



DETERMINANTS OF PERFORMANCE OF SMALL-MEDIUM FUEL DEALERS IN KENYA

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ABSTRACT

This study sought to establish the determinants of performance of small medium fuel dealers in Kenya. The specific objectives were: the influence of marketing methods on performance of small medium fuel dealers, find out if competitive strategy that is cost, differentiation, focus and speed influenced performance of small fuel dealers, assess whether establishment level influenced performance of small fuel dealers and examine if long-term strategy influenced performance of small medium fuel dealers. This study design was descriptive research. The target population was 74 small medium fuel dealers. The sample size was 23 small medium fuel dealers which is 30% of the population. The research used questionnaire as the main data collecting instrument. Regression model, relative frequencies and percentages were used for data analysis. The data was presented using tables. The study established that there is positive correlation between independent variables (marketing methods, competitive strategy, establishment level and long-term strategy) and dependent variable that is firm performance. Multiple linear regression model used suggested that value of R squared=0.7662 that implied 76.62% of the variance in Firm Performance was accounted for by four independent variables, and the significant predictor of the dependent variable was at 1% level of significant. The study recommended that dealers should take marketing methods serious as it is the key to their success. It helps in discovering the areas affected by dealers' growth and thereby helps in creating plans to cater for their customer needs. The dealers should consider establishment level as an integral part of their business by turning their initial challenges to be enablers that would propel them to reach the maturity age of ten years. The dealers' representatives and leaders to be brought on board or allocated agreeable slots by the regulator to monitor the industry. The dealers should see long-term strategy of their businesses as critical element and invest in different areas, acquire assets or form an alliance with other companies in order to get large capital funds, spread risks between more partners, get survival skills from other partners and enjoy synergy due to combined efforts of varied partners.

Key Words: Marketing Methods, Competitive Strategy, Establishment Level, Long-Term Strategy

INTRODUCTION

Petroleum or oil is a natural resource that its availability, accessibility or affordability has caused both generation of wealth and political instability in the same measures. For the last Four Decades many countries in the world where oil was discovered faced internal conflict. One of the oil rich countries that benefitted and registered high GDP is United Arab Emirates whose GDP stands at \$ 402.3 Billion (WB, 2013). Some other countries discovered oil but faced endless internal conflict and political instability in lieu of benefit. It would seem that discovery of natural resource that is highly valuable on the international petroleum market would cause great joy for its owner. Despite the prospects of investment opportunities that petroleum extraction may yield. Evidence has been rather mixed regarding the actual impact has had on actual owner. In particular most cases of oil development in poor nations have produced outcome of increased disparity of wealth often resulting to political instability countries like Nigeria, Angola, Chad, South Sudan and Bolivia provide clear example. The term used for this phenomenon is Dutch Disease (Garber, 2007). In 1963 the countries that produce oil formed OPEC. Their main function was to control the price of crude oil per barrel. Their decision always had a critical effect both on global economy and global politics (Freel, 2009)

Kenya imports its oil from Middle East countries right from when it got the independence in 1963. Importation was done through Multinational Companies like Chevron who were doing both importation and distribution to their outlets in Kenya importers enjoyed tax rebate. Local businesses (indigenous people) were not allowed to do the oil trading until in the year 1994.

Kenya discovered oil in Turkana County in year 2012 through British firm Tullow Oil but the products are not yet distributed locally or exported

internationally (Tullow, 2012). Therefore Kenya importation of oil is kshs 30.5 Billion of total imports of kshs 123 Billion translating to 30% of total imports (CBK, 2016). Kenya remains vulnerable to shock. In four of the last five years, the Country experienced political, economic or weather related shocks and often combination of shocks.

The current account deficit which remains at 10 percent of GDP despite lower oil prices make Kenya external position particularly vulnerable to increasing oil price (Wangui 2014). According to Kojina (2010) Kenya has an open tender system, whereby crude or petroleum products are purchased by a single company for the entire market on the basis of public tender and shared among all marketing companies in proportion of their share in the market. Questions have been raised about the cost-effectiveness of this system. The Government of Kenya in its vision of 2030 recognized that Kenya's energy costs are higher than those of her competitors and that Kenya must, therefore generate more energy at a lower cost and increase efficiency in energy consumption. The Kenya Government is therefore encouraging foreign specified oil product in December 2010. This effort will help the government to meet the domestic demand for various petroleum fuels on average stands at 2.5 Million tons per year all imported from Gulf regions either as crude oil or for processing at Kenya Petroleum Refineries.

Petroleum has been a natural resource that dominated World Economic Politics. The world super power United States of America (USA) has used perpetual war in the Middle East Countries in order to get oil. This act of war in order to get oil is called Military Industrial Complex (Oswald, 2007).

The Middle East Countries that suffered and are war- torn currently include Iraq, Libya and Syria while Iran still struggles to defend itself against Military Industrial Complex. This disturbances cause

the Organization of Petroleum Exporting Countries to keep fluctuating the price (Turley, 2012). In 1973 during the Arab-Israel war, Arab countries placed embargo on all countries that were supporting Israel especially United State of America.

During the past decade, the price of oil has and travelled from \$ 60 per barrel to a peak of \$146 in 2009 and subsequently descended again to below \$ 50 in 2015. While oil is sold in global market the effect of rising or falling prices can be very difficult for importing countries (Hunja, 2008). Africa as a region has 38 net- oil- importing Countries. In these Countries in particular, high oil prices have an adverse impact on businesses, consumers, and Government budgets, to name a few. As a result, these net oil importing countries see their term of trade deteriorate, jeopardizing their BOP positions and possibly leading to lower economic growth than in the absence of the oil (ADB, 2009). Some of the Countries in this region like Uganda has discovered oil and is seeking to partner with Tanzania for the oil pipeline.

In Kenya Petroleum has been a major source of energy its accounts for over 80% of the Country's commercial energy requirement (Macheo & Omiti, 2002). Due to changes in International oil prices, the expenditure on petroleum import has been fluctuating widely at times taking a big share of Kenya total foreign earning (Mureithi, 2014). Transport industry consumes 70% of petroleum products used in the country. In Agriculture Diesel is demanded to run Mills, Tractors, Combined harvester and other machineries. In Industries, generators that run on Diesel are used as alternative source of energy. During drought periods Diesel is used for electricity generation to complement hydro power (Mureithi, 2014). Kenya imports a total of 3638 tons of oil in the year 2000 drought period (GoK, 2003). Therefore the demand of oil imports influence economic

growth and any volatility in imports is likely to affect the process adversely (Kenya Bureau of Statistics 2013).

Performance is defined as firm's ability to continue in operation (Cornwall, 2004). Profitability is the vital goal of the small medium fuel dealers. Strategic Managers are how to measure profitability or how to define profitability over the long term or shorter for SMEs. Profitability clearly indicates the dealers' ability to satisfy the principal, claim and desire of employees and stakeholders of the dealership. The ability of any dealer to operate in the long run depends on attaining acceptable level of profit (Hiriyappa 2012).

Any dealership which has to achieve customer satisfaction, must give its customer exactly what they want when they want it. Consequently, dealership must do everything possible to identify customer needs and satisfy them. Customer Satisfaction is basic function for the strategist for achieving super customer satisfaction of dealership. Achieving super customer satisfaction refers to dealership or how to respond to customer inquiry, regarding the quality, sales, after sales and its products. Small Medium Fuel Dealers is defined as individuals or companies owned by indigenous Kenyan Business People, Which operate at retail level and which has more than three outlets, They source their products mainly from Multinationals through reseller/ distributors (Macheo & Owiti, 2003). During the decade (1994-2004) the Independent Petroleum Dealers became source of wealth, job creation and entrepreneurship. Small Medium Fuel Dealers are Companies owned by indigenous Kenyan business men and women.

They operate at retail level and have 5 petrol stations per company. They have 5- 100 employees per company. Their annual turnover is between 20 Million to 250 Million per company (Macheo & Awiti 2003). The targets of the Small Medium Fuel

Dealers' investment are Entrepreneurs, Employees, Shareholders, Customers and Government.

Statement of the Problem

Growth of Small Medium Enterprises is desirable in order to create wealth for owners, equitably distribute the development of the country, create employment and reduce poverty in population (GoK, 2005). In 1994 the petroleum industry was liberalized by the Kenyan Government.

This increased the number of local companies getting licenses to conduct oil trading. They were named as Independent Petroleum Dealers. In the year 2001 their market share increased to 22% up from 1% in the year 1994. (AKumu, 2010). However these shares dropped to 5% in the year 2016. The small medium fuel dealers registered huge profit in their first decade of operations (1994- 2007) .This success made multinationals like Caltex exit the market and Shell to be acquired by Vivo. However this great success was cut short and they were hit by the price control introduced by the ERC of the Ministry of Energy in the year 2008. The price control worked to the advantage of multinationals while killing the small medium fuel dealer's motivation and spirit of competition. The price control caused a wave of closure among small medium fuel dealers due to profit margin erosion and high operating cost (Kipeda, 2017).

In year 2017 the small medium fuel dealer margins on a liter dropped to kshs 1.40 after 60 cents for transportation rate allowed in Nairobi. Job losses became imminent as independent petroleum dealers borrowed money from bank but are unable to pay due high overheads, hence facing foreclosure from banks. Most of the previous studies focused on the large companies or new ventures, while the growth of small medium fuel dealers seems to have attracted much less attention (Nasiruddin, 2011) On the other hand, it has been shown that most of new

jobs are created by existing and not new Small Medium Fuel Dealers.

In addition, previous studies of Small Medium Enterprises performance have focused on performance of new ventures rather than on existing Small Medium Enterprises (Lekhanya, 2014). Other Scholars who studied in this related area to determine factors influencing performance of small medium enterprises (SMEs) are: (Mbugua, 2011), (Kimanyi, 2015) and (Muturi, 2016). The purpose of this study was to analyze the determinants of performance of small-medium fuel dealers in Kenya.

Objectives of the Study

The main objective of this research is to examine Determinants of performance of the small-medium fuel dealers in Kenya. The specific objectives were:-

- To establish the influence of marketing methods on performance of small medium fuel dealers.
- To find out if competitive strategy that is cost, differentiation, focus and speed influence performance of small fuel dealers.
- To assess whether establishment level influence performance of small fuel dealers
- To examine if long-term strategy influence performance of small medium fuel dealers.

LITERATURE REVIEW

Theoretical Review

Theory of Marketing

Theory of Marketing was advanced by Kotler (2013). The theory states that marketing is based on four P's that is product, place, promotion and price and he has added another P to the same called perception, which described the sentiment about the product in the market.

For a firm to maximize sales, a firm must position its product or services in the market place in such a way that consumers believe they need a particular product for service, or that a product or services they need has a particular benefit. Fuel dealers used the traditional methods of marketing. These methods have gaps and drawbacks that limit their usefulness in strategically managing their dealership. Combination of traditional methods and the 4Ps will build a high marketing dealership.

This Marketing theory is linked to marketing methods as it will help owners and managers of small medium fuel dealers to understand marketing in order to determine who their customers are and what they need. If they get it right the rest is a matter of formality. If they get it wrong no amount of expertise will bring success at market place. (Kiunga, 2012).

Competitive Strategy Theory

This theory was advanced by Barney (1991) its state that the strategic resources are heterogeneously distributed across the firm and that the differences are stable over time, the three indicators of the potential of firm resources to generate sustained competitive advantage are cost, differentiation and focus .

Competitive Strategy is a long-term action plan that devised to help a company gain competitive advantage over its rival. This type of strategy is often used in advertising campaigns by somehow discrediting the competitor's product or service. Barney defined the three strategies that can attain competitive advantage as cost, differentiation and focus.

This theory is linked to competitive strategy as it will connect small medium fuel dealers with strategies to succeed in a competitive market place over a long run because they can do a certain things to their customer's value better than their

competitors, building on this basic idea Michael porter has referred to low cost and differentiation as generic business level strategies i.e. the strategies represent the two fundamental ways of trying to obtain a competitive advantage (Hiriyappa, 2012).

Path Dependency Theory

This theory known as path dependency theory was advanced by Calo (1995) sheds light on the aspect of establishment level. it states that the continued use of product or practice is based on historical preference or use, this holds true even if never, more efficient products and practices are available due to the previous commitment made.

All businesses have business life cycle, that include infancy stage that is the most riskiest as most of the businesses don't reach their fourth birthday due to challenges of adaptability. Youth ship stage is where business generate consistent source of income but challenged by attending to customers, dealing with competition and accommodating expanding work force. Maturity stage is where the business firmly establishes itself in the industry however challenged by either push for further expansion or exit the business. This theory finds its linkage with establishment level as small medium fuel dealers' SMEs needs consistency or on-going drive to tackle challenges of different stages of investment that is infant, youth ship and maturity.

Corporate Bankruptcy Theory

This theory by Modigliani and Miller (1950) explains the survival strategy, it states that the market value of a firm is determined by its earning power and by the risk of its underlying assets and that its value is dependent on the way it chooses to finance its investment or distribute dividend.

Survival strategy is a logical or rational pattern that is implanted and implemented to continuously

overcome life's challenges so as to gain sustainability in one chosen environment, in turn, gain financial muscles. Small businesses fall on hard times facing declining sales and profits. This calls for survival strategies in order to put the business back on track to success. Davisson (2002) stated that there are four growth strategies of small firms using innovation orientation and growth orientation as dimensions include explore, expand, exploit and restrain. Survival is an assumed goal of affirm if it is neglected it will impact on the strategic decision making of the firm for long time, growth refers to overall development of the firm activities. Growth may be proactive change that is necessary for dynamic business environment; Growth may be referred to in terms of expansion and diversification (Hiriyappa, 2012). This theory is linked to survival strategy as it will help small medium fuel dealers to exist, grow and survive for long term.

Balanced Scorecard Model

This theory was advanced by Norton and Kaplan in 1990 it states that a company should link its own long-term strategy with tangible goals and actions. The scorecard allows Managers to evaluate the company from four perspectives: financial performance, customer knowledge, internal business processes and learning and growth. The Balance Scorecard contains a concise definition of the company's vision and strategy. Surrounding the vision and strategy are four additional boxes; each box contains objectives, measures, targets and initiative for one of the four perspectives. This theory find its link to dependent variable (Firm Performance) as Balanced Scorecard is a strategic planning and management system that can be implemented by small medium fuel dealers as an approach to measure their performance that is both financial and non-financial measures in order to provide managers with more relevant information about their performance to check growth of their enterprise.

Conceptual Framework

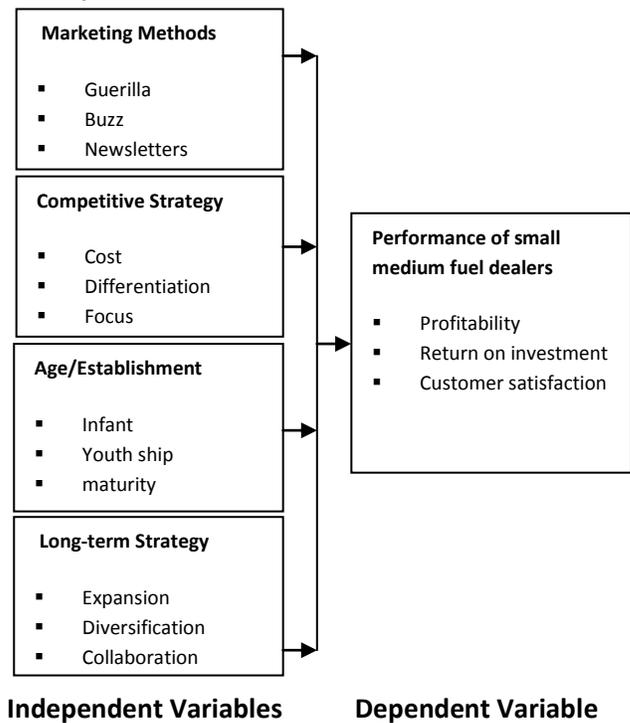


Figure 1: Conceptual Framework

Marketing Methods

Guerilla marketing is all about bootstrapping, creative leverage use of available resource and highly targeted mix of innovation and effective communication technology, networking, using energy and imagination and low cost (Levinson, 2008). Buzz marketing is all about customer generated information distribution by verbal means especially recommendations by, through personal networking by creating excitement information and enthusiasm often connected to events (Rosebloom, 2007).

Newsletters are either printed or digital .printed newsletters are not cheap because you have to pay printing costs, but very informative, they can help keep your name in the minds of your customers and prospects. Digital newsletters are much cheaper; this can be distributed online or uploaded to your website. The key to effective newsletter is to make them a useful tool that your prospective customer

and client can use to solve problem and challenges besides advertisement (Kiunga, 2012)

Competitive Strategy

A company or organization has a competitive strategy when its profit is higher than the average of its industry. Therefore to achieve competitive advantage a company must either have a lower cost than its competitor or when a company charges a higher unit price than the industry average, it is engaging in premium pricing. From the consumers' perspective, if the consumer is to pay a premium price, then the company must add value to the product, these are unique and distinct features that differentiate the product from those offered by competitors along one or more dimension like quality, design, delivery time and after sale services and support (Hiriyappa, 2012).

Small companies, at least good ones usually thrive because they serve narrow market niche. This is usually called focus, the extent to which a business concentrates on narrowly defined market. Speed or rapid response to customer request or market and technological changes, has become a major source of competitive advantage. Speed involves the availability of a rapid, response to a customer by providing current products, quicker accelerating new products development or improvement, quickly adjusting production processes, and making decisions quickly (Cole 2010).

Establishment Level

According to World Bank Group (2007), in the majority if not all of the emerging economies, the SME sector is either the private sector or forms a large component of the private sector. Moreover SME makes a remarkable contribution to the regional economic development. They are often the only feasible engines of development, especially in marginal regions like Kenya. They generate societal growth in terms of new jobs and revenues. SME

creates innovations and they form flexible production network. According to (GoK, 2015) economic survey, establishments are categorized into 3 groups depending on their age, number of employees and survival rate.

This is portrayed by the fact that establishments that are more than 10 years of age are in their maturity stages and employed 50% of the employees, establishments that are aged between 4 to 9 are in their youth ship stages and employed 27% of the employees and establishments aged below 4 years are in their infant stages and employed 23% of the employees. The survey concluded that establishment at infant and youth ship stages are more likely to die and establishments at maturity stages are more likely to survive.

Long-term Strategy

When a firm desires to expand extents its business network widening the scope of its customers group, customer functions and state of the art technologies we have the making of an expansion strategy. Expansion Strategy is principally adopted when an organizations enhances its level objective with high targets. Intensive expansion is a fundamental approach to safeguard and develop the organization product market and thereby increase the volume of sales, profit, market share and total business network very rapidly (Hiriyappa, 2012).

Diversification strategy refers to diverting the business focus from the existing traditional areas to new promising areas. Since technology is changing day by day, it based on customers' expectations and to draw their attention to organization. Organizations focus to produce or manufactured new and substitute products and services to attract and draw attention of customers. These changing attitudes have been opening more and more areas

of promising business. Diversification can be changed business focus may be either in terms of customer function, customer group and or new alternative technologies (Hiriyappa, 2012).

Collaborative arrangements come in several ways that include: Licensing, this is where licensor grants right to intangible assets to licensee. Franchising, franchisor sells to franchisee use of intangible property rights but also operationally assists the franchisee continuously. Management Contract, this is where company transfers its superior management resource to assist another company for a specific period of time and for a fees.(4) Joint Venture, this is where business entity is created by two or more parties generally characterized by shared ownership, shared returns and risks and share governance to achieve a particular purpose over a defined period of time(5) Strategic Alliance, this is an alliance where two or more parties develop contractual relationship(Daniels,2015).

Empirical Review

Dudgeon (2008) described empirical review as a way of gaining knowledge by analyzing quantitatively and qualitatively previously conducted researches. This section will cover previous studies undertaken on the dependent and independent variables as highlighted on the conceptual framework.

Marketing Methods and Performance

Marketing is the process by which companies create values for customers and build strong customer relationship in order to capture value from the customer in return. Marketing plays a vital role in its fostering of development of entrepreneurial and managerial skills (Kotler, 2007). It is difficult to disentangle such networking and relationship building from entrepreneurial action, and thereby imply that marketing orientation goes to the core of

innovativeness that is essential to SME success (Zontanos & Anderson, 2008).

Networking is the most commonly used means of advertising small businesses and one of the most effective. The principle aim of networking is to make friends, establish contacts, and develop relationship before you need them (Kiunga, 2009).

Competitive Strategy and Performance

Competitive strategy is an advantage over competitor gained by offering consumer great value, either by means of lower prices or by proving greater benefit and service that justifies high prices. There are two components of customer services namely, expected service and augmented service. Expected customer services is the level of service that customer want to receive from any retailer, such as basic courtesy, augmented customer service encompasses action that enhances the shopping experience and give retailers a competitive advantage(Dessler, 2000). Choosing competitive strategy at the business level is about choosing from three generic competitive advantage that is low cost, differentiation and focus. If industry rivalry increases and companies start to compete on price, the cost leader will be able to withstand competition to compete on price, the cost leader will be able to withstand better than other companies because of its lower costs. For both reasons, cost leader are likely to earn above average profits (Hiriyappa, 2012).

Cost leadership means you provide reasonable value at a lower price. Companies do this by continuously improving operational efficiency. That usually means paying their workers less. Some compensate by offering intangible benefits such as stock options, benefits or promotional opportunities. Others take advantage of unskilled labor surpluses. As these businesses grow, they can use economies of scale and buy in bulk (Ritaj, 2009).

Differentiation means you deliver better benefits than anyone else. A company can achieve differentiation by providing a unique or high-quality product. Another method is to deliver it faster. A third is to market in a way that reaches customers better. A company with a differentiation strategy can charge a premium price. That means it usually has a higher margin. Companies typically achieve differentiation with innovation, quality or customer service. Innovation means you meet the same needs in a new way (Ritaj, 2009). Focus means you understand and service your target market better than anyone else. You can use either cost leadership or differentiation to do that. The key to focusing is to choose one specific target market. Often it's a tiny niche that larger companies don't serve (Ritaj, 2009).

Establishment Level and Performance

Every firm goes through a natural life cycle that is infant, youth ship and maturity. Infancy is key in this initial stage is to have sales. Sales are essential for cash flow. Typically the sales effort in "Infancy" is much weaker than it should be. The goal in "Infancy" is to create a sales organization - stabilize the product, create a sales process, and then diligently stick to it. Typically everything (especially sales) revolves around the owner. The biggest challenge in "Infancy" is cash flow. Businesses die in "Infancy" due to a lack of cash flow. That's why sales are the most important priority (Cole 2010).

Youth ship this is where the company goes through the process of being re-born. The company begins to find life apart from the founder/owner. Systems are defines and implemented. The danger in this stage is for entrepreneurial leadership within the company to feel inhibited and start to leave. This happens when the systems are too burdensome (e.g. too much paperwork, too much reporting, etc.) However, it is critical for the business to find the right balance between structure and creativity.

Once achieved, the business becomes sellable. But there are challenges that make this transition difficult: Delegation of Authority - the owner must create and submit to systems this enables others to assume more responsibility, Change of Leadership - the owner brings someone in (or up) to be a manager ,the emphasis must switch to systems, policies, and administration; however, long-time employees may resist this, the founder/owner must not violate the policies and procedures so as to not undermine the new manager, Change Management - the emphasis is now on internal improvement and quality in every area; however, people do not generally like change, they do not like anyone "messing" with how they do things! These challenges lead to conflict (Cole, 2010).

Maturity is that season when the business is systematized and turnkey. It can run predictably and consistently without the owner. The problems here are usually around management training and the ongoing potential to lose entrepreneurial leaders within the organization. This is where a company reinvents itself in some way. Maybe there is a new product line, a new market niche, or an entirely new core focus. Organizations will not stay in their prime forever. They must renew and reinvent themselves for the future before complacency or decline comes in (Cole, 2012).

Long-term Strategy and Performance

Expansion is where managers must decide on appropriate way to compete internationally, a basic question confronting the managers of any organization that competes in more than one national market is to what extent the organization should customize features for its product and marketing campaign to different national conditions (Massie, 2004).Most companies first consider diversification when they are generating financial resources, therefore, it is excess to maintain

competitive advantage in their original or core business.

The diversified company can generate value in three routes that is: acquiring and restructuring, transferring competencies, economies of scope (Hiriyappa, 2012). Collaborations could be in terms of joint venture where two or more firms join to create a new business entity to achieve common purposes which are: pooling of complementary resources, access to raw materials or new markets , cost reduction , tax shelter (Hiriyappa, 2012).

RESEARCH METHODOLOGY

This study used descriptive research design to determine the relationships between the variables. The purpose of descriptive research is description of the state of affairs as it exists at the present or portrays a characteristic of a particular individual, situation or group (Kothari 2015). The unit of analysis or target in this study was small medium fuel dealers based in Nairobi. The population size at January 2017 was 74 small medium fuel dealers (KPC). Primary data was collected using a questionnaire. Secondary data was collected from Publication of Journals, reports and studies. The Regression Model was equated as:-

Table 1: Preferred Marketing Methods

Marketing Methods	Frequency	Percentage
Referral	7	30.43%
Networking	8	34.78%
Newsletter	2	8.7%
Cold calling	4	17.3%
Follow up	2	8.7%
Total	23	100%

The study sought to find out the level of agreement with statement regarding the influence of marketing methods on performance of small medium fuel dealers. From the findings the respondent agreed with the statement. This finding was consistent with Levinson(2008) whose findings

$Y=a+b_1x_1+b_2x_2+b_3x_3+b_4x_4+e$. Whereby a was an intercept , b was slope, x_1 was marketing methods, x_2 was competitive strategy, x_3 was establishment level , x_4 was long-term strategy and e was the error due to difference between observed value and the predicted value (Kothari,1984).

RESEARCH FINDINGS

Study Variables:

Marketing Methods

The respondents were asked to indicate the marketing methods they applied in their business. Table 1 showed that 30.43% of the respondent applied referral, 34.78% applied Networking, 8.7% applied Newsletters and 17.3 % applied Follow up. The findings suggested that the majority of the respondent applied networking as their marketing method. The dealers utilized the strength of networking as business tool that lies in the fact that it can be executed anywhere, anytime by those who know how to use it effectively. By networking dealers were able to build long-term relationship that lead to future and sustainable business.

suggest that Guerilla marketing is all about bootstrapping, creative leverage use of available resource and highly targeted mix of innovation and effective communication technology, networking, using energy and imagination and low cost. While Rosebloom (2007) suggest that Buzz marketing is all

about customer generated information distribution by verbal means especially recommendations by, through personal networking by creating excitement information and enthusiasm often connected to events.

Competitive Strategy

The respondents were asked to indicate their competitive choice or business tactic that they applied in their business. Table 2 showed that 56.52% of the respondent had applied low cost,

Table 2: Preferred Competitive Strategy

Competitive Strategy	Frequency	Percentage
Cost	13	56.52%
Differentiation	6	26.09%
Focus	4	17.39%
Total	23	100%

The study sought to find out the level of agreement with statement regarding influence of competitive strategy regarding performance of small medium fuel dealers. From the findings the respondent agreed to the statement. This finding is also in tandem with Hiriappa (2012) whose findings suggest that a company or organization has a competitive strategy when its profit is higher than the average of its industry. Therefore to achieve competitive advantage a company must either have a lower cost than its competitor or when a company charges a higher unit price than the industry average, it is engaging in premium pricing. From the consumers' perspective, if the consumer is to pay a premium price, then the company must add value to the product, these are unique and distinct features that differentiate the product from those

Table 3: Years in Business

Years in business	Frequency	Percentage
1-5	6	26.09%
6-10	13	56.52%
11-15	4	17.39%

26.09% applied differentiation and 17.39% applied focus. The findings showed that the majority of the respondent used low cost as their choice of competition or business tactic. Through these low cost products dealers were able to make higher profit than their competitors. They also managed to tame the industry rivalry and withstand competition better than other competitors.

offered by competitors along one or more dimension like quality, design, delivery time and after sale services and support.

Establishment Level

When asked about the number of years they are in business. Table 3 showed 26.09% of the respondent indicated that they are between 1 to 5 years in business, 56.52% are in business between 6 to 10 years and 17.39% are over 10 years in business. This finding portray that the majority of the dealers were in the youth ship stage of their life cycle. At this stage they have already solved their teething problem of lack of cash flow however facing the challenge to match their activities with the structure of the company.

Total	23	100%
<p>This finding was in consistent with Cole (2010) whose findings suggest that Youth ship this is where the company goes through the process of being re-born. The company begins to find life apart from the founder/owner. Systems are defines and implemented. The danger in this stage is for entrepreneurial leadership within the company to feel inhibited and start to leave. This happens when the systems are too burdensome (e.g. too much paperwork, too much reporting, etc.) However, it is critical for the business to find the right balance between structure and creativity. Once achieved, the business becomes sellable. But there were 3 challenges that made this transition difficult: (1) Delegation of Authority - the owner must create and submit to systems; this enables others to assume more responsibility.(2) Change of Leadership - the owner brings someone in (or up) to be a manager; the emphasis must switch to systems, policies, and administration; however,</p>		<p>long-time employees may resist this! The founder/owner must not violate the policies and procedures so as to not undermine the new manager.(3) Change Management - the emphasis is now on internal improvement and quality in every area; however, people do not generally like change, they do not like anyone "messaging" with how they do things! These 3 challenges lead to conflict.</p>
		<p>The respondents were asked to indicate the number of outlets they had. Table 4 showed 56.52% had between 1 to 5 outlets, 26.09% had between 6 -10 outlets and 17.39% had 11 - 15 outlets. This finding suggest that majority of the respondent complied with the requirements of the regulator that every dealers must have at least five outlets (stations) in order to be licensed. These outlets created distribution channels for the dealers where intense selling efforts are exerted in order to meet sales target set.</p>

Table 4: Number of Outlets

No of outlets	Frequency	Percentage
1-5	13	56.52%
6-10	5	26.09%
11-15	4	17.39%
Total	23	100%

This finding was in consistent with Gulf Energy Report, (2017) whose finding suggested that that their outlets were the distribution channel for their products that enable them to sale to their customers in different geographical areas or market sectors and totals to thirty four outlets in Kenya hence a market share of 6%.

The respondents were asked to indicate their volume of sales per day. Table 5 showed that 73.91% of the respondents' daily sales were 3000

litres per day, while 17.39% had daily sales of between 3000- 5000 litres per day, and 8.7% had sales of more than 5000 litres per day. This findings show that the majority of the respondent registered daily sales volume of 3000 litres. Dealers used volume to track their sales and identified what is affecting their revenues, expenses and profit. The sales volumes of 3000 litre per day translated to majority of the dealers not satisfactorily meeting their overhead cost and hence break even most of the times.

Table 5: Volume of Sales per Day

Volume of sales	Frequency	Percentage (%)
3000 litre	17	73.91%
3000- 5000 litres	4	17.39%
More than 5,000 litres	2	8.7%
Total	23	100%

This finding was consistent with Bonita, (2016) whose finding suggested that the sales revenue represent the money a company generates from selling products and services with which it must pay operating expenses and creditors. Rising sales can help a business achieve a competitive position in its industry, while declining sales may cause a company look for new sources of revenue.

The respondents were asked to indicate whether their regulators' price control affects them negatively. Table 6 shows that 47.63% of the respondents strongly agreed, 26.09 % agreed, 0%

Table 6: Regulators price control affects you negatively

Options	Frequency	Percentage
Strongly Agree	11	47.83%
Agree	6	26.09%
Neutral	0	0%
Disagree	4	17.37%
Strongly Disagree	2	8.7%
Total	23	100%

This study sought out level of agreement with statement regarding influence of establishment level on performance of small medium fuel dealers. From the findings the respondents agreed to the statement. This study also agreed with the findings of Kenya Government economic survey (2015) whose findings suggest that establishments were categorized into 3 groups depending on their age, number of employees and survival rate. This is portrayed by the fact that establishments that are more than 10 years of age are in their maturity stages and employed 50% of the employees, establishments that are aged between 4 to 9 are in

were neutral, 17.39 % disagreed and 8.7 % strongly disagreed. This findings suggested that majority of the respondents strongly agreed that the regulators price control affects them negatively. They wanted the formula used to calculate fuel price revised, arguing that Kenyans are paying for refinery charges yet the country's only refinery in Mombasa was shut. They argued that the product prices would be lower if determined by global oil prices and supply and demand forces. Respondents' emphases are on free market in lieu of price control that will favour both consumer and the dealers.

their youth ship stages and employed 27% of the employees and establishments aged below 4 years are in their infant stages and employed 23% of the employees. The survey concluded that establishment at infant and youth ship stages are more likely to die and establishments at maturity stages are more likely to survive.

The respondents were asked to indicate the current status of their business. Table 7 showed that 34.75% were declining, 47.83% were struggling to survive and 17.37 % are maturing. The findings suggested that majority of the respondent were

struggling to survive this could be associated with several problems like many of them being at infancy and youth ship stages with low survival rate due to cash flow scarcity and were likely to die,

Table 7: Status of Business

Status	Frequency	Percentage
Declining	8	34.75%
Struggling to survive	11	47.83%
Maturing	4	17.39%
Total	23	100%

This finding was in consistent with (GoK, 2015) whose economic survey, establishments are categorized into 3 groups depending on their age, number of employees and survival rate. This was portrayed by the fact that establishments that are more than 10 years of age were in their maturity stages and employed 50% of the employees, establishments that are aged between 4 to 9 were in their youth ship stages and employed 27% of the employees and establishments aged below 4 years were in their infant stages and employed 23% of the employees. The survey concluded that establishment at infant and youth ship stages were more likely to die and establishments at maturity stages are more likely to survive.

Table 8: Expansion

Options	Frequency	Percentage
Improved by below 25%	0	0
Improved by 25%-50%	17	73.01%
Improved by 50%-75%	6	26.09%
Improved by over 75%	0	0
Total	23	100%

This finding was in consistent with United Nations' Economic Development in Africa Report, (2009) whose finding suggested that Kenya and Uganda were important trading partners, but formal trade link between them had been constrained by a myriad of factors which had spurred the growth of informal trade. The trade between Kenya and

price control and hard competition, inability to repay bank loan hence facing foreclosure from banks.

Long-term Strategy

The respondents were asked to indicate how expansion influences growth of their business. Table 8 indicated that 73.01% of the respondents indicated that expansion improved growth by 25% to 50% while 26.09% indicated improved growth by 50% to 75%. This finding suggested that the majority of the respondents didn't transit their products to neighbouring countries. This showed that majority of the respondent did not have enough financial muscles to expand their market networks. They had decided to serve targeted customer groups with the same products and follow the same objective to maintain the stable business status.

Uganda was substantial and vital to both countries. Despite trade promotion protocols, and market reforms which to a large extent, had eased exchange controls and commodity movement restriction, high sales taxes and bureaucratic imports / exports procedures still inhibits formal trade between the two countries.

The respondents were asked to indicate how diversification contributed to the growth of their business. Table 9 showed that 73.91% indicated improved growth by 25% to 50% while 26.09% indicated improved growth by 50% to 75%. This findings suggested that majority of the respondents did not invest in other areas. Dealers were also facing declining profit while their competitors

Table 9: Diversification

Options	Frequency	Percentage
Improved by below 25%	0	0
Improved by 25%-50%	17	73.01%
Improved by 50%-75%	6	26.09%
Improved by over 75%	0	0
Total	23	100%

This finding was inconsistency with Obigbemi, (2007) whose finding suggest that investing in other areas different from your current business is an items of value. This item is very important to small businesses because they generate revenue, increase business value, facilitate running of business and they can be sold or transferred to lower tax bill or and increase efficiency of business. Asset represent significant portion of small business net worth. Both assets and investment in different areas help small businesses to survive during hard times as they are sources of revenue to be exploited to turn around declining business.

The respondents were asked to indicate whether collaboration with other companies influenced

Table 10: Collaboration

Options	Frequency	Percentage
Improved by below 25%	0	0
Improved by 25%-50%	15	65.22%
Improved by 50%-75%	8	34.78%
Improved by over 75%	0	0
Total	23	100%

(multinationals) were experiencing innovative break through. This situation was slimming their chances of survival or and recovery. They were not in a position to employ turn around strategies due to lack of asset reduction that is sale of land, building, equipment or cash to stimulate sales from other investment in order to gain stability.

growth of their business. Table 10 showed that 65.22% of respondents indicated improved growth by 25% to 50% while 34.78% of the respondents indicated improved growth by 50% to 75%. This finding suggested that majority of the respondents were not involved in collaborative arrangement. Respondent fear expenses involved overestimated economic benefits, inadequate pre-collaboration screening and lack of proper integration.

This study sought out level of agreement with statement regarding influence of survival strategy on performance of small medium fuel dealers. From the findings the respondents agreed to the statement. This finding was in contrary to findings of Daniels (2015) whose findings suggested collaborative arrangements come in several ways that include: Licensing, this is where licensor grants right to intangible assets to licensee. Franchising, franchisor sells to franchisee use of intangible property rights but also operationally assists the

franchisee continuously. Management Contract, this is where company transfers its superior management resource to assist another company for a specific period of time and for a fees. Joint Venture, this is where business entity is created by two or more parties generally characterized by shared ownership, shared returns and risks and share governance to achieve a particular purpose over a defined period of time(5) Strategic Alliance, this is an alliance where two or more parties develop contractual relationship(Daniels,2015).

Correlation between Firm Performance and Independent Variables

Table 11: Correlation between Firm Performance and Independent Variables

	Performance	Marketing	Competitive	Establishment	Survival
Performance	1				
Marketing	0.3871	1			
Competitive	0.1930	0.0260	1		
Establishment	0.6114	0.2292	0.1884	1	
Long-term	0.5604	0.1131	0.1637	0.4350	1

This section was focused to measure the correlation between Firm Performance (dependent variables) and Independent variables. The findings in table 11 suggested that there was strong correlation between dependent variables and Independent variables that is Marketing Methods and Firm Performance($r = 0.3871$, $p < 0.01$), Competitive strategy and Firm Performance($r = 0.1930$, $p < 0.01$), Level of Establishment and Firm Performance($r = 0.6114$, $p < 0.01$), Long-term Strategy and Firm Performance ($r = 0.5604$, $p < 0.01$). Where r represents regression and p calculated probability. There was a correlation between marketing methods and firm performance which is 0. 3781 fairly strong positive relationship. This strong relationship between marketing strategy and firm performance can be attributed to money small medium fuel dealers spend on marketing strategy to draw new traffic to their products. This has fortified the contents of their marketing strategy to enable them equate everything to bottom line.

These efforts boosted the number of times a customer needs to see impression to make a buying decision and dealers reaching their targeted audience.

There was a correlation between competitive strategy and firm performance which was 0. 1930 fairly strong positive relationship. This was due to small medium fuel dealers taking competitive advantage as a critical activity despite being challenging and time consuming. This was achieved by small medium fuel dealers having secured marketing position where their businesses have achieved success, and in other areas struggle to compete with bigger competitors (Multinationals) on price and earn a profit.

There was a correlation between establishment level and firm performance which was 0. 6114 fairly strong positive relationship. This was because small medium fuel dealers went through a life cycle whereby at infancy stage they experienced weaker sales and the bigger challenge was cash flow. At the

youth ship stage they experienced growth however there was a challenge of right balance between structure and activities. Maturity stage is where they got their clear vision, plan and direction in order to drive their business to success.

There was a correlation between long-term strategy and firm performance which is 0.5604 fairly strong

positive relationship. This was due to small medium fuel dealers' realization that expansion, diversification and collaboration are money making schemes; it is also an opportunity to gain access to new skills and networks. Acquiring assets and investment in different areas helped in raising capital to facilitate turn-around instances to ensure long-term survival.

Regression Analysis

Table 12: Multiple Linear Regression

Firm Performance	Coefficient	Std. Error	T-statistic	P-value
Marketing model	0.3602	0.0710	5.07	0.000
Competitive strategy	0.2028	0.0495	4.10	0.001
Establishment level	0.2390	0.0568	4.21	0.001
Long-term strategy	-0.3751	0.1100	-3.41	0.003
Intercept	1.4787	0.3546	4.17	0.001
R2	0.7662	Adjusted R2	0.7142	

A regression analysis procedure was used to assess and come up with a multiple linear regression model to indicate the relationship between the dependent variable Firm Performance and the four independent variables that include Marketing Methods, Competitive Strategy, Establishment Level and Long-term Strategy.

The findings in table 12 suggested that value of $R^2 = 0.7662$ which implied that 76.62 % of the variance in firm performance was accounted for by the four independent variables included in the regression model and also the significant predictors of the dependent variable firm performance was at 1% level of significance.

Table 13: Simple Linear Regression

Firm Performance	Coefficient	Std. Error	T-statistic	P-value
Marketing model	0.2528	0.1317	1.92	0.068
Intercept	1.2077	0.2086	5.79	0.000
R2	0.1499	Adjusted R2	0.1094	
Competitive strategy	1.1209	0.2198	5.10	0.001
Intercept	1.8373	0.2784	6.60	0.000
R2	0.1036	Adjusted R2	0.0609	
Establishment level	0.2764	0.0781	3.54	0.002
Intercept	1.1286	0.1400	8.06	0.000
R2	0.3738	Adjusted R2	0.3440	
Long-term strategy	-0.5041	0.1626	-3.10	0.005
Intercept	2.471	0.2873	8.60	0.000
R2	0.3141	Adjusted R2	0.2814	

A regression analysis procedure was used to assess and come up with a Simple regression was used to assess individual contribution of each independent variable that is Marketing Methods, Competitive Strategy, Establishment Level and Long-term Strategy against Firm Performance.

The findings in Table 13 suggested that all the variables were significant and affected the dependent variable (Firm Performance) with a realistic value of R squared for Marketing Methods (0.1499), Competitive Strategy (0.1036), Establishment Level (0.3738) and Long-term Strategy (0.3141). The findings were compared with results from other related studies. Generally, there was an indication that all independent variables have positive influence on firm performance.

Waithaka, Muturi and Nyabuto (2014) whose aim was to determine the effects of marketing strategies on growth of small business in Kenya with reference to businesses at Kariokor Market in Nairobi found out that the use of various marketing strategies affected the growth of small businesses. The study found out that it is not only important that business advertise but also be able to choose the right media to reach as many people as possible. The study acknowledged that word of mouth could only be effective if the quality of goods is good and that customer is highly satisfied.

Comparing the results from various studies reviewed to competitive strategy and firm performance. It can be deduced that for a small business to compete favorably with its rivals in the same industry, it must be able to meet the demand of the people as well as the right price for right product. In line with sentiment of Obigbemi, (2010), low cost and high quality infrastructure service tend to improve price competitiveness and entrepreneurs should strive to increase turnover of their products by fixing the price at a level that the

consumer will accept as being commensurate with benefit of the product. Similar observations were noted in Mahajar and Yunis (2009) study that showed innovative differentiation strategy is most adopted by SMEs exporters hence improved the export performance.

Findings on establishment level were similar to Vozikir, (2007) whose finding suggests that although SMEs are vital part of most economies, there has been much concern about failures. This has led researchers to examine causes of high SMEs mortality and suggest possible solutions to success. For success of any attempts to prescribe a diagnosis to SME problems there is a need for entrepreneurs to understand problems facing their enterprises. Different problems will face their enterprise depending on the stage of development of enterprise.

Research findings on other hand, encourages entrepreneurs to determine the stage of development their firm has reached, so that a strategic disadvantage (advantage) profile can be drawn based on the problem experienced at various levels.

Findings on long-term strategy were inconsistent with Iorun, (2014) who concluded that SMEs in Nigeria can thrive by employing such survival strategies as creativity, high risk taking and identification of areas of business opportunity amongst several others. There is no doubt that SMEs can be veritable tool of economic growth and development in Nigeria, They constitute the larger and effective arrowhead of private participation and ownership of the economy. Tackling the twin problems of unemployment and poverty will be a *sin qua non* in addressing youth vices in Nigeria.

CONCLUSION AND RECOMMENDATIONS

The study found out that marketing methods influence the performance of small medium fuel

dealers positively. This is because the study found out evidence that marketing methods helped small medium fuel dealers to identify their target and set measurable goals that are vital to their success and bring growth and positive change at the bottom-line. Small medium fuel dealers who applied acceptable marketing methods were able to post good performance.

Concerning the influence of competitive strategy on performance, the study found out that competitive strategy is the only item that allowed small medium fuel dealers to earn excess return for its shareholders. It is the most important attribute that small medium fuel dealers placed their focus on. The small medium fuel dealers who embraced competitive strategy that is reduced their cost, differentiated their products and focused on their niche were able to successfully outperform their competitors.

On the influence of establishment level the study found out evidence that suggested that establishment level do positively influence performance of dealers as their businesses goes through the life cycle of infancy, youth ship and maturity.

The study revealed that 83% of small medium fuel dealers drop out at infant and youth ship stages while only 17% makes it to the maturity stage. This is the stage where few small medium fuel dealers have become stable, successful and progressive.

Survival strategy have positive influence on the performance of dealers as the study found out that majority of the small fuel dealers did not earn a long term profit to survive in the long run therefore not meeting their objectives that is to exist, survive and grow resulting to many of them struggling to survive, divested or demised

Conclusion of the Study

The best Marketing method to be embraced by small medium fuel dealers' in terms of advertising their business in modern world is interactive as opposed to interruptive advertisement. People will do business with, and refer business to those people they know, like and trust. Interactive is the most effective way of advertising though small medium fuel dealers are challenged by its execution. If poorly executed as it is most of the case, its benefit will be eroded.

Competitive strategy must be used to propel consistence in generating customer value and the business tactics applied must be difficult for competitor to copy .Small medium fuel dealers have to be innovative by employing staffs who are holders of knowledge to innovate and support innovative culture.

Establishment level is of paramount to ensure continuity of an investment , dealership that are aged 10 years and above that is at maturity stage are stable and successful so all the dealership should strive to reach this stage for return on investment and Profitability to be realized.

For Long-term strategy to be secured small medium fuel dealers need to engage in diversification, expansion and collaboration with other companies so as to achieve the business objective that is survival and growth. In instances where this objectives are challenged it will act as a fall back plan to resuscitate the business for future success.

Recommendations of the Study

Dealer should take marketing methods serious as it is the key to their success. It helps in discovering the areas affected by dealers' growth and thereby helps in creating plans to cater for the customer needs. It also helps the dealers to make optimum utilization

of their resources so as to provide sales message to its target market.

Dealers should continuously take the heed of the importance of competitive strategy in creating and retaining customers who are the raters of their business and determine the reason being of the business in this competitive world where the weak demise.

The study recommended that dealers should consider establishment level as an integral part of their business by turning their initial challenges to be strategic enablers that will propel them to reach the maturity age of ten years. The success at the maturity stage will mean that their dealership is stable and have clear perspective and approach of what must be done to be where it wants to go and realize its predetermined goals.

Dealers' representatives or leaders to be brought on board or allocated agreeable slots by the regulator to monitor the industry ,so that when regulator makes decision that affects all players in the industry they can address their concerns like their preference for free market that favours

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dealers and consumers in lieu of price control that tilt towards favouring Multinationals.

Finally the study recommended that dealers should see the long-term strategy of their businesses as critical element and invest in different areas, acquire assets or form an alliance with other companies in order to get large capital funds, spread risks between more partners, get survival skills from other partners and enjoy synergy due to combined efforts of varied partners.

Recommendation for further Study

- Further study should be carried out with same title but different sample, research design and content.
- Similar study that is conceptualized differently.
- Similar study that will introduce a moderator or intervention.

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