

The First Annual Industrial Report Card on:

Major Lubricant Suppliers in The US Market, 2005

Volume I - Lubricant Marketer Perceptions

Volume II - End-user Perceptions

A comprehensive survey and comparative analysis of how lubricant marketers and end-users rank and rate major manufacturers of lubricants in terms of their products, sales, programs, pricing, technical and customer service, added-value services, and other key areas of their business activities.

A powerful, compelling, and independent source of information to share with your customers in support of your market position

Includes ranking and rating for the following majors:

- Agip
- American Refining Group
- BP Castrol
- Chevron
- Citgo
- ConocoPhillips
- Elf
- ExxonMobil
- Petro-Canada
- Shell PQS
- Valvoline

Background

Independent lubricant marketers/distributors are a key force in the lubricant supply chain. To illustrate just how important they are, consider that an estimated 55% of the lubricant consumed in the United States is sold directly by lubricant marketers. Moreover, when buybacks (Deliver For Our Accounts—DFOA) and other agreements are taken into consideration, distributors deliver nearly 80% of the total lubricant moved from manufacturers to end users.

In short, although the majors manufacture the lubricants, distributors are the ones who get the product to the market. As a result, it's clear from even a cursory look at the lubricant supply chain in the U.S. that the majors need the marketers, the marketers need the majors, and the end-users need them both to keep their businesses running. It's also clear from this supply chain that the relationships the majors have with the marketers are key factors in their mutual success in serving the needs of their shared customers, the end users.

However, in spite of the importance of lubricant distributors in the supply chain, according to many that PTI speaks with on a regular basis, the relationships majors have with distributors are at an all-time low. Distributors say this is in part due to the pressure some majors are applying on lubricant distributors to align brands, to operate on increasingly narrow margins, to reveal market and customer information, and other reasons. In addition, some say the major's intensifying efforts and tactics to move sales off the distributor's paper and onto theirs is further straining major/marketer relations.

Ironically, at the same time marketers feel their relationships with the majors are at all time low, several of the majors say their relationships with their marketers is stronger than ever. Although some majors may, in fact, have better relationships with some marketers, there does seem to be a pronounced disconnect between what the majors and the marketers are saying about their relationships with each other. And like it or not, one reason is because many marketers say they are "afraid" to tell the majors how they really feel. They are afraid to speak out—to put it on the line about the major's policies, programs, pricing, people, products, and other items. They say they are afraid because, although the marketers hold the keys to the cars that get the product to market, the major holds the keys to the supply contracts. And if a major doesn't like what a marketer is saying, or if they don't like the number of times they are saying it, or the way it's presented, it might be only a matter of time before their supply contract goes away.

Interestingly, although there is clearly some disagreement between the majors and marketers about how they relate to each other, there does appear to be common ground on one critical issue: the need of, and interest in, improving the relationship each has with the other and their mutual customers, the end users. This interest, this common ground, speaks to the scope and objective of, and the need for, Petroleum Trends International's new multi-client study, **The First Annual Industrial Report Card on Major Lubricant Suppliers in the US Market, 2005**

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Objective

The objective of Petroleum Trends International's new multi-client study, **The First Annual Industrial Report Card on: Major Lubricant Suppliers in the US Market, 2005** is to provide lubricant manufacturers with **objective, third-party insights and information** that can be used to improve their relationships with marketers and end-users and therefore the competitiveness of both the majors and their marketers in the U.S. lubricants business.

Report Features

- Comparative survey data ranking and rating lubricant manufacturers' policies, programs, pricing, people, products, and other factors
- Objective and in-depth analysis of why some majors are leaders, while others are laggards in marketer relations
- Recommendations on how to achieve excellence in marketer and end-user relations
- Profiles of the major lubricant manufacturers in the U.S. market

Report Benefits

- A powerful, compelling, and independent resource to share with your customers in support of your market position
- Improved marketer and end user relations and sales growth
- Independent and trusted resource to compare and contrast claims when working to gain marketer's business
- Excellent training resource for sales and marketing professionals, new business managers, and other professionals working with lubricant distributors

The Petroleum Trends International, Inc. Advantage

- PTI has an excellent (and highly confidential) relationship with lubricant marketers through its **Jobbers World** publication and staff which provides the firm with candid insights into how marketers rank and rate the majors
- PTI has the ability to sort through the angst and anger to uncover the real and pressing issues on the minds of marketers and to present these issues to majors in a fair and productive way
- The firm's industry experience of staff professionals
 - Decades of real-world experience in the lubricants business
 - Staff professionals do the work
- Integrity of work

Volume I - Marketer Perceptions

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1. EXECUTIVE SUMMARY
2. INTRODUCTION
3. COMPARATIVE ANALYSIS — OVERALL
 - A. Overall ranking and rating by major and attribute
 - 1) Products
 - 2) Prices
 - 3) Places (distribution)
 - 4) Promotions and programs
 - 5) Order fulfillment and supply logistics
 - 6) Marketer relations
4. COMPARATIVE ANALYSIS — PRODUCTS (Ranking and rating of majors in the area of product offerings)
 - A. Automotive lubricants
(*HDMO, PCMO, ATF, Gear Oil*)

The following issues will be surveyed and analyzed for each major and product segment:

 - 1) Performance
 - 2) Competitive advantages
 - 3) Packaging
 - 4) Quality
 - 5) Warranties
 - 6) Product support
 - 7) Promotion (push and pull through marketing)
 - 8) DFOA business activity
 - 9) Strengths
 - 10) Weaknesses
 - 11) Gaps and unmet needs
 - 12) Concerns
 - B. Industrial lubricants
 - C. Metalworking fluids
 - D. Grease
5. COMPARATIVE ANALYSIS — PRICES
 - A. Automotive lubricants
 - 1) Leaders (relative pricing)
 - 2) Laggards (relative pricing)
 - 3) Policies
 - 4) Flexibility
 - 5) Responsiveness
 - 6) Strength
 - 7) Weaknesses
 - 8) Concerns
 - B. Industrial lubricants
 - 1) Leaders (relative pricing)
 - 2) Laggards (relative pricing)
 - 3) Policies
 - 4) Flexibility
 - 5) Responsiveness
 - 6) Strength
 - 7) Weaknesses
 - 8) Concerns
 - C. Special/off-schedule pricing
 - 1) Policies
 - 2) Processes
 - 3) Responsiveness
 - D. Buyback fees/DFOA
 - 1) Leaders
 - 2) Laggards
 - 3) Fees structures
 - i. Composition
 - ii. Fixed
 - iii. Flexibility
 - iv. Frequency of change
 - v. Processing efficiency and accuracy
 - E. Rebates and others

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6. COMPARATIVE ANALYSIS — DISTRIBUTION

A. Channels

- 1) Direct sales activity
 - i. Locations
 - ii. Vocations
 - iii. Outlook
- 2) Distributor
 - i. Density/number of marketers
 - ii. Outlook
 - iii. Gaps and overlaps

B. Distribution system

- 1) Warehousing
- 2) Transportation
- 3) Fulfillment
- 4) Strengths
- 5) Weaknesses
- 6) Gaps and concerns

7. COMPARATIVE ANALYSIS – PROMOTIONS AND PROGRAMS

A. Marketer programs

- 1) Types
- 2) Value
- 3) Strengths
- 4) Weaknesses

B. End-user programs

- 1) Types
- 2) Value
- 3) Advertising
- 4) Media selection
- 5) National accounts and OEM business
- 6) Strengths
- 7) Weaknesses

8. ORDER FULFILLMENT AND SUPPLY LOGISTICS

- A. Order fulfillment processing
- B. Invoicing
- C. Delivery
- D. Customer service
- E.. Others

9. MARKETER RELATIONS

A. Major's requirements

- 1) Volume
- 2) Bulk storage
- 3) Training
- 4) Brand "commitment"
- 5) Information sharing
- 6) Growth
- 7) Others

B. Key relationship drivers,

- 1) Understanding of industry conditions
- 2) Goals and plans
- 3) Sensitive to the changing needs of customers
- 4) Defining of roles
- 5) Knowledge and skills required to effectively carry its roles
- 6) Communication skills (both written and verbal)
- 7) Ability to resolve conflicts
- 8) Level of cooperation
- 9) Committed to relationship
- 10) Trust

C. Positives and negatives marketers see about their relationships with specific majors

10. SUPPLIER PROFILES

(This section will rank and rate each of the majors as they are perceived by marketers in the areas of products, prices, Place, promotions, order fulfillment and logistics, and marketer relations)

A. MAJOR LUBRICANT ANUFACTURERS

- 1) Agip
- 2) American Refining Group
- 3) BP Castrol
- 4) Chevron
- 5) Citgo
- 6) ConocoPhillips
- 7) Elf
- 8) ExxonMobil
- 9) Petro-Canada
- 10) Shell PQS
- 11) Valvoline

Volume II - End-User Perceptions

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- H. Gaps and unmet needs
 - I. Concerns
-
- 1. EXECUTIVE SUMMARY
 - 2. INTRODUCTION
 - 3. COMPARATIVE ANALYSIS — OVERALL
 - A. Overall ranking and rating of majors by end-users in the following end-use segments:
 - 1) Fast lube operations
 - 2) New car dealers
 - 3) Mining
 - 4) Forestry
 - 5) Wood, pulp and paper
 - 6) Primary metals
 - 7) Textiles
 - 8) Agriculture
 - 9) Energy transmission and power generation
 - 10) Tire and rubber
 - 11) Inland marine
 - 12) Deep draft marine
 - 13) On-highway fleets
 - 14) Construction
 - 15) Lease rental
 - 16) Mass transit
 - 17) For-hire carriers
 - 18) Private fleets
4. COMPARATIVE ANALYSIS -PRODUCTS (Ranking and rating and a comparative analysis of majors in the area of product offerings)
 - The following issues will be surveyed and analyzed for the primary products supplied by each of the majors in the end-use industries featured in section 3 above)
 - A. Product performance
 - B. Packaging
 - C. Quality
 - D. Warranties
 - E. Depth of product line
 - F. Strengths
 - G. Weaknesses
5. COMPARATIVE ANALYSIS — PRICES
 - Ranking (leaders and laggards with relative price ratings)
 - A. Policies and fee structures
 - B. Flexibility
 - C. Responsiveness
 - D. Strength
 - E. Weaknesses
 - F. Concerns
6. COMPARATIVE ANALYSIS - ORDER FULFILLMENT AND SUPPLY LOGISTICS
 - A. Order fulfillment and processing
 - B. Invoicing
 - C. Delivery
 - E.. Others
7. COMPARATIVE ANALYSIS - SALES AND SUPPLIER RELATIONS
 - A. Frequency of sales calls
 - B. Quality of sales calss
 - C. Knowledge of the market and industry
 - D. Repsonsiveness to needs
 - E. Flexibility
 - F. Ability to resolve conflicts
 - G. Level of cooperation
 - H. Communication skills (both written and verbal)
 - I. Others
8. COMPARATIVE ANALYSIS - CUSTOMER SERVICE
 - A. Customer service
 - B. Accessibility
 - C. Responsiveness
 - D. Experience and ability to resolve issues
 - E. Oral and written communication skills

Volume II - End-User Perceptions

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9. COMPARATIVE ANALYSIS - TECHNICAL SERVICE

- A. Technical service
- B. Accessibility
- C. Responsiveness
- D. Specific knowledge of products and applications
- E. Experience and ability to resolve issues
- F. Oral and written communication skills

10. COMPARATIVE ANALYSIS - VALUE ADDED SERVICES

- A. Lubricant surveys
- B. Predictive and preventative diagnostic programs
- C. Tanks and equipment
- D. Trouble shooting and problem solving
- E. Others

11. SUPPLIER PROFILES

(This section will rank and rate each of the majors as they are perceived by end users in the areas of Products, Prices, Places, Sales Customer and Technical Service, Order fulfillment and logistics, and others)

A. MAJOR LUBRICANT MANUFACTURERS

- 1) Agip
- 2) American Refining Group
- 3) BP Castrol
- 4) Chevron
- 5) Citgo
- 6) ConocoPhillips
- 7) Elf
- 8) ExxonMobil
- 9) Petro-Canada
- 10) Shell - PQS
- 11) Valvoline

End-user Survey Matrix

End-Use Segments	Attributes				Major Lubricant Manufacturers
	Price	Supply logistics	Sales	Cust. & Tech Service	
Agriculture					Agip
Chemicals and allied products					ARG
Construction					BPCastrol
Deep draft marine					Chevron
Energy transmission & power generation					Citgo
Fast lubes					ConocoPhillips
Forestry					Elf
Fir-hire carriers					ExxonMobil
Inland marine					Petro-Canada
Lease rental					Valvoline
Mass transit					
Mining					
New car dealers					
On-highway fleets					
Primary metals					
Private fleets					
Textiles					
Tire and rubber					
Wood, pulp and paper					

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Information Sources and Research Methodology

Major Lubricant Suppliers in the US Market, 2005 will be based on interviews with key decision makers at lubricant distribution companies and with end user throughout the United States. Primary research will be conducted during the third and fourth quarter of 2005 and the first quarter of 2006.

The interviews will focus on obtaining insights and opinions about specific lubricant suppliers in each of the areas studied.

For Volume I - Lubricant Marketer Perceptions; Petroleum Trend's project team will conduct the interviews and an estimated 150 distributors will be surveyed (both multibranded and single brand).

Volume II - End User Perceptions, will comprise primary research derived from interviews with an estimated 375 end users in the United States and Canada.

Report Price and Schedule

Volume I - Lubricant Marketer Perceptions

The pre-launch price for Volume I is \$14,500. This price will be extended to subscriptions received prior to October 14, 2005. The post-launch price, after October 14, 2005, is \$18,500. Subscribers will be invoiced for one-half of the subscription price at the time of launch. The balance will be invoiced with delivery of the final report.

Publication Date: **January 2006**

Number of pages: **250 (estimated)**

Volume II - End User Perceptions

The pre-launch price for Volume II is \$19,500. This price will be extended to subscriptions received prior to October 14, 2005. The post-launch price, after October 14, 2005, is \$22,500. Subscribers will be invoiced for one-half of the subscription price at the time of launch. The balance will be invoiced with delivery of the final report.

Publication Date: **March 2006**

Number of pages: **300 (estimated)**

Additional benefits: Subscription to the study includes an executive summary presentation of the report findings conducted by the project team at the subscriber's facility for no additional costs other than travel expenses.

Volume I and II Bundled Price Discount The pre-launch price for Volume I and II when purchased together is \$26,500. This price will be extended to subscriptions received prior to October 14, 2005.

QUALIFICATIONS

Petroleum Trends International, Inc.

Petroleum Trends International, Inc. is an independent strategic planning and market research consulting firm based in Metuchen, New Jersey. The firm specializes in lubricant and fuel issues related to market size and segmentation, new business and product development, manufacturing economics, formulations and blending, competitive forces, customer intelligence, strategic and tactical planning, benchmarking, and best practices. It helps its clients increase sales and grow by identifying business opportunities and emerging market trends, and to achieve operational excellence and reduce costs.

In addition to its solid consulting experience, the firm's staff and network of industry partners has a reputation built on decades of real-world experience in lubricant sales, technical service and product development, jobber relations, blending and packaging, supply and distribution, strategic planning, and other lubricant and fuel related issues.

Specific to this report, the research, analysis, and report writing will be conducted by Thomas Glenn. A brief bio for Tom follows.

Thomas F. Glenn, President of Petroleum Trends International, Inc. is a well known industry thought leader who is published monthly in columns with Lubes 'n' Greases and Jobbers World magazine. In addition, his papers and articles have been published in Gas-to-Liquids News, NLGI Spokesman, and other lubricant-related trade journals. Glenn is also a regular presenter and moderator at NPRA, ILMA, STLE, NLGI, and other industry trade meetings and conferences.

Glenn has completed numerous proprietary and multi-client projects on a wide range of products and issues in the lubricants business. These projects have included such product categories as lubricants, lubricant additives, petroleum waxes, metalworking fluids, base stocks, and greases.

In addition to his 16 years in the consulting business, Glenn has solid hands-on experience in the lubricant and fuel business. He started his career in the late '70s with Analysts, Inc. While at Analysts, the world's leading lubricant and fuels testing laboratory, he rose from the ranks of a data analyst to general manager. Glenn also worked in commercial and industrial sales for Texaco and an Amoco super jobber. In addition, he was a consultant, project manager, and business manager for Kline & Company's petroleum products practice for 10 years.

Order Form

PetroTrends

Major Lubricant Suppliers in the US Market, 2005

Our company (hereafter "Client") agrees to order the Petroleum Trends International, Inc. report "Lubricant Supplier-Distributor Relations, 2005" (hereafter "the Report") in accordance with the following terms and conditions:

- 1) Petroleum Trends International, Inc. will provide Client with two (2) hard copies of the Report.
- 2) The Report and its content are for the sole use of Client and will be retained by Client as a confidential document for its own use and/or use by any affiliates and subsidiaries where Client has 51 percent or greater ownership. Client agrees that it cannot, however, make the Report and/or its contents available to an affiliate or subsidiary (regardless of ownership position) if affiliate or subsidiary is in the publishing business, or the business of market and marketing research or management consulting. Client agrees not to reproduce (copy, scan, or by any other means, mechanical or electronic) or further distribute the Report or any pages within the Report or any part of the Report. The obligations defined in this agreement shall remain in effect for three (3) years from receipt of the Report(s).
- 3) The pre-launch price for the Volume I - Lubricant Marketer Perceptions is \$14,500, excluding applicable sales tax. The post-launch price (after October 14, 2005) is \$18,500.
- 4) The pre-launch price for the Volume II - Lubricant Marketer Perceptions is \$19,500, excluding applicable sales tax. The post-launch price (after October 14, 2005) is \$22,500.
- 5) The pre-launch price for Volume I and II when purchased together \$26,500, excluding applicable sales tax.
- 6) A 50% deposit is required to lock in the pre-launch discount price. The balance of the payment will be billed with delivery of the completed report.
- 7) Client understands that if a sufficient number of subscribers to this report(s) are not obtained, the study will be cancelled before an invoice is submitted.

Please check the volume(s) you would like to order.

Volume I - Lubricant Marketer Perceptions

Volume II - End-User Perceptions

Volume I and II Combined

AGREED AND ACCEPTED	AGREED AND ACCEPTED
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