Competitions as a consumer sales promotion technique: an analysis of their impact on the performance of companies in the Kenyan oil industry

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Abstract:

With liberalization of the Kenyan oil industry, multinational oil companies like Caltex Oil Kenya, Mobil Oil Kenya, Total Kenya, Shell and BP Kenya and Agip Kenya have faced stiff competition from upcoming independent or indigenous oil dealers like Galana, Jovena, Fuelex, Gapco, Millsfield, Jet, Engen, Nock, Skyline among others. The multinationals have therefore had to rethink strategy so as to maintain and if possible increase their market shares. The indigenous oil dealers are competing by giving consumers better prize deals than the multinationals. The multinationals have resulted to use of nation wide or regional sales promotions, advertising, public relations activities and ancillary profit centres (APC's). In the recent years the multinational oil companies have on the rise in the Kenyan Oil industry as a sales promotion technique used consumer competitions. It is interesting to note that this is not the case this year. Although many people respond to the competitions, it is not clear whether the response is due to the ''free'' prize, for fun, due to loyalty or due to economic pressure to buy what comes cheap. The objectives of the research therefore were aimed at trying to identify and analyze the views of oil companies on the impact (positive and negative) of consumer competitions on their performance in the oil industry. It also tried to identify problems associated with the implementation, management and evaluation of consumer competitions and therefore come up with recommendations on how to increase their effectiveness. No such study has ever been carried out and hence there will be no comparison of results with empirical studies of a similar nature. Since consumer competitions are a sales promotion technique, the study used sales promotion evaluation techniques to assess their impact on multinational companies using them in the Kenyan oil industries. The study was carried out between May and July 2000 and achieved its objectives by carrying out a study on all the multinational oil companies in Kenya. Use of both secondary and primary data was possible. Primary data was collected using a questionnaire containing unstructured and structured questions. The researcher administered these questionnaires personally after protesting, to all Marketing or Retail Managers of the multinational oil companies. Data was analysed using descriptive statistics like percentages frequencies and cross tabulations. The Likert Scale and the Statistical Package for Social Scientists (SPSS) was utilized.