



From the Chairman

In the January edition of “Lubes ‘N’ Greases” magazine, longtime LNG contributor and president of consulting firm Petroleum Trends International Tom Glenn painted a gloomy picture of quality in the motor-oil market. His article captured my attention because I share many of his concerns. Glenn points out that products sold based on specifications are vulnerable to commoditization. As competition increases and all market participants are aiming for the same set of performance specifications, it becomes harder to differentiate between brands. This typically leads to customers making buying decisions based almost entirely on price, and therefore, competing brands work hard to reduce the selling price of their products. That’s great when it benefits consumers, but there are gaps in oversight in our industry that allow unethical companies to market products that claim to meet certain standards, but sell at a price below what it would cost to manufacture an oil that performs as claimed. That puts customers’ vehicles at risk and it’s just plain wrong.

Glenn cited an American Petroleum Institute (API) report that revealed that nearly 50% of the engine-oil samples tested through the API audit program failed to comply with licensing standards. In addition, 15% of samples were categorized

as “questionable additives,” meaning their chemical composition did not match that of the fingerprint established at licensing. Add to that the ambiguities surrounding the definitions of “synthetic” and “synthetic-blend” motor oils and the only thing that’s clear is that consumers should be wary.

While some of our competitors may engage in unethical practices, sacrificing quality, their brand and their promise to the customer, AMSOIL is standing firm. We do not formulate down to a price; we formulate up to a performance standard. We insist on providing products that perform as promised, and, well, you get what you pay for. Product quality has been a cornerstone of our brand since day one, and it is important that everything about AMSOIL reflects the quality of our products. As we grow, aspects of our business outside of product quality can be challenged to keep pace while upholding our high standards – maintaining enough inventory, packing and shipping orders quickly and minimizing telephone on-hold times all become more difficult with growth.

We are not going to grow at the expense of quality or the customer experience, so we need to take steps to ensure we’re able to maintain our high standards in all areas. To reinforce that notion, we recently launched a “quality first” initiative

to beef up our commitment to earning the loyalty of every customer. To be clear, our commitment never faltered; however, we feel like the topic is worthy of continual examination and improvement. The quality first initiative is not about product quality; it’s about highlighting the importance of our customers’ overall experience and ensuring they get what they deserve. We are focusing on making sure we have the best packaging, we have products available to fulfill demand and orders are delivered on time. We are making capital investments and adding a second production shift to keep pace with demand and improve our ability to delight Dealers and customers. We are systematically evaluating all aspects of our business to ensure everything associated with AMSOIL is as high quality as the lubricants we manufacture.

However the quality issues in our industry shake out, you can trust that AMSOIL will remain right where we’ve always been – at the top.

Alan Amatuzio
Chairman & CEO