

MARKETING AND PROMOTIONS

(Insert name)

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EXECUTIVE SUMMARY

The oil spillage in the Gulf of Mexico by the British Petroleum (B.P) company has caused great changes in market dynamics for B.P retailers in the United States (U.S). The oil spillage has greatly affected public opinion on the BP company. The change in consumer attitudes affects BP retailers throughout the U.S markets. This business report is geared towards the finding of ways and means through which the B.P retailers can regain their lost glory. In this report a company with a long and diverse history in oil trade had to be selected. The Ricker oil Company was found to be most suitable as it had a long history of relations with the B.P company coupled with a chain of gas stations located in different locations throughout the U.S. The Ricker oil company was established in the year 1979 by a visionary businessman and his wife; Jay and Nancy Ricker). The Ricker company has 49 branches with its headquarters located in Indiana. The Ricker company is a perfect model on which the effects of the Gulf of Mexico oil disaster can be well analysed and counteracted. This report will attempt to look at the different ways in which the Ricker company can improve its sales and help rebuild the B.P brand.

COMPANY BACKGROUND

The Ricker company acquired 29 B.P stores in late 2008. The recent fall in B.P performance has greatly affected the company as it was on a gradual trend of growth. According to the Company president Jay Ricker the oil spill crisis has really made it difficult for his company to survive in the U.S market. This has been brought about by recent boycotts from clients. The Ricker company has seen its income drop drastically due to dwindling gas sales as a result of the oil spill catastrophe. The company has seen its convenience store sales go down together with its gas sales. This is a big blow to the company as it depends mainly on convenience store sales for two thirds of its profit margins. The Ricker company has formed a long partnership with B.P as its oil distributor. This partnership has brought several advantages to the Ricker company as it has been able to provide efficient and quality services to its client for the past years. The company accepts fleet cards from its long time partner B.P and others such as 'Conoco Philips Fleet', 'Ricker oil fleet' and the 'Superfleet Marathon Fleet'.

Organisational structure

The Ricker company is currently headed by Quinn Ricker who is the president of the company. Quinn replaced Jay Ricker who is now the company chairman in April, 2010.

As company president Quinn's roles / duties are to:

- Monitor and deal with the day to day performance of the company.
- Assess and keep track of the company's performance on a daily basis.

- Execute company policy.
- Sign legal documents and certificates on behalf of the company.
- Enforces the boards decisions.
- Inform the board of company performance and activities.

As company Chairman Jay Ricker will be responsible for:

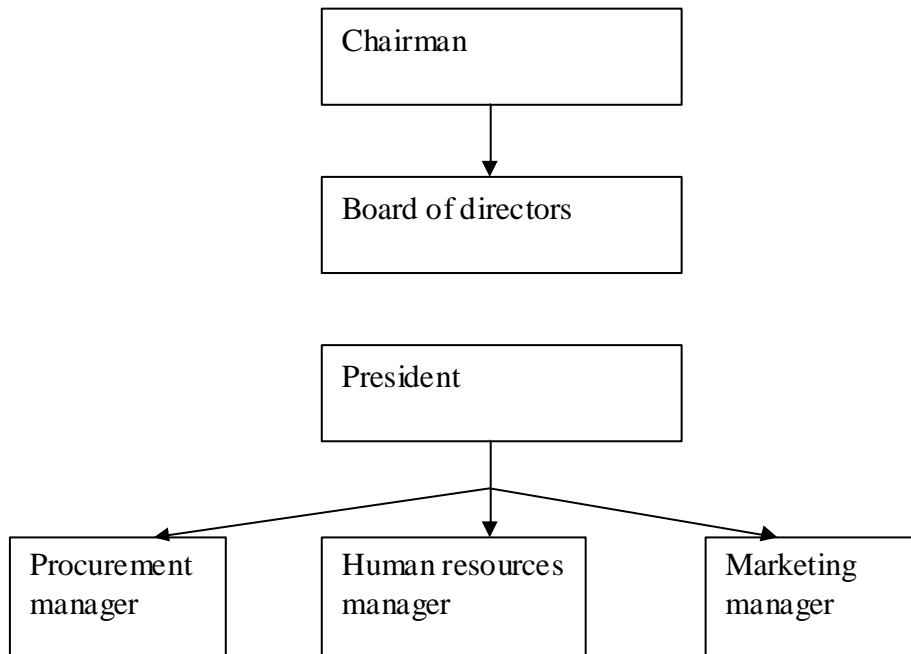
- Presiding over boards meetings
- Setting an agenda for the board of directors
- The appointing and dismissal of company presidents
- Facilitating the formulation of long term goals and visions for the company

The management structure of the Ricker Oil company takes up a pyramid shape.

Pyramid management structures are advantageous as they allow for orderly and structured administration but also hinder the flow of information from bottom levels of the company to the top levels. At the top of the Ricker company is the Chairman of the board followed by the board of directors. The board instructs the president who leads a team of managers in the implementation of company policy. The president oversees the operations of the marketing, procurement, human resource managers (Spoke, 2008).

The managers are directly answerable to the president who consistently tracks their performance. The marketing manager is responsible for all the marketing and public relations activities of the company. The procurement manager is on the other hand responsible for the stocking and supply of the company's gas stations and convenience stores. Lastly, the human resource manager is in charge of hiring / firing staff and ensuring healthy relations between the company and its employees. At the bottom

levels of management are supervisors who are responsible for overseeing that the support staff carry out their duties effectively.



Objectives

The Ricker Company is geared towards fulfilling the needs of its clients by providing quality products and services. The objectives of the company are to:

- Provide clean energy efficient fuels
- Supply and serve clients in the Indiana state
- Provide friendly and fun customer service
- Market and promote products from its affiliate companies e.g. B.P
- Create a trustworthy relationship with the society
- Provide clean and convenient stores for its clients

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Corporate Social Responsibility

The Ricker Oil company is very keen in giving back to the society from which it operates in and has gained much. In line with the company policy the Ricker firm sponsors numerous charity and environmental conservation organisations. The company sponsors the Habitat for Humanity which is a Christian organisation that is geared towards the provision of good housing to poor communities. The company sponsors a single house to a community in its operating environments. The company has renovated and rebuilt 14 houses as at August, 2010 (Retail merchandise, 2010).

In April of the year 2010, the Ricker Oil company gave an amount of 21, 895 dollars to the Muscular Dystrophy Association (MDA). This amount was paid to the MDA so as to cover the costs of sending 27 children with muscular dystrophy conditions to the camp for therapy. This amount was raised from a campaign drive held by the Ricker group in which they sold shamrocks for \$1 at their convenience stores (WSJ, 2010).

Other activities in which the Ricker group is involved in through the Ricker family include the Community Hospital, Community foundation and the Alternatives Inc venture. The Alternatives Inc is an organisation that has been formed to assist people with disabilities such as both mental and physical. Through this organisation the Ricker oil group is able to align itself with its goals of giving back to the society (Manta, 2010).

Human resource aspect

The Ricker oil company employees over 700 employees. The Ricker company employees are driven by the urge to promote a family conducive workplace, ensure the

customers are satisfied, provide quality services and catapult the company to a leader in its field. The employees must each commit to the stores code of conduct namely, each employee must greet the customer in a positive way, maintain a positive and upbeat attitude in their work, maintain high ethical standards and work practices, maintain a regular work attendance, maintain high personal cleanliness standards and always strive to keep their work place clean (Ricker website, 2010).

The Ricker company has three categories of employees namely, customer care representatives, assistant store managers, store managers and a café lead. Support staff include delivery drivers and corporate support staff to work in the company's headquarters. Part time vacancies and student internships are also provided.

The Ricker company offers one of the best salaries to its employees. The company aims to reward its employees for helping to contribute to its success. The wages for the employees are as below:

- Customer service representative- start at a minimum of \$7.25 per hour
- Associate manager- Range between \$9.00 and \$11.00 per hour
- Store manager- Range between \$22000 and \$42000 per year
- Café lead- Range between \$7.75 and \$10.00

However, the employee salaries are subject to revision and depend on the individual performance of the employees. Employees are eligible to bonuses and salary reviews once they have proven to have the ability to perform well. Work experience and qualifications also influence the amount of salary that an employee is to receive.

The company also offers an array of benefits to its staff. All staff are eligible to health benefits; with the company paying up to 70% of the hospital bills for the employees.

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Other types of health insurance are facilitated by the company however they are voluntary e.g. dental and life insurance. The employees are also eligible for vacations. The time allowed for the vacations varies according to the number of years which the employee has served the company. An employee of one year is eligible for a vacation of a week while an employee of 20 years is eligible for a vacation of 4 weeks (Ricker website, 2010).

CONSUMER BEHAVIUR

Consumer attitudes and behaviour have seen a pronounced change due to the B.P oil crisis. The spillage crisis has lead to a change in attitudes among the consumers. This has hurt the Ricker company as it has lead to the fall in their sales volumes. The U.S markets have seen a drop in overall B.P retailer sales as the consumers have shifted to American owned companies. The United Kingdom (U.K) consumers on the hand have not been as discriminative as the American consumers. This has lead to many retailers in the U.S weighing their options on the possibility of rebranding their stations.

The consumer attitudes have been further worsened by environmental conservation groups and online communities that lobby for the boycotting of all B.P products. The consumers are however aware that the boycotting exercises will have minimal influence on the B.P company but will seriously affect innocent and hardworking retailers such as Ricker Oil (Dmnews, 2010).

PLESTIE ANALYSIS

Political. The gas station owners have faced many difficulties in the previous years. The volatile political conditions of the Middle East and soured relations with the U.S has led to drastic increase in oil prices in the previous years. The rise in gas prices has forced the retailers to reduce their profit margins so as to make more from direct fuel sales. The station owners are also faced with tight regulations that attempt to ensure they are responsible for their activities (Dailyfinance, 2010).

Social. The responsibility of gas companies towards the society has been on the growing increase. This has lead to a better association among clients with companies that have well elaborate social responsibility programs. Therefore many gas companies in the U.S have seen the need to involve themselves in social welfare groups and organisations so as to create reputable brands.

Industrial. The Ricker oil company is directly influenced by Porter's five forces namely supplier power, threats from substitutes (Solar and green energy), barriers to entry into new markets, the ability of the buyer to control market prices and threat from competitors in the same market pool (Businessweek, 2010).

Environmental. Environmental groups have aided in the overall fall in performance of the Ricker company. This is because most green energy organisations have tarnished the image businesses involved in the gas and oil activities. This has been due to the worldwide promotion of green energy solutions. The recent B.P oil spill has caused

even greater out roar from environmental conservationists who call for boycotting of B.P products.

SWOT ANALYSIS

Strengths. The strengths of the Ricker company lie in its good and healthy relations with its immediate communities. The company also boasts of a long heritage and existence in the Indiana market. This positions it strategically as it has been able to earn its client's trust over the years. Such a relationship with its clients has the potential to facilitate a comeback from the oil spill crisis. The good name that the Company has together with its known trademarks such as the Ricker pop leave options open for the company to make a shift from B.P to another supplier; without seriously hurting its performance (Financial times, 2010).

Weakness. The company dominates a very fragile market whose consumers can shift opinions and preferences very fast. This therefore means that the company's success is not secure and the company's performance can drop drastically if all factors are not kept in check. Another weakness that the company faces is that its reputation is dependent on the reputation of B.P and thus for it to succeed the B.P brand must be well marketed and viewed (Csdecisions, 2010).

Opportunities. The Ricker company was on a growth trend until the oil saga ensued and negative publicity of B.P forced its sales to rocket down. However if the company can manage to come out of the crisis the future promises great returns.

Threats. The company faces multiple threats from rival companies; mostly retailers of companies such as Exxon Mobil, Chevron, ConocoPhillips and the Royal Dutch Shell. The Gulf of Mexico spillage has been advantageous to retailers not dealing in B.P products as they have experienced a mild flood of new clients. This is a major threat to

Ricker oil as their competitors now have a more competitive edge over them; based on environmental grounds and negative publicity (British Petroleum website, 2010).

MARKETING ANALYSIS

B.P was synonymous with quality and reasonable prices. The Ricker company has benefited greatly over the years from the quality products that B.P provides and good retailer support mechanisms that have been put in place by its supplier. This fruitful relationship has facilitated the growth of the Ricker company over the past years. The Gulf of Mexico crisis has forced B.P to reevaluate its policies and business model. B.P will also be forced to dispose off a vast percentage of its assets so as to offset the costs incurred in cleaning up the oil spillage (Digg, 2010).

The future will see a more dormant B.P as compared to what it used to be. B.P has also sold off many of its retail stations in the U.S and is going on with restructuring plans. The changes in B.P operations will inevitably result in changes in retailer relations. The Ricker company must therefore make changes that will help it get through the crisis.

MARKETING STRATEGY

For the Ricker company to recover from the current difficulties it must find ways of creating consumer awareness on the cleaning up processes after the Gulf of Mexico oil spill. The company must launch campaigns that will attempt to educate consumers on the unpredictable and uncontrollable nature of accidents. The campaign will try to make the clients understand that the Gulf of Mexico incidence was an accident and that B.P and its affiliates had no control over (ABC news, 2010).

The campaigns will involve the use of posters and coupons from the Ricker stores that will highlight and show B.P's efforts in cleaning up the ocean and beaches after the spillage. Photographs and poster could be put outside every Ricker station showing images of the B.P clean up teams working to clean up the environment.

The marketing strategy aims at clearly highlighting that:

- B.P fully accepts responsibility for the oil spill in the Mexico gulf
- The spill was an accident an unforeseeable
- B.P is determined to clean up the ocean and shores so as to try and reverse the effects of the spill
- B.P is committed to cleaning up the environment at all costs
- Boycotting B.P products seriously harms local traders
- B.P needs help from the American people in the clean up process

The Ricker company could post advertisements in all its stations telling people to help B.P clean up the environment. The advertisements could read "Buy from B.P and help us continue with the clean up process."

Such a drive would promote the clients to buy from B.P so as to support its marine environment restoration activities (Businessweek, 2010).

The company can also introduce promotions so as to try and boost sales. The promotions could involve the mixing of products from its stores and selling the products for cheaper prices so as to entice customers. The Ricker management could also implement offers where a client gets a price for a certain amount of fuel consumed. Discounts could also be made on clients who fuel and also make purchases from the stores so as to try and boost the fuel and store sales (Manta, 2010).

The company will make use of social networking websites such as facebook and twitter. Marketing representatives will open accounts in the websites and create online communities in support of the company and services. Such as move is targeted towards the young generation who account for majority of subscribers in the social websites. The Ricker Oil company could also offer free gifts to its clients who either shop or purchase fuel. The gifts will be in form of printed t-shirts, bags and umbrellas. The gifts will also serve as a marketing tool as the logos will be clearly visible once worn or used.

Place

The marketing strategy is geared towards capturing clients in the Indiana state. The purpose of the marketing campaign will be to recapture the market. The Ricker company will carry out marketing activities aimed at re-establishing healthy relationships with the Indiana community.

Product

The company will market its convenience store products together with its fuel products. Promotions of mix products and offers will be made so as to re-establish the connection

that people had with B.P and Ricker oil. 'Combos' such as fuel and get a meal for free will be launched.

Promotion

Promotion and marketing will be done via television, road shows and free services. For example free car wash will be offered to all clients who fuel up to \$50 and above.

Events and gifts will also be incorporated into the campaign.

Price

The company will reassess its prices and come up with suitable prices so as to attract more clients. The company will also cut down its prices to allow for a bare minimum of profits. This campaign is to last for six months after which the prices will be increased gradually. During the price increase phase the clients will be retained by the use of loyalty programs.

ACTION PLAN

Advertisements

Banners will be printed and distributed to every Ricker station. The banners will attempt to show the effects of B.P boycotting on retailers. The banners will display words such as “Think first before you hurt the American retailer. Help us be more responsible for the environment. Support us as we change”

A collection of slogans and pictures will be designed so as to create awareness among the consumers. The company will also air television commercials in the Indiana region geared towards making use of Ricker’s long heritage in an attempt to recapture clients.

Branding

The Ricker company will need to make a shift in its branding strategies. The company will need to create a consumer association with Ricker Oil and less with B.P. This can be done minimising on B.P logos and identifiers in its coupons, receipts and websites. The company should scrap the use of B.P cards and should introduce new fleet cards. Consultations can also be made with B.P so as to allow the Ricker company so as to allow the company to change its colour themes so as to minimise its association with B.P. New packages such as ‘The Ricker gas package’. Special prices could be offered for such packages in an attempt to woo clients back in.

Promotions

The company will introduce ‘A Ricker Bonus program’. This will be a loyalty reward program in which clients will be rewarded for making purchases from the Ricker stations. Coupons could be issued to clients once they have spent a minimum of \$100 in the stations. The coupons will then be entered into a televised grand draw and the

winners of the draw awarded with prizes. The grand price will be a 'fuel efficient' vehicle so as to emphasise the determination of the Rickers in maintaining a clean environment.

Social networks

A vibrant and active presence will be maintained by the company in social networking websites. The company will be promoted using accounts in these websites. This will enable the creation of fun clubs and groups in support of the company and its operations. Loyal fans will be awarded with sponsored trips and holidays by the company. This would pose as a good incentive in promoting active membership in the company's online community.

EXPECTED SCENARIO

The company's marketing and promotion efforts are expected to reap good returns within a year. In a year some notable changes are expected:

- Increase in convenience store sales.
- Increase in fuel and lubricant sales.
- Change in attitudes among consumers.
- Better loyalty to the company among the clients.
- Improved staff morale.
- Better competitive edge of the company.

FINANCIAL EVALUATION

Expenses

Activity	Expense in USD
Advertisement expenses	300,000
Promotions	100,000
Awareness drives	475,000
Total	875,000

Revenue

Source	Revenue in USD
Projected Fuel sale increments	1,234,000
Projected increase in store sales	1,450,000
Total	2,684,000

SUMMARY

The marketing strategies if implemented well enough will need to an increase in the companies sales and thus profit margins. The company will be required to take bold steps so as to ensure that it recaptures its clients and improves its overall performance. If the calculated marketing strategies are adhered to the Ricker Oil company can regain its position a market leader.

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