AMERICA'S LEADING FUEL MARKETERS

IGM

INDEPENDENT GASOLINE MARKETING

JULY | AUGUST 2025

SIGMA

JESS SIEMERS, GENERAL MANAGER | BRAD GUGGISBERG, EXECUTIVE VICE PRESIDENT OF SALES | JASON BOUSHEY, VICE PRESIDENT OF OPERATIONS | CHRIS YEAMEN, CHIEF FINANCIAL OFFICER

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WASHINGTON WATCH: THE END OF REFINING'S GOLDEN ERA IN THE GOLDEN STATE

TACKLING THE TARIFFS

RELATIONSHIP MARKETING IN A DATA-DRIVEN RETAIL ENVIRONMENT

SIGMA

About SIGMA: Founded in 1958, SIGMA: America's Leading Fuel Marketers has become a fixture in the motor fuel marketing industry. After more than sixty years of leadership, SIGMA is the national trade association representing the most successful, progressive, and innovative fuel marketers and chain retailers in the United States. From the outset, the association has served to further the interests of both the branded and unbranded segment of the industry while providing information and services to members.

SIGMA's approximately 260 corporate members command more than 50 percent of the petroleum retail market, selling approximately 80 billion gallons of motor fuel each year. These member companies operate throughout the United States and Canada.

Regular membership in SIGMA is available to companies involved in motor fuel retailing or wholesaling that are not owned by a refiner. In addition, Associate membership is available to fuel supplier companies and to companies that offer financial services, fuel transport services, and fleet card services. SIGMA member companies have long been recognized, both within and outside the industry, as the most aggressive, innovative, and price competitive segment of petroleum marketers.

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SIGMA President

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There's A Lot Left to Do with SIGMA in 2025

The year may be more than halfway done – how is that possible? – but that doesn't mean SIGMA is done providing value to you and your company! There's a lot left to do in 2025.

First, thanks to all who made the effort to come to DC to participate in SIGMA's Summer Legislative Conference and Day on the Hill. As I said in my last column, the 2024 elections were significant for our industry and provided all of us with the opportunity to establish new progress on many of our keys legislative priorities. Because time is of the essence to make an impact, as everything in Washington is temporary, prioritizing meeting face-to-face with your elected officials to walk them through how current and potential future policies affect your businesses, employees, and customers, was paramount to SIGMA's advocacy efforts. I know it is hard to take time away from both your business and your family in July, and I personally thank those of you who made that commitment for the good of our association and our industry.

Next up on the SIGMA calendar is the SIGMA Credit Share Group on September 10th. This year the Credit Share Group, which is moderated by longtime SIGMA friend and industry expert Ann Pitts of the Pitts Group, is being held virtually, making is easier than ever for you and your team to participate. For full Share Group details and to register, visit the events page on the SIGMA website (www.sigma.org/event/). With no time off for travel, there's no reason not to register your entire finance team. The SIGMA Credit Share Group is appropriate for team members at all levels of your company, from c-suite on down. If their job touches on credit and finance, this is education you can't afford to miss.

Speaking of virtual education, I would be remiss if I didn't mention SIGMA's newest venture – SIGMA University. Fuel Buying Best Practices is the first course in SIGMA University. In two comprehensive modules, you'll learn:

- What "futures" prices are, and why you need to be aware of what they do
- How "spot" prices differ from rack prices
- How "index" or formula pricing for rack purchases can help your bottom line
- What absolutely MUST be in a fuel contract
- The basics of RINS, and hedging fuel risk

Through this course, you will learn the basics of downstream fuel marketing, supply dynamics, pricing, and contracts on an affordable, flexible online platform. SIGMA University is a new educational tool for:

- New downstream fuel industry professionals
- Employee onboarding
- Anyone needing an update on the ever-changing fuel market

Last, but certainly not least, register now for SIGMA's 2025 Annual Conference November 4-6 in Nashville, TN. Networking, education, and Nashville – that sounds like the perfect combination to me! Rates go up this month, so register now and secure your spot in the conference hotel.

We have lots of exciting things lined up for 2026 as well, so be sure to visit the SIGMA events page on the SIGMA website regularly for the most up-to-date information.

I look forward to seeing you at a SIGMA event soon.
Sincerely,

Matt Ports, Ports Petroleum Company
SIGMA President

Inside SIGMA

A Message from the SIGMA CEO

Dear SIGMA Community,

Hello, everyone! Summer is upon us and there are a lot of exciting things that I want to tell you about.

First – and this is very important – we are going to be making very substantial changes to the way that we deliver this IGM magazine. While I know that all of you enjoy the content (and I know that because many of you have told me that), all of us here at SIGMA realize that the world is moving forward and the days of delivering periodicals by print, in the mail, is going away.

We all travel – many of us live our business lives through our phones, or our tablets, or our PC's. I know myself; I get all my news from my phone. And let me tell you – for me to get away from a hard copy newspaper thrown on my door step every day was a BIG deal. But that's the new world.

The reason that I'm telling you this is that beginning with the November / December issue of IGM, SIGMA will no longer be printing and mailing the publication. Instead, you will be able to access it at your convenience, at your fingertips, on your electronic devices. Besides the ease and convenience of you being able to easily retrieve the IGM issues, this has become a very core issue for SIGMA. As we move forward with our exciting improvements in education, and at our meetings, we have to be conscious of the costs we incur. And, as I'm sure many of you can imagine, the costs of printing and mailing a publication like IGM are substantial.

But – please know that this decision is not just cost driven. We're responding to a lot of feedback that we've received on IGM over the last several years. And much of that feedback has been around the idea of delivering this great content more easily and quickly. I hope you know that we don't take this decision lightly – we care about our membership and want to provide you the best content possible. I'm looking forward to the next chapter of IGM, and I hope you are as well.

Stay tuned for more information on our transition.

Here's something else that I'm very excited about – the release of SIGMA University's first course – Fuel Buying Best Practices. My colleagues and I here at SIGMA have spent the last year developing and creating this course. And, if I say so myself (ok, I admit that I wrote it), it's pretty cool. It comes in two sections – Fuel Buying Best Practices (covering the entire spectrum of a gallon of fuel getting to the rack and to the retail outlet) and Mastering The Deal (walking through the different kinds of fuel deals, and how the cost basis, or benchmarks vary).

We showed this to Matt Ports, President of SIGMA, and he said what I was hoping to hear – he can see how this course, priced at $295 / user, could benefit almost everyone in his company. I think when you folks get a look at it, you'll agree. This is hopefully a game changer for SIGMA – our University will eventually house many courses that will benefit you and your company. Keep an eye on your email inbox – you'll be seeing more information on this very soon.

Finally, one other thing that I'm incredibly excited about – the SIGMA Annual Conference in Nashville in November. We have an amazing guest keynote speaker – Josef Newgarten, two time, back-to-back winner of the Indy 500. Many of you are avid racing fans, and this is one session that you won't want to miss. Josef will talk about the many challenges that he faced climbing up to the top, and most importantly, staying there.

Enjoy your summer, everyone, and we'll be talking soon! ★

Scott Berhang

Scott Berhang
CEO, SIGMA

profile:

By Mark Ward Sr.

Wayne Transports, Inc.

Wayne Siemers
Founder Of Wayne Transport

Back Row from Left to Right: Nick Doty, Maintenance Director | Brad Guggisberg, Executive Vice President of Sales | Trent Vedders, Rosemount Operations Manager | Carl Vedders, President | Mark Siemers Chief Executive Officer | Jess Siemers, General Manager | Chad Kiel, Accounts Receivable Manager Chris Yeamen, Chief Financial Officer | Jason Boushey, Vice President of Operations
Front Row Left to Right : Chris Perseke, Sales Manager | Ryan Vedders, Claims Manager | Cole Siemers, Business Development | Paul Schmitz, Safety Director

Wayne Siemers & His First Truck

It started when two Minnesota brothers drew straws. Rocked by the Great Depression and then the Second World War, the family was in danger of losing the farm. To make ends meet, mom and dad got jobs in town. So the two oldest brothers drew straws to see which one would drop out of school to stay home and manage the farm.

The short straw fell to Wayne Siemers. An entrepreneur at heart, he earned extra money by making truck deliveries for neighboring farmers. After the war as the economy rebounded, his volume grew. Then in 1950, Siemers purchased a tractor and tank trailer to transport petroleum products for customers in his hometown of Milaca—and with that, Wayne Transports, Inc., was officially born.

Now headquartered in Rosemount, Minnesota, Wayne Transports in 2025 celebrates its 75th anniversary. What started in 1950 with a single vehicle is today a premier trucking and shipping enterprise. A fleet of nearly 800 vehicles and 1,200 trailers, crewed by 750 drivers staged across 21 states, transports agricultural and dry bulk products, asphalt and chemicals, propane and petroleum products.

Just as impressive, Wayne Transports has successfully transitioned through three generations. "We're guided by the legacy values in our mission statement: a family-based, performance-driven trucking company focused on customer service, employee satisfaction, safety, and hard work," states general manager Jess Siemers. "But as a third generation, we're also forward-looking, leveraging the technology that today's trucking needs to execute efficiently and provide the services and information that customers expect."

Building Up Relationships

Wayne Transports' decision last year to join SIGMA as an associate member reflects the importance of petroleum transportation to its bottom line. In 2024 alone, the company made more than 166,000 commercial and aviation petroleum deliveries totaling more than 1.4 billion gallons. Altogether, these accounted for half of Wayne Transports' total business.

"We haul for customers across the independent marketing segment," reports Siemers, "from major retail chains to mom-and-pop dealers to jobbers. So the number-one benefit we get from SIGMA membership is relationships. Many of our existing partners are members. Also, we've renewed some older relationships and formed new ones."

Vice president of operations Jason Boushey adds that SIGMA provides "invaluable information about what's going on in the industry. As an associate member, we can better serve our customers if we know what marketers are facing. We can talk to SIGMA members directly. And because SIGMA is so active through lobbying, the association keeps us up to date on legislative and regulatory developments." ▶

Wayne Transports First Shop Milaca, Minnesota photo in 1966

Building relationships and monitoring trends are vital. In its petroleum operations, Wayne Transports dispatches more than 275 dedicated trucks and drivers working out of a dozen petroleum transport terminals. The facilities, located strategically across Minnesota, Wisconsin, Iowa, Indiana, Illinois, Missouri, and North Dakota, allow reliable on-time delivery across the nine midwestern states that are Wayne Transports' primary petroleum transport operating areas.

"With hundreds of deliveries going out every day, trucking is an industry where you can get complacent," observes Siemers. "Our legacy values are one way we avoid that. Since my grandfather's time, we've always emphasized being polished and professional. He was strict about that. Our trucks are clean, and our drivers are well-trained and uniformed."

Boushey agrees and adds, "Technology has hit the trucking industry like a storm. So we've also got to be forward-thinking. Customers want information fast, including real-time delivery tracking and access to documents."

Yet technology also helps Wayne Transports be an efficient operator. "When a customer places an order," continues Boushey, "it goes to our dashboard for tracking. Our drivers then use tablets to scan the information when they make a delivery, so that the information is available to both us and the customer in real time."

Meanwhile, Siemers relates, "The amount of risk in trucking is much more than when I started 20 years ago, so that insurance premiums have skyrocketed." Other cost increases, he explains, are driven by federal anti-pollution mandates.

"The onboard equipment to meet federal specs adds about 1,000 pounds to a truck, which reduces the load we can haul," Boushey notes. "And increasing emission requirements reduce vehicle reliability, which increases costs to purchase and maintain trucks, and requires more driver training."

In dealing with these pressures, people are Wayne Transports' most indispensable asset. "The four pillars of our business are drivers, dispatchers, maintenance, and administration" Siemers explains. "It takes people who are highly reliable and who understand our trucks and our products. We work hard every day to keep our turnover low—currently below 15 percent—even while credentialing requirements for drivers are increasing."

Reducing turnover means competitive pay and benefits, coupled with providing continual work for drivers, both those on payroll and those who are independent contractors. "But the key to retaining good people," adds Siemers, "is our culture of treating people well and respectfully and giving them recognition, so that they buy into our family-driven values."

Vintage Wayne Petroleum Tanker Parade

Siemers attends transportation industry events and is often asked how Wayne Transports keeps its employee turnover low. "I tell them there's no silver bullet, just hard work," he states. "There's the commitment to pay well and provide steady work, and the commitment that lets every driver know they can count on us to give them a safe, well-maintained vehicle. There's also good communication. We work on improving every single day."

Being Transparent

In addition to leveraging the latest technology, Wayne Transports' third generation emphasizes internal communication. "The second generation played things closer to the vest," relates Siemers. "But as a third generation, we're focusing on being more open and transparent with our people, so they know what's going on in the company. We let them see the financials and how they break down by location, division, and commodity."

Another aspect of this openness is being present as owners. "When we have trainings, our people will see at least three of our four third-generation owners," continue Siemers. "And we've started having sit-down social events where, as owners, we can hang out with our drivers and their spouses and talk about what's new in the company."

Siemers' grandfather Wayne founded Wayne Transports in 1950. Then in the 1970s, his brother-in-law Carl Vedders came into part ownership. Mark Siemers, son of Wayne and father of Jess, became president in the 1990s. Today, Mark holds the title of CEO and Carl of president. Meanwhile, over the past five years the family's third generation has assumed day-to-day leadership of the company.

That generation is comprised of Jess Siemers and his brother Cole, together with their cousins Trent and Ryan Vedders. "We get along well," reports Jess. "We meet regularly and together make decisions about the direction of the company. We also do occasional family outings, and every year we do a fishing trip to Canada."

Jess relates that his father Mark never made him feel pressured to join the family business, encouraging him to gain experience elsewhere. "When I decided to join in 2007," he recalls, "my dad told me I had to start as a dispatcher working for an hourly wage. Then I got a degree in human resources management and moved into HR with the company. By learning the business from the inside, I eventually worked my way up to general manager."

Though a non-family member, Jason Boushey feels a deep connection. "I've watched the generational change unfold," he says. "Each of the four members of the third generation has his own sphere of responsibility. But they all have a commitment to empower their employees and not micromanage. They've allowed me to grow." ▶

2nd Generation Owners - Left to Right
Mark Siemers, Carl Vedders

3rd Generation Owner's - From Left to Right
Ryan Vedders, Trent Vedders, Cole Siemers, Jess Siemers

Rosemount, MN HQ and Terminal

Wayne Transports - Company Driver Rudy Lopez, Driver of the Year 2023

Current Family Members Active in the Business From Left to Right: Chris Perseke, Cole Siemers, Trent Vedders, Carl Vedders, Ryan Vedders, Jess Siemers

Celebrating 75 Years

At 75 years and counting, Wayne Transports isn't living in the past or resting on its accomplishments. "We're optimistic, especially in our petroleum retail sector," says Jess Siemers. "We see ongoing consolidation among marketers. And as they grow bigger, we look forward to growing along with them."

Though the company has closed a few small-scale acquisitions in recent years, Siemers continues, "Our emphasis is slow, steady, organic growth. Our business model is built for that. By hauling diverse commodities we even out the peaks and valleys. And as one segment grows, like petroleum, we can shift drivers around to meet the demand. That also keeps those drivers working, so that we retain reliable people who are well-trained and professional."

In September, Siemers and his co-owners will stage a 75th anniversary celebration for Wayne Transports. Current plans call for family-style, country fair-type event for more than 500 people with food, games, and displays recounting the company's multigenerational history.

"We've continued to thrive since 1950 due to our class, customer service, dependability, and integrity," says Siemers. "We're among the largest family-owned bulk transportation companies in America—and we plan to continue being that for generations to come." ★

Washington WATCH

The End of Refining's Golden Era in the Golden State

At one time—think of the movie *There Will Be Blood*—California was the country's top producer of oil. Now, it has the highest retail gasoline prices in the United States and, for most of 2024, held the top ranking for the highest taxes and regulatorily mandated taxes and fees per gallon of gasoline in the country. The ongoing closures of in-state refineries are likely to further constrain production, increase reliance on imported fuels, and put additional upward pressure on prices at the pump for consumers on the West Coast.

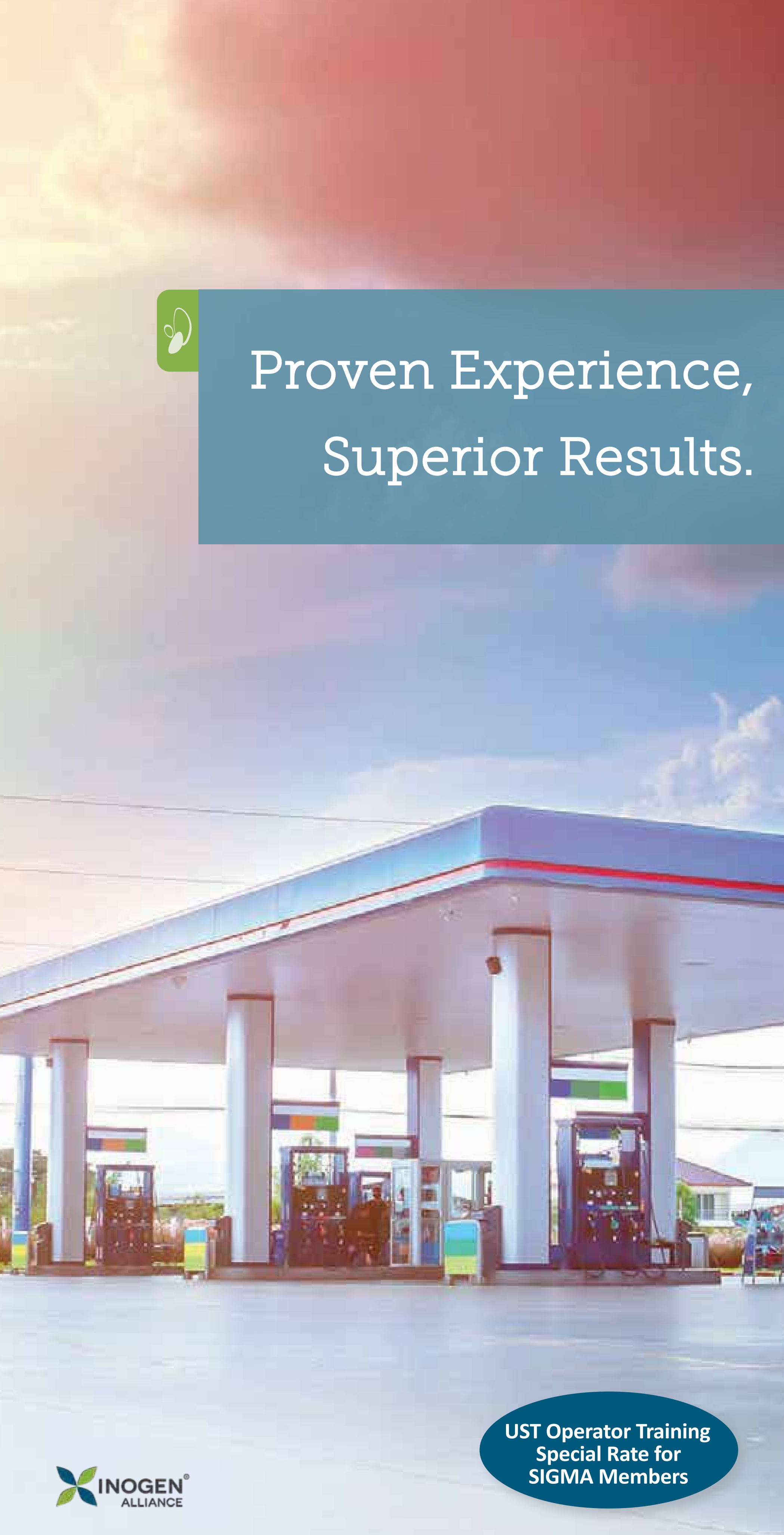
The Glory Days Wane

Just a few decades ago, California was home to more than 50 refineries. By spring 2026, the number of refineries in California – the nation's second-largest petroleum fuels market – will be in the single digits, and capacity will be down by over 17 percent. Today, California represents less than 3 percent of all U.S. oil production. More refineries are likely to shutter in the coming years, which will put increased pressure on remaining California refineries run by PBF Energy, Chevron, Phillips 66, Marathon, and Valero. Even before the additional closures expected to take place before the end of the year, California's median price at the pump is already approximately $2.00 higher than the rest of the nation.

California's high gas prices are generally the result of policies and a litany of regulations, fees, taxes, and costs. Adding to this will be the demand for more imports of California-compliant gasoline, which is costly. Surviving refineries may have to increase capacity utilization, which could stress the system and is likely to further increase costs. The inflationary effects of these policies, however, will not be constrained to the Golden State. California's markets directly impact retail fuel prices in Nevada, which is almost entirely dependent on California refineries for its gasoline. This is also the case, but to a lesser extent, in Arizona. Nevada and Arizona have no gasoline refinery capacity and limited inbound gasoline pipelines.

The Tab Adds Up

There are a multitude of causes for refinery closures and high prices in California, most of them political. California has long led the nation in pushing emissions and environmental standards to reduce greenhouse gas emissions. The state has a multiplicity of programs – both carrots and sticks – to push its aggressive net-zero ambitions. Many costs are passed through to California consumers, but these added regulations still add to the cost of doing business for refiners. ▶



California last year passed AB X2-1, legislation which set up the structure to require California refiners to hold additional inventories of finished gasoline stock. Immediately following passage of the bill, Phillips 66 announced the closure of its Los Angeles refinery by the end of 2025, and other refineries continue threatening to follow suit. The California Energy Commission (CEC) had planned to vote this spring on rules to regulate the mandated refinery backup supply under the special session bill. The CEC although recently announced a delay until 2026 on whether to cap oil refiners' profit margins, creating some uncertainty in the path forward.

Further, the state's unique blend of gasoline for vehicles, mandated by environmental policies and emissions standards, is not widely manufactured by refineries in places such as Texas and Oklahoma. Thus, a majority of California's input crude product comes from the Middle East. Last year imports ballooned to over 60 percent of the state's fuel consumption. Consequently, refiners in California are highly vulnerable to geopolitical situations that affect crude prices.

Perhaps most importantly, California has long incentivized the development of electric vehicles (EVs) at the expense of conventional internal combustion engine vehicles. Much of the funding for these incentives comes from taxes and fees on fossil fuel producers.

President Trump Strikes Back

A turning point in the State's gas prices came in 2015, with the institution of the Cap-and-Trade Program designed to reduce greenhouse gas emissions. The cost of compliance is high, and companies have had to pay big fines.

In an April Executive Order, President Trump targeted California's cap-and-trade system as an effort by a single state to "dictate national energy policy" that threatens American energy dominance. California cap-and-trade and Low Carbon Fuel Standard credit markets fell in the wake of that order, though they have since recalibrated. This Order requires the Attorney General to publish a report effectuating the order within 60 days.

As in his first term, President Trump may also be looking to reform the permitting system for energy infrastructure through an executive order. This is likely to be tested in court and could backfire by creating additional delays in some cases. That being said, the Executive Order could have some implications in favor of easier energy infrastructure permitting.

It is important to remember that, while executive orders do direct federal agencies in their actions, they cannot override federal laws and statutes, which must be passed by Congress and signed by the president, nor do they have the force of regulation. States typically have paramount power for zoning or siting of energy infrastructure within their borders (except on federal land). Should the federal government use this Executive Order to attempt to invalidate restrictions that fall within the states' traditional scope of sovereignty, those attempts could run into Constitutional problems under the 10th Amendment. Courts, however, have tended to view Congress's powers as fairly expansive regarding interstate commerce, although the Supreme Court has cast some doubt on the breadth of the commerce clause authority.

The Executive Order is not likely to be overturned per se, either by legislation rendering it ineffective or by judicial review finding it unconstitutional. That is largely because it does not actually do much, other than direct the Attorney General to turn her attention to state and local laws that are, at least arguably, already unconstitutional or unenforceable.

California's cap-and-trade carbon market is highlighted in the Executive Order and may have a target on it once the Attorney General's report is released. The cap-and-trade program does not appear to be in imminent jeopardy, though crazier things have happened.

Even with President Trump's executive actions aimed at challenging parts of California's regulatory approach, years of policies designed to discourage fossil fuel use have made petroleum refining in California an increasingly difficult business. Though federal intervention may slow parts of the agenda and prompt legal battles, a reversal of the broader trend remains unlikely. Unless the Golden State reverses course, additional refinery closures (and the price consequences at the pump that come with them) are all but certain in the years ahead. ★

David Fialkov, Jessi Frend, LeeAnn Goheen, and Thereza Cevidanes represent SIGMA in government affairs matters. Please contact SIGMAGR@sigma.org if you would like to receive regular policy updates from the government affairs team.

U.S. Gasoline Output Pressured by Low Demand, Prices

BY JARED AINSWORTH, ARGUS MEDIA

The final week of May's unofficial start to the summer driving season was ushered in by U.S. refiners trimming gasoline production to the lowest level for any May week in five years because of unseasonably low demand and prices.

Refiners slashed finished gasoline output by 7.3pc to about 9mn b/d during the week ended 30 May, marking an eight-month low at a time when production is typically rising ahead of rising summer consumption. Instead, rates were the lowest for any May week since 2020 at the start of the Covid-19 pandemic, according to U.S. Energy Information Administration (EIA) data. U.S. gasoline demand as measured by product supplied similarly fell below any May week in five years to nearly 8.3mn b/d, shrinking by 13pc from the prior week to four-month lows.

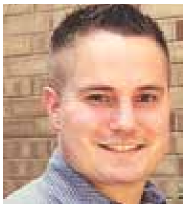
U.S. gasoline consumption has yet to get an upward jolt from unseasonably low prices. Prices for Colonial pipeline CBOB — the most liquid gasoline grade in the U.S. Gulf Coast's spot market — were down by 28.61¢/USG to an average of $1.90/USG during the 10 trading days from 21 May to 4 June compared with the same stretch last year. On 30 May, Colonial CBOB prices neared eight-week lows at $1.85/USG. At the New York Harbor, Buckeye pipeline RBOB gasoline prices similarly lagged year-earlier levels by 35.29¢/USG at $2.09/USG across that same 10-session period.

NYMEX Futures Weigh on Prices

U.S. gasoline prices have largely been pressured by lower NYMEX RBOB futures, which are the basis for most spot trade. Those futures prices continue to fall with prompt-month prices holding above upcoming months. On 4 June, front-month July NYMEX RBOB futures settled at $2.03/USG, while August and September NYMEX futures settled at $2.02/USG and $1.98/USG, respectively.

Despite the recent cuts to output, U.S. gasoline inventories were roughly in line with year-earlier levels at 228.3mn bl as of 30 May, down by 1.1pc on the year. But low production rates and narrow arbitrage opportunities have the potential to tighten supplies. Domestic and transatlantic arbitrage economics to the U.S. Northeast have recently been pressured by backwardation in New York Harbor gasoline markets as prompt prices remain higher than prices along the forward curve. Gasoline stocks in the U.S. Central Atlantic region — which includes New York and New Jersey — hit five-month lows in late May.

Domestic gasoline consumption, though tempered in recent weeks, could tick higher across the summer. U.S. finished gasoline products supplied rose by 2.3pc on average from May to July last year, peaking at an eight-month high of nearly 9.5mn b/d in the week ended 19 July 2024.★



Jared Ainsworth is gasoline editor on Argus Media's US Products team based in Houston, with more than seven years' experience covering refined product markets. He is responsible for leading a team of gasoline reporters that assess and analyze prices used in benchmarks both domestically and globally.

Inside

RISK MANAGEMENT

Create a Culture of Safety With Updated Hazard Communication

BY NATIONAL ACCOUNT EXECUTIVE PATRICK CUNNINGHAM, FEDERATED MUTUAL INSURANCE COMPANY

Your employees may handle a variety of dangerous chemicals and materials in their day-to-day work in the petroleum industry. Keeping them updated and aware of hazard communication can make a difference when it comes to reducing hazardous material exposures and accidents on the job.

Steps for Hazard Communication Safety

1. Create a Written Hazard Communication Program
Develop a written plan detailing how your organization manages hazard communication. Your business' policy can include language on hazardous material and Safety Data Sheets (SDS) access, along with outlines and expectations for employee training.

2. Identify Hazardous Substances
Compile a detailed inventory of all hazardous chemicals within your workplace. Ensure each chemical has up-to-date SDS to reference.

3. Ensure Labels Are Readable
Every container holding hazardous chemicals should feature a clear, OSHA-compliant label. Make sure the label includes the product name, hazard classifications, signal words (e.g., "Danger" or "Warning"), and precautionary statements.

4. Provide Access to Safety Data Sheets
Ensure employees can easily access up-to-date SDSs, which contain critical information on the handling, storage, and risks of hazardous materials. These should be stored close by for quick referencing.

5. Use Appropriate Pictograms and Warnings
Post visual hazard indicators, such as OSHA-approved pictograms, to simplify hazard awareness at a glance. These cues help employees quickly grasp potential risks.

6. Train Employees Thoroughly
All staff should receive hazard communication training tailored to their job roles and the materials they interact with on a regular basis. This includes education on how to read SDS and interpret labels, along with instructions on how to proceed if there is an accident.

7. Conduct Regular Audits and Updates
Review and update your hazard communication program regularly. Replace missing or outdated SDS and retrain employees as needed.

Connect with a Federated marketing representative to learn more and to access helpful hazard communication risk management resources.

Inside CONVENTIONS

Take it to the Next Level at the SIGMA Credit Share Group

The SIGMA Credit Share Group is back! Dial in and learn with the credit experts! No Travel – No Hassle!

SIGMA's 2025 Credit Share Group is going virtual! This is a unique opportunity for petroleum credit professionals to come together for a day of sharing, learning, and collaborating set in a virtual, no-travel format.

Join us on September 10, 2025 as we cover a wide range of hot button subjects including:

CREDIT RISK - Open format discussion on how to best balance critical gallon growth while managing credit risk. This is critical as fuel prices volatility escalates.

AI – will be playing a much greater role in credit onboarding and risk assessment. We'll outline the latest new processes and options for integrating this into your business.

LEGAL ADVICE - on handling important credit related issues in house before bringing you run up legal bills.

MASTER DEBT COLLECTION - What it takes to be an A-team collector.

IMPORTANT CREDIT POLICY COMPONENTS – learn the latest on how you can perfect new customer onboarding, including documentation.

TIME MANGEMENT – ways to take control of your staff's departmental time management by adopting systematic, organizational approaches.

And much, much more!

Leading our virtual Credit Share Group is Ann Pitts, one of the industry's most well-known and respected credit professionals with decades of experience in the credit world. Ann has led SIGMA Credit Share Groups for many years and has helped dozens of businesses improve processes and save money!

Who Should Attend the SIGMA Credit Share Group?
The SIGMA Credit Share Group is for employees at all levels of the company. Everyone from middle managers to owners and principals can attend this share group to gain valuable knowledge on this specific area of the business.

For more information, including a detailed agenda and registration information, please visit the event page on the SIGMA website. Or, don't hesitate to contact us with any questions at fueleducation@sigma.org. ★

Ann Pitts, President of The Pitts Group, is an industry veteran with over 20 years experience working with petroleum companies.

After working for years as a commercial banker, Ann was offered the opportunity to join a petroleum specific consulting firm, where her efforts were focused on mergers & acquisition work. Working with petroleum companies through the phases of buying and selling was a terrific opportunity to learn the detailed processes of successful petroleum product distribution.

In 2013 Ann founded her own consulting practice, The Pitts Group, which assists marketers speed up the cash conversion cycle through improved credit and collection processes. Internal process improvement, sharing of best practices and staff training all contribute to ramping up cash flow associated with accounts receivable.

Over the years, Ann has been an invited speaker at supplier events and state association tradeshows. In addition to speaking, Ann serves the industry as a meeting facilitator for SIGMA Share Groups and Petroleum Marketer Study Groups. She is also a contributing writer to the Below the Line Club Newsletter, Fuel Marketer News and other various industry publications.

The Value of Acquiring Biodiesel from a BQ-9000 Supplier

BY: SCOTT FENWICK, TECHNICAL DIRECTOR AT CLEAN FUELS ALLIANCE AMERICA

In today's rapidly evolving transportation and energy landscape, fuel quality is non-negotiable. As biodiesel continues to scale as a mainstream, reliable solution for reducing carbon emissions in hard-to-electrify sectors, one key factor remains central to its adoption: trust. That's where the BQ-9000® program comes into play.

BQ-9000 is the biodiesel industry's gold standard as a quality management system, and it's not just a name—it's a rigorous accreditation that gives original equipment manufacturers (OEMs), fleets, and fuel distributors the confidence they need. Administered by the National Biodiesel Accreditation Commission and supported by Clean Fuels Alliance America, the BQ-9000 program integrates ASTM standards, including ASTM D6751 and others, with best practices in storage, sampling, testing, blending, and distribution.

For OEMs, knowing that a fuel supplier or producer is BQ-9000 accredited is more than a reassurance, it's a prerequisite in many cases. Dozens of engine and vehicle manufacturers now reference BQ-9000 in their owner's manuals, service recommendations, and warranties. Why? Because they've seen the data. Every year, the National Renewable Energy Laboratory (NREL) helps conduct an extensive survey of biodiesel quality across North America. The annual report consistently shows that BQ-9000-accredited producers outperform industry standards when it comes to delivering clean, spec-compliant biodiesel that protects engines, upholds performance standards, and provides the performance that fleets and consumers expect in today's sophisticated engines.

This alignment between quality accreditation and measurable performance is why Clean Fuels is investing in even more transparency and accessibility. We're proud to share that the BQ-9000 website has recently been refreshed and relaunched, offering a user-friendly interface where stakeholders can easily verify whether a producer, marketer, or laboratory is accredited. It's a valuable tool for fleets, mechanics, OEMs, and fuel buyers because making the right choice shouldn't require a deep dive into technical data sheets.

Fuel marketers who carry the BQ-9000 designation position themselves with a competitive edge, offering a product that not only meets customer demands for performance and sustainability but also aligns with OEM warranty and operational requirements. This is true whether the fuel being consumed is used within the on-road, off-road, marine, rail, or heating oil markets.

When fleets use BQ-9000-accredited biodiesel, they know they're fueling with confidence. When OEMs approve blends at B20 and beyond, they're doing so based on years of consistent, credible results tied directly to accredited fuel sources. When communities demand cleaner air and lower carbon emissions, biodiesel delivers with quality at the core. In the clean fuels industry, performance and trust go hand in hand. The BQ-9000 program ensures both.

Clean Fuels and industry experts encourage fuel consumers to ask their fuel suppliers about the source of the biodiesel that is blended into their fuels. Participation and additional details regarding each approved facility within the Producer, Marketer, and Laboratory programs, along with links to their current certificates, can be found on the BQ-9000 website.

Learn more and verify the accreditation status at www.BQ-9000.org. ★

Inside FAMILY BUSINESS

PRESENTED BY RONALD C. REECE, PH.D.

Foundational Beliefs About Family and Business

One of the many goals of Family Business Consulting is to bring about more awareness, deliberateness, and intentionality in the family and the business. For example, using facilitated exercises to gain clarity on underlying values, then defining and codifying them. Asking questions like; Who is eligible to own? Are we family first or business first? How do we manage individual and collective interest among us? If a family member leaves the business, is there a job always waiting? etc. These efforts are made in view of the following statement.

Achieving sustainable continuity requires the family to develop Unity, Alignment, and Commitment

Over the years, I have asked business families to articulate foundational beliefs about family and business. This is often done early in our work, so that along the way, we can refer to the words and make decisions based upon them.

Below are examples from different business families. Several of them are similar, but with just slight differences. Some are more philosophical, but each is a product of the family stakeholders sharing and deliberate dialog.

You will also notice references to ownership or employment charters. These and other documents like mission statements, compensation policies, prenuptial policies, philanthropy policies, etc. are often developed in the consulting process. Eventually, all of them may be chronicled in a document ▶

FAMILY BUSINESS

entitled Our Truths and Agreements or Our Family Constitution.

Davis - Foundational Beliefs about Family and Business

Genetics, marriage, and/or adoption connect us as family but don't obligate us to provide employment, ownership, or wealth sharing

- The direction of business doesn't revolve around needs of family
- Family helps family personally, we do not use the business for that purpose
- Family is to serve the business
- Our family value is we help each other
- Family members do not have to operate the business
- Family member employment is an opportunity not a right
- Our business and family mindfully contribute and serve the communities in which we live and work

Adopted January, 2022

Turner- Foundational Beliefs about Family and Business

- We view our company as a valued family heritage. We want to continue it as a family-owned business.
- We are a family committed to our members and descendants being responsible, productive, and well-educated citizens with a strong work ethic and making constructive contributions to the local community and the world at large.
- Shareholder employees have a duty to enhance the family's resources for the benefit of all employees and the community, as well as future generations of family.
- Shareholder employees are expected to adhere to high moral and ethical standards.
- Each family member is encouraged to develop and use self-supporting, marketable skills that contribute to the enhancement of his/her self-esteem and independence.
- We believe that for a family member to be employed in our companies there must be a legitimate job and the skills to match.
- We subscribe to the philosophy that the opportunity to be employed in our companies must be earned; it is not a birthright. Our business succeeds best when professional competence and integrity are the criterion for entrance to employment.
- Further, competence must be supported by a sustained performance record. Family members will be held to higher levels of commitment to their work than other employees.
- We believe that family members who are not enthusiastic about working at our family companies and who cannot meet these standards will be happiest when employed elsewhere.

Established March, 2004 – Reviewed and recommitted to February, 2013

Noel - Foundational Beliefs about Family and Business

- Love and respect are primary and powerful
- Do what you say you will do. Be a person of your word
- Clear communication is paramount in family business dealings
- Recognize good will - assume positive intent among one another
- Keep egos healthy and humble
- Practice financial discipline
- Give everyone a voice – opportunity to be heard
- Life is abundant and finite – enjoy it and have fun together
- Work deliberately – enjoy it
- Money is a byproduct – not the purpose
- Exemplary treatment of each other and others, curiosity and actions create sustainable abundance
- View the world with optimistic realism and grow together through intelligent entrepreneurial risk taking
- Do the right things right and always share the proceeds and or privileges with others

Adopted July 10, 2014

Johnson - Foundational Beliefs about Family and Business

- The direction of business revolves around needs of the business not needs the family.
- Family helps family personally; we do not use the business for that purpose.
- Family is to serve the business (not vice versa).
- Our family value is that we help each other.
- The President or CEO positions are expected to be held by qualified family members.
- Family member employment is an opportunity not a right (see Family Member Employment Charter). ▶

- Ownership is restricted to adopted or lineal descendants of the existing owners as of June 2012 (see Family Ownership Charter).

Adopted June, 2012

Pickens - Foundational Beliefs about Family and Business

- The direction of the business revolves around the needs of family
- Family is to serve the business
- Family members (as opposed to non-family) do have to operate the business
- Family member employment is an opportunity not a right
- We bear the misery together – we've got each other's back
- Loyalty will, at times, override financial best decisions even with non-family

Committed to September 12, 2015

Williams - Foundational Beliefs about Family and Business

- The Family is infinitely more important than the business, but the choice of family or business is a false choice. As is often the case it is not "either or" but "and". Both the business and the family need to be on the right course.
- The Family is good for the business and the business is good for the family. They are good for each other. This is not a zero-sum game where what is good for the business comes at the expense of the family or what is good for the family comes at the expense of the business. Together they create value and wealth out of nothing for both family and non-family alike.
- Family, both directly and through business, serve others. We serve one another, our neighbors, our customers, our suppliers, and our employees. This service to others is essential for our feeling of accomplishment and happiness. One of the many contradictions in life is that consumption does not create happiness, service to others through work does.
- Our family value is we love each other. We recognize the gifts that God has given us through the diversified talents, efforts, and insights of our family members.
- The major leadership positions are expected to be held by qualified family members but all family members, employed or not, have important leadership roles in promoting the values and culture of the business.
- Family member employment is an opportunity available to any family member who has the education, experience, and skills and who demonstrates they can be a productive and effective part of the leadership team one day.
- Ownership of the company is restricted to bloodline and legally adopted family members and their spouses.

Adopted April, 2019

As you read this, surely it provoked thoughts of foundational beliefs in your own situation. Perhaps you thought, 'I really like or agree with that' or 'I can't understand why someone would take that position.'

Well, whatever your thoughts, my suggestion is to bring the foundational beliefs topic to life in an open conversation with the other family stakeholders. Initially, refrain from showing any of these, let the exploration unfold, see what bubbles up, capture the words and intent. Then maybe share this article to prompt more discussion and refinement.

Seeking Unity, Alignment, and Commitment is an ongoing process. Much is assumed and unspoken in business families. Bringing forth these position statements shines light and provides ongoing guidance.

Being able to experience the sense of unity and pride exhibited when the above statements were created was always exciting. Best wishes to you as you articulate foundational beliefs. ★

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TACKLING THE TARIFFS

BY MAURA KELLER

Managing small profit margins, handling sudden changes in prices, and retaining loyal customers have always been the biggest challenges facing gasoline marketers and convenience store operators – that is, until the recent proposed tariffs came along.

The tariffs being proposed for imports such as aluminum, steel, and chemical additives directly affect the gasoline industry as it relies heavily on these materials and others for fuel production and infrastructure. As a result, gasoline marketers may face higher prices for everything from fuel additives to fuel storage tanks, resulting in subsequent price increases for their overall operations and what consumers pay.

In addition, as the tariffs currently proposed could also lead to noticeable shifts at the pump and inside stores, some drivers may be discouraged from filling up as often. This translates to fewer visits to the store and lower impulse purchases. On the retail side, tariff-related cost increases show up in imported snacks, packaging, and even store equipment. Independent gasoline marketers often cannot negotiate the same bulk discounts as larger chains, making it harder to absorb or pass on these expenses without impacting sales.

According to Ed Hirs, energy fellow in the department of economics at the University of Houston, the proposed tariffs may also have an impact on fuel prices for those areas of the United States dependent on imported Canadian crude. Globally speaking, the proposed tariffs are not expected to have a considerable impact at the pump as the price of crude oil has dropped by much more than the tariffs have added to the cost of imported oil.

"The largest impact for the c-stores will be the higher prices for merchandise that is imported," Hirs says. "As a result, c-store owners are likely to run short of merchandise during the summer driving season. As a result, they may have to expand their merchandise offerings to include more domestically manufactured goods. But since many goods are no longer manufactured in the U.S. they may have to change their store offerings substantially."

Robert Khachatryan, is the founder and CEO of Freight Right, a Los Angeles–based freight forwarding and logistics technology firm. With extensive experience navigating global trade regulations, tariffs, and supply chain disruptions, Khachatryan has advised businesses across retail, energy, and industrial sectors on mitigating the operational impacts of trade policy – including the ripple effects of tariff hikes on transportation, fuel distribution, and commodity pricing.

Khachatryan says the biggest indirect threats to the gasoline marketing space come from tariffs on steel and aluminum, which raise the cost of fuel tanks, canopy structures, shelving, and store infrastructure, all critical to gas stations and c-stores.

"Proposed Section 301 tariffs on Chinese electronics could impact in-store POS systems, signage, and refrigeration," Khachatryan says. "If reciprocal energy tariffs are introduced by China or others in retaliation, refined petroleum exports could also be affected."

While fuel prices are influenced more by global crude oil dynamics, Kharchatrayn points out that tariffs on refining equipment or logistics components (like pumps, valves, and storage) can raise downstream costs.

"For in-store sales, tariff-driven price increases on imported snacks, beverages, or tech gadgets could erode margins and slow foot traffic," Kharchatrayn says.

As a result, c-store operators may face a cost squeeze, by way of absorbing higher infrastructure, procurement, and possibly insurance costs, without being able to pass it fully onto consumers.

"Independent marketers, unlike major brands, lack economies of scale and are especially vulnerable to vendor price increases driven by tariff pressures," Kharchatrayn says.

Conrad Sarreal, first vice president and director at Matthews Real Estate Investment Services, specializes in the gasoline market/convenience store segments. Sarreal says because fuel prices are highly cyclical and subject to constant fluctuation, with typically thin margins, store operators heavily depend on in-store sales to drive profitability.

"A significant portion of the products stocked, from beverages and snacks to everyday essentials, is imported from abroad," Sarreal says. "Whether it is a small, independent owner-operator or a major retail chain, the impact of tariffs will be felt across the board. The question facing many businesses is whether to absorb these increased costs to preserve customer loyalty or to pass them on to consumers in order to maintain operational viability."

Sarreal says that in the short term, products that are likely to be affected most quickly include electronic accessories, beverages and snacks made with imported ingredients, and packaged goods such as candies. These items are frequently manufactured outside the United States. ►

"If tariffs persist, even staple items, such as coffee, dairy products, nuts, and candy bars, could see noticeable price increases, putting added pressure on retailers and consumers alike," Sarreal says.

From a fuel standpoint, prices have seen a modest decline recently. Since January, the price of crude oil has dropped by approximately 25 percent. Sarreal points out that because demand for gas and oil tends to follow broader economic trends, a slowdown in the economy driven by tariffs would likely lead to reduced demand in the energy sector as well.

"The Organization of the Petroleum Exporting Countries (OPEC), a coalition of 12 major oil-exporting nations, announced a few weeks ago that they plan to significantly increase oil production. This move is expected to further drive down fuel prices at the pump," Sarreal says. "For many independent owner-operators, this development will have positive impacts. Because they purchase fuel on the wholesale market, lower wholesale prices allow for wider profit margins at the pump. This added margin can help offset some of the financial pressure caused by rising costs within the convenience store sector."

Jake Kiser, general manager of PAR Retail, a loyalty platform for convenience and fuel retail, which is owned by the foodservice tech company, PAR Technology, says that tariffs are having an impact on the industry, but at varying levels.

"The immediate impact could be increasing costs for consumers on everyday items commonly purchased at convenience stores. Longer-term impact may reshape the industry through consolidation and M&A," Kiser says. "What we know for sure is that this industry is resilient and has proven that during uncertain times, the industry remains important to the customers it serves."

And assuming there is an increase at the pump, Kiser says consumers will undoubtedly feel increased pressure. They will look to retailers that offer stronger incentives to remain loyal to their brand and help them navigate the tougher times.

"Trips inside the store may be impacted, but it's more likely that we will see consumers trading down from premium brands," Kiser adds. "The upside may also be here for retailers with a focus on fresh food, as we have seen consumers trading down from QSRs to convenience store food during economically trying times."

Steps To Take

The proposed tariffs may encourage increased domestic production of petroleum-related equipment and additives, which could eventually help stabilize prices and reduce reliance on imports. However, this transition will take time and may come with initial growing pains for the industry.

In the meantime, experts recommend gasoline marketers stay agile and responsive. Operators who adapt their pricing strategies and focus on customer experience will better weather the short-term disruptions caused by tariffs.

To further offset the impact of the proposed tariffs, gasoline marketers should diversify sourcing to include domestic or tariff-free suppliers; bundle freight with regional partners to reduce transportation costs; invest in visibility tech to track tariff-exposed goods and avoid surprises; and advocate through trade groups for targeted exemptions.

"Tariffs can structurally reshape supply chains, encouraging a shift toward North American sourcing but also raising capital expenditure needs for compliance and infrastructure upgrades," Kharchatrayn says. "Over time, they may consolidate the industry, as smaller operators struggle to compete."

Kharchatrayn stresses that tariffs don't just raise prices for end users, they create uncertainty for businesses.

"For an industry as price-sensitive and margin-dependent as gasoline retailing, that unpredictability can be as damaging as the cost increases themselves," Kharchatrayn says. "Proactive planning, smart procurement, and cross-industry coordination will be critical."

According to Anthony Karimian, an associate at Matthews Real Estate Investment Services, who also specializes in the gasoline/convenience store market, over the long term, tariffs combined with inflationary pressures are expected to influence consumer behavior at the checkout.

"As prices rise, shoppers may become more cautious in their spending, which could lead to stagnating or declining sales for convenience store operators. Experts estimate that the effects of new tariffs could be felt for two to three years, given the time it takes for supply chains to adjust. This environment forces retailers to reassess their strategies," Karimian says. "Should they raise prices and risk losing volume, or absorb the costs and risk shrinking margins? There is no universal answer. Each business must re-evaluate its financial structure, product mix, and supplier relationships to sustain operations and chart a path forward." ▶

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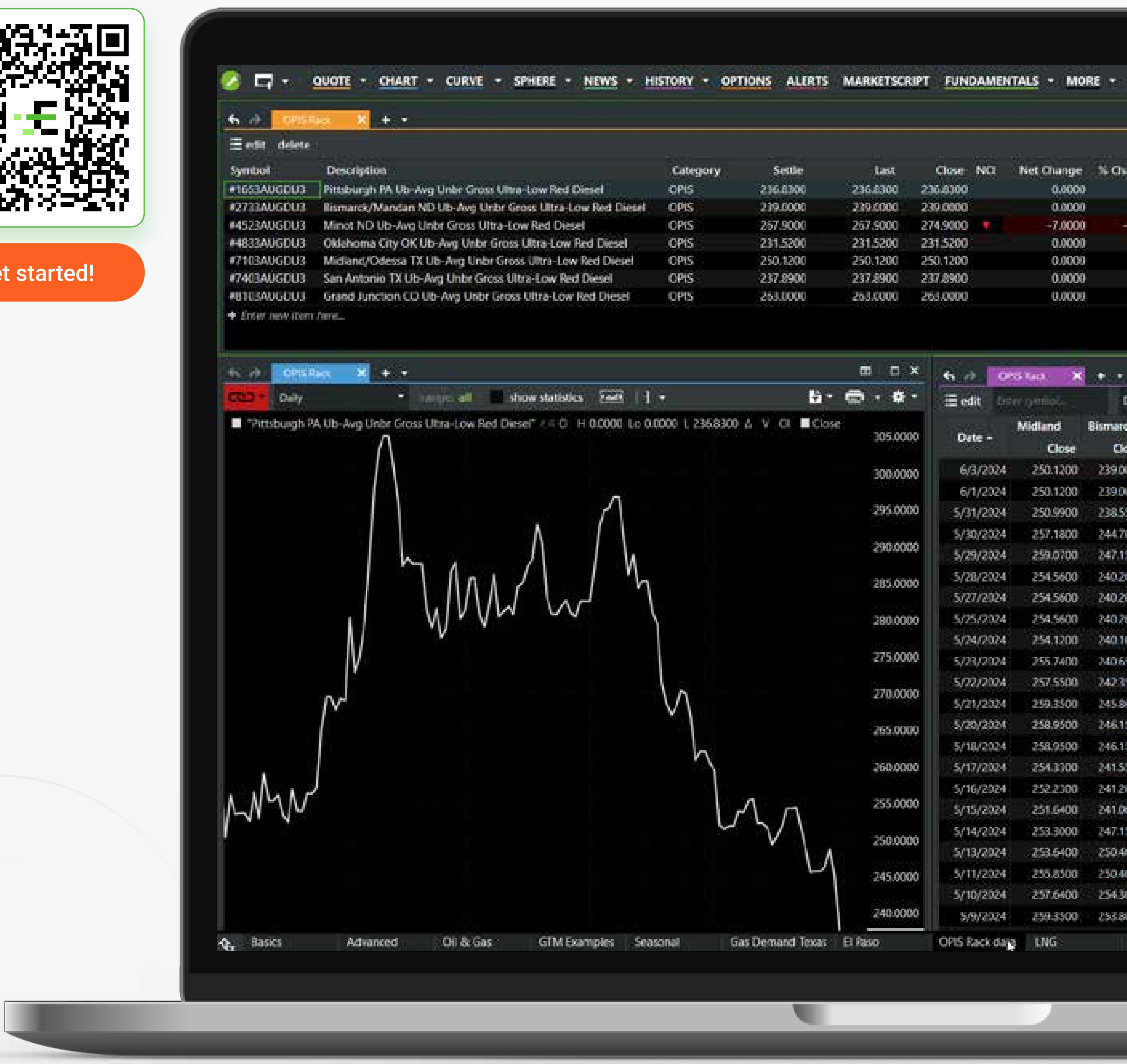

For smaller, independent stores, one potentially effective strategy is sourcing products locally. Shoppers may be more willing to pay slightly higher prices if they know the items are produced within their community and maintain the same or better quality. Beyond cost, this approach fosters a sense of connection and loyalty, as the store aligns itself with local values and supports the surrounding economy.

From a real estate perspective, Karimian says for independent owner-operators considering the sale of both their real estate and business in a single transaction, the financial impact of tariffs on operations can significantly affect the overall value realized from the sale.

"As operating costs increase due to tariffs, profit margins shrink, resulting in a decrease in EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization), which is a key metric in determining business value," Karimian says. "A lower EBITDA reduces the base valuation of the business. At the same time, prospective buyers evaluate the level of risk involved in the acquisition. If a business is exposed to ongoing tariff-related volatility, it may be assigned a lower EBITDA multiple, which further suppresses its market value."

As Karimian explains, this combination of reduced earnings and lower multiples can lead to a significant gap between expected and actual sale values for owner-operators.

"To help preserve and maximize value ahead of a sale, owners should focus on increasing revenue, controlling costs, minimizing operational risks, and building a strategy for long-term sustainable growth," Karimian says. "These steps can enhance buyer confidence and improve the overall valuation of the business and real estate package."

One of the biggest challenges that c-store operators and gasoline marketers may face as it relates to the tariffs is navigating uncertainty. As Kiser points out, an industry that largely remains steady is going to need to plan for what is undoubtedly uncertainty ahead. Does the retailer invest ahead? Do they think about carrying a new set of products or promoting something that drives margins?

"I think we will see a continued dependence on loyalty and engagement programs as a means to market directly to the most valuable customers," Kiser says. "Retailers that thrive will be those who embrace their customers and meet the customer where they are today. The flexibility to provide investment in the customer today will pave the way for a brighter future with your customers."

Kiser also believes it's too early to tell what the long-term impact may be to the gasoline marketing environment.

"Perhaps the only thing we know is that we haven't really felt the impact of tariffs in the short term," he says. "All we have seen is the market's reaction to the tariffs; we haven't seen the actual impact at the register. We are keeping a close eye on this and expect to learn more through data over the coming months." ★

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The Power of Remote Fuel System Diagnostics: Why Real-Time Monitoring is a Game-Changer for Retail Fuel Operators

BY TONY CAPUTO, WARREN ROGERS

In today's competitive and highly regulated fuel retail environment, staying ahead of operational issues, compliance requirements, and profit leaks is more important than ever. While many operators still rely on manual checks and reactive maintenance, the smartest retailers are embracing remote fuel system diagnostics—and reaping major rewards.

Many of today's remote fuel system diagnostic solutions specialize in helping fuel retailers monitor, manage, and optimize their underground storage systems and dispensing equipment through advanced, real-time monitoring solutions. Large or small, 1 site or 1,000, many solution providers offer cost-effective solutions to meet your needs and budget. Today's automated solutions enable providers to optimize their systems to deliver very-robust services to single, regional, and national c-store and travel center operators alike.

Here's how remote diagnostics can dramatically improve your operations across the board:

Always On: 24/7 Real-Time Visibility

Unlike periodic manual checks, remote monitoring provides continuous insight into fuel tanks and lines, tank monitors, and dispenser performance. You know what's happening at every site—at every moment. Whether it's an unexpected drop in tank levels, a delivery that falls short, or a nozzle that's flowing slower than usual, you get immediate alerts.

That means problems don't sit unnoticed for days or weeks. You can act quickly—and avoid bigger issues down the road.

Proactive Issue Detection and Prevention

Many fuel system issues start small: a filter begins to clog, a submersible turbine pump (STP) slows, or water starts to seep into a tank. Left unchecked, these seemingly minor problems can lead to:

- Increased maintenance costs
- Lost fuel (and revenue) due to dispenser, system, or entire location shutdown
- Poor customer experience
- Regulatory penalties

Remote fuel system diagnostic solutions can help to pinpoint anomalies before they spiral out of control. With exception-based reporting and trend analytics, you get a clear signal amid the operational noise. Today's more-robust monitoring solutions can take vast amounts of data, remove the outliers, and deliver actionable and exception-based reports to speed resolution and lower your ultimate costs.

Streamlined Compliance and Recordkeeping

Fuel retailers face intense scrutiny from environmental agencies and regulators. Remote monitoring can help to automate daily reconciliation (such as EPA-mandated SIR), track CSLD, SCALD, PLLD, sensors and interstitials, generates audit-ready 30-day compliance reports, and helps to ensure nothing slips through the cracks.

Compliance isn't just about avoiding fines—it's about peace of mind. With the right remote fuel system diagnostics monitoring solution in place, you stay audit-ready without the paperwork burden.

Efficiency Gains That Scale

Remote diagnostics can help you to:

- Optimize fuel deliveries by tracking real-time tank levels and detecting short deliveries versus bills of lading from the terminals and suppliers. ▶

- Improve dispenser uptime by identifying underperforming or frequently failing units
- Standardize maintenance with consistent insights across all sites

You can manage more locations with less overhead—and still provide better customer experience. Not to mention the cost-savings related to targeted filter changes and better dispenser uptime.

Fuel Loss Reduction and Cost Savings

Fuel shrinkage is a silent profit killer. Whether it's caused by meter drift, delivery variances, theft, or leaks, even small losses can add up to tens of thousands annually.

With more-advanced remote diagnostics, you can get precise inventory reconciliation and early warning of unusual patterns. That means less lost product—and more revenue on the bottom line. Some solutions can also provide 24/7 monitoring of fuel tank, line, and dispenser activity in order to alert you to the smallest suspected source of loss.

Enterprise-Wide Operational Intelligence

For multi-site operators, remote monitoring offers an enterprise view of system performance. You can:

- Compare sites to identify top- and bottom-performers
- Detect recurring equipment or vendor issues
- Make smarter capital planning decisions based on data—not guesswork

The result? A more resilient and data-driven fuel operation.

Expert Oversight—Without Adding Headcount

When you partner with a remote monitoring solution provider, you're not just buying a monitoring system—you can also gain the assistance of expert fuel system analysts. The analysts can review your data daily, flag risks, and recommend action steps.

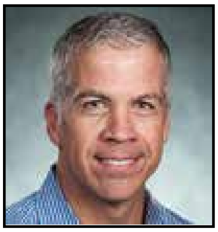
It's like having a full-time compliance and performance team, without adding a single employee.

Final Thoughts: Monitoring That Moves You Forward

Remote fuel system diagnostics are no longer a luxury—they're a necessity for modern fuel retail. With the right tools and the right partner, you can do more than just stay compliant. You can optimize, save, and grow.

Many remote monitoring solution providers offer the real-time insight and proactive support fuel retailers need to move from reactive problem-solving to strategic system management. Let them help you turn your monitoring into a competitive advantage.

As a fuel operator, if you are still using manual processes or several separate applications to detect alarms, flow rates, down dispensers, or failed compliance results, you owe it to your employer to investigate how cost-effective monitoring solutions can be a game-changer for your company…..and give you an equal or superior footing against the stations across the street. Your company's future may depend on it! ▶



Tony Caputo has worked in the fuel, convenience, and grocery industry for over thirty years, holding a variety of corporate and division leadership positions at The Kroger Co., Kroger SPG & Convenience Group, and EG America. He has extensive background and experience in marketing, merchandising, risk management, fuel management, environmental compliance, and operations. In prior roles, Tony was pivotal in the startup and implementation of The Kroger Co.'s 1,600 location fuel program, including the introduction of the Shell affiliate program and leadership of their national fuel merchandising and on-site marketing programs. Transitioning to EG America, Tony oversaw EG's US corporate risk and environmental programs for 1,100 convenience locations.

Tony joined the Warren Rogers' team in 2020 and supports the growth of Warren Rogers and lending insight into the continued development of their advanced wet-stock management tools. Tony enjoys helping fuel operators better understand ways to improve their overall efficiency in the forecourt and assist corporate staff in streamlining their compliance, maintenance, and supply roles.

Tony can be reached at tcaputo@warrenrogers.com and (M) 540-314-6210.

BY MAURA KELLER

IN A DATA-DRIVEN RETAIL ENVIRONMENT

Across all industries, including the gasoline marking industry, understanding who customers are, what they purchase, how much they spend, what attracts them to certain products and how often they purchase those products is paramount to companies' bottom lines. But more and more companies are recognizing that data collection is an impersonal way to connect to a customer base, resulting in a lack of rapport with customers and weak customer relationships. So rather than solely focusing on filling data fields, many companies are turning their attention to relationship marketing – developing relationships with customers in unique and meaningful ways.

According to Adam Wagner, chief operating officer of Raindrop Agency, data is powerful, but if you're asking too much too soon – like pushing loyalty signups before someone even pumps gas – you're creating friction, not connection.

"Gasoline marketers now need to use data as a service tool, not just a collection goal. The benefit? You can personalize offers, optimize inventory, and track ROI," Wagner says. "The risk? If customers feel like a number or that their privacy is being mined, they'll disengage fast. It's about finding that sweet spot between helpful and intrusive."

Indeed, as Wagner points out, fuel is a commodity, but the experience isn't. When someone chooses a station over another down the road, it's often because of how they feel about that company's brand – friendly staff, clean restrooms, good rewards, etc.

"Relationship marketing builds that preference," Wagner says. "It keeps people coming back even if your price is a cent or two higher, because loyalty isn't just transactional – it's emotional."

Shawna Suckow is a customer behavior expert and the founder of The Buyer Insider. She tracks consumer trends and translates those into marketing strategies for small businesses. As Suckow explains, data is incredibly useful, but it comes with a cost today if gathered or used incorrectly.

"That cost is lost trust with your customers at a time when they're already more distrustful than ever of businesses," Suckow says. "The wonderful thing about small businesses is the connection they can build with customers that is just not possible the bigger the business gets. Small businesses can market more intuitively and be more relationship-driven, which is a huge advantage today, if done well. Today, people are more loyal to people and experiences than large retailers. They'll drive past five other businesses to get to the one that remembers their name, listens to them, and treats them like a person instead of a transaction."

Suckow says the businesses that are poised to succeed over the next several years are the ones that make people feel seen, heard, and valued.

"That seed is planted through relationship marketing that is real – and not the creepy kind that tracks without asking, knows too much, and shows up everywhere," Suckow says.

The Inherent Role of Data

While building customer relationships organically is the ideal strategy, data undoubtedly has a role to play, especially in our tech-saturated purchasing environment. Elizabeth Lafontaine, director of research at Placer.ai, a company that provides a customer location analytics platform, says that relationship marketing has grown to become a strategic initiative for brands due to the noise and endless choices that consumers face in their everyday decision making. She also stresses the inherent role data plays in building customer relationships.

"With more choices than ever before, consumers are highly fragmented and less loyal, which inherently makes them harder to reach," Lafontaine says. "By taking a relationship and data-driven approach, brands can better understand consumer decision making and paths to purchase."

Magda Marchowska-Razaa is a marketing professor at North Dakota State University, where her research looks at how brands build relationships with people, especially through social media. From her perspective, when retailers use data alongside a consistent and authentic voice across their platforms, they stay relevant, even when customers aren't in the store.

"Today, data is so much more than just tracking purchases; it's about understanding what people care about. That could be convenience, sustainability, value for money, or just content that makes them smile or feel seen," Marchowska-Razaa says. "Convenience retail is usually associated with speed and practicality, not strong emotional connections. But that's where social media can really make a difference. It gives brands the chance to build relationships through relatable content, shared values, and humor. Everyday interactions can go a long way in building trust and keeping customers coming back."

Marchowska-Razaa further points out that in relationship marketing the goal is to build lasting connections with customers – not just drive one-time sales. While data fields support targeted offers, they often miss the emotional context behind customer behavior and the human side of the relationship.

"Automated personalization, like sending coupons or fuel discounts based on past purchases, can increase efficiency and make customers feel recognized. However, without understanding why customers buy, this approach risks becoming generic and impersonal," Marchowska-Razaa says. "For instance, knowing someone buys a doughnut every Tuesday doesn't reveal if it's for themself, a child, or part of a routine – details that could shape more meaningful engagement." ▶

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North America	North American refined products US Fuel Oil US LPG
EMEA	MOPS gasoil MOPAG refined products MOPFUJ Fujairah refined products
APAC	MOPS (FOB Singapore) refined products MOPJ naphtha
LATAM	Brazilian refined products

What's next for the refined products markets?

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To strengthen customer relationships, data needs to be paired with human insight to uncover motivations and turn transactional patterns into relationship-building opportunities. This shift – from predicting behavior to truly understanding it – is at the heart of effective relationship marketing.

“Connected customers are more likely to return and less likely to be swayed by price or nearby competitors – a key advantage in fuel and convenience retail,” Marchowska-Razaa says. “While many businesses focus on acquiring new customers, research shows it’s far more cost-effective to retain existing ones. Yet many still struggle with the ‘leaky bucket’ effect, losing customers due to lack of ongoing engagement.”

Building Rapport with Customers

It’s important for fuel marketers to make each customer feel like they’re getting the better end of the deal. Offer relevant rewards or discounts in exchange for their phone number or app download.

“Think: ‘Buy five energy drinks, get one free,” or ‘Members get 10¢ off per gallon.’ Use the data to recommend items, tailor emails, or time offers to fuel-up patterns,” Wagner says. “The best programs are simple, mobile-friendly, and benefit-driven – so it feels like a win for the customer, not a win for your CRM.”

Suckow recommends companies also be 100 percent transparent in how you will use the data and why you’re asking. “I’m a big fan these days of communication done in a conversational, honest way, like ‘Hey, we’re a small business and want to sell you things, but we want to make sure they’re things you want to buy. Plus, we’ll give you discounts and freebies that actually matter to you. It’s a win-win.’”

Lafontaine adds that convenience stores have the benefit of being a daily or weekly stop for consumers, either for fuel or for grab-and-go products.

“This shopper pattern offers convenience chains the opportunity to tailor relational marketing efforts to how consumers interact with the category: Loyalty programs or value based offers for repeat shoppers could be beneficial,” Lafontaine says.

Marchowska-Razaa says to balance relationship marketing with data collection, gasoline retailers – including convenience stores – should focus on zero-party data: information customers willingly share in exchange for more personalized experiences. This might include preferences or purchase motivations, collected through apps, loyalty programs, or feedback tools.

“The key is to be strategic,” Marchowska-Razaa says. Rather than collecting data for its own sake, retailers should define a clear goal – like increasing repeat visits – and gather only the data needed to support it. Most importantly, data should enhance the customer relationship, not just business outcomes. When used thoughtfully, it enables tailored offers, timely communication, and recognition, helping to build trust, not just drive transactions.

Minimizing Mistakes

One key mistake that gasoline marketers and c-store operators may make is forgetting that consistency beats flash. As Wagner explains, running a one-off giveaway or a complicated points system doesn’t build trust. Customers need clear, ongoing value. Another mistake? Failing to train staff on the role they play.

“A smile and a personal greeting at checkout can do more for retention than a fancy app ever will,” Wagner says.

And remember, if you try to gather too much data before earning trust, you’ll scare people off. But, as Suckow explains, if you create moments of real connection, customers will gladly share their info – because now it feels like a relationship, not a transaction. Then only ask for the bare minimum info upfront (phone, maybe zip code), and earn more over time.

However, Lafontaine does stress the importance of retailers to use customer insights to make informed decisions about what matters most to their customers.

“Some shoppers focus on value, while others may be more enamored with convenience or in-store experience,” Lafontaine says. “If retailers don’t use their data and insights wisely, they may miss the mark in what techniques they use to try and retain shoppers.”

Marchowska-Razaa has seen a few common mistakes that retailers make when trying to implement relationship marketing. One is acting on assumptions instead of data. Retailers sometimes rely on outdated personas or gut feelings about what customers want, rather than leveraging actual customer data. “This can lead to tone-deaf messaging or irrelevant promotions. Relationship marketing only works when it’s rooted in real insights, especially in today’s data-rich environment where customers expect relevance,” Marchowska-Razaa says.

Another common mistake is inconsistency in communication and brand experience. Building trust takes time and repetition. When a retailer frequently shifts its messaging, tone, or values – for example, by running disconnected campaigns or frequently changing loyalty strategies – it creates confusion rather than connection. ►

"Over time, customers may begin to see the brand as inauthentic, which weakens emotional loyalty and opens the door to competitors," Marchowska-Razaa says. In both cases, the mistake undermines the long-term relationship retailers are trying to build. To succeed in relationship marketing, consistency and evidence-based personalization are key."

The Future of Relationship Marketing

For the convenience channel, Lafontaine says there should be a balance of creating efficiencies for consumers using data, while also focusing on the shopper experience. "Convenience stores have the benefit of consumer behavior that points to more frequent visitation, but efforts to retain customers should not get in the way of what makes these chains so successful," Lafontaine says. "Product offerings and marketing efforts should work seamlessly to drive new and repeat visits."

Suckow believes relationship marketing is at a tipping point. "For years, the focus has been data, data, data – but smaller companies are starting to realize that data without humanity leads to customer distrust," she says. "Smaller companies have an edge because they can remove the facade and focus on relating better, human-to-human."

That doesn't mean ditching data – it means using it better. It should be less about "How many fields can we collect?" and more about "How can we create and keep loyal customers better based on what we know?"

Marchowska-Razaa believes data will continue to play a critical role in customer relationship development, but how that data is collected and used is likely to evolve. The future isn't about choosing between data-driven or relationship-driven marketing – it's about merging the two in a way that enhances both. Data provides confidence in decision-making, as well as relationship-building efforts. It helps retailers understand what matters to customers, when to engage them, and how to personalize the experience.

"We're also seeing a shift toward more intentional and transparent data collection, such as zero-party data that customers offer voluntarily in exchange for relevance," Marchowska-Razaa says. "In this sense, data isn't just about tracking behavior, it becomes a tool to listen, learn, and build stronger relationships. For convenience retailers, this means using insights to make every customer touchpoint more personal, timely, and meaningful."

Wagner believes we are moving toward hyper-personalized, tech-enabled loyalty – but relationships will still drive it. Data will continue to fuel strategy, but brands that win will combine it with human touchpoints.

"A station that remembers what snack or coffee you grab regularly and offers it to you on your next visit? That's where we're headed," Wagner says. "Smart marketers will build systems that serve people – not just spreadsheets." ★

Exploring Oil Markets in the Long Term: Three Important Messages for the U.S. Retail Sector

BY JAIME BRITO, EXECUTIVE DIRECTOR, REFINING AND OIL PRODUCTS, OPIS, A DOW JONES COMPANY

Several oil companies heavily rely on long-term analysis to determine their strategies over time and to anticipate potential opportunities several years in advance. Others in the hydrocarbon value chain might limit long-term and macro-level analyses with the rationale being that whatever happens in the rest of the world would have limited influence on local pricing strategies and investment plans.

However, this reasoning minimizes the globality of the oil supply chain. Whether it is a large integrated oil company that owns a worldwide network of fuels production, or the local distributor owning two stations in a U.S. town, global oil developments impact all levels of the hydrocarbon value chain. Therefore, the future of oil markets is just as crucial for the local retailers as it is for the largest oil companies in the world.

The oil industry has already been acting in a challenging sandbox over the last few years, overwrought with ambitious and unrealistic expectations of the energy transition, complex and diverse regulations around the world, geopolitical and commercial constraints, among others:

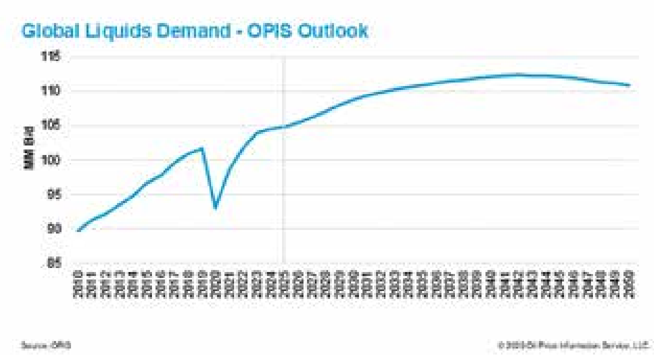
- On the upstream sector, there is limited access to additional oil reserves to be discovered in locations like Africa, Latin America, or Asia, which has reduced investment. In other words, most oil reserves that could be discovered so far have already been explored.

- The refining sector is just as challenging, with expectations of lower gasoline demand for the next few years, and combative policies around the world that directly target the internal combustion engine car or provide asymmetric support for alternative fuels.

Then as of 2025, the global economy and the oil markets have been beset by additional challenges stemming from commercial negotiations, tariffs, sanctions, countermeasures, and overall trade disruption. But what does the future look like for oil markets and what kind of opportunities loom for the retail sector? There are three important and relevant conclusions about long-term oil markets:

1. Fuels Demand is Expected to be More Resilient Than Most Think

Contrary to many of the competing views in the marketplace, OPIS has assessed that oil demand is firmly entrenched not only in transport fuels, but also in non-fuel applications. Rising trade barriers, waning enthusiasm for electric vehicles, plus the rise of energy-intense applications (i.e. artificial intelligence) complicate a rapid transition. Furthermore, the projected growth in population and economic activity, especially in developing countries, will underpin long term oil consumption. Our long-term oil demand forecast shows a gradual increase of demand with a plateau occurring in the early 2040's, then small declines thereafter as energy efficiency measures outpace growth.



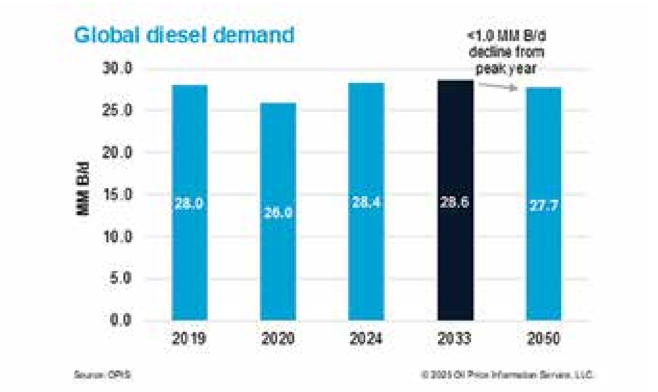
Yes, electric mobility will play a critical role in transportation, but instead of replacing existing mobility, they will be used to accommodate the growth, largely in developed economies around the world.

The use of Internal combustion engines (ICE, including hybrids) will decline by around 100 million units throughout the forecast period, increasing transport fuel efficiency.

2. Global Gasoline Consumption to Remain Strong Through 2050

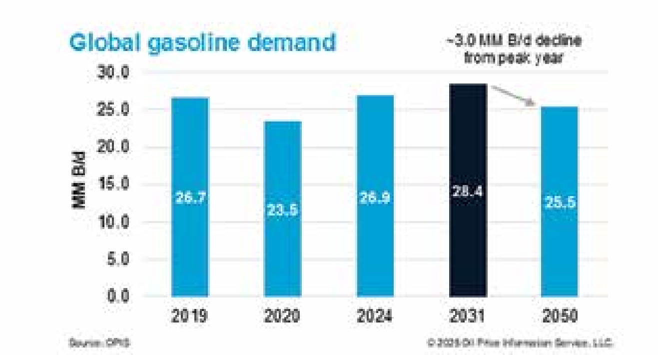
The rapid adoption of EVs in Europe and China is setting the stage for a structural shift in gasoline consumption, but such penetration will be challenging for growing markets such as Africa, South Asia, and Latin America. ▶

The combined effect of an evolving fleet composition and continued growth elsewhere is expected to yield a net decline of 5.5% in global gasoline consumption between 2024 and 2050.



Infrastructure gaps, affordability, and policy inertia could delay widespread adoption, preserving gasoline's role in the fuel mix for longer.

3. Diesel Demand Remains Entrenched in Several Markets



Diesel demand is expected to see even more resilience than gasoline consumption, as truck transportation of goods steadily increases in developing economies.

Gradual penetration of electric vehicles will take place in this sector as well; however, long-haul and heavy-load transport will remain anchored to diesel due to range and payload constraints until we see major technological breakthrough. Diesel consumption is projected to edge down 2.5% by 2050 with a mild retreat from the peak.

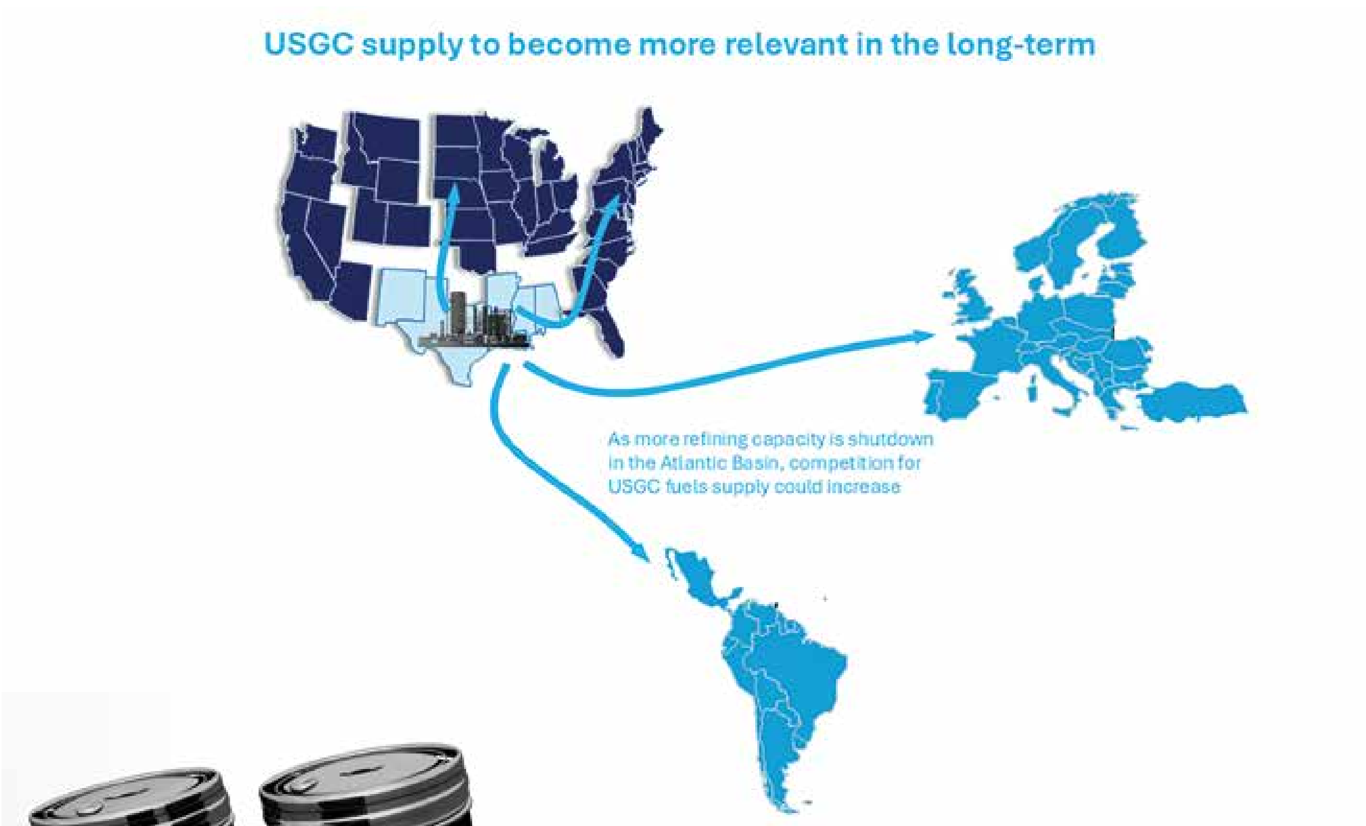
The U.S. Connection and the Impact on the U.S. Retail Market

It is key to remember that the U.S. refining industry has effectively become the main supplier of fuels to Latin America and an important distillates supplier to Europe. It was as well an important supplier to African markets, but recent refining investments have effectively narrowed the export opportunities in that region.

In this context, the role of the U.S. Gulf Coast (USGC) refining capacity is particularly relevant on a global basis, as there is more refining capacity in this region than in any other country in the world except for China. This massive capacity currently serves as product supplier to the U.S. East Coast, as well as to the Mid Continent, in parallel to exporting products to the entire Atlantic Basin (Latin America and Europe).

In a way, U.S. retailers effectively compete with Latin American and European products for USGC barrels, although it might not feel like it, due to plenty of availability of refining capacity. There are several competitive advantages that this USGC region has over other refining centers in the world, such as immediate access to cheap oil and gas (from both conventional and tight oil assets scattered in this region), economies of scale, proximity to ports, and infrastructure that maximizes their operational flexibility (access to pipelines, storage, etc).

As the world moves towards 2050, it is expected that additional refining assets in both Latin America and Europe will be shut down, due to different reasons – declines in oil reserves, lack of investment from local governments, among others - thereby increasing the need for fuel imports. Yes, several of these markets and particularly the European region are expected to see waning demand in the long term, but it is likely that both refining capacity and dwindling consumption will not take place in parallel, and any gap will still need to be filled by USGC refining capacity. European companies might choose to shut down refining capacity way earlier than their own markets would dictate in favor of importing products from the United States.



Additionally, further refining capacity shutdowns that can take place in the United States between now and 2050, and particularly on the Gulf Coast, will limit product availability in both domestic and international markets, potentially increasing costs in a proportion that has not been seen so far.

It is likely that U.S. retailers will be competing for USGC barrels with international markets, which beckons different actions for this sector. Either investing in additional storage, exploring the possibility of additional fuel pipelines to specific refineries, or completing commercial alliances to secure supply on a long-term basis, the retail sector will be impacted by future oil market developments. However, preparing for those times is not impossible; it requires a global perspective for local action. ★

Jaime Brito is in charge of leading content and analysis pertaining to the refining and oil products markets and its impact on the chemical sector. With over 25 years of experience, his views and insights have reached all regions of the oil and gas industry.

Mr. Brito delivered consulting related to oil, fuels and refining around the world, from assessing the feasibility of new refineries in Asia and the Middle East, to designing commercial strategies and investments in Europe or Latin America, to due diligence for asset acquisition in the US or Canada. He has led due diligence and feasibility studies that represent over 15 billion dollars of capital.

Mr. Brito is based in Houston, Texas and holds an MBA and a BS in Chemical Engineering. His technical, commercial and geopolitical knowledge, paired with a deep understanding of oil and gas dynamics, pricing drivers and a unique ability to anticipate potential market developments make all his presentations a must. As part of his long and international career, he is a regular guest in news programs, where he shares his insights on global geopolitics, oil markets, fuels prices, among others.

Disrupt the Convenience Disruptors with Targeted Marketing

BY BETHANY ALLEE, CMO AT PDI TECHNOLOGIES

Your convenience store isn't just competing with the shop down the street anymore—it's going head-to-head with Amazon one-hour delivery, DoorDash's instant gratification economy, and every retail giant that's doubling down on delivering "convenience."

Welcome to the new reality where your neighborhood c-store is competing against digital retailers from all directions. In this type of landscape, throwing marketing dollars at your challenges simply won't cut it. Every marketing dollar you spend must deliver measurable ROI.

The Difference Between Wishful Thinkers and Winners

Marketing ROI is your financial lifeline to remaining competitive. This number tells you the brutal truth about how effectively your marketing efforts are paying off.

A solid marketing ROI ratio sits between 5:1 and 9:1 (every dollar you spend should return $5 to $9), while marketing stars are hitting ratios of 10:1 or higher. If your current numbers aren't somewhere in this range, it's time to stop hoping and start strategizing.

Four Ingredients for Successful ROI

Think of targeted marketing like crafting the perfect meal—get these ingredients right and customers will happily bypass your competitors to reach your store:

1. **Impactful loyalty programs:** Your loyalty members spend 29% more per visit than newcomers, so reward them by treating them like VIPs rather than just cardholders.
2. **High-margin heroes:** Not every product deserves equal marketing love. While that 12-pack of soda might fly off the shelves, prepared foods, premium beverages, and impulse purchases pad your margins. Smart targeted marketing focuses on the right inventory.
3. **Personal (not pushy) engagement:** Consumers can smell generic marketing from a mile away. When campaigns speak directly to the exhausted parent at 8 PM or the construction worker at 6 AM, you can convert casual shoppers into brand aficionados.
4. **Data as your crystal ball:** Your POS system is sitting on piles of valuable data. Top operators don't just collect this data—they continuously analyze it and extract insights to predict what customers want before they even know they want it.

Four Roadblocks to Avoid

Just as there are proven methods to boost ROI, even the most seasoned operators must watch out for factors that can limit ROI:

1. **The sticker shock reality:** Quality targeted marketing technology isn't cheap, but successful operators view it as a profit machine, not an expense. The upfront investment might sting for a quarter, but the returns can keep you smiling for years. ▶

2. The "let's wing it" trap: Launching campaigns without a strategy is like restocking your coolers without checking expiration dates—messy, wasteful, and all but guaranteed to disappoint you.

3. The curveball factor: Consumer trends change faster than gas prices during a supply shortage. To thrive, you must build flexibility and adaptability into your marketing strategy.

4. Driving without a map: Running campaigns without analytics is like driving in a foreign country without a clue about where you're going—you might stumble onto success, but you'll probably crash into failure first.

Your Field-Tested ROI Roadmap

As you refine your strategy to improve targeted marketing ROI, start with these steps:

- **Recognize your customer universe:** The work crew grabbing breakfast burritos at dawn operates in a completely different world from the neighborhood mom stocking up for the evening meal. Segment like your profits depend on it—because they do.
- **Set goals that matter:** "Increase sales" is more of a daydream than a defined goal. "Boost prepared food sales by 15% among morning commuters within 90 days" is a goal with substance.
- **Budget like a business, not a gambler:** Under-investing in brilliant ideas isn't much better than over-investing in mediocre ones. Find the sweet spot where you can make a real impact without introducing unnecessary risk.
- **Fish where the fish are:** Whether it's mobile apps for tech-savvy commuters, email for loyal regulars, or in-store displays for impulse buyers—show up where your customers already spend their attention.
- **Treat marketing like inventory:** Your campaigns need the same attention as your best-selling products. Continually focus on regular check-ups, performance reviews, and quick pivots (when something isn't working).

How to Know You're Winning

The proof of targeted marketing success is in tracking the cold, hard numbers:

- **Revenue growth:** McKinsey found personalization in marketing can boost revenue by up to 15%. That's not marketing fluff—that's money in your bank account.
- **Marketing efficiency:** Watch your marketing dollars work smarter, not harder, as you replace scattershot approaches with precise, personalized targeting.
- **Customer loyalty that spreads:** When customers feel truly understood, they become repeat buyers—as well as unpaid ambassadors who bring their networks with them.
- **Lower acquisition costs:** Keeping your existing customers engaged can slash acquisition costs by up to 50%, a competitive advantage that compounds over time.

As larger retailers attempt to redefine "convenience" and competition intensifies from every direction, targeted marketing can be your best defense against digital disruption. Focus your efforts and continually measure your ROI to transform marketing from a cost center into a profitable investment.

To explore how to reach consumers more effectively, visit pditechnologies.com. ★

Bethany Allee is a results-driven executive with over 20 years of experience in key leadership roles, including President, Treasurer, SVP of Marketing, and her current role of Chief Marketing Officer at PDI Technologies. Allee has worked at iconic technology brands Broadcom and Brocade, as well as high-growth companies such as PDI, Cybera, NuView, and Powered. Her career focus is building high-tech market segments—she helped launch one that has reached several billion in annual revenues, along with three others in the $50+ million range. Allee is best known for her strategic vision during market transitions and leadership in periods of cultural and transformational change. She's writes for several retail publications, authors an EV blog, is a member of the NACS Strategic Advisory Committee, is a CRN Channel Chief, and is a Top Woman in Convenience. Allee serves on the board of directors for Dress for Success, WISE4 Women, and Sound & Vision Social Club. In her spare time, she enjoys volunteering with equality-driven organizations and doting on her two children. After taking accelerated studies in Advertising at the University of Texas, Austin, she graduated in Interdisciplinary Studies from the University of Houston, Downtown.

Reducing Fleet Emissions at the Lowest Cost

BY JOHN EICHBERGER, TRANSPORTATION ENERGY INSTITUTE

The objective of reducing emissions from the transportation sector is not going away, but there is currently a renewed focus on the economics of strategies that will enable such reductions. For fleet managers, this focus on the economic return on investments has never gone away even as they seek ways to either comply with regulatory requirements, satisfy the demands of their customers or simply achieve personal and corporate environmental objectives. The Transportation Energy Institute's Medium and Heavy-duty Vehicle Committee is dedicated to finding ways to cost effectively reduce emissions from commercial vehicles and in June 2025 released its latest work product – "A Practical Guide to Cost-Effective Fleet Emissions Reductions." (Visit transportationenergy.org for access to this new resource, as well as the others mentioned in this article.)

A Series of Resources

Why provide resources like this? Because our members recognized years ago that policy designed to reduce emissions from the commercial vehicle sector was drafted with a clear lack of understanding of the complexity and overall economic importance of the sector. TEI published our first paper specifically targeting this market in 2022, "The Easiest and Hardest Commercial Vehicles to Decarbonize." This report dissected the market and broke it out into 17 different vehicle segments, each with their own unique attributes, and evaluated each for key factors that could affect efforts to reduce emissions. It clearly demonstrated that a one-size-fits-all approach would be a colossal failure.

We then published a policy considerations paper identifying key questions and topics that should be considered when thinking about reducing emissions from commercial vehicles by regulation. For example, one must consider the work-rate of the current vehicle-energy combination and whether the alternative would enable the vehicle to perform the same amount of work in the same amount of time. If not, the result would likely be the deployment of additional vehicles, which would negatively affect the fleet's economics and add to vehicle congestion in the market. A variety of other key factors were identified to help avoid enactment of requirements that would negatively affect fleet operators and the customers and communities they serve.

New Resources

This latest project extends this work and includes a written guide to help fleet managers most effectively evaluate the options available to them. (A version specifically focused on the Canadian market was published by our Canadian Transportation Council at the end of 2024.) The guide explores the technology and fuel options from which they can select, details their application ▶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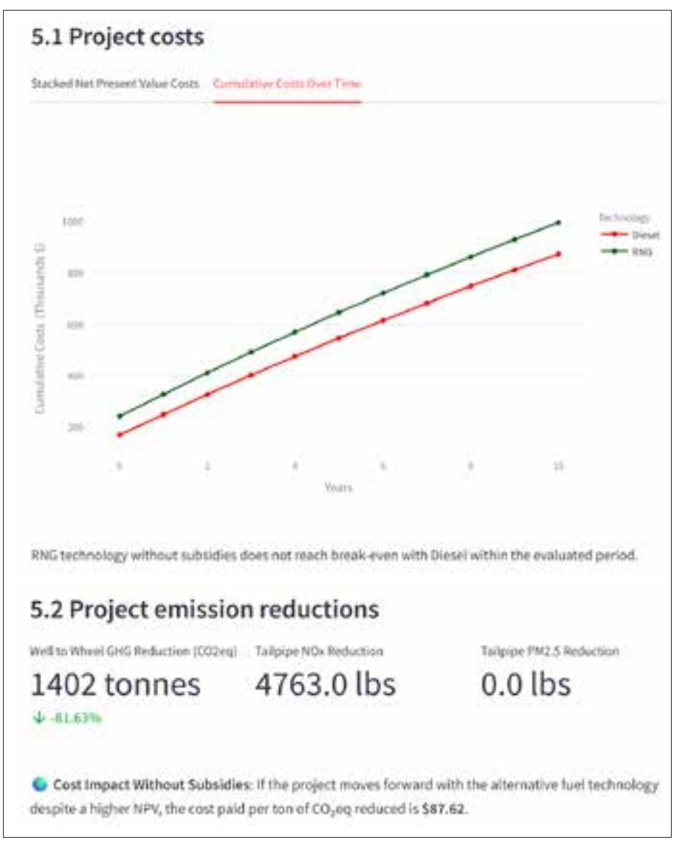
and availability, considers the opportunities and challenges associated with each and provides a roadmap that managers can follow as they determine their path forward. It is a terrific tool to help companies really understand their options.

Paired up with this is an online calculator that allows the user to customize a scenario to determine anticipated costs and emissions benefits of different options. Users can select the state in which they operate, the type of vehicle and use cases of their fleet and then assess what would be the impact of switching powertrains or energy used for their operations. Duty cycles and financial information is pre-populated and can be adjusted to reflect real world data to provide a truly customized result.

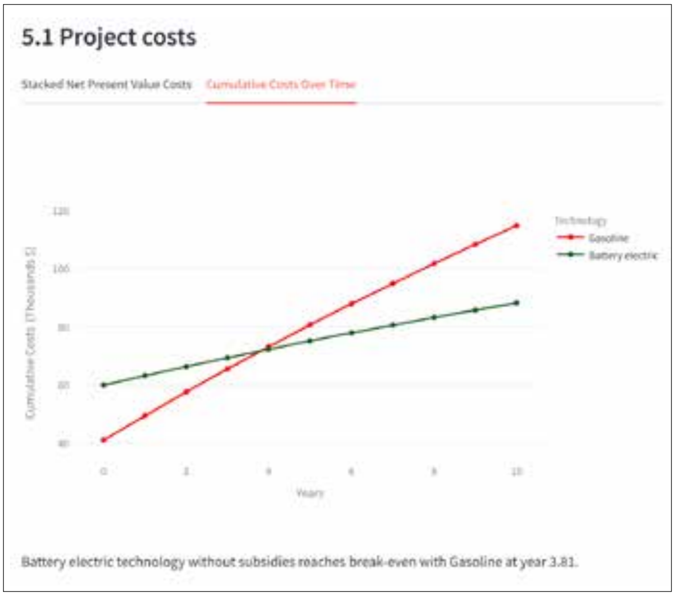
The following are examples of simple analyses using the default values – we did not adjust any inputs, all of which are customizable by the user (such as fuel cost, miles driven, cost of vehicles, financing and insurance terms, refueling infrastructure investments, etc.). The following show the 10-year cost impact of each conversion and the emissions effect of the scenario:

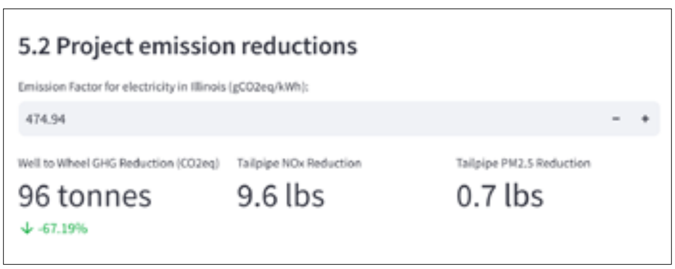
Converting a long-haul class 8 tractor in New York from diesel to renewable natural gas



Converting a long-haul class 8 tractor in California from diesel to renewable diesel (RD99)

Converting a class 2b delivery van from gasoline to battery electric.





Where costs of the alternative being modeled are higher than the legacy vehicle and fuel choice, the calculator shows what the cost per ton of CO2 avoided might be. This can help fleet managers evaluate their options relative to any type of carbon credit that might exist in the market, from a regulatory program or even a voluntary carbon credit trading platform.

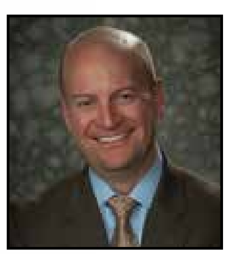
This tool has been previewed with fleet managers and has been well received. It is available free of charge through the TEI website.

Tracking and Reporting Emissions

TEI also has developed the Carbon Avoidance Tracker, a subscription-based tool that enables fuel providers and fleet managers to calculate and report their actual emissions reductions. Using Argonne National Laboratory's GREET model, the Tracker provides credible and verifiable data. It is designed to help industry stakeholders share with their customers or financial partners their progress in reducing emissions.

The commercial vehicle segment is a critical component to the economy. As the trucking industry often says, "Without trucks America stops." And while medium- and heavy-duty vehicles represent a small share of the overall number of vehicles on the road, they are responsible for a significant share of transportation-related emissions. Finding ways to reduce emissions while providing a positive (or at least acceptable) return on investment is essential to support this segment of the market.

TEI's Medium and Heavy-duty Vehicle Committee will continue to evaluate the market and develop resources to help fleet managers and their energy providers discover innovative and cost-effective ways to reduce emissions. ★



John Eichberger is Executive Director of the Transportation Energy Institute, a non-profit, independent think tank founded and managed by NACS, the association for convenience and fuel retailing. Drawing diverse stakeholders from the vehicle and fuels industries, the Institute encourages multi-industry collaboration and produces credible, independent analytical reports to better inform business leaders and policymakers about opportunities and challenges in the vehicles and fuels markets.

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Express Car Washes: A Missed Opportunity for Petroleum Marketing and Convenience Retailing Companies?

STEPHEN LYNCH, CFA, CPA, MANAGING DIRECTOR
DOWNSTREAM ENERGY & CONVENIENCE RETAIL INVESTMENT BANKING GROUP
MATRIX CAPITAL MARKETS GROUP, INC.

We've all seen them - bright, colorful car washes with flashing lights and whimsical names that have popped up seemingly overnight. On a sunny Saturday or Sunday after a few days of rain, they can often seem like the place to be. As a consumer and driver, you may be happy to skip what can often be a long line of cars and come back later, but as a business owner, are you actually missing out on a meaningful business opportunity?

According to a study by the International Carwash Association (ICA), there were over 62,000 car washes in the United States in 2020, and in a separate study, Grand View Research estimated that the car wash industry in the United States generated over $14 billion in revenue during 2023. These figures include traditional formats familiar to most petroleum marketers and convenience retailing companies, such as in-bay automatics and self-service washes, as well as conveyor-style washes. Since the 2020 ICA study, the industry has grown rapidly, with most new developments or redevelopments focused on the so-called 'express exterior' concept.

Understanding the Express Exterior Model

Express exterior car washes, now the dominant format in terms of consumer perception, are known for their speed and efficiency and feature a conveyorized tunnel that is typically 100–150 feet long and capable of high vehicle throughput. Most express car washes also include self-service vacuum stations that are typically made available for wash customers free of charge. While other wash formats utilizing a conveyorized tunnel exist (e.g., full-serve with interior cleaning), most development and investment activity in the car wash industry over the last decade has prioritized the express exterior model.

Also coming to market within recent years and potentially of high interest to petroleum marketers and convenience store operators is a 'mini tunnel' concept that allows an existing in-bay automatic wash to be converted to a tunnel format with significantly higher vehicle throughput capabilities. ▶


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Due in large part to broad consumer acceptance of other subscription programs (e.g., gym memberships, Netflix, Spotify, etc.), the cornerstone of most successful car wash businesses today, particularly express exterior washes, is the monthly membership program. These programs usually allow customers to wash their vehicle an unlimited number of times per month and feature numerous wash packages at different price points. Although still subject to some seasonality, this generally allows car wash operators to generate steady, ratable revenue regardless of the weather.

A Capital-Intensive but Profitable Business

Standalone express washes require similar or even greater capital investment than today's modern, large-format convenience stores. While more expensive than traditional in-bay automatic car wash systems, express washes can be highly profitable with strong site selection and operational excellence.

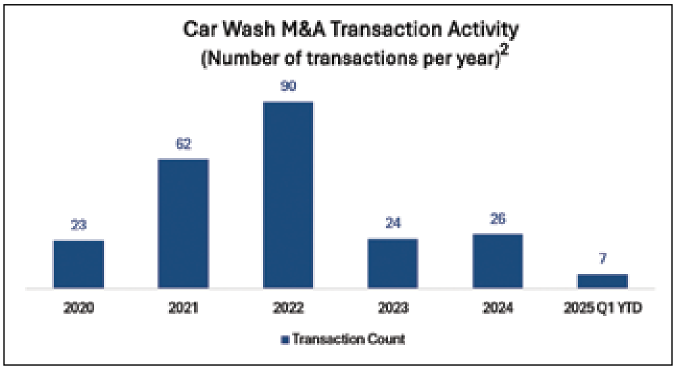
Well-performing express washes typically aim to generate \$1 - \$2 million in annual revenue once performance has stabilized. While these numbers may not seem extraordinary to convenience store operators who may be able to achieve similar sales volumes with just their inside sales, the profitability of express washes on this revenue base is noteworthy and may be underappreciated by many outside of the car wash industry.

Express exterior washes can achieve EBITDA[1] margins between 40% and 60%, which can translate to \$400,000 to \$1.2 million in site-level EBITDA using the revenue figures mentioned above. Top-performing locations can exceed even these benchmarks, reaching upwards of \$3 - \$5 million in annual revenue with the same EBITDA margin profile. While this shouldn't be the expectation for each and every wash, it does underscore the strong cash flow potential of a single wash.

Market Shifts Despite Strong Fundamentals

These strong fundamentals, combined with relatively low labor requirements, have attracted significant interest from private equity firms and institutional investors over the past decade. However, the breakneck pace of new car wash development has slowed in recent years.

A good proxy for this trend is merger and acquisition (M&A) activity. As shown in the accompanying chart, deal volume surged several years ago and peaked in 2022 with 90 corporate transactions or carveout transactions including two or more locations. However, as interest rates rose sharply in late 2022, M&A activity began to become heavily impacted as valuation gaps emerged between sellers' expectations and buyers' capital constraints.



In our view, this slowdown reflects a natural reaction to rising interest rates rather than a deterioration in industry fundamentals. Much of the previous exuberance surrounding the car wash industry was fueled by historically low borrowing costs and a rush to establish and grow operating platforms. Today's conditions are more indicative of investors operating with more discipline and restraint.

Challenges and Cautionary Tales

That said, the car wash industry is not without risk nor is it immune from its own challenges. Broadly speaking, the car wash industry is linked to discretionary consumer spending and, due to the rapid and recent evolution of the industry, is somewhat untested during a prolonged recession. Additionally, some operators have expressed concerns about oversaturation, and while those apprehensions may be true in certain markets, it is highly dependent on geography.

More notably, two events in early 2025 heightened concerns for many who follow the industry. The Zips Express Chapter 11 bankruptcy case filed in February 2025 and a seemingly challenging sale process for Driven Brands' Take 5 Car Wash business highlighted issues many feared - namely, rapid growth outpacing operational capabilities, strained balance sheets, and liquidity concerns. Similar situations may emerge in the near term as the impact of rising interest rates and prior aggressive expansion and investment decisions continue to play out.

Still, we see these disruptions as opportunities rather than as potential indictments on the industry. Strong, well-managed operators, including those not yet in the express wash industry, may find attractive acquisition or development opportunities as weaker players falter or even potentially exit the industry.

A Watchful Eye on the Convenience Store Industry

You might be surprised to learn that the car wash industry has ▶

1. EBITDA: Earnings before interest, taxes, depreciation, and amortization

2. Source(s): S&P Capital IQ, Pitchbook, Matrix analysis; includes transactions with two or more locations

long viewed the convenience store channel with apprehension. That anxiety peaked in December 2022 when Alimentation Couche-Tard, parent company of Circle K, acquired 65 Clean Freak and Rainstorm branded car washes from True Blue Car Wash for $395 million. While other petroleum marketers and convenience store chains have invested in express car washes in meaningful ways, the True Blue transaction put the car wash industry on high-alert due to its scale and visibility.

Many car wash operators that we spoke to at the time believed this transaction was going to kick off a wave of investment by petroleum marketers, convenience store operators, or even integrated oil companies into the car wash industry. While some of those thoughts were influenced by this one transaction, car wash operators could see the significant competitive advantages that convenience store operators and fuel distributors had over the up-and-coming car wash industry including:

- Vast holdings of high-traffic real estate that had similar attributes (e.g., size, locations, etc.) as those sought by car wash operators,
- Robust customer engagement via fuel and in-store POS transactions that offered organic cross-marketing opportunities,
- Established loyalty programs, often including mobile apps, that can be leveraged to jump-start subscription-based wash programs,
- Automotive-focused business that is considered highly complementary to the car wash industry, and
- At certain sites, existing car wash infrastructure, even if outdated, with the necessary zoning and entitlements needed in order to operate a car wash.

Although there is potential for strategic alignment between the two industries, widespread investment from the convenience store channel into express washes has yet to materialize. Car wash operators remain vigilant, waiting with bated breath to see if and when convenience store operators or other related companies make a significant push into their territory.

A Strategic Consideration for Petroleum Marketing and Convenience Retailing Companies

Despite an apparent slowdown in the car wash industry as well as some turbulence and trepidation from recent events, the business case for modern car wash operations is strong, and the synergies with convenience stores are clear. We encourage petroleum marketers and convenience retailers to critically evaluate these operations when formulating their overall business strategies as well as when they are developing new sites, reconfiguring existing ones, or considering alternative uses for underperforming assets.

The express car wash industry remains strong and profitable, and for petroleum marketers and convenience store operators, perhaps still an area to further explore.

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