

An Open Letter to Fuel Industry Leaders and Fuel Marketers

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The Last 60 Days Will Change the Fuel Industry Forever.

Driven by the COVID-19 pandemic, consumer's demand for digital engagement has forced the most dramatic business changes in history.

Fuel marketers must respond in kind or risk missing the consumer revolution.

The sudden onset of a mandated shelter-in-place reality has instantly motivated consumers to seek out companies that provide them with the digital engagement experience they need during the global pandemic. The impact of their digital behavior has been faster and stronger than has ever occurred before and is likely to be long lasting. Fact is, the companies that were prepared to provide a “digital first” experience, or have quickly responded, have been rewarded. Unfortunately, the opposite is true for the digital laggards. Consider just a few examples...

- *Telemedicine, previously a minor channel in the delivery of healthcare, has suddenly gone mainstream. First-time users experienced the convenience and effectiveness of digital medicine, without having to leave their home. Digital medicine really works.*
- *Almost overnight Zoom has become part of our vocabulary. The simple digital interface made it extremely easy and convenient to use so consumers flocked to Zoom for social engagement. Now used by 20 million people a day.*
- *Amazon, already the trendsetter in e-commerce convenience, announced the hiring of 100,000 new workers, while Neiman Marcus and J.C. Penny are dangerously close to extinction. Digital is where we buy.*
- *Online ordering with curbside pick-up: Target, Lowes and grocery chains already deployed sophisticated all-digital interfaces and have now upped their game with enhanced interactive apps, dedicated staff, more convenient pick-up, and more. Consumers who never used these digital services in the past have discovered new ease of shopping. Watch Home Depot closely and their 24/7 pick-up lockers. An impressive advancement in their digital strategy.*

The fuel industry is no different. Digital engagement is now essential.

Business is now being conducted in a new environment. That environment is digital! Remember, the people we are talking about are our fuel customers, too. They have experienced what is possible elsewhere and that has raised the bar for our industry, in a big way. Never have consumers been so demanding and so willing to switch companies to get what they want. They expect from our industry that same level of interactive online engagement. They want 24/7 availability; full transparency of pricing and terms, online registration and ordering, digital payment and delivery information; interactive two-way communication, and they want to do it from their favorite digital device; from anywhere in the world, and without having to talk to anyone! And they want it now. That is the new digital consumer.

The fuel industry is not immune to these consumer dynamics. Case in point... our own e-commerce fuel clients first reported an unusual number of new customer registrations beginning in March, as COVID-19

became real. Since then thousands of new fuel customers have registered with our clients... they have literally changed their behavior overnight, showed their preference for a digital experience, and amazingly did it in the post-season. Our fuel customers expect the same digital experience they get elsewhere.

Let's be honest. This is how the fuel industry measures up today.

We have watched these consumer trends for well over a decade... customers exerting more control in the buying process, the shift in volume moving toward on-demand gallons, and the demand for a digital customer experience getting louder. But now, a global pandemic has accelerated these trends that were already present. However, our industry has been slow to adjust to these consumer trends. Some would say we have ignored these trends entirely, trying to hang onto what worked for our grandparents. Matter of fact, the consumer themselves describes our industry as “old-fashioned”. Here is how the consumer sees us compared to other industries and competitors.

- **Portals:** Only about 30% of fuel marketers provide a portal for their full-service customers to pay their bills or manage their accounts, with these marketers reaching just 40 - 50% of full-service customers. Meanwhile our natural gas and electric competition is close to 100%.
- **E-commerce or online orders:** While about 35% of fuel marketers provide some ability to e-mail or request a delivery online, less than 20% offer a true e-commerce experience that consumers expect. Meanwhile our customers see companies like Target, Ally Bank, Geico leading their industries by providing 24/7 digital availability, pricing transparency and a touchless experience. Consumers are rewarding “consumer committed” companies, like these, with their business.
- **Monitoring:** Only 15% of heating oil tanks are monitored. Slightly more for propane. Meanwhile, electric utilities have deployed smart meters in 65% of homes today, headed for 80+% by 2024. Smart meter's digital benefits are impressive... customized usage comparisons, time-of-use savings, outage recognition, service restoration expectations, system reliability and more. Utility satisfaction ratings are up because of it. We can learn from the utilities. The same results await the fuel industry.
- **E-payments:** In today's digital environment, consumers expect to pay with a credit card or some other form of e-payment. J.D. Powell reports that 83% of electric and natural gas transactions are now e-payments, providing the consumer with better convenience (and the utilities benefit from better cash flow and fewer collections). Some fuel marketers are making significant headway with e-payments, but some sources put the fuel industry average at only 30% e-payments.

The fact is... we have fallen behind. Our industry has not adapted to the digital consumer and we risk becoming irrelevant to them. Here's why...

The electric utilities are doing a better job of capturing consumer's heart and their wallet.

Pick up virtually any issue of our trade publications and you'll likely find an article on the threat of “electrify everything”. So, our trade associations have dispatched our representatives to Washington and to our state capitals to defend the benefits of liquid fuels. Worthwhile initiatives indeed. However, while we are playing good defense, we must go on the offensive to capture the hearts of our customers if we are going to keep them. That is exactly what the utilities are doing by focusing on their customers. We need to do the same thing because we need our customers as our allies in this fight. After all, it is their money that is supporting the fight. And it is their vote that gives the legislators their jobs, too They will ultimately decide who they want to do business with and consequently who wins their hearts and their wallet. Consumers do not inherently like big utility companies. They want to like us because we are “local”. But we are making it difficult by not giving them “consumer committed” digital engagement. We must give our customers the experience they want.

What should we do? What is needed to move forward faster?

Yes, the new environment is digital. And the evidence is irrefutable. Fuel marketers that have already adopted a digital-first mindset are being rewarded with new customers, loyal customers, solid growth, and lower costs along the way. Consumers love monitored tanks. E-commerce can work magic. Portals and e-payments will get your money faster and at lower cost. So why isn't every fuel dealer running toward consumer-facing technology to make their company better and their customers happier? If we simply look at other industries, digital is an obvious solution.

Why are we not moving faster? The technology is readily available. Cost / benefit analyses consistently show the merits. Should the vendors to the industry be doing more? Do the industry publications need to create more awareness of the "consumer-facing technology gap"? Should the associations better educate fuel marketers on how to engage with today's consumers? Maybe we need a collaborative effort. How can we all work together... marketers, our associations, trade publications, professional organizations, and vendors... to win the hearts of our customers?

Let's have a dialogue. I invite your comments, suggestions, and alternate viewpoints. We are in a fight to deliver the same digital experience that our customer's get elsewhere, or we risk losing them forever. Our customers are waiting. The trends are accelerating. We have the tools. How do we create our digital future?

Join the discussion at <https://ee.energyengineus.com/JohnVrabel/> . Please post your ideas and suggestions.

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