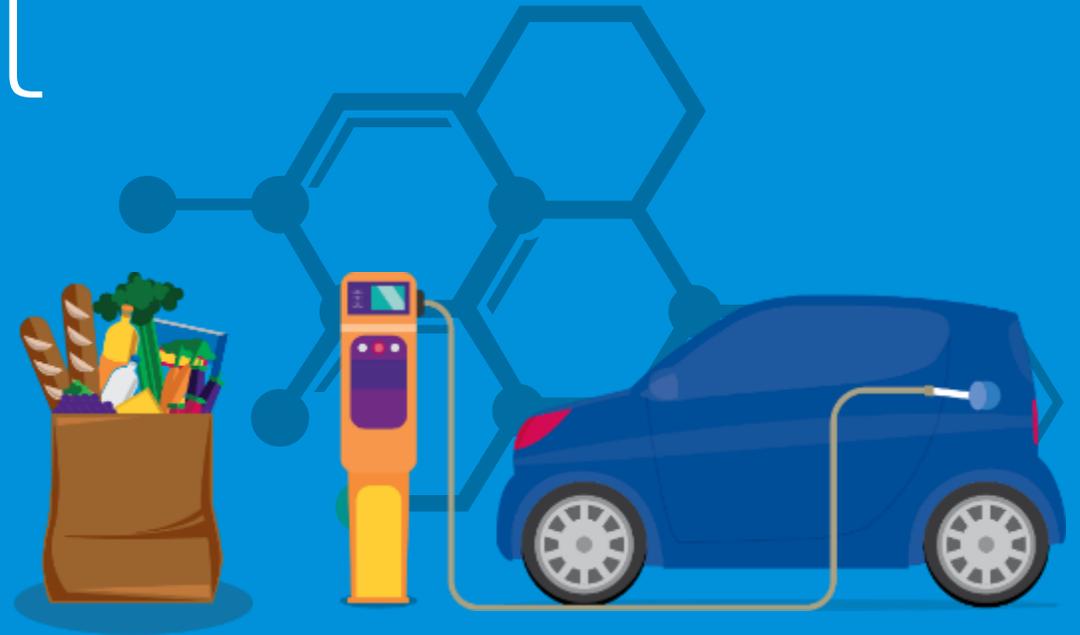




# Fuel Forecourt Retail Market

May 2020





# Report at a glance

## 01. Market overview

- Market scenario and competitive landscape
- Implications of COVID-19



## 02. Trends in forecourt retail

- Retail
- Adjacent services
- Mobility



## 03. Future forecourt

How are these trends shaping forecourt retailing?



## 04. Current strategies

How are forecourt retailers responding today?



How should forecourt retailers respond in the future?



# 01. Market overview



# Market Scenario

Global forecourt retail market stood at US\$196.6 billion in 2019 and is expected to grow at a CAGR of 3.6 percent during 2019–23, to reach US\$226.4 billion by 2023



**Largest and high growth markets:** The US holds the largest market share while Argentina and China reported largest forecourt growth

**Major markets will continue to grow** and occupy their respective positions in the global forecourt landscape.

- Forecourts in the **US** are expected to grow at a CAGR of 2.5 percent during 2019–23
- **Germany, UK and Switzerland** are likely to grow at a faster rate in 2019–23 than they did in 2014–19
  - **Germany's** forecourt market is being reshaped by global trends — Aral<sup>1</sup> (BP's brand) is rapidly expanding *Rewe To Go* stores and further, driven by COVID, companies are developing means for safe and contactless delivery. Despite the crisis, players such as Rewe<sup>2</sup> are exploring the M&A route to take advantage of emerging opportunities for new partnerships
  - In the **UK**, 88 percent of sites have a forecourt shop of some form; sites with the BP fuel brand had the highest number of forecourt shops, followed by Esso. Additionally, the UK's Forecourt shop sector continues to generate sales of around £4.5 billion per year. The trend of in-store pick-up and home delivery is taking centre stage amid COVID fears, with retailers increasingly venturing into this space via third-party partnerships
  - In **Switzerland**, focus on 'foodvenience' is driving growth, placing specific emphasis on ultra-freshness and healthy products. Moreover, urbanisation continues to develop in the region spurring demand for greater convenience, speed and choice

**Developing countries will drive growth** in the global forecourt retail market between 2019–23

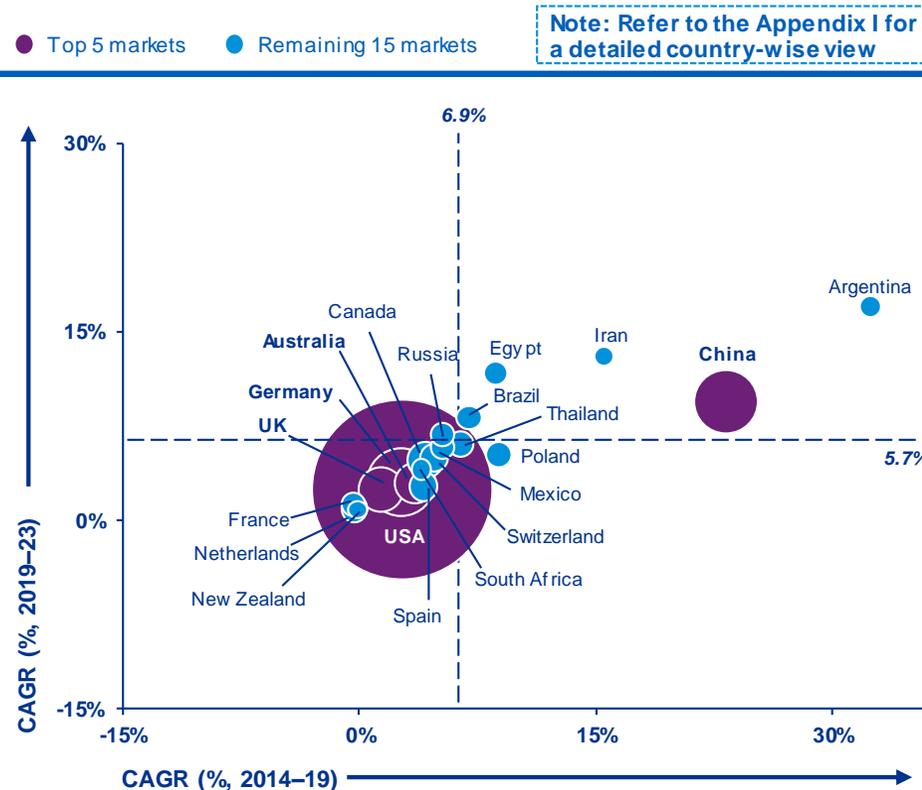
- **Argentina, Iran and Brazil** will grow at a CAGR of 17 percent, 13 percent and 8 percent, respectively
- Growing tendency towards convenience stores in **China** will remain a key growth driver; by 2025 an increase of nearly 30,000 fuel sites is expected in the country. BP is planning to grow its footprint in China and Shell (with funding from Alibaba Group) is planning to automate the re-fuelling process in China

Note 1. About ~94 percent of Aral's sites feature a shop 2. [Link](#)  
Source: Market size statistics sourced from Euromonitor, \*\*\*Pre-COVID analysis



Established markets will continue to hold their respective positions, while developing economies will grow at a faster rate

## Current forecourt growth versus future forecourt growth, by country



Note(s): 1. Top 20 regions per 2023F market size; bubble size is 2023 market size (US\$ billion); 2. Includes revenues from convenience retail items only; 3. Major Markets (ordered by 2023 market size): (1) USA; (2) Germany; (3) China; (4) UK; (5) Australia || Source: Data from Euromonitor (database updates historic and forecast data annually); \*\*\*Pre-COVID analysis

# Competitive Landscape

Globally, Couche-Tard is the largest forecourt retailer by revenue, whereas, Sinopec has reported the fastest growth



**Market Leader:** Canadian firm Couche-Tard held the market leader position and reported a greater than market average CAGR of 15.9 percent during 2014–19 achieved through an extensive store network, proactive product marketing strategies and focus on enhancing customer experience

**Fastest growing player:** China Petroleum and Chemicals Corp (Sinopec) which derives its revenue only from China, reported the fastest growth (CAGR of +27.3 percent during 2014–19). It is focussing on the new business model of 'Internet + service stations + convenience stores + comprehensive services' to advance the development of self-owned brands and growth of non-fuel business. Additionally, it is exploring novel ways to make sales amid the pandemic; launching 'zero-touch' vegetable sales at its 6,000 gas stations in 147 Chinese cities — fresh vegetables ordered via an app delivered 'touch-free' to customers' car trunk

**Other players among the top five:**

- Seven & I Holdings held second position in terms of revenue. Focus on enhancing in-store customer experience, creating differentiation via private labels and operation of an extensive store network in the US<sup>1</sup> were key growth drivers. In response to COVID, it is expanding its delivery footprint via third-party providers (e.g. Postmate, DoorDash, Favour delivery in the US) and is introducing ready-to-bake options
- BP, Shell and Sinopec accounted for ~8.9 percent<sup>2</sup> of the global forecourt convenience sales, in 2019
  - BP is continually expanding convenience partnerships sites (1,100 in 2017; 1,400 in 2018; 1,600 in 2019 — targets 2,000 by 2021) with REWE in Germany, M&S in the UK and MyAuchan in Luxembourg. Driven by COVID, BP expanded its partnership with Deliveroo to offer home delivery service to its customers; across the UK, BP and M&S have 125 outlets available on Deliveroo
  - Shell plans to expand its 'new fuel' (EV/Hydrogen<sup>3</sup>) and forecourt retailing business into newer geographies. Further, it will invest US\$500 million (in the next 3 years) into convenience retail and on upgrading the stores, in a bid to increase the contribution of non-fuel sales to 50 percent by 2025. It is also tapping into the accelerated home delivery trend via third-party partnerships

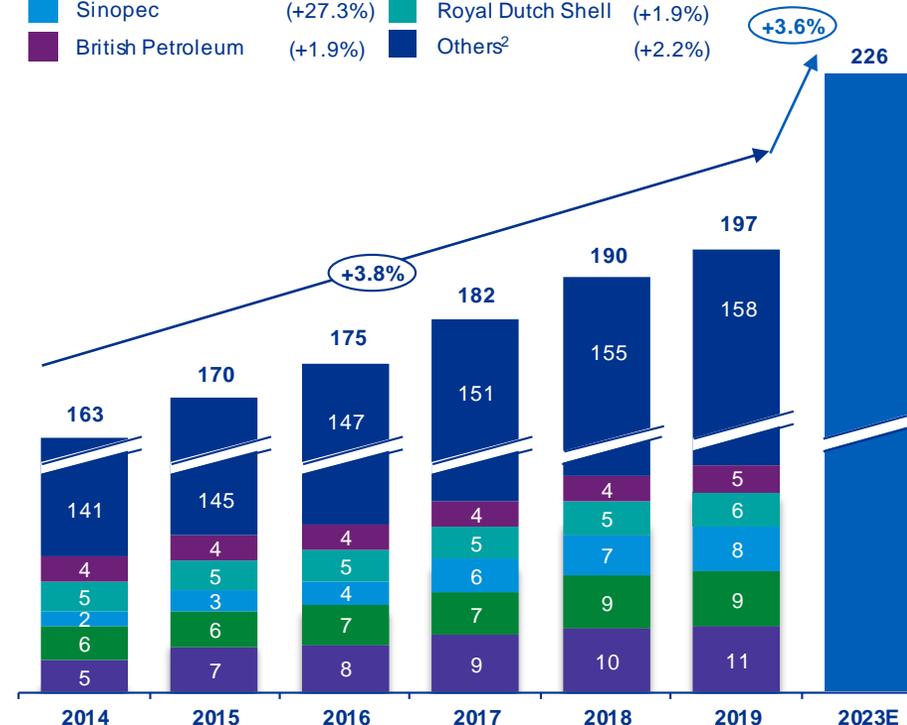
Note 1. More than 70 percent of revenues comes from the US 2. US\$17.5 billion 3. EV charging offered under 'Shell recharge' brand in 13 countries and Hydrogen Refueling Stations set up at select forecourts in six countries; Source: Statistics from Euromonitor (Pre-COVID)



## Global forecourt retail<sup>1</sup> sales by players (in US\$ billion)

**Company (CAGR 2014-19)**

Couche-Tard	(+15.9%)	Seven & I Holdings	(+9.2%)
Sinopec	(+27.3%)	Royal Dutch Shell	(+1.9%)
British Petroleum	(+1.9%)	Others <sup>2</sup>	(+2.2%)



Note(s): 1. Includes revenues from convenience retail items only; 2. 'Others' category includes over 40 competitors Source: Data sourced from Euromonitor (at current prices and fixed exchange rate), Euromonitor updates historic/forecast data annually, per latest data, in 2018-19 Couche-Tard is the leader; \*\*\*Pre-COVID analysis

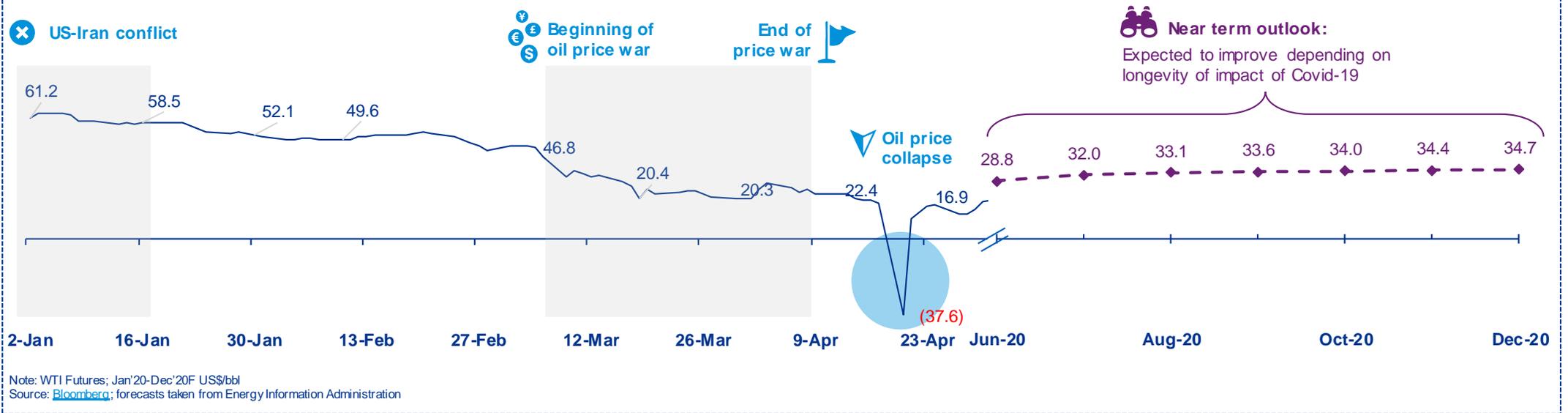
# COVID-19: Implications for the fuel and forecourt retailers



# Historic slump in global oil prices...

On the fuel front, the industry is being hit by a double whammy of falling prices and demand, driven by extreme lockdown measures and voluntary social distancing

**As of April 2020, the oil price plunged to its lowest level amidst the rising spread of pandemic and supply-demand mismatch**  
(WTI Futures; Jan'20-Dec'20F US\$/bbl)



**Demand shock**

- **Fall in demand** of oil from **end markets** (such as aviation, transportation, electricity generation and industrial sectors)
- **Restricted movement** of **goods/services and people** relating to the closure of businesses and factories
- Expected **reduction of 9.6 million barrels per day (bpd)** of oil demand in 2020 due to pandemic

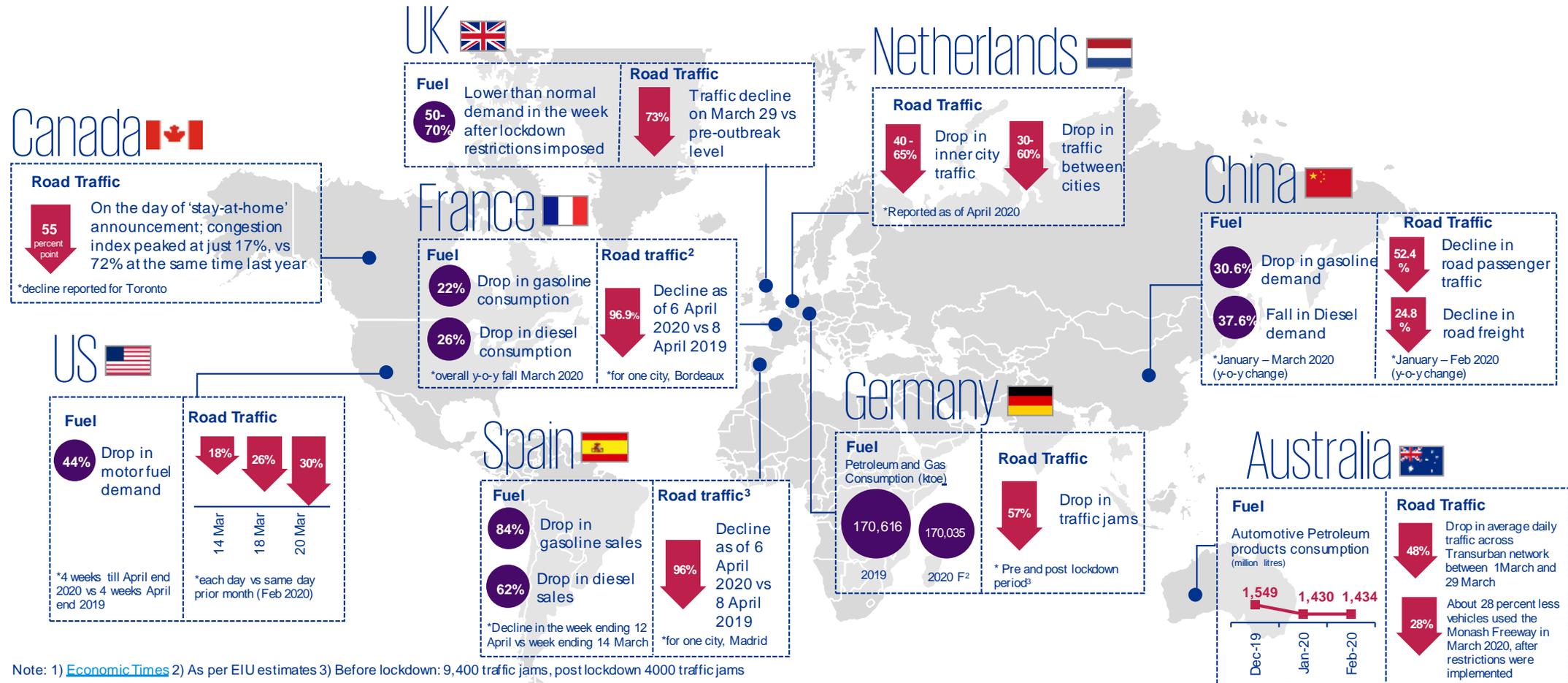
**Supply shock**

- **Oversupply of crude oil** globally, intensified by **Russia-OPEC oil price conflict** (w herein Russia and Saudi Arabia decided to increase oil production, flooding the market w with excess oil)
- Over **86 percent of stock capacity full in major US crude oil storage**, as of May 2020, which is leading to **supply glut**

Note: WTI Futures (Crude Oil) and Brent Crude both have been showing similar kind of trend. For the purpose of this study, WTI Futures has been considered

# ...driven by reduction in road traffic and fuel consumption...

Road traffic has plummeted across the globe as social isolation practices curtailed commuter and highway traffic — resulting in falling fuel consumption. Global oil demand slumped by about 30 percent<sup>1</sup>, leading to growing inventories across regions



Note: 1) [Economic Times](#) 2) As per EIU estimates 3) Before lockdown: 9,400 traffic jams, post lockdown 4000 traffic jams

# ...is impacting the fuel and forecourt retailers

## Challenges faced by forecourt retailers

<p><b>01 Demand fluctuations</b></p> <ul style="list-style-type: none"> <li>Unprecedented increase in <b>demand for food retail</b> resulting in initial out-of-stock situations</li> <li>Significant drop in demand in for fuel as well as traditional products of some convenience categories like cigarettes and food-to-go resulting in large <b>unused inventory</b></li> </ul>	<p><b>02 Supply chain disruptions</b></p> <ul style="list-style-type: none"> <li>On the fuel front — retailers' <b>revenues and profit margin under pressure</b>, owing to the demand and supply shock in the oil sector</li> <li>On the c-storefront — <b>stock outs and narrower ranges</b> are disrupting <b>brand loyalty</b> and spurring demand for cost effective private label options<sup>1</sup></li> </ul>
<p><b>03 Direct store operating expenses (DSOE)</b></p> <ul style="list-style-type: none"> <li>Added DSOE owing to <b>frequent deep cleaning and sanitation</b>, and <b>new safety measures</b>, will make it difficult to sustain the underlying operating margin level</li> <li><b>Reduction in other expenses<sup>2</sup></b> could offset this cost partially — however, in 2020 the <b>DSOEs are expected to remain considerably higher</b></li> </ul>	<p><b>04 Liquidity implications</b></p> <ul style="list-style-type: none"> <li>C-stores have been <b>fortunate</b> to enter the economic downturn from a <b>position of strength</b>; pre-COVID, the industry had good profitability, healthy leverage and sufficient liquidity</li> <li>However, they now have to <b>proactively manage balance sheets and liquidity</b> — as lenders and investors are being more selective than they were prior to the pandemic</li> </ul>
<p><b>05 Workforce challenges</b></p> <ul style="list-style-type: none"> <li><b>Increased labour requirements</b> to meet higher demand for ecommerce, click-and-collect, delivery and DC<sup>3</sup> operations</li> <li><b>Health and safety</b> of employees and customers will now be integral to provide a <b>safe shopping experience</b>. This will require operating robust protocols for health and pre-mobilisation checks, travel/workplace access and social distancing</li> </ul>	<p><b>06 Change in long-term buying patterns</b></p> <ul style="list-style-type: none"> <li>Pandemic is likely to <b>alter consumer behaviour</b> permanently; more consumers are — 1) shopping for groceries online, 2) demanding curbside pick-up and contact-free delivery and 3) making sustainable/healthy consumption decisions</li> <li>Retailers need to be agile enough to adapt to the shifting purchasing patterns and <b>accelerate initiatives for last mile</b></li> </ul>

## Implications for forecourt retailers

- 

**Store image more crucial than ever before**  
Operators that strategically invest in and differentiate their store image to address consumer expectations around health and safety — will likely be ahead of the recovery curve, effectively taking market share
- 

**COVID to spur network rationalisation**  
Current situation is akin to a 'stress test' — fuel stations suffering the most today are those which are vulnerable to closure going forward. The pandemic is likely to aggravate network rationalisation
- 

**Product-mix will have to be altered**  
Sale of 'open food products' likely to be impacted; 'meal kits' are witnessing a comeback (US customers spent US\$100 million on meal kits in 4w till 11 April); scaling back of food service operations — self-serve foods and coffee could move behind the counter
- 

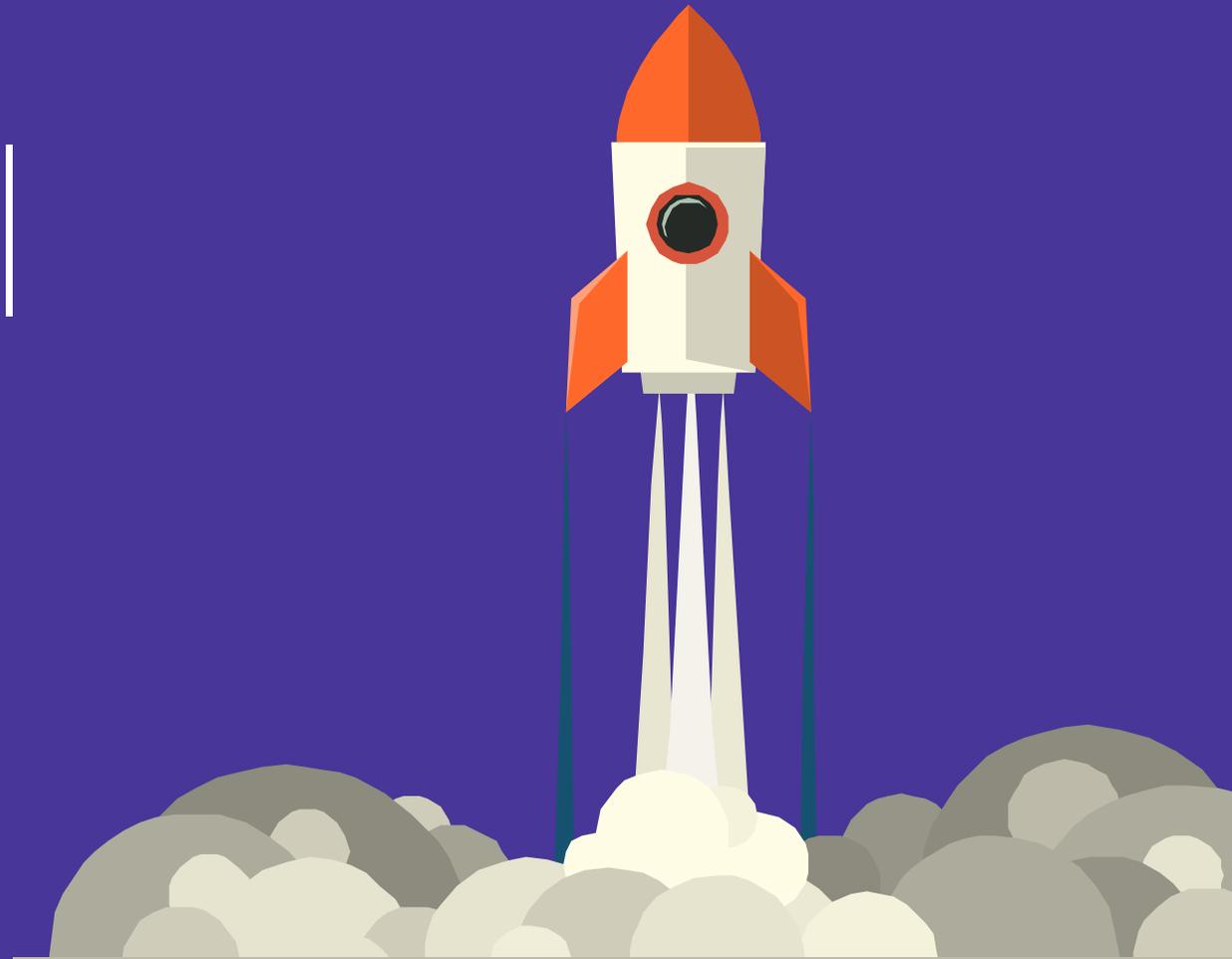
**Partnership with third-party players**  
While M&A deals are being stalled amidst the uncertainty, partnership with third party players to support technology and logistics (delivery) is an area that is likely to remain relatively active
- 

**Fuel stations without a strong non-fuel offering are likely to be impacted more**

Note: 1. Brand loyalty declines amid COVID-19 [URL] 2. Less energy usage at stores closing during nighttime hours or lower levels of waste at both the store (with many shelves cleared) and pump; 3. DataCentre; all based on KPMG analysis



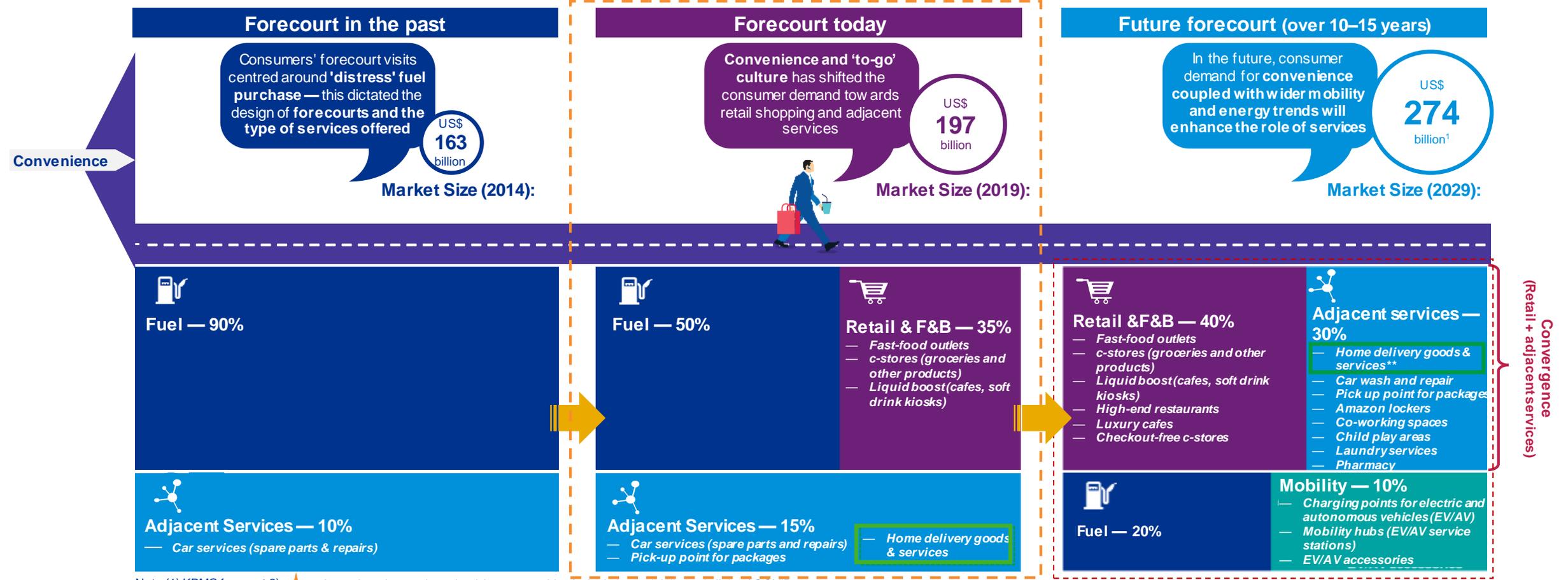
# 02. Trends in forecourt retail



# Summary: Evolution of forecourts

**Note:** Home delivery trend made more prominent by rising logistics/delivery partnerships in light of COVID-19

Forecourts' product and service offerings are continuously evolving, driven by customer demand for convenience — contribution of fuel retailing will continue to decline while non-fuel retail offerings will gain prominence



Note (1) KPMG forecast 2) A trend made prominent by rising partnerships for logistics and delivery, in light of COVID-19  
 Source: KPMG Analysis; pre-COVID market size statistics stated

Technology to have an over arching presence all across

# I. Retail & F&B



# Convenience culture is fuelling forecourt shopping...

Increasing prevalence of the convenience culture is driving growth of the forecourt retail market, which is responding by improving its food and product offerings

## Customer perception of PFS<sup>1</sup> is changing...

With people getting busier, forecourt stores have become **one-stop convenience shops** owing to their location advantage and long opening hours. Additionally, amid the coronavirus fears, they are emerging as an alternative to high traffic supermarkets.

A shopper's mission of visiting a forecourt has shifted from need-based 'distress purchase' of fuel to convenience retailing

— Non-fuel products such as grocery, tobacco, meals-to-go are attracting more footfalls than fuel offerings. Per HIM report 2020<sup>2</sup> — only 19 percent of forecourt shoppers cite fuel as their main reason for visiting a forecourt

— ACS<sup>3</sup> reported that 88 percent of the 8,382 fuel forecourt sites in the UK, have 'shops'

— BP reported<sup>4</sup> that, half of the customers at its forecourts in the UK did not buy petrol



## Non-fuel purchases at forecourt stores (2019, UK)

Only **19%** forecourt shoppers cite fuel as their main reason for visiting a forecourt — HIM report 2020

The average basket size is

2.34 items



The average shopper spend at forecourts is

£6.06

\*excluding fuel



Source: ACS, The Forecourt Report 2019

## ...driving forecourt retailers to develop c-store offerings

In a bid to capitalise on the convenience trend, forecourt retailers are investing in convenience retail offerings. Moreover, the margins on c-retailing are significantly higher than fuel

— In the US, non-fuel revenues accounted for 32 percent of outlet revenues and ~63 percent of gross margins<sup>5</sup>

— Independent UK forecourt retailers are significantly investing in their stores (~ £14,463 per store on an average<sup>6</sup>) in areas of food-to-go, refrigeration, shelving and store signage



## Ascona group + Nisa Retail

- Forecourt retailer Ascona tied up with Nisa Retail to supply 37 UK sites with grocery products as well as the Co-op's own-label range
- Stores will vary in size (800–3,000 sq ft) and will adopt Nisa Evolution fascia and take on latest store formats

## BP + Albert Heijn

- Expanded partnership with Albert Heijn (owned by grocery giant Ahold Delhaize) after a successful pilot phase
- This will enable customers to access Albert Heijn's 'to go' food and drinks across 100 sites in the Netherlands

## EG Group

- Has tie-ups with Greggs, Subway, KFC and Starbucks
- Ramped up its food-to-go offer — acquired 146 KFC restaurants and one Pizza Hut store in the UK & Ireland
- Has opened up a drive-thru KFC and Starbucks, at some of its sites

## Rontec + Morrison's

- Rontec developed its own chain of stores 'Shop'N Drive' — stocking ~5,000 products (including bacon, eggs, bread, frozen meals)
- Extended its partnership with Morrison's; plans to add 50 Morrisons Daily stores and trial new formats

“

“The UK forecourt market has evolved considerably in the past decade – from a time when the fuel mission accounted for over a third of visits, to now accounting for less than a fifth. Retailers and operators are feeling the pressure – or seeing an opportunity – to find alternative and innovative ways to drive footfall to their stores and thereby capitalise on the growth opportunities in the market.”

— Sarah Coleman, project manager at MCA Insight & HIM (February 2020)

”

Note: 1. Petrol Filling Stations 2. HIM & MCA Insight UK Forecourt Market Report 2020 3. Association of Convenience Stores, UK (The Forecourt Report 2019) 4. In 2018 5. Per Petrotech 2016 gas conference 6. ACS Forecourt Report 2019

# ...and enhancing the role of retail experience

**Note:**  
 Trend decelerated by COVID  
 Trend accelerated by COVID

Forecourt retailers are re-designing c-stores with the modern consumer in mind, and offering a variety of localised products to shoppers — in a bid to attract customers and increase the probability of impulsive purchases



## In-store design

Besides standardising branding across their global stores, most forecourt retailers are revamping their in-store design to:

- Differentiate themselves from peers and attract more customers
- Increase the retail space
- Supplement their food-to-go offering with seating for customers who would prefer to eat in-store

**BP Australia** launched a 'concept store' featuring modern interiors with yellow and charcoal accents and wooden ceiling panels for a refreshed appeal

**Applegreen's M1** Lisburn store won the Forecourt Trader of the Year Award (2017) for its store design; has a mezzanine floor which can be accessed via an escalator, and also has an Applegreen lounge

**Applegreen's Spalding** store won the Forecourt Trader award for Best Design & Development (2019)

**SPAR Express** forecourt store (Austria) is equipped with a new store design concept, featuring wood panelling, clear store signage and easy to navigate floor plan



## Re-vamped product assortment

Forecourt retailers are:

- Introducing new menus and concepts, such as live preparation to stay up-to-date and sustain consumer interest
- Offering healthy and localised<sup>1</sup> products – fresh fruits and vegetables, dairy, deli and low calorie drinks and snacks – to cater to different age groups and customers
- Altering product-mix to keep pace with changing customer requirements amid the pandemic

**Coop** launched a freezer filling deal<sup>3</sup> which can feed a family of four for £5

**7-Eleven's** Dallas lab store is testing new wellness products such as gluten-free, keto-friendly and naturally sweetened goodies. Additionally, it operates combined distribution centres<sup>4</sup> which supply fresh products (lunch boxes, rice balls, sandwiches etc.) to the stores 3 times/day. **7-Eleven** also implemented a cold chain (low temperature logistics network) to maintain freshness of harvested vegetables while transporting them

**Woolworths** partnered with Australia Post and DHL Supply Chain to deliver the 'Basics Box' of groceries in Australia, in light of the COVID-pandemic. Meant for the elderly and vulnerable, the US\$80 worth box contains meals, snacks, and essential items; under a similar initiative **Morrisons** also launched 'Essential Box' (£35 to £55) delivery in the UK



## Private labels

Forecourt retailers are increasingly launching own private labels of fresh food/coffee and others to:

- Create differentiation
- Drive brand loyalty
- Increase margins in their products

**BP** as part of its Trademark product portfolio 'Too much good stuff@', offers proprietary foods such as Good Stuff Candy, cookies and coffee

**Seven & I Holdings'** private labels in food and cosmetic comprise 7-Select GO!Smart Cold Pressed Juice and 7-Eleven Makeup Simply Me Beauty. Also hosts a '24/7 life' brand containing ~200 non-food products<sup>5</sup>

**Rewe's** (Germany) offers diverse private label products. In 2019 it launched private label shower gel and soaps under its 'Today' brand which come in packaging made of 100 percent recycled materials. Also launched a sustainable own-brand orange juice, in 2020

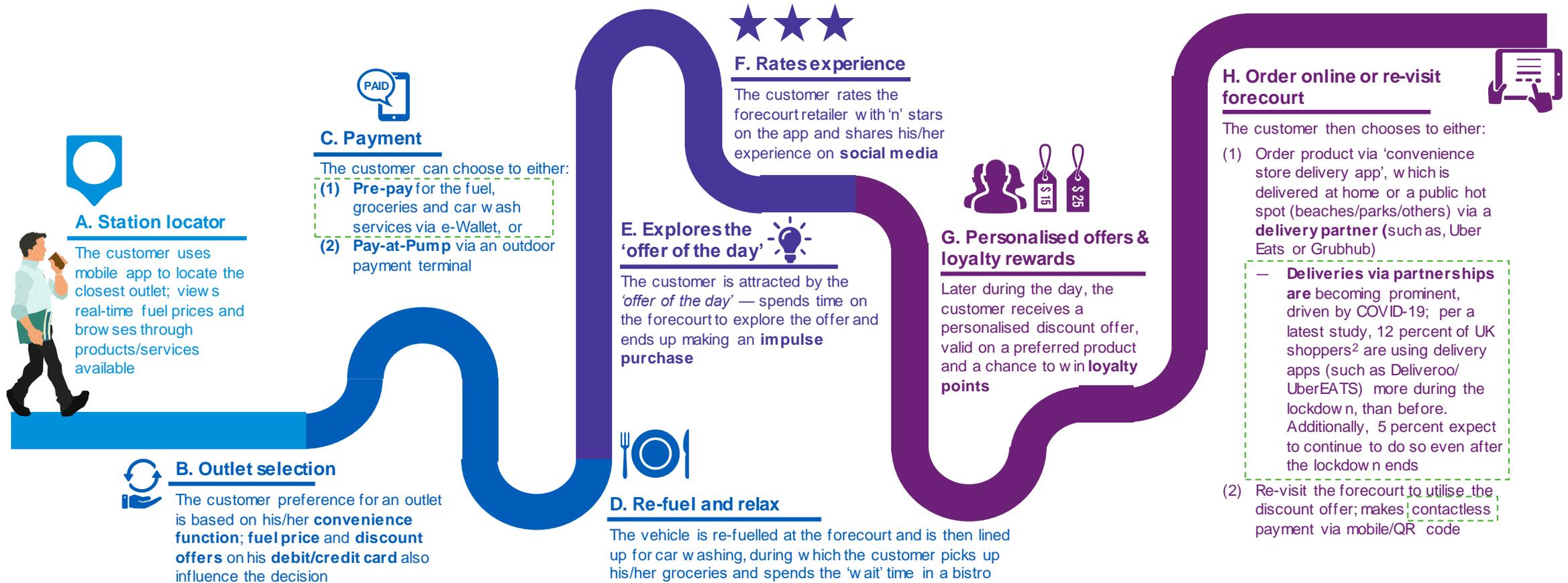
Note: 1. Locally sourced to tailor to local preferences; 2. Delicious Ideas Food Group 3. Contains: Birds Eye four chicken burgers, Birds Eye two Southern fried chicken grills, Birds Eye mini potato waffles, Birds Eye mixed vegetables and a Cadburys Double Decker ice cream tub 4. In order to keep offerings fresh; Temperature-separated combined distribution centres are operated by third parties and enable products from different suppliers and manufacturers to be delivered to 7-Eleven stores on the same truck 5. Including electronic devices and toiletries, over-the-counter medication, cleaning supplies and other non-food items

# ...redefining customer relationship,

Note:

 Trend accelerated by COVID

Forecourt retailers are leveraging innovative digital tools to engage the modern and safety conscious' consumer at every step of their purchase experience journey



Note 1. safety becomes prominent in light of COVID-19 2. [Link](#)

**Health and safety across all touch points, becomes integral in light of COVID-19**— customers likely prefer fuel stations that are frequently disinfecting high touch areas, offering contactless delivery and following strict food safety and handling policies

# Digitalisation is creating operational efficiencies,

The Forecourt industry is quickly adapting to digital opportunities with many retailers understanding the advantages it brings; adoption in some cases remains slow, its potential to transform the industry is huge. Driven by the pandemic, the future solutions will see an accelerated involvement of digital retailing

Operational efficiencies through:	What's in it for forecourt retailers?	
<p><b>Data driven insights</b></p> <p>Store data can enable forecourt retailers to:</p> <ul style="list-style-type: none"> <li>— Design <b>CRM campaigns</b></li> <li>— Design <b>new products</b></li> <li>— Identify <b>up-sell/cross-sell</b> opportunities</li> <li>— Explore the time/day when <b>purchases spike</b></li> <li>— Look at a customer's path to purchase (where), touch points (what) and buyer behaviours (why) — i.e. <b>journey tracking</b></li> <li>— Automatically <b>replenish wet stock</b> based on sales history or stock levels</li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Accurate marketing insights generation</b></li> <li>▶ <b>Efficient wet stock management</b></li> <li>▶ <b>Right size food offering and targeting right customer, at right time</b></li> <li>▶ <b>Efficient price strategy</b></li> <li>▶ <b>Improved capabilities and services drive more speed and consistency</b></li> <li>▶ <b>Better insights into customer habits and desires, resulting in improved sales and ability to avert potential issues</b></li> </ul>	
<p><b>Process digitisation</b></p> <ul style="list-style-type: none"> <li>— Utilising sophisticated IT infrastructure to facilitate communication and <b>standardise management across global operations</b></li> <li>— Leveraging tools to gain <b>real-time view on POS terminals</b>, store systems, inventory and merchandising</li> <li>— Integrating control of all types of forecourt equipment with the POS</li> <li>— Embedding automation <b>to save labour costs</b></li> <li>— Using tablets within stores for staff, for <b>inventory tracking</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>Enhanced forecourt efficiency via predictive analytics</b></li> <li>▶ <b>Productivity increase of having empowered workers</b></li> <li>▶ <b>Labour cost-saving</b></li> <li>▶ <b>Operational transparency</b></li> <li>▶ <b>Inventory control and tracking (fuel inventory), supply chain management and audit and compliance</b></li> </ul>	<p><b>Challenges and recommendations</b></p> <ul style="list-style-type: none"> <li>— Fuel retailers are faced with various barriers when adopting digital — these <b>inhibit them to scale</b> <ul style="list-style-type: none"> <li>- Internal barriers (mainly <b>workforce related</b>) can be dealt with, by — (1) engaging new skills (data science/cybersecurity specialists) (2) developing a digitally savvy workforce on the ground</li> <li>- <b>Strategic partnerships</b> with fast food chains, e-commerce giants or other fuel retailers can help in scaling up quickly</li> </ul> </li> <li>— <b>Regulatory challenges</b> (e.g. GDPR) related to storing and processing sensitive data           <ul style="list-style-type: none"> <li>- Adopting proven PCI<sup>2</sup> strategies as blueprints, and pseudonymisation<sup>3</sup>, can help forecourt retailers overcome privacy challenges</li> </ul> </li> </ul>
<p><b>Applegreen + PDI software</b></p> <p>Applegreen uses a <b>price optimisation solution</b> to boost its profitability at the pump. The software gathers <b>real-time data</b> (such as market costs, competitor prices, historic site-level sales) and then <b>applies modelling</b> to forecast price elasticity — enabling <b>profitability</b> without compromising on the offer of 'low fuel prices'</p>	<p><b>Seven Eleven + Microsoft</b></p> <p>Seven Eleven is leveraging Microsoft Surface devices (equipped with Office 365 and Power BI) to provide franchisees with insights into <b>store performance</b> and <b>purchase trends</b>, while also enabling them to <b>analyse sale opportunities</b></p>	
		<p><b>Wawa Inc. + Zynstra</b></p> <p>Wawa is using software from startup Zynstra to create a virtualisation layer for its point-of-sale (POS) platform that lets store associates move around the store and complete sales using a tablet computer — <b>reducing checkout lines and freeing up store associates' time to attend customers</b></p>

Note: 1. Applegreen won the 2019 NACS European Convenience Retail Technology Award for this solution 2. Leveraging learnings and industry best practices (such as tokenisation/minimising storage of card data) adopted to comply with PCI DSS (Payment Card Industry Data Security Standard) 3. Pseudonymisation replaces most identifiable fields in a data set with artificial identifiers, or pseudonyms

\* especially amid the coronavirus pandemic, where digital/contactless payments are edging out any other form of payment owing to the associated hygiene factor

# ...and helping unlock value from payments\*

With m-commerce<sup>1</sup> pervading every aspect of the retail landscape including forecourt, convergence between mobile and payments is taking place, driven by consumer demand for *'faster, better, cheaper, easier and safer'* shopping experiences

Forecourt retailers are continuously adopting faster payment methods to reduce customer checkout times at their stores. The trend is being accelerated by the pandemic — increased concern about hygiene is spurring contactless payments, as people refrain from using cash

## Mobile/app based payments

— Most traditional fuel retailers such as BP and Shell have launched or are already using this form of payment. Per ACS analysis<sup>2</sup>, about 82 percent of the forecourt sites in the UK accept mobile payments

**BP**  
BP launched a smartphone app-based payment system, 'Bpme' which enables users to select the pump and make the payment

**Couche-Tard**  
Provides various quick payment settlement options such as mobile-app (Circle K Pay, Easy Pay), payment by car etc. for both fuel and non-fuel purchases

**Seven & I Holdings**  
Accepts Apple and Google Pay across its stores; Canada stores also accept Alipay and WeChat Pay. In the US it introduced mobile checkout — enabling customers to scan their purchases and checkout with the 7-Eleven mobile app. Further, it leveraged contactless technology to enable health care workers pay via their employee badges at a pop-up store<sup>5</sup>

**Shell**  
Shell's m-payment app 'Fill up and Go' lets customers pay via their mobile; it partnered with Jaguar to enable users to use the car's touchscreen to go cashless via the shell app. In Thailand, it launched Pay at Pump: In-car contactless payment with PromptPay QR Code to enhance convenience and safety amid the COVID situation

**Consideration:**  
Forecourt retailers will have to consider the use of mobile phones at petrol stations, owing to the associated safety issues<sup>2</sup>

## Radio Frequency Identification (RFID)

— A RFID chip embedded in items at forecourt store, could potentially lead to an entire basket being scanned in one go and reduce the standard self-service checkout time — making shopping at forecourt stores even more convenient, quick and hassle free

**IBM + Shell**  
IBM has trialled the use of RFID chip to scan an entire basket or trolley's worth of shopping in one go, at a Shell petrol station in Holloway Road, London; the system could render traditional barcodes obsolete

**Seven & I Holdings**  
Seven & I Holdings has introduced RFID based unmanned cashless checkout facilities in Japan. By 2025<sup>4</sup>, aims to implement an RFID self-checkout system for all products

## What's in it for forecourt retailers?

### Reduced check out time and speedy transaction process

### Mobile/app payments have the ability to enhance brand loyalty by:

- Serving the customer demand for 'convenience'
- Making it easier to quantify the value delivered, by analysing app data (via back-end analytics)
- Making the payment process safe and contactless, as customers look for minimal human interaction driven by COVID-19 fears
- Calculating customer value which can be used for hyper/personalisation of suitable offers, promotions and push notifications (coupons, discount offers)

Note: 1. Mobile commerce 2. ACS: Association of Convenience Stores | The Forecourt Report 2019 3. Usually it is required to keep the engine, lights and electrical systems (radio/devices that emit electromagnetic radiation) turned off at the petrol station. Some however argue that phones are too low-powered to trigger an explosion, but BP claims a spark could be produced if a phone is dropped and its battery knocked loose 4. Ministry of Economy, Trade and Industry Japan (Link) 5. Pop-up-store in Texas, amid COVID

# II. Adjacent Services



# Adjacent services are gaining centre stage...

**Note:**  
 Home delivery trend made more prominent by rising logistics/delivery partnerships in light of COVID-19

In addition to the expansion of product portfolios and ranges, forecourt players are focusing on new and innovative services to cater to multiple customer needs — beyond those of their car



Examples			
<p><b>Caltex</b></p> <p>Offers services such as <b>laundry, parcel collection and meal kit deliveries</b> at its food and services convenience hub ('Foodary'); supports <b>pre-ordering</b> via mobile app</p>	<p><b>BP + Deliveroo + Uber Eats</b></p> <p>BP moved into food delivery with a new brand 'Couchfood', enabling on-demand ordering of snack food; service available via Deliveroo and Uber Eats</p>	<p><b>WAWA</b></p> <p>Launched a catering programme for family gatherings, social and corporate events (breakfast, lunch, dinner); offers customised packages</p>	<p><b>Sinopec</b></p> <p>Launched touch-free service amid COVID fears — delivering app-ordered groceries to car trunks</p>
<p><b>Shell</b></p> <p>Arranged for <b>hairdressing services</b> on its forecourts in China<sup>4</sup>, where barber shops were closed due to COVID. Further, it <b>extended product range</b> to include, bleach, <b>sanitisers</b>, pharmaceuticals and staple groceries</p>	<p><b>Couche-Tard</b></p> <p>Offers <b>seasonal car wash services</b>; customised to regional atmospheric conditions (dirt, pollen, snow etc.); also offers RFID tag based car subscriptions</p>	<p><b>CEPSA + Glovo + Carrefour</b></p> <p>Carrefour extended its partnership with Glovo for <b>home delivery</b> from select 150 Carrefour Express stores<sup>3</sup> located at Cepsa gas stations</p>	<p><b>Moto (Motorway service operator)</b></p> <p>Moto is launching a click-and-collect food ordering scheme at 48 sites; the service will be powered by QikServe<sup>5</sup></p>

## What's in it for forecourt retailers?

- ▶ Drive customer intimacy via **personalised offerings** and insights, to provide the right product service mix to customers
- ▶ Harvest **attractive profit pools**, and **continually evolve service propositions** to differentiate themselves from peers
- ▶ Retailers need to build the maximum **'stopping power'**<sup>2</sup> for their sites, by enhancing the role of services in their profit mix
- ▶ Additionally, emergence of new **partner concepts** will require forecourt retailers to **continually review and 'churn'** concepts to ensure the offers stay fresh and interesting over time

Note: 1. Certain forecourt retailers mandate transportation of food items such as vegetables at a fixed temperature range to ensure good product quality e.g. Seven & I holding & Wawa 2. Attractive and compelling propositions to 'stop' the customer for a longer duration at the forecourt 3. In the first phase, 150 Carrefour Express fuel stations selected to develop this service 4. New year traditions in China include people getting their hair cut on the 2nd day of the 2nd lunar month [Link](#) 5. QikServe's Preoday product

# ...especially in established and high-growth markets

Developing countries such as Argentina and Brazil have displayed high growth potential for forecourts in general and adjacent services in particular; mature markets will also experience high growth in adjacent services at forecourts



## Key established economies

**Established economies** such as the UK and the US will continue to hold a strong position in the forecourt market, and given the enabling environment (infrastructure, technology and prominence of services in general) forecourt services are expected to become more prominent. In the US however, consumer preference to refill grocery from stores rather than branded fuel stations will make it difficult for forecourt retailers to engage with the customer who never enters the forecourt site



## High growth economies

Forecourt growth in **Argentina and Brazil** will be coupled with growth in adjacent services, driven by the convenience culture as well as the openness of the economies to innovation



## Developing economies

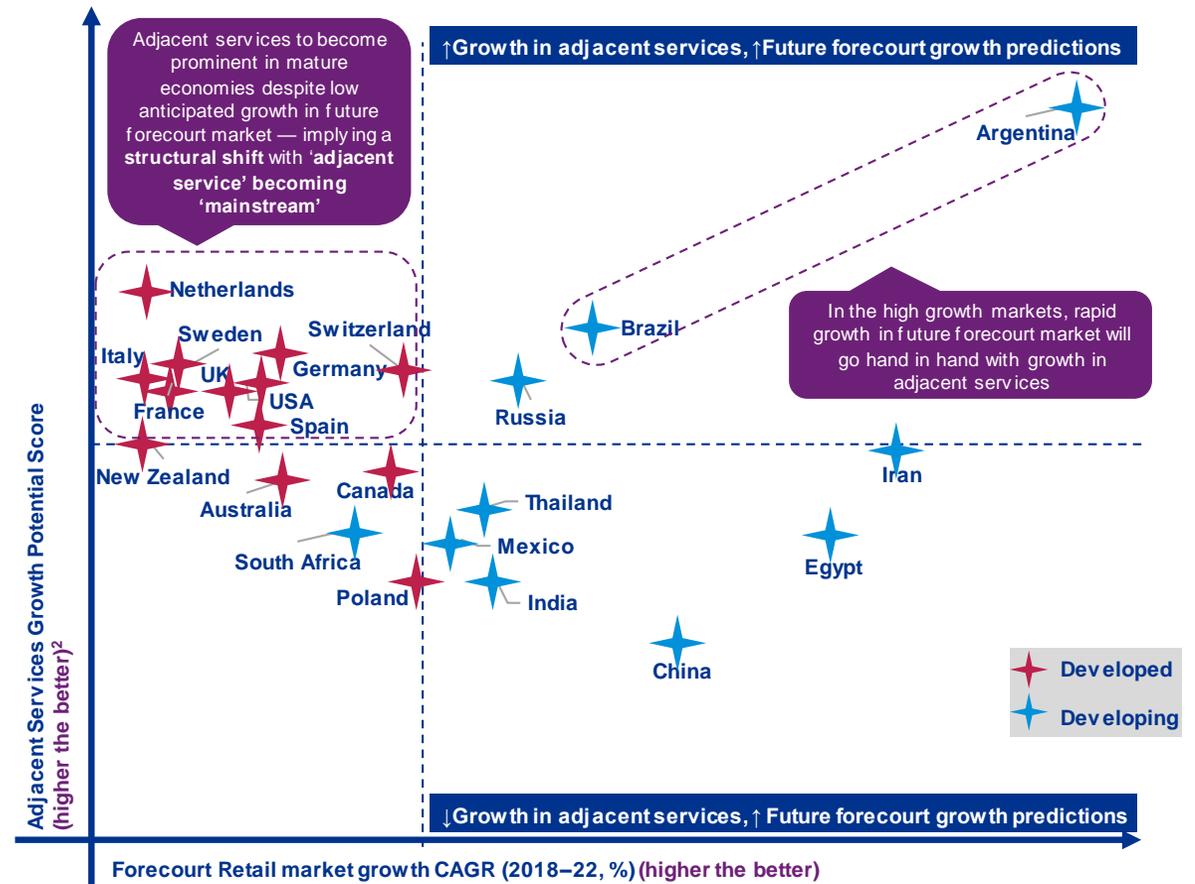
**Convenience culture** is picking up in both, China and India. However, India appears to lag in terms of **infrastructure** and **technology** adoption; **global trends** such as, reliance on non-fuel revenues to drive margins and entry of hypermarkets in fuel retailing, are **yet to fully develop in the country**

Iran is also witnessing an increase in the convenience trend, driven by fast-growing single-person households and an aging society



## Further details

Though **Germany** is a prominent forecourt market, its **ageing population** inhibits service growth. Also, the **convenience channel** has traditionally held a **small share** of the German retail in general, largely owing to high number and density of supermarkets in the country



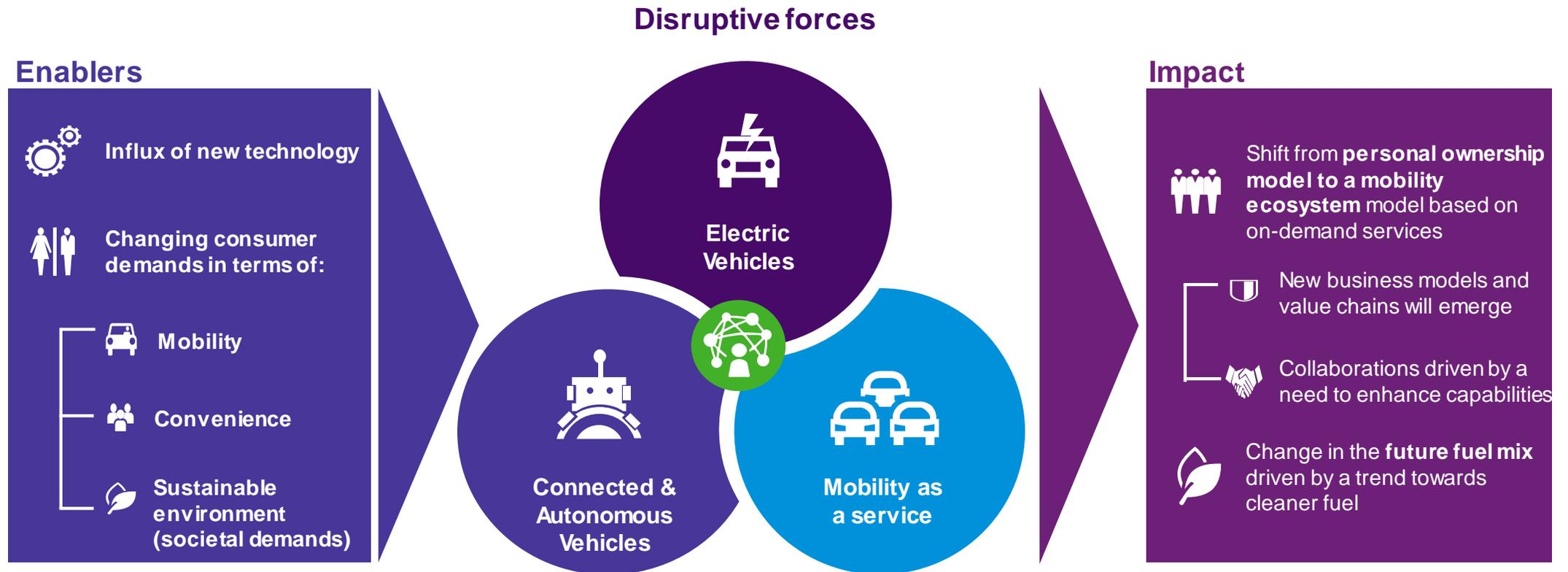
Note 1. Per UKPRA 2019 Market Review 2. Y-axis reflects the overall score a country has achieved after taking into account four parameters (details in Appendix III) which impact the prominence of forecourt services in the respective economy; higher the score, more is the potential for a structural shift towards 'adjacent services'; Source: KPMG Analysis

# III. Mobility



# Global mobility megatrends are transforming the industry...

Three main disruptive forces will fundamentally transform how people and things move in the future — EVs, C&AV and MaaS<sup>1</sup>



Note 1. EV: Electronic Vehicle; C&AV: Connected and Autonomous Vehicles; MaaS: Mobility as a service

# ...resulting in emergence of new business models

Connected cars, autonomous vehicles and rise of mobility as a service will lead to a change in the existing business models of the forecourt players, while also bringing data privacy into play

**Connected cars**

With a rise in Internet of things (IoT), the car of the future will become a connected hub that relays and processes customer data ...



2019 market size (global):  
**US\$63.03 billion**

CAGR:  
17.1%



2027 market size (global):  
**US\$225.16**

Inter-connectedness to generate huge amount of customer data



Mobile based applications



Car infotainment system

**Opportunities**

**+** Utilise the customer data to provide personalised services and products.

IOT will enable connected vehicles to provide information on availability of 'fuel of choice' at best prices in a locality. Hence, forecourts selling at a competitive price will witness a boost.

**Challenges/costs**

**-** Data confidentiality, cyber security concerns and GDPR compliance

**Autonomous vehicles**

Global autonomous vehicle market size and market penetration:



AV penetration

Market size (US\$ billion) ■

Market penetration (%) —



Year	Market size (US\$ billion)	Market penetration (%)
2019	54.2	0.0%
2020F	76.5	0.0%
2021F	105.7	0.1%
2022F	146.4	0.2%
2023F	203.1	0.3%
2024F	282.9	0.5%
2025F	396.7	0.8%
2026F	556.7	1.7%

**Opportunities**

**+** Partner with automakers to develop software that ensures their brand of fuel is the priority/default choice of the AV — creating potential footfall at their forecourt

**Challenges/costs**

**-** Shift towards B2B sales model, as fleet owners are more likely to use AVs than individuals. Moreover, driverless commercial fleet could make the food/restroom breaks<sup>3</sup> at forecourt redundant

**Mobility as a service**

MaaS ecosystem includes:

  
P2P ride sharing

  
One way car share

  
Two way car share

  
Ride hailing

  
Bike sharing

Global Mobility as a Service (MaaS) market size and market penetration:

2018 market size:  
**US\$171.5 billion**

CAGR<sup>2</sup>:  
12.5%<sup>5</sup>

2024 market size forecast:  
**US\$347.6 billion**

**Opportunities**

**+** Tie-up with AV service providers to cater to their recharging/refuelling needs. Urban forecourts could provide **car sharing** (for both ICEs, EVs) and **car rental services**. Forecourt retailers could provide **attractive offers/discounts** to ride sharing/hailing drivers, if they fuelled up on their station<sup>4</sup>

**Challenges/costs**

**-** Shared mobility would lead to multiple customers with differing tastes on the road. As a result, forecourt retailers will have to provide compelling incentive for each type of customer to ensure footfall and business

Note: 1. Determined based on frequent consumption or high quality 2. Calculated 3. Impacting revenue source 4. E.g. GOJEK's partnership with Esso ([link](#)); in Singapore Gojek drivers enjoy a 20 percent discount when they buy petrol at any of Esso's service station

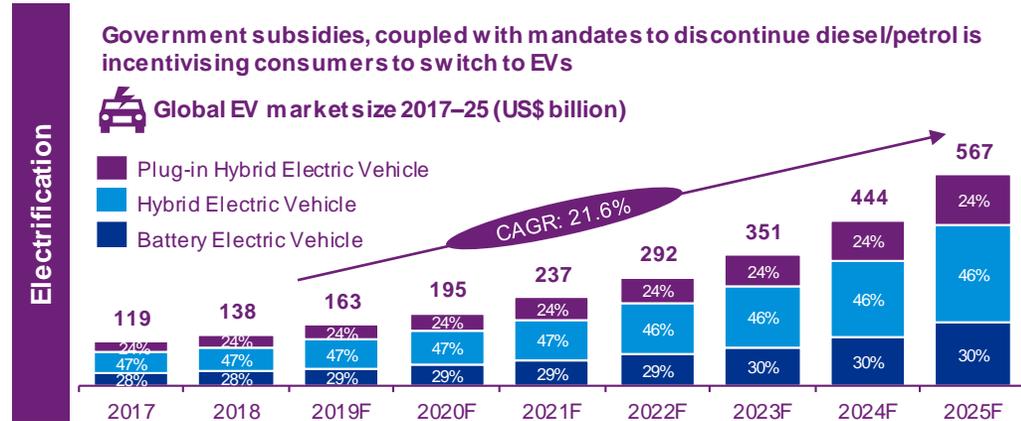


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# ...and an increase in collaborations, to boost capabilities

Electrification will lead to partnerships between forecourt retailers, carmakers and energy providers to expand electric vehicle (EV) charging beyond forecourts; while the forecourt of future will have to be designed keeping in mind the EVs



**Opportunities**

**+**

**Partnerships with energy providers** to 'expand' EV charging beyond petrol stations and forecourts

**Possible transition to 'mobility' hubs;** offering converging range of services (battery swap-out services to allow for faster powering up) and retail offers

**Challenges/costs**

**-**

EV will be the vehicle of choice and will lead to a **reduction of the footprint** of future forecourts. Additionally, future forecourts will have to be **designed** (existing ones **re-designed**) keeping in mind EV charging infrastructure

EVs will require retailers to develop **innovative business models** to **incentivise electrification of private sector fleets** (Uber, Lyft)

<p><b>Couche-Tard / Circle K</b></p> <p>In Norway, <b>Couche-Tard has replaced fuel pumps</b> with <b>EV chargers</b> in some of its Circle K gas stations. Its <b>Norway laboratory<sup>1</sup></b> is testing approaches to cope up with changing fuels market</p>	<p><b>Shell + Ionity + Greenlots</b></p> <p>Shell in partnership with IONITY<sup>2</sup> plans to <b>install 500 EV charging stations</b> (with peak power of 350kW) in forecourts. Additionally, it acquired <b>pure play EV charging solutions</b> providers Greenlots in 2019</p>
<p><b>OMV</b></p> <p>OMV Petrom, a Romanian O&amp;G<sup>3</sup> firm <b>installed solar panels</b> on the canopies covering the gas pumps at 40 stations in Romania; these will generate 30,000 kWh of electricity annually, per station</p>	<p><b>BP + DiDi + Chargemaster</b></p> <p>BP established a JV with DiDi to build <b>EV charging network in China in 2020</b>. Additionally, began rolling out 150 kW BP Chargemaster UFC<sup>4</sup> in the UK and piloted UFC<sup>4</sup> at Aral forecourts in Germany</p>

**“** Within five years we plan to have more than **100 Electric Forecourts** in use, with each supported by solar energy and battery storage. This infrastructure will accelerate the electric vehicle revolution” — Toddington Harper, CEO | Gridserve, April 2019

Electric forecourts will also offer “a coffee shop, supermarket, high-speed internet and everything else you would expect to find at a service station”, plus an education center which will aim at “improving consumer confidence in such technologies” — **Press Release, Gridserve, March 2020**

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We recognise that the customers are not just necessarily going to go to recharge just at retail sites, **they're going to want to charge at work and home, so we're moving into this space**” — Mark Gainsborough, executive vice president | Shell's New Energies operation, February 2019

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**“The opportunity also to explore options for providing charging services away from our existing retail sites makes FreeWire an ideal partner for BP.”** — Tufan Erginbilgic, chief executive | BP Downstream, January 2018 **”**

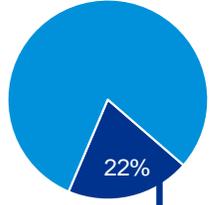
Note: 1. Limited details on the laboratory available 2. IONITY is a joint venture between BMW Group, Daimler AG, Ford Motor Company and the Volkswagen Group with Audi and Porsche 3. Oil & Gas 4. Ultra-fast charging

# Trend towards cleaner fuel...

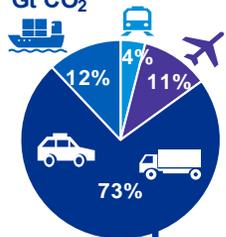
A move towards cleaner fuel driven by increasing pollution and the increasing need for a sustainable environment has increased the preference for electric vehicles among both manufacturers and consumers

Rising transport sector's CO<sub>2</sub> emissions<sup>1</sup> ...

Global energy-related emissions ≈ 30 Gt CO<sub>2</sub>



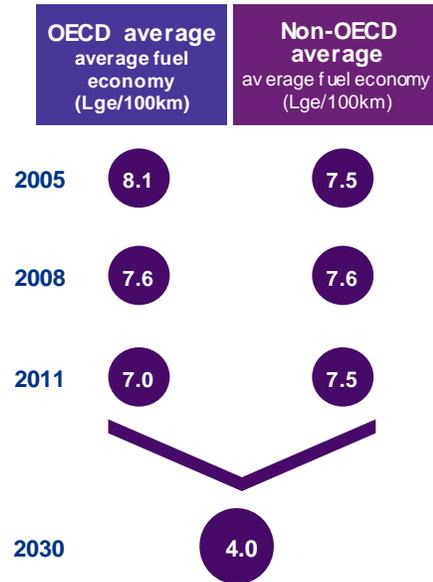
Transport emissions ≈ 7 Gt CO<sub>2</sub>



Road transport emissions ≈ 5 Gt CO<sub>2</sub>



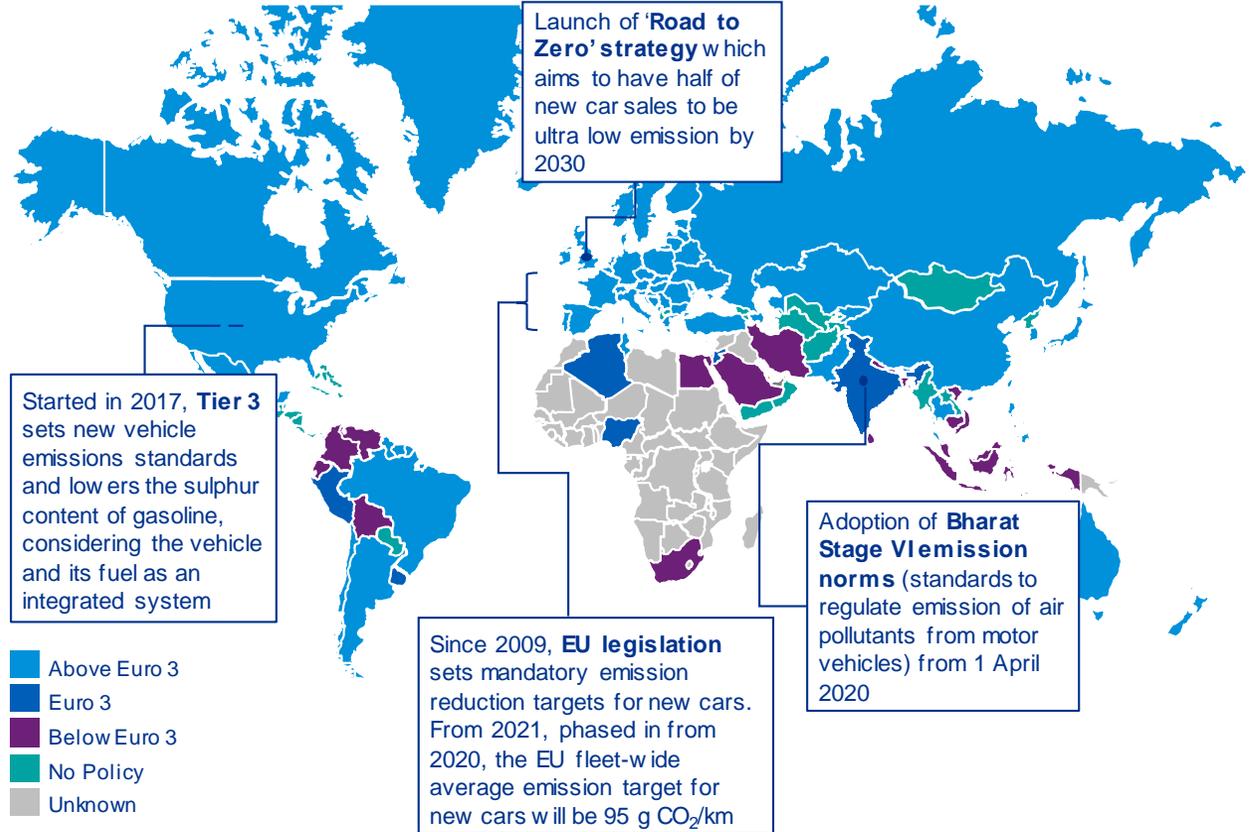
... have steered countries to (1) set up mandatory fuel economy<sup>2</sup> targets via Global Fuel Economy Initiative<sup>3</sup> (GFEI)



Legend:



... and (2) introduce vehicle emissions standards and regulations, to support clean fuel transport

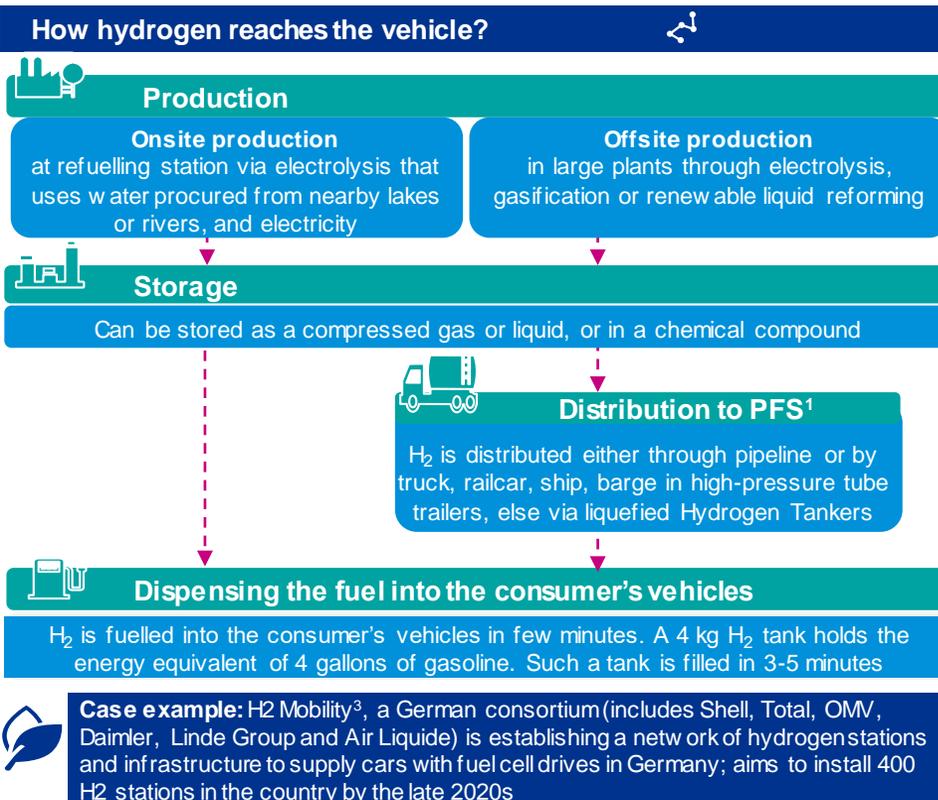


Note: 1. 100 percent values for these were not available, 2. Vehicles use energy, and fuel economy measures energy per unit of vehicle travel. It is the rate of energy use. Litres per 100km (Europe), Km per litre (Japan) Miles per gallon (United States), 3. The Global Fuel Economy Initiative promotes the introduction of cleaner, more energy efficient vehicles in developing and transitional countries

# ...is changing the alternative fuel landscape

Hydrogen has the potential to become a vital part of the transport mix in a low-carbon future — requiring players to re-invent their business models to account for new infrastructure requirements (around fuel production, storage and distribution)

Production of hydrogen (H<sub>2</sub>) utilises renewable source of energy such as water and is hence, considered sustainable. As a result, fuel cell hydrogen vehicles – which can travel up to 700 km on a single tank and can be refuelled in a few minutes – could be the future



Note: 1. Petrol Filling Station 2. Per gasoline gallon equivalent 3. For further details visit the [website](#) 4. [Link](#)

**What's in it for the forecourt retailers?**

**Supply chain & other challenges**

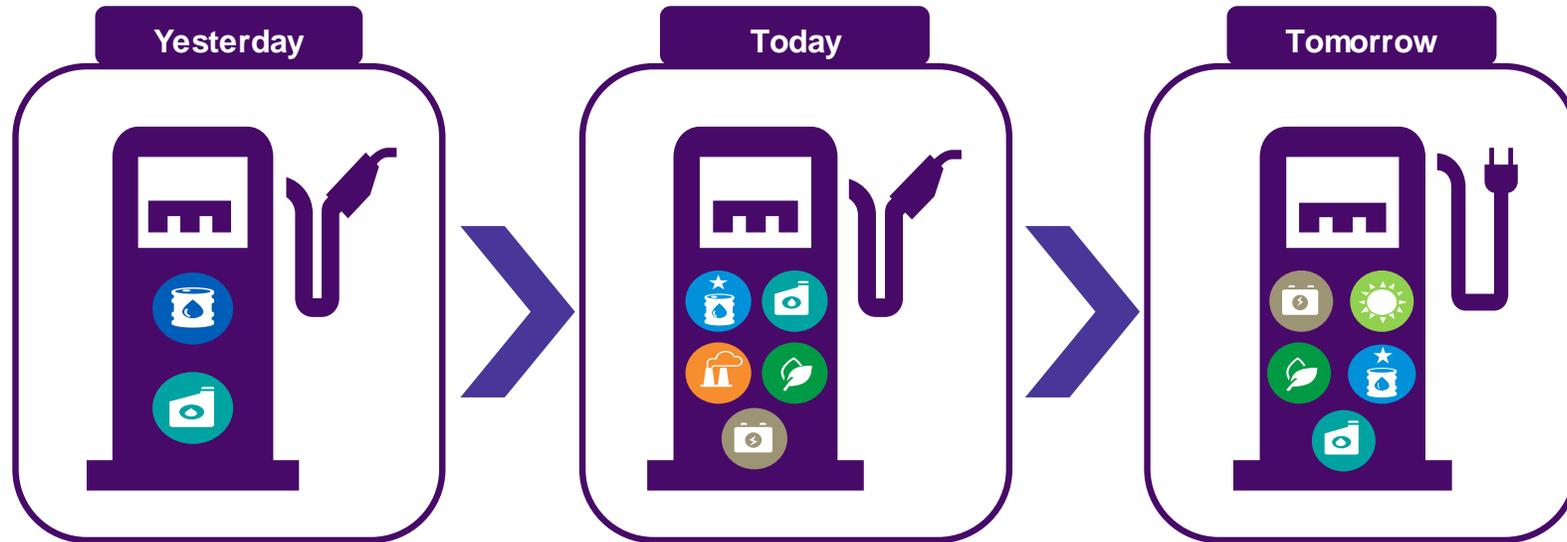
- Transporting, storing and delivering H<sub>2</sub> to the fuelling station is considered to be expensive on a per-GGE<sup>2</sup> basis
- To ensure dispensing pressure is good and consumer friendly, metering needs to be done correctly, which becomes challenging, as H<sub>2</sub> is lightest molecule
- High cost — expected cost to build a H<sub>2</sub> economy could be ~US\$280 billion during 2018–30, including US\$80 billion for infrastructure to store, transport and distribute H<sub>2</sub>
- Handling H<sub>2</sub> requires compliance with safety regulations, there exists a high risk of potential ignition of H<sub>2</sub> leakage at the station or at the vehicle (e.g. on 10 June 2019, an explosion occurred at the Uno-X H<sub>2</sub> station in Norway<sup>4</sup>)

**Re-fuelling infrastructure considerations**

- H<sub>2</sub> facility integrated into an existing refuelling station and added as another fuel offering**
- Impact:** The precondition for this is - there should be sufficient space on the existing site for the required hydrogen facilities and that the delivery, storage and dispensing of hydrogen alongside other liquid or gaseous fuels is possible from both a technical and a regulatory perspective
- Established as a greenfield project on a standalone site**
- Impact:** As new facility, therefore, no need to work within the constraints of existing site infrastructure — Typical refuelling station components expected by customers, such as c-stores and services
- Mobile re-fuelling stations** (used where there is no permanent hydrogen re-fuelling station as yet)
- Impact:** As mobile hydrogen re-fuelling stations are primarily an instrument for a market launch or for demonstration projects, they are unlikely to have a significant impact on forecourt retailers

# Hence, the fuel-mix of future will be radically different from today

Stringent emission regulations/standards and an imminent influx of electric vehicles has led to a change in fuel mix, which in future will also comprise electric charging points and alternative fuels such as hydrogen and biofuels



“This is about us thriving through the **energy transition**. We’re looking at the **next evolution** and the needs of our customers in the broader sense. We’re doing **nature-based solutions**, giving motorists the opportunity to do something about their **carbon footprint** as we continue to **invest and ramp up long-term solutions** of **electric vehicle charge posts** for those people when they’re ready to move to **EV transportation**.”

— Bernie Williamson, Retail General Manager | Shell, October 2019

## Various factors will have a role to play...

Apart from emission standards set by various economies for a low-carbon future other factors such as — (a) the overall regulatory landscape (relating to EV/biofuels)<sup>1</sup>, (b) technical feasibility of new fuel and technologies and (c) the level of customer, societal, as well as, political acceptance, will influence the pace of change and final form of the future fuel mix. Not only will the fuel-mix change in future, but also the mix of partners or stakeholders supplying this fuel in future will be drastically different from today

### Legend:

	Unleaded petrol		Biofuels (ethanol)
	Premium and super unleaded petrol		Alternate fuels
	Diesel		Electricity
	LPG Auto Gas		

Note: 1. E.g. UK Government adopted the Alternative Fuels Infrastructure Directive (AFID) — these are new rules on the labelling of petrol and diesel at service stations to enhance the understanding of the fuel’s biofuel content; in 2019 new labels were introduced at UK filling stations; Source: KPMG Analysis



# 03. How are these trends shaping forecourt retailing

— Future forecourt



# Emerging trends signal a change in the role of forecourt



## In-city petrol stations

... have prime locations, will ideally become suited for **convenience retailing**



## Urban forecourts

... would become prominent for **transport exchanges**



## Highway forecourts

... would cater to **long distance travellers** and become **one-stop multi-use hubs**

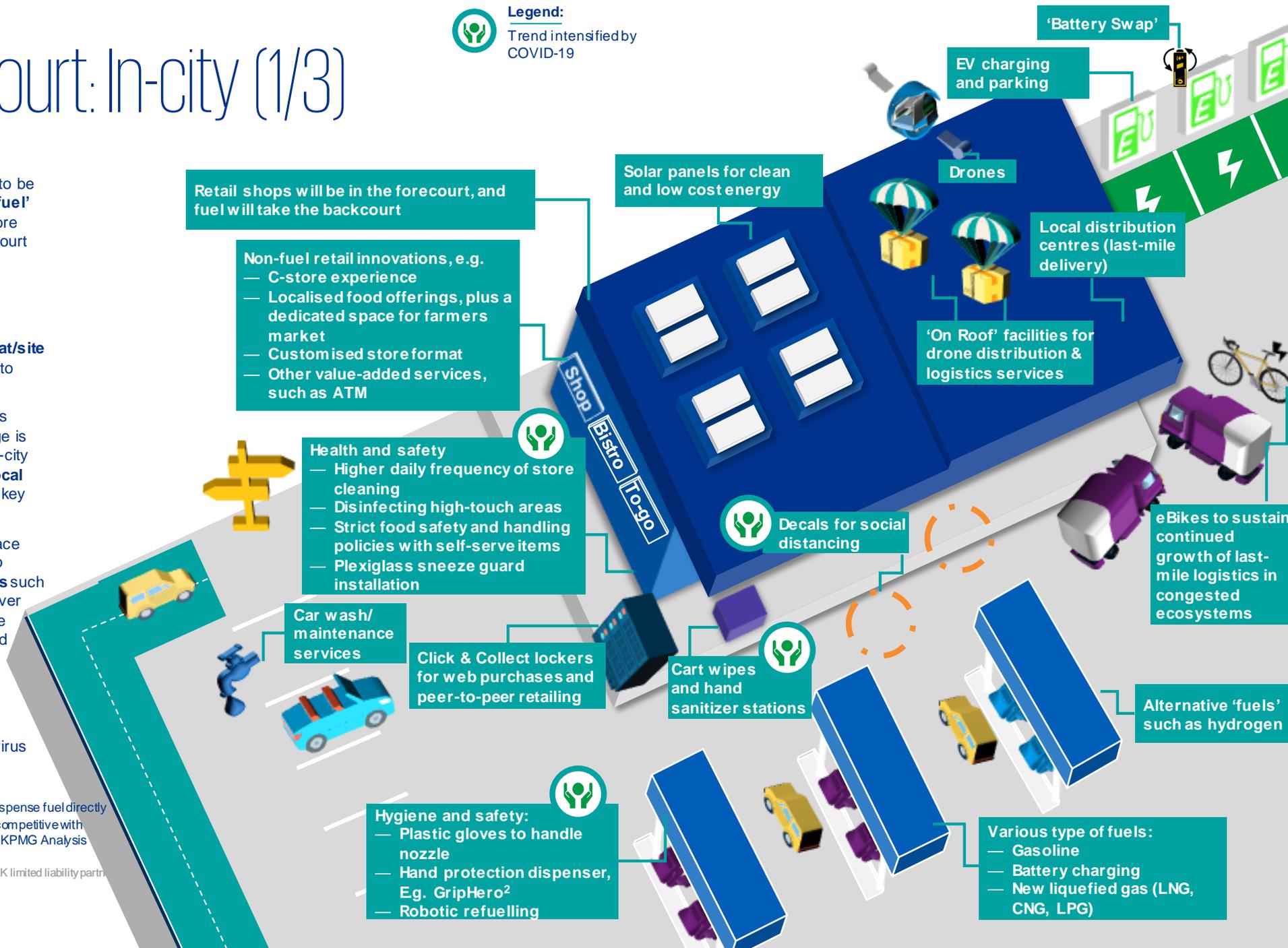
Evolutionary trends in fuel retailing observed in developed markets are yet to fully shape-up in developing ones; hence, the future disruption in terms of technology, infrastructure and operations will materialise first in the mature markets — eventually percolating to other economies

# Future forecourt: In-city (1/3)



**Legend:**  
Trend intensified by COVID-19

- In-city forecourts will shape up to be **'convenience stores selling fuel'** instead of fuel sellers with c-store offerings; the role of local forecourt as a 'fuel provider' will hence diminish. This will open up vast opportunities for products and ancillary service offerings
- They will have a **smaller format/site** with **c-stores at the forefront** to draw in passing trade
- As e-commerce trend intensifies demand for intermediate storage is bound to increase — making in-city stations well placed to act as **local distribution centres** playing a key role in **last-mile logistics**
- These forecourts are likely to face competitive pressures from two types of players: (1) **disrupters** such as 'store on wheels' (which deliver fuels and services directly to the customers e.g. Zebra Fuel<sup>1</sup>) and (2) **traditional supermarkets**
- **Health and safety** will be a top priority and fuel pumps will be responsible to minimise the potential contraction of coronavirus at the pump



Retail shops will be in the forecourt, and fuel will take the backcourt

Non-fuel retail innovations, e.g.

- C-store experience
- Localised food offerings, plus a dedicated space for farmers market
- Customised store format
- Other value-added services, such as ATM

Solar panels for clean and low cost energy

EV charging and parking

'Battery Swap'

Drones

Local distribution centres (last-mile delivery)

'On Roof' facilities for drone distribution & logistics services

Health and safety

- Higher daily frequency of store cleaning
- Disinfecting high-touch areas
- Strict food safety and handling policies with self-serve items
- Plexiglass sneeze guard installation

Decals for social distancing

eBikes to sustain continued growth of last-mile logistics in congested ecosystems

Car wash/maintenance services

Click & Collect lockers for web purchases and peer-to-peer retailing

Cart wipes and hand sanitizer stations

Alternative 'fuels' such as hydrogen

Hygiene and safety:

- Plastic gloves to handle nozzle
- Hand protection dispenser, Eg. GripHero<sup>2</sup>
- Robotic refuelling

Various type of fuels:

- Gasoline
- Battery charging
- New liquefied gas (LNG, CNG, LPG)

Note 1. Uses a fleet of specially adapted vans to dispense fuel directly into the customer's vehicle and claims to be price competitive with inner city petrol stations/forecourts 2. [Link](#) Source: KPMG Analysis

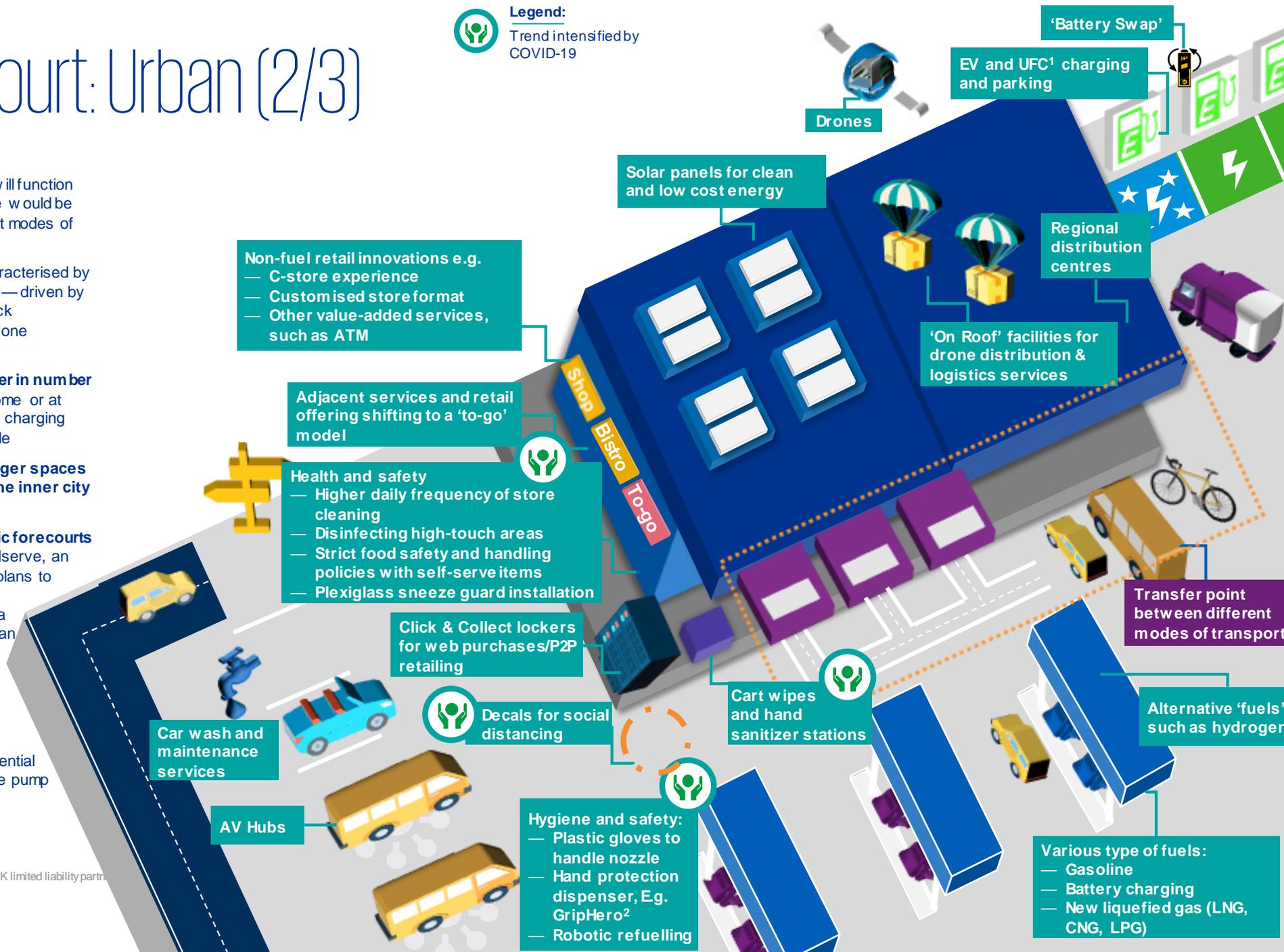
# Future forecourt: Urban (2/3)



**Legend:**  
Trend intensified by COVID-19



- Urban forecourt/petrol station will function as a **'transfer hubs'** i.e. people would be able to switch between different modes of transport
- These forecourts would be characterised by **prominence of 'to-go' model** — driven by mobile customers grabbing quick eats/coffee while hopping from one transport vehicle to another
- Urban forecourts will be fewer in number** (as EVs could be charged at home or at work); they will act as 'back-up' charging facilities with UFC<sup>1</sup> also available
- These stations **would have larger spaces and fewer restrictions than the inner city ones**
- Additionally pure play electric forecourts will emerge.** For instance, Gridserve, an energy services company has plans to develop a UK-wide network of electric forecourts, adjacent to a main road or close to metropolitan areas. The construction of first such forecourt started in March 2020
- Health and safety** will be a top priority and fuel pumps will be responsible to minimise the potential contraction of coronavirus at the pump



**Non-fuel retail innovations e.g.**

- C-store experience
- Customised store format
- Other value-added services, such as ATM

**Adjacent services and retail offering shifting to a 'to-go' model**

**Health and safety**

- Higher daily frequency of store cleaning
- Disinfecting high-touch areas
- Strict food safety and handling policies with self-serve items
- Plexiglass sneeze guard installation

**Click & Collect lockers for web purchases/P2P retailing**

**Decals for social distancing**

**Cart wipes and hand sanitizer stations**

**Hygiene and safety:**

- Plastic gloves to handle nozzle
- Hand protection dispenser, Eg. GripHero<sup>2</sup>
- Robotic refuelling

**Various type of fuels:**

- Gasoline
- Battery charging
- New liquefied gas (LNG, CNG, LPG)

Note: 1. UFC: Ultra Fast Charging; 2. [Link](#)  
Source: KPMG Analysis



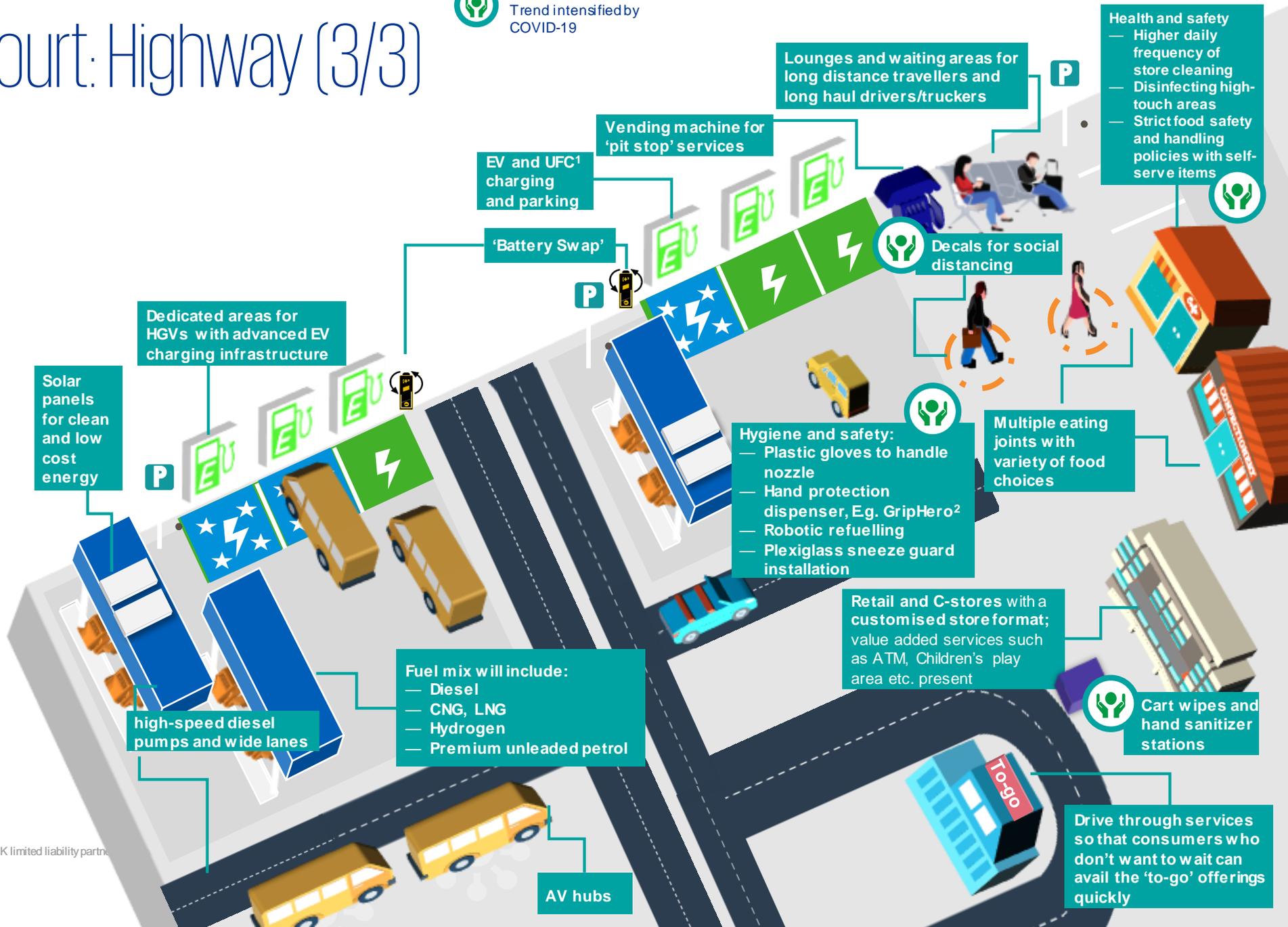
# Future forecourt: Highway (3/3)



## Legend:

Trend intensified by COVID-19

- **One stop multi-use hubs** offering variety of services such as entertainment, leisure and fuel
- Highway service station operators **will have a higher design freedom due to larger spaces and fewer restrictions** compared to inner city and urban petrol stations
- Given the availability of space the forecourt will be **architecturally engaging** in design and built using environmentally sustainable materials
- Highway forecourts will cater to different types of commuters — **long distance travellers will have lounges to relax while those who don't want to wait can avail wide range of 'to-go' offerings**
- **Health and safety** will be a top priority and fuel pumps will be responsible to minimise the potential contraction of coronavirus at the pump



Dedicated areas for HGVs with advanced EV charging infrastructure

Solar panels for clean and low cost energy



high-speed diesel pumps and wide lanes

Fuel mix will include:

- Diesel
- CNG, LNG
- Hydrogen
- Premium unleaded petrol

EV and UFC<sup>1</sup> charging and parking

'Battery Swap'



Vending machine for 'pit stop' services

Lounges and waiting areas for long distance travellers and long haul drivers/truckers



Decals for social distancing



Hygiene and safety:

- Plastic gloves to handle nozzle
- Hand protection dispenser, E.g. GripHero<sup>2</sup>
- Robotic refuelling
- Plexiglass sneeze guard installation

Multiple eating joints with variety of food choices

Retail and C-stores with a customised store format; value added services such as ATM, Children's play area etc. present



Cart wipes and hand sanitizer stations

Drive through services so that consumers who don't want to wait can avail the 'to-go' offerings quickly

AV hubs

Note: 1. UFC: Ultra Fast Charging; 2. [Link](#)  
Source: KPMG Analysis



# 04. How are forecourt retailers responding today

— Current strategies



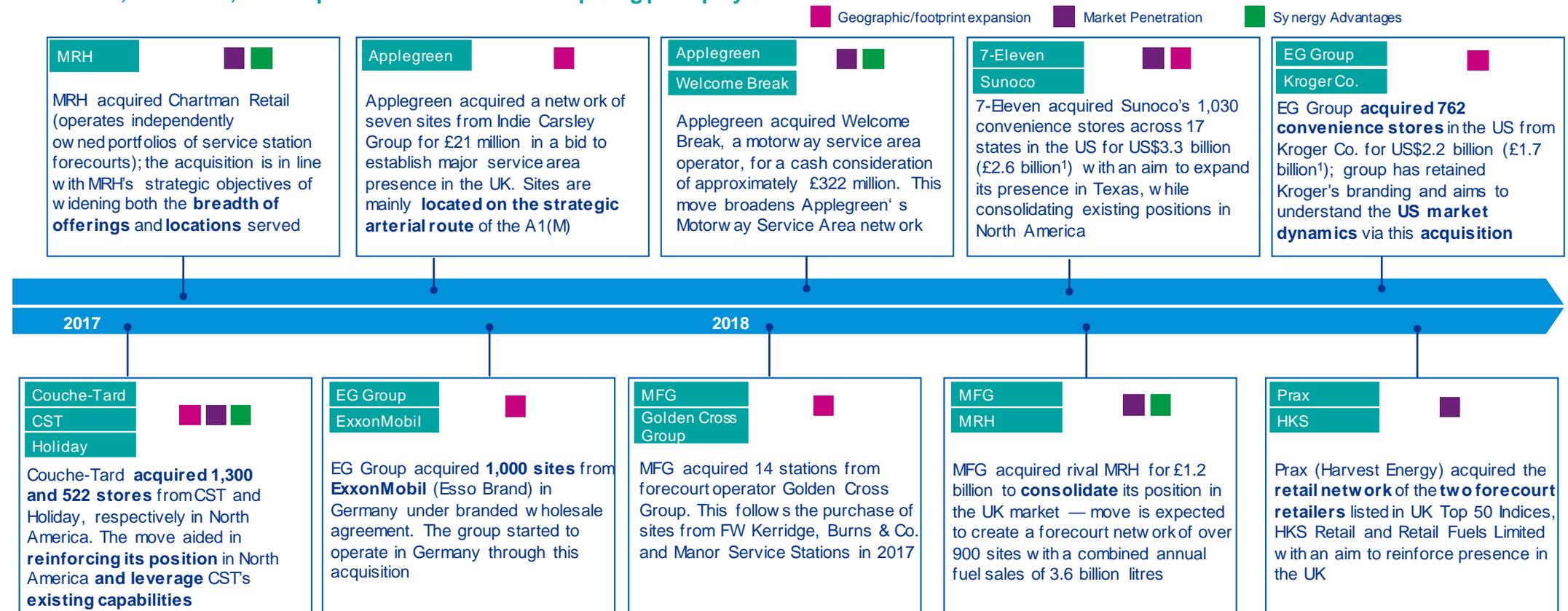
# The changing landscape is forcing forecourt retailers to adapt...

Why is the landscape changing?	What do the retailers need to do?	How can they do it?
 <p><b>Pressure on Profitability</b></p> <p>Caused by e.g.:</p> <ul style="list-style-type: none"> <li>— Decline of fuel revenues and margins</li> <li>— OPEX heavy retail business</li> </ul>	<p><b>1 Performance improvement &amp; cost reduction</b></p> <ul style="list-style-type: none"> <li>— To restore profitability and be able to generate sufficient cash flows for investments, forecourts are actively trying to improve performance and reduce costs (OPEX)</li> </ul>	<p>Back-office standardisation and digitisation</p> <p><b>1</b></p>
 <p><b>Significant investment requirements</b></p> <p>Extensive investments in:</p> <ul style="list-style-type: none"> <li>— Outlets, to increase customer experience</li> <li>— Technology, to better serve customers</li> <li>— Infrastructure, to serve the new fuel landscape</li> </ul>	<p><b>2 Revenue optimisation &amp; diversification</b></p> <ul style="list-style-type: none"> <li>— To overcome the decline of fuel revenues, new sources of revenue are developed both within existing segments (expansion of convenience retail) and by introducing new segments</li> </ul>	<p>Digitise front-end (e.g. check-out)</p> <p><b>1 3</b></p>
 <p><b>More demanding consumers</b></p> <p>The modern consumer demands:</p> <ul style="list-style-type: none"> <li>— Convenience in products, services and location</li> <li>— Easy and hassle-free shopping experience</li> <li>— Quality and provenance</li> </ul>	<p><b>3 Increase customer experience</b></p> <ul style="list-style-type: none"> <li>— To respond to more demanding consumers, forecourt retailers are enhancing customer experience through all aspects of the business to retain and expand the customer base that increasingly needs to be pursued to visit as the importance and necessity of fuel sales is in decline</li> </ul>	<p>Data driven insights</p> <p><b>1 2 3</b></p>
 <p><b>Uncertainty on future</b></p> <p>Wide uncertainty about the future due to:</p> <ul style="list-style-type: none"> <li>— Uncertainty on future fuel landscape and mix</li> <li>— Role of (the different types of) forecourts both in retail and in fuel</li> </ul>	<p><b>4 Risk reduction</b></p> <ul style="list-style-type: none"> <li>— The wide uncertainty about the future fuel landscape and the role of the forecourt clearly leads forecourts to actively pursue strategies that prevent them to become obsolete in the future</li> </ul>	<p>Acquisitions in mobility domain</p> <p><b>2 4</b></p> <p>Starting adjacent services</p> <p><b>3 2 4</b></p> <p>Consolidation</p> <p><b>1 2 4</b></p>

Source: KPMG Analysis

# ...leading to consolidation, as one of the key ways to maintain market position (1/2)

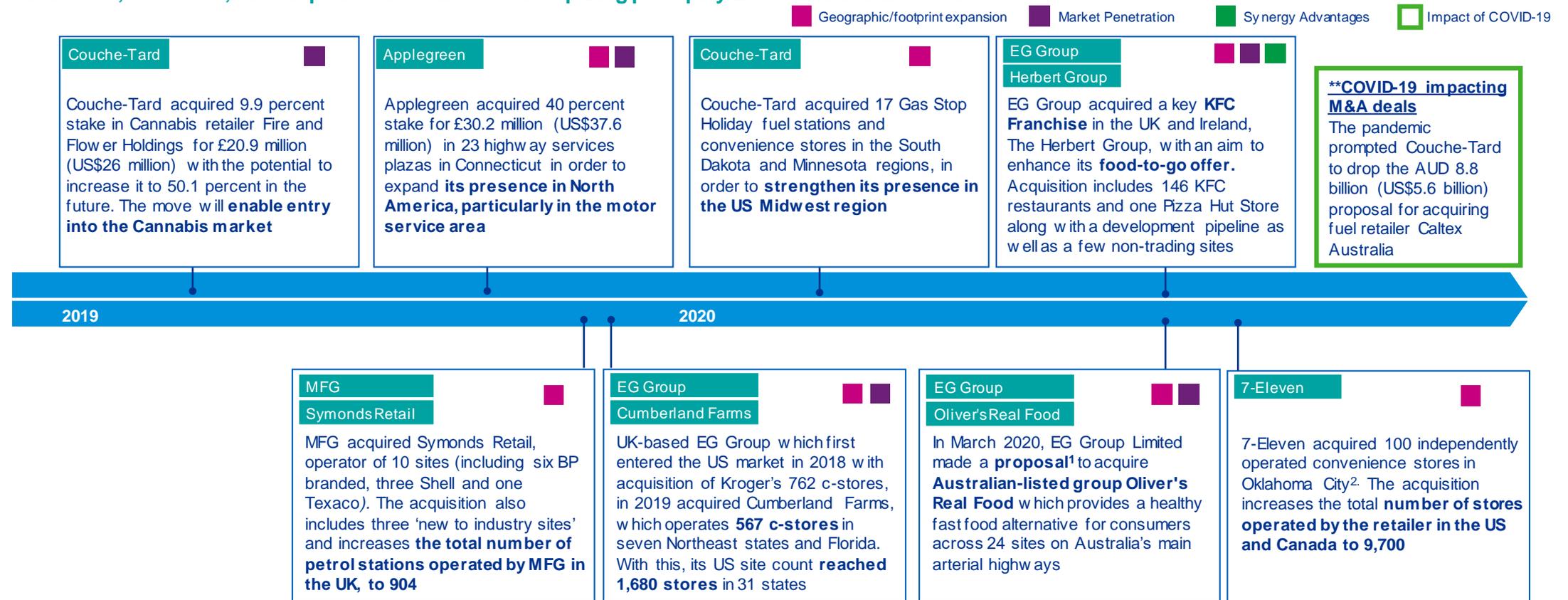
Forecourt retailers are consolidating in a bid to maintain or improve their market position. Continued single site acquisitions by group operators is being witnessed; moreover, oil companies have also been acquiring pure-play EV terminal manufacturers



Note: Convenience store news reported; 1USD = 0.78632 GBP, per Oanda as at 22 April 2019

# ...leading to consolidation, as one of the key ways to maintain market position (2/2)

Forecourt retailers are consolidating in a bid to maintain or improve their market position. Continued single site acquisitions by group operators is being witnessed; moreover, oil companies have also been acquiring pure-play EV terminal manufacturers



**\*\*COVID-19 impacting M&A deals**  
 The pandemic prompted Couche-Tard to drop the AUD 8.8 billion (US\$5.6 billion) proposal for acquiring fuel retailer Caltex Australia

Note: 1. As at 16 April it is a non-binding, conditional and incomplete proposal; if approved, completion is expected to occur mid-2020; 2. The Oklahoma stores were not licensees or franchisees of seven eleven, they were totally independent  
 Other notes: Convenience store news reported; Exchange rate used for conversion as is 1 USD= 0.80254 GBP as at 30 March 2020



# 05. How should forecourt retailers respond in the future?

— Future strategies



# A. Brace for disruption

Fuel retailers are most likely to face the following possible challenges in the future...



**Customer spend at forecourts will continue to shift from fuel purchase to convenience retailing**

*(Dominance of fossil fuels is at threat and it is uncertain at the moment which charging technology will dominate in the future; in addition, the pandemic is altering shopping habits and spurring digital purchases)*



**Adjacent value-added and entertainment services will gain centre stage**

*(Service offerings will become a clear differentiator, new segments providing highly personalised customer engagements, will emerge. Making delivery of value propositions both physically and virtually crucial)*



**Forecourt footprint could witness a potential fall in some markets, while in others, it will have to be repurposed**

*(EV charging can be done at home, office, malls or restaurants and hence charging may not require the same footprint of sites as exists today)*



**MaaS will enable new services; new business models will emerge**

*(Rise of car-sharing and ride-sharing reduces the amount of cars on roads)*

Source: KPMG Analysis



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# C. Reinvent to stay relevant

Fuel retailers need to reimagine themselves in the face of current disruption. A two pronged business plan, whereby forecourt retailers continue to focus on fossil fuel but start to pivot towards electric car charging technology is ideal in the short run. They however, need to define a long-term strategy centred around:



**Forecourt retailers who do not future proof themselves, will perish!**

Source: KPMG Analysis



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# 06. Appendices





# Appendix I

# Market Scenario (1/2)



## Statistics — Forecourt Retail, by Geography (2019)



Note: \*The market size is based on retail value RSP excluding sales tax (current value at fixed exchange rates); \*\*CAGR Cumulative average growth rate; Market size comprises revenue derived from convenience sales only  
 Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Market Scenario (2/2)

Global Top 12 2019 Market Share	Country
1	 Market size: US\$111.08 billion
2	 Market size: US\$14.84 billion
3	 Market size: US\$11.14 billion
4	 Market size: US\$6.84 billion
5	 Market size: US\$5.72 billion
6	 Market size: US\$3.92 billion
7	 Market size: US\$2.73 billion
8	 Market size: US\$2.44 billion
9	 Market size: US\$2.33 billion
10	 Market size: US\$2.12 billion
11	 Market size: US\$2.09 billion
12	 Market size: US\$1.86 billion



Global Top 12 2024* Market Share	Country
1	 Market size: US\$125.26 billion
2	 Market size: US\$17.25 billion
3	 Market size: US\$17.21 billion
4	 Market size: US\$7.63 billion
5	 Market size: US\$6.64 billion
6	 Market size: US\$4.93 billion
7	 Market size: US\$3.11 billion
8	 Market size: US\$2.95 billion
9	 Market size: US\$2.72 billion
10	 Market size: US\$2.55 billion
11	 Market size: US\$2.51 billion
12	 Market size: US\$2.47 billion

Note: \* Forecast data for market size  
Source: Euromonitor; pre-COVID analysis

# Country overview: USA

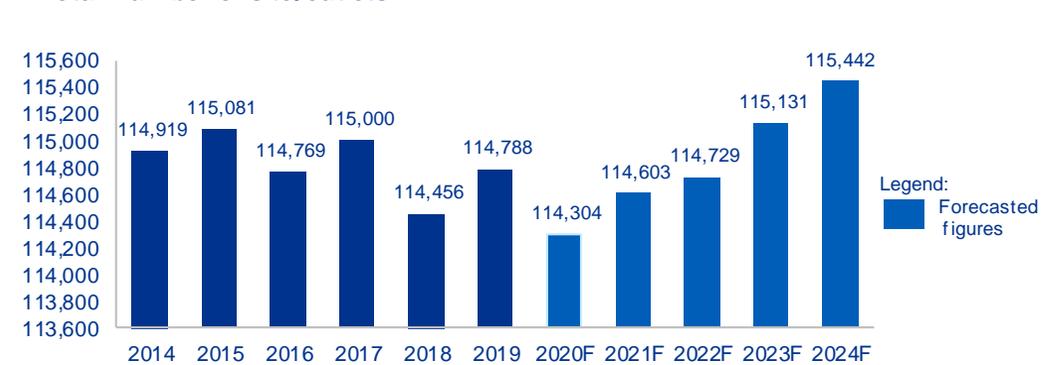


The forecourt retail market in the US is highly fragmented with multiple players offering similar products and services

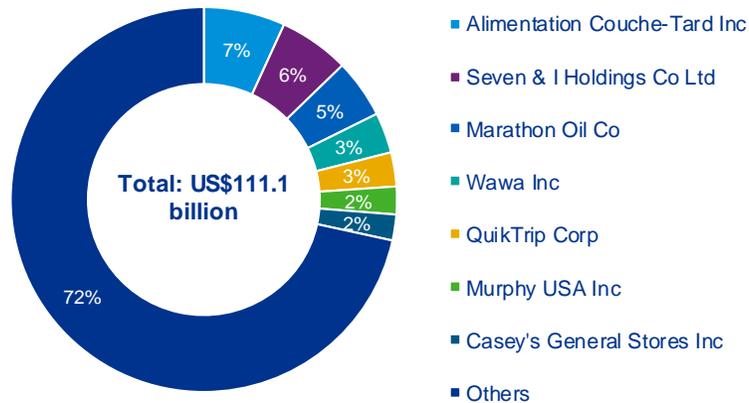
Forecourt retail market size\* (US\$ billion)



Total number of site/outlets



Key players in terms of market share\* 2019 %



Number of sites/outlets: Only for key players 2019



Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Others include Sheetz Inc., EG Group Ltd, GPM Investments LLC, Giant Eagle Inc, Chevron Corp, Meijer Inc., QuickChek Corp, Energy Transfer Equity LP; Market size comprises revenue derived from convenience sales  
Source: Euromonitor International Ltd 2020; pre-COVID analysis



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# Country overview: Germany

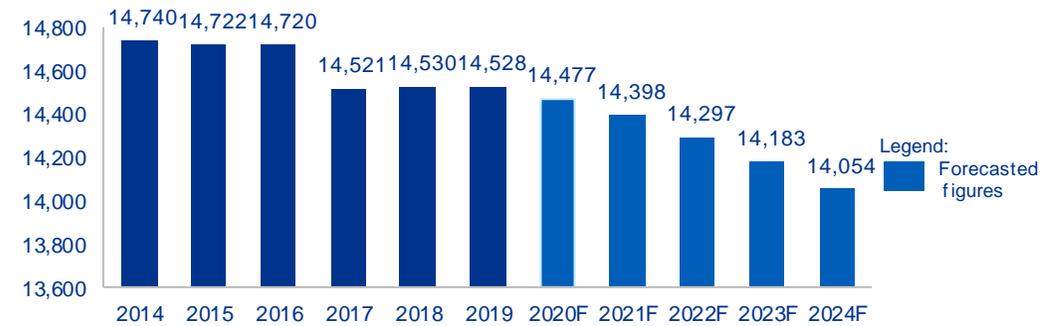


The German forecourt retail market is also very fragmented with top five players accounting for nearly 38 percent of the forecourt retail market share

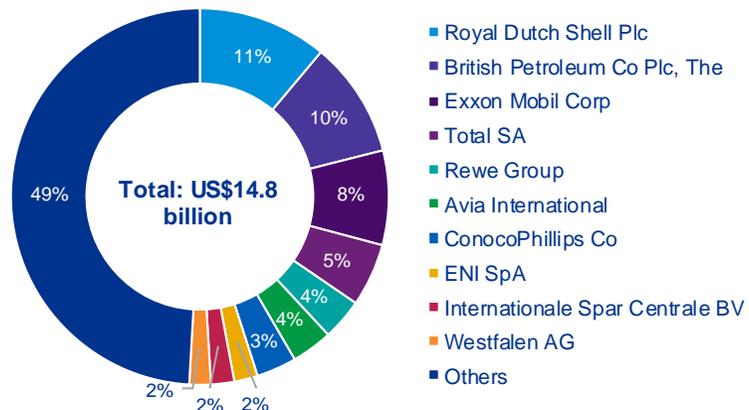
Forecourt retail market size\* (US\$ billion)



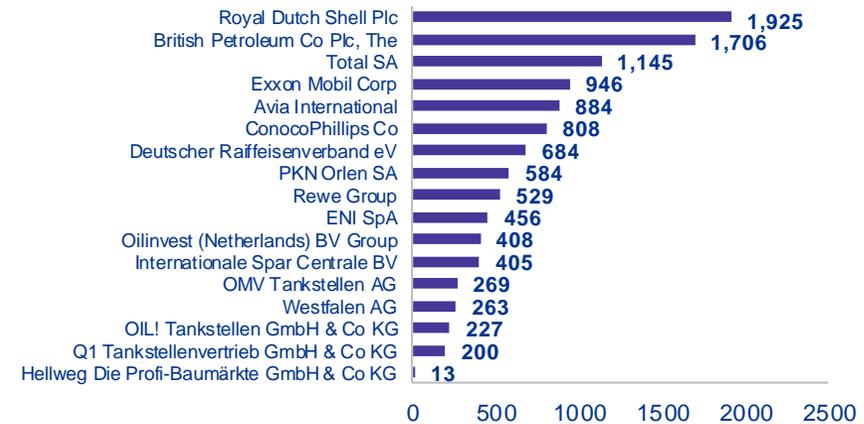
Total number of site/outlets



Key players in terms of market share\* 2019 %



Number of sites/outlets: Only for key players 2019



Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Others include Deutscher Raiffeisenverband eV, Q1 Tankstellenvertrieb GmbH & Co KG, OIL! Tankstellen GmbH & Co KG, PKN Orlen SA, OMV Tankstellen AG, Oilinvest (Netherlands) BV Group, Hellweg Die Profi-Baumärkte GmbH & Co KG; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis



# Country overview: China

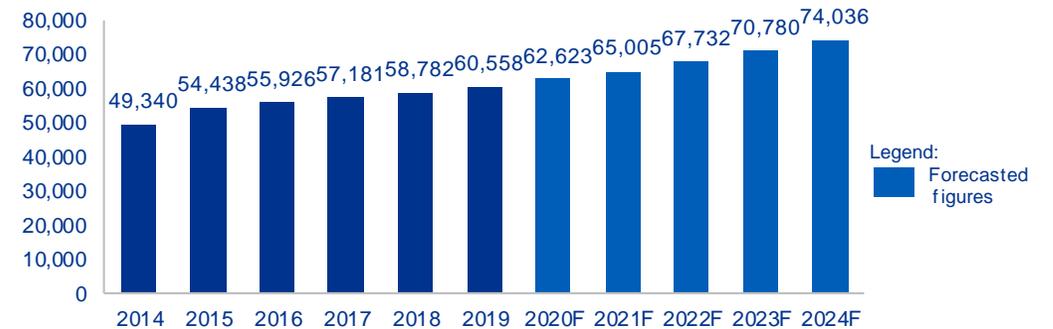


China Petroleum & Chemical Corp is the dominant player in China, holding 67 percent of the market share and having 27,363 outlets

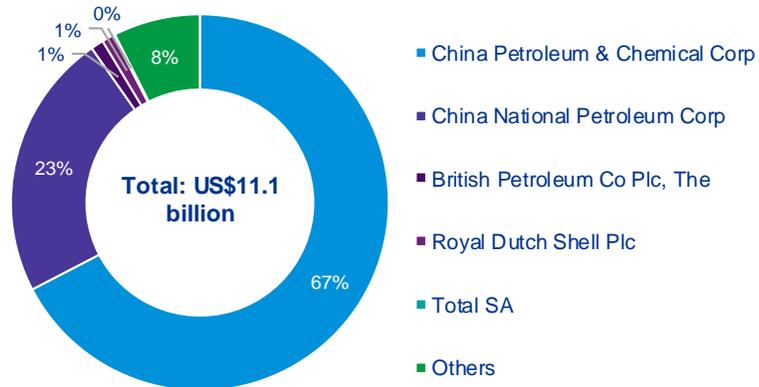
Forecourt retail market size\* (US\$ billion)



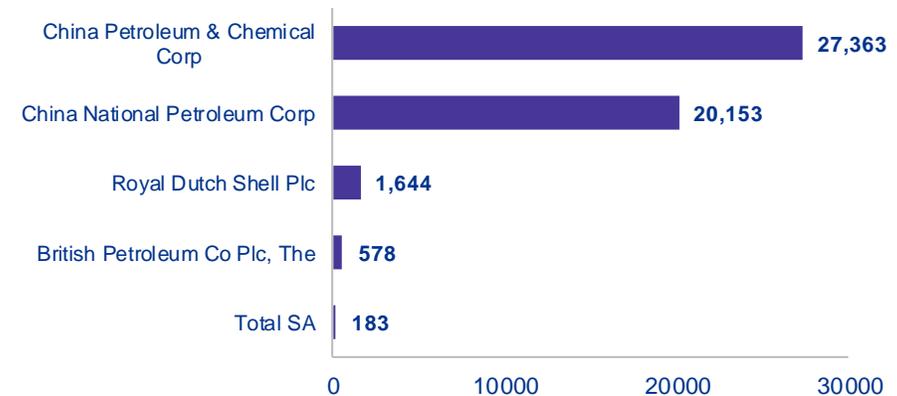
Total number of site/outlets



Key players in terms of market share\* 2019 %



Number of sites/outlets: Only for key players 2019



Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Bifurcation for Others not provided by Euromonitor; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Country overview: UK

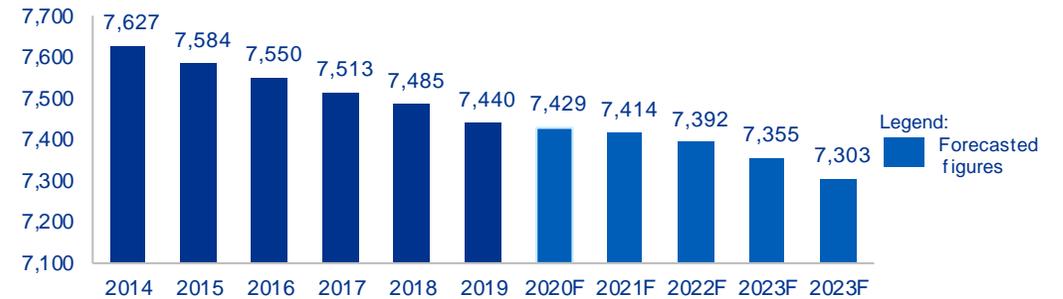


The UK forecourt retail market is very fragmented and is expected to grow at a CAGR of 2.01 percent during the forecast period, to reach US\$7.6 billion in 2024

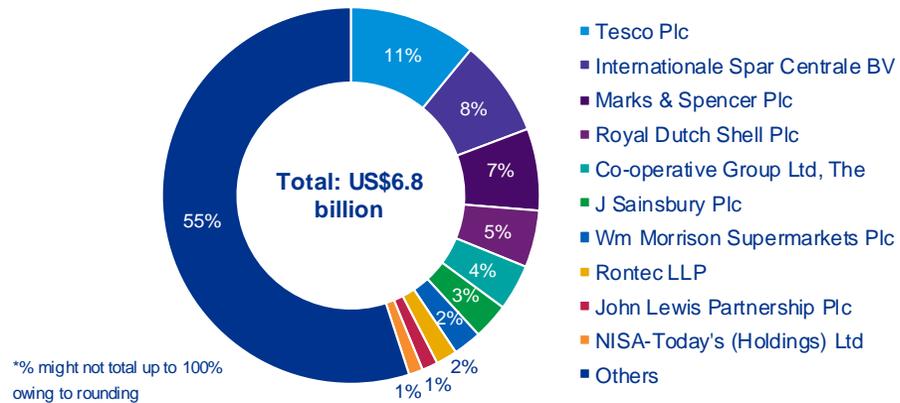
Forecourt retail market size\* (US\$ billion)



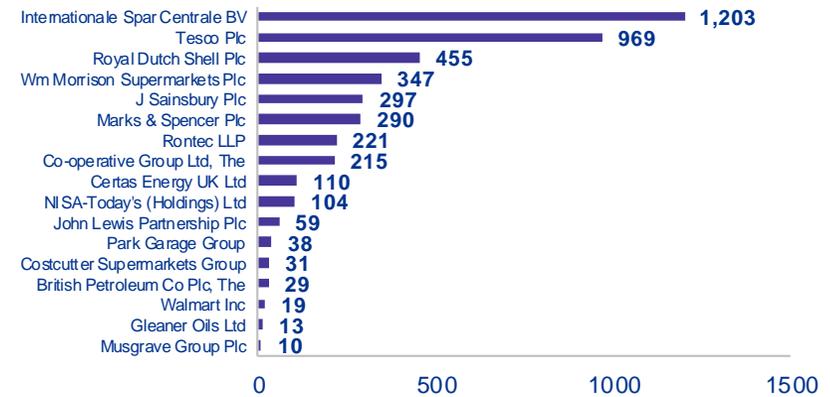
Total number of site/outlets



Key players in terms of market share\* 2019 %



Number of sites/outlets: Only for key players 2019



Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Others include Certas Energy UK Ltd, British Petroleum Co Plc, Walmart Inc, Park Garage Group, Musgrave Group Plc, Gleaner Oils Ltd; Market size comprises revenue derived from convenience sales only

Source: Euromonitor International Ltd 2020; pre-COVID analysis



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# Country overview: Australia

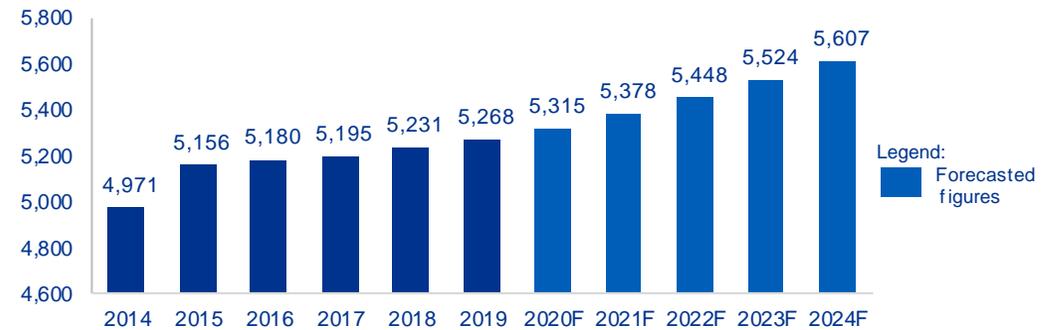


In Australia, Coles Group Ltd and Woolworths Ltd (Australia) account for 45 percent of the forecourt retail market share

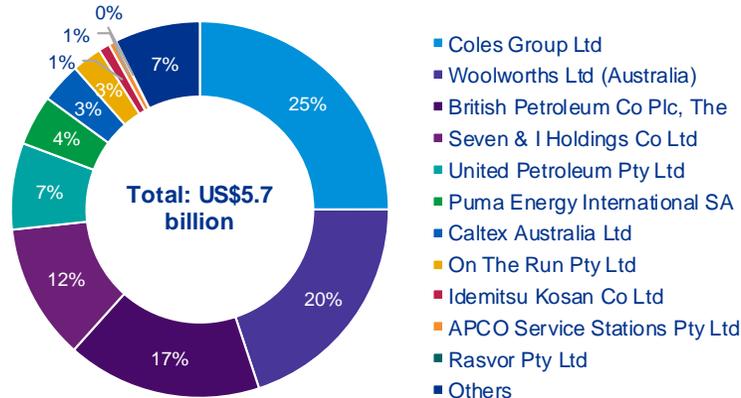
Forecourt retail market size\* (US\$ billion)



Total number of site/outlets



Key players in terms of market share\* 2019 %



Number of sites/outlets: Only for key players 2019



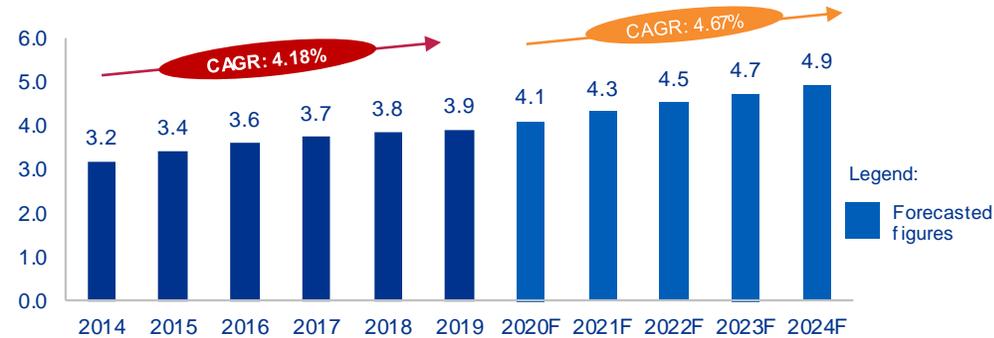
Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Bifurcation for Others not provided by Euromonitor; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Country overview: Canada

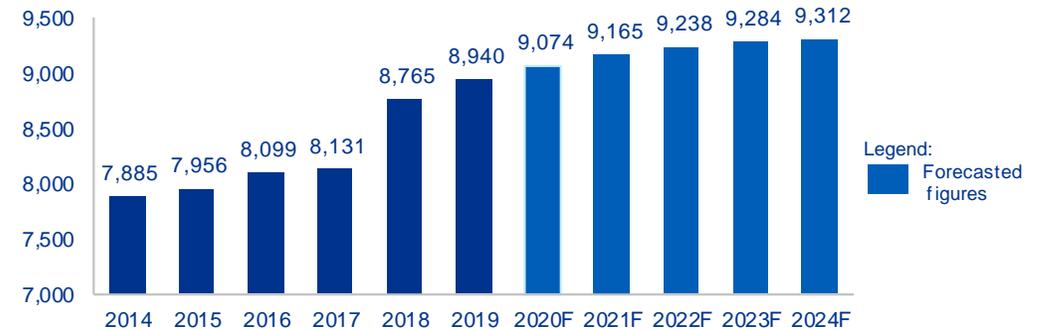


In Canada, the top two players—Alimentation Couche-Tard Inc. and Parkland Fuel Corp—make up for ~50 percent of the forecourt retail market

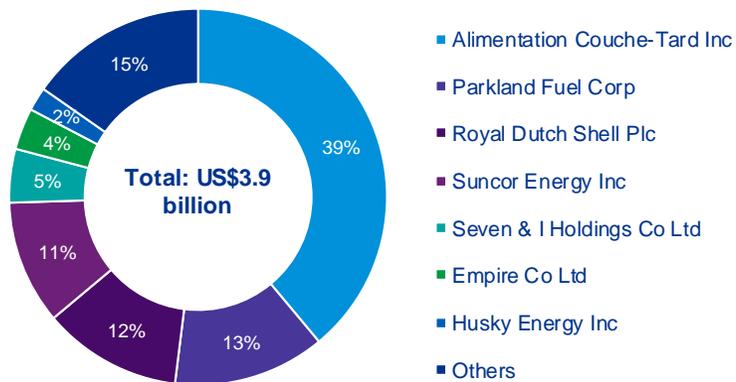
Forecourt retail market size\* (US\$ billion)



Total number of site/outlets



Key players in terms of market share\* 2019 %



Number of sites/outlets: Only for key players 2019



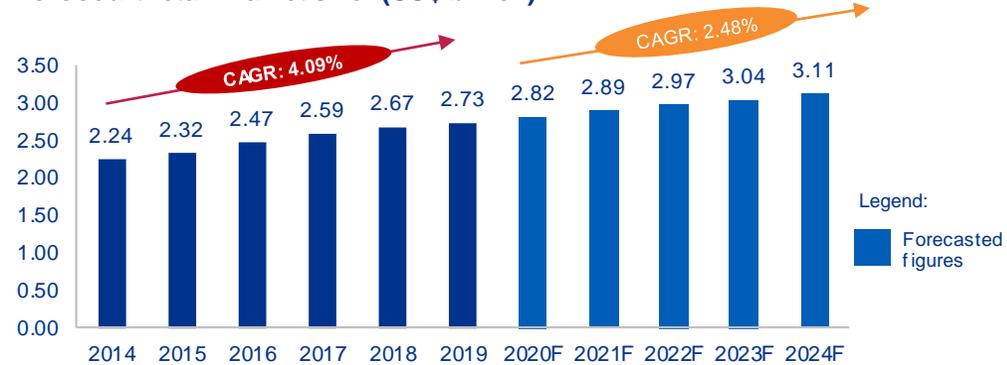
Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Bifurcation for Others not provided by Euromonitor; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Country overview: Spain

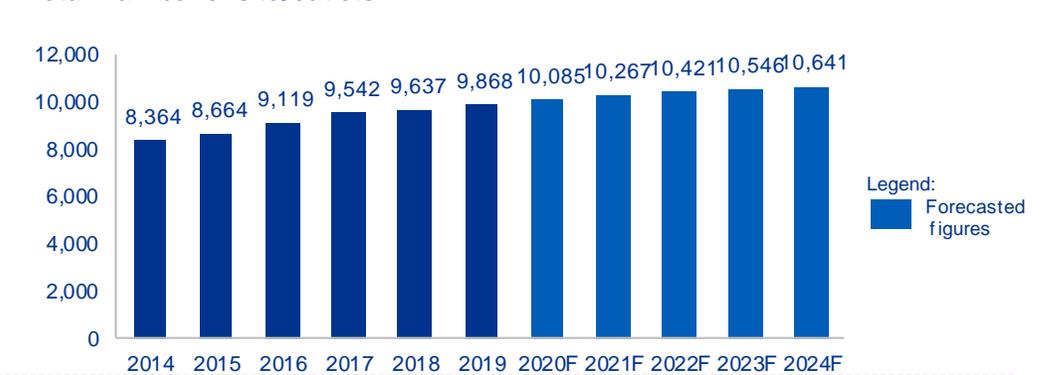


Repsol YPF Distribuidora SA in Spain is the most dominant player both in terms of market share and the number of outlets

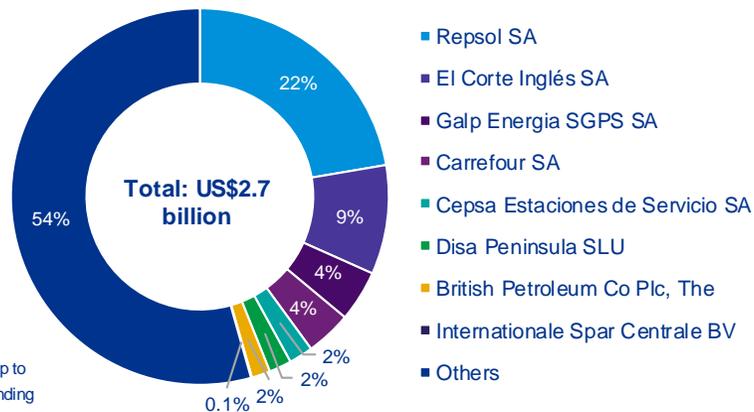
Forecourt retail market size\* (US\$ billion)



Total number of site/outlets



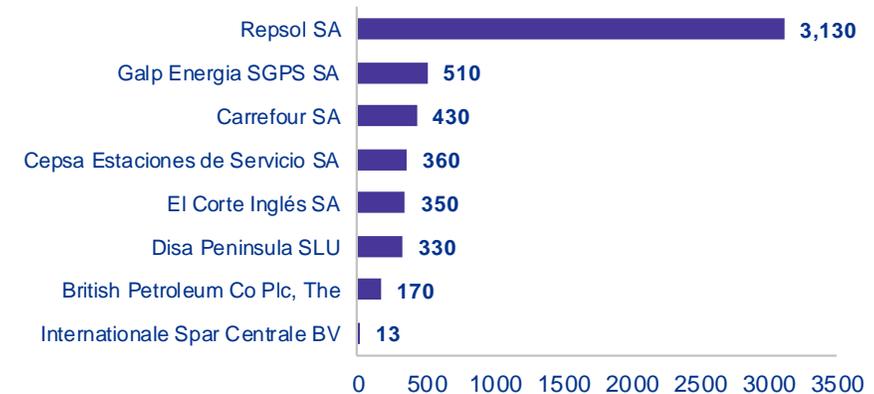
Key players in terms of market share\* 2019 %



\*% might not total up to 100% owing to rounding

Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Bifurcation for Others not provided by Euromonitor; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis

Number of sites/outlets: Only for key players 2019



# Country overview: Netherlands

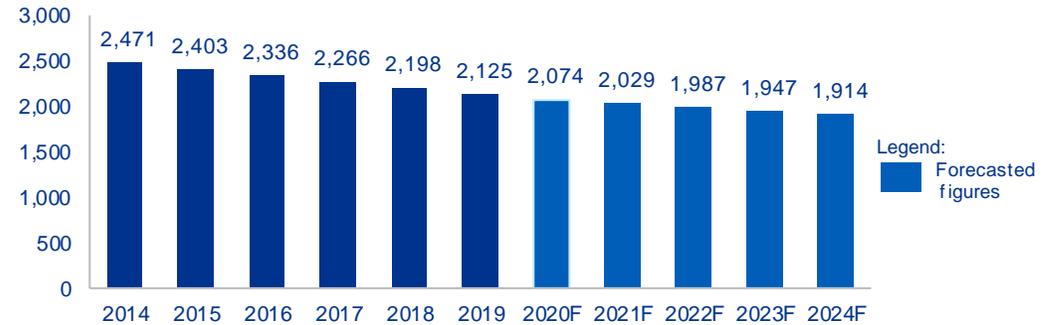


In Netherlands, the top five players account for more than 65 percent of the forecourt retail market

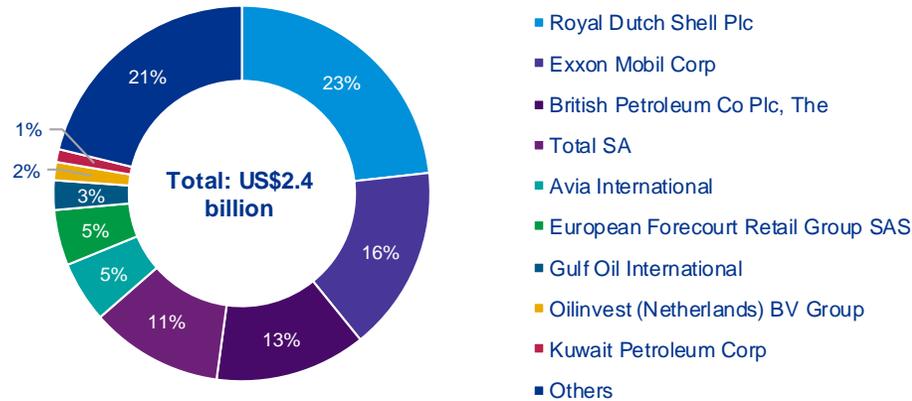
Forecourt retail market size\* (US\$ billion)



Total number of site/outlets



Key players in terms of market share\* 2019 %



Number of sites/outlets: Only for key players 2019



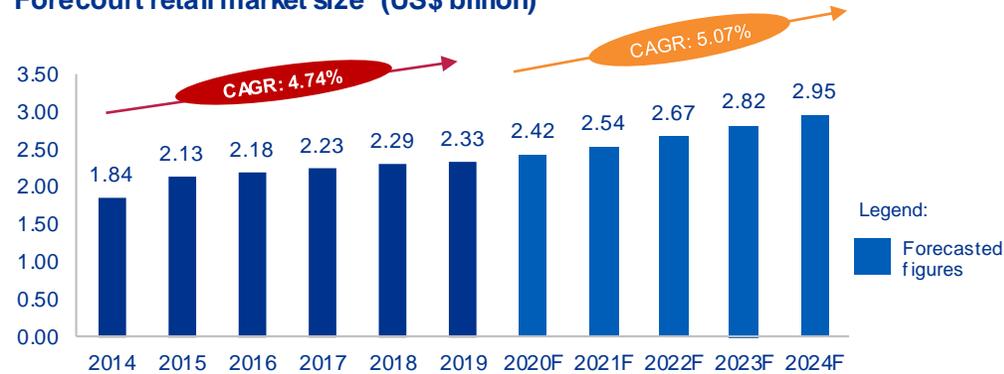
Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Bifurcation for Others not provided by Euromonitor; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Country overview: Switzerland

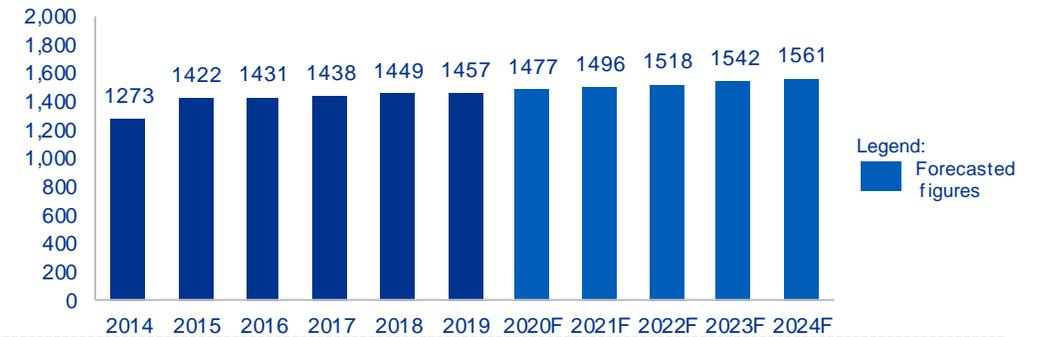


The top five players hold more than 70 percent of the market share in Switzerland's forecourt retail market

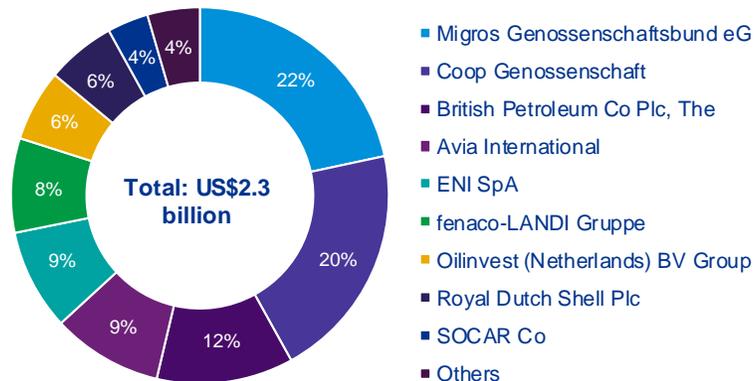
Forecourt retail market size\* (US\$ billion)



Total number of site/outlets



Key players in terms of market share\* 2019 %



Number of sites/outlets: Only for key players 2019



Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Others include CInternationale Spar CentraleBV, Jubin Frères SA; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Country overview: Poland

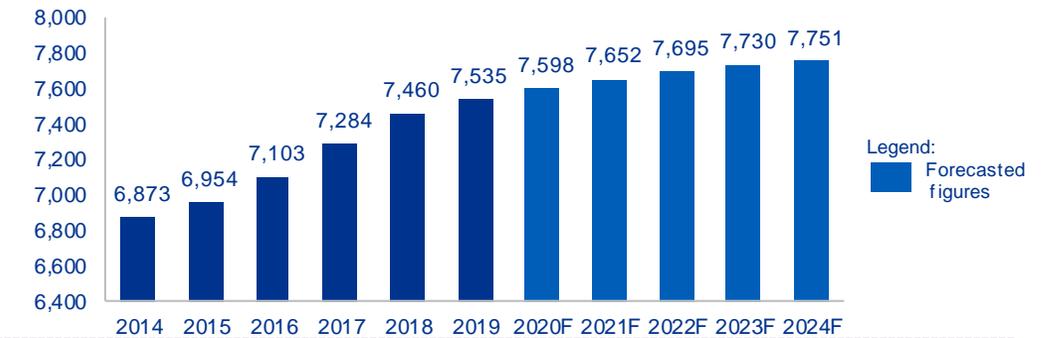


**PKN Orlen SA is the dominant player holding 32 percent of the market share in the forecourt retail market of Poland**

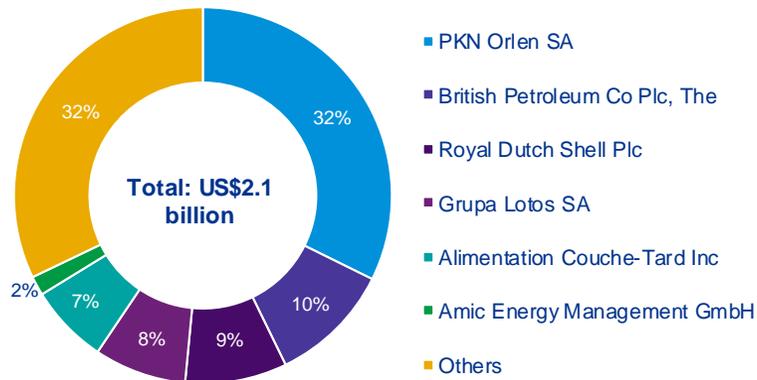
**Forecourt retail market size\* (US\$ billion)**



**Total number of site/outlets**



**Key players in terms of market share\* 2019 %**



**Number of sites/outlets: Only for key players 2019**



Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Bifurcation for Others not provided by Euromonitor; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Country overview: France

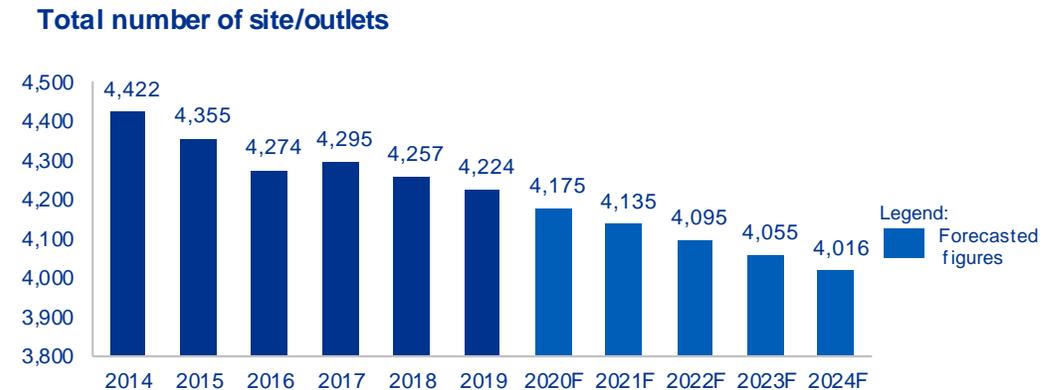


France reported a decline in market size from 2014 to 2019; however, a CAGR of 1.4 percent has been forecasted over 2020-24

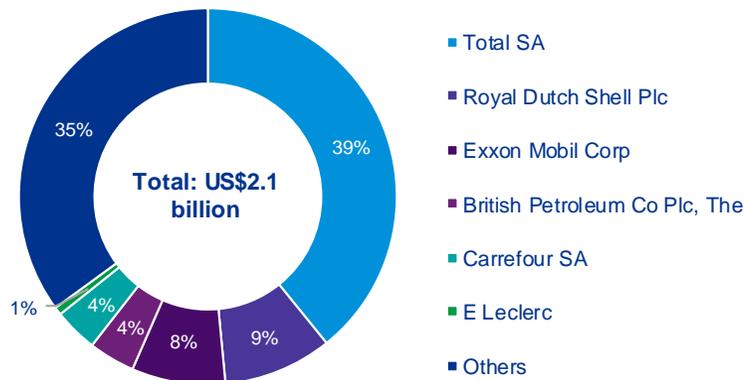
Forecourt retail market size\* (US\$ billion)



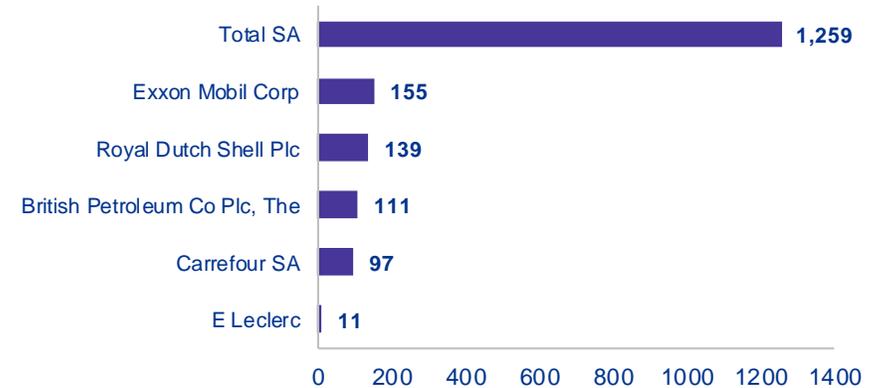
Total number of site/outlets



Key players in terms of market share\* 2019 %



Number of sites/outlets: Only for key players 2019



Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Bifurcation for Others not provided by Euromonitor; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Country overview: Thailand

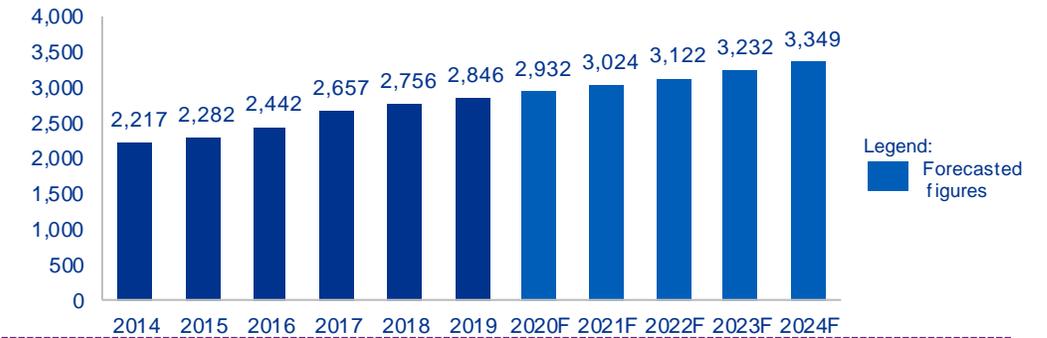


Thailand forecourt retail market is highly consolidated with Seven & I holding 71 percent market share and the highest number of sites/ outlets

Forecourt retail market size\* (US\$ billion)



Total number of site/outlets



Key players in terms of market share\* 2019 %



\*% total not equal to 100% owing to rounding

Number of sites/outlets: Only for key players 2019



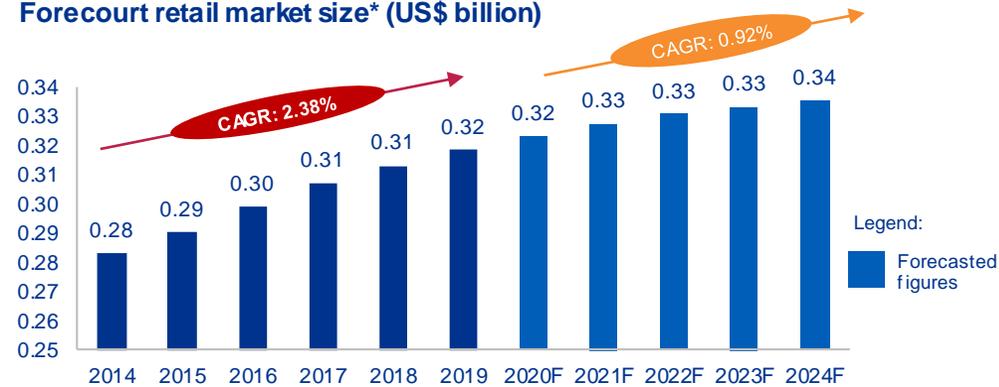
Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Others include FamilyMart Co Ltd, The Bangchak Petroleum PCL, Internationale Spar Centrale BV; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Country overview: Italy

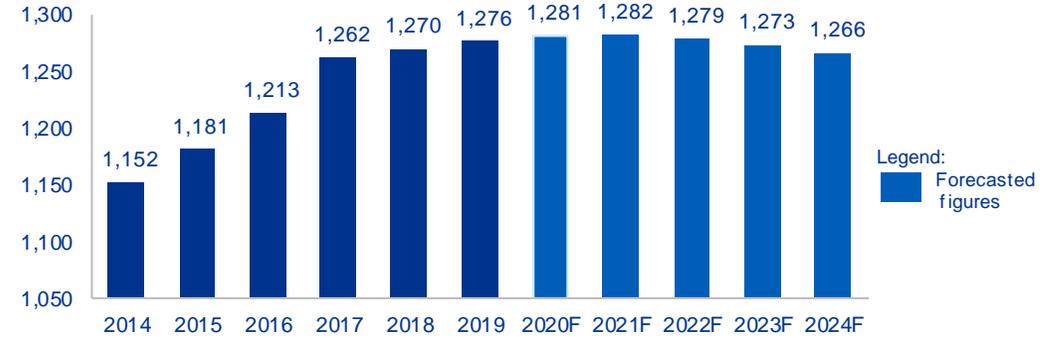


In Italy, the market is consolidated with the top four contributing to 92 percent of the forecourt retail market share

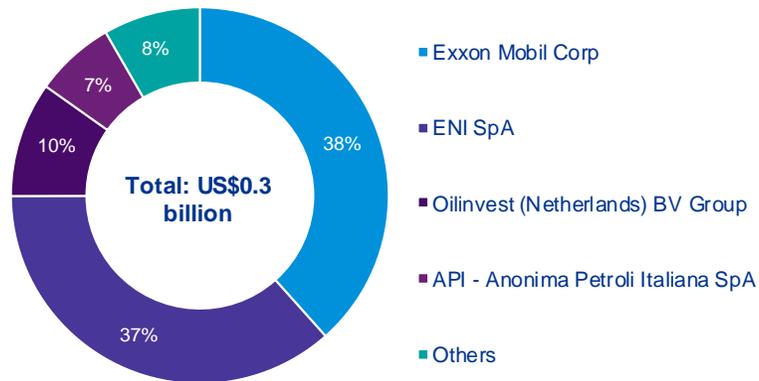
Forecourt retail market size\* (US\$ billion)



Total number of site/outlets



Key players in terms of market share\* 2019 %



Number of sites/outlets: Only for key players 2019



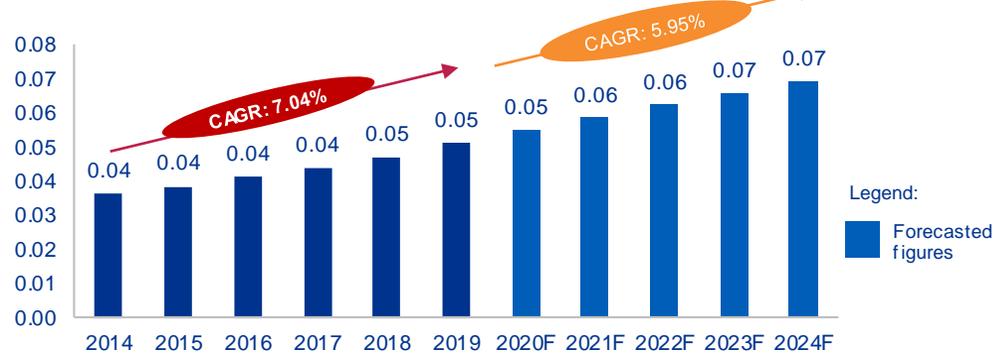
Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Bifurcation for Others not provided by Euromonitor; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Country overview: India

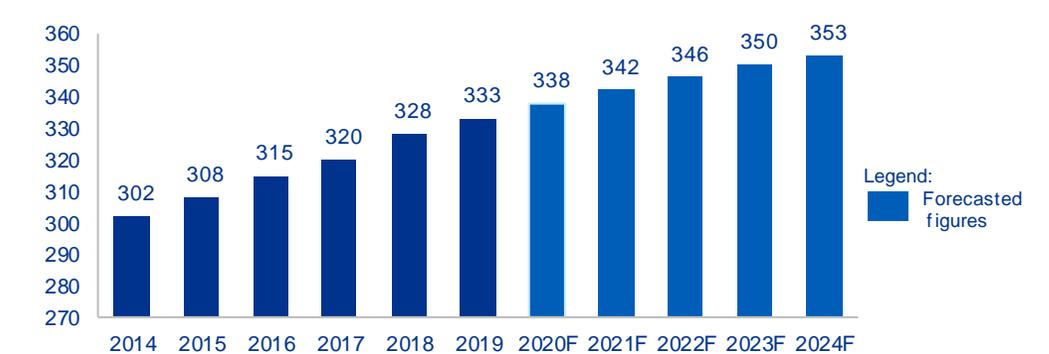


**Bharat Petroleum Corp Ltd is the key player in the Indian forecourt retail market with 23 percent market share and the highest number of site/outlets**

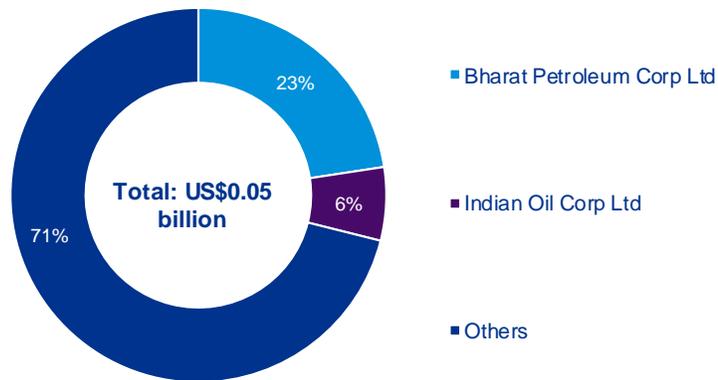
**Forecourt retail market size\* (US\$ billion)**



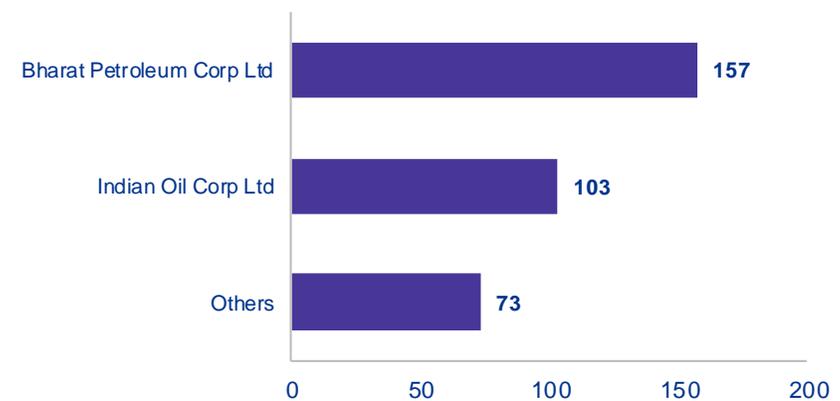
**Total number of site/outlets**



**Key players in terms of market share\* 2019 %**



**Number of sites/outlets: Only for key players 2019**



Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Bifurcation for Others not provided by Euromonitor; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Country overview: Brazil

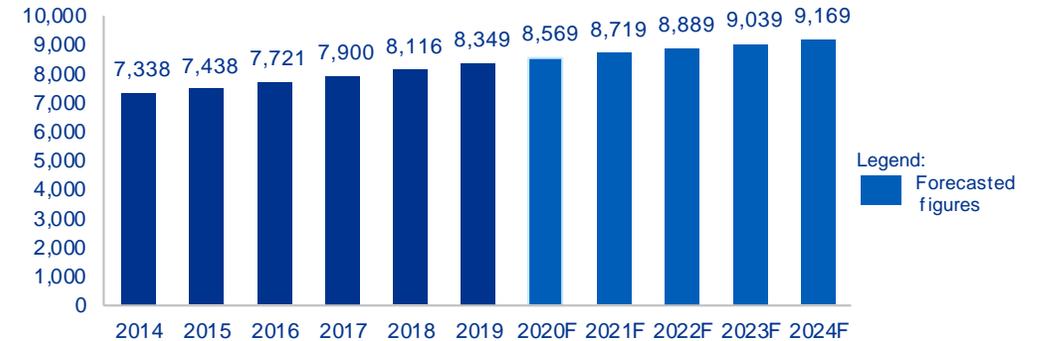


The Brazilian forecourt market is consolidated, with top four key players contributing to 53 percent of the entire market share

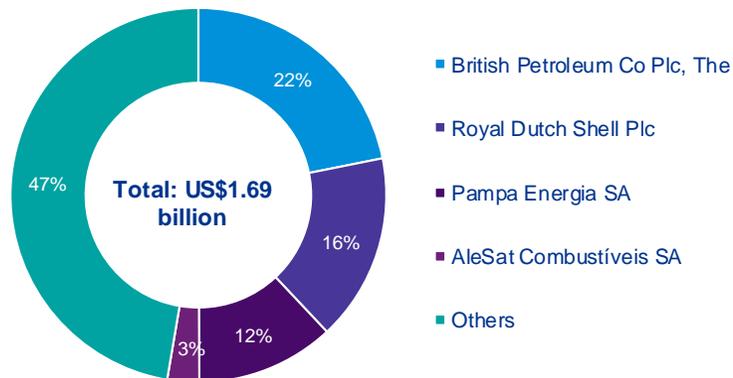
Forecourt retail market size\* (US\$ billion)



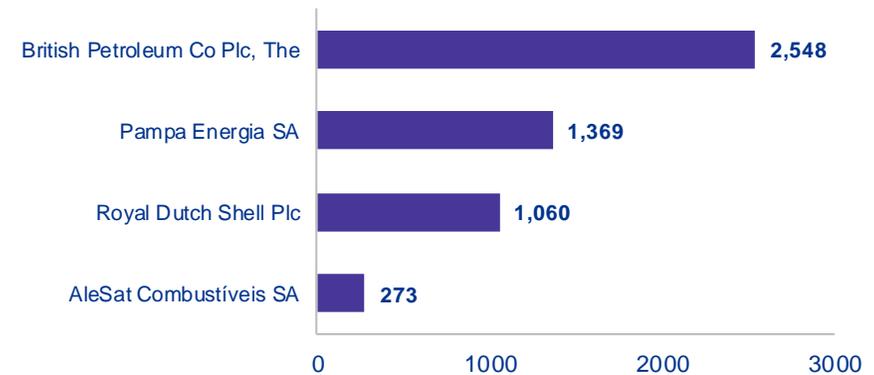
Total number of site/outlets



Key players in terms of market share\* 2019 %



Number of sites/outlets: Only for key players 2019



Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Bifurcation for Others not provided by Euromonitor; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Country overview: Mexico

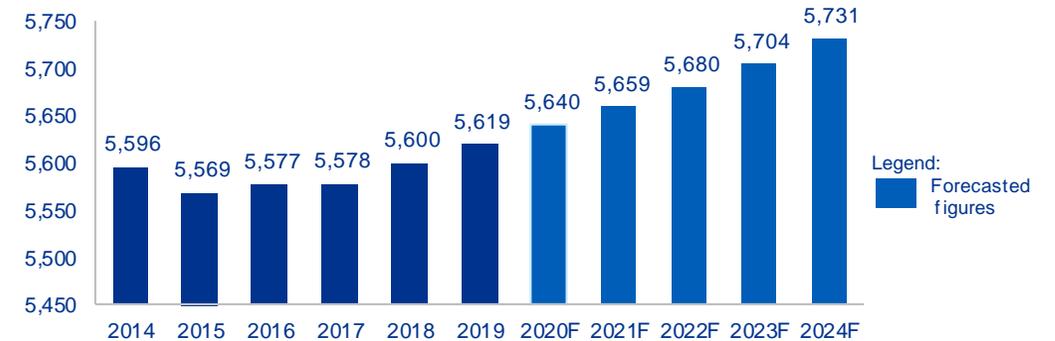


Fomento Económico Mexicano SAB de CV is the largest player in Mexico in terms of market share and number of outlets

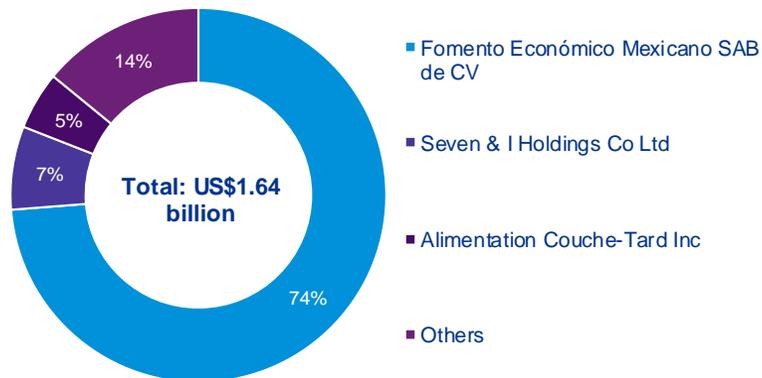
Forecourt retail market size\* (US\$ billion)



Total number of site/outlets



Key players in terms of market share\* 2019 %



Number of sites/outlets: Only for key players 2019



Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Bifurcation for Others not provided by Euromonitor, it does include Organización Soriana SAB de CV; Market size comprises revenue derived from convenience sales only; Source: Euromonitor International Ltd 2020; pre-COVID analysis

# Country overview: Argentina

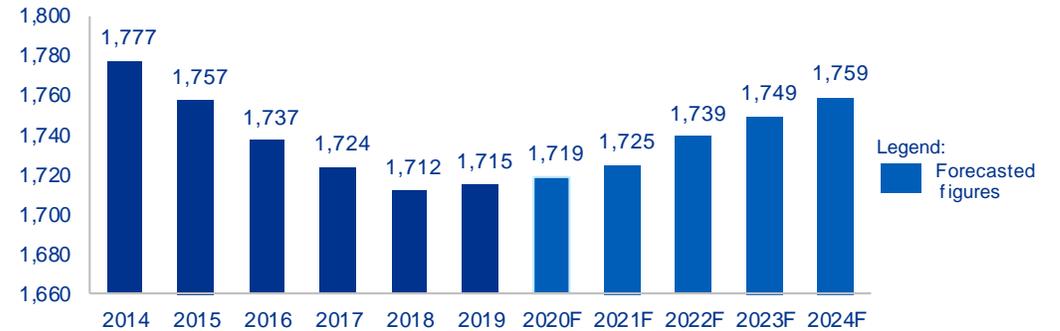


Globally, Argentina recorded the highest CAGR across the globe in 2019 (at 32.4 percent); YPF SA holds half of the forecourt retail market share in the country

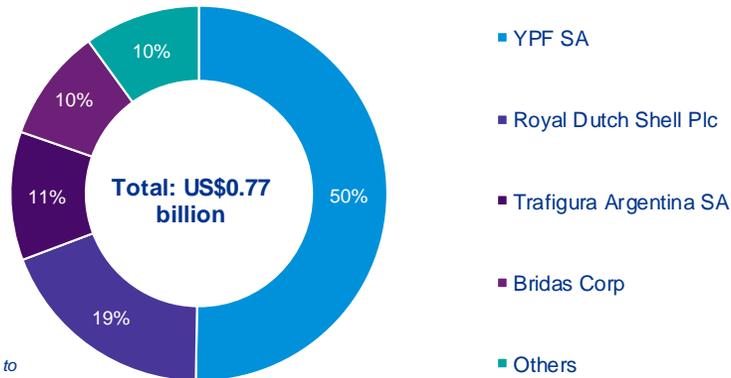
Forecourt retail market size\* (US\$ billion)



Total number of site/outlets

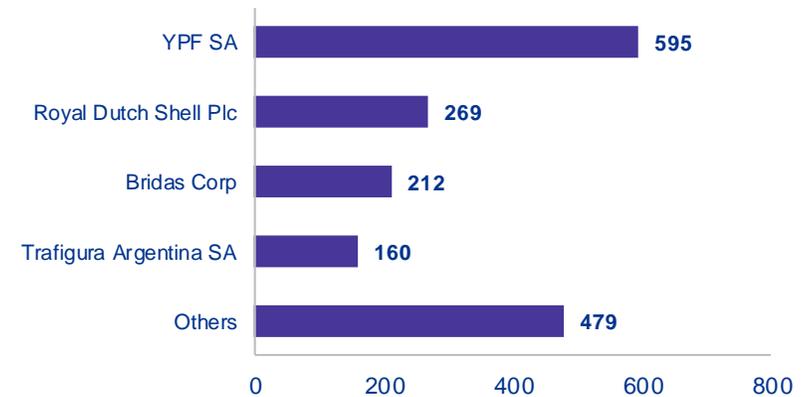


Key players in terms of market share\* 2019 %



\*% might not total up to 100% owing to rounding

Number of sites/outlets: Only for key players 2019



Note: \*Market size and share are based on the retail value RSP excluding Sales Tax; Bifurcation for Others not provided by Euromonitor; Market size comprises revenue derived from convenience sales only  
Source: Euromonitor International Ltd 2020; pre-COVID analysis



# Appendix II

# Case study: Lekkerland || Germany

Lekkerland, a German wholesaler launched an innovative store concept at the end of 2016 called the **“Frischwerk concept”** which was part of the company’s future strategy — Convenience 2020.

The Frischwerk concept takes a fresh look at petrol stations and food services in Germany and has been designed taking consumer and supplier feedback on layout, setup, marketing, training of staff.

Some of the key findings from these feedback and research were:

- Demand for a clear division between two zones, which can be referred to as **‘traditional’ and ‘modern’**. Food services and everything related is 'modern', while all that’s related to car care, petrol and cigarettes is 'traditional'. From an operational point of view there must be two different people working in the two areas clearly linked to each section
- A shopper friendly atmosphere was also an important factor
- Another critical element was the prices at gas stations in Germany which are often perceived by consumers as too high or the pricing structure is not consistent. So the company developed a pricing model (dynamic pricing) as a recommendation to our customers that also includes the competition in the area around the station (what are others charging)
- The company also borrowed the ‘meal deal’ idea (three or four items for a single, good price) which was prevalent in the UK but wasn’t really being done in German petrol stations till 2016

Further the company is also testing a digital screens solution in and outside the stores where they can offer products or promotions depending on different consumer need states

Source: [Frischwerk: Lekkerland's innovative store concept for petrol stations](#), PetrolPLAZA; [Lekkerland transforms forecourt experience in Germany with Frischwerk concept](#), Global Convenience Store Focus



# Appendix III

# Methodology: Adjacent Services Growth Potential

Aspect	Description
<b>Objective</b>	<ul style="list-style-type: none"> <li>— The objective of country attractiveness is to understand the potential of growth of the forecourt adjacent services on a country to country basis. Attractiveness is gauged in terms of quantitative parameters around:               <ul style="list-style-type: none"> <li>- Digital adoption index; Source: World Bank (2016, latest available)</li> <li>- Historic growth of convenience store; Source: Euromonitor data</li> <li>- Expected growth in forecourt market; Source: Euromonitor data</li> <li>- Services as a percent of GDP; Source: World Bank latest data (mainly 2018)</li> <li>- Demographics structure; Source: World Bank, Demographic Dividend</li> </ul> </li> </ul>
<b>Approach</b>	<ul style="list-style-type: none"> <li>— The quantitative factors are assigned weightages according to the possible impact:               <ul style="list-style-type: none"> <li>- Digital adoption index; weightage assigned: 30%</li> <li>- Historic growth of convenience store; weightage assigned: 30%</li> <li>- Expected growth in forecourt market; weightage assigned: 20%</li> <li>- Services as a percent of GDP; weightage assigned: 15%</li> <li>- Demographics structure; weightage assigned: 5%</li> </ul> </li> <li>— Ranks/ratings are assigned to each data point on the scale of 1-23, with 1 being the most attractive and 23 being the least</li> <li>— Calculation of overall ranks/scores - Ratings are multiplied by the weighting value of each factors. Then sum of the weighted scores across all factors gives the total/consolidated score for a player; basis which the overall rank is calculated. The calculation of consolidated score is based on a KPMG proprietary excel tool</li> </ul>
<b>Caveats</b>	<ul style="list-style-type: none"> <li>— The data, that is the weightages, is based on KPMG Analysis</li> <li>— The ranking is linked to the weightages and any changes to the weightages will affect the ranking</li> </ul>



# Appendix IV

# List of key firms mentioned in the report (1/5)

Name	Headquarter	Primary Industry	Business Description
<b>Alimentation Couche-Tard Inc.</b>	Canada	Food Retail	Operates and licenses convenience stores. Its convenience stores offers tobacco products, grocery items, beverages, and fresh food offerings; road transportation fuel; and stationary energy, marine fuel, aviation fuel, and chemicals. The company operates its convenience stores chain under various banners, including Circle K, Corner Stone, Couche-Tard, Holiday, Ingo, Mac's, Re.Store, and Topaz. It is also involved in the sale of lottery tickets, calling cards, gift cards, postage stamps, and bus tickets; issuance of money orders; and provision of ATMs and car wash services.
<b>Amazon.com Inc.</b>	US	Internet and Direct Marketing Retail	Engages in the retail sale of consumer products and subscriptions in North America and internationally. The company operates through three segments: (1) North America, (2) International and (3) Amazon Web Services (AWS) segments. It sells merchandise and content purchased for resale from third-party sellers through physical stores and online stores. The company also manufactures and sells electronic devices, including Kindle e-readers, Fire tablets, Fire TVs, and Echo devices. In addition, it offers programs that enable sellers to sell their products on its websites, as well as their own branded websites; and programs that allow authors, musicians, filmmakers, skill and app developers, and others to publish and sell content.
<b>Applegreen Plc</b>	Ireland	Automotive Retail	Operates motorway service areas and petrol filling stations in Ireland, the UK and the US via three segments: (1) Retail Ireland, (2) Retail UK, and (3) Retail USA. The company operates as a roadside convenience food and beverage retailer that sells fuel, food, and other groceries under its Bakewell brands, as well as other partnered international brands, such as Burger King, Subway, Costa Coffee, Greggs, Lavazza, Chopstix, Freshii, 7-Eleven, Starbucks, KFC, Pret a Manger, Pizza Express, Waitrose, WH Smith, Harry Ramsden, Tossed and the Ramada and Days Inn hotel.
<b>BP Chargemaster</b>	UK	Specialized Consumer Services	BP Chargemaster operates a network of electric vehicle charging points. BP Chargemaster was formerly known as Chargemaster Limited and changed its name to BP Chargemaster in August 2018.
<b>BP Plc</b>	UK	Integrated Oil and Gas	Engages in the energy business worldwide. It operates through three segments: (1) Upstream, (2) Downstream, and (3) Rosneft. The Upstream segment is involved in the oil and natural gas exploration, field development, and production; midstream transportation, storage, and processing; and marketing and trading of LNG, biogas, power and natural gas liquids (NGLs). The Downstream segment refines, manufactures, markets, transports, supplies, and trades in crude oil, petroleum, and petrochemical products and related services to wholesale and retail customers. The Rosneft segment engages in the exploration and production of hydrocarbons, as well as jet fuel, bunkering, bitumen, and lubricants activities. It also provides convenience retail services to consumers through company-owned and franchised retail sites, as well as other channels, including dealers and jobbers.
<b>Caltex Australia Limited</b>	Australia	Oil and Gas Refining and Marketing	Engages in purchasing, refining, distributing, selling, and supplying petroleum products in Australia, New Zealand, and Singapore. It operates through Convenience Retail, and Fuels and Infrastructure segments.
<b>Carsley Group</b>	UK	Automotive Retail	Carsley Group operates petrol stations. As of 5 October 2017, Carsley Group operates as a subsidiary of Applegreen Plc.
<b>China Petroleum &amp; Chemical Corporation</b>	China	Integrated Oil and Gas	China Petroleum & Chemical Corporation, an energy and chemical company, engages in oil and gas, and chemical operations in the People's Republic of China. It operates through five segments: (1) Exploration and Production, (2) Refining, (3) Marketing and Distribution, (4) Chemicals, and (5) Corporate and Others. It is a subsidiary of China Petrochemical Corporation.
<b>Costa Limited</b>	UK	Restaurants	Operates a chain of coffee shops in the UK and internationally. Offers caffè latte, velvety flat white, classic Americano, rich cortado, cappuccino, white & black americano, hot chocolate, and mocha. Operates as a subsidiary of The Coca-Cola Company (Coca-Cola acquired Costa from Whitbread)

Source: Standard & Poor Capital IQ, accessed 28 August 2019

# List of key firms mentioned in the report (2/5)

Name	Headquarter	Primary Industry	Business Description
<b>CST Brands Inc.</b>	US	Automotive Retail	Through its subsidiaries, operates as an independent retailer of motor fuel and convenience merchandise items in the US and eastern Canada. It operates through three segments: (1) US Retail, (2) Canadian Retail, and (3) CrossAmerica. The company's retail operations include sale of motor fuel at retail sites, commission sites, and cardlocks; food, convenience merchandise items, and services at retail sites; and heating oil to residential customers, as well as heating oil and motor fuel to small commercial customers. Also provides other products and services, including car wash, lottery, money orders, air/water/vacuum services, video and game rentals and access to ATMs.
<b>Delicious Ideas Food Group</b>	UK	Packaged Foods and Meats	Manufactures and markets confectionery products.
<b>Euro Garages Limited</b>	UK	Automotive Retail	Owns and operates petrol station forecourts in the UK. Its forecourts feature convenience stores that sell car care products, groceries (chilled and ambient), newspapers and magazines, sandwiches, and tobacco; fast food outlets; and coffee shops. Euro Garages Limited has strategic partnerships with BP, ESSO, Shell, SPAR, Starbucks, Subway, Greggs and Burger King. Its ultimate parent is EG Group Limited.
<b>Exxon Mobil Corporation</b>	US	Integrated Oil and Gas	Explores for and produces crude oil and natural gas in the US, Canada/Other Americas, Europe, Africa, Asia, and Australia/Oceania. It operates through (1) Upstream, (2) Downstream, and (3) Chemical segments. Exxon is also involved in the manufacture, trade, transport, and sale of crude oil, petroleum products and other specialty products; and manufactures and markets petrochemicals, including olefins, polyolefins, aromatics, and various other petrochemicals.
<b>First Utility Limited</b>	UK	Electric Utilities	First Utility Limited, doing business as first:utility, supplies electricity and gas to residential and business customers. The company was incorporated in 2004 and is based in Warwick, UK. First Utility Limited operates as a subsidiary of The Shell Petroleum Company Limited.
<b>FW Kerridge Limited</b>	UK	Automotive Retail	FW Kerridge Ltd. owns and operates petrol stations.
<b>Golden Cross Group Limited</b>	UK	Automotive Retail	Operates as service stations providing full vehicle services and petrol pumps.
<b>Harvest Energy Limited</b>	UK	Oil and Gas Refining and Marketing	Harvest Energy Ltd. blends and supplies motor fuels. It supplies road fuels; and fuels and lubricants, such as diesel, bio diesel, gasoil, red diesel, and kerosene. Its customers include national supermarket chains, major oil companies, haulage companies, logistics companies, bus and rail operators, utilities providers, local authorities and other government organisations, delivery services, high street retailers, port authorities, and construction companies. It markets and sells its products through dealers.
<b>HKS Retail Limited</b>	UK	Automotive Retail	Owns and operates a chain of fuel filling stations. It provides car wash services, vehicle repair services, services through mini-supermarket stores, and convenience experience. The company was founded in 1984 and is based in Leicester, UK with locations in Leicester, Loughborough, Coseley, Buckinghamshire, Derbyshire, Surrey, Northampton, Nottinghamshire, Walton-On-Thames, Gosport, and Tividale, UK.
<b>Holiday Stationstores Inc.</b>	US	Automotive Retail	Operates a chain of gasoline stations and convenience stores. Its stores offer gasoline and fuels; and breakfast sandwiches, hams, cheeseburgers, jumbo corn dogs, steak burgers and so on. It operates corporately owned stores and franchise stores in the northern tier region of the US, such as Minnesota, Wisconsin, Michigan, North Dakota, South Dakota, Montana, Wyoming, Idaho, Washington, and Alaska. As of December 2017, it was a subsidiary of Alimentation Couche-Tard Inc.

Source: Standard & Poor Capital IQ, accessed 28 August 2019

# List of key firms mentioned in the report (3/5)

Name	Headquarter	Primary Industry	Business Description
<b>International Business Machines (IBM)</b>	US	IT Consulting and Other Services	IBM is an integrated technology and services operating via five segments: (1) Cognitive Solutions, (2) Global Business Services segment, (3) Technology Services & Cloud Platforms segment, (4) Systems segment and Global Financing.
<b>IONITY</b>	Germany	-	IONITY is a joint venture between BMW Group, Daimler AG, Ford Motor Company and the Volkswagen Group with Audi and Porsche. It aims to build a pan-European high-power-charging network for Electric vehicles, to facilitate long-distance travel.
<b>Kwik Chek Food Stores Inc.</b>	US	Food Retail	Operates a family of customer service-oriented convenience stores, grocery stores, and quick food operations. It offers home-style meals, gourmet coffee, brewed tea, grocery items, snack foods, and more
<b>Manor Service Stations Limited</b>	UK	-	As of October 5, 2017, Manor Service Stations Limited operates as a subsidiary of Motor Fuel Group Limited.
<b>Marks and Spencer Group Plc</b>	UK	Department Stores	Operates various retail stores. The company offers protein deli and dairy; produce; ambient and in-store bakery; meals dessert and frozen; and hospitality and 'Food on the Move' products. It also provides women's wear, men's wear, lingerie, kids wear, and home products; and financial services, including credit cards, current accounts and savings products, insurances, and mortgages, as well as renewable energy services.
<b>Motor Fuel Group Limited</b>	UK	Automotive Retail	Motor Fuel Group Limited, a forecourt operator, owns and operates petrol stations in the UK. Its petrol stations operate under various brands. The firm's petrol stations activities include sale of petrol; and operation of shops, as well as other forecourt facilities, including ATM, car wash, vacuum, air and water, liquid petroleum gas, and electricity charge point services.
<b>MRH (GB) Limited</b>	UK	Automotive Retail	Owens and operates petrol service stations with convenience store in the UK. Its store offers breads, milk, eggs, meal deals, rollover hot dogs, coffees, and other deals.
<b>P97 Networks Inc.</b>	US	Data Processing and Outsourced Services	Develops PetroZone, a mobile payment, e-commerce and digital marketing platform for fuel retailing industry. Its solution enables consumers to have better mobile shopping experience, options for lower fuel prices, and opt-in personalised digital offers for in-store purchase. Its platform connects consumers with retail fuelling merchants and convenience stores across a broad partner ecosystem, including oil company payment networks, merchants, consumer package good companies, automotive companies, and banks.
<b>Repsol SA</b>	Spain	Integrated Oil and Gas	Operates as an integrated energy company worldwide. Its Upstream segment engages in the exploration and development of crude oil and natural gas reserves. Its Downstream segment is involved in refining and petro chemistry; trading and transportation of crude oil and oil products; marketing of oil products, petrochemical, and LPG; the marketing, transport, and regasification of natural gas and LNG; and generation and marketing of electricity
<b>Rontec Roadside Retail Limited</b>	UK	Automotive Retail	Rontec Roadside Retail Limited operates forecourts in England and Wales. The company offers fuel, food-to-go, and other retail brand forecourts.
<b>Roofoods Limited</b>	UK	Restaurants	Roofoods Limited, doing business as Deliveroo, owns and operates an online food delivery platform in the UK. Its platform allows users to order food from local restaurants.

Source: Standard & Poor Capital IQ, accessed 28 August 2019

# List of key firms mentioned in the report (4/5)

Name	Headquarter	Primary Industry	Business Description
<b>Royal Dutch Shell Plc</b>	Netherlands	Integrated Oil and Gas	Operates as an energy and petrochemical company worldwide. Operates through Integrated Gas, Upstream, and Downstream segments. It explores for, and extracts crude oil, natural gas, and natural gas liquids; markets and transports oil and gas; produces gas-to-liquids fuels and other products; and operates upstream and midstream infrastructure necessary to deliver gas to market. The company also markets and trades natural gas, LNG, crude oil, electricity, carbon-emission rights; and markets and sells liquefied natural gas as a fuel for heavy-duty vehicles and marine vessels. In addition, it trades in and refines crude oil and other feed stocks, such as gasoline, diesel, heating oil, aviation fuel, marine fuel, biofuel, lubricants, bitumen, and sulphur; produces and sells petrochemicals; and manages oil sands activities. Further, the company produces base chemicals comprising ethylene, propylene, and aromatics, as well as intermediate chemicals, such as styrene monomer, propylene oxide, solvents, detergent alcohols, ethylene oxide, and ethylene glycol.
<b>Seven &amp; I Holdings Co. Limited</b>	Japan	Food Retail	Provides convenience stores, general supermarkets, department stores, restaurants, banks, IT services. It operates in seven business segments. Domestic Convenience Store segment operates convenience store businesses based on direct management and franchise systems, such as the operation of 7-Eleven stores in Japan. Overseas Convenience Store segment operates convenience stores, such as 7-Eleven overseas. Superstore segment is a retail business that provides food, daily necessities and other items necessary for daily life. Department Store segment conducts retail business. Finance-Related segment is involved in the banking, credit card business and leasing business. Specialty Store segment operates a retail business that provides specialised and distinctive products and services. Others segment is involved in the real estate business.
<b>Sunoco LP</b>	US	Oil and Gas Storage and Transportation	Together with its subsidiaries, the firm engages in the distribution and retailing of motor fuels in the US. It operates via two segments: (1) Fuel Distribution and Marketing (purchases motor fuel from independent refiners and major oil companies and supplies it to independently operated dealer stations, distributors and other consumer of motor fuel, and partnership operated stations, as well as to commission agent locations) and (2) All Other segment (operates retail stores offering motor fuel, merchandise, food service and other services that include car washes, lottery, ATM, prepaid phone cards and wireless services)
<b>The Kroger Co.</b>	US	Food Retail	Operates as a retailer in the US. The company operates supermarkets, multi-department stores, marketplace stores, and price impact warehouse stores. Its combination food and drug stores offer natural food and organic sections, pharmacies, general merchandise, pet centres, fresh seafood, and organic produce; and multi-department stores provide apparel, home fashion and furnishings, outdoor living, electronics, automotive products, and toys. The company's marketplace stores offer full-service grocery, pharmacy, health and beauty care departments, and perishable goods, as well as general merchandise, including apparel, home goods, and toys; and price impact warehouse stores provide grocery, and health and beauty care items, as well as meat, dairy, baked goods, and fresh produce items. It also manufactures and processes food products for sale in its supermarkets; and sells fuel through fuel centres.
<b>The New Motion BV</b>	Netherlands	Specialty Stores	Provides smart charging solutions for electric vehicles in Europe and offers charging products for both residential and business locations. It serves private users and business in industries, including private homes, apartments, office locations, housing associations, lease drivers, large corporates, municipalities, parking complex, leasing companies, real estate and OEMs. The New Motion BV operates as a subsidiary of Royal Dutch Shell plc.
<b>The SPAR Group Limited</b>	South Africa	Food Distributors	Engages in the wholesale and distribution of goods and services to SPAR grocery stores, build it builders' merchandise outlets, SPAR liquor stores, and other retail outlets. It offers food and non-food products under the SPAR brand; cookware, kitchen utensils, appliances, bathroom linens, and accessories under the SPAR Good Living brand; produce and bakery products under the SPAR Freshline brand; pork, lamb, beef, and chicken meat under the SPAR Tender and Tasty brand; medicines and products under the Pharmacy at SPAR brand; and real value for money under the SaveMor brand.

Source: Standard & Poor Capital IQ, accessed 28 August 2019

# List of key firms mentioned in the report (5/5)

Name	Headquarter	Primary Industry	Business Description
<b>Waitrose Limited</b>	UK	Food Retail	Waitrose Limited, a food retailer, operates a chain of supermarkets in England, Scotland, and Wales. It sells groceries, such as bakery products, milk, meat, fruits and vegetables, beers, wine and spirits, soft drinks and water, household products, tea and coffee, health and beauty products, baby and child products, and pet care products; home and garden products, including cooking products and kitchenware, dining products and tableware, household cleaning products, laundry products, candles, newsagents and stamps, office and stationary products, and tights and socks; and flowers and gifts.
<b>Wawa Inc.</b>	US	Food Retail	Owns and operates a chain of convenience retail stores. Its stores offer fresh food, including hoagies and sandwiches, salads and wraps, and snacks, as well as soups, and sides and bowls; coffee and beverages; dairy products, including milk and ice creams; and fuel services. The company also manufactures and supplies Wawa branded beverages to school districts, colleges, universities, hospitals, nursing homes, prominent restaurants, and hotels, as well as produces milk and juice products. In addition, it sells apparel, coffee, gift cards, and novelties/other online.
<b>WM Morrison Supermarkets Plc</b>	UK	Food Retail	Operates retail super stores under the Morrison's brand name in the UK. The company engages in the in-store and online grocery retailing activities. It also supplies eggs; manufactures and distributes fresh food, and morning goods and bread; prepares and supplies seafood; processes fresh meat; invests in, develops, and maintains properties; and offers insurance, leasing, technical testing and analysis, and property partnership services, as well as holds pharmaceutical license. The company operates through 494 supermarkets, as well as various petrol filling stations.
<b>Zynstra Limited</b>	UK	Application Software	Provides hybrid information technology (IT) platform for small and mid-sized businesses. It offers Cloud Managed Servers that are delivered as physical on-site servers that have been pre-staged with IT services, a local private cloud for applications, and Azure cloud storage; and pre-integrated with services, such as Microsoft Office 365. The company also provides SMB IT for organizations with 5 to 250 IT workers on any site; Education IT for small and large schools; Enterprise Branch IT for multi-site and remote offices and branches; and Zynstra Cloud Management Platform, a multi-tier cloud management platform that delivers IT management services. In addition, it offers enterprise-grade hybrid IT-as-a-Service for SMBs, branch offices, education, retail, and industries. Further, the company provides Microsoft Office 365 integration, resilient active directory with single sign on, RDX removable storage, cloud backup and disaster recovery, and support services.

Source: Standard & Poor Capital IQ, accessed 28 August 2019



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