

**ANALYSIS OF PETROLEUM FIRMS' PERFORMANCE: MARKET FACTORS AND
THE KEY FACTOR DRIVERS; A CASE STUDY OF SELECTED PETROLEUM
FIRMS IN UGANDA**

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ABSTRACT

The petroleum industry is very dynamic with a lot of competition and many market forces that dictate business performance especially in terms of sales. The purpose of this study was to analyze petroleum firms' performance in terms of sales, examine the petroleum market factors, that is, the pump price, product features, distribution channel, and promotion activities which explain the sales performance for Delta Petroleum Ltd, Shire Petroleum, Hared Petroleum Ltd, Kobil Uganda Ltd and Mogas for the period from January 2013 to December 2014 and assess the extent to which their key drivers influence sales performance levels.

The study used qualitative methods and the research design was descriptive. The study used both primary and secondary sources of data. The survey method through use of a questionnaire with closed-ended questions was employed to collect data. Probability sampling method and specifically simple random sampling technique was used to select respondents who were employees working at the city centre stations of Delta, Shire, Hared, Kobil and Mogas. The study revealed that these five firms have been struggling for the last two years with declining sales performance. The most recognized petroleum market factor is the pump price, followed by the product features, promotion activities and lastly, the distribution channel. The key drivers that mainly influence the pump price are international price, government tax, and supply chain costs. The key drivers that mainly influence the product features are the quality, branding, and customer care.

The study results showed that the sales performance for the five petroleum firms had declined because the industry is very dynamic with many small companies joining every year due to the fact that it was deregulated in 1994. The pump price determines the purchasing power of the consumers. Product quality is also very important in ensuring customer satisfaction. Promoting new products on the market creates awareness among the potential customers resulting in increased sales volume. The study recommended the government to put measures to ensure that the industry is well regulated in order to control the emergency of new petroleum companies without qualifications hence reducing on competition.

Key words: Petroleum products, Sales performance, Market factors, Key drivers