

[IDEAS 2 GO]

Capturing Commercial Fuel Sales

Fleet cards offer benefits for retailers in a time of economic turmoil.

BY BENTON C. ROUTH

At approximately 40 percent* of the retail market for fuels in the United States, commercial fuel purchases are not to be ignored. In the face of continued fuel margin and competitive challenges, fleet cards — commonly referred to as corporate gas or fuel cards — can help convenience and petroleum

retailers maximize profits from this surprisingly large commercial market.

In addition, fleet cards can help retailers capitalize on the mandates that government fleets must use alternative fuels. While installation of alternative fuels like E-85 may not make economic sense given the limited demand for the fuel, retailers who can lock in contracts

with such fleets can ensure a steady stream of new business, thereby improving the potential for a return on investment. It's a component that can help make an E-85 investment pay off.

NATIONAL OR PRIVATE BRAND?

Grab your share of the commercial fleet market by accepting national fleet cards. Forty to fifty percent of the U.S. commercial fueling market is made up of companies with fewer than 10 vehicles, and these fleets can typically be very loyal to one or two sites — although fleets with more extensive reach often value convenience over any other purchasing factor.

The largest fleets are heavily price competitive and typically require a national acceptance network, but offering a fleet card is a great way to build new or incremental streams of income and extend your brand.

However, accepting fleet cards requires retailers to also accept the associated processing fees. But the bright side is that while the major oil companies set the fees for branded sites for many cards, private branding can allow a retailer to negotiate an individual rate with the national cards.

In smaller markets, many companies prefer to support local businesses. These companies are the sweet spot for private-label programs, and marketing the local relationship with a fully functional fleet card program often eliminates the need to offer discounts to local fleets.



* Number determined by compiling research from third-party sources, including Havill & Company, Bobbitt Publishing, the Nilson Report and a FleetCor telephone survey.

Retailers can offer private-label programs through either self-service or full-service. With self-service, the processor typically provides the computer system for the retailer. The retailer assumes responsibility for issuing cards, setting up accounts, sending bills and reports, customer service, funding receivables and collecting payments. These programs are provided at relatively low fees, but retailers can incur significant costs and risk in addition to vendor fees.

In the full-service model, the retailer simply offers the program to customers and the vendor does all the account servicing work, including billing and receivables funding.

While a full-service program comes, naturally, with higher fees, often the total economics are more favorable, since the retailer doesn't carry all the costs and risk.

MERCHANDISING

To make the most of fleet cards, retailers should clearly communicate what cards are accepted at a site by using signage at the roadside, at the pump and at the counter.

With a private label fleet card, retailers can effectively merchandise the offer by first establishing the brand. If a consistent brand doesn't already exist across the stores in a private-label program — which may include dealer or wholesale-supplied sites — a fleet card brand can be established at a fairly reasonable cost with good signage.

Second: Attract account holders. The point of sale is the most efficient and effective place to market and sell private label fleet card accounts. Store managers should be trained to identify potential private label card customers and to execute a simple sale with brochure applications. Store staff should also be encouraged, through rewards and other recognition, to bring in new fleet accounts.

Convenience retailers with a network of stores often hire a sales professional to visit local businesses and deliver in-depth sales presentations. The key to success is stressing the value of local relationships supported by a solid fleet card program.

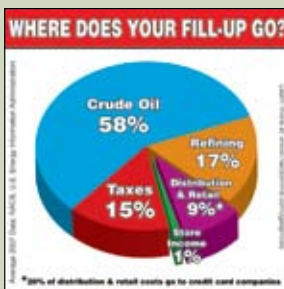
Because of its size, the commercial fueling market cannot be overlooked by convenience and petroleum retailers. Strong customer loyalty in the commercial fleet market means long-term business relationships and consistent cash flow for retailers. ■

Benton C. Routh is president of the FleetSource division at FleetCor (www.fleetcor.com).

FUEL PURCHASED FOR COMMERCIAL USE IS ESTIMATED AT APPROXIMATELY 40 PERCENT OF THE RETAIL MARKET FOR FUELS IN THE UNITED STATES.

STICK IT TO 'EM

To help NACS retail members communicate the industry's position on high gasoline prices, NACS developed a sticker for members to put on their pumps. All NACS retailer members received the sticker in their January issue of *NACS Magazine*. The graphic is also online at www.nacsonline.com/gasprices.



To date, **5,130** gas pump stickers have been sold.

Order your stickers (\$5 for a block of 10) by contacting Trisha Frazier at (703) 518-4291 or tfrazier@nacsonline.com, or call NACS toll free at (800) 966-6227.