluate your pricing strategy compared with major competitors, is your products are cheap or expensive relatively to your competitors?

## DECLARATION

I, the undersigned, declare that this thesis is my original work; prepared under the guidance of Dr. Temesgen. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or full to any other higher learning institution for the purpose of earning any degree.

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Name

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Signature

St. Mary's University, Addis Ababa    JANUARY 2015

## ENDORSEMENT

This thesis has been submitted to St. Mary's university, school of Graduate Studies for examination with my approval as a University advisor.

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Advisor

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Signature

St. Mary's University, Addis Ababa

JANUARY 2015