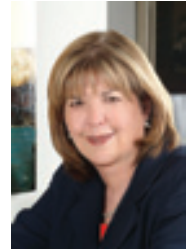




Celebrating Spirit®: 10 Years of Helping Marketers Thrive



by Vera Haskins
President of Spirit® Petroleum

As I mentioned in the last issue, we at Spirit® are looking forward to marking next year the 10th anniversary of the opening of the first Spirit® site. Today, I'd like to share some recent conversations I've had with people who are actively involved in managing Spirit®, looking back at the ways that the brand helped address issues confronting marketers 10 years ago and how it is helping them now. How has the industry changed? Is Spirit's® original mission of helping PMAA marketers thrive still relevant today?

One of the lingering petroleum industry changes of the early 2000s, notes Rex Gillis of Dutch Oil Co., was that "the major refiner brands have raised the standard of station and wholesale performance ... both the volume of a station and the image of the locations. You had to have lighted canopies and signage and buildings that met their standards, and they kept raising those standards," he says. "If you didn't make the major investment required to adhere to those standards, they'd debrand you."

Volume continues to be an issue too, according to Gillis, who thinks that most major brands aren't interested in stations that do less than 80,000 gallons a month these days. "There just isn't room in the major refiner world for small-volume stations," he stated.

But Gillis likes the way the Spirit® brand addresses these issues. "Spirit's® contract obligations are much easier; they don't legally bind you like some of the majors do." And volume isn't an issue with Spirit®, making it a great choice for smaller locations. "It's a good 'low-barrier-to-entry' alternative for me," he said.

Gillis also thinks that, years ago, brand loyalty played a stronger role than price in gas customers' decisions about where to fuel up. "Back then, independent brands were looked down upon," he said. "Today, independents are much more acceptable in the marketplace, because once the price difference between a major brand and an independent brand gets larger than two or three cents, customers become more willing to buy from the independent."

Bill Fagan of Prestige Oil Co. agrees. "There's been a big change in my [New Jersey] market over the past several years, away from a heavy concentration in major oil brands," he told me. "It's fiercely competitive at the retail level, and because petroleum products have gotten so expensive, it's caused a shift among consumers away from brand loyalty. There's been a corresponding surge in marketers and retailers dealing in unbranded product."



"I went with Spirit® because, as a branded supplier, I was having a hard time competing," Fagan said. "I was losing market share because my competition was able to buy and sell unbranded gas cheaper than I could deal in branded product, and it was getting hard to grow."

"Spirit® enables me to approach the marketplace in a completely different way," Fagan went on, "because with Spirit®, I can buy unbranded gas where I can find it most competitively. The way I see it, Spirit® has positioned itself right in the middle of the most challenging aspect of our business ... the part of it that affects growth. I had a problem growing my business in a largely unbranded market, but Spirit® answers that problem by giving me the flexibility of supply along with a really well-designed image and a national presence. We're still brand-minded people, and for the consumer, that brand and that national presence engender a sense of trust."

Rex Gillis also points to the surge in the role of credit cards in his business. "Back years ago, my credit card expenses ranked maybe seventh among my costs of doing business," he said. "Today, it's closer to second or third." Spirit's® credit card processing program is one of the most competitive in the industry, and that makes a big difference to such a significant portion of a company's payables.

Mark Griffin, president and state executive of the Michigan Petroleum Association/Michigan Association of Convenience Stores, thinks that Spirit® is an excellent branding alternative, especially as major refiner companies continue to consolidate. "Spirit® offers a very good option for marketers who find themselves with a location where they are undecided about what to do next. Spirit® gives marketers time to see if a location is going to develop and a way to make a location profitable while waiting for other sites to come off contract so that new decisions can be made." It's also a good way to strengthen business at a site, which might make it more attractive to a major refiner.

As president of Spirit® Petroleum for the last seven years, I see my role as being quite different from that of most industry executives, who get up in the morning and go to work to find ways to make money for the company. When I get up in the morning, I'm about finding ways to serve the needs of marketers. It's pretty clear to me, especially after speaking with these folks, that Spirit's® mission is just as relevant today as it was 10 years ago, if not more so. But I'd like to throw it out there to you. What do you think?