Good Industry Practices Workshop - Nairobi, Kenya

Thursday, 7th July 2011

Case Study A – Midland

Midland is a country with a population of 20 million people. The economy is reliant heavily on agriculture.

There are two refineries in Midland that partly meets the demand for petroleum products; the balance is met with imports. Midland has no natural gas.

Most of the population is using biomass (charcoal and wood) and subsidised kerosene as their primary fuel for domestic use.

The government of Midland has become concerned about several key issues; public health, deforestation and budgetary constraints. As a result they announced a year ago measures to encourage the use of LP Gas including the removal of subsides on kerosene, restrictions on the use of biomass and the removal of excise duty and import duties on LP Gas and LP Gas equipment.

LP Gas was introduced to Midland about five years ago but it has always been seen as a ‘rich man’s fuel’ and has achieved limited penetration. Last year the per capita consumption of LP Gas in Midland was less than 0.1kg/year.

During the last twelve months there has been a rapid increase in the use of LP Gas - with users switching from kerosene and biomass - but there have also been a number of incidents resulting in LP Gas related fires in the home and related injuries. In one serious incident last month several people suffered serious burns and one person subsequently died.

The local media has launched a vigorous campaign in the press and TV against LP Gas claiming it is unsafe, dangerous and should not be used in the household.

The following is a description of the three different roles played out by the three syndicate groups and their feedback responses during their presentations.

This is followed by some comments from the WLPGA at the end.
Group One – TV producer

You are a TV producer for one of the most popular TV documentary programmes in Midland which is shown at prime time and are planning to cover the recent LP Gas incident in next week’s show. You intend to present the programme as confirmation that LP Gas is unsafe and dangerous to the people of Midland.

(i) Describe how you would gather information for your programme?

(ii) What are the key messages you will be making?

Feedback from the Syndicate Groups

‘...LP Gas is the invisible killer...we will use that theme for the programme...

‘...Interview victims, neighbours, users and non-users and ask them...’Why are you afraid?’...Spike it up!...

‘...Take photos of equipment, houses, people in bandages, blood...dramatise...

‘...Interview government officials and play back the ‘great stories’ and emphasise what has happened...embarrass...!’

‘...Research into the errors in other markets highlighting where things have gone wrong...

‘...Interview dealers...

‘...Bring in experts who are not happy about how things have been handled...

‘...Emphasise how badly/ill prepared the government has been to deliver promises...

‘...Highlight the cost of accidents...

‘...Discuss how they could have been prevented...

‘...Say why the industry doesn’t know how to do it...

‘...Talk about the pros and cons of LP Gas – emphasise the cons...

‘...Use bad examples from other markets...

‘...LP Gas marketers don’t know their product...

‘...Need to educate the consumer...

‘...Expensive product – consumer can’t afford it – what are we doing about it?...

‘...Consumers don’t know what to do in an emergency...

‘...Victims had no idea what to do...

‘...No government standards - no regulations...

‘...Interview illegal refiller...get him to explain how his business has been affected by all this...’
You are the Chairman of the Midland LP Gas Association and at a recent meeting with your members it was reported that the LP Gas incidents that have been occurring, including the fatal incident that occurred last month, have been caused by unapproved LP Gas equipment and a poor understanding by the consumer of the safety issues of LP Gas.

(i) What action do you intend to take?

(ii) What recommendations you will be making?

Feedback from the Syndicate Groups

‘…Investigate to determine causes of incident…’
‘…Share findings with media to stop negative publicity…’
‘…Undertake media awareness/education campaign to change attitude from negative to positive…’
‘…Share good examples with stakeholders to education how to use LP Gas safely…’
‘…Work ‘hand in hand’ with government to assist in developing technical standards and regulations…’
‘…Assist in the enforcement of regulations…’
‘…Conduct an audit of cylinders/equipment in the market…’
‘…Be careful with the media…’
‘…Find out who is doing this? Root out the bad practitioners (issue yellow card/red card)…’
‘…Conduct campaign to educate media/consumer…’
‘…Make available LP Gas safety information on internet/manuals etc…’
‘…Engage with educational institutions to pass on information to young groups…’
Group Three - Minister in the Midland government

The government of Midland is concerned that the spate of incidents and the adverse publicity will undermine their policy of moving people from kerosene and biomass to LP Gas.

You are the Minister in the Midland government who is responsible for the kerosene/biomass to LP Gas programme and have called a meeting with your colleagues to decide what action to take.

(i) What action do you intend to take?

(ii) What recommendations you will be making?

Feedback from the Syndicate Groups

‘…Set up an enquiry…’
‘…Conduct an Investigation to determine root causes…’
‘…Create study group with external stakeholders…’
‘…Involve LP Gas marketers to train consumers on the importance of safety…’
Comments from WLPGA on Feedback

- The case study feedback demonstrates that the media can be a very powerful stakeholder in the LP Gas industry

- There are many perceptions about the product that can be reinforced or challenged by a strong media voice

- As an industry it is important to keep close relationships with media groups even when there is not much to report

- When serious issues arise that may affect the industry it is preferable to have an understanding media that can present a balanced view

- The case also illustrates the importance of the need for good educational programmes for the consumer, especially when the consumer is using LP Gas for the first time

- In countries where programmes of this type have been launched demonstration kits (just a simple cylinder, regulator and stove/hotplate assembly) are useful for consumers to use and become comfortable about using. This is a role for the distribution channel (dealer/retailer) with support from the industry players through an Association.

- If you think safety is expensive…try accidents!

- Remember the following:

The Role of Governments...

- Maintain a partnership with the LP Gas industry and be aware of, and work to rectify, some of these bad practices

- Provide a competitive business climate through the application of sound government practices that:
  - Ensure common rules for all
  - Clearly define the rights and responsibilities for all participants, including customers
  - Offer those with investments an opportunity for a fair financial return
  - Provide a form of redress for those aggrieved by bad practices

- Provide a level playing field where the rules are the same for all players

The Role of the LP Gas Industry...

- Continue to develop standards and codes of practice that are consistent and evolve with technology

- Be accountable and accept responsibility to:
  - Provide a safe dependable energy to its customers
  - Provide trained staff and keep them well trained
  - Operate its plants, transportation and equipment in a safe manner
  - Treat employees, contractors and customers fairly
  - Cooperate with local and national officials

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