

Adapting to change means the survival of the fittest

In an aftermarket sector poised to experience the disruption caused by an ever-growing car parc of EV and hybrid vehicles, few will experience a greater impact than those supplying lubricants.

For so long an integral part of an automotive industry built on the foundations of the combustion engine, oil suppliers are seeing their market shrink as developments in engine technology and the wider adoption of alternative fuels take hold.

The plug-in car grant that was introduced by the government in 2011 – and prompted just over 1,000 annual registrations of plug-in cars – sparked a change which has seen EV sales grow every year since, with more than 28,000 electric cars registered in 2015 and 19,252 in the first half of this year alone.

Neil Grieve, Q8Oils' UK manager and director, is in no doubt about the pressures that these changes are placing on his industry. He said: "The bottom line is that we won't be putting as much fuel or lubrication into our vehicles in future and we won't be going for a service with our vehicle as we used to.

"Already we have seen sealed transmission units which are filled for life. Manufacturers fill

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Neil Grieve, Q8Oils

them at the factory and that's it, never again. That's another opportunity lost for us.

"The market is experiencing a huge change and that has meant that we have had to adapt. Our key focus is on being the very best supplier of the finest products for which our customers could opt.

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decline, so we have to ensure that we gain as big a share of the market as possible."

Q8 was once a common sight on the UK roadside with its national network of filling stations, but has since focused its attentions on the UK's lubricant sector.

Elsewhere in the world the Kuwait Petroleum Company still retails fuel to consumers and has an interest in aviation fuels via the Kuwait Aviation Fuelling Company and logistics via the Kuwait Oil Tanker Company among its portfolio.

Here in the UK, Q8 has head offices in Leeds, a bulk storage facility at Hull and central storage of its packaged products at Droitwich.

The business sells around 25 million litres of lubricants each year, with around 15% of that volume currently being sold into the automotive sector's franchised dealer network.

Grieve said that Q8's broad spectrum of global business and non-reliance on automotive lubricants in the UK placed it on a stable footing, and allowed it to develop personal relationships with customers who could expect a fully-rounded service.

Its driver data service, meanwhile, claims to enhance dealer profit margins by farming data to maintain contact with current or lapsed customers, as well as identifying new targets among the owners of various car brands.

Grieve said: "A breadth of service and a knowledge of the business our customers are in is something on which we pride ourselves. There has been a shift by other lubricant providers to go to distributors, but our main focus is maintaining that direct line between our sales guys, development guys and the dealership. The majority of our customers are directly supplied."

Q8Oils generally delivers product with five days' notice but can provide a next day service to customers at an additional cost.

A ten-strong regional sales team – four of which are focused purely on the automotive retail network – ensures that dealers' requirements are met, along with two specialists providing over-the-phone support and five technical experts in the field.

The company will advise dealerships on storage, disposal and equipment and has recommended providers in each region.

But as part of an exercise aimed at understanding retailers' requirements more intimately, Q8 found that dealerships are no longer looking



for the same levels of support that they once did from their oil supplier.

Dealers were asked what they looked for when choosing a lubricant supplier. Where financial support for investments in new equipment might once have featured highly, it was now the least important criteria.

Grieve said: "Oil companies used to help finance dealer purchases regularly in return for a contract that tied them into a certain supply agreement.

That's no longer the case. I think businesses have become more professional, have their own funding streams and clearly have a different set of requirements now."

Q8's survey saw OEM approvals, price and brand come out as the key considerations among its survey respondents. For a lubricant provider now forging relationships with key manufacturers early in their development of new engines, the high priority of OEM approvals was good news.

Q8 has invested £80 million at its lubricant blending plant in Antwerp to ensure it hits its target of being the most extensively-approved supplier of OEM-approved product.

Grieve said the requirements of manufacturers – and the pace of new drivetrain developments – place greater demands than ever on lubricant suppliers, but Q8's new facility is seeing it meet demand with high-quality results.

No fewer than 13 manufacturer-specific lubricants – for Ford, GM, Jaguar Land Rover, PSA Group, Mazda, Mercedes-Benz, Renault, Volkswagen Group and Volvo – now line up in the product portfolio, alongside a four-strong line-up of general purpose synthetic oils.

A further five OEM-specific products will be added to Q8's product line-up next year.

Grieve said: "We are now working extremely closely with manufacturers. Being part of the early development and gaining approval as a preferred supplier is one way that we can help ensure we maintain a good share of the shrinking market.

"Manufacturers' demands for bespoke products approved by the API (American Petroleum Institute) and ACEA (Association des Constructeurs Européens d'Automobiles) have reached new levels in recent years but with the new facility in Belgium and the level of research and development in which Q8 have invested, we're well placed to meet those demands.

"We're producing synthetic lubricants of the very highest quality."



For more information call 0113 2350555 or email marketing@Q8Oils.com

