



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**AN ASSESEMENT OF FACTORSAFFECTINGMARKET LEADERSHIP
INLUBRICANT PRODUCTS: IN THE CASE OF YETEBABERUT BEHERAWI
PETROLEUM S.C (YBP)**

BY TIGIST BEFIKADU

JANUARY, 2022
ADDIS ABABA, ETHIOPIA

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LUBRICANT PRODUCTS:
IN THE CASE OF
YETEBABERUT BEHERAWI PETROLEUM S.C (YBP)**

BY TIGIST BEFIKADU ID NUMBER: - SGS/0228/2007

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ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS

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ADVISORSIGNATURE

EXTERNAL EXAMINERSIGNATURE

INTERNAL EXAMINERSIGNATURE

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YBP	Yetebaberu Beherawi Petroleum
MOT	Ministry of trade
FDI	Foreign Direct Investment
Upstream	Sources (with refineries)
Downstream	Engagement in marketing refined petroleum

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ABSTRACT

Marketing is a key tool by which business organizations are able to achieve corporate objective they are primarily intended for. Likewise, owning a leadership position in certain industry needs a strong orchestration of marketing strategies in view of responding to demand outlying over the market and competitors actions. Likewise this study is intended for identifying factors affecting Yetebaberut Beherawi Petroleum S.C (YBP) in leading the Ethiopian oil industry particular to lubricants business segment. The Ethiopian downstream petroleum companies are composed of both multinational and indigenous firms in which the multinational companies are having an upstream source serving them as one of the competitive advantages they are having over the independent local marketers. Hence, as a strong market challenger with significant share in the market, (YBP) has been sustainably securing a fourth position in an industry with fierce competition. However, pinpointing the major factors affecting YBP not to possess the leadership position is vital. Accordingly, this study is envisioned for addressing both internal and external factors banning YBP not to own the leadership position. Thus, responses for the major customer segment of the company namely Distributor, Reseller and dealers are used as an input in revealing gaps observed from the external stakeholders point of view from the major marketing mixes perspective. Furthermore, internal responses from the marketing officials in the company were addressed in pinpointing the extent to which devised marketing strategies are compatible with the level of competition outlying over the market. Secondary data is from supplement the findings as well. As a result areas including product availability, promotion, distributing channel and pricing are found to be where the company is challenged of most as compared to the outlying competition over the market as an internally sourced gaps. In addition Price ceiling by MOT, Illegal importation of lubricants, and challenges from entrants were observed as an external gap to be further addressed by the company in its strive towards owning market leadership in the industry.

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of DrMaruEshete. 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.

Name

Signature

St. Mary's University
Addis Ababa
January, 2022

x

ENDORSEMENT

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

Advisor

Signature

St. Mary's University
Addis Ababa
January 2022

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CHAPTER ONE

1. 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 address significance of the research to users followed by the particular area the research is delimited to under Scope of the study

1.1 BACKGROUND OF THE STUDY

In contemporary business conditions characterized by extreme volatility, uncertainty, dynamism, and intense competition, the question of market leadership has been a subject of great interest to organizations and researchers alike. Nowadays, market leadership is perhaps the most critical challenge in today's business environment. It is the ability of a company to dominate and shape its business system. Market leadership has long been recognized as sought-after source of business power and profitability.(Moghaddam, 2012)

Capturing a dominant share of market is likely to mean enjoying the highest profits of any of the companies serving that market. It can also mean winning the leadership, power, and glory that go with such dominance. (Bloom &Kotler,2003)

Definitions of market leadership have been an active area of debates and research among economists and marketing scholars but it can be defined as the position of a company with the largest market share or highest profitability margin in a particular market. Market leaders dominate the market by influencing the customers' loyalty towards its quality, distribution, pricing, etc. (Kotler,2003)

The purpose of market share is prominent in many firms.The business performance and

economic profit of the firm can be summarized in market share. One of the most important aims of firms is to enhance market share to achieve greater scale in its operations and improve profitability, due to this the managers always want to expand their market share (Maghaddam, 2012). According to Maghaddam, profitability magnitude of a business is highly subject to the size of market share owned, besides the extent of profit margin achieved specific to certain product line. Hence, a business could achieve market leadership, provided it is proactive in responding towards the outlying market challenge that could arise from both external factors (the competitors and customer anticipation) and internally sourced gaps in terms of devising an appropriate marketing strategy.

The Ethiopian oil industry currently comprises more than 33 oil companies including five international companies including the big ones Total Ethiopia, Libya oil Ethiopia, and 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. (Assura 2016).

Hence, the study is dedicated to identify the major internal and external factors Affecting YBP in leading the growing market with its well-known imported CASTROL brand. YBP is not the market leader and a strong competitor in Lubricating Oil. The industry market share analysis from Jan 2015- Jan 2020 shows YBP has least rank in market share of petroleum product. The study will source relevant data from different customer segments, company officials and marketing experts in terms of sourcing out hard facts prevailing in the entire supply chain and challenges in the market against the followed strategy in marketing.

1.2 BACKGROUND OF THE ORGANIZATION

The organization in question, Yetebaberut Beherawi Petroleum S.C (YBP) was established in May 2004 G.C according to the Ministry of Council approval date October 28, 2004 G.C. It is the first local oil company formed by 100% Ethiopian Shareholders. YBP is one of fuel and lubricant retailers in Ethiopia with an average of 14% market share.

It sells fuel in over 94 networks of branded service stations. The lubricant divisions have markets for passenger vehicles, trucks and industries in almost over all the country.

YBP supplies to the market Beyond Petroleum (BP) lubricants and greases. BP is one of the largest oil companies in the world. BP plc is British multinational oil and Gas Company headquartered in London it is one of the world's seven oil and gas. Castrol is BP's main brand for industrial automotive lubricant and is applied to a large range of BP oils, greases and similar product for most lubrication application. The main reason for selecting BP is to provide quality lubricants for customers. Therefore, YBP has made an agreement with BP to import and market BP Lubricants and Greases in Ethiopia. However, leading a market in lubricant products is currently experienced as one of the challenging areas the company is concerned about. (Mesfin 2015).

Before the year 2005, the distribution of petroleum products was totally monopolized by foreign companies. During the year 2004, the government enacted the law that allows private investors to involve in the oil industry. Based on this and the potential demand in the petroleum industry, a group of twenty-one Ethiopian individuals and transporters took the advantage and established the company with paid up capital of Birr 5,200,000. (Annual report of YBP 2017)

1. 3 STATEMENT OF THE PROBLEM

Ensuring achievement of corporate objective in the ever changing and dynamic business environment is not something one could only let towards assuring sustainability of a given business. Business enterprises could be able to meet „a going concern principle“, however the extent to which the business itself is operating is always questionable. As far as, certain business is not operating under loss and even with break even, business undertaking would be seen as healthy, in principle.

However, leaders or business managers are always expected to see far as could be stated in their vision statement, in terms of responding towards the ever changing customer requirements in light of owning certain competitive advantage their competitors might not own so as to own “lions share” in a given market (Maghaddam, 2012).

In fact when you run a business, everything might not be easily accomplished. Marketing

success is the lifeblood of any company. YBP faces problems while 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 Ethiopia their own products that are being manufactured abroad. But, YBP is importing Lubricants from BP which is Castrol– a world is a leader in the Global Lubricants and recognized for its commitment to excellence YBP (2018/19 Company profile).

YBP is not the market leader and a strong competitor in Lubricating Oil. the stiff competition resulting among the different brands of both automotive and industrial grade lubricants of different companies, which is highly forcing companies under the petroleum umbrella to design a differentiated competitive strategy is ultimately believed to be the gap to be narrowed to achieve market leadership. Even if the sales profit of oil and lubricant has the highest share from overall sales of YBP product i.e 32.1% in 2016, 38.1% in 2017 and 52 % in 2018 (Annual report) but comparing to The industry market share analysis from Jan 2015- Jan 2020 shows YBP has least rank in market share of petroleum product. In 2014 the market share in petroleum of different oil company i.e., Oil Libya/shall, Total, NOC, YBP and Kobil was 15.6%, 45.1%, 32.8%, 4.3% and 2.1% respectively. In 2015 market share of lubricant product of Oil Libya 14.3%, Total 44.3%, NOC 35.4%, YBP 3.7% it shows decline by 0.6 from 2014 share and Kobil 2.3%. The same analysis was done in 2016 it shows o Oil Libya has 16.2%, Total 46.6%, NOC 32.6%, YBP 3.9% and Kobil 0.6% market share.

In 2017 Oil Libya 15.3%, Total 48.4%, NOC 32.3% and YBP 3.9% of lubricant market share. By the year 2018 Oil Libya 14.1%, Total 47.7%, NOC 36.0% and YBP 2.2% which shows decline by 1.7 from previous year. The analysis in 2019 was fro Jan-March also shows YBP 8.4% following Oil Libya 15.3%, Total 17.8% and NOC 58.5%. (Market share analysis of four major oil Co. 2019).

Furthermore, the stiff competition resulting among the different brands of both automotive and

industrial grade lubricants of different companies, which is highly forcing companies under the petroleum umbrella to design a differentiated competitive strategy is ultimately believed to be the gap to be narrowed to achieve market leadership.

Clearly YBP is expected to travel extra miles in order to stand in a front line of a given industry through designing a competitive strategy, even though owning market leadership could even move beyond these issues in terms of the outlying challenges in industries like the Ethiopian Petroleum companies.

Hence, the focuses of this study is to assessment of factors affecting market leadership in lubricant products: In the case of Yetebaberut Beherawi Petroleum S.C (YBP).

1.4 BASIC RESEARCH QUESTIONS

In line with the above statement of the problem, this research paper is expected to address the following basic research questions.

1. What are internal gaps in the existing marketing strategy currently deployed in YBP related to the key marketing mix elements in owning a leadership position?
2. What are major external factor influence YBP market share particular to lubricant product line?
3. What is the level of competition in Ethiopian petroleum industry particular to Lubricants in general?

1.5. OBJECTIVE OF THE STUDY

1.5.1. General Objective

The general objective of the study is to assess factors affecting market leadership in lubricant products: In the case of Yetebaberut Beherawi Petroleum S.C (YBP).

1.5.2. Specific Objectives

Under the overall framework of the above general objective, this research paper will have the following specific objectives.

- To identify the internal gaps in the existing marketing strategy currently deployed in YBP related to the key marketing mix elements in owning a leadership position.
- To identify the major external factor influence YBP market share particular to lubricant product line
- To explore the overall competition and challenges within the industry.

1.6. SIGNIFICANCE OF THE STUDY

The main success or failure of a company depends on its marketing strategies. Therefore, the study will help the company management to redirect their attention to this highly essential function and come up with identification of factors restraining market leadership in lubricant market. In addition it will be used as reference for similar study and suggesting possible recommendations for the lubricant industry best practices in managing and addressing the factors influencing the employee's motivation.

Additionally, the study could also be used as a reference for further studies to be undertaken in the future on the same or related matters.

1.7. SCOPE OF THE STUDY

The researcher has found that it is very important to delimit the scope of the study to a manageable size in order to investigate the issue thoroughly. There are number of lubricant market oriented companies in Ethiopia, of these lubricant market oriented companies the researcher has selected Yetebaberut Beherawi Petroleum S.C (YBP) purposely. This is therefore; the research confining only to in a single lubricant market company (Yetebaberut Beherawi Petroleum S.C) for the sake of in-depth analysis with genuine investigation on assessing factors restrain market leadership in lubricant products: In the case of Yetebaberut Beherawi Petroleum S.C (YBP).

1.8. ORGANIZATION OF THE STUDY

This study has organized and comprises into five chapters. The first chapter will consists an introduction which consists of background of the study, statement of the problem, objectives of the study, significance of the study, delimitation of the study and definition of terms. The second chapter will discuss about the review of related literature. The third chapter will deal with the research design and method of the study. The fourth chapter will present the presentation, analysis and interpretation of the data. The fifth chapter will deal with the summary of findings, conclusions and recommendations of the study. Finally, references and a set of appendices will be included that contain the interview guide and questionnaire that used to collect primary data for this research work and other supplementary documents of the study.

CHAPTER TWO

2. REVIEW OF LITERATURE

2.1 THEORETICAL LITERATURE REVIEW

2.1.1 Concept of Market Leadership

In the majority of industries there is one firm that is generally recognized to be the leader. It typically has the largest market share and, by virtue of its pricing, advertising intensity, distribution coverage, technological advance and rate of new product introductions, it determines the nature, pace and bases of competition. It is this dominance that typically provides the benchmark for other companies in the industry. However, it needs to be emphasized that market leadership, although often associated with size, is in reality a more complex concept and should instead be seen in terms of an organization's ability to determine the nature and bases of competition within the market.

Market leadership is the position of a company with the largest market share or highest profitability margin in a given market for goods and services. Market share may be measured by either the volume of goods sold or the value of those goods. Market leadership is a particularly useful and relevant concept in the Internet age, where first-movers in new markets can quickly gain monopolies for services or products. Market leader can be attributed to a firm which has the largest market share in a given industry. The term could also be ascribed to a firm which has the highest profitability margin as well. Market leadership as a concept holds much relevance in the internet age because over a period of time we have seen large number of companies becoming market leaders Moghaddam, (2012).

Becoming the market leader is a key strategic goal for many firms, and has fueled plenty of prominent corporate rivalries-think coke versus Pepsi or apple versus Microsoft.

The benefits are obvious: brand with the largest market share tend to have lower advertising and production cost, a broader and more loyal customer base, and enough popularity to counter their competitors' moves. Peter, (2013).

A company can establish itself as the market leader by being the first to offer a product or service must be novel enough to attract a consumer base, and then the company must keep on top of consumer to maintain leadership. If a company enters as competitor to the first mover(s), it can aggressively market its own version of product with differentiated features. Competitors that seek market leadership status may invest heavily in market research and product development then use consumer information to develop attributes that improve on existing product. (will Kenton 2021)

Market leader often enjoys the first -mover advantage in new markets. Let's look at some examples of market leaders in the digital space. Microsoft was the first company to launch operating system (Windows) and web browser (Internet Explorer) in the market. Apple as a company was the first one to introduce the concept of portable media device in which music can be stored on a drive, iPod. Market leadership is not about sales and dominance but it is more about how relevant the product is for the audience. Apple generates more revenue by selling iPods compared to other manufacturers who are selling MP3 players. It is all about innovative ideas which will help the company to connect with the relevant audience. The company tries to introduce those products in the market which can add value to the customer. Market leaders often unveil products which can redefine the customer experience in terms of product quality, longevity, ease of operating that product etc. Kotler, (2003)

Market leaders act as a reference point for their competitors who may decide to ignore, emulate or confront them. In the 1970s the Profit Impact of Market Strategy (PIMS) study, a joint initiative of the Strategic Planning Institute and the Harvard Business School, was launched. Over several years, hundreds of firms and their businesses were closely monitored to pinpoint the most significant variables affecting firm's profitability. The study identified market share as the most important factor. As a result, gaining market share and striving to be the top player became the business focus of many firms" (Kleber and associates, 2012)

2.2 MARKET SHARE

O'Regan (2002) defines market share as a company's sales in relation to total industry sales for a certain period. Pearce and Robinson (2003) also use the same definition that market share is sales relative to those of other competitors in the market. Market share is usually used to express competitive position. It is also generally accepted that increased market share can be equated with success whereas decreased market share is a manifestation of unfavorable actions by firm and usually equated with failure. (O'Regan 2002). Pearce (2003) however criticizes this method showing it portrays the businesses as they exist at one point in time, rather than as they evolve over time.(Gilligan and Wilson, 2009).

The purposes of market share area unit distinguished in several companies. The Business performance and economic profit of the firm will be summarized in marketShare. One in every of the foremost necessary aims of companies is to boost marketShare to attain bigger scale in its operations and improve profitableness attributableTo this the managers continually need to expand their market share. Although, Managers square measure sensitive to promote share of corporations however, the factors that impact on market share square measure still not clear and obvious for several of them (Fizebakhsh, 2002).

Buzzel and Gale (1987) have provided some deep insights and better understanding of underlying processes that drive an increase in a share of the market relative to the competition. The fundamental premise of achieving a relative perceived product quality over competitors in order to gain a higher share of the market allows the firm to differentiate itself from the competition and take advantage of economies of scale, thus achieving low cost distinction.

Market share reflects how marketing expenditures contribute to stakeholders' value. As a measure of marketing productivity, market share is also linked with the overall firm's profitability. As it was noted earlier, it is crucial to establish a positive link between profitability and non-financial marketing measures in order to maintain marketers' credibility and reinforce the importance of the marketing function within a firm.

Among different measures of performance, market share is a key indicator of market competitiveness, i.e. how well a firm is doing against its competitors (Farris et al., 2010).

Investors and analysts monitor increases and decreases in market share carefully as this can be a sign of the relative competitiveness of the company's products or services. As the total market for a product or service grows, a company that is maintaining its market share is growing revenues at the same rate as the total market. A company that is growing its market share will be growing its revenues faster than its competitors.

Market share increases can allow a company to achieve greater scale with its operations and improve profitability. A company can try to expand its share of the market, either by lowering prices, using advertising or introducing new or different products. In addition, it can also grow the size of its market size by appealing to other audiences or demographics.

It is now widely recognized that one of the main determinants of business profitability is market share. Under most circumstances, enterprises that have achieved a high share of the markets they serve are considerably more profitable than their smaller-share rivals. This connection between market share and profitability has been recognized by corporate executives and consultants, and it is clearly demonstrated in the results of a project undertaken by the Marketing Science Institute on the Profit Impact of Market Strategies (PIMS). The PIMS project, on which we have been working since late 1971,¹ is aimed at identifying and measuring the major determinants of return on investment (ROI) in individual businesses. Phase II of the PIMS project, completed in late 1973, reveals 37 key profit influences, of which one of the most important is market share (Robert D. Buzzel B 1985)

2.2.1 Market Share and Market Strategy

Marketing strategy is an organization's integrated pattern of decision that specifies its crucial choices concerning product, markets, marketing activities and marketing resources in the creation, communication and/or delivery of products that offer value to customer in exchange with the organization and thereby enables the organization to achieve specific objective. (Varadarajan 2010)

Marketing strategy is a procedure by which companies react to situations of competitive market and forces of market or react to environment forces and internal forces to enable the firms to achieve its objective in the target market (Lee & Griffith, 2004; Slater, Hult, & Olson, 2010). Traditionally, marketing strategy is a plan for pursuing the firm's objective or how the company is going to obtain its marketing goals within a specific market segment (Kotler, 2013; Walker, 2011; Slater, et al., 2010).

The evidence of the impact of marketing strategy on the performance of corporate ventures is mixed. In some studies, individual elements of the marketing mix are shown to have a significant effect on market share and profitability (Miller and Camp, 1985; MacMillan and Day, 1987; Tsai, MacMillan and Low, 1991).

Although the focus of most studies on "first mover" effort has been on the order of entry into a product market, the totality of approach employed by many market leader are actually more complex than simply striving to be the pioneering firm in product market (Gielens and Dekimpe 2001). In addition to leading the market in terms of order of entry, market leader may also exhibit initiative by leading and implementing other marketing strategy decision prior to competing firm (Kerin, Varadarajan and Peterson, 1992; Lieberman and Montgomery, 1998). According to Lieberman and Montgomery (1998), firms may choose to lead the market in several ways. This may include being the first to produce new product, enter a new market, or even new process. The degree to which firm attempt to gain the advantage of first mover status in wide range of strategic action has been referred to as firm's level of "strategic marketing initiative may be manifested in (1) the introduction o new product, (2) the introduction of new advertising campaigns, (3) the initiation of pricing change, (4) the adoption of new distribution idea, (5) the adoption of new technology, or (6) the seeking out of new market (Heiens, Pleshko and Leach, 2004)

Over the years, more attention has been paid to market share than any other marketing variable. That interest result from a long history of research that shows that higher share leads to higher profits. There are four possibilities; gaining share, holding or maintaining share, harvesting and divestment or abandonment.

According to Chandler (1960), a strategy is the determination of long term goals and objectives of any enterprise and the adoption of the course of action and allocation of resources necessary to carry out the desired goal. A unique strategy contributes effectively to the competitiveness of business firms. Strategy has emerged since the 50s as a tool for reorienting the organizational thrust. Good strategy can contribute to growth, profitability, market penetration, cost – reduction, cutting edge differentiation of products and sustainable competitive advantage of business firms (Prahalad&Hamel, 1990). Johnson Scholes & Whiting ton (2005) termed strategy as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.

There are things that can limit the effectiveness of a marketing strategy. For instance, the failure to adjust it to account for changes in market conditions, such as the appearance of a new competitor who offers much lower prices, may cause you to los customers. Not taking the time to conduct thorough research before developing your strategy can result in a marketing campaign that misses the mark and wastes valuable marketing dollars (Hose, 2011).

2.2.2 Market Leader Strategies

In the 1960s and 1970s, for example, Honda increased its sales by targeting groups that traditionally had not bought motorcycles. These groups, which included commuters and women, were seen to offer enormous untapped potential. The company unlocked this by developing a range of small, economic and lightweight machines, which they then backed with a series of advertising campaigns giving emphasis to their convenience and style. (Gilligan and Wilson, 2009).

The degree of market leadership exhibited by a firm can be thought of as lying on a continuum ranging from a consistent tendency to pursue a wide variety of first-mover efforts (first-movers), to a strategic posture in which firms may be content to merely follow the market (followers).

In the context of the current study, the term “market leader” is used to refer to those firms that exhibit high levels of strategic marketing initiative.

This includes being among the first to introduce new products, new promotions, new pricing changes, or new distribution ideas, as well as adopting new technologies or seeking out new markets. Followers are those firms that take a decidedly measured approach, preferring to follow the market changes rather than to initiate strategic change (Heiens, Pleshko and Leach, 2004).

Market leadership is not simple task. Other firms continually challenge the leader’s strengths or try to take advantages of its weaknesses. The leader firm might become weaker or old-fashioned against new entrants as well as existing rival firms. It firm can use one or a combination of three strategies to retain its leadership (Figure 2.1).

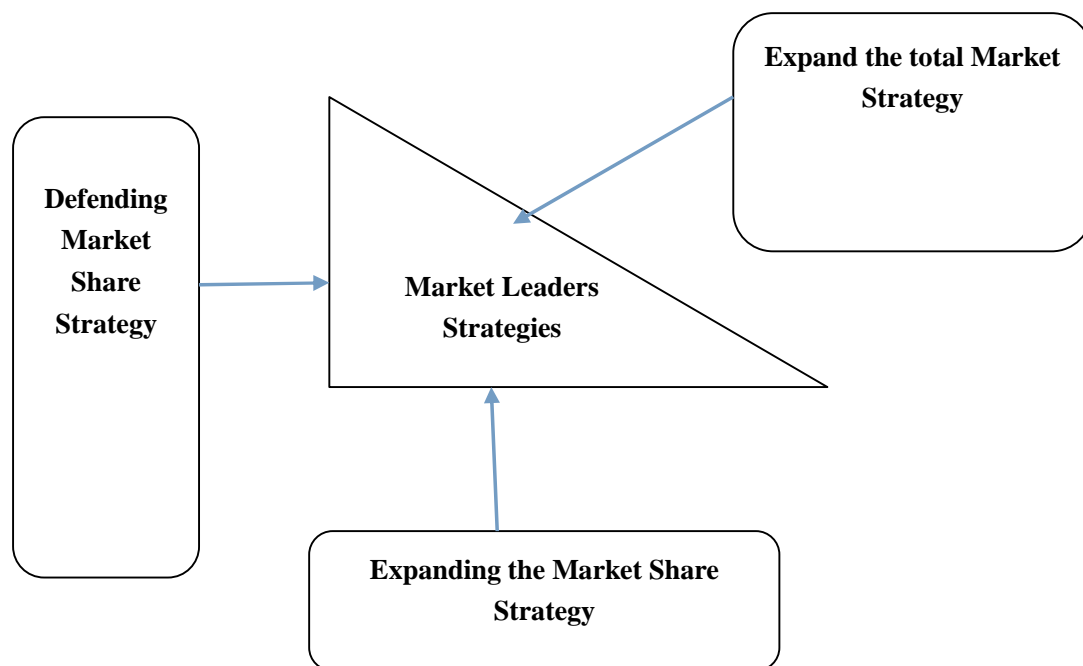


Figure 2.1: Strategies to Retain Its Leadership

2.2.2.1. Expand the Total Market Strategy

Market leader firms can normally gain the maximum when the total market expands. The focus of expanding the total market depends on where the product is in its life cycle. This strategy can be used when a product is in the maturity stage. For example, the Japanese increased their car production to enter new countries.

2.2.2.2 Defending Market Share Strategy

When the leader tries to expand the total market size, it must also continuously defend its current business against enemy attacks. For example, Coca-Cola must constantly maintain its guard against Pepsi-Cola. Similarly, Hero Honda should constantly maintain its guard against Bajaj, Honda, Suzuki and TVS in the two-wheeler market. In this strategy, the leader firm must keep its costs down, and its price must be consistent with the value that customers see in the product.

2.3 MARKETING MIX

The American Marketing Association (AMA) defines marketing mix as a mix of Controllable Marketing Variables (Tactics) available to managers. A marketing mix model relates some measure of marketing performance such as sales or market share to variables that describe the brand or product's marketing mix. The marketing mix strategies are anchored on these 4Ps, which defines the direction of marketing efforts in order to create a competitive advantage. The concept of marketing mix strategy therefore involves a deliberate and careful choice of strategies and policies for organization Product, Price, Promotion and Place, as well as the additional 3ps for services namely People , Physical and Processes. All the elements must be properly selected and mixed in right proportions in order to enhance product or service and make it attractive to the customer.

Marketing mix means the product, distribution, promotion and pricing strategies to produce and carryout exchanges and achieves the target markets. "Marketing mix -interrelated actions and solutions to meet consumer needs and to achieve the company's marketing goals, a whole" (Sereikien -Abromaityt (2013)). "Marketing mix -a set of relevant factors and solutions that enable customers to meet the (national) needs and achieve the goals set by the company (Pruskus (2015)). According to Singh (2016), marketing is a complex range of marketing mix solution variables used in the company seeking to sell their goods and services.

2.3.1 Product Strategy

Marketers broadly define a product as a bundle of physical, service, and symbolic attributes designed to satisfy consumer wants. It is a total product concept that includes decisions about package design, brand name, trademarks, warranties, guarantees, product image, and new product development. Product strategy specifies market needs that may be served by different product offerings. It is a company's product strategies duly related to market strategies, which eventually came to dominate, overall strategy and the spirit of the company. Product strategies deal with such matters as number and diversity of products, product innovations, product scope, and product design. Position of a product refers to a relative location in customer's mind among opponent products. Positioning is the development of the image of a product directly against to the competitor products and other products produced by the company's (Mustafa K. 2002). Products do not remain economically viable forever, so new ones must be developed to assure the survival of an organization. The creation of new products is the lifeblood of an organization. For many firms, new products account for a sizable part of growth in sales and profits. Among possible actions, new products can be a source of competitive advantage because they can be used to reinforce a firm's strategic direction by enhancing its competitive advantage in the

Market (Thomas, R. J.1993). Product identification is another important aspect of marketing strategy. Products are identified by brands, brand names, and trademarks. A brand is a name, term, sign, symbol, design, or some combination thereof used to identify the products of one firm and to differentiate them from competitive offerings.

2.3.2 Pricing Strategies

After a good or service has been developed, identified, and packaged, it must be priced. Price is the exchange value of a good or service. A large number of internal and external variables must be studied systematically before price can be set. For example: the reactions of a competitor often stand out as an important consideration in developing pricing strategy (Tellis, G. (1986). Pricing objectives vary from firm to firm. Some companies try to maximize their profits by pricing their offerings very high. Others use low prices to attract new business. The three basic categories of pricing objectives are profitability objectives, volume objectives, and other objectives, including social and ethical considerations, status objectives, and image goals. A company's pricing decision are affected both by internal and external company factors. Internal factors affecting pricing includes company's marketing objectives, marketing mix strategy, cost and organization. External factors affecting pricing includes nature of the market and demand, competition and other environmental factors (economy, resellers, government).According to Collins, H.G. Parsa H.G., (2006), three common approaches to pricing are defined as follows

2.3.3 Promotion Strategies

Promotion according to Brassington&Pettit (2000) is the direct way in which an organization communicates the product or service to its target audiences. Promotion strategies are concerned with the planning, implementing and control of persuasive communication with customers. Modern marketing calls for more than developing a good product, pricing it attractively and making it accessible. Companies must also communicate with present and potential stakeholders as well as the general public. For most companies, question is not whether to communicate but rather what to say, to whom, and how often. Each promotional tool has its own unique characteristics and costs. These strategies may be designed around advertising, personal selling, sales promotion and publicity.

2.3.4 Distribution Strategies

After products are produced and priced, they must be distributed to the marketplace. All organizations perform a distribution function. Many companies do not sell their products directly to end users. Distribution strategies are concerned with the channels a firm may employ to make its goods and services available to customers. Decisions about marketing channels, which help producers deliver goods and services to their target markets, are among the most critical facing management, because the channels that are chosen intimately affect all of the other marketing decisions. The two major components of an organization's distribution strategy are distribution channels and physical distribution. The distribution channels are the paths that goods and title to them follow from producer to consumer. They are the means by which all organizations distribute the goods and services they are producing and marketing.

2.4. KEY SUCCESS FACTORS

Industries are characterized by critical success factors, therefore all competitors are advised to adhere to the principle of having the key fundamentals in place in order to compete on an even footing. Thompson and Strickland (2001), states that an industry's key success factors (KSFs) are those things that most affect industry's members ability to prosper in the marketplace- the particular strategy elements, product attributes, resources, competencies, competitive capabilities, and business outcomes that spell the difference between profit and loss and, ultimately between competitive success and failure. KSFs are the rules that determine whether a company will be financially and competitively successful. The answer to three questions helps identify an industry's key success factors:

- ❖ How do customers choose between the competing brands of sellers? Which product or service attributes are fundamental to their decision?
- ❖ What resource and competitive capabilities does a seller need to have to be competitively successful?
- ❖ What does it take for sellers to achieve a sustainable competitive advantage?

2.4.1. Industry Prospect and Overall Attractiveness

Although there are always factors common to all competitors in an industry, the behavior of competitors goes a long way towards establishing an industry segment as attractive. The following factors would be considered in determining industry attractiveness:

- ❖ Growth potential for industry
- ❖ Current level of inter-firm competition and prospects for increased or reduced competition.
- ❖ Probable impact of industry driving forces.
- ❖ A firm's current position in the industry and potential to improve position.
- ❖ Potential to exploit vulnerabilities of competitors.
- ❖ Vulnerability of firm to competitors and driving forces.
- ❖ Degree of risk and uncertainty of the industry's future.
- ❖ Severity of problems facing the industry and
- ❖ Potential for continued competition within the industry segment to contribute to overall organizational success.

If the assessment of the industry is attractive, then current industry participants must employ strategies to strengthen their long-term competitive positions in the business by expanding sales and investing in additional facilities and equipment. If the situation proves to be unattractive, the organization may choose to invest cautiously, look for ways to improve long-term competitiveness and profitability and perhaps acquire smaller firms. Finally, Thompson and Strickland (2001) believe that good industry and competitive analysis is a prerequisite to good strategy making. They further state that a competently done industry and competitive analysis tells a clear, easily understood story about the company's external environment. It provides the understanding of a company's macro environment needed for shrewdly matching strategy to the company's external situation.

2.4.2. Brand Positioning

Before getting to know what the most actionable brand is positioning strategy that every marketer should try in 2019, it's important to understand what brand positioning is all about. Brand positioning can be referred to as brand positioning statement, positioning strategy, or even brand strategy. The American Marketing Association (AMA) definition of a brand is “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors”.

It is basically the strategy that aims to devise how to craft a remarkably powerful impression on the minds of the target customers, making sure they associate a set of specific (and desirable) qualities with a brand. (Kotler 2003).

There are different types of brand positioning that marketers should take into account:

- Competitor Smack down
- Focus on a Sub-Segment
- Reshape an Already-Appealing Market
- Create Something from Scratch

As the ultimate aim of any business strategy is to satisfy the customer, gaining a valued position in the minds of customers is essential. Some people argue that branding is really positioning, stating that unless a brand has a position, it has no unique value in the minds of consumers. You can establish a brand personality, and through precise market segmentation identify and reach your target audience, but what links them together is positioning the brand in the minds of that audience. But, what is a position and how do you arrive at a good strategy for achieving one.

Competitor Smack Down This type of brand positioning strategy is all about being able to find the market leader of a specific niche and defeating that company. This type of strategy can only be used if there is an already well-established marketing category without a tangible market leader that is way ahead of the competition Kotler (2000).

Reshape an Already-Appealing Market This type of brand positioning strategy is all about taking an existing market and coming up with branding that reframes it in a whole new way, therefore gaining an edge. Marketers must be able to bring about new benefits and features of already-known products, ensuring the products become more than what they used to be (the real main benefit when compared to the competitor's product Kotler (2000).

2.5. THE LUBRICANTS INDUSTRY

The global lubricants market size was valued at USD 125.81 billion in 2020 and It is expected to grow at a compound annual growth (CAGR) of 3.7% from 2021 to 2028.th total global demand for lubricants reached a high in 2020, when demand reached 37 million metric tons. By 2023, the worldwide lubricants demand is expected 37.4 million metric tons. The industry dynamics are changing in terms of raw material Owing to rising demand for bio-based lubricant. The growing trade of vehicles and their spare part is anticipated to fuel the demand for automotive oils and grease. The major economic recovery in North America and Europe is expected to boost the consumer vehicles segment, which in turn is bon for the market. Major companies such as Royal Dutch shell, Total, chevron, ExxonMobil Corporation and British petroleum, have integrated their business operation globally.

2.5.1 Lubricant Industry in Ethiopia

According to the Ethiopian investment laws any investor can engage in the areas of lubricant and petroleum oil business, with a very little reservation. These areas of investment open for foreigners also. i.e. any foreigners who want to invest either wholly or in partnership with domestic investors can engage in the above areas of investment. However in the area of petroleum only the distribution of the petroleum oil is permitted. The importing of petroleum oil is specifically given to the Ethiopian Petroleum Agency. However the import and distribution of petroleum oil is free to engage for any foreign or local investor FALO (2019).

The Ethiopian Lubricants market was majorly dominated the four major big oil importing companies: NOC, Total Ethiopia, YBP and Oil Libya supply around 48 million liters of lubricants annually. The overall demand for lubricants in 2018 was around 48 million liters, showing a three percent growth from 2017. However, the import of lubricants decreased from 4.2 million liters a month in January 2018 to 2.7 million liters in January of this year, showing a 35pc fall. Currently, there are around 975,000 vehicles in Ethiopia, a number that is growing at an annual rate of 10pc. Around 60pc of these vehicles are registered in Addis Abeba.

With lubricant prices set by the Ministry of Trade & Industry, the companies are allowed to add up to 32pc over their import costs as premium and sell it to fuel stations. The stations, too, can add up to 17pc premium for their retail customers, according to the marketing executive. The last time the Ministry set selling margins was five years ago. “With our import cost increasing and our profit margin standing stagnant, we are hard-pressed to survive,” said this industry insider. “We have been told by the Ministry to submit our import costs for revision, but still no response from the Ministry has come.” But KassahunMulat, director for market, factory inspection & regulation at the Ministry of Trade & Industry, argues that the 32pc profit margin has been re-approved by the Council of Ministers this year (fortune 2019).

While Total and Oil Libya 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 has also emerged as the first foreign company engaged in producing lubricants Marine Diesel Engines (2004). Fuels and Lubes: Chemistry and Treatment, Gas Turbines, Eighth Edition.

2.6 EMPIRICAL REVIEW

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 market share. 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 show 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.

Adewale (2013) research on Impact of Marketing Strategy on Business Performance in Small and Medium Enterprises (Smes) in Oluyole Local Government, Ibadan, Nigeria. The study mainly focuses on the independent variables (i.e. Product, Promotion, Place, Price, Packaging and after sales service) and dependent variables of business performance in term of profitability, market share, return on investment, and expansion. The researcher found out that marketing strategies (product, place, price, packaging, and after sales service) were significantly independent and joint predictors of business performance. The study however, discovered that promotion has no positive significant effect on business performance.

Tomas (2015) research on effect of marketing mix strategy on market share and profitability shows that marketing mix strategy has a significant effect on margin.

Furthermore, there seems to be a tradeoff between margin and the extremes of broad market coverage or narrow focus. The corporate venture following an Aggressive strategy enjoys both high margin and high market share without any tradeoff. This result contradicts conventional wisdom about the relationship between marketing strategy and performance.

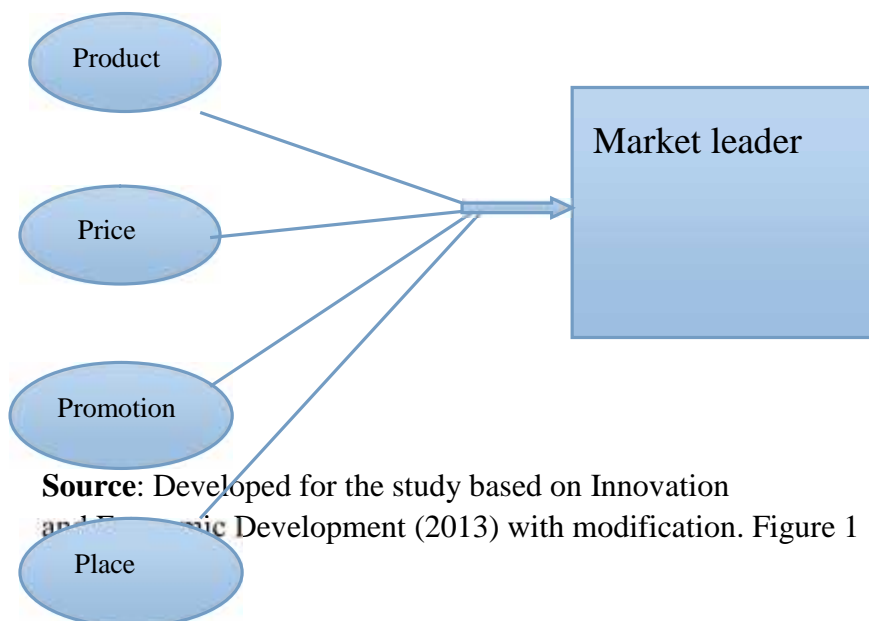
On the other hand looking from Profitability's point of view, Empirical research on the profit impact of marketing strategy indicated that firms with a high market share were often quite profitable, but so were many firms with low market share. The least profitable firms were those with moderate market share. This was sometimes referred to as the hole in the middle problem. Porter's explanation of this is that firms with high market share were successful because they pursued a cost leadership strategy and firms with low market share were successful because they used market segmentation to focus on a small but profitable market niche. Firms in the middle were less profitable because they did not have a viable generic strategy. (Tanwar, 2013).

2.7 CONCEPTUAL FRAMEWORK

The various elements discussed under this heading include marketing mix strategy (product strategy, pricing strategy, place strategy and promotion strategy) and market leadership in terms of market share and profitability. Below is the model of the literature review

Dependent

Independent Variable



Source: Developed for the study based on Innovation and Economic Development (2013) with modification. Figure 1

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1. INTRODUCTION

According to Rajasekar (2013) a research methodology refers to a science of how research is to be carried out and a systematic way to solve a problem. It is also concerned with the procedures by which researchers go about their work of describing, explaining and predicating phenomenon. Hence, this chapter presents the research design and methodology. It covers the research method, the sources of data, the study population, the sample size and sampling technique, the instruments and procedures of data collection, the methods of data analysis, and ethical considerations.

3.2 RESEARCH DESIGN

The study objective in this undertaking is mainly to identify factors that affect market leadership of YBP. In order to carry out the study quantitative methodologies is used. This study use a quantitative research using the questionnaire developed. As Gay and others (2009), quantitative research used to describe, explain, predict or control phenomena of interest. It is based on the measurement of quantity or amount of variables.

According to Creswell (2014), quantitative research method will be chosen in the study that used to underlying the opinion and reason by collecting numerical data upon empirical assessment that are analyzed using mathematically based methods. The way of accumulating quantitative data is through questionnaire that used in formal and predetermined answer selection and administered in a larger group of respondent. The main objective of quantitative research methods is to focus on cause and effect. Therefore, able to help the researcher predicts the relationship between independent variables (internal and external factors) and dependent variable (Market Leadership).

3.3 TARGET POPULATION

The population of the study was YBP company's staff concerned officials with a direct exposure to the marketing activity i.e. marketing and sales manager, and sales representatives had been targeted in sourcing relevant data about the existing marketing strategy deployed by the company. The study also focuses on target groups involved in the lubricants wholesaler, those who directly purchase the products from the company massively and distribute to retailer and retailing customers those sales of lubricants to the end user.

3.3.1 Sampling Technique and sample size

This study used purposive sampling techniques for staffs of marketing department (internal response). There are nine members in the department including marketing manager all the staff were included.

The study totally relies on customer size in Addis Ababa and hence, station dealers, lubricant distributors and resellers located within the territory are accordingly addressed. Among the nine stations five has randomly selected; and three staff members of each station have been identified randomly. Hence, there is a total of fifteen workers in the petrol stations.

There are numerous resellers from which eight reseller shops each represented by two respondents has sampled purposively. All the four known distributors has participated in this study each represented by two employees identified purposively. Overall, a sample size of 48 respondents is used in this study.

3.4 DATA SOURCE

In order to obtain relevant data for this study, both primary and secondary source of data has been considered. Primary data is the data that observed or gathered directly from first-hand experience, while the data collect from the past article or published by other parties is known as secondary data.

Primary data sources, which are considered to be more accurate, are prepared by individuals who were participants in or direct witnesses to the events that are being described (Fraenkel et al, 2008).

Primary data was collected from Wholesalers, distributors and customers of YBP products; who were participants in responding the survey questionnaire. Officials were also primary source of data in providing information to the researcher. The officials, who have direct exposure to the marketing activity, were marketing and sales manager, and sales representatives. In addition Secondary data like lubricants sales, market share data and other documents (manuals from MOT) had also been potentially utilized in undertaking comparative analysis among the companies within the industry.

3.5 DATA GATHERING INSTRUMENTS

In this study the following data gathering tools were used:

Questionnaire

For the purpose of this study a quantitative methodology involving a structured questionnaire was used as the measuring instrument. Questionnaires can be administered to groups of people simultaneously, since they are less costly and less time consuming than other measuring instruments. Two types of questionnaire had been distributed that has different question group one for officials (internal respondents) both close and open ended questions to enable guide the respondent through filling of the questionnaire as well as probe them for more information that focus on the marketing strategy deployed by YBP and group two for customers of YBP close ended that focus on the market of YBP lubricant compare to other.

Interview

To enrich the data gathering method, interview was an indispensable instrument. It has been combined with other research techniques to confirm or explain the research results (Manning 2001). The study procured data from an individual in-depth interview questions with the management and officials of YBP.

3.6. METHODS OF DATA ANALYSIS

Analysis is a research technique which allows making replicable and valid references from data to their context. The Statistical Package for Social Sciences (SPSS) was deployed for producing frequencies and percentages of each response. Tables, charts and graphs were created from the data gathered.

3.7 ETHICAL CONSIDERATIONS

As a marketing 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 major customers of YBP; 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. On the other hand internal respondents will provided an insight about the objective of the study to overcome possible ambiguity in the course of providing genuine responses. Hence, specific personal information like their names and names of their supervisors and their organizations are kept anonymous. And all sensitive data collected for this study are kept confidential.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

4.1. RESULTS

4.1.1 INTERNAL RESPONDENTS

This particular section deals with analyzing the extent to which YBP 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.

Accordingly, responses were collected from Marketing officials, sales representative and individuals with a direct exposure with marketing activities within the company. All nine questionnaires distributed are collected in total from the respondents.

Table 1: Respondents' Demographic Characteristics

Description	Category	Frequency	Valid Percent	Cumulative Percent
Gender	Male	4	44.4	44.4
	Female	5	55.6	100
	Total	9	100	
Age	20-30	3	33.3	33.3
	31-40	4	44.5	77.8
	Above 40	2	22.2	100
	Total	9	100	
Educational Background	BA/BSC	7	77.8	77.8
	Master's Degree	2	22.2	100
	Total	9	100	

This demographic characteristic shows that the (44.4%) respondents were males and only 55.6% of them were females.

Likewise, 33.3% of them were in the ages 20 to 30. I found out that 44.5% and 22.2% were 31 to 35 and above 40 years respectively. The (22.2%) hold Master's Degree. The rest of the respondents, 78.8% hold BA/BSc degree.

Table 2: Competition in the Ethiopian Oil Industry

The Extent of competition in Ethiopian Oil Industry	Frequency	Valid Percent	Cumulative Percent
Very Strong	3	33.3	33.3
Strong	5	55.6	88.9
Not Sure	1	11.1	100
Weak	0	0	100
Very Weak	0	0	100
Total	9	100	

33.3 % (3) of the competitors hold a strong position in the Ethiopian Oil Industry. As is indicated in the table 55.6 % (5) have the same position towards the Industry. However, 11.1 % (1) are the ones who have doubt in the competition of the Industry.

Table 3: Marketing Plan

YBP undertake its marketing plan in depth	Frequency	Valid Percent	Cumulative Percent
Strongly Agree	2	22.2	22.2
Agree	4	44.5	66.7
Disagreed	0	0	66.7
Strongly Disagreed	3	33.3	100
Total	9	100	

The table depicts in-depth the annual market planning by YBP. It is part of designing appropriate strategy for marketing its imported oil products. 22.2% of the respondents strongly agree on the marketing plan and 44.5% agree. On the contrary, 33.3% of the respondents strongly disagree that the company undertakes in-depth market planning.

Table 4: Brand Awareness

YBP has built its brand	Frequency	Valid Percent	Cumulative Percent
Strongly Agree	4	44.5	44.5
Agree	0	0	44.5
Disagree	5	55.5	100
Strongly Disagree	0	0	100
Total	9	100	

The table explains that 44.5 % (4) of the respondents strongly agree that the company has been working sufficiently in promoting its oil product's brand. However, the majority of the respondent that is 55.5 % (5) of them hasn't engaged enough in promoting its brand.

Table 5: Price Ceiling by MOT

The ceiling price build by MOT in favoring YBP	Frequency	Valid Percent	Cumulative Percent
Very Good	3	33.3	33.3
Good	2	22.2	55.5
Bad	0	0	55.5
Very Bad	4	44.5	100
Total	9	100	

This is an indication that 33.3 % (3) of the respondents have agreed that the price built by the government is good enough to the company for the retail market. However, 22.2 % (2) also believe that it is good for YBP lubricant oil. The table also indicates that 44.5 % (4) of the entire population suggested that the ceiling price built by MOT is very bad for YBP.

Table 6: Competitor Analysis

The degree to which YBP is undertaking Competitor analysis	Frequency	Valid Percent	Cumulative Percent
Very Strong	2	22.2	22.2
Strong	3	33.3	45.5
Weak	4	44.5	100
Very Weak	0	0	100
Total	9	100	

The company has undertaken competitors' analysis in view of winning the competition in the Oil Industry i.e. 22.2% (2) them are very strong and 33.3 % (3) strong. However, 44.5 % (4) of the respondents agree that the company's strategy to undertake its competitors' analysis is weak.

Table 7: Strategy for Defending Market Share

Strategy for Defending Market share from Indigenous Companies	Frequency	Valid Percent	Cumulative Percent
Very Strong	3	33.3	33.3
Strong	5	55.6	88.9
Weak	1	11.1	100
Very Weak	0	0	0
Total	9	100	

This is the designing strategies for defending market shares from Indigenous Oil Companies. In joining the Oil Industry, only 11.1 % (1) of respondents have a negative attitude which accounts for a weak strategy. However, the majority of the respondents, 33.3 % (3) and 55.6(5) agree that the company has a very strong and a strong strategy respectively in defending the market share from Indigenous Companies.

Table 8: Distributors and Resellers

Size of distributors and resellers in marketing YBP lubricants	Frequency	Valid Percent	Cumulative Percent
Large	0	0	0
Medium	4	44.4	44.4
Few	5	55.6	100
Total	9	100	

The majority of the respondents, 55.6% (5) uttered that the company has few major oil distributors and resellers in marketing its products. On the other hand, 44.4% (4) of the respondents stated that the company has medium number of distributors and resellers.

Table 9: Promotional Activities

Adequacy of Promotional activities	Frequency	Valid Percent	Cumulative Percent
Very Strong	1	11.1	11.1
Strong	0	0	11.1
Weak	6	66.7	78.8
Very Weak	2	22.2	100
Total	9	100	

66.7 % (6) of the entire population agree that the promotional campaign by YBP is weak in terms of the existing competition over the industry. What's more, it is sufficiently working on promotional activities.

Table 10: Retaining Customers

Customer Retention	Frequency	Valid Percent	Cumulative Percent
Very Strong	3	33.3	33.3
Strong	5	55.6	89.9
Weak	1	11.1	100
Very Weak	0	0	100
Total	9	100	

It is indicated that customers' retention is not sufficiently working. It is registered on retaining existing with YBP. The majority of the respondents 55.6% (5) and 33.3%(3) agree that company's ability to turn customers into repeat buyers is strong. Hence, this prevents them from switching.

Table 11 Expansion of Retail Outlets

Expansion of retail outlets	Frequency	Valid Percent	Cumulative Percent
Strongly Agree	0	0	0
Agree	2	22.2	22.2
Disagree	6	66.7	88.9
Strongly Disagree	1	11.1	100
Total	9	100	

It is indicated by 22.2% (2) of the respondents that YBP is working in the expansion of its retail outlets. On average of 66.7% (6) and 11.1% (1) disagree and strongly disagree that the company is not working in the expansion of retail outlet.

4.1.2 Results from Open Ended Questions

Two Open ended questions were additionally given to internal respondents but most of them did not answer it likewise their responses are summarized as follows.

What are gaps of YBP?

Respondent try to identify some gaps such as availability of lubricant for distributor that can satisfy the market because of different reasons such as capital and FOREX. Promotion activity is not sufficiently done by the company.

How do you evaluate the general strategies that YBP currently deployed to gain its market share?

The respondents believe that the strategy now the company deployed is good but it needs some adjustment to compare with its competitors in the oil industry.

4.1.3 Results (External Respondents)

This sub section deals with presenting and analyzing data from external respondents (Company Customers) in view of YBP marketing strategies compared to the outlying competition in the industry. Out of the 39 questionnaires distributed to the customers in Addis Ababa, 38 questionnaires are returned with 97.4% level of response achievement.

Table1 2: Respondents’ Demographic Characteristics

Description	Category	Frequency	Valid Percent	Cumulative Percent
Gender	Male	31	81.6	81.6
	Female	7	18.4	100
	Total	38	100	
Age	20-30	11	28.9	28.9
	31-40	18	47.4	76.3
	Above 40	9	23.7	100
	Total	38	100	

Among the 38 respondents, 31 of them were males and 7 of them were females. The ages of the respondents are 20-30 and 18 of them from 31-40. The rest 9 are above 40.

Table1 3: Duration in Lubricants Business

Customers duration in lubricants business	Frequency	Valid Percent	Cumulative Percent
Less than one year	3	7.9	7.9
2-5 Years	13	34.2	42.1
5-10 Years	8	21.1	63.2
More than 10 Years	14	36.8	100
Total	38	100	

The majority of the respondents had worked with YBP for five years and more. It is indicated that 14 of them have worked more than 10 years. 8 of them have worked from 5-10 years. The table shows that 13 of them have worked for 2-5 years and 3 of them less than 1 year.

Table 14: Quality Perception of the Customer

The extent to which customers are aware off YBP lubricants in terms of quality	Frequency	Valid Percent	Cumulative Percent
Very Strong	11	28.9	28.9
Strong	25	65.8	94.7
Weak	2	5.3	100
Very Weak	0	0	100
Total	38	100	

Almost all the respondents are sure about the quality of BP (Castrol) is in good level. Hence 28.9 % (11) of them agree very strongly that the products of BP are of high quality. Whereas 65.8 % (25) of them have only strong awareness that it has good quality. At the end only 5.3 % (2) of them have weak awareness about the quality.

Table 15: Associating “CASTROL” with “YBP”

The extent to which customers associate “CASTROL” with Company name “YBP”	Frequency	Valid Percent	Cumulative Percent
Very Strong	34	89.5	89.5
Strong	4	10.5	100
Weak	0	0	100
Very Weak	0	0	100
Total	38	100	

The entire respondents have agreed that the name CASTROL and YBP are associated. The 89.5% respondents have very strong attitude to hem. The individual consumer of YBP associate the brand’s name with the company and 10.5% (4) agree strongly that the consumers associate the brand name (CASTROL) with YBP.

Table 16: Brand Awareness and Sales Volume Enhancement

Significance of Brand awareness to sales Volume	Frequency	Valid Percent	Cumulative Percent
Very Strong	11	28.9	28.9
Strong	18	47.4	76.3
Weak	9	23.7	100
Very Weak	0	0	100
Total	38	100	

Brand awareness of sales is very strong, 28.9% (11). There is an indication that the CASTROL brand lubricants are very strong with 47.4%(18). But 23.7 % (9) agree that the brand's awareness has weak implication on sales volume.

Table 16: Promotional Activities

The extent YBP use promotional activities in lubricant product	Frequency	Valid Percent	Cumulative Percent
Very Strong	0	0	0
Strong	7	18.4	18.4
Weak	26	68.4	86.8
Very Weak	5	13.2	100
Total	38	100	

The promotional activities of YBP for it lubricant is 18.4% (7) in strong agreement. The majority, 68.4 % (26) has a weak look at the promotional activities of YBP. I found out that 13.2% (5) of the respondents have a very weak input of it respectively.

Table 17: Consumers' Preference

Consumer preference between price and quality	Frequency	Valid Percent	Cumulative Percent
Price	22	57.9	57.9
Quality	16	42.1	100
Total	38	100	

The above table reveals that individuals are more concerned on price over quality. 42.1% (16) of respondents agree that individual consumers are more focused on price the rest 57.9 % (22) consumers are sensitive to quality.

Table 18: Competitive Pricing

The magnitude to which YBP is undertaking competitive pricing	Frequency	Valid Percent	Cumulative Percent
Very Strong	3	7.9	7.9
Strong	15	39.5	47.4
Weak	17	44.7	92.1
Very Weak	3	7.9	100
Total	38	100	

As revealed on the above table 18, 7.9%(3), 39.5%(15), 44.7% (17) and 7.9% (3) of the respondents believe that the magnitude of YBP in understanding competitive pricing is completely different. Hence, competitively offering its products to customers is very strong, strong, weak and very weak respectively.

Table 19 Product Packaging

The extent to which YBP is meeting packaging requirements by customers.	Frequency	Valid Percent	Cumulative Percent
Very Good	6	15.8	15.8
Good	24	63.2	79
Bad	8	21	100
Very Bad	0	0	100
Total	38	100	

As per the output of the table, most of the respondents agree that the packages of the products are required by customers. Hence the ranks for the requirements are as follows: Very Good 15.8% (6) and Good 63.2%. But 21 % (8) of them have a negative look to the company's availing products with required package, bad.

Table 20: Responsiveness to Customer Complaints

Company's Responsiveness to Customer Complaints	Frequency	Valid Percent	Cumulative Percent
Immediate Response	4	10.5	10.5
Medium Response	27	71	81.5
Late Response	7	18.5	100
Total	38	100	

YBP is responsive to their complaints that may arise in business relationship. In regards to this, 10.5 % (4) of the customers have immediate response, and 71 % (27) have got moderate response and the rest 18.5 % (7) agree that the company gave them late response on their complaints. It is clear that the overall response action is not satisfactory.

Table 21: Training to Customers.

Company's dedication on providing sufficient trainings on oil Usage and Significance	Frequency	Valid Percent	Cumulative Percent
Very Good	2	5.2	5.2
Good	6	15.8	21
Not Enough	30	79	100
Total	38	100	

Training for customers is not enough at all. The company has to take drastic action and plan to have sufficient training to customers.

Table 22: Introduction of New Product Lines

Introducing new product lines to the market	Frequency	Valid Percent	Cumulative Percent
Strongly Agree	0	0	0
Agree	6	15.8	15.8
Disagree	24	63.2	79
Strongly Disagree	8	21	100
Total	38	100	

As per the output above 15.8 % (6) agree that YBP is operating in introducing new to product line to the market while 63.2 % (24) disagree YBP is striving to come up with new product line and the rest 21 % (8) strongly disagree. I don't see the argument as to why employees disagree to the introduction of new product lines to the market. It seems to me a positive one.

Table 23: Pricing

The Extent of lubricants price uniformity from Shop to Shop	Frequency	Valid Percent	Cumulative Percent
Uniform	3	7.9	7.9
Slightly different	16	42.1	50
Not Sure	1	2.6	52.6
Totally Different	18	47.4	100
Total	38	100	

The selling price of YBP lubricants from shop to shop varies. The uniformity is quite different. In retrospective, 7.9 %(3) respond it is uniform 42.1 %(16) of them indicated that it has slight difference, 2.6% (1) are not sure and 47.4%(18) responded that it is totally different.

Table 24 Store and Shops Distribution

Even distribution of Distributor/reseller shops in the market	Frequency	Valid percent	Cumulative percent
Yes	17	44.7	44.7
No	21	55.3	100
Total	38	100	

The distribution and placements of shops are almost even. I don't see them as big issues.

Table 25: Customer Service and Handling

Customer handling service by sales representatives	Frequency	Valid percent	Cumulative percent
Excellent	5	13.2	13.2
Good	27	71	84.2
Not good	5	13.2	97.4
Bad	1	2.6	100
Total	38	100	

The customer service and handling of sales representatives is on average in a good position. The rate definitely has to change. The not good respondents have to completely change.

Table 26: Product Shortage

Product shortage for the distributor/reseller	Frequency	Valid percent	Cumulative percent
Never	0	0	0
Sometimes	7	18.4	18.4
Mostly	31	81.6	100
Total	38	100	

Shortage of products should never happen. The whole purpose of serving clients is to have a great satisfaction from them and serve them well. Hence our motto should be customer satisfaction. Hence there should not be any product shortage.

4.1.3.1 Interview for External Respondents

For some respondents there were informal interview to explore some other problems that the customer can raise.

1. If you have other thing to include that is not mention.

Most of the respondents mention about the illegally imported lubricant product highly affects them to compete in the market. And the credit term offer by YBP for lubricant is for very short period of time which is difficult because it depends on the market and limits them.

4.2 DISCUSSION

4.2.1 Discussion (Internal Results)

The Ethiopian downstream oil industry is mainly engaged in supply of fuel and lubricating oils. Until recently the petroleum industry is mainly composed of few multinational companies striving to meet the growing demand including shell, Agip, mobil and Total. However following the termination of these companies with their global strategies of oil exploration and their stringent operational Safety requirements the emergence of indigenous oil companies took the major share in the Ethiopian market. Accordingly the need for fuel is at an increasing rate and the demand is beyond supply, still the competition lies with managing the supply chain (transportation). However the fact that all the industries are importing lubricant oils from different global market with their own cost structure a stiff competition is being observed in penetrating, challenging and leading the lubricants market as revealed by the respondents the competition is very strong (33.3%) and strong to the extent of 55.6% from table 2 above.

As per (Kotler and Keller, 2009) “A marketing plan is the central instrument for directing and coordinating the marketing effort”. Majority of the respondents accounting for 22.2% strongly agree that the company is sufficiently undertaking market planning with 44.5% agree. Hence, it is observed that YBP is strong enough in having an in-depth market plan.

“The sign of great brand is how much loyalty or preference it commands” (Kotler, 2003). In line with building a brand or creating awareness about worth of its lubricant oils imported from the known BP Company, the collected data reveals that YBP hasn’t travelled sufficient miles from table 4 55.5% strongly disagree. However, brand building needs a sustainable effort through integrating variety of tools including advertisings, sponsorship, event participation and public relations but there are respondents agreeing the company is sufficiently working on branding accounting for 44.5%.

Undertaking a comprehensive and structured Competitor analysis is among a means by which a firm could enhance market shares in a competitive market like the Ethiopian oil industry. Based on reaction from the respondents, majority accounting for 55.5 % are agreed that NOC is undertaking Competitor analysis in market. However 45.5% of respondent react the degree to which YBP is undertaking Competitor analysis is weak therefore the Company is expected to move faster in its campaign against having knowledge about what its competitors are offering, their competitive advantage, price, packaging, channeling and etc.

Market Challengers should be in a position to defend their market share from new entrants than market leaders. Defensive strategy could be Pre Entry or Post entry. Pre entry defensive strategies occur when a company defends its share in advance before a firm established. Continuous improvement, capacity expansion and signaling are means for pre entry strategies. Likewise a firm should also utilize post entry strategy through introducing fighting brands. Which majority of respondents more than 85% reply the company Strategy for Defending Market share from Indigenous Companies is very strong and strong?

Channeling plays a significant role in addressing potential market in terms of expanding market shares. Besides the progressive development seen potentially in the country the influence of the multinational companies formerly operating in the industry is observed, as most oil distributors and resellers are highly tied to brands already built. Hence, the emerging indigenous oil companies including YBP are using the existing channels built by these companies. As a result most distributors in the country are holding products of different companies and sell as per the needs arising from the individual consumers in terms of brand preference but YBP is in slow progress attracting new potential distributor and reseller. From table 8 55.6% response revealed that the Size of distributors and resellers in marketing YBP lubricants are few. Hence, reliance on few distributors and resellers is definitely resulting in limiting YBP from leading the market being an internal factor.

Table 9 shows response on the Adequacy of Promotional activities 66.7% of the respondent's reply it is weak and 22.2% very weak. Companies must use advertising, sales promotion, sales people and public relations to disseminate messages and attract customers. YBP use some advertisement method like billboard in the center of city and some sponsorship and corporate social responsibility. However compare to competitor like TOTAL, NOC that uses advertising that can attract and catches people attentions YBP is not sufficiently dwelling on sales promotion. Furthermore, promotional activities need to be incorporated with strategic and tactical marketing plans as a predefined strategy to expand market share.

Significance of Customer Retention on the other hand has a paramount benefit over creating additional market potential. From table 10 the company is working hard to retain its customers once registered. More than 85% reply very strong in retaining customers.

Expanding retail outlet involves a huge capital investment and factors including low profit margin on fuel, lack of land lease, competent dealers are factors hindering retail station expansion. Hence, compared to the multinational companies existing in the industry, YBP didn't yet achieve the anticipated level for market leadership the number of retail outlet in Addis Abeba is nine the last five years. Table 11 response reveal about 77% of respondents responds the company is not expanding its retail outlet which in turn affects its market share.

4.2.2 Discussion (External Results)

According to the finding (table 14) reveals that customers are aware of YBP lubricants CASTROL in terms of its quality with an aggregate level of above 80%. Convincing customers about value of certain brand starts with delivering quality products. However availing quality products by itself couldn't enhance market share in certain industry, unless users are well aware of the quality standard the product owns than the other in certain market. These help company striving for market leadership.

Even though, findings from the table 15 depicts that the respondents are confirming individual consumers of CASTROL branded lubricants are associating the brand name with Company name “YBP” ; as a strong market challenger striving for leadership in the Ethiopian oil industry the company is anticipated to strongly work on aligning the name YBP and its imported CASTROL branded lubricants. The significance of awareness creation in terms of brand name would have a paramount significance for the company in view of winning the existing competition in the industry. Attracting, existing or potential customers in the Ethiopian oil market whereby multinational companies had already built a strong brand name throughout the past years could be the most challenging area for the Indigenous YBP with its lubricants of different brand name unless assurance of a strong promotional campaign is in place.

Table 16 majority of respondents agree on the creating brand awareness will increase the sales volume. The Ethiopian downstream oil industry is characterized with progressive number of entrants with different brands through time particular to Lubricants which in turn forces the consumer to have multiple choices. Hence Existence of alternative products where a degree of differentiation in content or quality is minimal, creating brand awareness in view of positioning customers mind will be a mandatory chore.

In Ethiopia was entirely operated with multinationals. However, emergence of indigenous companies and exit of multinationals had created a situation by which consumers go for oil products based on price due to existence of several brands for which brands are not well built with all the indigenous companies. Furthermore, YBP as an importer with no upstream source like the multinationals couldn't able to easily be a cost leader in terms of owning leadership.

Even comparing to other indigenous companies that imports the price of YBP is higher. Table 17 respondents reply that customers are more sensitive in price. However, Service differentiation, brand building and customer intimacy are areas in which such price war could be replaced.

The Intervention of Ethiopian government in petroleum products pricing is as to setting the retail ceiling price. Ministry of Trade (MOT) sets average retail price every quarter based on landed cost data from all companies. However Companies can set their own wholesale prices based on their import cost structure (CIF) and level of mark up to own. Likewise Companies with upstream source and comparatively lower CIF are lowering prices of their items. On the contrary price cutting is a challenging area for YBP as import costs especially for its multi grade lubricants are comparatively higher and the average price built by MOT couldn't easily allow being a price leader as revealed as observed on table 18.

In the buying and selling process with YBP, customers could have comments and complaints to be addressed by the company in view of enhancing a win - win situation in the business. Accordingly, Coordination works starting from receiving orders, passing to warehouse and fast delivery at required volumes are keys to the customers. Assuring market leadership is a dream unless a company is providing optimum customer service and satisfaction. Hence, sufficient focus in receiving and addressing complaints has a paramount significance as one can't think of profitability and market share without customers as required through table 20.

Oil marketing demands high involvement of technical support. As all automotive and industrial grade oils are finally meant for engines, customers and the sales force needs to be well acquainted with technical specification and usage of each and every grade of oils. YBP has huge gap in the field as table 21 response revealed about 79% of respondents respond they don't get enough training. This huge gap on (table 21) is anticipated to be filled as an input in leading the market. Either Distributors/resellers in the market need to have a thorough knowledge as to products significance and its content to convince their customers and enhance sales.

Leading Companies use new product development as a means of enhancing their share in certain market. Especially, Manufacturing firms give due attention for designing products with additional feature and value to end users. Likewise Importers like YBP should strongly work with their producers in demanding new products with additional significance as a means of creating market potential or retaining the existing one in the course of dwelling on leadership. However table 21 show that majority of the respondent disagree YBP travelling in introducing new product but some of respondent agree new product line like CASTROL VECTON 15W-40 with better performance than industry standards, CASTROL GTX 20W-50 are the new product that has been introduce recently. But in market where competition is stiff it may not lead to get market leadership position.

YBP will be in charge of assuring price uniformity under each customers segment. Distributors having sufficient discount shouldn't cut the retail prices of a particular product for which resellers or retail station owners couldn't compete on. The fact that such distributors are involved in retail marketing is pushing others out of competition and ultimately affecting price sustainability of a product within a market for which customers could observe significant price variance. This will ultimately send a wrong message to customers mind in terms of value proposition and hinder sales volume enhancement being an internal factor. Table 22

Place is a means of enhancing accessibility of products through the help of marketing channels. Placing plays a significant role in achieving target attainment and thereby enhances market shares. However the gap observed with YBP from the finding (table 23) in terms of even distribution of customer stores and shops is expected to be narrowed further, as a means for reaching potential customers in the city and upcountry as well. From four distributor of YBP three of them are around Qera. And most of retail shops are in places like Gofa, Qera and Qaliti are known for a dense population of smaller retail shops around stations, distributor shops and garages which will in turn result in an unhealthy competition in terms of price and hinder volume attainment as a result.

The Current 10 P's of marketing includes People as one pillar in the mix. Accordingly Sales persons play a vital role in handling customer requirements at most, in view of assuring satisfaction and enhanced sales volume in turn. Hence, as a challenger brand company YBP is expected to further assure that its marketing and sales staff is highly dynamic in terms of attaining anticipated customer intimacy. (Table 23)

Consistent product availability is the essence that makes business successful since it provide the structure for company to attract target market by providing the product they require to fulfill their needs. Meeting customer requirement is a basic thing of companies however YBP has very huge gap in fulfilling the required product by the customer that has highly demand by individual customer. YBP has to responsible of matching of product availability against demand. Product availability in the market will increase sales volume which in turn to gain market share. Table 23

CHAPTER FIVE

5.CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

The study was intended to identify factors affecting YBP not to possess a leadership position in petroleum products particular to lubricants. Accordingly, identification of these factors was carried out through examining both external factors with the macro environment and internal factors specific to the firm. Hence, Customers outlying in the capital Addis Ababa engaged in marketing of several competitor brands and Company's marketing and sales officials are sources in which the entire study is relied on in addition to secondary data utilized. 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 market leadership.

The study established that the petroleum industry is at a growing rate with a stiff competition seen in the downstream marketing of lubricant oils. A moderate barrier to entry, high bargaining power of buyers with low switching cost, a strong rivalry among existing competitors and threats from substitute products are found to put the Ethiopian oil industry competitive, where YBP is holding a market challenger position with its existing share of 14% demonstrated in 2020.

5.2. Conclusion

Inadequacy of in-depth marketing plan as part of a long term strategic planning at corporate level or business level strategy is observed as an area of gap. Hence absence of an in-depth analysis of the external and internal marketing environment came to be among factors affecting, for devising appropriate marketing strategy in light of winning the competitive oil market.

Awareness creation on brand 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. Undertaking a comprehensive and structured Competitor analysis is among a means by which a firm could enhance market shares in a competitive market like the Ethiopian oil industry here also internally sourced gaps affecting market share enhancement particular to the marketing strategy.

In adequacy of promotional activity YBP recently is not advertising, sales promotion, sales people and public relations to disseminate messages and attract customers. In addition the company is not sufficiently dwelling on sales promotion compared to the leaders. Under achievement in meeting packaging requirements in terms of net weight and periodic change in package for small packs and pails is also observed as an internally sourced gap.

Moreover, product line gaps on availability of different kind of lubricant products. Most of time it is difficult to get YBP lubricant at the time when the market is highly demand for product which intern limited the market share and affect market share enhancement. New product development as a means of enhancing their share in certain market is also gap in product line.

On technical support to customers Either Distributors/resellers in the market need to have a thorough knowledge as to products significance and its content to convince their customers and enhance sales and gain market share but it also one of the internal gaps of YBP. Customer handling and responsiveness to customer is key to retain the existing customer and attract new one.

In YBP it is on infant stage. Reliance on few distributors and resellers and uneven distribution in the market limited the opportunity to gain sales volume and market share.

Non-favorability of average price build up by MOT for its imported lubricants, Price sensitivity of the market Illegal importation of lubricant oil in aggregate observed as added external factors affecting market leadership.

In General it has been observed that Product, pricing and promotion are the major marketing mix elements the company is challenged of most.

5.3 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 campaign 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 in light of moving from the current challenger position to leader.

- ❖ The Company is expected to have an in-depth marketing plan derived from strategic planning at corporate level in terms of having a predefined path to achieve set targets. Hence, a marketing plan developed through environmental scanning will ultimately serve as a basic input by which the Company responds to emerging competitive actions.
- ❖ The Company better enhance a long-range view and try to adopt a more structured approach to acquire information about its competitor's action and market intelligence in with the industry and YBP need better strategies for defending its market share in the long term.
- ❖ As an aggressive market challenger striving for leadership in the industry, it would be highly advisable if the Company can meet the demand of product in the market.

- ❖ The Company is expected to jointly work with its sole supplier (BP) in light of responding to new product requirements of the customer for which incompetence is observed compared to members in the industry.
- ❖ It is highly recommendable if YBP could own authorized distributors of its CASTROL brands than relying on limited number of distributors and resellers marketing products of all industry members.
- ❖ Promotional activities needs to planned, appropriate and consistent in light of overcoming reactive promotions from competitor actions. In addition, feedback assessment mechanism needs to be in place.
- ❖ The Company better devise its credit term and limit entitlement for major distributors in light of safeguarding small resellers and retailers which had in turn resulted in under achieving targets and influencing products value proposition.
- ❖ A predefined strategy is expected to be devised in light of retaining its customers once registered and customer handling level of customer complaints resolved.
- ❖ Technical training on significance and usage of automotive grade lubricants need to given to sales representatives.
- ❖ The Company needs to extend technological advancements seen in the fuel sector to its stations, in view of differentiating its service and own the desired level of target in an industry where product differentiation is minimal.

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