

**PETROLEUM PRODUCTS MARKETING IN NIGERIA:
A COMPARATIVE STUDY OF MAJOR OIL LTD
AND MOBIL OIL UNLIMITED.**

BY

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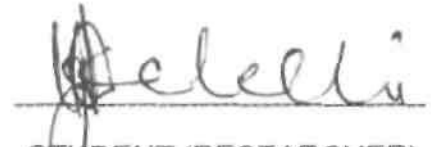
CERTIFICATION PAGE

This research Project, as a fulfilment for the award of Masters in Business Administration (MBA) Degree in Business Administration at A.B.U Zaria, has been revised and approved by the Department of Business Administration and the School of Post Graduate Studies, Ahmadu Bello University, Zaria.

This project is original and has not been produced anywhere before.




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DEAN

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DEDICATION

This work is dedicated to the entire Umu-Elebi Family kindred, of Egbu-Owerri, Imo State.

Mama, it is to you especially.

DECLARATION

I hereby declare that this project work has been written by me and that it is a record of my own research work. All other texts and journals that were consulted in the course of writing this project, have been duly acknowledged by way of references.

Okoro Ugochukwu
Okoro Ugochukwu

ABSTRACT

Petroleum products are very important products in any economy. Petroleum products, apart from being a major foreign exchange earner, has also been playing the role of a cradle upon which all the forms of economic wheels rotates on.

The product was formally and solely marketed by the expatriate/multinational oil companies, such as AP, TEXACO, TOTAL, AGIP, UNIPETROL, ELF, MOBIL and NATIONAL. But as a result of increase in the demand for petroleum products, and the need for further distribution, marketing and sales of the products, the government of Nigeria decided to encourage indigenous petroleum marketing companies who are capable to come aboard, and they are known as the Independent Marketers.

This now increased the distribution outlets. But recently, as a result of a shortfall in the production of the petroleum products, there have been accusing fingers pointed between the distribution arm of the NNPC, known as the PPMC and the petroleum products marketers.

This research work tries to find out how often the PPMC allocates products to the marketers, how the marketers obtain or receive such products and how they eventually sell to the customers.

One thing is clear, structurally, the researcher tried to assess the marketing capabilities of the service stations involved and even more difficult in trying to see how the principles of marketing are applied in the petroleum products marketing. To this end, the capabilities and qualifications of the management and staff of the service stations come into focus.

The alternative of the customers were also assessed, to ascertain if there was any motivational factor(s) behind their purchases.

Are this stations existing because of scarcity, by the time the scarcity will be over, will they be able to maintain their infrastructure? Only time will tell.

ACKNOWLEDGMENT

I thank God for his mercy, giving him all honour and glory for the health and strength granted me to undertake this project . My father in heaven, I thank you for letting me know always, that there shall always be light at the end of the tunnel.

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To the Management/Staff of the service stations and their numerous customers who willingly volunteered some information, especially Alhaji Yunusa, the operational Manager of Major Oil, I say thank you.

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TABLE OF CONTENTS

COVER PAGE	i
CERTIFICATION	ii
DEDICATION	iii
DECLARATION	iv
ABSTRACT	v
ACKNOWLEDGMENT	vi
TABLE OF CONTENTS	vii-viii

CHAPTER 1

1.0 INTRODUCTION	1
1.1 HISTORICAL BACKGROUND	2
1.2 STATEMENT OF THE PROBLEM	4
1.3 NULL (H ₀) AND ALTERNATIVE (H ₁) HYPOTHESIS	5
1.4 PURPOSE OF THE STUDY	"
1.5 SIGNIFICANCE OF THE STUDY	6
1.6 SCOPE OF THE STUDY	"
1.7 LIMITATIONS AND DELIMITATIONS OF THE STUDY	7
1.8 DEFINITION OF TERMS.	8

CHAPTER 2 LITERATURE REVIEW

2.1 INTRODUCTION	9
2.2 STRATEGIC MARKET PLAN IN THE OIL INDUSTRY	11
2.3 THE ROLE OF GOVERNMENT IN THE OIL INDUSTRY	12
2.3A MANAGEMENT OF PETROLEUM MARKETING COMPANIES	14
2.3B OWNERSHIP AND STRUCTURE	15
2.3C MODE AND SCOPE OF OPERATION	18
2.3D CONTROL	19
2.4 STRATEGIES FOR EFFECTIVE MARKETING OF PETROLEUM PRODUCTS IN NIGERIA.	20
2.4A PRODUCT OR SERVICE DEVELOPMENT (R&D)	21

2.4B	PRICING	22
2.4C	PROMOTION	23
2.4D	DISTRIBUTION (PLACE)	25
2.5	PROBLEMS CONFRONTING PETROLEUM MARKETING COMPANIES	26

CHAPTER 3

3.1	INTRODUCTION	28
3.2	RESEARCH DESIGN	"
3.3	SOURCES OF DATA	29
3.4	RESEARCH INSTRUMENT	"
3.4A	ORAL INTERVIEWS	30
3.4B	OBSERVATIONS	31
3.4C	QUESTIONNAIRE	"
3.5	POPULATION AND SAMPLE SIZE	"
3.6	DATA ANALYSIS TECHNIQUE	32

CHAPTER 4

4.0	DATA PRESENTATION AND ANALYSIS	33
4.1	DATA PRESENTATION	"
4.2	DATA ANALYSIS	38
4.3	TESTING OF HYPOTHESIS	40
4.4	RESEARCH FINDINGS	"

CHAPTER 5

	SUMMARY, CONCLUSION AND RECOMMENDATION	41-45
	BIBLIOGRAPHY	46-47
	APPENDIX	

CHAPTER ONE

1.0 INTRODUCTION

The Nigerian economy had relied on the export of cash crops such as groundnuts, palmoil, cocoa, timber and some minerals such as zinc, coal, tin and columbite for her foreign exchange earnings, until 1958 when Nigeria exported crude oil for the first time.

Agriculture was the mainstay of the Nigerian economy with about 70% of the country's labour force employed in the sector.

The role of agriculture in the Nigerian economy at this time, could be described in terms of percentage contribution to the Gross Domestic Product (GDP). At independence in 1960, the percentage contribution of the sector to GDP was about 70 %. Although between 1965 and 1968, it had declined to 55.18% of the total GDP on the average. Mining on the other hand including the production of crude oil contributed 4.16%. Distribution, manufacturing, Crafts and construction with an average of 13.75%, 7.3% and 5.07% respectively during the same period showed greater significance by their higher contributions to the GDP than oil.⁽¹⁾ See table 1.

Until the arrival of oil to the Nigerian scene, the economy had relied on agricultural exports for their foreign exchange earnings. Agriculture had witnessed a boom in its export prices especially in the 1950's but by the 1960's, the wide price fluctuations facing agricultural produce meant that the country had to rely to a large extent on external aids to meet her development programme. Hence in the first relational development plan, out of a total expenditure of ₦2.2 Billion external aids in the form of loans and grants, was expected to contribute ₦660 million, representing 30% of total planned expenditure ⁽²⁾. The failure to obtain this huge external aid underlined the poor achievement of the plan.

(1) Oil Glut and the Nigerian Economy. Nigerian National Petroleum Corporation. By L.A.O. Amu Pg 2

(2) NAPECTCUR Quarterly Magazine of NNPC Second Quarter 1983 Pg2

Thus oil was discovered in large quantities in the country and with the presence of a strong international market; its potentials was exploited to the fullest to provide the much needed foreign exchange with which to close the gap between external requirements and the amount that could be provided internally.

1.1 HISTORICAL BACKGROUND

Oil prospecting began in Nigeria as far back as 1908, when a German Company, the Nigerian Bitumen Corporation started exploration in the Araromi area of the present Ondo State. Their activities were again intermitted by the second world war, but was resumed in 1947.

In 1956, oil was discovered in commercial quantities at Oloibimi in the Niger Delta after several years of search and an investment of over ₦30 million. Shell started oil production and export from its Oloibimi field in 1958.

By 1961, other companies such as Mobil, Gulf, Agip, Satnap (now ELF), Tenneco and Amoseas (now Texaco), Chevron had begun exploration activities for oil in the on-shore and offshore areas of Nigeria. The exploration rights which had formally been granted Shelf alone, was now extended to the new comers in line with the government's policy of increasing the pace of exploration in the country.

Oil production and export from the Oloibimi field was first started in 1958 by Shell at a production rate of 5,100 barrels of crude oil per day. The quantity doubled the following year, and crude oil exports from Nigeria rose to a peak of 2.4 million barrels per day in 1979.⁽³⁾

By 1972, Nigeria attained the status of a major oil producer, ranking seventh in the world by 1972.

(3) Petroleum Exploration and Development in Nigeria. A publication of Nigerian National Petroleum Corporation - Public Affairs Department, Lagos.

ERA OF PETROLEUM REFINING

Initially, all crude oil produced in the country was exported and the Nation met her need in refined petroleum products through importation. Government decided that when daily crude oil production in the country reached 500,000 barrels per day, the building of a refinery should be considered.⁽⁴⁾

When this target was attained in 1959, foreign experts were invited into the country to conduct preliminary surveys for a suitable site around the principal ports on the coast. After due consideration to a number of factors, it was decided that Alesa- Eleme near Portharcourt would be the most suitable site.

In 1960, a company known as Shell BP Petroleum company of Nigeria was formed and it was charged with the responsibility of constructing and manning the project refinery. Later in 1962, the government signed an agreement with two multinational companies and acquired 50% equity share, leaving the two multinational oil companies to split the remaining shares.

The Nigerian Petroleum Refining Company Limited (NPRC) was therefore formed. Work on the Refinery itself commenced and by 1965, at a cost of ₦20 million, the refinery was built and became fully operational. It had an initial production capacity for processing 35,000 barrels of crude oil per day which has since increased to 60,000 barrels per day.

Crude oil for the refinery do come by pipeline from the local oil fields and from across the Niger. It is processed into two grades of Motor Spirit (Petrol), Premium and regularly used for fueling motor cars, liquefied petroleum gas for domestic cooking, dual purpose kerosine for domestic and aviation uses (aviation fuel).

It also produces gas oil (diesel) used for fueling compression ignition engines, boats, heavy road transport vehicles, and small generating plants and two types of fuel oil - low pour and high pour fuel oils for industrial uses, five star petrol is produced by the refinery on demand. All these products are supplied to the Nigerian market except for high pour fuel oil, the surplus of which is exported.

⁽⁴⁾ Ibid

1.2 STATEMENT OF THE PROBLEM

Petroleum Products are very important commodities in any economy. It is the machinery wheel on which all the facets of the economy and also the channel upon which all the social activities within a Nation's economy rotates and exists.

Considering the importance of this commodity , the government encouraged the participation of multinational companies known as major marketers and the indigenous marketers, known as the independent marketers to distribute and market petroleum products alongside each other, in Nigeria. However, questions have often been asked on the efficiency and commitments of these companies and their efforts in harmonizing petroleum products distribution and marketing in Nigeria.

Why do we continue to have motor vehicles queuing-up in the filling stations for days and sometimes even for weeks without even the filling station having fuel to sell to the motorists?

How able have the marketers been in managing their distribution channels?

What caliber of staff are employed by the marketers in the management and the decision making of the marketing companies?

Do the marketing companies have enough infrastructures for an efficient and effective marketing of petroleum products? Are these infrastructures (where there are) properly maintained and managed?

What is the extent of coverage of the target marketers? What problems do these marketing organizations experience in their effort to satisfy their customers?

1.3 NULL (H0) AND ALTERNATIVE (H1) HYPOTHESIS:

This study aims at testing the assumption that petroleum products marketing companies could minimize the problems of non-fuel availability encountered by motorists, should they put their marketing strategies and tools (promotion, pricing, place), *in order*.

In this days of petroleum products scarcity, there is absolute need to see how they can help alleviate the suffering of Nigerian motorists.

And lastly, the distribution arm of the N.N.P.C claims that though they may not have enough fuel for distribution for now, due to the maintenance of our refineries, but they supply just as much as to make fuel available to motorists; then, the question now is where are these fuels supplied to, and how well are they distributed.

1.4 PURPOSE OF THE STUDY

The purpose of this study will be:

- i) To pinpoint problems encountered by the petroleum products marketers in Nigera.
- ii) To seek to solve, by suggestions, the problems encountered by the petroleum products marketing companies in Nigeria
- iii) To seek to find out the roles of independent and major petroleum product marketing companies in Nigeria; to this end, the following objectives shall be considered:
 - a) The identification of the various marketing techniques used by the petroleum products marketing companies in Nigeria
 - b) The identification of the nature and extent of imperfections of the petroleum products marketing companies in Nigeria
 - c) To recommend ways of improving the marketing of petroleum products in the Nigerian markets.

1.5 SIGNIFICANCE OF THE STUDY

Petroleum products are very important commodities in any economy; for Nigeria.

The importance and significance of this study stems from the fact that despite the fact that such multinational companies as Mobil Oil Unlimited, African petroleum Plc (AP), Texaco Nigeria, Total Oil are involved in petroleum products marketing, yet the Federal Government deemed it necessary to appoint independent petroleum marketers to participate in petroleum products distribution and marketing to provide an answer or as a way out in meeting consumers demands, due to the rapid expansion in the economic activities in Nigeria.

1.6 SCOPE OF THE STUDY

This project covers only the marketing potentials and efforts of petroleum marketing companies. In reality, it dwells on Mobil Oil Unlimited a major marketing company of petroleum products in Nigeria, and Major Oil Ltd, a fast growing independent petroleum marketing company especially in the Northern region of Nigeria.

Their marketing efforts shall not be examined, but explore and probably lead to the development of their various marketing potentials for a more and even development of our petroleum marketing companies. The outcome of this work shall be used to generalize the performance of the petroleum marketing companies within Kaduna in particular, and Nigeria at large.

1.7 LIMITATIONS AND DELIMITATIONS OF THE STUDY

LIMITATIONS

This write-up tries to assess how the potentials of the petroleum products marketing companies in Nigeria could strive. The investigations and conclusion are dependent on sample size of 2 petroleum product marketing companies, and handpicked marketers for some fact verifications. The limitation is also imposed in the consequence of financial burden, conservatism and of course the deceptive syndrome which has adversely affected the proper answering of questions from the researcher. The petroleum marketers failed to comment on some questions as they feel they reflect their secrecy.

The complete diverse nature of Mobil oil, a major marketer and Major oil an independent marketers. The diversity ranges from the managerial structures, up to their retail outlet structures as well.

DELIMITATIONS

This write-up is focused just on the methods of petroleum products marketing of Major oil Ltd, an independent marketing company and Mobil oil unlimited a major marketer of petroleum products.

It should have been more appropriate to have taken a deeper study on the general constituents of the petroleum products marketing in Nigeria vis-a-vis the functions of marketing in the general petroleum products marketing except for limited time and finance.

1.8 DEFINITION OF TERMS

For this study the following terms stated and defined, shall be extensively used.

- 1) **N.N.P.C;** Nigerian National Petroleum Corporation. A body responsible for the overseeing of all petroleum activities in Nigeria.
- 2) **P.P.M.C;** Petroleum Products Marketing Company. This is the distribution arm of N.N.P.C.
- 3) **D.P.R;** Directorate of Petroleum Resources. This is a subsidiary of the N.N.P.C in charge of inspection.

4) PETROLEUM PRODUCTS

- i) **Premium Motor Spirit (PMS)** - Fuel for powering motor cars/vehicles engines.
- ii) **AGO;** Automotive Gas Oil; fuel for powering heavy duty engines.
- iii) **D.P.K;** *Dual Purpose Kerosine; for domestic use as cooking with stoves.*
- iv) **L.P.G;** Liquefied Petroleum Gas, used for cooking gases in homes.
- v) **L.P.F.O;** Low Pour Fuel Oil, used in the industries to power their boilers
- 5) **PRODUCT;** something produced to yield satisfaction.
- 6) **Major Marketers** - This constitutes 7 Petroleum Marketers of Multinational repute E.g. Mobil Oil, AGIP, TEXACO, ELF & NATIONAL, AP, TOTAL.
- 7) **Independent Marketers:** *Indigenous petroleum product marketers, who having fulfilled all that are expected of them, are granted licence to market Petroleum Products in Nigeria.*
- 8) **Allocations;** rations of supply to marketers by the P.P.M.C.
- 9) **Supply:** To furnish with what is lacking.

CHAPTER TWO

2.0 LITERATURE REVIEW:

2.1 INTRODUCTION

Oil prospecting began in Nigeria as far back as 1908, when a German company, the Nigeria Bitumen Corporation started exploration in the Anaromi area of the present Ondo State.⁽¹⁾ However, this effort was halted with the outbreak of the first World War in 1914.

In 1937, oil prospecting was resumed in Nigeria Shell D' Ancy⁽²⁾ was awarded the sole concessionary rights covering the whole territory of Nigeria. The activities were once again interrupted by the second world war, but once again resumed in 1947. It was not until 1956 therefore that oil was discovered in commercial quantities at Oloisini in the Niger Delta after several years of search at an investment of over N30m. With this Shell started oil production and export from its Oloisini field in 1958.

By 1961, other companies as Mobil, Gulf, Agip, Satnap (now Elf), Tenneco and Amoseas (now Texaco/Chevron) joined in the exploration activities for oil in the on-shore and offshore areas of Nigeria.

There are presently four refineries to cater for Nigeria's need for refined petroleum products. They are located at Alese-Elleme in Port-Harcourt (River State) Warri (Delta State) and Kaduna (Kaduna State). The internal production levels of these refineries totals around 260,000 barrels per day finished products at these refineries include LPG, PMS, AGO, DPK, LPFO, Waxes, asphalts and lubricating oil.

In addition to these, sixteen oil depots have been constructed and commissioned so far several pump stations and a net-work of pipelines have also been completed. For these arrangement, petroleum products are transported through the pipelines from the four refineries, to the oil depots, located all over the nation, though with the aid of the pump stations.

(1) Oil Exploration (NNPC Gazette)

(2) The Former name for the now present Shell Development company of Nigeria.

This is to guarantee the supply and distribution of petroleum products.

Be it as it may, these refineries do not sell its products directly to the consumers, like most producers of other products, the refineries follow some channels of economic institutions through which their products get to the ultimate consumers. These channels ensure the smooth and effective transfer of the products to the consumers at the right time and place. If this channels can perform their functions effectively, then there should and ought to be efficiency in the distribution of petroleum products.

According to Phillip Kotler ⁽³⁾ a distribution channel can be defined as a set of all firms and industries that take title, or assist in transferring title, to the particular good or service as it moves from the producer to the consumer. Therefore, a distribution system can be characterized as having a certain number of stages or channels where the products move from the producer directly to the consumer up to three channels where the products go through three stages from the producer to the consumer.

Taking cognizance of the above therefore, there are at present two types of distribution channels for petroleum products in Nigeria. On one hand, the three refineries as producers sell to industries as the consumers with oil and gas marketing companies serving as the intermediaries. On the other hand, the petroleum products pass from the refineries as the producers to the oil and gas marketing companies as wholesales. From these later set of institution, the product goes to the retailers who in turn sell to the ultimate consumers.

Fig 1 ONE LEVEL CHANNEL OF DISTRIBUTION

PRODUCERS/ REFINERIES _____	WHOLE SELLERS/OIL & GAS MARKETING____ _ COMPANIES	CONSUMERS/ INDUSTRIES
--------------------------------	---	--------------------------

Fig. 2 TWO LEVELS CHANNEL OF DISTRIBUTION

PRODUCERS/ REFINERIES	WHOLE SELLERS/ MARKETING COMPANIES	RETAILERS/ MARKETING COYS RETAIL OUTLETS	CONSUMERS /GENERAL PUBLIC
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Figures 1 & 2 illustrates the various channel levels described above.

(3) Philip Kotler - Marketing Management 7th Edition.

Of particular note, and an exception to the above are cases where the number of intermediaries might go beyond WHOLE SELLERS and retailers to road-side selling agents. These road side sellers obtain their purchases from retail outlets and in turn sell to the general public.

2.2 STRATEGIC MARKET PLAN IN THE OIL INDUSTRY

This refers to the outline of methods and resources that are required to achieve an organization's goals within a specific target market. In addition to marketing, it considers production, finance and personnel as well as environmental factors. A specific strategic market plan, is based on the concept of a strategic business unit (SBU).⁽⁵⁾

The oil marketing industry is classified into two groups. First the major marketers who enjoys credit facilities that could run into millions, or are sometimes offset by/through credit lines that could result through a number of joint project ventures between them and the NNPC.⁽⁶⁾ Secondly the independent marketers, that largely deals on cash for products basis with the NNPC.

In this situation, apart from the method looking favourable to the major marketers, resources limitations also affect the independent marketers, as of now, means no cash no stocks, hence no business.

Most major petroleum marketers in Nigeria are multi-nationals with well instituted infrastructures that put them at advantage in a one on one comparison with the independent petroleum marketers. They can also reach their parent companies abroad, for cash, capital equipments and expatriate personnel, within a very short notice of time.

The major marketers with their systems, and strategy of lining/appointing dealers in charge of their distributive outlets now reduces the burden of having to be involved in the rigours of day to day sales of products, all they do is to supply to their respective dealers, sometimes even at credit, over a particular period the major marketers now relies on the information supplied them for the implementation and improvement of the company's strategies and policies.

(5) SBU operates in a variety of markets which have differing growth rates, opportunities, degree of competition and profit making potentials
(6) NNPC Joint partnership with Shell, ELF, and AGIP from the LNG (Unpublished).

2.3 THE ROLE OF GOVERNMENT IN THE OIL INDUSTRY

The role of government in the oil industry has gradually progressed from regulatory one, to direct involvement in oil exploration and exploitation. Initially, government's interest was only limited to the collection of royalties and other dues offered it from the oil companies and making rudimentary laws to regulate the activities of the oil industry.

This was partly due to the fact that oil was very insignificant to the economy before the late sixties and the relative lack of trained personnel and expertise.

By 1971, a year after the Nigerian civil war, oil had started becoming more important to the economy. To strengthen and establish government control in the industry therefore, the Nigerian National Oil Corporation (NNOC) was established by a decree in 1971 as an integrated oil company. It was also in that year, that Nigeria joined the Organization of Petroleum Exporting Countries (OPEC) as its 11th member country. The NNOC had responsibility for both upstream and down stream activities in the industry.

As a result of all these developments, government had acquired a new stature and so decided on active participation in the industry's activities. It was believed that if government had more say in the running of the oil industry, it could achieve its goals of rapid industrial and commercial development of the country. Government therefore acquired 33.1/3% equity interest in the Nigerian Agip Oil Company (NAOC) in 1971 and 35% in ELF. ⁽⁷⁾

Meanwhile the industry of petroleum resources whose functions were mainly regulatory was also running concurrently with the NNOC. It was not until 1st April, 1977, that a merger between the NNOC and the Ministry of Petroleum Resources created the Nigerian National Petroleum Corporation (NNPC). NNPC combined the commercial functions of the former NNOC

(7) Government role in the Nigerian Oil Industry; Associated Press of Nigeria Ltd., Lagos 1972.

(namely exploration, production, transportation, processing of oil, refining, marketing of crude oil and its refined products) with the regulatory functions of the former Ministry of Petroleum Resources. These regulatory functions are still vested in an independent arm of the NNPC, the Petroleum inspectionate.

2.3.1 MANAGEMENT OF PETROLEUM MARKETING COMPANIES

On its formation in 1971, the NNPC was charged with the responsibility to work, win, produce, transport, store and market Petroleum Products in Nigeria. The NNPC did not actively participate in the internal marketing directly, but concentrated its efforts on external marketing. Arising out of this, it only regulates the allocations to the oil marketing companies in Nigeria. Petroleum Products are marketed in Nigeria by several oil marketing companies. As at 1971, there were seven (7) oil marketing companies, namely Agip, BP, ESSO (now UNIPETROL) Mobil, Shell (now NATIONAL OIL & CHEMICAL MARKETING COMPANY), Texaco and Total. These companies were granted licences by the Federal Government through the NNPC to market and distribute all categories of Petroleum Products.

Following the recommendations of a judicial commission of inquiry into the cause of shortage of petroleum products, the government in 1980 decided to grant additional licences to indigenous companies to market petroleum products to curb the excessive shortages. The net effect presently being that in addition to the already existing seven marketers, quite a number of indigenous marketing companies, such as the Major Oil Ltd., came into existence.

The increase in the number of petroleum companies has resulted in a tremendous increase in the number of petrol filling stations in the country. From 1977 to the present, the number of petroleum marketing outlets has increased from 14,039 to nearly 50,000 in the present. Consummately, supplies and consumption have increased and are still rising.

The oil marketing companies obtain the petroleum products from the various refineries and market them through their various retail outlets. The retail outlets of these companies are of two major types. The oil marketers sometimes do run and manage their own outlets as is indeed the case in the independent petroleum marketers and or on the other hand, appoint or approve retailers to carry out the job

for them; this system is often employed by the more specialized oriented major marketers as like the Mobil Unlimited. Their distinctions however, are of little significance suffice it to say that it is only at the retail outlets that a predominant number of ultimate consumers satisfy their needs.

The NNPC, coordinates its marketing activities and relationship with the petroleum marketing companies, through its specialized marketing outfit, the PPMC (Pipeline and Products Marketing Company).

2.3.2 OWNERSHIP AND STRUCTURE

Ownership of petroleum products marketing companies in Nigeria, is basically classified into two;

- The Major Petroleum Marketing Companies
- The Indigineous Independent Marketing Companies

THE MAJOR MARKETERS

The Major Marketers in the petroleum marketing in Nigeria, comprises of the following:- Agip Nigeria PLC, ELF Nigeria Limited, Texaco Nigeria PLC, Total National Oil, Unipetrol, African Petroleum, and Mobil Nigeria Unlimited.

Most of these marketing companies are quoted on the Nigerian Stock exchange with majority shares either owned by Nigerians and/or Nigerian Government and/or Foreign ownership and minority Nigerian holdings. All of the wholly Nigerian major marketers are off-shoots of the indegenisation decree of 1997 that transferred their foreign majority interests to the Nigerian Government. For example, National Oil from Shell petroleum, African Petroleum from British Petroleum company and Unipetrol from Esso oil.

The operations of these companies include the business of exploitation/manufacturing and marketing of petroleum products in Nigeria, through the operation of retail marketing outlets and industrial sales.

THE INDIGENOUS INDEPENDENT MARKETERS:

The indigenous independent petroleum marketers are usually solely owned. They are not quoted on the stock exchange. The ventures are owned wholly by Nigerians and their operations are at relatively small scale level.

These operations are restricted to marketing of the bulk products such as Premium Motor Spirit (PMS), Automotive Gas Oil (AGO), Dual Purpose Kerosine (DPK) and possibly, the operation of a retail man in the marketing outlets. They do not engage in the manufacture/exploitation business.

There are hundreds of independent marketers scattered all over the country, but for this our major concern is with Major Oil Ltd.

Major Oil, an independent petroleum marketing company in Nigeria is solely owned by one man, who is the managing director of the company.

The company was established in 1992. It started its operations from its filling station in Keffi, Nassarawa State, but has always maintained its corporate headquarters in Kaduna.

Structurally, Major Oil Ltd, is self accounting. With this, it is vividly clear that the managing director is fully in-charge all the bulk stops on his table. Though there are the functional positions as the positions of the Operation Manager, Chief Accountant, Administrative Officer, Workshop Manager and so on. All these position do act and are functionally dependent on the decisions and visions of the Managing Director.

This is in contrast with the function of the managing director of Mabil Oil a major marketing company, who shoulders the day to day running of the company and also contends with the vision and directives of its shareholders.

The negative effect of this is that most of the independent marketing companies do not or may not keep accurate and necessary records as the issue of proper

accounting records, as they operate more sole proprietorship business than as limited liability companies or even as public liability company as with the case of Mobil Oil Limited that owes it an obligation to always publish the statements of accounts to its shareholders at the end of every financial year.

2.3.3 MODE AND SCOPE OF OPERATION

Petroleum marketing companies are entirely marketing outfits or organization, offering some utilities to the public, at a value. A petroleum marketing company is allowed to operate after it has fulfilled all regulatory control measures as instituted by the Government.

The Government regulatory control of the oil industry is vested in the independent arm of the NNPC, called the "Directorate of Petroleum Inspectorate" the DPR. It is the body recognized to perform the regulatory functions which the former ministry of petroleum resources used to perform.

The objective of the petroleum inspectorate is the proper management of our petroleum resources. It ensures that all approved and appointed marketers, operates within the outlined government legislature and regulations. The inspectorate issues out permits and licences for all activities connected with petroleum exploration and exploitation as well as for activities in the refining, storage, marketing, transportation and distribution of petroleum products. The inspectorate carries out regular checks on petrol filling stations to ensure that products are sold at stipulated government prices. It also regulates and supervises the activities of all the oil companies by ensuring that safety standards in the industry are observed.

The scope a marketer covers in operation, depends on the capital and funds available to him. For example, Mobil Oil has five filling stations within the Kaduna metropolis, most of them with four pumps or at some locations too, about three pumps; which is the lowest standard accepted by the Directorate of Inspectorate (DPR).

While Major Oil, with only one station in Kaduna, by the Kaduna by-pass Mando has seven functional pumps. This shows that though it is only located at a particular location; But with constant availability of fuel, it is no gain saying that a marketer

with seven functional pumps would sell/service vehicles better faster than a marketer with four pumps.

It is important to state here that except for situations where a marketer is fully authorized to supply her industrial consumers, any other product, he is strictly assign to discharge at a particular location. What this means is that Mobil Oil for example cannot allocate it goods meant for Hospital road to Mando station, and sure does attract the penalties of the law.

So, generally, it is not dependent on how many stations you have, but how able are you to service the station with fuel supplies.

2.3.4 CONTROL

Petroleum product marketing companies are classified into two. This also reflects on *their ownership and control*.

The major marketers are usually controlled by its stock holders. This means that they are often public liability companies. With this, its share-holders come together to asses how well the company had performed in the past financial year and if they are positively assessed, they (the board of directors) can be asked to continue to run the activities of the company; if not, they may be dropped with new members from its stock holders elected a directors.

This means that once the director are elected, the day to day activities of the company, are left in their care, until the end of the financial year.

This method of control is a case of how Mobil Oil is controlled, as a major marketer.

The independent marketers like Major Oil, is usually a sole proprietorship kind of business, owned by one man. This man is in control and in charge of all the year in year decision making of the company's line of business, and decides where and when the company needs to set-up an outlet and so on. The control is fully vested in the hand of its managing directors.

2.4 STRATEGIES FOR EFFECTIVE MARKETING OF PETROLEUM PRODUCTS IN NIGERIA.

The severe shortage of petroleum products in the country during 1974 and 1995 were attributed to poor distribution network for petroleum products. Storage facilities provided by the petroleum products marketing companies were inadequate to hold sufficient stocks for the nations consumption.

To solve this problem therefore, the government through the ministry of petroleum resources embarked on the construction of a nation wide petroleum products pipelines network totaling about 3,000 km linked to storage terminals (depots) in 18 towns.

Four white products namely Premium Motor Spirit (Petrol), Five Star Motor Spirit, Dual Purpose Kerosine, and Automotive Gas Oil (AGO), were handled by this transportation and storage system. Contracts were awarded between 1976 and 1978 to three international pipeline construction contractors an initial cost in excess of ₦500million. Survey and other preliminary work for the project started in 1977. The bulk of the work was executed in 1978. Some sections of the pipeline system was commissioned in 1979. The major portion was commissioned in 1980 and 1981. These strategies were enacted to eliminate the dangers and obstacles of road haulaging, that has been the main pattern of distribution and marketing before now.

The pipeline network strategy is divided into five systems made up of pipe sizes ranging in diameter between 6 and 16 as follows:-

- 1) The system 2A Network:- This runs from Warri via Benin and Ore to Mosimi depot near Shagamu; this now necessitates petroleum products marketers operating in places like Benin or Lagos, to pick their products from their nearby depots, instead of having to go to Warri to haulage their goods on road.
- 2) System 2B Network:- This originates from a Marine receipt terminal at Atlas Cove near Tarkwa Bay in Lagos. This terminal was commissioned in 1987 and it handles refined products from local or overseas refineries and is connected

to the Mosimi depot by pipeline. There are four single product pipelines from Mosimi to Lagos satellite depot at Ejigbo village near Isolo. An Aviation Kerosine pipeline from Mosimi to Murtala Muhammed Airport and a pipeline from Mosimi to Ilorin depot via Ibadan depot. All these are strategies enacted to fuel as close as possible to the marketers points of sales.

- 3) The system 2C Network:- This originates from Warri and transports crude oil to Kaduna refinery. The crude oil is pumped from Chevron Oil company's Escravos terminal to Warri via the Escravos-Warri pipeline which supplies crude oil to Warri refinery.
- 4) The system 2D Network:- Consists of one pipeline from the Kaduna Refinery to Kano depot via Zaria pump station where there is a branch to Gusua depot. Another pipeline originates from the Kaduna refinery to Maiduguri depot via Jos and Gombe depot.
- 5) the system 2E Network:- Runs from Port-Harcourt to Markurdi depot via Aba and Enugu depots. The only depot not connected to any other by pipeline, is the Calabar depot. ⁽⁸⁾ All pipelines are buried about one meter below the ground. These as it may e seen , are strategies enacted for the effective marketing of petroleum products in Nigeria.

Filling stations all over Nigeria especially the Mobil filling stations have Mini-Marts where they engage in the marketing of their lubricants. Apart from these, the lubricants are constantly re-positioned , these are towards reaching their target markets.

Only very few independent marketers do afford to build lubricant plants due to the high cost of the plant, and the cost of acquiring the needed additives from abroad, for lubricant blending.

(8) The NNPC Products Pipelines and Depots System; a publication of the public affairs department

2.4.1 PRODUCTS /OR SERVICE DEVELOPMENT (R&D).

Marketing is a practical subject, so also is marketing research. Marketing research could be said to be the ears and eyes of marketing. ⁽⁹⁾

Products are updated and developed, based on the outcome of researches on them.

In the case of oil companies. The only products that can really carry out research into as their development is the lubricants and grease products.

All other forms of petroleum products are generally produced/refined by the NNPC, and then marketed & distributed to the petroleum marketing companies through their marketing arm, the PPMC.

2.4.2 PRICING.

Pricing of petroleum products in Nigeria could be examined under two scenarios

- 1) The regulated pricing system
- 2) The competitive pricing system

THE REGULATED PRICING SYSTEM.

This applies to the white products which are refined by the NNPC as well as the gas product and supplied to the marketers at official prices determined by the government. The cost and selling prices of these products are regulated by the government. Through the NNPC, the marketers take delivery of products at the standard rates, these are in turn sold at the selling price, as approved by the government.

The current regulated prices of the white products are shown below:-

(9) The Practice of Marketing research, Second Edition. Anthony H. Davis.

Fig. B

Products	Official purchase price(LTR)	Official selling price(LTR)
Petrol(PMS)	₦ 9.70	₦11.00
Diesel(AGO)	₦ 7.70	₦ 9.00
Aviation Fuel(local)	₦ 6.70	₦ 8.00
Kerosine (DPK)	₦13.30	₦15.00

Source: Texaco Nigeria Plc Standard cost and selling price schedules.

Usually when a transporter is having to load from a depot location other than his own by proximity, he is paid some sum of money, based on the quantity of fuel lifted and the distance he comes. This is called product bridging. It is like an ad hoc measure to meet with short supplies of fuel.

THE COMPETITIVE PRICING SYSTEM

This pricing system is used for other products as the lubricants and the grease products. These products are manufacture by the major marketers and sold in the market at competitive prices as established by the individual oil marketing companies based on the perceived quality of the brands and the management policies of the economy.

2.4.3 PROMOTION.

To communicate with the target market ⁽¹⁰⁾

Promotion is the creation of awareness amongst the public, who may happen to be customers. To create an awareness is to show off your existence and the services you offer to your target audience.

(10) Marketing - International Edition, Page 510; Pride Ferrell 9th Edition.

In most cases, the petroleum marketing companies tries creating awareness on their trade names, their features and on some of their specialized products such as the lubricants and grease, which they constantly do put under innovations as to attract more patronage.

When good awareness is carried out, people may decide to be making their full purchases from one name, especially during periods when products may not be scarce.

2.4.4 DISTRIBUTION (PLACE).

Distribution of petroleum products, is specifically handled by an arm of the NNPC, called the PPMC (Pipelines and Product Marketing Company).

The PPMC was set up to provide excellent customer services by transporting crude oil to the refineries and moving the refine products to the existing and future marketers efficiently and at low costs, through a safe and well maintained network of pipelines and depots.

The PPMC works in conjunction with the petroleum marketers in the areas of fuel distribution. The major marketing companies such as Mobil has specialized marketers who transports their products for them, on contract basis. Such transporters are scattered all over the nation.

While some independent marketers do engage on what is called spot lining of vehicles for them to lift and transport their goods, a well instituted one as major oil, has on its folds, fleets of trucks and vehicles, that lifts its products from all over the country.

This vehicles are self managed by the company, whose workshop manager is in charge and at any time, knows the vehicle that is capable of making what ever trip, at any point in time. So, because he has well over thirty functional trucks to choose from.

2.5 PROBLEMS CONFRONTING PETROLEUM MARKETING COMPANIES:

Among the problems confronting petroleum marketing companies are:-

- 1) *Strikes, shut downs, scarcity and product shortages that characterized the petroleum sector particularly the refineries.*
- 2) *Inadequate supply and rationing of petroleum products by the NNPC/PPMC.*
- 3) *Cash crunch or cash problem due to high cost of petroleum products which demand heavy capital input or investment from independent marketers.*
- 4) *High cost of Equipments required for marketing on supply and distribution operations.*
- 5) *Low profit margin.*
- 6) *Unavailability of spare parts for pumps maintenance for break down or worn-out-parts.*
- 7) *Unreliability of electricity supply due to intermittent and irregular supply of electric power.*
- 8) *Delay in the settlement of bridging claims of the marketers, by the PPMC.*
- 9) *Bad road conditions impairing supply and distribution of petroleum products.*
- 10) *Tanker drivers union, sometimes causes confusion and problems in the smooth running, supply and distribution of petroleum products.*
- 11) *Consumers satisfaction can hardly be achieved or measured by the marketers during periods of scarcity.*

FOOTNOTES

- 1) The Nigerian Oil Industry NNPC Publication on Nigeria's Exhibition Sub-Committee of the 1994 World Petroleum Congress. Page 23
- 2) Ibid
- 3) Ibid
- 4) The NNPC yesterday, today and tomorrow. Pg10
- 5) The NNPC's Products and Pipelines and Depots System a publication of the Public Affairs Dept. Of the nnpc. Page 3
- 6) Government Role in the Nigerian Oil Industry (Associated National Press of Nigeria Ltd, 1972).
- 7) Petroleum Exploration and Development in Nigeria. (Nigerian National Petroleum Corporation Public Affairs Depot, Lagos). Page 2-3
- 8) Texaco Nig. Plc Standard Cost and Selling Price Schedules, June 1997.
- 9) This day Newspaper. June 20, 1997 Page 2
- 10) Ibid
- 11) **MARKETING** - International Edition, Page 50 By pride Ferrell 9th Edition.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

A critical look is taken into the structural features of Mobil Oil filling station and Major Oil filling station, all located at Mando.

These features are features that may aid or hinder marketing activities in this stations. I also took a look at the grand design and methods/style of marketing within the two organizations.

I quite agree, structurally, it could look rather impossible to compare the two petroleum marketing companies; hence I reduced the sample size of Mobil Oil, that has 5 (five) filling stations within Kaduna on mando road. This is to enable me have a good critical look at the marketing structures of it and the Major Oil filling station, that is located on the same area/location.

On the general outlook, I used all the available guidelines as may be stated by the NNPC and the DPR, in assessing and comparing the marketing features of the two companies involved.

3.2 RESEARCH DESIGN

Two methods of research were used they are:-

- I) Historical research method and
- II) Descriptive research method.

I) HISTORICAL RESEARCH METHOD.

The essence of determining the problems encountered by the petroleum products marketing companies has an historical need to delve into the origin of oil findings in Nigeria, development and refining of crude oil, and the marketing of the petroleum products nationwide, including review of related literature materials to this study, have an historical background that makes the adoption of an historical research method in this study appropriate.

II) DESCRIPTIVE RESEARCH METHOD.

The descriptive research method was also used in this study to provide a forum for appropriate descriptions of events and situations within the present circumstance.

3.3 SOURCES OF DATA.

Primary and secondary sources of data were used. Primary were sourced from the interviews and information obtained from the officers of the selected petroleum marketing companies.

The Secondary sources of data were from the textbooks, journals, newspapers and other vital information obtained through observations made by the researcher at the service stations, as the marketers attend to their customers.

3.4 RESEARCH INSTRUMENTS

Oral interviews were extensively used during the period of this research. The interviews were conducted on the station managers and other top management staff of the companies who are involved in marketing.

Observations were extensively made for the purpose of this work. This was after a questionnaire designed was completely objected to, as most respondents openly told me that the timing and situations for now, as a result of the existing scarcity, does not encourage them to document any records/response. Hence, they tactically came up with answers to the questionnaires administered, though hesitantly .

Respondents to the open-ended or instructed interviews were enlightened, because of the freedom given to them to air their views on the subject of discussion.

3.4.1 ORAL INTERVIEWS.

These are personal interviews. It is a conversation carried out with the definite aim of obtaining certain information. It is designed to gather valid and reliable information through the responses of the interviewee to a planned sequence of questions. The interview can either be structured or unstructured. ⁽¹⁾

(1) Introduction to RESEARCH METHODOLOGY: E.C. Osuala New Edition.

3.4.2 OBSERVATIONS.

This is a method used for securing data for descriptive research. Observations can be done directly or indirectly.

Direct observations provides primary data that fits carefully predetermined categories that the investigation has designated. These are essential when observing: (1) the observation must be specific; (2) The observation must be recorded; (3) The observation must be systematic; and (4) It must be quantitative as to enhance proper measurement.

3.4.3 QUESTIONNAIRE.

E.C Osuala sees questionnaire as used to provide a pooling of ignorance in situations where only an experimental method can provide a meaningful answer. It really constitutes the first attempt at true scaling. It is particularly advantageous, when the sample size is large enough to make it uneconomical for reasons of time and funds to observe or interview every subject. The greatest difficulty though with questionnaires that are distributed to the subject, is the probable bias which may exist when less than the total No. In the sample, actually respond. It is often divided into two parts, the classified parts and the part that posses the questions relating to subject matter of enquiry.

3.5 POPULATION AND SAMPLE SIZE.

For the purpose of objective analysis, only one of the Mobil filling stations situated along Mando road would be selected to be compared with the only Major oil filling station situated in the same area. These two filling stations will constitute the sample size. Sufficient information necessary for analysis would be generated from these stations.

3.6 DATA ANALYSIS TECHNIQUES.

The data collection is done by way of oral interviews, observations and questionnaires while the interpretations were done on tabulations or stated as to suit a particular purpose that could make it easy for the reader's understanding.

The data is broken down into constituent parts consisting of statistical calculations performed with the data towards providing answers to the questions of this research.

CHAPTER 4

4.0 DATA PRESENTATION AND ANALYSIS.

This chapter is devoted to the presentation and analysis of data, gathered through observation, interviews and questionnaires conducted to determine the problem(s) encountered by the petroleum marketing companies. Specific attention was paid to the two sample stations of Mobil Oil and Major Oil, all located at Mando road in Kaduna.

4.1 DATA PRESENTATION.

Comparism of facilities of Mobil Oil service station and Major Oil service station all located at Mando in Kaduna.

FACILITIES	MAJOR OIL	MOBIL OIL
Underground tanks	5 (45,000 ltrs each)	3 (50,000 ltrs each)
No. Of pumps	7	3
Generating sets	2	Nil
Service bay	1	1
Wash bay	Nil	Nil
Mini shop	1	1
Air gauge and inflator	Nil	Nil
Nos of pumps for PMS	4	2
Nos of pumps for AGO	2	Nil
Nos of pumps for DPK	1	1

Table 4.1 reflects on the facilities found in each of the filling stations. This service goes a long way to tell the extent the service stations are able to go towards the satisfaction of its customers.

4.1.2 FIGURES AND PERCENTAGE OF QUESTIONNAIRES ADMINISTERED AND RETURNED.

	Figures Administered	Figures returned	Percentage returned
Total No.of questionnaires administered (Motorists)	100 copies	55 copies responded	55%
Total No.of questionnaires administered (Management)	25 copies	7 copies responded	28%
Total No. Of questionnaires administered	125 copies	62 copies responded	44%

Table 4.1.2 highlighted the figures and percentage of administered and returned questionnaires.

4.1.3 DATA PRESENTATION

	FIGURES	PERCENTAGE
People living between 1-5km within the service station	18 people	32.73%
People living between 100-500meters	5 people	9.1%
People living between 5-10km	13 people	23.64%
People living over 10km distance	16 people	29.1%
Indifferent	3 people	5.45%

Table 4.1.3 presents a data on the mobility rate of customers/motorists in search of petroleum products.

Major Oil with 5 underground tanks of 45,000 liters each, and in details, 90,000 liters are for PMS (Petrol), 90,000 liters for AGO (Diesel) and 50,000 liters for DPK (Kerosine).

This is against the Mobil filling station of 3 tanks of 50,000 liters each, with permission for the sale of PMS and DPK only. There is a provision for the use of 100,000 liters of the underground tank from the sales of PMS (Petrol) and 50,000 liters for the sale of DPK (Kerosine).

While a total of 7 pumps are fixed for use in the Major Oil service station, the Mobil Oil only has 3 pumps. Out of the 7 pumps for Major Oil, 4 is reserved for the sale of PMS (Petrol), this is to ease off pressure and ensure a free flow of sales to motorists. 2 is reserved for AGO (Diesel), while 1 is for the sale of DPK (Kerosine). Mobil Oil service station has only 3 pumps in its Mando station, 2 for PMS (Petrol) and 1 for DPK (Kerosine), with no provision made at all for AGO (Diesel).

Generating sets are very essential in the marketing of petroleum products. This is to enable them continue sales and services at the service stations even when the public electricity supply by NEP. PLC, fails. Hence, it is enlisted as one of those facilities to be installed in service stations, in the rules and regulations guiding the establishment of service stations.

Table 4.12 highlights the figures and percentages of administered and returned questionnaires.

Table 4.13 presents a data on the mobility rate of customers/motorists in search of petroleum products

**LINES OF BUSINESS/BRANDS OF PETROLEUM PRODUCTS MARKETED BY
THE TWO SELECTED SERVICE STATIONS**

		MOBIL	MAJOR
1	<u>P.M.S (Petrol)</u>	✓	✓
2	<u>A.G.O. Diesel</u>	✗	✓
3	<u>D.P.K. (Kerosine)</u>	✓	✓
4	<u>Lubricants (Lubes)</u>	✓	✗
5	<u>L.P.G. Cooking gas)</u>	✗	✓

Fig 4.2

KEY ✓ (Available), ✗ (Not available)

TABLE 4.1.4 shows the brands of petroleum products being marketed by the two service stations (from the table above, the 2 service stations marketed P.M.S. (Petrol) and D.P.K.) (Kerosine) only major oil marketed AGO (diesel) and L.P.G. (Cooking gas). Major oil does not market lubricants. Mobil Plc markets its lubricants through its services station scattered all-over the country, in which its mando service station is one. They get stocks of this lubricants from their zonal office in Kano, through their head office in Lagos

SOURCE(S) OF SUPPLY OF PETROLEUM PRODUCTS

Major oil ought to primarily lift from NNPC Depot Kaduna, but due to the scarcity of petroleum products national wide, they are now allowed to go and bridge products from other NNPC Depot as may be directed by the NNPC. Thus major oil has been bridging product from sources such as Warri, Port Harcourt & Mossimi Depots, this is in meeting the short-falls in supply in its areas, so as to make products still available in such areas of scarcity. The total cost of transportation is usually paid back to the marketers at the end of such an exercise.

Mobil Oil unlimited is a major petroleum marketing company in Nigeria. As major marketers they are credit marketers, of the products. By credit marketers, it then means that they are allowed to lift petroleum products for over a period of time without making cash payment. Also with presence in all the depots in the federation, and with a recent government recognitions allowing major marketers to import petroleum products. The source of their products acquisitions, thus becomes wider . It then means that the management can give directives for lifting and supply of petroleum products from one source to the other. The point of order here is that it also has to fall within the approved bridging zones of the NNPC. This helps to ensure that petroleum products prices are properly deregulated.

Mobil service stations nation wide avails themselves of lubricants from their lubricant blending plants which blend various gauges of lubricants for vehicles use. Based on the nature of their engine and the engine capacities.

For example the lubricant used by the diesel car, is different from that used by the petrol powered cars.

According to a sales representative of Mobil oil, the management of Mobil oil had long before now tried to minimize investments in the areas of liquefied petroleum gas (LPG). This was based on the reason of low income returns and often times its persistence non-availability from our refineries. But for now, the management it trying to rescind on the decision.

This explains the reason why most mobil filling stations hardly sell cooking gas, except on the instance of the dealer concerned.

Major oil, an independent petroleum marketing company on the other hand has a sister company called major gas & lubricants, dealing solely in the distribution, marketing/sales of cooking gas. Through this company, the service station is able to market cooking gas to its customers when ever it is available. The none availability of this product from our refineries has caused an ardent scarcity of this product. This has recently made the product quite expensive and scare to buy.

This scarcity is also making government to change its regulations, by allowing individuals and companies that markets liquidified petroleum gas (LPG) to go overseas and import such products, should they have the needed funds. And it shall be sold at a government approved price of N25,000 per ton.

4.2 DATA ANALYSIS

One of the reason government advanced for allowing independent marketers participation in petroleum business is to further the distribution of petroleum products to reach all nooks and corners of the nations which however is for the even distribution of petroleum products.

This agument is based on the fact that independent marketers should be able to open-up stations in the rural areas which might not be unattractive to the major marketers. This in essence is to also increase the economic activities of the said area(s).

A total of 100 questionnaires where printed and administered to the motorists queuing up for fuel in the service stations.

Another set of questionnaires of 30 copies were printed for the management and staff of the filling stations but 25 were administered.

Out of this 100 questionnaires administered only 55 copies were returned to the researcher with only 7 returns from the management and staff of the filling stations.

From the above gained information only 55% of the questionnaires printed and administered to the motorist were returned on the whole, 28% of the questionnaires equally administered to the management and staff of the filling stations were equally returned.

Generally, out of a total/combined figures of both the questionnaires for the motorist and the management and staff a total of 125 questionnaires were administered and only 44% were returned back to the researcher.

18 people accept to the fact that their homes are within 1-5 kilometers within the filling station represent a figure of 32.73% of the respondents.

5 people of 9.1% of the respondents accept the fact that their homes are within the distance of 100-500 meters.

13 people out of this respondents stated that their homes were between 5-10 kilometers away from the service stations representing the figure of 23.64%.

A total of 16 people, representing 29.1% of the respondents says their homes are over 10 kilometers away from the service station while 3 people representing 5.45% of the respondents, remained indifferent to the question.

What the researcher tries to highlight hence is that in spite of the reason of making service stations easily accessible to motorist, but because of the prevailing conditions of the scarcity motorist now do not even mind going as far as Jaji or even Zaria, just in search of fuel.

From the submission above 52.74% of the respondents are living 5 kilos away from the service stations.

33 people, representing 60% of the respondent,, claims that the services rendered by the services stations to them, are inadequate. While a further 35 people representing 63.64% of the respondent, claims you need to have a formal relationship with the station management before you get some good service (i.e. quick attention/line shunting).

While it is clear that the Mobil service station at Mando has no facilities for automotive gas oil (AGO major oil which is on the same location and has all such facilities have not been able to market or sale the products due to non-product availability from the NNPC Depot. The PPMC, have not been able to supply them the product, due to non-availability of stock reserves of the product. Major oil last had supply in about 4-5 weeks back.

This has caused conjunction in the filling station and also along the road. This is because most of the trucks that uses the gas oil cannot even move away from the station because they do not have enough fuel to move

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

The petroleum industry occupies a very strategic position in the Nigerian economic as the national major provider of foreign income. The industry plays a major role in facilitating the economic development of the nation.

Activities of the industry can be divided into two broad categories, the upstream and the down stream.

Upstream activities involves the acquisition of mineral interest in properties, exploration (including prospecting) development and production of crude oil and gas.

Downstream activities includes refining, transportation and marketing of oil, gas and derating which has been the concern of this work.

The Chapter one of this work is the introduction. It is a skeletal presentation of what this project is all about. For our study, it has taken cognizance of certain key issues like definition of terms, problems of study, the objectives of the study approaches as guide and give a grasp of the study.

Chapter two deals with the literature review on the petroleum products marketing. This includes reviewed works of individuals who contributed to this study. The roles expected of our petroleum marketing companies in our society, the marketing company service functions with the approved norms, were looked into as a way of having a better understanding of the study. It seeks to inform low nature and services are designed by our petroleum product marketers, or better still, it could as well be better guided as to the origin and need for the petroleum companies i.e. major marketers and the independent marketers.

Chapter three explains the research methodology and the relevance of the research question in knowing how far it could be tested as a hypothetical question.

In chapter four emphasis is placed on data presentation, analysis and presentation. Finally it is on the summary, conclusion and recommendation.

In the recommendations, the possible measures through which the Nigerian petroleum marketing companies could adopt to increase it's services to its customers, were stated.

CONCLUSION

The finding in this study have shown that due to the prevailing product, scarcity, customers now do not mind the marketing features afforded to them, the petroleum products marketers. All they now care for, is the petroleum products availability.

This is not good rivalry amongst our petroleum product marketers. This has eliminated competitions, that would have helped our marketers designed some special schemes as free cleaning of windscreen and free air provisions to our customers types - this is hindering marketing activities(in this companies the directorate of petroleum resources (DPR) just only concerning itself with the activities of how the marketers are selling their products, they should also endeavour to see that their facilities are well maintained and obsolete ones replaced as well.

The distinguished arm of the NNPC, the PPMC should endeavour to provide adequate fuels allocated to the petroleum marketers for sale.

Our marketers are not adequately supplied with the petroleum products. Sometimes the petroleum dealers are sometimes not too comfortable to go out and bridge products for sale. The reason is that such monies spent on transportation takes a lot of time to be pay back by the PPMC, may be payed at too later dates that could take up to 22 years. This affects their capitals and hence discourages the marketers from building.

The major petroleum marketers instead of discouraging independent petroleum marketers by been unfriendly, should rather thy to encourage them, work hand in hand and forget the idea that they have long been in existence with better capital outlay.

This would generally increase the potentials of the industry, if the can share some of their expertise with the independent petroleum marketers that can cope. And also make the government dream of even distribution of petroleum products realizable.

The management and staff of the service stations should at all times recognize the position of customers in marketing and hence should try and always build up a good working condition(s) with them.

Facilities that would make the customers more relaxed as well stock super marketing should be give good attentions and provided.

The petroleum product marketers should ensure they take their allocations to their designed points allocations to their products are sold to the public at their right government regulated prizes.

Though competition should always be encouraged but certainly adequate step should be taken to ensure that genuine petroleum products marketers are issued licences to market petroleum products etc.

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5.3 RECOMMENDATIONS

The current regulated pricing system of the white product in the country leaves much to be desired for an effective petroleum products marketing. Though the argument that Nigeria produce the oil and such the citizen should enjoy the product at subsidized rates as relates to other countries. The fact remains that the ineffective pricing of petroleum products in the Local market has made the petroleum existing to be dependent on the government for funds to maintain the machineries and equipment at the refineries. These funds are not made available by the government on time which has contributed to the fuel scarcity.

Our refineries should be re-activated and be properly maintained as to boost petroleum products available in nigeria.

Government should also endeavour to look into such facilities as pump-machines for petrol, diesel and kerosine. Marketers complain that these equipments are not cheap to obtained and in most cases, they are imported, such facilities when easily and cheaply provided, helps the marketing companies to at least always ensure facility ones are repaired or changed on time too.

It should always be encouraged and ensured that each service station has workable power generating set for use, when ever the public power system fails.

Strikes and shot downs should be discouraged in the petroleum sector. The workers should realize how essentials the product is in the life of nation, hence should try and use other means of conflict resolutions, other then strikes and lock outs. •

The people that heads the petroleum tankers drivers union, should be men of decency and integrity, this is to discourage situations where drivers now constitute draw backs to the petroleum distribution in Nigeria

The marketers and customers alike should discourage hoarding of petroleum products as a result of the hazards it posses.

- 15) Oil glut and the Nigerian Economy (Nigerian National Petroleum Corporation, Lagos).
- 16) Progress of Public Sector Participation in the Nigerian Oil industry - Nigerian National Petroleum Corporation, Lagos.
- 17) NNPC Refinery (Warri) - Nigerian National Petroleum Corporation, Lagos.
- 18) NNPC Refinery (Kaduna) - Nigerian National Petroleum Corporation, Lagos.
- 19) Business Times, Monday, October 23, 1995, Page 13.
- 20) Sunday Champion, February 25, 1996.

Dear Sir/Madam

This questionnaire is prepared to aid a research for the completion of a project titled "Petroleum Products Marketing in Nigeria". It is designed for the motorist by the researcher.

It is a requirement from the completion of a masters degree course programme in Business Administration, in the above named Institution. With due regards, you are requested to carefully complete the questionnaire, by filling your own answers or ticking in where appropriate to the questions asked, please be fully assured that whatever information you supply will be treated with total trust and utmost confidentiality.

How far is the distance between the filling station and your home?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
100-500mtrs	1-5km	5-10km	above 10km

Does the filling station offer you some special attention or services?

<input type="checkbox"/>	<input type="checkbox"/>
No	Yes

How adequate are the services rendered by the filling station in your area

a. Very Adequate	<input type="checkbox"/>	c. Inadequate	<input type="checkbox"/>
b. Adequate	<input type="checkbox"/>	d. Very Inadquate	<input type="checkbox"/>

Which of the following services do you patronise from the filling station?

a. Purchase of Petrol	<input type="checkbox"/>
b. Purchase of Kerosine	<input type="checkbox"/>
c. Purchase of Diesel	<input type="checkbox"/>
d. any other (specify):

Do you understand little/much of marketing principles practices

<input type="checkbox"/>	<input type="checkbox"/>
No	Yes

How do you think the presence of a filling station affected activities in your area?

.....

.....

7. How would you rate the facilities provided in the filling station?

a. Very Adequate

c. Inadequate

b. Adequate

d. Very Inadquate

8. Do you have a formal relationship with the staff or management of the filling station?

No

Yes

9. Are the Attendants in the filling station social and well behaved to the customer?

Yes

No

Sometimes

Indifferent

10. Have the setting-up of the filling station, helped ease your fuel problems.

No

Yes

APPENDIX

Department of Business Administration
Faculty of Administration,
Kong - Campus
A.B.U. Zaria

Sir/Madam

This questionnaire is prepared to aid a research for the completion of a project titled "Petroleum Products Marketing in Nigeria". It is designed for the Management and Staff by the researcher.

It is a requirement for the completion of a masters degree course programme in Business Administration, in the above named Institution. With due regards, you are requested to carefully complete the questionnaire, by filling your own answers or ticking in where appropriate to the questions asked, please be fully assured that whatever information you supply will be treated with total trust and upmost confidentiality.

1. What are the lines of your Business (Please enumerate)

2. How long have you been in the Petroleum Marketing Business?

1Month - 1Yr

1-3Yrs

3-5Yrs

above 5Yrs

3. Where are your Sources of Supply of Petroleum Products? (Specify)

4. What could be your reason for being in the Petroleum product Marketing Business?

5. How Regular are your supplies from your source(s) (specify)

Please State the Problems you encounter in the supply and distribution of Petroleum products, as a marketer

Can you suggest solutions?

How conducive are the government regulation to the business?

How important do you think Petroleum marketers are to the society and the Nigerian Economy
