

# The Challenges of Marketing a Base Stock

Guest contributor, Keith Waddell, Basestocks and Specialties Product Management Support Manager at ExxonMobil, offers insights into how to successfully navigate the base stocks business.



Entering into the business is no small feat – it requires a long-term commitment to be truly successful. Producing high-quality and consistently formulated base stocks requires a significant investment – demanding the right amount of capital, the right technologies and the right people.

While having the right technology and feeds allow base stock manufacturing to commence, strong market expertise is needed to enjoy longevity in this business. As the base stock industry continues to change, having a solid understanding of the evolving needs of end-users will help companies bring the most valuable product and service solutions to market.

Drawing from my own experience in the industry, here are some considerations to keep in mind before getting into the manufacture, supply and marketing of base stocks:

**Ensure product integrity and performance:** It's essential to have a long track record of demonstrated product integrity and commitment to the associations that establish relevant codes of practice. However, certification processes can be time consuming and expensive. As a start, API 1509 and ATIEL Code of Practice provide basic guidelines for base stock manufacturing and the certification rules are based on Quality Assurance programs (ISO 9001 or equivalent). In addition to product integrity, base stock marketers must deliver consistency and reliability of supply. To achieve this, chemical composition and refinery operating conditions (crude changes, fuels economics, etc.) must be controlled in order to ensure that the manufactured base stock will consistently perform well in a lubricant.

**Use the right technology:** Best available process technology, such as current hydroprocessing and hydrodewaxing, are crucial for the development of base stocks that can support more stringent lubricant specifications. The most successful companies have the capabilities to develop a comprehensive slate of base stocks. A globally available, wide product range affords an effective means to address customer needs. As the market continues to shift towards higher performance base stocks, such as Group II, conversion technology and lubricant know-how will become increasingly important.

**Maintain a safe, secure and sustainable environment:** Safety must be a priority. To effectively support the customer base and protect personnel, strong technical capabilities are needed to ensure technology can operate safely and that people are properly trained. Security and sustainability are also important supply chain considerations for base stock marketers.

**Keep new requirements top of mind:** To survive for the long-term, it's vital to have the technology and capital in place to develop base stocks to meet new requirements. For example, new industry engine oil specifications (CK-4/FA-4, ACEA 2016, GF-6) and OEM requirements (most notably General Motors, Daimler, and Volkswagen) are or will be ushering in new requirements for base stock manufacturing, additive companies and blenders.

Aimed at reducing emissions and improving fuel economy, these engine oil qualifications will demand base stocks that are able to meet the new requirements in the most cost effective way. Successful marketers will help customers manage this change.

**Total value chain knowledge:** In addition to having a solid understanding of the various requirements and specifications, it's important to have knowledge of market dynamics and ongoing industry trends. Base stock projects can take multiple years to develop and implement, and as such, companies must maintain a forward-looking vision to meet emerging customer needs. By keeping a pulse on ongoing developments, base stock marketers will acquire the right level of insight to help them adjust business strategies as customer needs, technologies and engine oil specifications evolve. Having a strong sales and marketing organization grounded in solid market expertise is also helpful when it comes to recommending and pricing products. Lastly, it's important to be aware of the unique challenges, dynamics and situations within all the various markets as requirements and needs can vary greatly.

**Develop strategic relationships:** Success in the base stocks business is built on solid relationships. From having a solid customer base to close working relationships with reliable additive companies, it's crucial to work with those who can provide the right capabilities. Additionally, it's important to have partners who can help provide a service and product offering that differentiates your company from competitors.

As the base stock industry continues to evolve and grow, the champions in this business will be the companies that have the capabilities and resources to adjust, as needed. Base stock marketers must be prepared to invest in new manufacturing technologies and facilities, as well as their own people and partnerships. Those that look beyond the status quo and current demands will be the companies that survive and thrive in this space.

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