

Opportunities and Threats in Private Label Lubricants 2005 TO 2010 – United States –

A publication of Petroleum Trends International, Inc.

A comprehensive survey and analysis of the rapidly growing private label lubricants market. A report specifically designed to assist participants in the lubricants business to understand both the threats and opportunities presented by private label lubricants.



Background

In the view of many in the industry, private label lubricants are one of the leading threats facing the major oil companies over the next five years. And one reason why is that these relatively no-name lubricants are capturing market share from the big names in the industry. Where once such names as Pennzoil, Quaker State, Castrol, Valvoline and a few others were the only brands any respectable retail outlet or fast lube operator would sell, today it's just not so.

In fact, according to market research by Petroleum Trends International, private label lubricants are by far the leading growth segment in the retail class of trade. And beyond being the leading segment at what some say is 30 to 40% growth over the last year, data suggests private label lubricants may actually be the only "brand" among the majors in the retail class of trade to have grown in this period. Equally impressive is that when you total the volumes of all private label PCMO on the market, it's nearly equal to any of the major brands.

Private label lubricants have grown for several reasons, not the least of which are price and profit; consumers like the price and are increasingly comfortable with the quality of private label lubricants, and retailers like the higher profits they bring in. As a result, private label motor oils currently account for an estimated 20% of the total motor oils sold in the retail class of trade—and this number is growing. And if Europe is any indication as to how far it can go, consider that store brand products reportedly account for close to

45% of all retail products sold in that region.

But retail tells only part of the story about private labels, and in reality, it's not the most important part in the passenger car motor oil business. This is because overall sales of PCMO in the retail class of trade have been moving in only one direction over the past 20 years: down. Whereas DIY accounted for about 70% of PCMO sales in the U.S. in 1985, today it accounts for only about 35%. In fact, the DIY market is actually even smaller when one takes into account the fact that many of the quick lube operators today, purchase a portion of their package goods from Wal-Mart, AutoZone, Sam's Club and other retailers. Those purchases are actually being used for the DIFM as opposed to the DIY market. This means that instead of buying oil, an increasing number of people are now buying oil changes. The ones buying the oil are the fast lube operators, new car dealers, and other DIFM outlets, and they have a growing appetite for private label lubricants.

Also fueling concern among the majors is that the growth in private label business is not isolated to the consumer automotive segment of the business; it's already starting to penetrate the commercial automotive market segment, and is making headway into the industrial lubricant segment of the business also.

Objective

The objective of Petroleum Trends International's new multi-client study, **OPPORTUNITIES AND THREATS IN PRIVATE LABEL LUBRICANTS – 2005 TO 2010**, is to provide information on the size and segmentation of the private label lubricants business and insights into the opportunities and threats it presents to lubricant manufacturers, lubricant distributors, base oil manufacturers, and additive manufacturers in the U.S. market.

Report Features

- Current and forecast demand for private label lubricants by type from 2005 to 2010
- Comparative analysis of private label manufacturing costs, market prices, and margins
- Insights and information on sales and marketing, quality assurance, and product support
- Analysis of market developments impacting demand for private label lubricants
- Assessment of business opportunities and threats in private label lubricant sales
- Company profiles for over 35 manufacturers of private label lubricants

Report Benefits

- Provides an objective third-party analysis of the size, segmentation, and outlook for private label lubricants
- Provides insights and information on what it takes to succeed in the private label lubricants business
- Reveals both the opportunities and threats private label lubricants present to majors, independent lubricant manufacturers, and lubricant distributors
- Offers insights and information on the leading suppliers of private label lubricants for companies that are considering the private label business

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Each profile includes: company background, estimated private label sales; including brands (i.e. Proline, NAPA, SuperTech, MotorCraft), estimated private label sales by market segment (i.e. fast lubes, mass merchants, auto parts), sales and marketing activity, and other important issues about the manufacturer's private label business activity.

A) Majors

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

B) Independent lubricant manufacturers

- (1) Advance Lubrication Specialties
- (2) Allegany Petroleum
- (3) Amalie
- (4) Cenex
- (5) Chemlube
- (6) Davidson Oil
- (7) Delta
- (8) East Coast Oil
- (9) IPC
- (10) JD Street
- (11) Nor-Lakes
- (12) Pinnacle Oil
- (13) Pinnacle Resources
- (14) Pitt Penn
- (15) Smitty's
- (16) Spectrum
- (17) US OIL/Northeast Lubricants
- (18) Warren Distribution
- (19) Warren Oil
- (20) Others

B) Marketers

- (1) CAM2
- (2) North American Lubricants
- (3) Service Pro
- (4) Others

Information Sources and Research Methodology

The information in **OPPORTUNITIES AND THREATS IN PRIVATE LABEL LUBRICANTS – 2005 TO 2010** will be based on interviews with key decision makers at lubricant distribution companies throughout the United States. Primary research will be conducted during the fourth quarter of 2005.

The interviews will focus on obtaining insights and opinions about specific lubricant suppliers in each of the areas studied. Petroleum Trend's project team will conduct the interviews. This team has real-world experience in the field selling to, and working for, lubricant distributors and major oil companies.

Report Price and Schedule

The pre-launch price for the report is \$18,500. This price will be extended to subscriptions received prior to September 30, 2005. The post-launch price, after September 30, 2005, is \$21,500. 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: **February 2006**

Number of pages: **250 (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.

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 managed 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.

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Order Form

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Our company (hereafter “Client”) agrees to order the Petroleum Trends International, Inc. report “**OPPORTUNITIES AND THREATS IN PRIVATE LABEL LUBRICANTS – 2005 TO 2010**” (hereafter “the Report”) in accordance with the following terms and conditions:

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