Driver pay rises as turnover soars

With a booming economy, the trucking business is seeing rising costs and increased difficulty retaining commercial drivers.

Those were the messages in a pair of reports that highlighted how good financial times can spell headaches for transportation companies.

In its Trucking Activity Report, the American Trucking Associations said the industry is experiencing its highest level of driver turnover in three years.

And in its Operational Costs of Trucking report, the American Transportation Research Institute found that in 2017, total average marginal costs in the industry grew at “a brisk” 6.2% – more than three times the core rate of inflation. A large majority of that increase was due to growth in driver wages (up 6.6%) and benefits (up 11.2%).

(continued on page 2)

How to regularly check for indoor skimmers

Marathon Petroleum Corp. recently warned retailers that skimming devices used to steal credit and debit card information were discovered at point-of-sale terminals inside a competing brand’s gas stations. The criminals “are believed to be at large.”

The company did not reveal the region where the skimmers were found.

The major said to regularly inspect inside POS PIN pads, noting “overlay” skimmers placed on top of the card reader. Sometimes the skimmer also covers the key pad, allowing the device to capture personal identification numbers.

Other tips for spotting indoor skimmers:

- Note the serial numbers of POS equipment and store those numbers in a safe place. Double-check the numbers on the POS device when inspecting them, said Marathon.
- Perform daily inspections, or preferably at the beginning of each shift, CITGO said. Experts have said that an overlay skimmer can be installed in seconds.
- Take photos of the POS terminal to help spot abnormalities in an inspection, CITGO also recently told retailers.
- Look closely at the color of the POS terminal and reader. Total Merchant Services, a payment processor for small and midsize businesses, said the overlay skimmer can be a different color than the POS terminal.
- Allow repairs only from authorized technicians. CITGO said to inform staff when repairs are scheduled and have POS vendors explain how to identify authorized technicians.
- Be aware that thieves work in teams. One distracts the cashier while the other installs a skimmer, the major added.
- Use security cameras to deter skimmer installation or to catch thieves in the act of installing the device, CITGO said.

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Gasoline Price Barometer

The RBOB futures market remains on strong footing, though not at multiyear highs like some of the other futures contracts.

Even with RBOB futures holding steady above the $2.10/gal level along the forward curve, some cash markets are not exhibiting the same enthusiasm.

The Gulf Coast is the only spot market trading at a discount to the futures market at present, but several markets have seen their premiums come in from recent levels. The move in many cases has given marketers breathing room.

The biggest downturns in the market were in the Midwest and West Coast markets. The Chicago market has gone from double-digit RBOB premiums to inside a nickel over the past week. While some of the heaviest concentration of refinery maintenance is taking place at Great Lakes refineries, they have largely been absent as spot market buyers, leaving the market drifting lower.

West Coast supply has turned from very comfortable to tightening as total gasoline inventories are at a deficit to last year. Tight supplies and a few refinery snags pushed premiums recently to as much as 35cts over the screen in the L.A. market, but have since pulled back toward the 28cts area. Prices should start to cool in the region as there is a significant amount of backwardation in the spot market and could pressure prompt prices the next couple of weeks.

It was the fifth year in a row that driver wages increased, and wages and benefits represent 43% of the industry’s $1.69 marginal cost per mile, according to the ATRI. Those cost increases are likely to have increased in 2018, with companies struggling to retain trained personnel.

In its report, ATA indicates the annualized turnover rate at large truckload carriers jumped 4 percentage points in the second quarter of the year to 98%. That brings the turnover rate at large fleets up a total of 10 percentage points since the start of 2018, according to Bob Costello, the ATA’s chief economist. Costello said he doesn’t expect things to change anytime soon.

“The extreme tightening of the driver market – driven by solid freight demand – will continue to challenge fleets looking for qualified drivers,” he said.

The turnover jump at companies with more than $30 million in annual revenue set the churn rate at its highest point since the fourth quarter of 2015, according to the ATA. With the turnover rate averaging 96% during the first six months, 2018 is on track to have the highest annual rate since 2013, according to the association.

While large companies were having a hard time holding onto drivers, smaller firms seemed to be having fewer problems, with the turnover rate slipping 1 percentage point to 72%.

“There is something happening with turnover at these smaller fleets,” Costello said. “The driver market remains tight across the truckload sector, but the turnover rate at these smaller carriers is down 14 points from the same time last year. Like large carriers, small truckload carriers have been aggressively raising pay this year, which has helped their turnover rate level off.”

Turnover at less-than-truckload fleets also jumped 4 percentage points, to 14%. That’s the highest mark for what the ATA calls a “traditionally stable sector” since the first quarter of 2013.

“While much lower than the truckload sector, seeing this kind of jump in the LTL market tells me that this sector is struggling with drivers more than in the recent past,” Costello said, “and suggests the industry’s issues finding qualified drivers are continuing to deepen across the board.”

The ATA’s For-Hire Truck Tonnage Index has shown a surge in trucking activity in the last 18 months. The latest index, for August, showed a month-over-month drop. ATA experts say that with trucking activity hitting such a high rate, it is going to be difficult to show additional increases going ahead.

In its report, the ATRI said the difficulty in retaining drivers is weighing on trucking companies.

“Driver bonuses, while not a marginal cost, have been robust as carriers seek to entice new entrants into the industry, retain their existing workforce, and reward drivers for excellent safety and operational performance,” the report says.

The ATRI report notes that the existing shortage of qualified drivers is being exacerbated by the industry’s failure to attract younger drivers to replace retiring baby boomer drivers.

From 2012 to 2017, driver wages have risen 33.6%. A total of 62.7% of employers participating in the ATRI study indicated they pay bonuses to attract drivers or reward them for good performance.

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Gasoline Supply Barometer

Gasoline inventories were down in the most recent EIA statistics, which isn’t much of a surprise considering refinery maintenance is well underway. Based on current utilization rates from the EIA, most of the work is taking place on the East Coast and in the Midwest as both regions see utilization rates below 80%. Nationally, refinery utilization rates were flat with total crude runs moving marginally higher as other regions made up for the decline in PADDs 1 and 2.

With fairly stable refinery operations elsewhere, U.S. gasoline storage levels were off by just a half-million bbl week on week. Supplies appear to be comfortable, with stocks well ahead of last year and the five-year average. Except for the West Coast, every region has a year-on-year inventory surplus.

One region that may become a bit “sloppy” in the fall is the East Coast. Total gasoline supplies are knocking on the door of 70 million total bbl, something that hasn’t happened since early May 2017. While RBOB inventories slipped week on week, storage levels are well ahead of last year.

As expected imports of gasoline and blending components were down last week and for the third straight week, the U.S. exported more gasoline than it has imported. That trend should continue with the arb window into the East Coast mostly closed and demand starting to at least level off.

Average U.S. Spot Price (in cts/gal)

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<th>Fuel Type</th>
<th>Current Week</th>
<th>Last Week</th>
<th>Year Ago</th>
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<tr>
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<td>234.1</td>
<td>162.8</td>
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<tr>
<td>ULSD No. 2</td>
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U.S. Refinery/Inventory (in million b/d)

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<th>Category</th>
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<th>Last Week</th>
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<tr>
<td>Gas Production</td>
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Heard in the Aisles: Chip cards, EBT, mobile payment and more from the POC

Los Angeles – The hot topics at the brand meetings were chip card acceptance and mobile payment apps at the recent Pacific Oil Conference here.

In a twist to meeting the Europay Mastercard Visa (EMV) technology standards for chip card acceptance, Valero told marketers it will deliver one point-of-sale device for taking traditional chip debit and credit cards, as well as the government-sponsored electronic benefits transfer (EBT) cards that welfare recipients use to pay for food.

Federal statistics suggest that the vast majority of convenience stores participate in the food stamp program, now known as the Supplemental Nutrition Assistance Program (SNAP).

Valero also said it will be launching a mobile payment offer in the first quarter of next year, joining other majors such as ExxonMobil, Shell, Phillips 66 and Chevron.

Speaking of mobile apps, ExxonMobil, a leader in bringing mobile payment to the gas islands, told marketers it has a “super mobile app” in the works that will allow for loyalty club rewards redemption and will also be used to pay for car washes, which have had problems with skimming theft similar to the crimes that have occurred at the pump. Mobile payment is known to be more secure than paying with plastic.

While improving on its Speedpass+ mobile payment app, ExxonMobil is phasing out the Speedpass key fobs that, for years, customers have used to make “touchless” payments at the pump. The key tag would have been eliminated last summer, but ExxonMobil told marketers that elderly customers who don’t use mobile phones preferred this payment option. Now, the major plans to dump the payment device toward the end of 2019.

More tips and trends heard in the aisles at the POC:

- Majors are maintaining tighter rein on acquisitions involving lubricants distributors, according to Corner Capital Partners, an advisory firm that provided attendees with an update on downstream petroleum M&A. Some want right of first refusal. The majors are “getting picky” on who buys lubricants firms, said Andy Weber, founder of Corner Capital.
- Expect Marathon Petroleum Corp. to bring its company-operated Speedway chain and the Marathon brand to the West Coast following its recent purchase of Andeavor, said Weber, who analyzed the transaction. He expects MPC to give the former Andeavor network an even bigger emphasis on company-operated stores and continue to undo the multisite operator arrangements Andeavor put in place. He also believes Marathon will keep the ARCO brand and the ampm franchise.
- ExtraMile Convenience Stores LLC, the joint venture between Chevron U.S.A. Inc. and Jacksons Food Stores Inc., was hawking the ExtraMile c-store franchise. It’s the third time the company has exhibited at industry trade shows, though it was the first time it had a place at the POC. ExtraMile said it is promoting the franchise to marketers throughout the West. Franchisees saw average annual sales growth of 5.7% in 2016 and 9.1% in 2017.
• The Circle K “with miles” fuel brand has hit the West Coast, after launching in Florida. Circle K’s proprietary gasoline brand is said to be well-received, being priced between lowball ARCO and major brand fuel.

• ARCO’s launch of TOP TIER gasoline has given the fuel discounter a boost, a marketer said. Most every major brand and large independent retailer touts that they sell TOP TIER Gasoline, which offers detergency higher than required by the federal government to help improve engine performance. The tie to TOP TIER gives customers assurance they’re buying the same quality fuel that others are offering at a higher price and “sales are up,” the marketer said.

• Another fleet card provider is peddling its services in the West. Intevacon Fleet Card Solutions LLC, which is well-established east of the Rockies, was exhibiting at the show. Most of its sites are retail convenience stores, not cardlocks targeting fleets. The Intevacon Fuel Network has about 3,800 sites and its customers are typically big, well-funded enterprises, reps said.

• Support for biodiesel among vehicle manufacturers is growing, said Richard Nelson of the Nazzaro Group LLC. B20 has full approval in new and legacy model PACCAR MX-11 and MX-13 engines for heavy-duty trucks as well as in PX-7 and PX-9 engines for medium-duty trucks. Now the entire diesel fleet of Peterbilt and Kenworth medium- and heavy-duty trucks are approved for use with B20 biodiesel blends, Nelson said. Ford approved B20 in all its new Class 2-5 super-duty and Class 6, 7 medium-duty trucks; the Ford Transit van; and the new 2018 Ford F-150 3.0L Diesel, he said.

• Concern over 303 tractor hydraulic fluid is causing a legal brouhaha, said Joe Purnhagen of Lubrizol Corp., who was leading a workshop on lubricants trends. Class actions have been filed claiming 303 damaged tractors, and the hydraulic fluid was a hot topic at the recent annual National Conference on Weights and Measures meeting. Purnhagen said all that concern could lead to regulation.

• An aging vehicle parc is creating a growing market for auto transmission fluid and ATF service, said Purnhagen. The average vehicle age is now over 11 years. “Vehicles are lasting longer, staying on the road longer, and people are owning them longer. But ATF service is seen as inconvenient and time-consuming and only 12% of consumer are mentally prepared for the price point of $150-$200,” he said. “There’s an opportunity for installers to sell an ATF change that fits within the existing consumer behavior of the routine engine oil change and at a more motivating price point – that’s the ATF refresh. Replace two quarts of ATF during each engine oil change. The replacement quarts lengthen the fluid life and maintain performance. Testing results indicate similar performance benefits to standard drain/flush services.” The price point is $49.99 and the service takes only about 15 minutes, he added.

• Software vendors serving petroleum marketers are consolidating and the integration process can be bumpy. ADD Systems reps said the company bought three firms in recent years and assimilating those companies is “not easy.” Reps said it can be rough on petroleum marketers, too, in trying to decide when to invest in software: Should you do it now or later when the company is part of a bigger operation and the system may be new and improved? Changing software can be painful, so marketers should ask questions and do their research, ADD said.

• Team up with vendors is reducing the cost of offering loyalty clubs, said Pat Lewis, CEO of KickBack Rewards Systems. Vendors are helping fund special offers to loyalty club members, sometimes in exchange for the valuable data collected on shopping and purchasing patterns. Before, it was only the larger marketers that had the negotiating power to coax deals out of vendors but that’s available to smaller companies now, too, Lewis said. KickBack has contracts with at least 50 consumer packaged-goods vendors and manufacturers across the country that will help fund loyalty programs and increase sales.

• In-store food service is starting to pick up on the West Coast – even in California with its costly real estate and space constraints. Little Caesars Pizza is making inroads with its 475-square-foot “Express” format designed for c-stores. Reps said that when the pizza op is installed, fuel retailers see pump-to-store traffic increase and the average store ticket goes up due to impulse buying. Exhibitor Krispy Krunchy Chicken has been popular at the show several consecutive years. Now it has more than 2,300 retail locations in 46 states, including the Golden State. Krispy Krunchy is a preferred vendor for Circle K franchisees and it is looking for more such alliances. While known for its chicken, it also offers fish and shrimp.

• C-stores are getting big on breakfast items. Krispy Krunchy said it is seeing “extraordinary business growth” in the breakfast daypart with its bacon-egg-and-sausage biscuit and chicken-and-biscuit sandwiches, breakfast empanadas, as well as honey sandwiches.
butter biscuits and blueberry biscuits. A Kellogg Co. study found that 33% of consumers eat breakfast away from home frequently, with 47% of those seeking hot breakfast items to accompany their coffee, the food service vendor said.

- Video-based safety systems are growing more accepted even among commercial drivers, said SmartDrive Systems Inc. The systems are primarily valued as a coaching tool. Most video safety systems provide a road-facing camera and some also include a cab-facing camera. SmartDrive allows customers to deploy more cameras for a 360-degree view and insight into risky driving behavior. Some 35% of collisions are side and rear incidents, the vendor said. SmartDrive said the cameras can reduce collision frequency by more than 50%. Its data show that 69% of incidents involve speeding; 59%, distractions; 74%, fatigue; and 75%, unsafe following.

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M&A: Giant Eagle buys Ricker’s; could mean more MW expansion

Giant Eagle’s purchase of Ricker’s stores gives it a solid foothold in Indiana and could be indicative of further expansion the supermarket/c-store chain might make in other Great Lakes states.

Giant Eagle recently agreed to purchase 56 operating Ricker’s stores as well as one new-to-industry site that opens this month. The purchase was face down, but the properties had been offered some time through investment bankers at BMO. Sources in the M&A community say that the market for company-operated stores remains as robust as it’s ever been, with high EBITDA multiples and plenty of foreign entities joining typical U.S. consolidators to create a seller’s market.

Just over half of the sites bear the private Ricker’s flag, while other company-operated stores brandish the BP brand. Additionally, Giant Eagle will take over the supply arrangements for 85 dealers that are part of the Ricker’s operation, flying flags that include Conoco, Phillips, BP and Marathon brands.

The Ricker’s chain has one of the more sophisticated inside offerings in the Midwest, and much of the family-operated company’s focus in recent years has been aimed at upgrading various food service offerings. Founder Jay Ricker is known as one of the savviest and engaged operators, having held senior executive positions at NACS and, more recently, the Fuels Institute.

Giant Eagle currently operates 410 stores, made up of 200 supermarkets and 210 c-stores with gasoline in five states. The company will retain Ricker’s 850 employees. Ricker’s president and CEO, Quinn Ricker, will join Giant Eagle to oversee operations of the Indiana properties.

Both Giant Eagle and Ricker’s are family-owned businesses, which should ease the transition.

Giant Eagle has operated in Indiana for about 10 years, but has been mostly a bit player with about half a dozen sites. Almost all of the stores are in the Indianapolis metropolitan statistical area (MSA), so Giant Eagle may immediately become a dominant player in central Indiana.

That market has proved to be challenging but rewarding for Ricker’s. OPIS’ Retail Review for 2017 ranked Indianapolis as the 48th of 75 MSAs across the Great Lakes area. Last year saw an average rack-to-retail spread in Indianapolis of 17.4cts/gal, which reflected a 1.1cts/gal increase from 2016.

So far in 2018, Ricker’s retail unleaded price has fetched an average 17.8cts/gal versus the average rack price.

The Giant Eagle offering is mostly through its getGo sites, which had a brandwide rack-to-retail spread of 15.9cts/gal across its five-state marketing area.

GetGo was ranked 41st in terms of market efficiency, in which OPIS takes a company’s market share and divides that number by its site total. On that basis, getGo had a market efficiency rating of 2.24 last year, much better than the 1.0 average, but well below Sheetz (4.10), Wawa (5.08) and QuikTrip (4.75).

GetGo tends to be very aggressive on price, with OPIS data suggesting it priced gas at 0.65cts/gal under average retail prices through the year.

The Indianapolis MSA, meanwhile, ranks very close to the middle of the 437 MSAs in the U.S., coming in at the 221st most profitable region.

There will be no disruption to Ricker’s store operations as a result of the agreement between the two companies, nor are there any immediate plans to change the Get Go or Ricker’s store experience, officials say. The agreement is expected to close by the end of the calendar year.

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Technology: Chevron brings mobile payment to the pump

Chevron, a leader in bringing mobile payment inside the station, has now allied with PayPal to extend mobile payment to the gas islands.

Under the arrangement, consumers will have the option to pay for fuel and car washes with their PayPal account within Chevron’s new mobile app in early 2019, the major said in an announcement.
Gilson Ribeiro, Chevron’s general manager of marketing in the Americas, called collaboration with PayPal a “key milestone” in offering “a more seamless and simpler experience.”

PayPal’s open digital payments platform has the potential to give 250 million digitally active PayPal account holders the ability to connect and transact with Chevron and its branded stations via digital channels, Chevron said.

Robert Clarkson, PayPal’s general manager, North America, said the company looked forward to collaborating with Chevron on improving shopping inside Chevron and Texaco stations and convenience stores in the future.

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From the States: Plantation eyes expansion to Roanoke

Kinder Morgan announced Tuesday that it has started “a binding open season to solicit commitments for the Roanoke Expansion project on the Plantation Pipe Line System.”

“The Roanoke Expansion will provide for approximately 21,000 barrels per day (bpd) of incremental refined petroleum products capacity on the Plantation Pipe Line System from the Baton Rouge, Louisiana, and Collins, Mississippi origin points to the Roanoke, Virginia area.

“The expansion will primarily consist of additional pump capacity and operational storage on the Plantation system,” Kinder Morgan said.

“Pending a successful open season and the receipt of regulatory approvals, the project will be in service by April 1, 2020.”

The binding open season began Oct. 2 at 8 a.m. Central time and ends Nov. 16 at 5 p.m. Central Time.

The Roanoke area was previously supplied by both Colonial and Plantation pipelines, but Colonial shut Line 25, a stub line in Virginia, permanently at the end of September due to safety concerns after announcing the plan one year ago.

“Since Line 25 closed our membership has taken those steps necessary to serve their customers. In most instances this means additional transports on the road traveling further to other terminals,” said Michael O’Connor, president of the Virginia Petroleum, Convenience, and Grocers Association. “We hope the Plantation Pipe Line expansion is a success and additional product is available well in advance of the stated April 1, 2020 completion date.”

In other news around the nation:

• In North Carolina and South Carolina, the U.S. Small Business Administration said that to support Hurricane Florence recovery efforts it is offering deferrals on SBA-serviced loans to borrowers in counties designated as federal disaster areas. Borrowers can ask to postpone principal and interest payments up to nine months for loans that were dispersed and being serviced on Sept. 13. Interest continues to accrue on deferred loans, the SBA said. Deferrals are available on 7(a) loans, 504 loans, Community Advantage Loans, SBA Microloans and SBA disaster loans for businesses of all sizes. The agency said it will evaluate each request individually and that the borrower must demonstrate the need for relief based on financial stress related to Hurricane Florence. Small businesses recovering from the storm also are eligible to apply for SBA Express Bridge Loans of up to $25,000, available through SBA Express lenders, the agency said.

• In Texas, Motiva Enterprises LLC is rolling out the GetUpside loyalty app. The app will give people access to exclusive low fuel prices not displayed on gas stations’ signs. More than 500 gas stations in Houston alone are providing cash-back discounts, about 20% of the stations within the city. By mid-October, hundreds of stations in Austin and San Antonio will be added to the platform, and by year-end, there will be more than 1,000 stations in major Texas cities involved. GetUpside will be promoted on both traditional and iHeartMedia radio stations. The GetUpside app is now live in 30 markets in 13 states. Motiva and GetUpside plan to expand the GetUpside program to wholesalers across the entire country in 2019.

• The Iowa Renewable Fuels Association (IRFA) is partnering with retailers and other businesses in that state, as well as Missouri and North Dakota, to promote E15 gasoline while also raising money to fight breast cancer with a campaign running through October. During the Pink at the Pump campaign, more than 70 participating retailers will donate 3cts of every gallon of unleaded 88/E15 sold during the month to the National Breast Cancer Foundation and the Hormel Institute, known for its contributions toward cancer research.

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BP expands fuel rewards with another Kroger banner

BP has expanded its rewards partnership with the Kroger Cos., redeeming fuel points for subsidiary Harris Teeter effective Oct. 1.

Now about 2,000 BP stations are participating in the major’s fuel rewards relationship with Kroger, BP told Oil Express. The major already had partnerships with Kroger
business units Pick ‘n Save and Roundy’s in Wisconsin and Mariano’s in Chicago.

The redemption fee for stations is 2.5cts/gal, lower than many other comparable fuel rewards programs, BP said.

Harris Teeter customers use their VIC loyalty card to buy select grocery items that earn fuel points. Consumers can save 10cts/gal for every 100 Harris Teeter Fuel Points. Up to 1,000 can be redeemed per transaction, translating to $1/gal savings. The discount applies on an up to 35-gal fill.

These rewards are separate from BP Driver Rewards, and the “choice of how to save will be yours at the pump,” said Harris Teeter online.

Motorists can either redeem Harris Teeter Fuel Points or earn and redeem BP Driver Rewards when they purchase fuel. To redeem the grocer’s fuel points, consumers press the dispenser screen where it says “use fuel points,” press “cancel” to enter their phone number or alternate ID, select “yes” under “redeem your points,” and then use their payment card to begin fueling. To redeem BP Driver Rewards, customers swipe a Driver Rewards Card or a payment card that is linked to their loyalty club account. Driver Rewards Club members can link up to five eligible major credit cards to their account.

In a promotion, BP was urging Harris Teeter customers belonging to its loyalty club to link their credit cards to their account to maximize savings. The major was also urging Driver Rewards members to sign up for a VIC loyalty card at their local Harris Teeter if they were not already members of the grocer’s loyalty club.

Harris Teeter operates more than 230 stores and 14 fuel centers in seven states and the District of Columbia. The Matthews, N.C.-based retailer also owns grocery, frozen food, and perishable distribution centers in Greensboro, N.C., and Indian Trail, N.C., as well as a dairy in High Point, N.C.

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Trends: OPIS data show retail gas margins up in 3Q

Retail gross gasoline margins improved 1.9% to 21.8cts/gal compared to 3Q2017, according to data compiled by Retail Fuel Watch (RFW) using OPIS RetailSuite, a software database that allows retailers to manage station profits, volumes and competition.

Other third-quarter data revealed the strongest overall margins came on the U.S. West Coast at 25.4cts/gal. Despite it being the strongest 3Q2018 market, station profits in the West trailed year-ago numbers that were 32.4cts/gal. Southwest margins tallied the worst count at 16.2cts/gal, a 12.9% decline from last year’s 18.6cts/gal.

Quarter-over-quarter margin gains were noted in the Northeast and Great Lakes. Northeast gas station profits rose to 24cts/gal from just over 23cts a year back. Great Lakes profits gained 15.7% to 22.1cts/gal.

On a state-by-state basis, the data from OPIS RetailSuite showed Oregon with the strongest overall margins at 48.3cts/gal, up 17.8% from last year. Delaware ended up with the lowest overall margins at 9.9cts/gal, off 37.5% from prior year.

The top 20 overall metro areas were dominated by California, with more than half of the top cities in the Golden State led by San Francisco at 55.8cts/gal. The single toughest market to own a gasoline station and make a profit was in Elkton, Md., where gross margins for 3Q2018 averaged 5.2cts/gal in the red.

OPIS’ national survey of actual station volumes indicated sales were 1.7% lower over the July-September 2018 period versus a year ago.

Gasoline sales slipped the most on the West Coast, where volumes declined 2.7% followed by Southeast station volumes falling 2.3%. Northeast, Midcontinent and Southwest gasoline volumes also slipped from the prior year, dropping 0.7%, 1.6% and 1.7%, respectively.

Only two states in the survey – Massachusetts and Rhode Island – saw stronger pump volumes compared to last year’s. Volumes grew 0.5% in Massachusetts and 0.1% in Rhode Island. Florida volumes dropped the most at 3.9%.

OPIS RetailSuite data indicate that Shell had the highest share of all gasoline brands at 12.3%, but that was a decline from the previous year of 12.9%.

Exxon was second in terms of market share, followed by Chevron, Speedway, BP, Mobil, Sunoco, Valero, QuikTrip and Marathon.

Costco proved to be the most aggressive retailer in terms of price. During the third quarter, Costco priced 23.38cts/gal below its direct competitors, 8% more aggressive than 2017.

The OPIS RetailSuite allows those buying and selling gasoline to track prices, margins, demand, and market share nationally and locally. For more information, call 888-301-2645.

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In Brief: Chevron joins Honda, developing in-vehicle payment

Chevron Products Co., a division of Chevron U.S.A. Inc., said it is developing an in-vehicle payment system with Honda Innovations’ Honda Developer Studio. Earlier this year, the major also said it was working with Hyundai Motor America on an in-vehicle payment concept.

Chevron said the “connected car digital experience” will allow drivers to make secure purchases for fuel
as well as for convenience store merchandise from their vehicles. The technology also will allow Chevron marketers and retailers opportunities to provide special offers that increase brand loyalty.

The in-vehicle payment technology concept for fueling at the pump will be demonstrated during Chevron’s upcoming 2018 Retail Convention in Phoenix, the company said.

Chevron joins other majors such as Shell and ExxonMobil in promoting in-vehicle payment with automakers including Ford and General Motors.

**Shell Expands Mobile Payment Options**

Shell said it has expanded payment options on its new Shell app, giving customers around the country the ability to link to a checking account and to add eligible credit or debit cards to “Shell Pay & Save.”

Using the Shell Pay & Save app, fuel customers authorize payment while in their vehicle and then enter three digits into the dispenser to fill up. The app can also be used to make in-store purchases, Shell said in an announcement.

The Fuel Rewards program is integrated in registration and use of the Shell payment app so that customers can earn and save on fuel through the loyalty club. Currently, customers can earn an extra 25cts/gal in Fuel Rewards when they download and make their first fuel transaction with the app. They also earn an extra 5cts/gal in Fuel Rewards on their fourth fuel purchase every 30-day period, Shell said.

**MPC Promises Business as Usual**

As expected, Marathon Petroleum Corp. completed its purchase of Andeavor. Just before the closing, MPC assured branded wholesalers in a letter that its integration with Andeavor will be smooth.

The letter from Brian Partee, senior vice president of marketing, said there will be no change in marketers’ primary contact personnel, terminal/facility loading requirements, credit line, billing and payment terms or transaction entity.

Partee said to expect some changes to “naturally take place” over time as Marathon continues integration of the two companies, but he added that those changes will be shared “well in advance.”

**Offen Closes on Overland**

Offen Petroleum said it has completed the previously announced acquisition of Overland Petroleum, of St. George, Utah.

The combination creates one of the largest fuel distributors in the Greater Rocky Mountains region and now operates as Offen Petroleum.

Offen, a portfolio company of Lariat Partners, a Denver-based private equity firm, is a provider of motor fuel, lubricants and petroleum logistics services in Colorado and 12 surrounding states.

Overland operates in the Greater Rocky Mountains region and distributes branded fuel under the Sinclair, Conoco and Phillips 66 flags. It also distributes wholesale gasoline and diesel fuel to unbranded fuel retailers and commercial customers across the Rocky Mountains and Southwest regions, including Utah, Arizona, Nevada, Idaho, Colorado, Wyoming, Montana and New Mexico.

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