

TOPIC

**THE DISTRIBUTION SYSTEM AND ITS IMPACT ON THE
AVAILABILITY OF PETROLEUM PRODUCTS IN NIGERIA
(A CASE STUDY OF KEROSENE IN ENUGU AND ANAMBRA STATES)**

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ABSTRACT

The Nigerian economy is petroleum based. The contribution of the oil sector to the economy has been enormous. Kerosene, one of the products from the sector is mainly of domestic use.

The availability of Kerosene is what every consumer of the product desires. The availability of Kerosene to end users is made possible by both the NNPC and the oil marketing companies.

The physical movement of this product is from the refineries to the depots, to retail outlets and finally to the end users. It could also move directly from the refineries to the retail outlets.

Most times instead of having this product available, the reverse is the case. It is in the light of this that the physical distribution system for the distribution of petroleum products, using kerosene as the case study is being studied in this work.

The question then is: -

1. Does the NNPC depots as presently located in Nigeria have any effect on the level of availability of Kerosene in Enugu and Anambra States in terms of proximity?
2. Does the inefficient performance of the following the cause of non-availability of kerosene within the period under study.
 - i Developing customer service standards
 - ii Establishing inventory management and control
 - iii Designing adequate order processing systems
- 3 Is the physical distribution system (NNPC depots and pipeline system) the major problem militating against the level of availability of Kerosene in Enugu and Anambra States?

It is based on these questions that the following hypothesis were formulated.

1. NNPC depots as presently built in Nigeria determines the level of availability of kerosene in Enugu and Anambra States.
2. The efficient performance or otherwise of the following functions also determines the level of availability of kerosene in Enugu and Anambra States.
 - i Developing customer service standards
 - ii Establishing inventory management and control
 - iii Designing adequate order processing systems.
3. The persistent shortages or short supplies of kerosene are caused by the intermittent closure of refineries and depots than inefficiency in the performance of the physical distribution activities.

Two categories of questionnaires were distributed while three categories of respondents – Executives of NNPC at depots, staffs of oil and independent marketing companies and consumers whose responses were oral, were involved in the survey.

Hypothesis (1) was tested using the F distribution. Three cities were selected. 18 filling stations were also selected in the three cities with the quantity of kerosene sold within a particular period. The total variation, within city and between city variation were calculated.

Hypothesis (2), due to its nature was tested using simple deduction, figures and response were compared.

Hypothesis (3) was also tested using the F distribution.

Three periods were selected – periods of strikes/closures and normal supply period.

The quantities of kerosene sold within each period was determined. The total variation, within and between period variations were calculated.

The following were the major findings:-

1. The NNPC depots/refineries as presently located to a great extent determine the level of availability of kerosene in Enugu and Anambra States.
2. The inefficient performance of the following was not the cause of kerosene non-availability within the period under study.
 - i. Developing customer service standards
 - ii. Establishing inventory management and control
 - iii. Designing adequate order processing system
3. It was also discovered that the non-availability of kerosene was caused more by the intermittent closure of refineries and depots, than inefficiency in the performance of the activities.
4. The major policy measures taken by the government in response to the constraints, weaknesses and problems associated with the distribution of kerosene in Nigeria e.g. hoarding and smuggling are unsatisfactory.
5. There are no serious differences in the individual operating methods of distribution among the oil marketing companies except the variation in the number of tankers, retail outlets and depots used.
6. Customers of kerosene are satisfied with the present distribution channels used.
7. It was also discovered that lack of good roads hinder transportation of kerosene to the rural communities.

8. The NNPC storage facilities (depots) are not adequate both in number and size.

It was based on the above findings that some recommendation were made. It was hoped that when the government executes all the policy recommendations made in the report, the oil marketing companies as well as their independent marketers will have comfortable ground to improve on their services which will enhance the product's availability at all times.