

It's game, set and match as forecourts fight it out to the finish

All's fair in love and petrol wars as the oil companies pin their hopes on sales promotion to beat their rivals and buy brand loyalty. Have games finally run their course, are the old collectables back in fashion, or is the trading stamp about to make its comeback? Report by Brian Oliver

Since the appearance of Shell's Make Money campaign 18 months ago, there has been little let-up in the spate of forecourt promotions being launched by the major petrol companies. While games promotions and giveaways (such as free glasses) continue to dominate the major companies' approach to sales promotion, the smaller garage operators are fighting back by fuelling a resurgence of trading stamps for motorists.

Despite this onslaught of promotional activity, the petrol companies believe there is little danger of forecourt promotions running out of steam.

"Forecourt promotions are still highly effective," says Peter Newman, manager of network facilities at BP Oil, which recently launched a £5 million Dallas scratch card game aimed at women. "Our latest research shows no decline in consumer interest since promotions returned to the forecourt 18 months ago."

Texaco's sales promotion coordinator, Keith Rawlings, says promotions are more cost effective than price cutting as he expects all

of the majors to continue running forecourt promotions as long as the market remains promotion-oriented. "We'd love to be in a stable market with stable prices," he says. "But the situation is such that you need continually to make the proposition to the customer more attractive."

A distinct lack of brand loyalty among motorists certainly ensures that the petrol companies are kept on their toes in this respect. No company can afford to allow any of its rivals to gain the upper hand. As a result, the petrol companies are being forced into tactical and reactive promotions — instead of using sales promotion techniques strategically as in other fast moving consumer goods areas.

As Brian Seymour, joint managing director of CBA, puts it: "Because of the sensitive nature of the petroleum market, companies are always looking to steal market share by some means. When one company has a good idea, all of the others seem to follow by using the same technique. It's just like price-cutting really. When one does it, they all copy each other."

Today's motorists are certainly less influenced by a petrol company's brand image than they were in the 1960s and 1970s. They do not perceive any difference between the various companies' products and tend to be motivated only by price promotions. Consequently, each promotion has to be followed immediately by another (usually bigger and bolder) so that the company can hang on to the customers gained (or retained) by the previous promotion.

Says Charles Butler, commercial manager for East Anglia-based garage chain Phoenix Petroleum: "You have just got to have some kind of promotion happening these days."

While the petrol companies agree that forecourt promotions have not lost their ability to boost sales — albeit on a short-term basis only — they disagree over which type of promotion is currently most popular with motorists. Mobil and BP, for example, are putting a major push behind game promotions, while Shell — which started the whole thing off with its Make Money scheme — has reverted to a

free glasses offer. And Texaco has followed its Double Your Money game with a free film offer.

Mobil's Miles Wilson firmly believes promotional games are here to stay: "Forecourt games will be a necessary part of our marketing strategy in the foreseeable future," he says.

Mobil recently launched another game promotion (its fourth) which is based on the traditional card game, Happy Families. The company's previous promotions — Scrabble, Monopoly and Cluedo — were also based on well-known games. Wilson explains: "We have deliberately set out to identify our products with household name games so that motorists don't have to be taught how to play them. Free glasses and free film processing might suit other companies, but we wanted to establish our own identity through quality games."

Meanwhile BP has switched from giveaways to promotional games. Last March, the company launched a Lucky Numbers game and followed it up in August with a new game based on a Dallas

theme. "Consumer demands are constantly changing, so promotions must change with them," says BP's Newman. "We deliberately applied a series of different techniques to the four promotions we have run over 18 months. Each one has been tailored to match the mood of the moment. There is no room for second guessing. That's why our Dallas oil game is the most heavily-researched promotion we have ever run."

John Donovan, chairman of games specialist Don Marketing — whose work for Shell has included Make Money, Make Merry and Bruce Forsyth's Lucky Deal — is obviously confident that games will continue to play a major role in forecourt promotions. There is certainly no shortage of innovative ideas, he says.

"We always have a load of new promotional ideas waiting to see the light of day."

But Donovan warns that petrol companies must make sure they offer plenty of variety in their promotions. He feels some companies are simply offering variations of the same mechanic. ▶



Promotions galore... a distinct lack of brand loyalty keeps petrol companies on their toes

If one of the major companies decides to reintroduce stamps, then others are likely to follow

◀ "Motorists have always had something new from Shell with each promotion and each game has offered a lot of playability."

Although Don Marketing's work for Shell has helped the petrol company to establish a reputation for offering the most innovative game promotions, Shell has surprisingly reverted to a premium offer for its current campaign. In only its second free glasses promotion, the company is giving away free sundae glasses, with high mileage customers being offered lead crystal whisky decanters.

"Premiums are quite strong at the moment, but it is still difficult to find items to replace glass," says Shell's sales development manager, Ken Danson.

He believes game promotions are on the wane: "We ran three games last year, but most of the games techniques have now been tried."

Texaco's Keith Rawlings also believes game promotions are waning in their appeal to motorists. "Some of our competitors' games are too complicated, although they have probably been designed that way to make the promotion more interesting. The public need something simple to understand."

Mobil's Miles Wilson says his company's research indicates that scratch card games in particular have lost some of their consumer appeal. "With scratch cards you either win or lose and that doesn't generate any excitement," he says. "In the case of our Happy Families game, people have to collect things. That makes it more interesting."

CBA's Brian Seymour takes up this point: "All lottery-type games promotions only give motorists one chance to participate, regardless of the number of gallons of petrol they buy. The petrol companies should be looking at other sales promotion techniques which would produce loyalty and volume-building promotions linked to purchase."

Texaco's Rawlings believes forecourt promotions must offer a high win rate, otherwise customers will start to feel they are never likely to win a major prize — and will lose interest. He says fewer motorists are now participating in promotional games just for the fun of it.

"Games may come back from time to time, but the trend is towards added-value promotions, such as free glasses or films," says Rawlings. "They are better accepted because the public know they are definitely going to get something."

According to Shell's Danson, a successful forecourt promotion — whether it is a game or a premium offer — must have a high perceived value and broad consumer appeal. It must also feature a mechanic which can be sustained throughout the campaign.

BP's Newman agrees: "A promotion must be sufficiently novel and exciting for motorists to want

to win. It must also offer an instant reward." He also believes a promotion must build garage and brand loyalty by featuring an element of collectability to maintain consumer interest.

Most petrol companies agree that the conventional "collect" mechanic (used successfully by brands like Brooke Bond) has not been fully exploited via forecourt promotions. Texaco is one of the few companies to have used such an approach in the past (for example, its British Regiments promotion). But Texaco's sales promotion co-ordinator, Keith Rawlings, doubts whether this mechanic is as attractive to consumers as added-value promotions (such as "free glasses") which offer an immediate reward.

Shell's Ken Danson observes: "Collect promotions can be successful, but only when they are tied in with a major event — such as the Royal Wedding or the Olympic Games. There aren't many of those events around."

Meanwhile, CBA's Brian Seymour feels that the trading stamp schemes of the 1960s and 1970s were the perfect promotion for petrol companies: "The more petrol motorists bought, the more stamps they could obtain," he says. Seymour recalls that they eventually collapsed into a form of price-cutting war in which garages tried to outdo each other by offering a greater number of stamps per gallon than their rivals.

But it looks as though trading stamps could be on the way back. Esso and Texaco have already run their own trading stamp-style schemes in Ireland, and the Bonus-bond-linked trading stamps offered by Don Marketing's 12-month-old subsidiary, the Trading Stamp Company, are now available through 300 outlets.

So far, the Trading Stamp Company's scheme has mainly attracted independent garages which have been feeling the pinch since the major petrol companies stepped up their forecourt promotions battle. It has been estimated that a garage operator needs at least a five per cent share of the market, or not fewer than 900 outlets, to run a successful game promotion or premium offer. Trading stamps give smaller operators a means of fighting back at a local level.

Under the Trading Stamp Company scheme, motorists can obtain a saver book from participating filling stations and receive a number of stamps based on the size of each buy. When the saver book is full, the Trading Stamp Company will exchange it for Bonusbonds which can be redeemed for goods in 9,000 shops. At the same time, motorists can enter a free scratch card game which offers a wide range of prizes (including a trip to Disneyland).

"We started offering trading stamps through eight of our sites more than six months ago and we have certainly got more business on the strength of it," says Phoenix's Butler. While he points



Donovan . . . 'variety is essential for games'

out that trading stamps do not appeal to every customer, he feels they have helped his company to resist the threat from the majors: "In the case of regular customers who are collectors, it has helped us to retain our existing business. We have also picked up a certain amount of new business from

people who like collecting stamps."

He adds: "It has certainly helped us to build brand loyalty among stamp collectors."

Don Marketing's John Donovan claims that the Trading Stamp Company is now the UK's only national trading stamp operation.

But he admits it is proving difficult for it to reintroduce the concept into the forecourt promotions market in a major way. Aware that if one of the top petrol companies decides to reintroduce trading stamps, the others are likely to follow, he says: "We need to be able to persuade just one of the majors to come in. But there are no signs of that happening at the moment. It's tough because games and premiums are so strong."

He adds: "There may be a fall-off in the level of promotions next year, so we might be able to break into the market then."

Mobil's Wilson sees signs of a gentle move back to trading stamps and he says his company has given the technique some consideration. "It is always at the back of our minds, but we would not be the first to reintroduce trading stamps. If there was a general move in that direction, we would probably have to follow." ■



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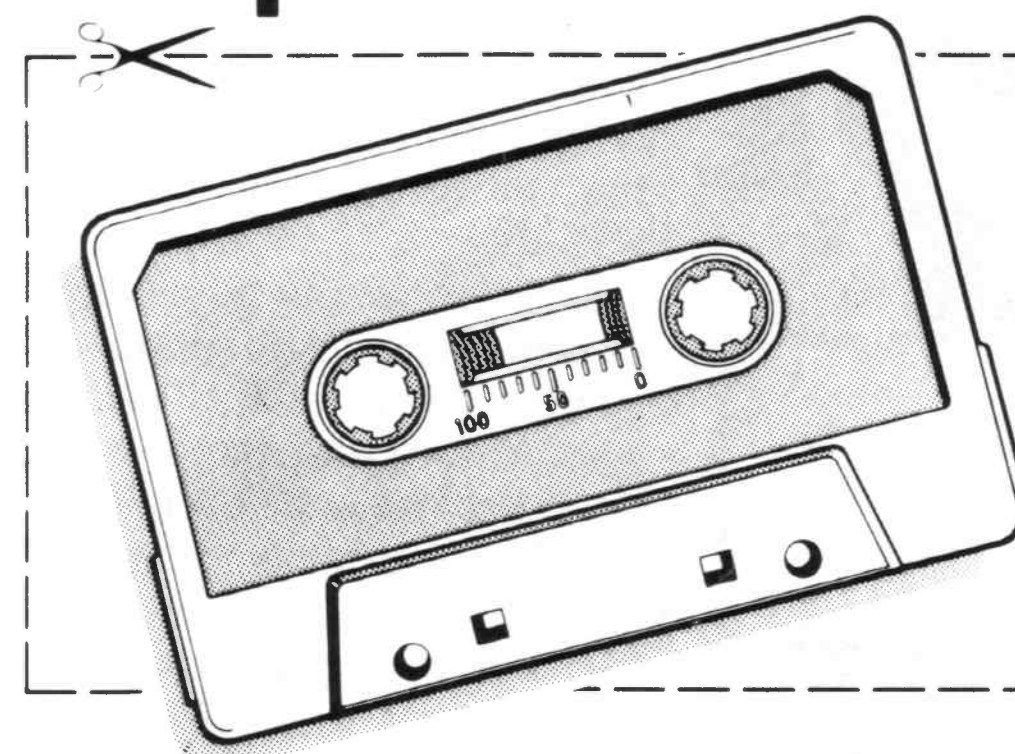
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