



Taking Stock and Looking Ahead: The 2008 BPAMA Conference Overview



A message from Bill Tome

“We are here today because we are looking to our association and our supplier to help us take stock of where we are today and, more importantly, where we are heading tomorrow,” said Bill Tome, BPAMA chairman, as he kicked off the 2008 convention.

There was no sugar-coating the trying times the industry has faced over the past months. Tome noted the litany of recent challenges – record-high crude oil and gasoline prices, continued turmoil in the Middle East, storms in the Gulf Coast and their toll on supply of refined products in the Southeast along with volatile financial and market conditions not seen since the Great Depression.



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Yet Tome remained focused on how BP marketers can come out of this economic environment as not only survivors, but winners. "We need to stand up in this sea of turmoil and look for opportunities," urged Tome.

"Change is hard, but changing and evolving is paramount to ongoing success."

He urged branded marketers to take a hard look at their business, and determine what they do well as core competencies and assess the weaknesses that need improvement. Tome advised BP marketers to ask the following questions – and many others: 'Can I compensate for lost gasoline margins by building other areas of my business? Can the lack of supply bring opportunities elsewhere?'

Does the lack of financing force me to look closely at my business and shore up weak areas? Do I need to change long-held beliefs that used to work but now seem to struggle?'

BPAMA accomplishments and leadership

Tome noted BPAMA's considerable accomplishments since the 2007 convention in New Orleans, "Last year, our executive director, John Kleine, spoke of the three-legged stool, in which the legs represent the marketer, BP and our industry suppliers. BPAMA represents the structure that ties those legs together. Individually we are strong, but together, we can do extraordinary things to meet the needs of the consumer."

He added that the strength of BPAMA is based on the phenomenal and independent leadership from its marketers, its sound financial status and the organization's work with BP to develop the best supplier/marketer relationship in the industry. Tome commended Kleine's leadership and the BPAMA board for their strategic vision and sage decision to reduce the size of the BPAMA board to make it more focused in working with BP. Three key committees now work directly with BP to address three critical areas – strategy, marketing and supply.

Times are tough, and change is hard

Despite BPAMA's many accomplishments, Tome acknowledged branded marketers are faced with the challenging, day-to-day realities of the current marketplace. "You're thinking: 'My price is too high. I can't get product. Why can't I splash-blend ethanol? Credit card fees are killing me. I can't get financing to grow my business. What has happened to my grade ratios?'" Times are undeniably tough, and nearly everyone in the room can share a similar story," noted Tome.

"I challenge you to be the industry leader."

"But," he urged branded marketers, "the challenge is not to stand with your feet stuck in the mud. The key is to change and evolve." "The challenge," said Tome, is to answer the question: 'Where do I go from here?'"

Change is hard, noted Tome, but changing and evolving is paramount to ongoing success. "We are long standing businesses that have stood the test of time because of our ability to evolve, innovate and change."

My challenge to you

Tome concluded by issuing challenges to BP, to marketers, and to BPAMA. To BP, he said, "I challenge you to be the industry leader. I challenge you to invest in the people and processes necessary for you to know your customers and the markets in which they compete. You did a great job learning from the unfortunate incidents called Rita and Katrina. I challenge you to apply those lessons learned in dealing with the pipelines and terminals as that end of the distribution chain was exposed after Hurricanes Gustav and Ike."



To the marketers, Tome urged, "we must learn to operate in an environment of shrinking demand. I challenge you to develop a strategy to compete in this environment by using tools such as the new BPAMA education strategy."

Moreover, he urged branded marketers to look closely at their portfolio of assets and make the hard decisions to divest of those that are no longer profitable. "I challenge you to ensure that all of your locations are setting themselves apart from the competition by having the right image and offers."

To BPAMA, Tome noted, "you must continue to be the piece of the stool where we can come together to learn from one another, to learn about successes in the market,

and to learn how to be a better marketer. Develop the educational tools for us to grow our business, and make the channel strong for BP and the rest of our suppliers."

While these times are challenging, noted Tome, "being here together in Tucson is the first step in determining where you want to go, and more importantly, what it takes to come out a winner."

Slideshow: 2008 BPAMA Conference in Pictures



Explore this year's conference in slideshow format.

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The 2008 Learning Lab: Your Convention With a Difference



“This is your convention,” said John Kleine, Executive Director of BPAMA, as he challenged branded marketers to take away three new strategies for success that will carry them through and help them succeed in tough markets.

The BPAMA 2008 convention is “Your convention – a convention with a difference,” remarked John Kleine, Executive Director of BPAMA. “This convention is a different learning experience this year. It is a learning laboratory focused on you and equipping you with the knowledge – the difference – you will need to survive and grow in these tough economic times,” explained Kleine.

Kleine reminded convention attendees of the three-legged stool metaphor. “Accelerating the brand starts with the BPAMA three-legged stool,” he said. The three solid legs represent the marketer – the entrepreneur with

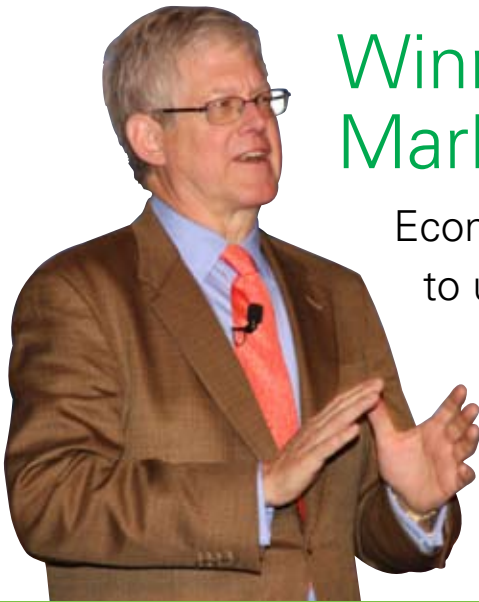
‘skin in the game’ and generations of experience; BP – the global brand representing quality, reliability, innovation and strength; and the suppliers – the products, equipment, knowledge and services that keep the BP brand at the leading edge. The base of the stool, BPAMA, brings the three legs together to lead, support and deliver new opportunities, explained Kleine. Lastly, at the head of the stool is the consumer. So while individually, each of these legs provide a product or service to the consumer, when they come together through BPAMA, they are strong and ably equipped with the knowledge and resources to serve the consumer.

“We will achieve our objective of giving you the tools to accelerate the brand and come out a winner.”

Kleine posed a challenge to convention attendees: to identify new tools or skills at the 2008 convention that will help them to win in the marketplace and accelerate the BP brand and the brand of their own companies.

“If we deliver the knowledge, and you do your homework,” he advised branded marketers, “we will achieve our objective of giving you the tools to accelerate the brand and come out a winner. This is your convention with a difference,” concluded Kleine.





Winning Strategies in a Tough Market: The Economic Outlook

Economist Dr. Phil Verleger, tells branded marketers to use balance-sheet discipline and conservatism as a safeguard against the worst U.S. recession since 1950 that may last two years or more.

With so much economic turmoil in recent weeks, convention attendees were eager to hear from Dr. Phil Verleger, Jr., the David Mitchell EnCana Professor of Strategy and International Management at the Haskayne School of Business at the University of Calgary. In his opening keynote address, Verleger offered an arguably bleak view on the economic and market outlooks. He also offered some strategies for how marketers can position their businesses effectively to weather the storm.

“Collapsing demand for gasoline, tightening credit and new government regulations will present sizeable challenges,” noted Verleger. He offered the following comments about what he sees coming down the pike:

Verleger’s prediction for the economy and oil prices

- The U.S. is experiencing its worst recession since 1950, which will result in real income falling. The recession could last as long as two or more years. However, Verleger clarified that this is not a depression.
- Households will be pinched, and consumers will reduce spending and boost saving. The effect of the saving will lengthen and worsen the recession.
- Crude oil prices could fall to as low as \$20 to \$25 per barrel, and gasoline prices could drop below \$1.50 per gallon.
- Refining margins will shrink considerably. Gasoline-focused refiners will be hard hit.
- Overall growth in total petroleum demand will be depressed by economic conditions.

Verleger’s view on renewable energy and ethanol mandates

- Ethanol mandates that are part of the 2007 Energy Act are a source of concern. The poorly thought-out energy legislation, which requires ethanol in gasoline, was a key cause of rising commodity prices, particularly corn.
- Sales and production of conventional gasoline will be cut because refiners are required to blend fixed amounts of ethanol into gasoline.
- The loss in gasoline production could constrain diesel production. Diesel fuel supplies will likely be tight across the world for several years.

Verleger’s recommendations for surviving and thriving

- Discipline and conservatism are key to getting ahead in this market.
- Now is the time to build and conserve cash on the balance sheet. Firms with the strongest balance sheets will prosper. Those with decent balance sheets will survive.
- Optimize assets. Identify the strong ones to hold on to, and the marginal ones to get rid of.
- Deleverage.



Building a Sustainable Platform for Growth: Investing in the Fuels Value Chain

BP's multi-faceted investment strategy from Canada to the Gulf, works to grow U.S. energy supply and ensure a secure future in the energy market.

While acknowledging the uncertainty and volatility related to the economic downturn and banking crisis, J.R. Thomas, President of BP's Midwest Fuels Value Chain, boldly asserted, "We are better positioned today than we were 12 months ago. We have absolute strategic clarity. We know where we need to go, and we have started that journey. We are building a strong, operationally excellent foundation that will allow us to grow and win in the marketplace."

BP is investing in U.S. energy security and future energy needs

Thomas commented, "We are continuing to invest in the future of U.S. fuel security across the fuels value chain." In the last five years, he noted, BP has invested \$31 billion and expects to continue to invest an average of \$6 billion per year over the next decade.

"We are the largest investor in alternative energy and biofuels in the U.S."

First, BP is committed to growing the U.S. energy supply. Currently the largest gasoline producer in the U.S., and the largest investor in energy in the U.S., BP's commitment is broad and diverse, from Canada to the Gulf of Mexico, from production of crude, out to end consumer, from natural gas to solar, to hydrogen and biofuel. BP is also investing in developing new low-carbon emission alternative energy sources, as well as extending energy supplies by creating clean, sustainable and renewable fuels for the future.

"Our commitment to addressing energy security while respecting the environment goes beyond talk to real action," said Thomas. "We are the largest investor in alternative energy and biofuels in the U.S. Globally, we make up 10 percent of the biofuels market, investing in projects such as sugarcane ethanol factories in Brazil, and research partnerships and investments to develop biobutanol, cellulosic ethanol and biodiesel feedstocks such as *Jatropha Curcas*. But," acknowledged Thomas, "sustainability needs to be addressed. We believe that the solution to cleaner, greener energy ultimately has to lie outside of the food chain."

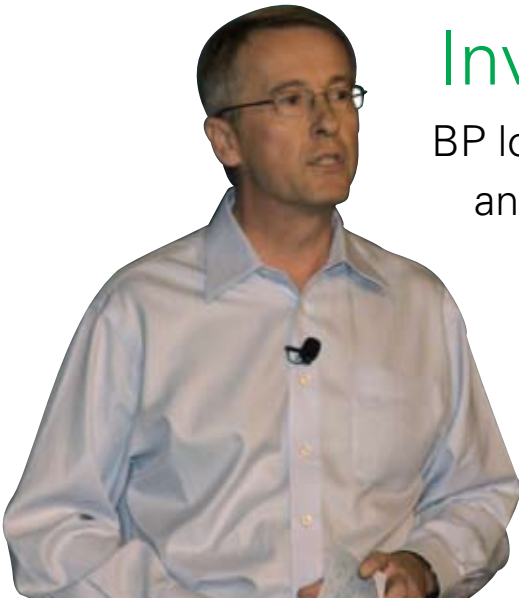
BP is investing in its customers and operations

Thomas laid out BP's plan for investments across the Fuels Value Chain – from acquisition of advantaged crude and refining, to its footprint of pipelines and terminals, to the end customer and consumer. Investing across this value chain will enable the company to deliver reliable supply and build customer loyalty, which ultimately drives more traffic to branded marketers' sites.

Beyond getting the logistics and supply reliability right, BP is committed to creating a relevant, robust consumer value proposition, according to Thomas. "If we do that, we'll be the brand of choice for you – our customers – as well as our consumers," he said.

Investing to Win

BP looks to the future of U.S. energy supply and global opportunities with a two-year, \$400 million investment in biofuels, supply reliability, and the branded marketer network, BP's branded channel of choice.



"We have to do three things right," remarked Rob Day, President, East/Gulf Coast Fuels Value Chain, BP. "We must invest, transform and optimize."

Investing in the U.S.

"Supply reliability is critical," he commented. "The team has done work to get to a much better place. We've invested hard. Then the hurricanes hit and tested our process. I'd contend that those processes worked reasonably well. But there are absolutely things we can do better, and we are up for continuous improvement."

"We have the right foundations, the right actions, and the right people."

Investing in biofuels

Day continued, "whether you like it or not, biofuels are here to stay. If your supplier does not have a biofuel strategy, they are in a harvest mode. They are not thinking about health, growth and vitality of the business. At BP, we've been investing in that future, to make sure we have the best fuels for you," said Day.

Investing in our customers and operations

"Branded marketers are our branded channel of choice. We need to have the right customer offer," said Day. "The relationship between BP and BPAMA and branded marketers is a unique relationship based on honesty and based on mutual advantage," he noted.

BP also is committed to providing a differentiated consumer offer, through a BP branded value proposition, a strengthened network, powerful fuel and C-Store

support, a strong co-brand offer in fuel/C-store aimed at driving traffic, and back-court consistency across the network.

Watching the horizon

"BP is a global company with an eye on the future. You benefit from the time we spend watching the horizon and determining how to adapt to the evolving landscape, such as the economy, changing supply and demand patterns, and new government regulations such as Vehicle Fuel Efficiency Standards like Corporate Average Fuel Economy (CAFÉ) and the Renewable Fuel Standard (RFS)," commented Day.

"We have a progressive and attractive brand. We're investing \$400 million between 2007 and 2009. That's a brand that wants to win. We have a strong balance sheet."

Day continued, "We have the right foundations, the right actions, the right people. Together we'll win and together we'll be successful."



Product Strategy: A Differentiated Product Slate



BP Gasoline with Invigorate is now sold by 50% of the BP and BPAMA network. In 2009, expect 100% network participation, and the roll out of a new, branded diesel product to add to your consumer offering.



“As a BP branded marketer, you need to understand your strengths, why they give you an advantage, and how you will exploit your position to ensure your success,” said Sean Daley, Vice President of Midwest Sales.

“Our major advantage is the BP product slate. That slate is superior to the competition, both in the products themselves and, more significantly, how they are perceived by consumers. After all, these are the people we are trying to entice to visit our sites and purchase our products more frequently than those of our competitors,” affirmed Daley.

From our marquee heritage products, Amoco Ultimate and Amoco Premier Diesel, to new BP gasoline with Invigorate and BP’s latest offering, BP Diesel, BP continues to have the highest quality ratings from consumers year after year in the markets where BP operates.

Highly successful Invigorate roll-out

In 2008, BP began its roll-out of BP gasoline with Invigorate to half the BP network. The improved driving performance and increased mileage consumers get from Invigorate, confirmed by significant research, have been key differentiating factors in their purchasing decisions.

Beyond a meaningful product differentiation, the innovative advertising campaign for Invigorate seems to resonate with modern consumers. “By linking the value proposition to priorities in the consumer’s lifestyle, we have created a marketing platform that is unique to BP and unique in the category.” Consumers can relate to the

advertising and marketing campaign, ‘younger for longer’ on a personal level, rather than a technical approach. The campaign translates easily for the consumer: if I put something good in my car, it runs better, just like if I eat nutritiously, I feel better and stay ‘younger for longer.’

“Early results confirm that our marketing approach is getting people’s attention, that they understand the message, and the proposition is relevant and motivating enough to see them change their purchase behavior.”

Sites with Invigorate have outperformed sites without Invigorate by 1.1 percent. Consumers’ perception of Invigorate’s value has also been very positive.



“Early results confirm that our marketing approach is getting people’s attention.”

Finally, it has been a considerable accomplishment to get Invigorate to over 90 terminals and the image to approximately 5000 sites this year. “We are extremely proud of the fact that 75 percent of branded marketers thought we did either a good or very good job through this process,” said Daley.



Diesel strategy

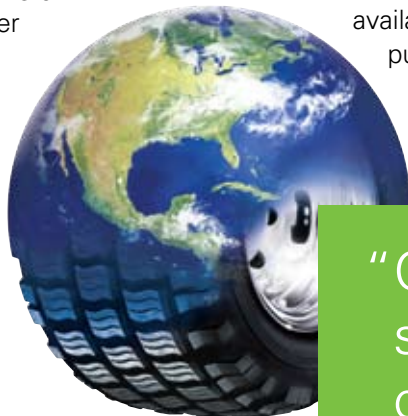
Chris Garlick, Manager of Product and Offer Development, recapped the dynamics around the diesel market going forward. Demand is likely to continue to grow through the ongoing increases in consumption by the heavy duty on-highway sector, but also as the light duty and passenger vehicle sectors increasingly choose diesel engines for power, fuel efficiency and low emissions.

Supply, on the other hand, is constrained by domestic U.S. refineries' inability to produce sufficient Ultra Low Sulfur Diesel (ULSD) to meet the growing demand, and reconfiguring refineries to increase supply being extremely difficult. Similar situations of demand outstripping supply in other parts of the world constrain our ability to use imports to meet our excess demand.

It is against this backdrop that BP is launching BP branded diesel, with the view to give marketers a competitive advantage, as supply is tight and demand is increasing, through an increased focus on the consumer offer supported by a compelling branded marketer offer. BP diesel is now the fourth SKU of BP's branded product slate, with a focus on consumers who want both the power and low emissions offered by ULSD.

In terms of the branded marketer offer, Garlick stressed a number of important things about BP Diesel and BP's commitment to:

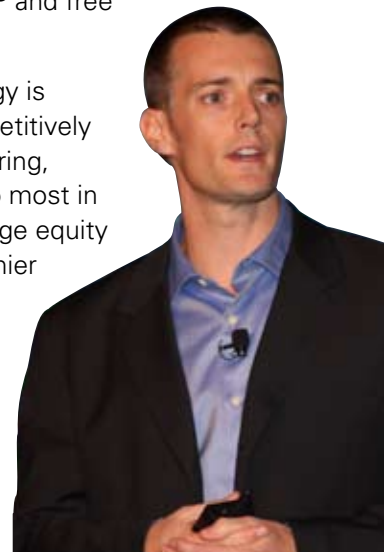
- **Consistent, competitive pricing.** BP is committed to delivering consistent, competitive pricing that will support the product and offer.
- **Reliable diesel supply.** In these times of growing demand, BP is determined to provide customers with a reliable supply. Demand forecasting will be implemented for diesel, so branded marketers can have flexibility to change their diesel demand forecast.



- **A powerful, new BP-supported consumer offer.** The new consumer offer will reinforce the benefits of ULSD and BP's product quality and integrity.
- **New on-site brand image and marketing materials.** BP has developed a new, consumer-tested on-site image to support BP Diesel and the BP brand.
- **Integration into the overall branded offer.** BP Diesel customers will benefit from the marketing programs BP offers.

BP Diesel will go live on April 1, 2009. Throughout 2009, branded marketers selling BP Diesel will receive free new on-site branding and POP and free marketing materials.

Also included in BP's diesel strategy is Amoco Premier Diesel, BP's competitively differentiated premium diesel offering, which will be a superior product to most in the marketplace. This builds on huge equity of the Amoco Premier name. Premier Diesel will have the same free, on-site branding and marketing available as BP Diesel, including pump graphics, POP and marketing brochures.



“Our branded diesel strategy reinforces BP's commitment to the product slate as a significant value driver for the brand and our marketers.”

“How does diesel support our branded marketer value proposition? BP Diesel and Amoco Premier Diesel will enable you to capture a fast-growing number of consumers who are choosing diesel engines,” Garlick concluded. “We believe our diesel strategy will give BP and our marketers a competitive edge.”



Changing Consumer Trends and Attitudes

Consumer behavior is changing drastically to habits not seen since 1979-1982, and **David Portalatin**, Director of Industry Analysis for the NPD Group, urges branded marketers to focus on value, performance, and branding to increase market share.

The rise in gas prices and economic realities are changing consumer behavior and consumer expectations, explained David Portalatin, Director of Industry Analysis for The NPD Group, but this does not mean that there is less opportunity. According to Portalatin, this opportunity for success hinges on success at differentiating the BP brand in the market.

Changing behavior and consumer preferences

Consumers spent \$108 billion more on fuels this year than they did the prior year – and with that money bought less gas. Consumer traffic is down 7.5 percent at the pump. Simply put, high prices have led consumers to change their driving behavior. Miles driven are shrinking, and people are thinking more carefully about driving. Consumers increasingly are carpooling, biking, consolidating errands to minimize trips, working closer to home – or relocating closer to work, and delaying or canceling driving vacations, among other ways to economize gasoline.

This current decrease in miles driven represents a significant departure from historical trends of increases each year in the number of cars on the road, and the number of miles driven. The only other time during the last 30 years that the U.S. has seen such a marked shift

in consumer behavior, i.e. a decrease in miles driven, was from 1979 to 1982. This prior behavior shift, similarly, happened when real gas prices exceeded three dollars per gallon.

Changing vehicles

Consumers are changing their vehicle behaviors as well, noted Portalatin. Many are trading in gas-guzzling SUVs, minivans and trucks for smaller cars with better fuel economy, including hybrids and even scooters.

“Opportunity hinges on success at differentiating the BP brand in the market.”

Few ordinary buyers are interested in trucks right now, and among those that want to purchase a vehicle in 2009, four in ten buyers say it will be more fuel efficient. Nearly three in ten say it will be a hybrid.

If gas prices drop to \$2-\$3, noted Portalatin, some may go back to their old behavior, but many won't go back to the old ways. “We may have reached a new era. When you change how you get to work, where you work



Marketing Success Story: Southside Oil

Accelerating the Brand: Putting loyalty to work

Click here to play



Changing Consumer Trends and Attitudes Continued...

or what you drive, these are decisions that have some permanence," he commented. "Consumers are looking for ways to cut back on gas usage. This means more gasoline demand destruction for 2009 and possibly further."

Focus on quality, fuel efficiency and value

Given customers' growing focus on quality, fuel efficiency and value, Portalatin urged convention attendees to consider the following:

1. Strategies that motivate consumer behavior through redefining the product or the purchase occasion

He cited the example of coffee consumption and Starbucks. Coffee consumption per capita peaked in 1946, and today is equivalent to what it was 100 years ago. "Starbucks didn't create new demand, but took market share away from other occasions. Starbucks redefined the product and experience and, as a result, grew dramatically."

2. Focus on value

Value will always be a viable differentiator, he explained, hence the popularity of big-box, discount stores such as Costco. He suggested leveraging this value positioning through promotions, such as loyalty programs with money off at the pump, which are an effective way to motivate customers.

3. Importance of performance

The importance customers place on performance is on the rise. Statistically, customers are more concerned about performance than they have been in the past, particularly during a period when people are not buying as many new cars, and are keeping their cars longer. Keeping these cars performing well is especially critical.

"BP is already differentiated around product performance, and is the preferred brand for performance in the mind of the consumer," he commented. "Quality and performance resonate with consumers. I'm convinced there is real opportunity here," concluded Portalatin.





Scorecard Highlights for 2008

The BP-branded marketer joint scorecard has become a familiar benchmark since it was introduced in 2007. **Bill Tome**, BPAMA Chairman, and **Liza Clechenko**, Vice President, East/Gulf Coast Sales at BP, offered an overview of the scorecard achievement highlights this year.

"The scorecard exists for developing goals for mutual success between BPAMA and BP. It reinforces and builds success on the key elements of brand, fuel products, programs, local marketing, and partnership," explained Clechenko.

Here are some key Scorecard highlights:

Brand

Helios 100

Helios 100 is about providing customers with a consistent and quality experience at every BP branded site in every location. "We have come a long way in three years, but there is still room for improvement," said Clechenko. "We know that to win in the marketplace, we need to continually up our game, so improving scores for Helios 100 will be a scorecard focus for 2009," she said.



Image refresh

Branded marketers expressed interest in more tools for effectively executing brand standards at the site level, explained Tome. BP responded by making new tools available, including increasing Co-op by funding and allowing budgets to be used toward image elements. Now, a new offer to support brand refresh at the site level is coming. The offer will focus on marketing and will work like JOIP in terms of investment. Stay tuned for more on this later this year.

Fuel products

Supply reliability

The first half of the year, BP delivered on its supply reliability promise and let marketers know where there were supply problems. Demand forecasting, a new tool, was unveiled, which will be very useful once the process is fine-tuned. However, hurricane season, especially in the East and Gulf Coasts, was very challenging. Many branded marketers felt firsthand the impact of the 2008 hurricanes and tropical storms and the ensuing dislocation for the industry, which heavily affected suppliers in the Gulf Coast. Based on lessons from 2005, BP has worked hard to improve our incident response processes. Customer feedback indicated that the teams executed well against most of these processes during the most recent storms, but certainly some areas can be improved.



Product strategy

Diesel is growing in importance in the U.S., and marketers have asked for a clear diesel strategy. "We are excited to bring a new branded diesel product on as a fourth SKU for our sites. Also, BP Gasoline with Invigorate came to half of our sites this year, building on the heritage of product quality and innovation in fuels technology. The terrific advertising campaign, 'younger for longer' has been very well received in the market. Half the network has Invigorate, and the other half will receive it next year. We have the best product in the marketplace!" noted Clechenko.

Programs

Credit cards

Consumer and commercial cards continue to be a great driver of consumer loyalty. BP credit cardholders visit BP sites more frequently and spend more at each visit. The fleet card program has made great strides and is the most comprehensive offer in the market. CommLinX also has become a very effective tool to enable new capabilities. There are two offers now in place for customers to choose from (Wi-fi and Bank-in-a-Box), with more coming in 2009.

Local marketing

Tome announced that new toolkits will be available on AdDepot in the fourth quarter to support with local activities such as grand openings, customer appreciation days and Invigorate celebrations.

Sponsorships

Sponsorships in 2008 and 2009 include FLW Outdoors and Mazda with the American LeMans Series. Over 100 branded marketers took advantage of the FLW simulator for local events. As a part of this program, BP is introducing a site tour with the Mazda race car.

Partnership

The teamwork between BP and BPAMA is stronger than ever. BP acts on branded marketer feedback and there is a true spirit of collaboration. "We expect this relationship to continue to grow and strengthen as we continue to work through the shared challenges we face with the same trust and enthusiasm we have forged over the past years," commented Tome.



"We are committed to making sure this continues and that we honor our commitments and hold ourselves accountable through the scorecard," concluded Clechenko. "We aim to be best in class in every aspect."

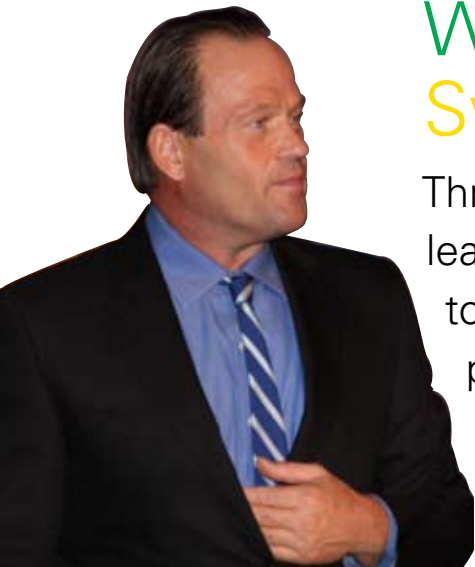


Marketing Success Story: JM Oil

Accelerating the Brand:
Improving the bottom line
with fleet customers

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Walking the Talk: Sir Robert Swan's Leadership Lessons

Through intense commitment, perseverance and leadership, Sir Robert Swan was the first person in history to walk across both the North and South poles. In a lively presentation, Swan shared the insights he gained from these journeys – with inspiring advice focused on collaboration, trust, commitment and vision.

In today's tumultuous economic environment, these are lessons for all of us as we navigate the challenges, big and small, that we face in our own businesses:

Be a dreamer.

Swan pursued his dream – envisioned at age 11 – of following in the footsteps of the great explorers and being the first person to walk to both poles. It took him seven years to raise the \$7 million he needed to fund his first expedition across Antarctica.

When selecting your team, don't choose easy people; choose the right people.

Choose a team that is diverse in skills and outlook, because, "if everybody's thinking the same, nobody's thinking." A diverse team that understands its strengths and weaknesses and pulls together to face a challenge can achieve the seemingly impossible.

During dark and difficult days, use humor to fall back on.

Laughing will hold things together.

During tough times, discipline is key.

If Swan's team were to run out of fuel and food, they would have died in five days, so they had to be disciplined about protecting their resources. Unless

they'd covered one mile, they could not eat any food. Discipline enhances trust and improves efficiency.

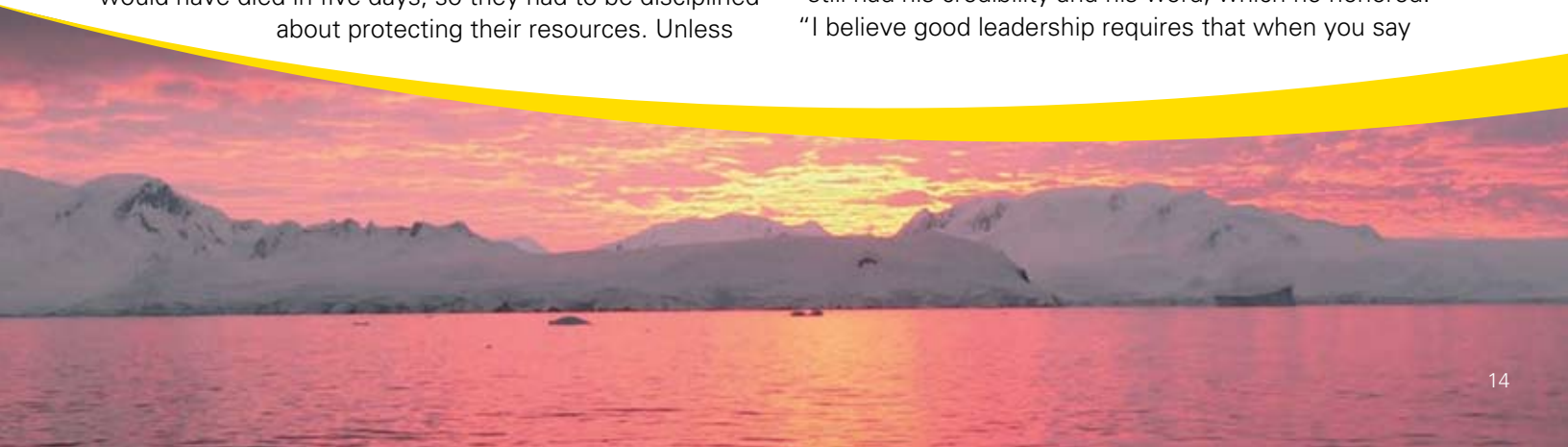
Remember that no matter how well things are going, things can always go wrong.

Just as Swan's team completed their expedition, they arrived at their pick up spot only to learn that their ship had sunk minutes earlier, costing Swan his house and his savings to repay the bank from which he'd taken the sizeable loan for the ship.

Choose a team that is diverse in skills and outlook, because, "if everybody's thinking the same, nobody's thinking."

When things are going wrong, take control of what you can.

At that moment, when Swan had lost everything, he still had his credibility and his word, which he honored. "I believe good leadership requires that when you say



you're going to do something, you have to be a deliverer. All I had left was my credibility." Swan had committed to removing all of his expedition gear, but without his ship, this required three people spending another year in Antarctica, and a cost of \$1.2 million of Swan's personal debt – but he remained true to his word.

Keep people involved.

When things are tough, times are difficult, it's critical to keep people engaged. Walking to the North Pole is awful. Going it alone doesn't work. Sensitive care and respect were critical in the process. Being able to ask for help was an action of strength.

Remember that leadership is often lonely.

During Swan's North Pole expedition, the ice cap melted four months earlier that year – in April instead of the predicted August. Swan realized that they would drown if they continued at their planned pace, so he made an unpopular – but ultimately lifesaving – decision, that they take advantage of the perpetual daylight, and march 40 hours per 'day.' After 56 grueling days, they arrived at their goal.

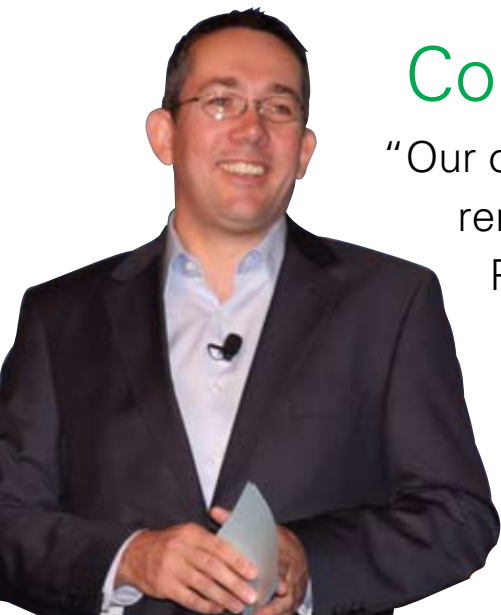
Seeing firsthand both the damage to the Polar regions and the devastating effect of the ice melting during his North Pole expedition shaped Swan's lifelong commitment to the environment. He urged convention attendees to talk about energy.

"With help of BP and alternative energies, we can help people start to think about how things are going to be in 50 and 100 years. The quest for cleaner fuels won't happen overnight," he concluded.



Sir Robert Swan inspired the audience with his tale of exploration, success, failure and survival.





Consumer Value Proposition

“Our objectives to deliver value to branded marketers remain consistent,” explained Kevin Phelan, Senior Vice President of Marketing, U.S. Fuels Value Chain, “to drive traffic to your sites, increase consumer loyalty to BP, increase revenues and reduce costs to serve, and partner with you in site and volume growth.”

Phelan answered two key questions: **What do U.S. consumers think of the BP brand? And, how do we drive consumers to BP sites and increase consumer loyalty?**

“We’ve been making some investments,” he acknowledged. “We had work to do to improve consumer perception relative to our major competition, but we stood up in 2006 and laid out what we were going to do to relaunch the brand. We began a journey to reinvest in the brand across the U.S. and made investments to reposition BP in the consumer’s mind in a clear and compelling way.”

Regarding how U.S. consumers perceive BP versus the competition, Phelan noted that in recent consumer survey’s BP was rated number one for ‘best performing,’ ‘consistent,’ ‘brand you trust’ and ‘good value among the majors.’

Better gas, little better experience

“We are achieving the better gas through differentiating our fuels, including the full slate with Invigorate, Amoco Premium Ultimate and BP Diesel. We are achieving the better experience through brand consistency with the site experience; relevance of our consumer offers, such as fuels and Wi-fi; and through added value, such as our BP Visa and loyalty programs,” said Phelan.

“In 2009,” noted Phelan, “BP will begin communicating more benefits to regular use of BP gasoline with Invigorate, including clean fuels and engines, and increased miles per tank as part of the ‘younger for longer’ campaign. Throughout 2009, we will start communicating these benefits through the use of online media, events and other strategic advertising initiatives.”

BP was rated number one for ‘best performing,’ ‘consistent,’ ‘brand you trust’ and ‘good value among the majors.’

“I believe we have the brand strength to win,” he said. “We also have the right consumer offer, the right relationships with customers, the right channel of trade and the right partners to accelerate the BP brand,” concluded Phelan.





Offer Updates for 2009: Highlights

Sean Daley, Vice President of Midwest Sales, gave an overview of the key developments in how BP plans to support branded marketers in the short and long term through integrated offers. What follows are offer updates for 2009.

Helios 100

Helios 100 focuses on brand image and ensuring that BP has a consistent look in the marketplace. The program targets brand execution on a day-to-day basis, viewing BP through the eyes of the consumer. The goal is to keep the brand consistent, with a quality standard that is there for each and every customer experience.

Changes to Helios 100 in 2009

This year, BP is adding points to the Helios 100 questionnaire for forecourt image elements, and adding more questions related to image elements.

Reward and penalty structure for Helios 100 has changed.

- New year-end reward bonus of \$500 for every site that achieves 90 percent or higher on all three shops.
- Each year, sites can earn as much as \$1400 per site for achieving 90 percent or higher.
- Debranding penalty has been phased out and replaced with financial penalties in lieu of debranding. Three successive failures can result in total penalties of \$1400.

BP is offering support through Co-op. Half of branded marketer's annual Co-op budgets can be spent on image items. Support is also being offered through Major Mod and site refresh to upgrade major brand image elements.

New site refresh

Since some sites are beginning to look a little tired, BP is introducing a new site refresh offer. At the end of the current amortization schedule, a new seven-year amortization schedule will go into effect. This can be part of a competitive response, however, since this offer varies by competitive regions, check with JSMs for more information about what's available in each region.

GTA

This program was introduced in 2005 as a means of giving assurance to branded marketers that they could provide BP gas at a price that allows them to compete with unbranded competitors. The initial commitment was to keep the program for three years, and those three years are complete as of December 2008. BP remains committed to keeping the GTA program through 2009, but, based on substantial marketer feedback and many customer conversations over the past three years, the growth element will be discontinued as of April 1, 2009. More details on this will be announced in early 2009.

Fleet card program: New, improved and growing

"The fleet card program has been improved substantially and continues to grow," said Daley. Many branded marketers have experienced great results with the program. Key benefits include a great rebate structure for branded marketers and consumers: new accounts earn a 10 cent rebate for the first 90 days, branded marketers earn \$50 for each new account, low transaction fees and top quality account servicing. Currently, we have 120,000 active accounts, which have purchased more than 400 million gallons of gasoline.

"We're tweaking the value offers to attract consumers and make things better for you," said Daley. "We want you as customers to choose BP as your brand of choice."

Workshops At-a-Glance

Catch a glimpse of the key messages from three convention workshops.

PCI: Protecting Your Customers' Payment Card Data

Are you in compliance with the new Payment Card Industry (PCI) regulations? Consider the following:

- PCI compliance is a complex and ever-evolving subject affecting millions of businesses.
- The Payment Card Industry Data Security Standard (PCI DSS) is a requirement for every organization that processes credit or debit card information, including merchants and third-party service providers that store, process or transmit credit card/debit card data.
- The PCI Data Security Standard Self-Assessment Questionnaire (SAQ) is a validation tool intended to assist merchants and service providers in evaluating their compliance with PCI DSS. Merchants should take the self-assessment annually.
- If you experience a data breach and are not PCI-compliant, credit card companies and acquirer banks

can levy stiff fines and remove the merchant's ability to process credit card transactions until the merchant is PCI compliant.



Your Customers' Experience Is Your Real Brand

Professor Robert Dewar of the Kellogg School of Management at Northwestern University shared his thoughts on brand experience. Dewar asserted that BP creates the intended brand, but the customer experience creates the real brand. This real brand is not how you think customers *should* think of your company, but how they actually *experience* it.

- Real brand is a competitive edge if – and only if – it does the job the customer hired you to do better than the competition.
- Marketers need to understand what Dewar calls, “the delighters (factors that win customers’ business), disgusters (experiences that drive customers away), annoyances, and frills. While how people experience these categories is somewhat subjective and differs slightly from person to person, this assessment affects your brand and how it is perceived.
- A real brand is why the customer comes back to you.
- To succeed as retailers, you need to think like your customers rather than yourselves and understand how they truly experience the real brand.



Marketing Success Story: **Carroll Fuels**

Accelerating the Brand:
Effectively working with dealers

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CF CARROLL
BRANDED FUELS

Dealer Relationships: A Success Story

Workshops-at-a-Glance Continued...

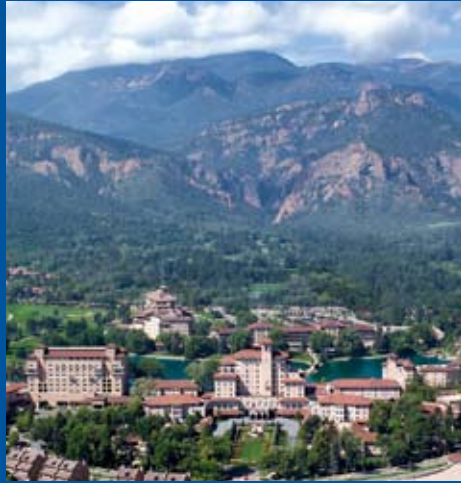
Vote Fleet: Winning Ways to Increase Revenue and Decrease Costs

Did you know that you can increase revenue and decrease costs by participating in the Fleet Card program? It's true. Fleet cardholders visit sites more often and buy more per visit than traditional consumers. Whether you want to build fleet card business through prospecting at your site, convert other third-party

cardholders to the fleet card, or convert your in-house accounts, here are some things you should know about the program.



- The bounty program lets you earn \$50 for each new approved activated account, plus earn one cent per gallon for one year on fuel purchases made at BP.
- The program can reduce your costs. BP fleet transaction fees are significantly less than other third-party fleet cards. Floating credit to your in-house accounts can cost you 2.6 cents per gallon.
- You can participate in the branded marketer program, a specialty card customized for your business.
- If you then take all your in-house charge accounts and put them on the fleet card, you can quickly improve cash flow and get out of the receivables business.
- Customer rollout is quick. In less than 60 days, you can have the program up and running.



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