

## Welcome to IF Consulting's weekly e-mail newsletter

July 16, 2004

Our regular email tackles the topical issues that surround all marketing channels and their underlying strategies.

### Fuel company steps on the gas in Singapore

In a deal valued at US\$70 million, Singapore Petroleum Company will buy BP Singapore Pte Ltd's retail marketing business comprising of 30 retail service stations. A conditional share sale agreement will also give Singapore Petroleum BP's 70% stake in the BP-Wearnes Gas company. This joint venture operates the bottling and distribution of liquefied petroleum gas across Singapore.

Reasons given by Singapore Petroleum for the acquisition include: enlarging its customer base, extending its geographic coverage and providing greater convenience and accessibility to its customers. The LPG business acquisition alone means that the company is almost assured of capturing a larger share of the retail fuels market in Singapore.

<http://www.datamonitor.com/~d7e5815ee6424f2cae2dafa93eb15852~/industries/news/article/?pid=2C575D7E-312D-4D64-AFAD-5C8F04D5EF21&type=NewsWire>

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### IF Comment

Singapore Petroleum Company's purchase of BP Singapore Pte Ltd's retail marketing business continues a historical trend of oil companies divesting their retail operations and moving in and out of different markets.

Australia's largest retailer, Coles Myer, recently formed an alliance with Shell to operate all their service stations and attached c-stores (convenience stores). C-stores are an attractive proposition for retailers who wish to augment the thinner margins they earn through their traditional channels such as supermarkets. Not only can retailers earn better margins in c-stores, but by owning gas stations, they can also offer discounted gas to their supermarket customers, thus also bringing more customers into their supermarkets. Large retailers are also able to operate c-store operations more efficiently as they can use their existing supply chain systems for the gas station c-store operations.

The difference in this case is that the retailing operations of BP have been taken over by another oil company. Whereas the alliance between Coles and Shell allows Coles Myer to offer their customers discounted fuel, Singapore Petroleum's purchase of BP's retail operations will allow them to expand their retail network and reach more customers, while allowing BP to concentrate on more profitable markets.

Oil companies moving in and out of markets are certainly nothing new. For example, oil company A may have a weak market in California and trade its assets there to oil company B in exchange for their assets in Georgia where company B has a weak market share. In this way, oil companies can concentrate on those markets where sufficient market share allows them to operate more profitably. What is generally not known though is that refineries,



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regardless of who owns them, depend on geography and consequently in many cases the fuel product sold, whichever brand, comes from the same refinery.

## Snippets

Microsoft announced plans this week to better align partners with its sales and support teams as well as a wide range of partner incentives. As part of an unprecedented \$1.7 billion investment in its marketing channel program, Microsoft said it will extend to its channel partners a variety of new sales and marketing, consulting and support resources once previously reserved for internal use only.

<http://www.crn.com/sections/breakingnews/dailyarchives.jhtml?articleId=22104729>

Early termination of a franchise scheme is going to cost New Zealand's largest finance company a lot of money. ANZ-owned UDC trumpeted the "innovative" franchise system when it started a pilot scheme about four years ago

<http://www.nzherald.co.nz/business/businessstorydisplay.cfm?storyID=3577526&thesection=business&thesubsection=general&thesecondsubsection=%20&thetickercode=>

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Mobile phone companies hope to make a bundle selling extra features to their subscribers. Unfortunately, customers aren't taking the bait.

[http://www.forbes.com/business/2004/07/15/cz\\_sw\\_0715wireless.html](http://www.forbes.com/business/2004/07/15/cz_sw_0715wireless.html)

## Share the Knowledge

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IF Consulting publishes "Our View", a quarterly review of topical marketing channel issues. Samples are available on our website. To receive "Our View", please return this email with your address details.

To unsubscribe, please reply with "unsubscribe" AND a copy of the email address to be removed.

IF Consulting is a leading international marketing channel strategy consulting firm with over 30 years experience in a vast number of industry sectors. See our website for further information.

<http://www.i-f.com>