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'Shell knew of flaws in Make Money'

Shell was made aware of the major flaw in its Make Money promotion, but went ahead with it anyway, alleges John Donovan of Don Marketing, the agency at the centre of a dispute over stolen promotional ideas.

Donovan says that when Shell relaunched Make Money last year, he presented the company with evidence that the game was flawed and open to fraud by cashiers, evidence which he says he has proof the company accepted,

Shell went ahead with the game, although Shell lawyers, in a letter to Donovan, said, "[Shell] has decided they do not want to take the point any further... The reality of the situation is that there is no advantage to [Shell] by knowing."

Mr Donovan said, "Despite ramifications for Shell dealers and the public, the management preferred to turn a blind eye."

Subsequent mediation led to a recommendation from Shell's lawyers for a settlement between the parties, although Shell then rejected this, and is pursuing the matter through the courts.

Shell, which issued a statement relating to the proceedings at the end of last year saying it was keen to conclude the matter in the courts, now says the Make Money game was 'secure'.

The two parties had initially agreed not to publicise the case, and all along Shell has refused to comment about the mediation process, the lawyers recommendations or Mr Donovan's allegations that the process was delayed, saying that it is sticking by the original agreement. Donovan claims Shell was the first to break media silence.

There are also similar allegations surrounding a flawed Nintendo game, which has also led to mediation, which was agreed to subject to a gagging order being put on Mr Donovan,

Meanwhile, Mr Donovan has instituted the Shell Corporate Conscience Pressure Group in response to the depth of feeling among many Shell retailers about the case.

Texaco denies sale of petrol sites to Tesco

Texaco has categorically denied the rumours sweeping the industry that it is about to sell a large number of sites to Tesco.

The rumour, which has been reported in everything from the *Investor's Chronicle* to the *Petroleum Review*, goes that Tesco is about to announce the launch of up to 100 Express-style sites, and that It was going to acquire most of them from Texaco, mostly within the M25 area.

Tesco has neither confirmed or denied it is about to embark on a network expansion, but Texaco was firm in its denial that the sites would be bought from them.

"There's nothing in it," a spokesman told *Forecourt News*.

"I can give you a categorical denial. We are a supplier to Tesco so it's clear we have a business relationship with them but we are not about to sell sections of our network to them wholesale."

The rumours, however, came from suppliers to both companies, and competing companies we spoke to acknowledged there may be something in the story.

Suppliers are likely to be the first to be informed of such a move as their terms would be instrumental in finalising terms. Also, Texaco has been finding it hard to compete in an increasingly competitive marketplace, with its retailers complaining they can't compete with conventional market prices, let alone the hypermarkets. The company has recently sold a small number of sites to the Thrust brand.

The UK's leading independent, the Frost Group, has said it expects Tesco to enter the stand-alone petrol retail market as this would force the company to run the business as a concern in its own right, rather than splitting costs with its core of food retailing.

In that respect, it is predicted that Tesco's stand-alone prices, while competitive, are unlikely to match its hypermarket prices.

Meanwhile, City analysts have predicted that food retailers will have 30 percent of the fuel market in the UK by 2000.

Tesco speculation: 100 stand-alone sites are rumoured through acquisition, but not from Texaco.

New president among PRA plans for 1995

The Petrol Retailers' Association has appointed a new president for 1995.

He is Neville Cope of Copes Service Stations who has been vice president for the past three years.

He takes over in March from Phil Richardson who has held the post for the last three years during which the PRA has fought a number of notable campaigns.

The PRA will also be conducting a number of applications for alcohol licences (see story page 3) on behalf of members as well as conducting another Attitude Survey along the lines of that compiled in 1993.

It has been agreed that the 1995 version will be sponsored by *Forecourt News* and that the PRA will also be backing the *Forecourt News* Awards which will be presented simultaneously with the publication of the survey.

PRA serves writ on Texaco over margin reduction

The Petrol Retailers' Association has backed the legal proceedings instituted by PRA president and Texaco tenant, Phil Richardson in a test case against the oil company for breach of contract.

The PRA, which has been in discussion with Texaco over the margin increases instituted in September last year, has counsel's opinion stating, "the conduct of Texaco could perhaps best be curtailed under Article 86 of the EC Treaty.

"As a major supplier of petroleum product, there is a *prima facie* case that Texaco enjoys a dominant position within the EC.

"They appear to be abusing that position by imposing unfair wholesale (and recommended selling) prices upon dealers and tenants.

"Arguably by treating dealers and tenants in such a manner as to place them at a possible competitive disadvantage (with the Star and Supermarket outlets), Texaco is also in breach of Article 86. Such conduct is prohibited under EC legislation."

The PRA is backing Mr Richardson in the hope of achieving a restoration of the margin which was reduced from a standard 2.2ppl to a sliding scale dependent on the individual, typically between 1.6 and 2.2ppl.

Texaco: breach of EC Treaty, or network restructuring?

In recent weeks, the PRA has also reported Texaco to the OFT for an alleged breach of the Retail Prices Act and of part VI of the Undertakings.

"In the past, BP retailers lost two lots of margins, but there were fewer complaints because at least BP attempted to compete," said PRA director, Bruce Petter.

Texaco retailers have said they have lost up to 40 percent of their volume as a result of Texaco's high pricing policy.

In response, it is understood that Texaco has offered to discuss terms with those retailers who wish to leave the network as a result of the margin increase.

Texaco has been active in the past year in developing its Star market concept and the promotion of its New Clean System3 fuels. The company recently restructured its retail management team.

Many within the industry believe the company is looking to follow Shell in increasing the number of directly-operated sites in a slimmer network.