

# Example of competitive marketing analysis essay

[Business](#), [Company](#)



Sonatrach an Algerian national energy company. It was established back in 1963 with its natural gas and oil exploration. It is the principal oil exploration company in Africa and is position eleven in the world. This means that this company has both domestic and international competitors. In Algeria, however, sonatrach remains the dominant force in the market due to the protection of the government. Due to the recent variations in the economic strategies of Algeria, the country has become more welcoming to international companies and thus there is an increasing competition from companies such as BP, Linde, In Salah JV and Total. Globally, Sonatrach has to compete for the same markets with established companies such as Gazprom from Russia.

In 2010, production from fields operated by Sonatrach and its partners reached 59. 1m toe, representing almost 28 percent of total hydrocarbons primary production. Currently, Sonatrach continues its policy and ambition to become a global player particularly in the upstream and downstream. Algeria has three channels for gas to Europe and is constructing a fourth, but is also building two more LNG trains because it was aiming to have raise the share of LNG to 50 per cent of all exports, in order to have more flexibility in choice of markets especially to export to the Atlantic basin and the US. Linde enjoys market shares in excess of 25percentage in Greece, Germany; the United Kingdom, Netherlands, Denmark, Austria, Sweden, and Iceland as well as in Finland and Norway. In Salah JV, it is represented for by only around 2 % of the EEA/Algeria/Russia market and approximately 4% in the EEA alone.

Relating actual sales for Statoil, BP, Sonatrach and projected sales volume for the In Salah JV in 2010 the parties united share (based on 2001 market

size) is around 20% (BP: [0-6]%; Sonatrach: [0-10]%; Statoil: [0-5]%; In Salah: [approximately 5]%). If the topographical market was to be the EEA, the companies' joint market share is 27%. (Sonatrach: [10-20] Percentage; BP: [0-10] percentage; Statoil: [0-10] percentage; In Salah: [approximately 2] %).

In the market, there have already been significant changes in the market share depending on the products that the rival companies produce. Most of the companies have decided to partner together so as to increase their market share. Partnership is an integral part of Sonatrach's strategy and is confirmed through the various hydrocarbons laws enacted by the Algerian State. The synergy between the national and international companies has enabled access to advanced technologies developed by the international majors and sharing of financial and technical risks inherent in hydrocarbons exploration and production. Gazprom in particular has seen its rise in the European market. This is due to the huge gas deposits in Russia and the well-developed infrastructure for the mining and the transport of the oil products and natural gas. Significant developments have also arisen due to the discovery of natural gas deposits in countries from the sub-Saharan countries and have led to the competition of the already existing markets. The competitors in the market have segmented themselves into particular business functioning in that they are able to do everything from the exploration of the natural gas deposits to the sale and marketing of the products. According to Beltran (2010), some of the competitors "make" the product while others rely on their partners so that they can sell the products. BP, for example, is involved in all the sectors from the production

to the sale of the products. Gazprom, on the other hand, is more specialized in the delivery and sale of the gas even though it also produces the natural gas. Gazprom is one of the largest providers of natural gas in eastern Europe.

The strategies that the competitors use towards reaching the target market are the sale of the natural gas in lower prices. Others such as Gazprom have invested hugely on infrastructure in that they are able to supply the households with their natural gas using their own networks. Other companies target what the “ customer needs” and these may vary from the different usage of the oil and the gas. Some companies just target electricity-producing companies and fend off their competitors by offering lower prices. The products that are created by the competitors are mostly similar to the products produced by Sonatrach. Nashashibi (1998) argues that there are some other competitors who use other methods of energy such as coal and nuclear power. In nations where the nuclear power is highly used, then the demand for the natural gas is low. Some countries such as Japan and Germany have reduced the use of nuclear power, which has led to an upsurge in the plea for the natural gas.

The promotional strategies that the competitors use include the use of advertisements in popular sports teams such as Gazprom in Schalke 04 in Germany. Other companies utilize advertisements in televisions and billboards. The advertisements and especially the ones used in sports franchises are effective in that they reach a wide audience as the sports are relayed globally. The distribution channels include the use of pipelines, lorry trailers and ships.

## **References**

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