



THE MARKET

Ever stopped to wonder how many millions of kilometres of streets and highways there are in Canada? In a land as vast as ours, it's no surprise that driving is a necessary part of life for most of us. Whether travelling to work, taking kids to hockey practice or to a doctor's appointment, visiting relatives or vacationing in another city or simply doing the grocery shopping, we are indeed a society on the run.

According to the most recent figures, there are 17.4 million cars in Canada, driving over 300 billion kilometres per year. Fuelling those cars — and meeting a growing range of other convenience needs for their drivers — is where the Esso brand comes in. Without gasoline, everyday life in Canada would be profoundly different.

"Service stations have come a long way over the past century," says Simon Smith, vice-president and general manager, Fuels Marketing at Imperial Oil, the organization behind the Esso brand. "The simple shed with a manual pump out front has become a sophisticated retail operation, with many of the newest locations boasting a large convenience store with a foodservice offer, an automatic car wash and a spacious canopy to shelter motorists from the weather as they fill up." As of 2004, there were over 14,000 retail gasoline outlets operating across Canada, making this one of Canada's most competitive retail sectors.

The convenience store is a newer phenomenon, but plays an increasingly vital role in the shopping habits of time-starved urban and suburban Canadians, Smith notes. Industry research shows that over half of those people who shop at c-stores do so at least five times per week.

"Many people view gasoline as a commodity product," says Smith. "From our worldwide

research, we know that people *love* their cars but *hate* life on the road. They relish the privacy of their cars, the space, the chance to be alone with their thoughts. But they can't stand the traffic, the noise and, mostly, the other drivers!

To win in the marketplace, the Esso brand strives to delight customers and continually earn their business by providing a superior experience that enhances their busy life on the move," Smith says.

ACHIEVEMENTS

"Since the very beginning, Imperial Oil and the Esso brand have been leaders in meeting the evolving needs of Canadian drivers," explains North America brand manager Alex Roth.

"Back in 1907, we opened Canada's first gas station in Vancouver. During the 1930s, we pioneered innovative fuel blends like 3-Star gasoline, and also incorporated new design trends when building our service stations," Roth says.

In 1970, Esso opened its first self-serve station, and eight years later was the first petroleum company operating in Canada to sell premium unleaded gasoline that helped protect the environment.

In 2003 — a year ahead of the legislated deadline — Esso

introduced low-sulphur gasoline that reduced sulphur content by 90 percent. And, in tandem with Exxon Mobil Corporation, Imperial Oil Limited conducts ongoing research to take on the world's toughest energy challenges.

HISTORY

At the time of Imperial's founding in London, Ontario in September 1880, gasoline was considered a relatively useless by-product in the petroleum refining process. However, this soon changed as the horseless carriage made its way onto Canadian roadways.

"Back in 1903, there were fewer than 200 cars in all of Canada," says Roth, adding that the number of cars mushroomed to a quarter-million by 1920. "Gasoline had become essential to daily life and Imperial was there to help supply the fuel to keep Canadians on the move."

The actual Esso brand name first appeared at Imperial service stations in the mid-1940s, although the term "Esso" was coined earlier as a reflection of the majority ownership position in Imperial acquired in 1898 by the Standard Oil Company ("S-O") of the U.S., today known as Exxon Mobil Corporation.

Imperial began its long association with hockey in 1936 by sponsoring live radio broadcasts. When hockey broadcasts moved to television in 1952, the company seized this new opportunity to promote itself with memorable "Happy Motoring" TV commercials that featured a friendly neighbourhood Imperial-Esso dealer. "Most people actually





believed that the actors in the ads were real dealers, and many of them wrote us letters asking which station they worked at!" Roth says.

In the 1960s, to help promote the power of its Esso Extra blend of gasoline, Esso retailers handed out free tiger tails to customers. "We gave out 800,000 of them in just four months, and made the slogan 'Put a tiger in your tank' a memorable part of Canadian advertising history," says Roth.

In 2001, Esso built its first On the Run store — ExxonMobil's global convenience-store brand — and recently opened its 300th On the Run store in Canada. In Quebec, these stores are known as Marché Express.

With nearly 2,000 locations across the country — about one-third of them company-owned — Esso is proud of operating the largest retail

we work closely with our diverse population of Esso-branded retailers to help them and their staff deliver a helpful and friendly experience to every customer, every time, everywhere. After all, an energetic, enthusiastic and caring site staff is what really keeps customers coming back."

RECENT DEVELOPMENTS

After making significant investments in its retail facilities in major markets over the last five years, Esso is now benefiting from the upgraded stores and better trained staff that are capable of delivering the best customer experience.

Loyalty programs are a ticket to the game in retailing today, so Esso offers its customers two loyalty programs to choose from: Esso Extra or Aeroplan®. Customers can swipe their Esso Extra

wheel, we use signage at the roadside to grab their attention, then other signs by the pumps and in the store to talk about our products and promotional offers. Our advertising is focused on radio and out-of-home media to reach customers while they're on the go," he explains.

Sponsorships and other community programs are also vital means of promoting the Esso brand while demonstrating good corporate citizenship. "We're a leading sponsor of hockey right across Canada, from boys and girls minor leagues right up to the pros," Roth says. Away from the rink, Esso retailers regularly raise funds for local community projects and, once a year, the company raises funds in major cities with Esso United Way Day.

BRAND VALUES

"At the heart of the Esso brand is our passion for providing each and every customer with the best experience to enhance life on the move," says Smith. "We know customers are busy, so whether it's at the pump, in the car wash or in the c-store, we strive to create a safe, clean and friendly environment where they can quickly and easily get what they need and carry on with their day. How do we know? Because we're drivers too."

Trademarks: Esso and Esso Extra are trademarks of Imperial Oil Limited. On the Run and Speedpass are trademarks of Exxon Mobil Corporation or one of its subsidiaries. ®Tim Hortons is a registered trademark of The TDL Marks Corporation. ®RBC and Royal Bank are registered trademarks of Royal Bank of Canada. *Visa is a registered trademark of Visa International Service Association. Used under license. Hbc is a trademark of Hudson's Bay Company. ®Aeroplan is a registered trademark of Aeroplan LP. President's Choice is a registered trademark of Loblaw's Inc.



gasoline network in Canada, as well as having more c-stores and car washes than any of its gasoline retailing competitors.

THE PRODUCT

"Gone are the days when a tank of gas or a new set of tires was all you could buy at Esso," says Smith. "Nowadays, what we're really selling is a comprehensive retail convenience experience that not only fuels the vehicle, but the driver as well."

Esso sells its fuel and car washes under its own brands, carries the leading convenience product brands in its stores and has alliances with other well-established organizations to further satisfy its customers' daily needs. For instance, at many Esso locations, customers can grab a fresh Tim Hortons® coffee or baked good, or get cash from an RBC® Royal Bank automated teller machine. Esso is currently conducting a test with Loblaw Companies Limited in which President's Choice® frozen meals, beverages and snacks are available in selected On the Run stores.

"In any retail business, customer service is the ultimate key to success," says Smith. "That's why

card — or pay with their Royal Bank Esso Visa* card — to earn Esso Extra points that are redeemable for free gas, car washes, snacks, auto accessories and other products. They may also exchange their Esso Extra points for Hbc Rewards points or RBC Rewards points, to further broaden their choices. Or customers can earn Aeroplan Miles at Esso and redeem them by visiting aeroplan.com for free travel or other rewards. And, thanks to Speedpass — ExxonMobil's transponder-based payment option that's linked to a credit card or an RBC Royal Bank Client Card — customers can simply point to pay and earn their choice of rewards automatically.

Inside the c-store, Esso continues to delight customers of all ages with a growing assortment of products that include the latest candy bars and beverages, popular magazines and DVDs, gift cards and even seasonal casual clothing.

PROMOTION

"Esso relies on a range of approaches to tell customers about its products and programs," says Roth. "Since many Esso customers are behind the

THINGS YOU DIDN'T KNOW ABOUT ESSO

- The original "three-star" selection on hockey broadcasts was first inspired by Imperial's 3-Star brand of gasoline in 1936.
- A number of the country's leading men's and women's hockey players received Esso Medals of Achievement as youngsters.
- Back in the 1940s, Esso founded its Touring Service program that provided roadside assistance to drivers in distress, and also helped motorists plan their trips. The program continues today as Esso Auto Club.
- Esso uses an online customer survey system that awards \$1,500 to several respondents each month.