

CONCLUSION

The tangible and intangible benefits which have come to the company in its Sales Areas, as a result of a full-scale company-dealer relations programme, hold bright promise for the usefulness of this activity throughout Esso Standard Malaya Ltd. A national network of dealers with close ties among themselves and with the company, a net work whose service stations are centres for public relations projects which bring dealers prestige and increased income, could help furnish Esso with an enviable edge over its competitors. It must be pointed out here that Esso's competitors like Shell, Caltex, Mobil, and British Petroleum have similar networks too but it is Esso's intention that it maintains a standard which is as good, if not better than that of its rivals in quality of service, quality of gasoline, and above all quality of its dealers who are indeed the prime factor in determining the success or failure of a service station. Shell unquestionably has a good lead over the other companies in the development of its retail outlets but encouraging signs are already prevalent in Esso's Market Research Department, for

since the invasion of Esso's activities into the Malayan scene, Shell's market share in the overall sales of gasoline has slumped from a high 75% to its present position of 51% only. Esso currently comes next to Shell with about 28% of the market share while Caltex ranks third with about 15%. The remainder is shared by Mobil and British Petroleum.

Esso's sales have shown a clear upward trend and the company's analysts are optimistic that sales will surpass all records this year. Greater emphasis therefore has been placed upon dealers in the dual functions first, as the company's best customers and second, as its sellers who directly deal with the public at large. This indicates the important role that the company-dealer relations programme has to play and it must be stated that it adds a new dimension to marketing; for not only does it enhance the company as an important supplier of energy but most important of all, it helps upgrade the Esso dealer as an individual. It gives him added reason for effort and initiative. It gives him a constructive outlet for his business ideas, frustrations and desires. This, in itself, should bring greater acceptance of the marketing operations of the dealers to the company as well as to the public.

Better dealer relations and more widespread

Dealer satisfaction are powerful factors to any company moving aggressively forward to serve larger numbers of customers. Dealers have common problems and common aspirations in meeting the public which makes the final decision about the success of all business institutions. It is the objective of the company first to establish a good relationship with its dealers and then through them to establish good public relations. In our country to-day the dealer stands in the foreground of a bewildering and expanding age of motor travel. His participation in campaigns to improve the safety of our highway travel, for example, would be a real national service as well as one reflecting credit upon himself and the company whose products he sells.

Wherever the place or whatever the project, dealers and the company have much to gain from their cordial relationship and good dealer public relations. The underlying point to consider is that company-dealer relations programmes are not abstruse or expensive. They fit into the normal pattern of the company's marketing activities. Dealer advisory groups, or meetings of dealers certainly are not new in themselves. Indeed almost all the main companies in the petroleum market have these setups. If the skills acquired from this company-dealer relations programme are carefully applied to develop the public

relations sector, if new or better dealer organisations are formed, if simple communications are established and maintained, if company-dealer relations are intensified, the prospects for benefits to the entire company are substantial.

To make company-dealer relations programme part of the company's regular sales programme is to add a new dimension to marketing operations. That dimension is one that leads to increased station traffic,⁴² greater dealer income, individual and group satisfaction, increased loyalty to the company, and growing status for the dealer and the Esso name. The company-dealer relations programme strengthens the bond between the company and its dealers. It does this by giving the dealer information about the petroleum industry and helping him tell, in constructive ways, his story to the public.

What will happen if Esso is suddenly deprived of this relationship in its marketing operations? Undoubtedly the consequences would be immeasurable; for its whole operating machinery would collapse within

⁴² This is the traffic that comes into the station to do business. Vehicles that pass by the station or stop in it without any business transaction are excluded in station traffic.

and distribution would be disrupted with their consequent disasters and the competitive position of the company would be greatly jeopardised. Sales will drop, delays and disruptions in operations will ensue, inventory will build up - thereby increasing insurance and storage costs and above all profit maximization objectives cannot be realised. A petroleum firm without a cordial company-dealer relationship is unrealistic and would be deprived of one of its most valuable marketing assets.

✓ At this point one more question can be asked. Would it not be better for the company to do its own retailing, thus dispensing of the services of its present dealers? At a glance this would seem an attractive arrangement for it would at once do away with of the company's dealer relations programme. Money would be saved in this respect and instead of trying to control a host of independent dealers, the company would have its employees running its nationwide network of retail outlets. On paper this alternative set-up looks attractive enough, but in practice it is not feasible.

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company without whom it would have to hire a cumbersome array of salesmen and personnel to manage the numerous station outlets in the company's area of marketing operations. In such a big company as Esso, control problems are always prevalent and even in its present set-up control problems occasionally get out of hand. What more if the present dealer-run system of managing retail outlets is replaced by one, solely run by company personnel. This would seem to be a better alternative and it could be argued that the company's own personnel could even be a better "mouth-piece" to get the company's message to the target market. While agreeing to the latter, the former alternative that company personnel operate all Esso retail outlets, must somehow be approached with prudence, careful analysis and in a realistic and practical manner.

Currently, without doubt, Esso is one of the leading industrial firms in Malaya and even with its scientific approach to labour problems,⁴⁴ control often gets out of hand. Esso's policy is to have a narrow span of control and with dealers recruited as its full fledged employees, control problems can

⁴⁴ Currently Esso is having labour problems with its Staff Union over the question of lorry drivers. Owing to the purchase of bigger tankers the company does not require so many drivers and it contemplates transferring some of the drivers to other jobs. This brings in feeling of insecurity to the drivers concerned.

reach unmanageable proportions. Operating frictions would hinder effective supervision with the resulting increase in the levels and spans of management.⁴⁵ As paid workers with fixed income, the new operators would operate retail outlets with little incentive while some might be working below the average efficiency level; for with the much increased labour, a slackening of direct supervision and neglect are bound to set in. As regards the question of incentive, this could undoubtedly be increased with the offer of bonuses for more efficient work but from the overall point of view, would this be sufficient to cause the company to alter its present set-up of dealer-run retail outlets? It must be remembered that dealers are owners of their business and as such, their profit motives would be much greater than that of an operator who runs a service station only as a company employee. The rewards and profits that accrue to a dealer are his own and of course, the losses are his to bear too. In such a situation, a dealer would undoubtedly be a better operator than a company's employee. Consequently, the company must adhere to its present set-up for experience has proved that it

⁴⁵ Esso policy is to have narrow spans of management. It believes that this will be more effective than a wide span.

is the most practical and feasible.

As such the company's dealers will always occupy a place of importance in Esso's organization, for the news the dealers tell is the company's news, and often he has the public's ears more frequently than the company. Consequently, to establish an unbroken communication line from the company to the public and vice versa, it is inevitable that the company must first establish good dealer relationship. This relationship is indispensable to both the company and its dealers for it not only enhances the Esso name but it also adds a new dimension to marketing. This new dimension can be a deciding factor on whether Esso retains its present sales position or not. Competitors are always on the look-out for its weak link but as long as Esso has a strong, enterprising and efficient force of dealer network, its position in the petroleum industry can be assured of.