# The New Fuel Marketers Who, Why & How

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# New Marketers - Who, Why and How

- Who Are They?
- Why Are They Entering the Retail Fuel Market?
- What Happened in Europe?
- Will It Happen Here?
- How Do They Compete?
- What's The Threat Potential?

# Not All Operate The Same Way

- Financial Structure
  - Joint venture
  - Lease space / 3rd party operation
  - Own and operate

- Operational Structure
  - C-store
  - Kiosk
  - Assisted service
  - Unattended

# How Are They Seen By The Customer?

- One Stop Shopping
- Clean Modern Friendly Alternative to Gas Stations and C-stores
- Lowest Gasoline Prices
- Environment More Friendly to Women (supermarket customer base 77% female)

# Why Enter The Fuel Market.?

- **Defensive Strategy (98 FMI Super Facts)**
  - Change in shopping patterns
  - % of food consumed away from home growing
  - Wal-Mart
- **Offensive Strategy**
  - Profit center
  - Draw designed to increase inside volumes
  - C-store 1-2 miles (majority 1 mile)
  - Supermarkets 7-10 miles (majority 3-4miles)
  - Hypermarkets up to 50 miles (majority 6-8 miles)
  - Utilize halo effect of price image

# European / U.S. Differences

- Pricing Umbrella
- Speed of Recognition
- Population Density (U.S. Less)
- C-stores Entry Changed the “Gasoline Game”
- Market Rationalization Began in the 1970’s in U.S.
- Fueling Locations Still Closing

# U.S. Realities

- **Will not happen at all supermarket or hypermarket locations**
  - Space needed:  of 16-22 parking spaces
  - Local regulations
  - Many companies do not want to “hurt” their food image
  - Some only want to do it if they do unattended
  - Min. suggested by some suppliers to make work -150,000 gpm
- **Some reported dynamics**
  - Volumes below projections
  - Margins above projections
  - One consulting/supplier group originally predicted 25% of all sites - now believes 12-15% more realistic
  - Zoning can take up to 3 years in parts of the country

# Supermarkets Pose Largest Threat

- Far more of them than other new entrants
- Used to working on very thin margins
- Used to fierce competition
- Great cross-merchandising possibilities
- Trial
- Incentive

# What Happens Now? Too Early to Tell

- **New Phenomenon (only 3 years old)**
  - – Not a core product for supers or hypermarkets (yet)
  - – Lack of  experience by them or third party operators
- **Suppliers Reaction Not Yet Determined**
  - – Majors/refiners
  - – Independents
- **Reaction current c-store retailer / petroleum marketers**
  - – Flight
  - – Join forces
  - – Fight

For More Information On

# The New Fuel Marketers
# Who, Why & How

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