STRATEGIC MARKETING MANAGEMENT IN THE NIGERIAN OIL AND GAS INDUSTRY: A THEORETICAL FRAMEWORK

AKINYELE, SAMUEL TAIWO (PH.D)
School of Business Studies,
Covenant University, Ota-Nigeria.
akinsamolu2000@yahoo.com

Abstract

The purpose of this paper is to review the literature on strategic marketing management. This study adopted a post facto research methodology to examine the strategic marketing management literature in an attempt to attain their desired level of performance. The overall findings suggest that strategic marketing is a driver of organizational positioning in a dynamic environment, and that it helps to enhance the development of new product/service for existing markets. These findings, along with other interesting findings of the study, are discussed. From the empirical and anecdotal managerial evidence as well as from the literature implications are drawn for the efficient and effective strategic marketing practices in the Nigerian oil and gas industry. Based on the findings of the study, the concepts and principles of total quality management within a holistic framework it is recommended that (i) efforts should be made by organizational marketers towards understanding the relevant economic factors that affect both clients’ behaviour and the strategic options that may be adopted to cope with such behaviours; ((ii) in a constantly changing business environment, firms can adopt different strategic marketing practices since the yardstick is the enhancement of business performance.

KEYWORDS: Strategic Marketing, Strategies, Dynamic environment, Deployment, Resources, Performance

Introduction

The sensitivity of petroleum resource is clearly reflected in the fact that it has remained or continued to be the goose that lay a golden eggs for the Nigerian economy as well as the supreme foreign exchange earner contributing over 80% of government revenues and helps the development of Nigeria’s infrastructures and other industries (Anya 2002; Chukwu 2002; Gary and Karl 2003). However, due largely to the highly technical nature of exploration and production, the sector depends substantially on imported technologies and facilities for most of its operations. In view of the critical importance of the sector to the nation’s economy and its capacity to generate far-reaching multiplier effect, the grooming of highly skilled indigenous manpower to participate keenly in the activities of the sector to redress the foreign dominance becomes imperative (Baker 2006). The rapid development of an indigenous technical workforce has become more compelling than ever before against the background of the expected imminent
injection of massive investment in the sector. With a current production capacity of about 30 million barrels per day (bpd), Nigeria plans to increase her production capacity to about 40 million bpd by 2010 (Utomi 2001; Obi 2003; Mathiason 2006). Already, Nigeria is the leading oil and gas producer in Africa, currently ranked the seventh highest in the world (NNPC 2004; The Guardian 2006). In addition to the above, Nigeria which is widely referred to as a gas province, has natural gas reserves that triple crude oil reserves, being estimated in excess of 187.5 trillion standard cubic feet (scf) (Africa Oil and Gas 2004). The foregoing underscores the vast investments and potentials of the Nigerian petroleum sector, and therefore calls for commensurate investments in the development of the Nigerian human capital base. The Federal Government has stated that one of its objectives is to achieve 50 per cent local content in the oil and gas sector by 2010. Adegbulugbe (2002) observes that Nigeria began exporting oil in 1958 with crude oil production of 5000 barrels per day (bpd) rising by 1979 to a peak of 2.3 million bpd. Currently, Nigeria’s crude oil production is about 1.5 million barrels per day (bpd) and is expected to rise to 2.5 million bpd. Nigeria is the 13th largest oil producer in the world and 6th largest oil producer among the Organisation of Petroleum Exporting Countries (OPEC). Determined by crude oil reserves and output, gas reserves and output, refinery capacity and product sales volume, Nigeria ranks first in Africa in oil production. It ranks 5th in gas reserves which makes the country more of a gas rather than an oil country (CBN 2002). Indeed, Nigeria is often described as a gas zone with some oil in it. However, gas resources are largely untapped and Nigeria’s gas reserves place it among the top ten countries in the world in that category (Assael 2000; Ekpu 2004). Assael (2000) and Ekpu (2004) also observe that other energy resources such as hydro power, wind energy, and coal, which is produced in Enugu and Benue States abound in the country. Nigeria is in fact the only coal-producing West African nation. About 43% of Nigeria’s natural gas is associated with oil which according to (Ekpu 2004) is unfortunately largely flared to the detriment of the economy. Consequently, the energy resources base of the country can be classified into two, namely: Fossil fuels, which are all non-renewable or finite in supply and renewable resources, which in principle are infinite. Fossil fuels comprise crude oil, natural gas, coal, bitumen and tar sand, while renewable resources consist of hydropower and solar energy. For the latter group, the rate of exploration is less than the natural rate of replenishment. Energy consumption is in the area of petroleum products, which according to (Dixton et al 2005), accounted for between 70% and 80% of total energy consumed in Nigeria between 1970 and 1980, the major consumers being the transportation, household and industrial sectors.

Like in the marketing of any product, there are players and products in the petroleum marketing industry variously described as Oil Marketing, Petroleum Product Marketing, and Downstream Oil and Gas Marketing. The main products such as Liquefied Petroleum Gas (LPG) commonly called cooking gas, petrol, base oil, kerosene, diesel oil, petrochemicals and fuel oil are partly imported from Europe and America while the bulk is manufactured by the Nigerian National Petroleum Company (NNPC) in its four refineries at Port Harcourt (1 & 2), Warri and Kaduna. Petrol, diesel oil and kerosene are strictly regulated, while base oils, LPG and petrochemicals have guided de-regulation. The main uses of petroleum products are for transportation, lubrication, electricity and manufacturing. Apart from the NNPC, players in the petroleum industry include marketers who are classified as major and independent; transporters and regulators; Environmental Protection Agency, EPA; and Directorate of Petroleum Resources.
Petroleum product substitutes range from natural gas, which is generally clean, abundant and cheap, to solar energy which is however not a viable substitute yet because of its high technology and capital cost. The economic importance of the oil sector stems from its significant contribution to the Nation’s foreign exchange earnings. According to the Central Bank of Nigeria (CBN) Annual Report and Statement of Account for the period 1990-2000, oil export earnings amounted to over US$13 billion, representing about 95% of total National Income in 2000 (Assael 2000).

To achieve a set of organizational goals and objectives, companies conceptualize, design, and implement various strategies. These strategies can be corporate, business, or functional. Marketing strategies constitute one of the functional strategies amenable to application by contemporary companies in order to enhance performance. Marketing has been defined and conceptualized in various ways, depending on the author’s background, interest, and education (Osuagwu 1999). For example, marketing can be seen as a matrix of business activities organized to plan, produce, price, promote, distribute, and megamarket goods, service, and ideas for the satisfaction of relevant customers and clients. Achumba and Osuagwu (1994) also posit that marketing is important for the success of any organization, whether service- or product-oriented. Bolaji (2003) argues that the oil and gas service sector constitutes a service industry that has currently been changed by aggressive strategic marketing behaviour. According to (Okoroafo 1993), indigenous Nigerian oil and gas marketing companies were not profoundly entrepreneurial at the beginning for the following reasons: lack of trained manpower, poor infrastructural development, lack of adequate or sufficient capital base on the part of the indigenous oil and gas marketing companies and intense competition from superior foreign companies. Therefore, early indigenous Nigerian oil and gas marketing companies were operated by regional governments entrusted with ownership responsibilities. The relatively good performance of these regional oil and gas marketing companies, in addition to the liberalized regime of governments of the day pertaining to regulations in the oil and gas industry, resulted in the proliferation of oil and gas marketing companies. This proliferation forced the oil and gas marketing companies to design and implement efficient and effective marketing strategies, in addition to other strategies that could rescue the Nigerian economy out of the woods. However, with the few functional and reasonably competitive oil and gas marketing companies in Nigeria, low indigenous/local investment, and little foreign investment in the Nigerian economy, existing oil and gas marketing companies in Nigeria compete fiercely for available businesses. This has, consequently, led to the design of all forms of marketing strategies by Nigerian oil and gas marketing companies in order to survive, grow, and achieve their set goals and objectives. The petroleum industry is considered to be one of the largest and most powerful industries in the global market with its operations covering every corner of the globe and with the world’s energy heavily dependent on oil and gas products (Amnesty International 2004). Today, activities in the petroleum industry are composed of various procedures including exploring, extracting, refining, transportation and marketing of the petroleum product.

This study is intended to expand the body of knowledge in respect of the application of strategic marketing practices to the oil and gas sector especially in a developing economy like Nigeria that earns over 80% of her foreign exchange from oil and particularly, as the Federal Government is...
putting in place policies and strategies to improve the oil sector’s contributions to the Nigeria economy (Garuba 2006).

**Statement Of Research Problem**

The problem statement, according to (Wiersma 1995), describes the content for the study and it also identifies the general analysis of issues in the research necessitating the need for the study (Creswell 1994). The research is expected to answer questions and provide reasons responsible for undertaking the particular research (Pajares 2007). The problem of this study is to measure, analyse and establish the impact of organization expenditure on oil and gas industry performance variables which include effect of structure/strategies, the diversification and concentration, environmental performance indices and goal actualization of the organization objectives. Many research efforts in the area of marketing practices in developing economies have dealt with macro issues and emphasized the management of company’s structure and strategies, conduct and performance of marketing activities as they relate to performance indices such as market share, growth, efficiency and well being of consumers and clients (Boyd et al 1994; Baker 1995; Bauer 1998; Samli and Kaynak 1994) lament that the key defect with this static and macroanalysis of marketing practices in developing economies is that it minimizes the impact of marketing environment on the achievement of performance measures. Also, although some research efforts have been undertaken to explain marketing practices in developing economies at the organizational level (Westfall and Boyd 1990; Samli 1994; Wadimambiaratchi 1995; Cravens et al 1990), many of these research efforts do not provide answers to issues pertaining to the impact of company’s structure and strategies on the performance of mineral prospecting industries particularly the oil and gas marketing companies. The deregulation of the Nigerian economy through the Structural Adjustment Programme (SAP) affected the oil and gas sector in Nigeria in many ways (Miles and Snow 1978; Umunnaehila 1996). These include the diversification and concentration of marketing activities and the need to apply the marketing mix elements such as price, place, product, and promotion to meet the needs and wants of customers and also survive in intense competition within and outside the Nigerian oil and gas industry. The restructuring policy of SAP, brought deregulations in the sector and encouraged many new oil and gas marketing companies to enter into the oil and gas industry. This resulted in oil and gas companies seeking for clients and designing services that would meet clients’ needs and wants. Consequently, the Nigerian oil and gas companies incorporated the usage of various market mix elements to improve their market outreach/coverage, new product ratio, price positioning, competitive orientation, etc to survive and grow (Umoh 1992; Udell 1998; Osoka 1996; Adler 1997; Johne and Davies 2002). The poor condition of some oil and gas marketing companies in Nigeria is a function of some interrelated problems. According to (Sheng 1999; Day and Reibstein 1997; Kim and Mauborgne 1998; Johne 1999; Kandampully and Duddy 1999), the causes of the oil and gas marketing companies failure or poor performance, are due to microeconomic or macroeconomic factors (performance industry environmental factors indice coupled with the management of marketing content and product marketing). Mamman and Oluwem (1995); McDonald (1996) and Creveling (1994) have, however, posited that oil and gas companies poor performance in Nigeria is a function of industry environmental factor indices and marketing of oil and gas services. Faced with the compelling need to achieve their organizational goal, oil and gas companies in Nigeria must explore new avenues, approaches,
strategies or practices to achieve their set goals and objectives. Generally, marketing strategy deals with adapting the marketing mix elements to environmental factors. It evolves as a result of the interplay of the marketing mix elements and the environmental factors, which impact on these elements (Schnars 1991; Li et al 2000; Aristobulo 1997; Jain 1993; Mavondo 2000). Therefore, the function of marketing strategy deals with determining the nature, strength, direction, and interaction between marketing mix elements and the environmental factors in a particular situation (Jain and Punj 1987; Osuagwu 2001; 2001; 2004). However, achieving efficient and effective product marketing strategy by an organization is difficult, as a result of the ambiguity and instability of environmental factors (Brownie and Spender 1995). The peculiarities of oil and gas marketing services may create or set modalities for goal actualization parameters that are different from those found in the marketing of tangible products. The peculiarities may, also, require unique inter-industry/marketing commitment and approaches. However, marketing concepts, principles and goals are of relevance in the marketing of oil and gas service. Sound and robust marketing commitment on the part of organization and salespeople are important to the survival and growth of the oil and gas industry, considering the subtle, unstable and seemingly hostile business environments in which contemporary business organizations operate (McDonald 1996; Creveling 1994). In order to formulate and implement effective and efficient goal actualization and inter-industry marketing commitment in product distribution, oil and gas companies should have a thorough and continuous understanding of the relevant environment that impacts on their marketing strategies (McDonald 1989; 1992; 1996).

Today, obtaining and retaining a dominant position in the market has become very difficult due to the vast spread of products and services and the aggressive competition on one side and increasing customers demand on the other side. Also rapid transitions of information age and appearance of new economies set forth customer as a valuable asset and communicating successfully with (internal and external) customers is an essential part of doing business which create competitive advantage in the external environment and enhance interindustry marketing commitment in internal environment, in a manner that all of the resources and technologies of an organization should combine with internal and external customers in order to have a sustainable competitive advantage and organizational commitment. Successful organizations are those that integrate efficient and effective management in internal and external dimensions through external relationship management and enhancement of interindustry marketing commitment and goal actualization among internal and external customers. Internal marketing paradigm is a mechanism for the managers to analyze the organizational issues which need to be addressed in implementing marketing strategies. It is therefore, imperative for organizations to establish an important framework of legitimacy for new directions and transformations and accommodate the constant process of change management and knowledge management.

**Objectives Of The Study**

The main focus of marketing activities of oil and gas marketing companies is the identification and satisfaction of clients’ needs and wants. These objectives can be attained by identifying the likely marketing mix variables and strategies, including relevant environmental impacts on them. There is, therefore, the need to carry out this research given the enormity of the problem facing the oil and gas industry.
Literature Review

Marketing strategies and tactics are concerned with taking decisions on a number of variables to influence mutually-satisfying exchange transactions and relationships. Typically, marketers have a number of tools they can use, these include megamarketing (Kotler 1996) and the so-called 4Ps of marketing (McCarthy 1995), among others. Marketing seems easy to describe, but extremely difficult to practice (Kotler and Connor 1997). Organizational managers in many firms have applied the so-called marketing concept, which may be simple or complex. The marketing concept and variants like the total quality management concept for example, are essentially concerned with satisfying clients’ needs and wants beneficially. Developing and implementing efficient and effective marketing strategies which incorporate relevant dimensions of the marketing concept involve the organic tasks of selecting a target market(customers/clients) in which to operate and developing an efficient and effective marketing ingredient combination. Marketing thought, with its practice, has been moving speedily into the service industry (Kotler and Connor 1997). Literature, partly, centres on the discussion of whether physical product marketing is similar to, or different from, the marketing of service and concludes that the differences between physical product and service might be a matter of emphasis rather than of nature or kind (Creveling 1995). Marketing is one of the salient and important organic functions which help to service organizations to meet their business challenges and achieve set goals and objectives (Kotler and Connor 1997). The word “service” is used to describe an organization or industry that “does something” for someone, and does not “ make something” for someone (Silvestro and Johnston 1990). “Service” is used of companies or firms that meet the needs and wants of society such organizations are essentially bureaucratic (Johns 1990). “Service” may also be described as intangible its outcome being perceived as an activity rather than as a tangible offering. The question of the distinction between services and tangible products is based on the proportion of service components that a particular offering contains (Johns 1990). A service may therefore be seen as an activity or benefit which can be offered to an organization or individual by another organization or individual and which is essentially intangible. It is a separately identifiable but intangible offer which produces want-satisfaction to the client, and which may or may not be necessarily tied to the sale of a physical product or another service (Osuagwu 1999). Services include a wide range of activities and form some of the growing sectors of the economies of developed and developing countries. Services include professional services (legal, accounting, medical, management consulting, etc), general services (insurance, postal, telephone, transportation, internet, tourism, etc), maintenance and repair services, and services from marketing researchers and product manufacturers, among others. Oil and gas service is not a tangible thing like food, clothing and car. The main factor that affects a person’s demand for oil and gas service is that person’s attitude towards risks. The peculiarities of oil and gas services may create marketing programmes that are different from those found in the marketing of tangible products. The peculiarities may also, require unique marketing approaches and strategies. However, marketing concepts, principles and strategies are of relevance in the marketing of oil and gas services. Sound and robust marketing strategies are important to the survival and growth of any business, including oil and gas business, considering the increasingly subtle, unstable and seemingly hostile business environments in which contemporary business organizations operate (McDonald 2004 and Creveling 2005). Therefore,
in order to formulate and implement efficient and effective marketing strategies, business organizations should have a thorough and continuous understanding of the relevant environment that impacts on their marketing strategies.

According to (Schnars 1991), marketing strategy has been a salient focus of academic inquiry since the 1980s. There are numerous definitions of marketing strategy in the literature and such definitions reflect different perspectives (Li et al 2000). However, the consensus is that marketing strategy provides the avenue for utilizing the resources of an organization in order to achieve its set goals and objectives. Generally, marketing strategy deals with the adapting of marketing mix-elements to environmental forces. It evolves from the interplay of the marketing mix elements and the environmental factors (Li et al 2000). Therefore, the function of marketing strategy is to determine the nature, strength, direction, and interaction between the marketing mix-elements and the environmental factors in a particular situation (Jain and Punj 1997). According to (McDonald 1992), the aim of the development of an organization’s marketing strategy development is to establish, build, defend and maintain its competitive advantage. Managerial judgment is important in coping with environmental ambiguity and uncertainty in strategic marketing (Brownie and Spender 1995). Marketing strategy development has the following peculiarities:

1) It requires managerial experience, intuition and judgment (Little 1990; Mintzberg 1994a; 1994b; 1996; Brownlie and Spender 1995; McIntyre 1992; Alpar 1991).

2) It carries a high level of uncertainty and ambiguity (Brownlie and Spender 1995).

3) It is business sphere knowledge-intensive (McDonald and Wilson 1990; Duberlaar et al 1991).

4) It entails a broad spectrum of strategic information (Mintzberg 1994b; Berry 1997).

5) It is a process which usually involves subtle decision making by organizational managers based on exhaustive examination of relevant environments and a synthesis of essential and useful pieces of information (Mintzberg, 1994a and 1994b);

6) It is specifically concerned with devising an approach by which an organization can effectively differentiate itself from other competitors by emphasizing and capitalizing on its unique strengths in order to offer better customer/client value over a long period of time (Jain and Punj 1997). However, it is difficult for an organization to achieve an efficient and effective marketing strategy (Li et al 2000). As a result of the ambiguity and instability of environmental factors, strategic marketing may be a difficult task for organizational strategists. Many factors prevent organizational managers from designing and implementing efficient and effective marketing strategies (McDonald 1992). The fact is that environmental factors generally interact in an astonishing manner and affect the efficiency and effectiveness of managers in strategic marketing issues (McDonald 1989; 1996). Against this background, the present research attempts to assess the marketing strategies of Nigerian oil and gas marketing companies, the impacts of environmental factors on such strategies and the effectiveness of the marketing
strategies. The growth of oil and gas marketing companies and business in Nigeria has been phenomenal, with the attendant competition and other factors. It seems that this growth in the number of product marketing companies in Nigeria has not been matched with an equal growth in the awareness of oil and gas services to clients and other interested publics. In order to be efficient and effective, Nigerian oil and gas marketing companies have to devise good marketing strategies that will enable them to reach out to a wider spectrum of the society for patronage. The interaction of these marketing strategies and the relevant environmental factors determines the performance of product marketing companies in Nigeria. On the other hand, oil products in the Nigerian business environment include PMS, gasoline, kerosene, disel, lubricant, among others. On the other hand the environmental factors include men, money, materials, management, machines, facilities location, market, technology, legal provisions, economic factors, organizational culture, political factors, structure of the oil and gas industry, oil and gas clients’ behaviour, among others. These factors are internal and external. The marketing strategies of Nigerian oil and gas marketing companies are expected to be adaptable to these environmental factors in order to achieve set performance goals. The oil and gas industry seems to have witnessed some form of corporate performance over the years which can be attributed to their district level of market share (Okwor 1992; Falegan 1991; Daniel 1998; Olawoyin, 1995; Ogunrinde 1990).

Definition Of Strategic Marketing

The early strategic marketing - performance studies date from the time of rapid expansion of formal strategic marketing in the 1960s (Henry 1999). Although same studies employed diverse methodologies and measures, they shared a common interest in exploring the financial performance consequences of the basic tools, techniques, and activities of formal strategic marketing i.e. systematic intelligence- gathering, market research, SWOT analysis, portfolio analysis, mathematical and computer model of formal planning meetings and written long-range plans. The studies did not generally examine the relationship between performance and the extent of formal planning; variously referred to as “comprehensiveness, rationality, formality, or simply, strategic marketing”. However, strategic marketing is a continuous and systematic process where people make decisions about intended future outcomes, how these outcomes are to be achieved and how success is to be measured and evaluated. Strategic marketing will help organizations capitalize on their strengths, overcome their weaknesses, take advantage of opportunities and defend themselves against threats. According to Allison and Kaye (2005), strategic marketing is making choices. It is a process designed to support leaders in being intentional about their goals and methods. Differently expressed, strategic marketing is a marketing management tool and like any tool, it is used for one purpose only namely to help an organization to do its job better. Hence, strategic marketing is a systematic process by which an organization agrees on and builds commitment among key stakeholders to priorities that are essential to it and are responsive to the environment. Bryson (2004) observes that strategic marketing is a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it, with a focus on the future. Woodward (2004), argues that strategic marketing is a process by which one can envision the future and develop the necessary procedures and operations to influence and achieve the future. Organizations can develop a planning process based on six simple questions. Realistic answers to
these can help to guide the owners and managers of any business or organization toward a successful future.

Strategic marketing, according to (Berry 1997), is the process of determining (i) what your organization intends to accomplish and (ii) how you will direct the organization and its resources towards attaining the goals set over the coming months and years. In other words, strategic marketing is a tool for finding the best future for your organization and the best path to reach the desired destination. Higgins and Vincze (1993); Mintzberg (1994); Pearce and Robinson (1994) are of the opinion that strategic marketing can be defined as the process of using systematic criteria and rigorous investigation to formulate, implement, and control strategy, and formally document organizational expectations. Kudler (1996), views strategic marketing as the systematic process of determining the firm’s goals and objectives for at least three years into the future and developing the strategies that will guide the acquisition and use of resources to achieve the set objectives. Steiner (1997), sees strategic marketing as the process of determining the mission, major objectives, strategies and policies that govern the acquisition and allocation of resources to achieve organizational aims. Strategic marketing has come to be “inextricably interwoven into the entire fabric of management”, it is not seen as separate and distinct from the process of management. Bradford and Duncan (2000), argue that strategic marketing is an organization’s process of defining its strategy and making decisions on allocating its resources to pursue this strategy, including its capital and people. The outcome is normally a strategic plan which is used as a guide to define functional and divisional plans, technology, marketing among others. Hunsaker (2001) observes that strategic plans apply to the entire organization. They establish the organization’s overall objectives and seek to position the organization in terms of its environment. Strategic marketing is done by top level managers to determine the long-term focus and directions of the entire organization. All short-term and specific plans for lower-level managers are linked and coordinated so that they may contribute to the organization’s strategic plan. Paley (2004), sees strategic marketing as representing the managerial process for developing and maintaining a strategic fit between the organization and changing market opportunities.

Gup and Whitehead (2000), on other part, see strategic marketing as the formulation of a unified, comprehensive and integrated plan aimed at relating the strategic advantages of the firm to the challenges of the environment. It is concerned with appraising the environment in relation to the company, identifying the strategies to obtain sanction for one of the alternatives to be interpreted and communicated in an operationally useful manner. Anderson (2004), states that strategic marketing is the logical and systematic process by which top management reaches a consensus on the major strategic direction of the company.

Paley (2004), advocating the adoption of strategic marketing in solving organization’s problems, remarks that the organization which does not plan for its future does not deserve any future. Citing the work of (Ansoff 1988), he contrasts strategic marketing with long-range planning and concludes that both concepts are not synonymous. He argues that long-range planning is based upon the extrapolation of past situations, a questionable premise on the ground that present conditions are not the same as those of the past. Ulrich & Barney (1984), further criticize the traditional extrapolation techniques of long range planning and suggest the use of scenario
analysis which encourages broad and creative thinking about the future. The authors cite the work of (Wing 1997), which contest that traditional forecasting techniques are based on the assumption that tomorrow’s world will be much like today’s. Commenting on ‘New Age’ Strategic marketing Ginsberg (1997) explains that the present complex environment is characterized by side effects, time delays, non-linearity and multiple feedback processes. He then concludes that traditional strategy tools are no longer adequate in designing superior strategies. He consequently advocates the use of the holistic systems approach as opposed to the esoteric ways of the ‘old’. Ansoff (1988), reports that newly invented strategic marketing displaced long range planning because of the growing discontinuity of the environment. He gives the following reasons for this replacement: that the firm’s environment has its own turbulence level and that there are specific systems appropriate for given turbulence levels. He states further that each firm therefore needs to diagnose its own future turbulence level and the appropriate systems chosen to explain that under an environment of slow change, without urgent needs to anticipate, familiar pattern can be extrapolated. That type of environment was reported to have characterized the pre-1950 year of long range or corporate planning after which the 1980s changes became progressively discontinuous from the past and less predictable. The author explains the difference between long range planning and strategic marketing as essentially one of more of perception of the future. With long range planning, the future is expected to be predictable through extrapolation of historical events which also assumes that the future would be better than the past. Strategic marketing on the other hand does not necessarily expect an improved future or extrapolatable past. Hinterhuber (1992), argued that a manager is not necessarily a strategist and that a manager’s vision is also not an entrepreneurial vision. He explains that while the manager would rather have an orientation point of guiding a company in a specific direction, an entrepreneur having strategic competence should state his vision clearly, aggressively and in an optimistic manner. A strategist and not just a manager therefore, should have an entrepreneurial vision, corporate philosophy, competitive advantages, and should involve line managers in strategic marketing. Line managers are the ones to implement strategies who should therefore be involved early in the strategic marketing process. Realizing however that strategic marketing process does not specify how plans should be translated into action, the issue of strategic marketing implementation led to the evolution of strategic marketing management.

**Theoretical Framework**

**Resource-Based Theory**

The resource-based perspective argues that sustained competitive advantage is generated by the unique bundle of resources at the core of the firm (Conner and Prahalad 1996; Barney 1991). In other words, the resource-based view describes how business owners build their businesses from the resources and capabilities that they currently possess or can acquire (Dollinger 1999). The term “resources” was conceived broadly as “anything that can be thought of as a strength or a weakness” of the firm (Wernerfelt 1984). The theory addresses the central issue of how superior performance can be attained relative to other firms in the same market and posits that superior performance result from acquiring and exploiting unique resources of the firm.
Implicit in the resource-based perspective is the centrality of the venture’s capabilities in explaining the firm’s performance. Resources have been found to be important antecedents to products and ultimately to performance (Wernerfelt 1984). According to resource-based theorists, firms can achieve sustained competitive advantage from such resources as strategic marketing (Michalisin et al. 1997; Powell, 1992), management skills (Castanis and Helft 1991), tacit knowledge (Polanyi 1992; 1996), capital, employment of skilled personnel (Wernerfelt 1984) among others. Resource based theorist (Barney 1991; Grant 1991; Peteraf 1993) contend that the assets and resources owned by companies may explain the differences in performance. Resources may be tangible or intangible and are harnessed into strengths and weaknesses by companies and in so doing lead to competitive advantage. The resource-based theory continues to be refined and empirically tested (Bharadwaj 2000; Hadjimanolis 2000; Medcof 2000). Given that the resource-based view addresses the resources and capabilities of the firm as an underlying of performance, it was found to be a suitable theory to use in this study.

Agency Theory

The Agency theory has been extensively tested in the context of MNC subsidiaries. As subsidiaries increasingly evolve towards higher levels of competence creation, we argue that resource dependency theory becomes increasingly relevant to developing an understanding of decision making in MNC subsidiaries.

Agency theory is one of the most widely used theories to explain the organization of relationships with MNCs (O’Donnell 2000). Within the MNC, headquarters delegates decision-making responsibilities to the subsidiary. MNCs are multi-unit firms and in this context, the agency approach has been best developed in the literature on internal capital market. This literature models the headquarters of multi-divisional enterprises re-distributing resources from laggard to leading constituent units (Stein 1997). The units of the firm then have an incentive to selectively provide information to headquarters in order to maximize their resource allocations. The literature documents intra-firm resource transfers within multi-unit firms that are not linked to unit investment opportunities (Lamont 1997). It further documents that such inter-unit transfers increase as the level of firm diversification rises (Shin and Stulz 1998). It explains this inefficiency as stemming from the agency relationship between unit (subsidiary) managers and headquarters.

Several models, based on agency theory, have been developed to explain resource transfers by headquarters to constituent units whose current financial performance is poor. Some conclude that such transfers are inefficient and value destroying. They have been modeled as bribes to managers of weak units to induce them to cooperate with the firm’s stronger units (Rajan, Servaes and Zingales 2000) or as stemming from the fact that managers of poorly performing units have a lower opportunity cost of engaging in non-productive bargaining activities with headquarters (Scharfstein and Stein 2000). Others conclude that such transfers are representations of unobserved value creation and are a means of promoting long run firm efficiency. Thus, (Rotemberg 1993) suggested that managers who provide critical services to the firm may be housed and networked within poorly performing units. Transfers are a means whereby headquarters can make irreversible commitments to such managers. Matsusaka (2001),
suggested that internal resource flows to poorly performing units (or subsidiaries) are a means of developing new businesses as the firm searches for new avenues to exploit its organizational capabilities.

**Conflict Theory**

A basic tenet of conflict theory is that if no interdependence exists in a social system there is no basis for conflict. Thus, it could be argued that mutual dependence is the cause of conflict. Channel conflict refers to the opposition of goals, ideas, or performance behaviour that occurs among the management of institutions that make up the marketing channel team (Stern and Brown 2000). Conflict in the channel can result in a threat to the survival of the channel (Bharadwaj 2000) and detrimental to the effective performance in the system (Stern 1989). It could equally be beneficial to the members of the marketing channel (Assael 2000), if it is used to identify channel weakness the resolution of which leads to the strengthening of the channel. Hadjimanolis (2000), isolate three forms of distributive conflict in the distribution channel: horizontal competition, inter-type competition and vertical competition. Horizontal competition exists between middlemen of the same type. An example in the oil industry will be a conflict between Oando Petroleum (Nig,) Ltd dealer and a Total (Nig.) Ltd, dealer. In this case, they compete for more patronage by using various methods which in some cases can lead to a price war. Inter-type competition exists between middlemen of different types in the same channel sector. An illustration will be where a Total’s dealer competes with an independent marketer with one outlet. Because the independent marketer will generally enjoy a higher discount rate than the dealer, he, the independent marketer, will tend to sell at a very attractive price to customers and hence the competition that arises is inter type.

On the other hand, vertical conflict occurs between channel members of different levels. An illustration of this is when a dealer of Total (Nig.) Ltd. competes with Total (Nig.) Ltd. in the supply of products to its customers. It is apparent that the dealer will not be able to cope in this type of competition because Total (Nig.) Ltd. has more resources that the individual dealer who purchases products from Total to resell. One very basic source of channel conflict is the possible difference in the primary business philosophy of channel members. Wittreich (2001), is of the view that the key to understanding management’s problem of cross purposes is the recognition that the fundamental philosophies in the lives of the high level corporate manager and of the typical retailer in the distribution system are quite different. The former’s philosophy can be characterized as essentially dynamic in nature, continuously evolving while the latter’s (small distributor’s philosophy), which is in sharp contrast, can be characterized as essentially static in nature, reaching a point and leveling off into a continuously satisfying plateau. These differences could be attributed to the different perceptions of the horizons of the two groups and the possible variations in their aspirations. Walters (2000), identifies several primary causes of conflict in the channel. These include roles, issues, perceptions, expectations, decisions, goals and communications among the institutions in the channel. Bowersox et al (2004), identify the primary causes of conflict from the view point of distribution channels and group them into:

(1.) Goal incompatibility – where the big marketing companies emphasize high volume to reduce unit overhead costs but involve dealers in uneconomical inventory levels.
(2.) Domain-position-role incongruence such as the inability of the marketing companies to supply products already paid for by dealers due to problems at the NNPC depots and refineries.

(3.) Communication breakdown, where pump breakdowns are communicated to the marketing companies but products are still dispatched because the information was not received.

(4.) Differing perceptions of reality encompassing members’ self perception, members’ perception of channel leader and the leader’s perception of each channel member (Allaine and Firstrotu 1989), and

(5.) Ideological differences resulting from issues which arise out of channel members’ consideration of value. e.g. where channel members see the causes of shortage differently (Boulding 2003).

Experiential Learning Theory

In business strategies, it is important that management is able to identify the needs of the business. In this regard, the adaptive competency approach to needs analysis is based upon (Kogut 1991) Experiential Learning Theory (ELT) which allows one to view the person (employee) and job in commensurate terms. The cornerstone of this approach is that learning, adaptation, and problem-solving processes are similar and that all jobs involve each of these processes. Therefore, if one describes both the person’s adaptive skills and job requirements in learning terms, then one can identify and describe the adaptive or interactive processes that occur in the work setting.

ELT conceptualizes the learning process in such a way that differences in learner styles and corresponding learning environments can be identified. The application of the adaptive competency approach accepts the premise that typical needs analysis at the employee level portrays jobs in one set of terms (i.e., job specifications), and employees are thought of in another set of terms (person-trait characteristics).

To achieve a commensurate means of assessing business needs at the employee and job interaction level two critical assumptions underline the adaptive competency approach: (1) that the person or employee be viewed as an adult learner, and (2) that the job context be viewed as a learning environment in which job performance necessitates some type of cycling through the ELT process (Stein 1997).

Using the ELT in business strategies, the management will be able to determine the specific needs of the company based on their learning styles. Through this, the outdoor development program will ensure that the employees are learning things within their potentialities and their capabilities. Through this also, the company will also be able to identify which strategies will be suitable for the company.

The Resource Dependency Theory
RDT has its origins in open system theory as such organizations have varying degrees of dependence on the external environment, particularly for the resources they require to operate. This therefore poses a problem of organization facing uncertainty in resource acquisition (Aldrich 1999; Ulrich and Barney 1984) and raises the issue of firm’s dependency on the environment for critical resources (Dwyer et al. 1987; Grewal and Dharwadkar 2002; Pfeffer and Salancik 1998). Often, the external control of these resources may reduce managerial discretion, interfere with the achievement of organizational goals, and ultimately threaten the existence of the focal organization (Castanis and Helft 1991). Confronted with the costly situation of this nature, management actively directs the organization to manage the external dependence to its advantage. Organization success is defined as organizations maximizing their power (Allaine and Firstrotu 1989; Ulrich and Barney 1984).

Within this perspective, an organization can manage increasing dependency by adapting to or avoiding external demands, by executing the following RDT strategies; i) altering organizational interdependence through integration, merger and diversification, ii) establishing collective structures to form a “negotiated environment”; and iii) using legal, political or social action to form a “created environment” (Pfeffer and Salancik 1998). Much of RDT is fixed upon (Grant 1991)’s insight that power and dependency are intimately related as such, (Pfeffer and Salancik 1998) suggested and argued for specific sets of strategies to manage the external environment and discuss the conditions under which they are appropriate.

Proponents of RDT take the view that firm should seek to proactively control the resources in order to achieve organization effectiveness. Effectiveness is described as follows: “The effectiveness of an organization is its ability to create acceptable outcomes and actions” (Pfeffer and Salancik 1998). In this view, effectiveness can then be related to proactively managing the competitive environment to its advantage in its quest to create acceptable outcomes and actions. To describe the notion of firms managing the competitive environment to its advantage, the authors coined the term Controlling Orientation (CO). A CO is propelled by the strategic thrust to proactively manage its competitive environment in a legal and quasi-legal manner to its advantage, by incorporating a spectrum of RDT strategies in their managing agenda/decision making to achieve superior financial performance.

The essence of this perspective is that if superior financial performance results primarily from managing dependencies and uncertainty, choosing the appropriate strategies in which to proactively influence and thereby control the environment to its advantage should be a consideration in strategic decision-making, as this would then open an option for the firm to contribute or withhold an important resource in input which can then be used as leverage in bargaining with its partner/customer. In other words, this perspective is concerned with managing the competitive environment.

Formal discussion of managing the competitive environment in the marketing literature began with (Zeithaml and Zeithaml 1994) with the term “Environmental Management”. However, its elements have been around for much longer, embedded in the assumptions under girding many strategic marketing tools. The main achievement of (Zeithaml and Zeithaml 1994) was to challenge the deterministic bias in many marketing tools, arguing that organizational...
environment can indeed be influenced and that marketing strategies are central to achieving this. Thus, for example, firms craft public relations and political lobbying programmes to help create a more favourable legislative environment (Zeithaml and Zeithaml 1994).

**Overview Of Petroleum Marketing Industry**

Eight major companies, two of which are wholly indigenous, namely African Petroleum (AP) and Oando Plc constitute the principal marketers. The other six, National oil and Chemical Marketing Plc, Total plc, Agip Plc, .Texaco Plc and Elf are jointly owned by Nigerians and foreign interests. All the seven companies excluding Elf recorded a combined turnover of N7.289 billion, N9.132 billion, N16 billion and N34 billion in 1992; 1993, and 1994 respectively (Akerel 2000). Elf is excluded for lack of data. In Table 1, the 1966-2005 increase in petrol pump price in Nigeria is presented. This trend was followed by a general decline in volume turnover due to political instability especially the July/August 1994 oil workers strike and the fuel price hike. In 1995, however, pre-tax profits for the seven major companies were reported to have risen from N2 billion in 1993 to N 5.6 billion, representing a 175% increase (Ademiluyi 1996).

In addition, there are over 800 independent marketers who control about 31.8% of the domestic market. The independents are licensed nationwide to reflect geographical balance. All marketers buy the product from the Pipeline and Products Marketing Company (PPMC), a subsidiary wholly owned by NNPC. Product distribution from the refineries is done through a 4,950-kilometre system of pipelines and twenty storage depots. Trucks and coastal vessels complement the distribution mode while the final point of sale to consumers is mostly at the filling stations. The market was largely deregulated, as individual companies were entirely free to maintain their market quotas in order to meet total national demand. Government continues to regulate the industry in the areas of prices and marketers’ margin. The current pump prices of petroleum products are N75 per litre for petrol, N104 per litre for diesel oil, and N65 per litre for kerosene.
### Table 1: Increases In Petrol Pump Price In Nigeria: 1966-2005

<table>
<thead>
<tr>
<th>S/N</th>
<th>Date</th>
<th>Price (Per Litre)</th>
<th>Regime</th>
<th>Increase in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jan 1966–</td>
<td>8(4/5) Kobo</td>
<td>Gen Ironsi, Gen Gowon, Gen</td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td>Sept 1978</td>
<td></td>
<td>Murtala</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Oct 1, 1978</td>
<td>15(1/2) Kobo</td>
<td>Gen Obasanjo</td>
<td>73.86%</td>
</tr>
<tr>
<td>3</td>
<td>April 20, 1982</td>
<td>20 Kobo</td>
<td>Alhaji Shagari</td>
<td>31%</td>
</tr>
<tr>
<td>4</td>
<td>March 31,</td>
<td>39(1/2) Kobo</td>
<td>Gen Babangida</td>
<td>97.5%</td>
</tr>
<tr>
<td></td>
<td>1986</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>April 10,</td>
<td>42 Kobo</td>
<td>(Gen Babangida)</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>1989</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Jan 1, 1989</td>
<td>42Kobo (Commercial) &amp;</td>
<td>(Gen Babangida)</td>
<td>43%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>60Kobo (Private)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Dec 19, 1989</td>
<td>60 Kobo For all</td>
<td>(Gen Babangida)</td>
<td>43%</td>
</tr>
<tr>
<td>8</td>
<td>March 6, 1991</td>
<td>70 Kobo</td>
<td>(Gen Babangida)</td>
<td>16.6%</td>
</tr>
<tr>
<td>9</td>
<td>Nov 8, 1993</td>
<td>N5</td>
<td>Chief Shonekan</td>
<td>614%</td>
</tr>
<tr>
<td>10</td>
<td>Nov 22, 1993</td>
<td>N3.25</td>
<td>Gen Abacha</td>
<td>Nil</td>
</tr>
<tr>
<td>11</td>
<td>Oct 2, 1994</td>
<td>N15</td>
<td>(Gen Abacha)</td>
<td>361.5%</td>
</tr>
<tr>
<td>12</td>
<td>Oct 4, 1994</td>
<td>N11</td>
<td>(Gen Abacha)</td>
<td>Nil</td>
</tr>
<tr>
<td>13</td>
<td>Dec 20, 1998</td>
<td>N25</td>
<td>Gen Abubakar</td>
<td>127%</td>
</tr>
<tr>
<td>14</td>
<td>Jan 6, 1999</td>
<td>N20</td>
<td>(Gen Abubakar)</td>
<td>Nil</td>
</tr>
<tr>
<td>15</td>
<td>June 1, 2000</td>
<td>N30</td>
<td>(Chief Obasanjo)</td>
<td>50%</td>
</tr>
<tr>
<td>16</td>
<td>June 8, 2000</td>
<td>N25</td>
<td>(Chief Obasanjo)</td>
<td>Nil</td>
</tr>
<tr>
<td>17</td>
<td>June 13, 2000</td>
<td>N22</td>
<td>(Chief Obasanjo)</td>
<td>Nil</td>
</tr>
<tr>
<td>18</td>
<td>Jan 1, 2002</td>
<td>N26</td>
<td>(Chief Obasanjo)</td>
<td>18.2%</td>
</tr>
<tr>
<td>19</td>
<td>June 1, 2003</td>
<td>N40</td>
<td>(Chief Obasanjo)</td>
<td>53.85%</td>
</tr>
<tr>
<td>20</td>
<td>June 9, 2003</td>
<td>N34</td>
<td>(Chief Obasanjo)</td>
<td>Nil</td>
</tr>
<tr>
<td>21</td>
<td>Oct 1, 2003</td>
<td>N39.90</td>
<td>(Chief Obasanjo)</td>
<td>17.35%</td>
</tr>
<tr>
<td>22</td>
<td>Dec. 2003</td>
<td>N40.50</td>
<td>(Chief Obasanjo)</td>
<td>1.5%</td>
</tr>
<tr>
<td>23</td>
<td>May 29, 2004</td>
<td>N49.00</td>
<td>(Chief Obasanjo)</td>
<td>20.98%</td>
</tr>
<tr>
<td>24</td>
<td>Jan 1, 2005</td>
<td>N51.00</td>
<td>(Chief Obasanjo)</td>
<td>4.08%</td>
</tr>
<tr>
<td>25</td>
<td>Aug 26, 2005</td>
<td>N65.00</td>
<td>(Chief Obasanjo)</td>
<td>27.45%</td>
</tr>
<tr>
<td>26</td>
<td>May 29, 2007</td>
<td>N75.00</td>
<td>(Chief Obasanjo)</td>
<td>30.05%</td>
</tr>
</tbody>
</table>

Table 2: Survey Of Performance Of Oil Marketing Companies Based On Turnover

<table>
<thead>
<tr>
<th>Company</th>
<th>Sales turnover 2003</th>
<th>Sales turnover 2002</th>
<th>% Change over 2003</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>National oil</td>
<td>7,961.907</td>
<td>3,437.821</td>
<td>132</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>7,952.003</td>
<td>3,221.313</td>
<td>147</td>
<td>2</td>
</tr>
<tr>
<td>Mobil oil</td>
<td>6,664.288</td>
<td>2,622.810</td>
<td>154</td>
<td>3</td>
</tr>
<tr>
<td>Ap</td>
<td>6,243.676</td>
<td>2,368.957</td>
<td>163</td>
<td>4</td>
</tr>
<tr>
<td>Oando</td>
<td>5,160.362</td>
<td>1,667.057</td>
<td>206</td>
<td>5</td>
</tr>
<tr>
<td>Texaco</td>
<td>3,579.070</td>
<td>1,432.556</td>
<td>150</td>
<td>6</td>
</tr>
<tr>
<td>Agip</td>
<td>2,980.899</td>
<td>1,135.245</td>
<td>100</td>
<td>7</td>
</tr>
<tr>
<td>Elf</td>
<td>Not Available</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>33,770.205</td>
<td>15,889.759</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Table 3: Survey Of Performance Of Oil Marketing Companies On Sales Volume Of Pms. Premium Motor Spirit (Gasoline)

<table>
<thead>
<tr>
<th>Company</th>
<th>Volume 2003</th>
<th>Sold (N’000) 2002</th>
<th>Market share%</th>
<th>% Change over 2003</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>705870</td>
<td>859200</td>
<td>12.3</td>
<td>-18</td>
<td>1</td>
</tr>
<tr>
<td>National oil</td>
<td>574220</td>
<td>692950</td>
<td>10.0</td>
<td>-17</td>
<td>2</td>
</tr>
<tr>
<td>Mobile oil</td>
<td>536468</td>
<td>670429</td>
<td>9.3</td>
<td>-20</td>
<td>3</td>
</tr>
<tr>
<td>Oando</td>
<td>459150</td>
<td>578247</td>
<td>8.0</td>
<td>-21</td>
<td>4</td>
</tr>
<tr>
<td>Ap</td>
<td>402851</td>
<td>504741</td>
<td>7.2</td>
<td>-20</td>
<td>5</td>
</tr>
<tr>
<td>Texaco</td>
<td>368940</td>
<td>476473</td>
<td>6.4</td>
<td>-23</td>
<td>6</td>
</tr>
<tr>
<td>Agip</td>
<td>312161</td>
<td>271212</td>
<td>5.5</td>
<td>+15</td>
<td>7</td>
</tr>
<tr>
<td>Elf</td>
<td>214793</td>
<td>260659</td>
<td>3.7</td>
<td>-18</td>
<td>8</td>
</tr>
<tr>
<td>Independent</td>
<td>2025592</td>
<td>2608799</td>
<td>35.2</td>
<td>-222</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>5600054</td>
<td>6922690</td>
<td>100</td>
<td>-19</td>
<td></td>
</tr>
</tbody>
</table>

Source: Nigeria’s Oil and Gas Annual Report 2003/2004
Table 4: Main Source Of Fuel For Cooking

<table>
<thead>
<tr>
<th>Source</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firewood</td>
<td>69.98</td>
</tr>
<tr>
<td>Charcoal</td>
<td>0.84</td>
</tr>
<tr>
<td>Kerosene/Oil</td>
<td>26.55</td>
</tr>
<tr>
<td>Gas</td>
<td>1.11</td>
</tr>
<tr>
<td>Electricity</td>
<td>0.52</td>
</tr>
<tr>
<td>Crop Residue Or Sawdust</td>
<td>0.09</td>
</tr>
<tr>
<td>Animal Waste</td>
<td>0.07</td>
</tr>
<tr>
<td>Others</td>
<td>0.84</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>


70% of the households used firewood as their main source of fuel for domestic cooking, 26.6 used kerosene while only 1.1 percent used gas in the period covered by the survey. In Nigeria, the use of gas is related to affluence followed by the electricity and kerosene while the using of firewood is closely linked to poverty.

Table 5: Survey Of Performance Of Oil Marketing Companies Based On Profitability.

<table>
<thead>
<tr>
<th>Company</th>
<th>Profit</th>
<th>Profit before</th>
<th>Profit after</th>
<th>% Change</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Before</td>
<td>Tax (PBT)</td>
<td>Tax (PAT)</td>
<td>In profit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tax</td>
<td>(N’000)</td>
<td>(N’000)</td>
<td>Before tax</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(PBT)</td>
<td></td>
<td>(PAT)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(N’000)</td>
<td></td>
<td>Over 2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>2002</td>
<td>2003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National</td>
<td>1,372,237</td>
<td>353,270</td>
<td>874,274</td>
<td>288</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>13,483,79</td>
<td>53,0074</td>
<td>85,7179</td>
<td>154</td>
<td>2</td>
</tr>
</tbody>
</table>
Anderson (2004) and Akpieyi (1997) have already examined the workings of two of the three companies and designed effective structures for them. These studies offer a useful basis for this work especially as the researcher is not aware of any other related work on the oil industry.

Conclusions

This section elaborates on the conclusion of the research. Based on the findings of this research, the following conclusions are warranted:

1. The evidence from findings suggested that oil and gas marketing companies have comparative advantages in adopting various marketing strategies using different technologies. Oil and gas marketing companies appeared to specialize in the use of traditional methods of marketing, which is based on “soft” information culled from close contacts by marketing and sales department rather than the use of the specialized strategic marketing methods that are based on “hard” quantitative information.

2. Most of the findings of the research are consistent with previous normative and empirical works. For instance, the companies face a less diverse, less competitive, more volatile and high opportunity environment, and a less mobility of market. They are however, constrained by interrelationships with other organizations to a greater extent.

3. The research instrument shows high validity and reliability.

4. This study has provided empirical evidence pertaining to the perception of oil and gas marketing strategies, and the industry environmental factors on such strategies.

Managerial And Research Implications

The findings of this study have several managerial implications for Nigerian downstream oil and gas. First, Nigerian oil and gas managers are advised to place more emphasis on the adoption of various marketing strategies using different technologies. Second, all organizations face an
external business environment that constantly changes. Changes in the business environment create both opportunities and threats to an organization’s strategic development, and the organization cannot risk remaining static. It must monitor its environment continually in order to: build the business, develop strategic capabilities that move the organization forward, improve the ways in which it creates products/services and develops new and existing markets with a view to offering its customers better services.

Third, anticipating competitors’ actions and reactions to the organizational’ moves may be the key determinant of success for any marketing strategy. Fourth, with the competitive downstream oil and gas industry of today, participants can put more emphasis on relationship marketing to ensure effectiveness. This essentially entails personalizing the oil and gas services offered to clients, attending to clients’ cultural and social activities, in relation to other non-business activities, which are of interest to clients.

Fifth, Nigerian oil and gas marketers should be sensitized to the importance of their offerings to their clients, including the impressions their clients have of those offerings. As oil and gas clients are demanding more quality from their petroleum product marketing companies (PPMC), it may be strategic to inject the idea of total quality management (TQM) and its variants among product marketers. Sixth, Nigerian oil and gas industry are well advised to consider the principles and concepts of synergy in their product service marketing. This may entail considering the implications of any marketing strategy decisions on the other organic business functions.

Nigerian corporate marketing executives should make their marketing companies learning organizations. In such learning organizations, oil and gas marketing companies staff would always be inquiring into the total or systemic impacts of their business behaviours, instead of just concentrating on the local effects of their business behaviours (Chen 2004).

Finally, oil and gas marketing academics should endeavour to study holistically the relevant business functions and activities which may enhance or hinder the understanding and applicability of relevant modern management concepts and principles to product services marketing. Although this study has provided some knowledge for the understanding of strategic marketing practices of Nigerian oil and gas marketing companies, it has some limitations.

Effective downstream oil and gas marketing strategies in Nigeria may hinge on an intelligent understanding of beneficial marketing strategies, the relevant environmental factors that assist or hinder the efficacy of marketing strategies, and how marketing strategies and environmental factor singly or wholly determine product marketing companies’ performance. Despite the satisfactory performance of Nigerian oil and gas marketing companies with their marketing strategies, as reported in this research, Nigerian oil and gas marketing managers are advised to undertake extensive marketing research and SWOT analysis. Instability of regimes and policies, and variations in other environmental factors can still pose challenges to product marketing companies’ in Nigeria. It should be noted by Nigerian oil and gas marketing companies’ managers that participants’ reputation and good image, staff politeness and kindness, in addition to the managerial ability of corporate product marketing managers are the salient factors implicated in oil and gas marketing companies’ efficiency and effectiveness (Chen 2004).

Recommendations, And Suggestions For Further Studies

This study indicates that strategic marketing practices have a significant impact on performance variables and that they interact with the different components to facilitate performance. It also
indicates that different performance factors moderate strategic marketing practice. Therefore, organizations hoping to enhance corporate performance in a dynamic business environment should consider the following:

**Recommendations**

a) The concepts and principles of total quality management (TQM) are recommended for holistic study, in addition to contemporary marketing management issues such as relationship marketing, value analysis, business process re-engineering, megamarketing, re-marketing, co-marketing, bench marketing, and permission marketing, among others.

b) Efforts should be made by organizational marketers to understand the relevant factors that affect both clients’ behaviours, and the strategic options to be adopted to cope with such behaviours.

c) Oil and gas marketing scholars or researchers should endeavour to study holistically the relevant business functions and activities which may enhance or hinder the understanding and subsequently applicability of relevant modern management concepts and principles to oil services marketing.

d) Firms that are not operating in a dynamic business environment need not adopt a strategic marketing practice as this may cause the firm to look inconsistent in the eyes of its customers and eventually reduce effective performance.

e) The need for the identification of options and resources and of capabilities of deployment constitutes an impetus to effective strategic marketing implementation, since the practice derives from capabilities in assembling and maintaining an appropriate resource portfolio and coupling the resource portfolio with the identification and recognition of options.

f) In a constantly changing business environment, firms can adopt a strategic marketing practice because it is able to enhance their business performance.

g) The need for configuration, reconfiguration and deployment of resources to arrest negative changes in the business environment.

h) The need to generate real options by devising and configuring resource-based capabilities.

**Suggestions For Further Studies**

This research leads to some observations that might be of interest to future researchers, as they represent the seeds from which future research can be developed.

a) This same research can be carried out in other nations so that a broad comparison of the concepts of strategic marketing as it affects firm performance can be made.

b) Research into the combined effects of strategic marketing practice and performance factors as mediators of firm performance relationship.

c) Research into the effects of key characteristics of industries environmental indices and marketing strategy could be carried out to further explain the differences in the firm’s adoption of strategic marketing.

d) Finally, future research works are to be undertaken in order to refine the cobwebs found in the present research, and orient it to more specific contexts (business, time, location, etc) in Nigeria’s oil and gas industry.
References

Bolaji, K.(2003). Oil and the politics of natural resources governance in Nigeria, paper prepared at the 14th Biennial Congress of the African Association of Political Science (AAPS) held in Durban, South Africa June 26-28


McDonald, M.(2004). Strategic marketing planning: A state of the art review, Marketing Intelligence and Planning, 10(4), 4-22.
Median, A(1999). Oil and gas marketing, Bedfordshire: Graham Burn.
Stern, C. and Brown, K.(2000). Put your purpose in writing: A mission statement can give your company the focus it needs for survival and growth, Nation’s business 82(2).