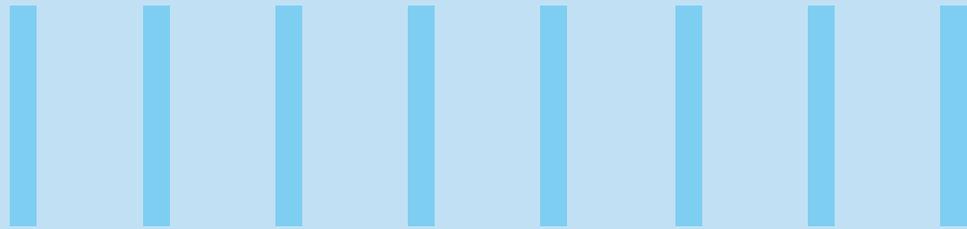




REINVENTING THE MIDSTREAM FUEL MARKETING BUSINESS STRATEGY



Executive Summary

Midstream fuel companies face significant disruption in their traditional business models. Jobbers, who lift and transport fuel from terminals, and dealers, who operate gas stations under branded and unbranded marketing agreements, are navigating rising costs, shifting consumer behaviours, and evolving regulatory landscapes.

This whitepaper explores the traditional fuel marketing model, its current challenges, and the strategic decisions midstream companies must make to ensure long-term sustainability. While some may consider pivoting away from gas station operations, we present a compelling case for why fuel retail remains a viable and profitable model—if adapted through innovation and modernization.



Traditional Business Model

How the Model Works

- **Jobbers & Wholesale Fuel Sales:** Midstream companies distribute branded and unbranded fuel to independent gas station owners (dealers) and other commercial entities.
- **Branded Fuel Marketing Agreements:** Dealers commit to purchasing fuel from a brand in exchange for marketing, operational support, and loyalty programs.
- **Unbranded Fuel Sales:** Jobbers sell fuel to independent stations without marketing support, offering lower pricing but less brand value.
- **Fleet Cards & Loyalty Programs:** Additional revenue is generated through branded fleet cards, consumer loyalty programs, and gift card sales.



Wholesale Fuel Sale

Distribute branded and unbranded fuel to independent gas station owners (dealers) and other commercial entities

Branded Fuel Sale

Dealers commit to purchasing fuel from a brand in exchange for marketing, operation support

Un-Branded Fuel Sale

Dealers commit to purchasing fuel from a companies without marketing, operation support

Fleet Card & Loyalty Programs

Additional revenue is generated through branded fleet cards, consumer loyalty programs

Key Challenges in the Current Market



Declining Fuel Margins & Volatility

Wholesale fuel pricing is volatile, compressing dealer margins and profitability. Increased competition from private label fuel brands (Costco, grocery chains) reduces market share.



Rising Operating Costs

Compliance with evolving regulations (low-carbon fuel standards, emissions targets) adds cost pressures. Labor shortages and higher wages increase the financial burden on station operators.



Shifts in Consumer Behaviour

Growing adoption of electric vehicles (EVs) reduces demand for gasoline in key urban markets, affecting foot traffic and sales. Customers expect digital-first interactions, mobile payments, and loyalty-driven experiences.



Dealer & Jobber Retention Risks

Dealers are increasingly shopping for better fuel agreements and more flexible branding options. Jobbers face shrinking customer bases as some dealers exit the fuel retail business.

Strategic Decisions: Reinvent or Pivot?

Midstream fuel companies must make critical decisions to sustain and grow their businesses.

Strategic Decisions



A. Stay & Reinvent the Gas Station Model

- **Upgrade Retail Experiences:** Invest in site modernization, EV integration where viable, and digital marketing.
- **Enhance Dealer Support:** Offer stronger technology, pricing flexibility, and brand differentiation.
- **Expand Non-Fuel Services:** Increase convenience store (C-store) profitability through partnerships.



B. Electric Charging Adoption

- **Urban vs. Non-Urban Strategy:** In high-density urban areas, EV adoption will erode traditional fuel sales and footfall. However, for many existing fuel stations, transitioning to an EV model will not return a viable business due to space constraints.
- **Selective EV Integration:** Only locations with sufficient space for multiple high-speed chargers, and strong existing traffic flows should be considered for EV upgrades.
- **Alternative Site Repurposing:** Locations may be better repurposed for last-mile logistics hubs, parcel lockers, or micro-retail formats that serve changing consumer needs.



C. Pivot Away from Fuel Retail

- **Shift Focus to Logistics & Terminal Operations:** Optimize fuel distribution and exit direct-to-dealer agreements.
- **Expand Alternative Energy Solutions:** Invest in hydrogen, biofuels, and alternative energy infrastructure where viable.
- **Develop a B2B Fuel Solutions Model:** Focus on commercial fleet fueling, corporate fuel programs, and industrial energy supply.

Why the Gas Station Model is Far from Dead?

Despite industry shifts, gas stations remain essential consumer touchpoints and revenue centres when adapted for the modern market.

The Case for Fuel Retail Resilience

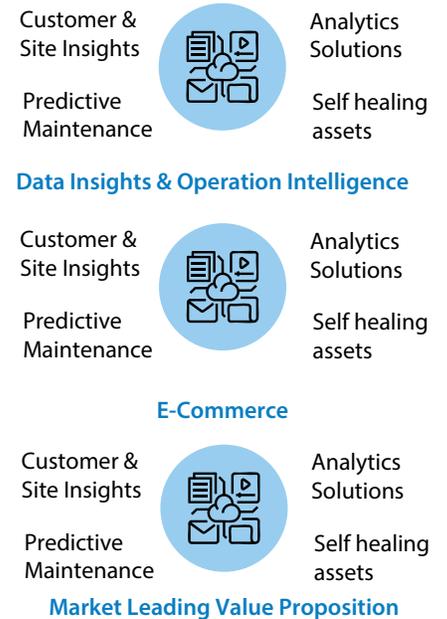
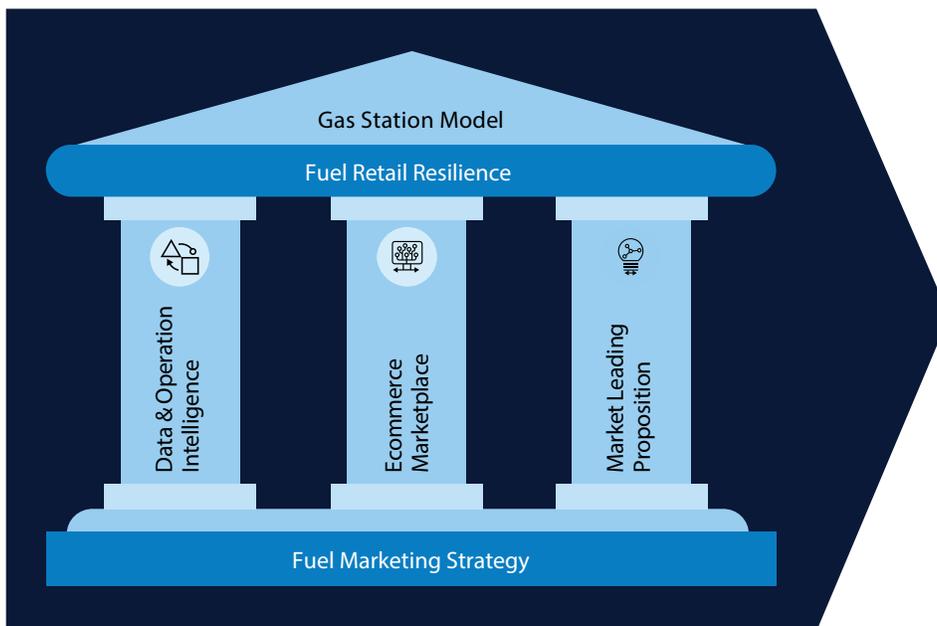
Gas Stations Are Evolving: Retail fuel sites are transitioning into multi-service hubs offering fuel, convenience, food, and EV charging where appropriate.

Hybrid Energy Demand Growth: Gas stations can serve both traditional fuel customers and emerging EV/alternative fuel users in select locations.

Consumer Convenience Needs Persist: Gas stations provide accessible, high-traffic retail locations that still attract footfall.



The Playbook for Success: Three Strategic Pillars



The Playbook for Success: Three Strategic Pillars

1. Customer-Centric Data Insights & Operational Intelligence

- Deploy real-time customer and **site intelligence** tools that provide actionable insights to dealers.
- Enable **predictive asset management** using IoT-enabled monitoring to anticipate failures and minimize downtime.
- Provide **analytic solutions** that track forecourt performance, fuel sales trends, and **in-store purchasing** behaviour.





The Playbook for Success: Three Strategic Pillars

2. Develop an E-Commerce Marketplace for Dealers

- Build a **digital marketplace** that enables dealers to integrate new services and offers for customers.
- Provide **home delivery, subscription services, financial products, and insurance** options.
- Enhance customer engagement through personalized **app-based loyalty programs and targeted offers**.
- Support dealers in monetizing their locations beyond fuel and convenience store sales.

3. Strengthen Dealer Services to Build Market-Leading Propositions

- Provide dealers with **cost-effective payment solutions** (mobile payments, fleet cards, digital wallets).
- Optimize the **convenience value chain**, ensuring seamless inventory management and operational efficiency.
- Expand **site operation support**, leveraging automated maintenance and AI-driven issue detection.
- Integrate **partner services**, offering bundled solutions such as logistics, delivery partnerships, and financial services.
- Deploy **visual analytic services** that enhance customer experience through real-time traffic flow insights and site performance analytics.

Conclusion

How Fuel Brands stay relevant?

To remain competitive and valuable to both dealers and customers, fuel brand owners must:

Reimagine the role of fuel stations by integrating digital services, expanding product offerings, and modernizing infrastructure. Support dealers with actionable insights by leveraging customer data, predictive analytics, and AI-driven operational efficiencies. Invest in new revenue models such as subscription-based fuel and convenience services, digital payments, and mobility-as-a-service solutions. Foster strong partnerships with technology providers, fleet operators, and alternative energy firms to stay ahead of market shifts. Prioritize customer-centric innovations that enhance convenience, personalization, and loyalty program engagement.

The future of fuel retail is not about maintaining the status quo but evolving to meet changing demands. The fuel brands that adapt, innovate, and lead will continue to drive success in the evolving energy marketplace.



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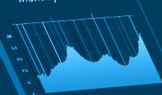
Smart Industrial Control System



Machine 1 Machine 2 Machine 3

- Home
- New
- Product report
- Performance
- Product Quality
- Machine State

Monthly Summary



▲ 32.04%

Product Quality



99%

Performance



▲ 25%

Power consumption



▲ 67%

Machine State



✓ Fine

Our Mobility Experts



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Partner, Energy

Ian Gaylard is a recognised Infosys Consulting leader with 26 years of experience in Energy industries. He has been with Infosys Consulting since 2021, driving energy transformations for major Infosys clients across EMEA.



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