

Asia Pacific Fuel Industry (APFI) Forum 4 – 6 September 2018, Auckland, NZ

TfA Project Group recently attended the **APFI Forum** in Auckland, hosted by *ACAPMA – the Australasian Convenience and Petroleum Marketers Association*.

The event was well attended with over 200 delegates the majority of which were from Australia and included senior oil industry representatives, convenience / retail specialists and suppliers. TfA was the only independent consultancy present specialising in the retail fuel industry.

A key theme of the forum was the changing face of the industry and the exciting challenges and opportunities that this presents. From changing retail / consumer behaviour, automotive technologies and regulatory environments, a variety of key note speakers presented on important topics relevant to this industry of significance both now and into the future.

TfA recognises the importance of actively engaging with other industry representatives on these topics to continue to add value to our clients. While there were a number of valuable sessions and discussions, including framing a new contractor accreditation standard and the outlook on autogas, the following Industry Note provides a brief wrap-up targeting some of the key topics under the overarching theme of change and navigating disruption.



Figure 1: Day 1, Morning Session:

Panel discussion on emerging trends in convenience & future automotive technologies

Changing Retail / Consumer Behaviour

Technology and evolving consumer behaviour are driving change in the offer that retail service stations provide to their customers. A number of speakers presented on this topic with some valuable insight provided from international examples.

As consumers increasingly undertake multiple grocery / shopping trips per week, the conveniently located service station within the suburban landscape is considered by many industry experts as being well placed to capture this growing consumer trend. Many service station operators are in the process of trialling or developing new convenience offers with a greater degree of emphasis placed on design, look and feel and the quality of goods sold. There was a general consensus that the shopper docket type arrangement or fuel brand as the focus would become less prominent as the focus shifted to food and convenience. It was also broadly accepted that there will continue to be a place for more fuel price focussed operators, often the independents with smaller convenience offering.

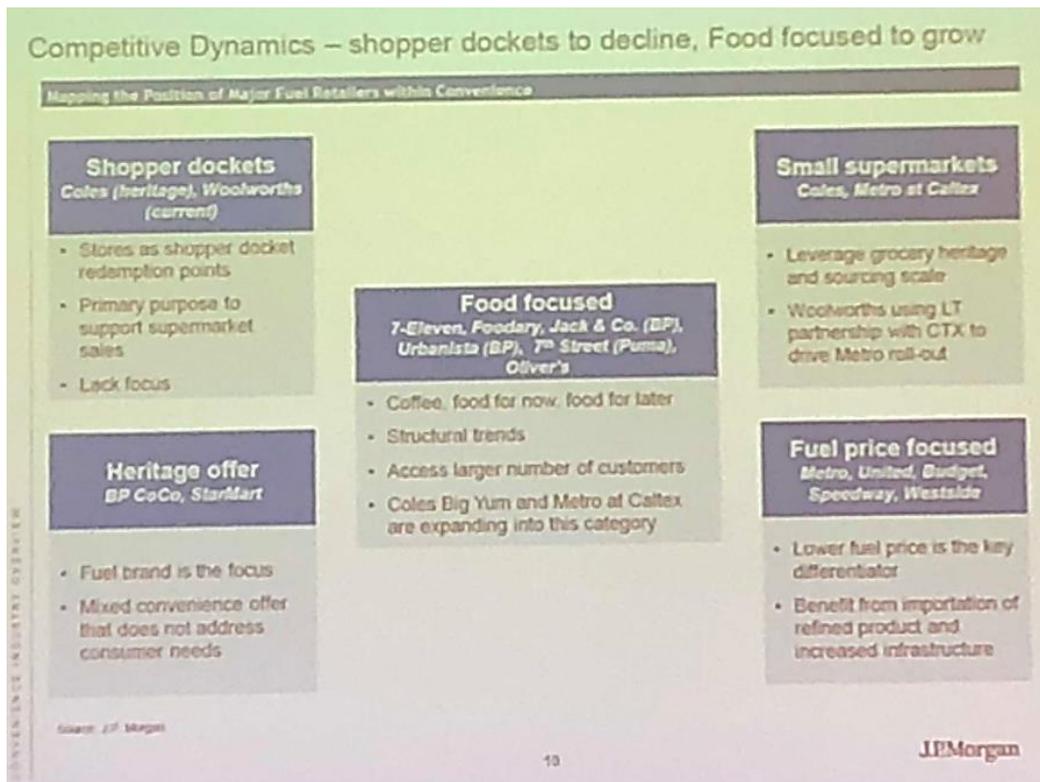


Figure 2: Day 2, Afternoon Session:

Presentation from an investment perspective in the retail fuel industry (source: JP Morgan)

In terms of technological changes influencing consumer behaviour, there was a separate session from technology / software providers on how mobile apps are further enhancing and streamlining the consumer forecourt and c-store experience. This discussion took current fuel payment apps a step further in terms of what goods can be pre-ordered and using the phone to scan and pay for items instore without needing to interface with the attendant at the traditional point of sale.

Automotive Technologies

There was an interesting presentation from a senior automotive designer who had worked for a number of global automotive and IT companies. The presentation focussed on the future of different automotive technologies, when alternatives to the traditional internal combustion engine may become more prominent in Australia and New Zealand and how service stations can adapt to such technology.

Key insights from this presentation and follow-up discussions TfA had on the topic with the presenter included:

- EVs not a true green alternative in Australia until power base is fully renewable
- Based on current technology, EV charging points retrofitted to existing service stations require substantial power upgrades to the site – rendered unfeasible based on current cost benefit analysis
- FCVs (fuel cell vehicles – hydrogen) seen as more sustainable long-term alternative and can be more readily incorporated into service stations with refuelling times comparable to current
- Scepticism around the proposed ban on sales of petrol and diesel engines proposed in China in 2018, now announced to happen in ‘the near future’
- Eyes more on the proposed bans in Britain and France in 2040 – how will the transition be managed by government? Will there be sufficient choice / price comparison to purchase an EV / FCV say 10 years before the ban knowing that the purchase of a new petrol or diesel car could be worth very little as a second-hand re-sale in the intervening years?

Regulatory Environments

A key topic for discussion was the increasing government focus on fuel price transparency and what effectiveness the adoption of real-time price data websites had on the consumer market.

As per the image below, price reporting is used across a number of countries including Australia. This presentation observed that in the majority of instances, real-time price reporting had not resulted in the decrease of fuel prices and, if anything, provided service station operators with greater access to real-time data to adjust prices more regularly.



Figure 3: Day 1, Afternoon Session:

Presentation on price transparency and community expectations (source: Informed Sources)

Another key topic discussed under the broad banner of regulation was the current challenges facing the franchise sector in the face of the wage theft scandal and the decision taken by some major companies to exit franchising and buy back their current franchises. How will this business model be sustained in the long term amid increasing government regulation? The franchise industry is eagerly awaiting the Federal Government’s report into the franchising code of conduct which is due at the end of September. This report is the response to the Parliamentary Joint Committee on Corporations and Financial Services.

Summary

TfA applauds ACAPMA for hosting an excellent conference which brought together a great range of topical issues facing the retail fuel industry and prompting some key enablers for those in the industry to navigate the disruption ahead. We believe a strong presence in the industry within which we have considerable expertise and passion is important and hope to see you at the APFI Forum in Melbourne, 2019.

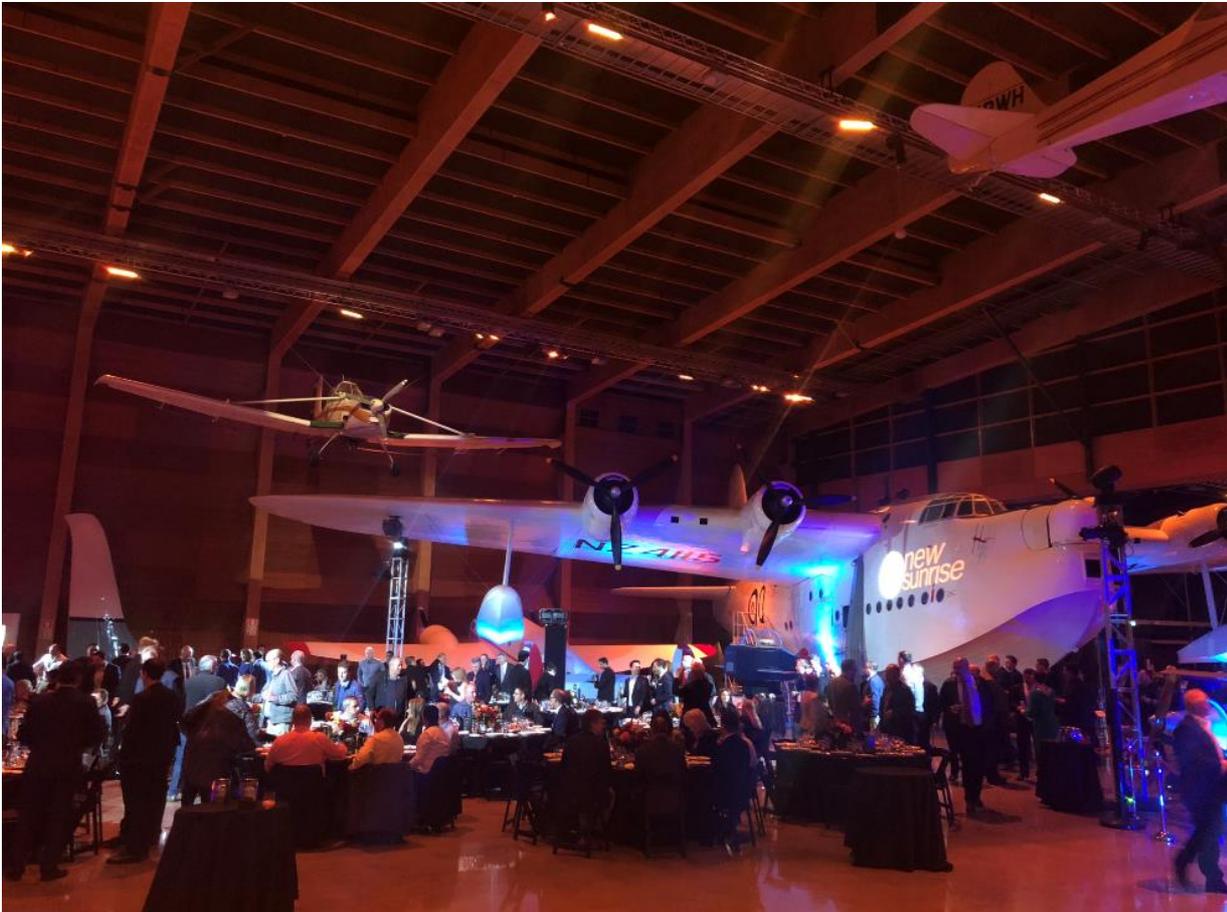


Figure 4: Conference dinner at the Museum of Transport and Technology

Any queries in relation to the above, we would be happy to discuss further.

Telephone – 1300 794 300

Email – enquiry@tfa.com.au

Website - www.tfa.com.au