AMERICA'S LEADING FUEL MARKETERS

IGM

INDEPENDENT GASOLINE MARKETING

MARCH | APRIL 2025

SIGMA

inside:


Gulf

SIGMA

About SIGMA: Founded in 1958, SIGMA: America's Leading Fuel Marketers has become a fixture in the motor fuel marketing industry. After more than sixty years of leadership, SIGMA is the national trade association representing the most successful, progressive, and innovative fuel marketers and chain retailers in the United States. From the outset, the association has served to further the interests of both the branded and unbranded segment of the industry while providing information and services to members.

SIGMA's approximately 260 corporate members command more than 50 percent of the petroleum retail market, selling approximately 80 billion gallons of motor fuel each year. These member companies operate throughout the United States and Canada.

Regular membership in SIGMA is available to companies involved in motor fuel retailing or wholesaling that are not owned by a refiner. In addition, Associate membership is available to fuel supplier companies and to companies that offer financial services, fuel transport services, and fleet card services. SIGMA member companies have long been recognized, both within and outside the industry, as the most aggressive, innovative, and price competitive segment of petroleum marketers.

contents

features

columns

inside...

viewpoint

MATT PORTS
SIGMA President

SIGMA's in Scottsdale this Spring!

I recently returned from the SIGMA 2025 Winter Conference in Vail, and I have to tell you, it was fantastic. The meeting's workshop education was on point and interesting, focusing on Clean Fuel Compliance and What It Means to a Fuel Business with Dolores Santos. Dolores shared the origins of the Renewable Fuel Standard program, and the history of how it affects pricing contracts and then provided a deeper dive into actually setting up contracts and pricing formulas for rack bbls and a rundown of the regulatory legislation coming down the pike that we should all have on our radar. I also enjoyed seeing everyone during the evening receptions, and of course Vail Village is spectacular.

Now that I am home, however, I am anticipating spring – and the SIGMA Spring Conference in Scottsdale. This is the second time SIGMA will have had its Spring Conference at The Phoenician and I am looking forward to returning. The property is spacious and well-located with a fantastic golf course on property, as well as multiple pools. In addition to hearing from featured speakers, there will be breakout education sessions (check the SIGMA website for the full listings), evening networking receptions, as well as the pool, golf, Casino Night, and a pickleball round robin.

On February 11th, the SIGMA Legislative Committee met to review issues facing the association in 2025 and confirm SIGMA's legislative and regulatory priority issues for the coming Congress. These issues will be discussed in-depth during the Legislative Issues Briefing in Scottsdale. There are new opportunities in our industry with the new Administration and Republican Congress and you don't want to miss out on learning about them. You don't have to be a member of the Legislative Committee to participate – everyone is included, and all opinions are valued. Ask a question, relate an anecdote, and express your opinion. The interactive format of the session is what makes it so valuable.

Participating in SIGMA's conferences is one of the easiest and most enjoyable ways to get value from your membership. I encourage you to check your calendar and block time now to attend the Spring Conference April 22-24 in Scottsdale – and if you plan to participate in the SIGMA Open Scramble, you'll need to arrive a day early as it will be held the morning of April 22nd at the start of the Conference.

I am looking forward to Scottsdale. I hope to see you there. ★

Sincerely,

Matt Ports, Ports Petroleum Company
SIGMA President

Inside SIGMA

A Message from the SIGMA CEO

Dear SIGMA Community,

Happy "Almost Spring, everyone!" By the time this gets to you, we should be starting to think about warmer weather, mothballing winter coats (does anyone actually mothball clothes anymore?) and thinking about taking to the road. In other words – SPRING! And spring for me means two things – first, the SIGMA Spring Conference in Scottsdale in April, and the Spring 2025 Driving season. The time when gasoline demand peaks, gallons are pumping, and business is thriving.

When I took on this role of CEO (hard to believe that it's almost one year), I really wanted to take up the volume on the kinds of education that SIGMA provides. We had a great Annual Conference, and a successful Winter Conference. And now we're laser focused on Spring – April 22 – 24 at the Phoenician in Scottsdale.

The great thing about this meeting – in terms of timing – is that not only does it happen at the commencement of that Spring driving season that I spoke about, but it also coincides with the first 100 days of the new Administration. Lots of in depth conversations about where the government is headed, and of course, how it will impact our industry. Here are some of the highlights:

Walter Zimmerman – one of the most respected technical analysts in our business. We'll discuss the state of the economy, and how fuel prices are likely to perform.

Artificial Intelligence - The advent of AI in all parts of our lives is not only challenging, but for some, it can be literally terrifying. In this must attend session, you'll hear a panel of experts breaking down what all of this means, and what you – as fuel marketers and those that provide services to fuel marketers – need to understand.

Steve Seymour, Author 100 Ideas to Improve The Workplace - I'm really excited about this one. Steve Seymour is a nationally recognized authority on hiring, and the author of a widely praised book called 100 Ideas to Improve the Workplace. It can be anything from how to lure new employees, to retaining valued tenured employees, to "moving on" less productive employees. These issues are paramount to everyone that engages in SIGMA.

Jeffrey Rubin, Kay Segal, Mike Flebotte Presenting a Retail Workshop – this is a first for SIGMA. We've assembled a team of veterans who are going to outline the state of retail loyalty programs, and an analysis of smart, workable digital strategies that you can bring back to your business. Retail plays a huge role in our businesses, and learning more about these issues is good for everyone.

And much more! So, here's to nicer weather, and a great SIGMA meeting in April!

There's some other things I want to tell you about that are coming down the pike. We will be sending you more information in the coming weeks on SIGMA University. We'll be releasing our first on line class called "Best Practices in Fuel Buying." For those of you that are challenged by training your staff in this complicated business, you are going to love this. Your staff can take this class at their desk, and come out having a comprehensive understanding of this business that will improve the way they do their jobs.

More details to come (watch your emails!).

One more thing to mention – by the time you read this, SIGMA will have done its first webinar. We have a very ambitious plan to do 4 webinars each year on the topics that you care about. We are more committed than ever to make SIGMA education better and more relevant for you! ★

Scott Berhang
CEO, SIGMA

profile: NOURIA

By Mark Ward Sr.

With Nouria on the verge of launching a national fuel brand, Nouria is looking to the future while drawing inspiration from the past.

As Executive Vice President of Fuels at Nouria of Worcester, Massachusetts, Fouad El-Nemr over the past three years has spearheaded an aggressive effort to revamp his company's Wholesale Fuels Division. "Our long-term strategy," he explains, "focuses on continually building our own Nouria fuel brand and expanding our footprint across the East Coast."

Nouria's vision extends to 2030 and beyond. "Over the next five years, all major oil brands will be de-branded from our 300+ company-operated stores and rebranded under the Nouria Fuel brand. As existing fuel supply agreements expire, we'll transition away from branded supply contracts. That will strengthen our Nouria-branded fuel presence with a plan to establish Nouria Fuel as a nationally recognized brand."

As El-Nemr looks to the future, however, he is also carrying on a family legacy. "My father Tony started Nouria 35 years ago with a single gas station," he relates. "Now we're one of the largest fuel and convenience store marketers in the Northeast. Preserving and expanding our father's vision to build Nouria for future generations shapes every decision we make. It drives a long-term approach that prioritizes business growth and employee wellbeing."

An American Dream

The story behind the El-Nemr family legacy is among the industry's most compelling. It begins with the Lebanese Civil War, a conflict that raged from 1975 to 1990 and cost more than

more than 150,000 lives. Americans will remember the 1983 suicide car bombing of the U.S. embassy in the capital of Beirut that killed 63 people.

The conflict, which pitted Lebanese militias against insurgents, forced nearly a million people to leave the country. One of those was 18-year-old Tony El-Nemr, who immigrated from Lebanon in the early 1980s to attend college in the United States. By 1985 he ended up in the Boston area, pumping gas at a local station to make ends meet.

Then in 1989, a local bank placed a bet on Tony's American Dream, providing the young immigrant a loan to purchase his own gas station. In naming the new venture, the El-Nemr chose "Nouria" which means "light" in Arabic and was the name of his church in Lebanon.

"But rather than settling with a single location," recalls son Fouad El-Nemr, "my father reinvested every dollar earned into acquiring more sites. He bought his second station in 1991 and then kept growing year by year, expanding Nouria's footprint. He was relentlessly focused on strategic reinvestment and acquisitions."

Under Tony El-Nemr's leadership, Nouria in 2006 entered fuel distribution by becoming a branded fuel wholesaler. The company soon boasted a growing portfolio of branded and unbranded fuel customers. "Over time," Fouad El-Nemr reports, "we expanded our supply network, strengthened supplier relationships, and established Nouria as a key distributor across multiple markets." Meanwhile, the retail side continued to expand across the Northeast. In 2011, Nouria acquired 83 Shell locations. Five years later, in 2016, two acquisitions netted another 34 stations and 25 car washes. Then last month, Nouria planted its flag in the Carolinas and Georgia by closing a deal to acquire 135 Enmarket sites from Colonial Group. As Tony El-Nemr told the trade press when the purchase agreement was announced last fall, the "acquisition allows us to bring our award-winning service to new communities in the Southeast."

Nouria now operates more than 300 c-store sites across the Northeast, Georgia, and the Carolinas. Its acquisitions have also brought into the fold more than 80 car wash locations. And the Wholesale Fuels Division supplies hundreds of branded fuel dealers with Shell, Citgo, Sunoco, Marathon, Mobil, Gulf, Valero, and Irving products.

At the same time, Nouria has become one of the largest unbranded fuel suppliers in the Northeast, providing a reliable and competitive fuel supply to a wide network of independent dealers, commercial fleets, and large distributors.

Leveraging Synergies

Nouria founder Tony El-Nemr, the company's president and CEO, is "super active and here in the office every day," attests son Fouad. The oldest of three siblings, Fouad recalls growing up around the business, working there during high school summer breaks and attending quarterly executive team meetings during his college years. "My goal was to work in different parts of the company," he says, "so that I could learn every aspect of the business and figure out where I might fit and what I wanted to do."

On completing his MBA, Fouad joined Nouria full-time in 2016 to work under the company's CFO. Then four years ago he took over the wholesale division and "really dug into that side with a vision and plan for growth." Nouria's 2011 and 2016 acquisitions, he explains, "brought us a lot of volume. So when I took on the wholesale side, we had volume for leveraging our buying power and expanding our supply network and supplier relationships."

Expanding wholesale operations meant expanding the division's infrastructure. "Three years ago, we had one sales rep," El-Nemr states. "Since then, we've built a high-performing team of sales representatives, fuel dispatchers, and an internal customer service division. We believe that our wholesale fuels division is now an industry leader in customer responsiveness and market agility."

El-Nemr realizes that the hundreds of dealers across New England and the Northeast who rely on Nouria have other options for their fuel supply. "So it's not just that we can sell them the fuel brand they want," he notes. Instead, Nouria differentiates itself in multiple ways.

First is superior customer service, together with Nouria's buying power to supply dealers with fuel, in-store merchandise materials, and gas pumps at competitive prices. Next is a commitment, El-Nemr adds, to partner "with any dealer who passes a credit check. We don't have minimums on a dealer's volume. My dad was once that small, single-site dealer. So, we won't opt out anyone." In addition, Nouria can leverage its own retail experience to consult with dealers on best practices from store layout to construction to engineering.

El-Nemr's vision to grow wholesale operations and launch Nouria as a national fuel brand likewise leverages the synthesis with his company's 300-plus retail chain. The most obvious link is simple: by optimizing traffic and sales, Nouria sites will need more fuel.

"What differentiates Nouria locations," states El-Nemr, "starts with the basics—clean bathrooms, well-lit properties, and friendly team members." After that, Nouria's growth through acquisitions means it operates stories in a wide variety of sizes and location types. Nevertheless, a vision for the future is in place.

"Our prototype for newer sites is a 6,500-square-foot store and ten MPDs in the forecourt," reports El-Nemr. "We're emphasizing fresh food and pushing our own Café Nouria fresh coffee presentation throughout all our locations.

The Nouria chain is also promoting its mynouria™ private-label brand of freshly packaged baked goods, snacks, and drinks. Commuters who want a treat with their freshly brewed coffee can choose cakes, muffins, danishes, cookies, or brownies—made fresh in Nouria's Kitchen from ingredients sourced through reputable partners. Other private-label mynouria™ products range from lip balm to water and from salty snacks to healthy trail mixes.

Last August, Nouria was named by CSP Daily News as its 2024 Mystery Shop winner with an overall score of 97.48 percent. The annual audit evaluates participating c-store chains' performance in nine categories: pump island, exterior, interior, restrooms, dairy cooler, fountain drinks, coffee, sandwich cooler, and employees. Nouria scored above 98% in seven categories and was particularly cited for its stores' cleanliness and coffee and fountain areas.

Forward Thinking

As Nouria retail grows, so will its fuel volume. That brings El-Nemr to another vital synergy between Nouria's retail and wholesale operations—a synergy that offers the opportunity to launch Nouria as a nationally recognized fuel brand.

"It's a question of brand identity," El-Nemr explains. "We want customers to say, "I'm going to Nouria,' and not 'I'm going to Shell' or another brand. When people see Nouria on the canopy, that creates brand identity that helps both our wholesale and retail sides. That's why, when our supply agreements expire, we're de-branding from the majors at our company-operated sites and transitioning to our Nouria brand. The phased transition, which began several years ago, is on track to be fully completed by early 2030."

A key figure in this transformation is Corey Mathieu, Director of Fuel Supply and Logistics, who joined Nouria in 2023. "Corey plays a pivotal role in securing competitive supply agreements, optimizing fuel sourcing, and enhancing operational efficiencies," says El-Nemr. "The oil industry is historically conservative. But Corey and I are both Millennials. We bring a modern, analytical, aggressive, data-driven approach to fuel distribution that sets us apart from traditional industry models."

El-Nemr credits Nouria's rapid growth to a focus on expanding branded dealer partnerships and strengthening unbranded supply networks. "But what has positioned us as a progressive, forward-thinking company in an evolving fuel market is the ability Corey and I have to think differently and embrace change."

Through such forward thinking, Nouria's Wholesale Fuels Division has grown in just three years to supply fuel from Maine to Florida through waterborne and pipeline logistics. In the ▶

Northeast, most fuel comes from waterborne terminals supplied by barges into key markets, while also sourcing fuel from multiple terminal markets in New York and Montreal. In the Southeast, Nouria secures fuel from both waterborne logistics and terminal locations along the Colonial and Plantation pipelines.

"With our new presence in the Southeast market following the Enmarket acquisition," El-Nemr reports, "we're launching a branded dealer business in the South this year by building a dedicated branded sales team of experienced industry professionals who are ready to play key roles in shaping our future success in the region."

Setting Priorities

In 2023 as Nouria launched a renewed vision for wholesale operations, the company joined SIGMA. El-Nemr says the association's conferences "have been an invaluable platform for us, providing us unmatched opportunities to build and strengthen supplier relationships."

For his part, El-Nemr comes to each SIGMA conference with a structured meeting schedule planned in advance. "We can have back-to-back meetings with key industry partners," he explains. "That maximizes our productivity in a short period and ensures that each interaction is purposeful. This leads to new supplier connections, competitive deals, and valuable market insights that drive our business growth."

Beyond supplier relations, El-Nemr adds, "SIGMA offers a unique forum for industry discussions, emerging market trends, and regulatory insights. Engaging directly with decision-makers in one setting makes SIGMA one of the most effective conferences in the industry. As we expand, particularly in the Southeast, SIGMA conferences are critical for us in securing new supply opportunities, optimizing procurement strategies, and maintaining a competitive edge."

As his company expands outward, though, El-Nemr maintains a strong family focus. "We're a family-owned business and that foundation remains strong," he says. Joining Fouad at Nouria are

his brother Badih who works in the retail division and his sister Amiranour who works in marketing department. "As a second generation," Fouad relates, "we're committed to building on an already successful foundation, emphasizing continued expansion, innovation, and market leadership."

Fouad recalls his first full-time day working at Nouria after graduating with his MBA. "My father sat me down and said, 'This company is no longer just yours—it belongs to the third and fourth generation, to your future children and grandchildren. Your responsibility is to every employee at Nouria, ensuring they are treated like family and protected by this company.' As our father's children, we're building not just for today but for the future."

El-Nemr is quick to add, however, that his company's executives are also vital parts of the Nouria family. His father Tony has assembled a seasoned management team of industry veterans. Chief Operating Officer, Joe Hamza oversees the retail and company-operated divisions. And Richard Smith, Vice President of Car Wash Operations, leads the Golden Nozzle Car Wash brand of more than 80 sites.

"Whether you're a family member or not," says Fouad El-Nemr, "we're all equal. We keep family as family and keep business as business. We have an 11-member executive team that meets a half-day biweekly. Our philosophy is to hire the best. As a company we move fast and so we depend on non-family executives who thrive in our fast-paced environment. In five years, we expect all three of our divisions to double or triple in size."

Though the executive team meets biweekly to keep each other up to date, Nouria's three divisions—wholesale, retail, and car washes—are run as separate and independent operations. The Wholesale Fuels division supplies Nouria retail sites but also runs its own wholesale business. For example, while some retail sites have legacy car washes on site, most will devote that space to fleet fueling. Meanwhile, the bulk of Nouria's Golden Nozzle car washes are standalone tunnel washes.

Yet the common thread, says El-Nemr, is "a firm commitment to innovation, operational excellence, and family-driven values. As we expand our footprint, strengthen our wholesale operations, and build a national fuel brand, the legacy of our father Tony and our family will continue to shape our future for generations to come. Our mission remains clear: to grow, innovate, and lead, while honoring the values that have driven our success from the very beginning." ★

YOUR *store* *your* VOICE™

Join store owners across the country who are fighting for fair tobacco policies.

SCAN NOW
TO GET INVOLVED

Washington WATCH

A New Era of Trade Policy

President Trump's second term has ushered in a significant shift in U.S. trade policy. Indeed, on his first day in office, the President issued a flurry of executive orders aimed at tariffs and other trade restrictions. While President Trump's early orders reflected a continuation of his first-term policies, others took a more novel approach, with an increasing emphasis on trade with Mexico and Canada. Tremendous uncertainties remain on the specifics of the President's trade policy, including the timing, extent, and duration of new tariffs, as well as potential retaliation from other countries.

Tariffs, Tariffs, Tariffs

The Trump Administration's approach to tariffs has been subject to significant volatility. SIGMA members should expect this to continue. The Administration views tariffs as an effective tool to control the behavior of other countries. Ongoing uncertainty will likely persist with respect to the specific scope, timing, and implementation of proposed trade measures. We have seen it with Canada, Mexico, and China already. The European Union is coming soon.

The executive branch of the U.S. government has wide-ranging authority to modify tariff rates and impose trade remedies on the basis of national security or economic injury, including under Section 232 of the Trade Expansion Act of 1962, Section 201 and Section 301 of the Trade Act of 1974, and the International Emergency Economic Powers Act.

President Trump has advocated for tariffs since the 1980s, and during his first term, he raised tariffs on a large share of imports from China and on aluminum and steel globally. He also negotiated the United States-Mexico-Canada Agreement (USMCA) trade agreement with Canada and Mexico, a pact that then-president Trump lauded as a fantastic outcome for the United States, but now apparently warrants reassessment. During his 2024 campaign, the President promised 60 percent tariffs on all imports from China and 10 percent or 20 percent global tariffs (all imports from all countries). He also threatened tariffs against specific companies that are considering shifting manufacturing abroad. ▶

Implications for the Energy and Fuels Sector

President Trump has already levied, and continues to consider, substantial trade duties on imported petroleum products. This is particularly evident with respect to the repositioning of America's trade posture towards its northern neighbor, Canada. Duties and other trade restrictions on Canadian goods threaten a considerable disruption in the energy goods sector, which represents more than 20 percent of total U.S.-Canada trade, and is ahead of autos, steel, and aluminum. Canada also purchases over $30 billion of U.S. energy products annually – mostly refined fuel products. Cross-border tariffs on petroleum products will have major implications for millions of homes on both sides of the border.

Canada provides an important input that U.S. production is short on (heavy sour crude), with other potential suppliers being less desirable trading partners (Venezuela and Saudi Arabia). Canada supplies 60 percent of crude oil imports – much of which going to midwestern refineries – which is 20 percent of total oil imports at approximately 4 million bpd (more than what the U.S. imports from OPEC and the Gulf States combined). This represents 25 percent of daily intake for U.S. refinery production for the U.S., Canadian, and other international markets. There are 70 cross-border oil and gas pipelines. Canadian crude is particularly important to midwestern refineries that serve much of PADD 2.

Canada also supplies 99 percent of the United States' imported gas. Imported gas is only around 9 percent of total U.S. gas demand (total imports are 3 trillion cubic feet p.a.), but it is key for certain markets, and certain products (e.g., propane) along the border (Pacific Northwest, Michigan, and New York, etc.). Approximately 32 percent of U.S. natural gas exports go to Canada – the massive gas flow goes both ways.

More broadly, the domestic fuel supply also relies on imports of chemical products like diesel exhaust fluid (DEF) and agricultural products used to produce renewable fuels. President Trump has also expanded sanctions on countries such as Iran and Venezuela, aimed at curbing their crude exports and exerting geopolitical pressure. Looking forward, these restrictions may result in domestic fuel supply disruptions and contribute to long-term shifts in global oil supply chains.

Maintaining Perspective

Despite the continued threats and volatility, President Trump cannot economically sustain tariffs on Canada and Mexico for more than a short time. Given the state of the negotiations with Canada and Mexico, it is reasonable to expect short-lived confrontations if tariffs are imposed at all, followed by negotiations yielding a temporary or partial resolution. The probability of a sustained tariff imposition remains exceedingly low. For all the posturing, the President views the stock market and gas prices as barometers for how his administration is doing, and sustained tariffs, particularly on energy, are bad for both of those things.

SIGMA will continue to monitor and review any potential tariff activity and continue to urge the Trump Administration to advance policies that support reliable, low energy prices in the United States.★

Midwest E15 Shift Looms Ahead

BY ZACH APPEL, ARGUS MEDIA

A reformulation of gasoline in eight midwestern states to accommodate year-round 15 percent ethanol gasoline (E15) could lead to shortages in the region's fuel supply and an increase in retail prices this year.

Approaching the summer driving season, Illinois, Iowa, Minnesota, Nebraska, Ohio, South Dakota, Wisconsin, and Missouri await the U.S. Environmental Protection Agency's enforcement of compliance on their exclusion from the 1-psi rule.

The one-pound waiver in the Clean Air Act allows for a 1 psi higher Reid Vapor Pressure (RVP), a more expensive specification for 9 to 10 percent ethanol blend that allows gasoline during the summer to be 9 RVP. Opting out of the waiver would lead to the production of two separate grades of gasoline, the standard summer 9 RVP CBOB and a new, non-waiver 7.80 RVP CBOB that could be blended into E15.

The new 7.80 RVP gasoline formulation is a boutique grade CBOB that would only be found in the region during the summer, adding to the difficulty of producing the grade.

U.S. Gulf Coast Supply Lines

The region relies on the Gulf Coast to resupply in the event of a refinery outage or to accommodate increasing demand. The Explorer Pipeline, which connects from the Gulf Coast to the Midwest is one of the major pipelines to deliver product into the region. Transit time on the pipeline for delivery to the Chicago area is roughly two weeks.

Between 2021-2024, the Midwest received an average 1.16 million barrels a month of finished gasoline during the May-September summer driving season, according to U.S. Energy Information Administration data.

The arbitrage for shipping CBOB into the region from the Gulf Coast is already on average open across the summer.

History of Delays

The governors of Iowa, Nebraska, Illinois, Minnesota, Wisconsin, Illinois, Kansas, South Dakota, and North Dakota in 2022 requested an exclusion from the 1-pound waiver in the Clean Air Act by claiming the waiver was contributing to air pollution in those states, a request that would require blendstocks for E10 and E15 sold in those states to be reformulated.

The EPA granted their request in February 2024, but delayed lifting the waiver for summer 2024, following a slew of petitions from trade associations, refiners, and pipeline companies asking for delays. The measure is still pending.

President Joe Biden's administration avoided a potential disruption to seasonal E15 sales by tapping emergency powers in April 2022 to allow for the sale of E15 during the approaching summer, citing supply disruptions in the wake of Russia's invasion of Ukraine. EPA issued similar emergency waivers ahead of summer in 2023 and 2024 to facilitate the sale of E15, using the waiver 9 RVP gasoline.

Congress did have a legislative option to avoid requirements to reformulate gasoline. The last stopgap government funding bill signed in late December which funds the government through March included language to extend the one-pound waiver to E15 year-round and would have made the shift by the eight states and the reformulation unnecessary. However, the E15 provision was pulled from the bill following criticisms from President Trump and Telsa chief executive Elon Musk.★

Zach Appel is Argus Media's US midcontinent (midwest) gasoline reporter on staff since 2022. He is a 2020 graduate of the University of Houston with a degree in Political Science.

Inside

RISK MANAGEMENT

What's In Your Data Backup Strategy?

BY NATIONAL ACCOUNT EXECUTIVE PATRICK CUNNINGHAM, FEDERATED MUTUAL INSURANCE COMPANY

Your business handles plenty of critical data, and losing it could result in operational downtime, financial losses, and a damaged reputation. For businesses owners, a robust data backup strategy can help you stay resilient and competitive in the fuel marketing industry.

Key Steps for Data Backup Success

No business can ignore the risk of losing data from cyberattacks, system failures, or natural disasters. Consider these key steps to protect your data:

- **Adopt the 3-2-1 Backup Rule:** Keep three copies of your data on two different types of media, with one stored securely off-site — whether in the cloud or another location.
- **Train Employees on Cybersecurity:** Implement employee training programs and consider tools like simulated phishing exercises to increase awareness.
- **Use Secure Backup Storage:** Choose reliable servers or cloud-based platforms with strong security measures.
- **Schedule Frequent Backups:** Establish a plan to save copies of your data on a regular basis and assign this responsibility to a team member or department.
- **Regularly Assess Cyber Risks:** Make routine reviews of your cybersecurity measures and adjust as needed to help keep your data safe from emerging risks.

Benefits of a Strong Data Backup Strategy

The following can be factors to think about when putting your data backup strategy together:

- **Ensure Business Continuity:** Minimize disruptions to operations during natural disasters, cyberattacks, or system failures by preparing in advance.
- **Data Integrity and Security:** Use tools like encryption to help stop data from being lost, damaged, or accessed by unauthorized people, protecting both your customer and business information.
- **Regulatory Compliance:** Meet data protection laws to avoid fines and show that your business is committed to doing the right thing.
- **Build Customer Trust:** Provide reliable data protection, reinforcing your customers' confidence in your business and strengthening long-term relationships.
- **Support Innovation:** Ensure operational stability, enabling your business to adopt new technologies and maintain a competitive edge.

Data backups are not just an IT responsibility — they're vital to your business.

iRely
Solve Simply.

We are iRely.
Our business is to *Solve Simply.*

iRely's petroleum accounting software is a comprehensive solution for your business, integrating accounting and operations for petroleum wholesalers, propane distributors, carriers, and convenience stores. Our ERP system includes financial tools, CRM, and industry-specific features to save you time, cut costs, and boost ROI. With streamlined implementation, direct access to experts, and advanced automated quality control, iRely helps you optimize business processes and increase profitability.

SOLUTIONS FOR EVERY ASPECT OF YOUR BUSINESS

- Finance & Accounting
- Mobile Applications
- Inventory Management
- Risk Management
- Business Intelligence

Revolutionize your enterprise with our all-encompassing ERP Solutions. Streamline your financial operations, optimize inventory, glean actionable insights, mobilize your workforce, and mitigate risks—all with our cutting-edge, integrated business platform.

sales@irely.com +1 (800) 433-5724 www.irely.com

SIGMA UPCOMING EVENTS!

2025

APRIL
April 22-24
SIGMA 2025 Spring Conference
Scottsdale, AZ

JULY
July 22-23
SIGMA Summer Legislative Conference
Washington, DC

NOVEMBER
November 4-6
SIGMA 2025 Annual Conference
Nashville, TN

2026

FEBRUARY
February 1-3
SIGMA Winter Conference
Steamboat Springs, CO

APRIL
April 27-29
SIGMA Spring Conference
Irving, TX

NOVEMBER
November 9-11
SIGMA 2026 Annual Conference
Hollywood, FL


SIGMA
2025 Spring Conference
The Phoenician · Scottsdale, AZ
April 22-24
Register Today!
www.SIGMA.org

Inside CONVENTIONS

SIGMA's in Scottsdale for the 2025 Spring Conference

SIGMA is in Scottsdale April 22-24 for the 2025 Spring Conference! Networking, pools, Casino Night, Golf, Pickleball round robin, and top tier education sessions – this is not a conference you want to miss.

Education Highlights

Here is a taste of the education planned for the Spring Conference: an Opening General Session presentation by Walter Zimmerman, VP Technical Analysis, ICAP Technical Analysis, on What To Expect in Fuel Price and Supply – an Outlook; a Breakfast Education Session panel with Matrix Capital Markets Group on Industry M&A Update and Prognostications for 2025; a Lunch Education Session presented by StoneX on how to prepare your business for the fuel price risk landscape; and a panel presentation during the Business Meeting and General Session moderated by John Rettiger on what you need to know about AI, as well as a presentation on what's changing in underground storage by Mark Barolo, EPA.

In addition, we have outstanding breakout education sessions planned on topics including:

- Finding the Right Culture to Retain Valuable Personnel Customer Acquisition and Loyalty Programs
- Does a New Administration Mean a New Direction for EV's?
- Best Practices In Creating Digital Strategies for Your Business
- Best Practices In Creating Digital Strategies for Your Business

Plus, the Phoenician is a fabulous resort set in the beautiful Sonoran Desert. Scottsdale offers an array of exciting activities, attractions, and events as well as an alluring nightlife and world-class shopping. Bordered by Phoenix to the west, Scottsdale is bursting with unique attractions, invigorating outdoor activities, and unforgettable adventures to captivate your spirit.

What are you waiting for? Register for the SIGMA 2025 Spring Conference today and get ready to enjoy all Scottsdale has to offer! ★

Inside FAMILY BUSINESS

PRESENTED BY RONALD C. REECE, PH.D.

Things to Understand and Questions to Ask Part 2

In the January/February issue I reflected on an early consulting experience that resulted in a communication tool I have used now for years. Part 1 presented responses from senior generation members focused on things they would like their children to understand or know. Now let's look at the rest of the story. Questions to Ask from the next gens. Individual next gens are asked to respond either in an interview or ahead of time in writing to the following. Then we review and edit or add to the responses.

QUESTIONS TO ASK

PAST

About Herself/Himself; About Family; About Business and Money

PRESENT

About Herself/Himself; About Family; About Business and Money

FUTURE

About Herself/Himself; About Family; About Business and Money

Here is a composite of responses from next gen daughters and sons in different families.

QUESTIONS TO ASK MOM/DAD

PAST

ABOUT ME

- When you were a little kid, what did you want to do when you grew up?
- What is your best childhood memory?
- What is your biggest regret?
- Who beat you up so much emotionally?
- Was it harder on you, being the oldest, when your parents divorced?
- What was the hardest part about raising 3 boys?
- What parts of your childhood do you think shaped you the most for the good and for the bad?
- What do you think your role was in Mom's struggle with alcohol?

ABOUT FAMILY

- Do you think the business stressed your relationship with your first wife and played a role in your divorce?
- What is your favorite memory about our family?
- What did you try to provide us (emotionally), that you didn't feel like you received from your parents?
- What was your relationship like with your siblings?
- Ultimately why could you and Pa not get along?
- What was going on when you left mom? (When she was pregnant with me)
- What things are you hiding and why?
- What would you change about your upbringing?
- What are you most proud of about your family?

ABOUT BUSINESS AND MONEY

- When you started the business did you foresee or plan it as a family business?
- What was your original vision for the business?
- What kept you motivated when you were growing the business in the '90's?
- What was the business like while you were growing up?
- What was your family's view of money and business?
- What were the biggest hurdles when you left to work somewhere else? ▶


RELENTLESS PERFORMANCE.
RAPID FUEL
FT-948
AMS
SO YOUR OPERATION NEVER SKIPS A BEAT.
When fuel needs to get there fast, Thunder Creek Fuel Trucks deliver. With No CDL, no HAZMAT required—any driver on your team can get behind the wheel. With the ability to efficiently make small-volume fuel drops and easily access tight or remote jobsites, you can serve customers larger tankers can't. Expand your fleet's capabilities, capture new business, and keep things moving with Thunder Creek No HAZMAT Fuel Trucks.
THUNDER CREEK
Fuel & Service Equipment
Scan to learn more about the Thunder Creek No HAZMAT Fuel Truck Upfit and request a quote.

- What was the experience of rejoining the business like?
- What motivated you to take on the risk of the business?
- How did you learn to budget/save?
- What mistakes have you made/what would you do differently?
- What was the riskiest thing you ever did regarding the business?

PAST

ABOUT HERSELF/HIMSELF

- What are your strengths as a Dad?
- Have you met your goals, or do you still have things that you would like to achieve?
- What drives you?
- On any given day, if you had your choice of something to do, what would it be?
- What additional interests do you have?
- What is the secret to staying married so long?
- Do you believe your actions reflect someone who values love over money?
- What keeps you awake at night or makes you worry?
- When are you the happiest?
- Why are you still so concerned with achieving perfection and why is that so important?
- Where does the anger and short fuse come from?

ABOUT FAMILY

- What would you do to make our family healthier?
- Do you view all family members as equal?
- Do you think we communicate well as a family?
- How do you feel about the current state of our family?
- What do you love about our family, and what can we all improve on?
- What are you most proud of about family?
- Do you consider my wife's career autonomy to be a threat to the family?
- How do you feel about extended family?
- What do you worry about the most regarding our family?
- Is my value to the enterprise derived from my place in the business or my place in the family?
- What is most important to you when it comes to family?

ABOUT BUSINESS AND MONEY

- Does the debt scare you?
- What would you say about the current state of the admin team?
- Has the current state of the business met or exceeded goals?
- Do you agree with the current mission statement for the business?
- Are you happy with your present role in the business?
- Do you think our budget is functioning well and on track?
- How would you describe your current role in the business?
- Which organizational chart do you believe we are following? Which one should we follow?
- What is your biggest fear about giving up control of certain aspects of the business?
- What are the things about our business that you still love?
- Why do you feel like you have to continue to worry about ▶

the small things that arise on a daily basis?
- What do you consider to be "enough wealth?"
- What will it take financially for you to feel secure and accomplished if you don't already?

FUTURE

ABOUT HERSELF/HIMSELF

- What do you envision for your retirement? What would you like to do?
- Where do you want to live?
- Are there things left to do on your bucket list?
- Are you optimistic, and why?
- What is going to make you the happiest in the next couple of years?
- What do you want to do with your time for fun/happiness/income?
- Will you let yourself be able to enjoy a true retirement?
- Do you actually want to retire?

ABOUT FAMILY

- Do you want to stay married?
- Will you ever approve of Adam & me intrinsically?
- How do you envision our family interacting in the future?
- Do you plan to treat kids/grandkids equally?
- How do you feel about future family trips?
- How do you see the family dynamic in 5 – 10 years?
- What are your thoughts on the grandchildren? What would be your expectation for them?
- What do you worry about the most when it comes to our future?

ABOUT BUSINESS AND MONEY

- What is your dream for the business going into the future?
- Who do you see running the business in the long term? What does that structure look like?
- How can we help make you feel peaceful about the business being in a good place?
- How do you see yourself involved in the future?
- What responsibility would you like to have?
- What is your biggest fear about our family getting more involved in the business?
- Should the board be more active in the future?
- Pretend the business is a blank slate, no employees. Who is in what position if your magic wand could make it happen?
- If you were 30, entering the business as it stands today, what would be your vision for the company? Expand product portfolio, customer base, new business ventures, etc.?
- How are you preparing monetarily for a time without work and salary?
- How are you preparing mentally to let go of something you have worked on a majority of your life?
- What is your desire for the business' legacy? Is it important to continue and be "held" by descendants of the family?

All these exploratory conversations were very fruitful. And just taking time to answer these questions helps crystalize various thoughts and emotions.

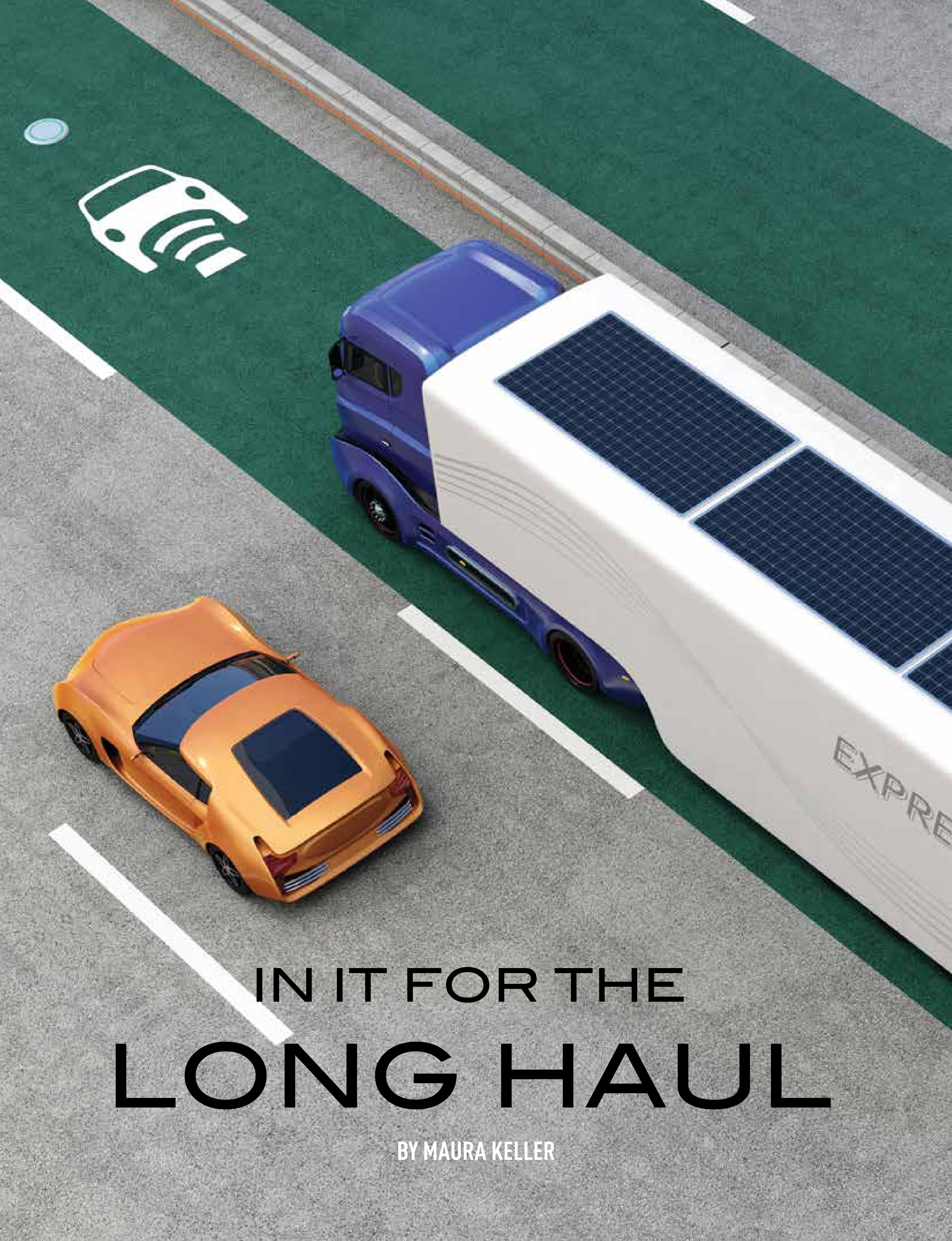
But the real value came when I facilitated sharing between seniors and next gens and between next gen siblings. The dialogue ranged from just being informative to painful or exhilarating. There were tears, hugs, yelling, enlightenment etc. Quite often, roadblocks to decisions have been removed, reconciliation actions committed to and much more. Being vulnerable with each other is so often difficult but the return on investment is often so great.

Communication is a never-ending challenge, and no one is perfect. Keep working on it. If you try this process on your own remember it is about sharing and connecting not about accusation and criticism. Maintaining a mindset of curiosity, openness and appreciation provides good lubricant. If the barriers and anxiety seem too high start small or find someone to facilitate. Don't wait any longer.

Soon,
Ron

Ronald C. Reece, Ph.D. is a Consulting Psychologist who Specializes in Family and Closely Held Business Consulting.

He can be found at:
800 E. Washington St., Ste-C, Greenville, SC 29601
Phone 864-233-6648 Fax (864) 233-3706,
Email reeceassc@aol.com • Website www.ronreece.com



IN IT FOR THE LONG HAUL

BY MAURA KELLER

Visit any large shopping center, big box retailer, or glance around the parking lot at most government buildings and you'd be hard-pressed not to find electrical vehicle (EV) charging stations. But what about the charging infrastructure for long-haul EVs? While new opportunities are opening up to meet the growing interest of the long-haul industry toward EV technology, there are many hurdles that fleet owners and operators, as well as travel centers, truck stops, and c-stores need to overcome to make long-haul EV charging a streamlined enterprise.

Not too long ago, the idea of electric 18-wheelers seemed far-fetched – big rigs require massive power and range to cover cross-country routes. Now, we're seeing a shift. Major players like Tesla (Tesla Semi), Volvo (VNR Electric), Daimler (Freightliner eCascadia), and Nikola have pilot programs and pre-production models on the road.

"According to the Institute of Energy Research, electric trucks made up less than one percent of long-haul truck sales in 2024," says Steve Christensen, executive director of the Responsible Battery Coalition. "Almost all those sales were in California, where the state subsidizes and mandates their ownership. Most analysts project sales of long-haul EVs to continue to increase, with China and some European countries experiencing the most growth."

While adoption is still in its infancy compared to passenger EVs, Rob Dillan, founder of EV Hype, says these trucks are clocking real-world miles hauling freight on specific routes. Dillan leads the charge in the electric vehicle (EV) domain with his online platform that highlights EV charging locations throughout the United States and Canada.

"According to the California Air Resources Board's report, sales of new zero-emission medium- and heavy-duty trucks in California doubled in 2023 compared to the previous year, now accounting for one in six new vehicles used for last-mile delivery, freight transport, and school bus services. It's clear this technology is on the move – just not yet on every highway," Dillan says.

Recently Dillan spoke with a fleet manager who said his biggest hurdles were range, charging time, and upfront cost – and that hits the trifecta of concerns for long-haul EVs.

As Dillan explains, range and battery weight are the leading concerns of the long-haul industry as it relates to EVs as long-haulers routinely travel 400 to 600 miles a day. Many current electric truck models offer 200 to 300 miles in real-world conditions, often requiring mid-route charging or battery swaps. "Charging time and downtime are other issues facing the long-

haul EV industry," Dillan says. "Even the fastest 'mega chargers' can keep a truck idle for 30 minutes or longer. For a fleet, time is money, and any extra downtime can cut into profits."

Also, cost and ROI are two additional factors that are of concern for fleet owners and operators. According to Dillan, while fueling costs for EV trucks can be lower over time, the upfront cost of electric rigs can be 1.5 to two times that of their diesel counterparts.

"Early adopters may benefit from incentives, but it's still a steep entry price for many operators," Dillan says.

Gilbert Michaud, PhD, assistant professor, School of Environmental Sustainability, Loyola University Chicago, agrees that the long-haul EV market is expanding, but it's not quite widespread yet.

"Some auto manufacturers are starting to roll out electric semi-trucks that go hundreds of miles on a single charge, such as Tesla and Volvo," Michaud says. "However, these long-haul vehicles are expensive, and there are limited high-powered charging stations along the major truck routes."

Michaud points out that in addition to high upfront costs, limited range, and a lack of charging infrastructure being some of the biggest barriers to EV adoption by the long-haul industry, heavy batteries also reduce the capacity that these trucks have to haul other goods.

"The performance in extreme weather conditions also is questionable compared to traditional diesel trucks," Michaud says.

Required Infrastructure

The gasoline marketing industry has been very focused on incorporating the EV charging infrastructure required to meet the needs of the growing number of consumer EVs on the road today. When it comes to meeting the EV charging needs of the long-haul consumer base, fuel marketers are faced with a tremendous number of challenges.

"Convenience stores and travel centers already serve as essential pit stops for truckers," Dillan says. "Transitioning to EV charging for long-haul vehicles, however, requires an upgrade from standard or light-duty DC fast chargers to more robust 'megawatt charging' systems. The industry standard – often referred to as MCS (Megawatt Charging System) – is expected to deliver power levels up to 1.2 MW or more, allowing these big rigs to recharge significantly faster."

However, with those requirements come the challenges of space and layout for the charging infrastructure. As Dillan explains, charging stations for Class 8 trucks need more room for maneuvering and parking. C-stores may also need dedicated truck-only charging lanes.

Electrical upgrades throughout a facility are also required as these high-power chargers draw substantial current, so hooking up to a robust grid connection or substation is key.

As Christensen points out, the energy required for long-haul fleets will be substantial. Moreover, many potential charging stations will be located on large, busy interstates in rural areas, far from the major cities capable of generating the necessary electricity.

"The lack of charging infrastructure could push fleets to alternative fuels like hydrogen," Christensen says. "As vehicle range and fleet management improve, many of the charging stations built today might become unnecessary in the near future."

"Increased amenities are also need," Dillan says. "Long-haul drivers frequently need rest, food, and showers. Providing top-notch amenities during the 30 to 60 minutes a truck might spend charging can turn a standard c-store into a welcoming 'home base' for EV truckers."

Michaud says that while c-stores and travel centers will need to adopt high-power charging stations, particularly those that are able to provide at least one megawatt of charging power, or enough to keep charging times to under an hour, most places will also need multiple chargers, as well as dedicated truck charging lanes. "I'd estimate that these charging stations will need to be every 100 miles or so along major interstate highways," Michaud says.

Embracing Challenges

Faced with the growing need for long-haul EV charging infrastructure, c-store owners and travel center operators are facing significantly high installation costs. According to Dillan, the hardware alone for megawatt charging can run into hundreds of thousands of dollars per charger. Add in site prep, permitting, and grid upgrades, and the total bill escalates quickly.

"Grid capacity and reliability is also a challenge," Dillan says. In rural or underdeveloped areas – common along interstate corridors – local utilities may not have the capacity or desire to invest in major grid expansion without guaranteed demand.

Indeed, the large-scale charging systems put a lot of strain on the electric grid, and grid upgrades may be needed, especially in rural areas.

"Stores may want to consult with their electric utility to see what is possible," Michaud says. "These charging stations are also very expensive and a lot of stores may have space constraints."

Also, permitting and zoning issues pose additional challenges to marketers as acquiring the right permits for large-scale electrical upgrades can be time-consuming, especially in areas with strict zoning laws.

"There's also uncertainty on utilization," Dillan says. "C-store owners may worry about return on investment. If the EV truck market doesn't scale as projected, these expensive chargers could remain underused."

In Christensen's experience, charging infrastructure seems to be one of the largest and most frequently discussed challenges, closely followed by the initial cost of ownership. While the latter is decreasing, charging infrastructure, especially in the United States, continues to hinder the adoption of long-haul EVs.

"Today's electric utility infrastructure requires significant upgrades to meet the increased demand and the necessary charging stations that long-haul vehicle electrification will impose," Christensen says. "If this demand and distribution growth are not addressed, electrification in the U.S. will likely take decades."

A Future of Unknowns

The EV industry for both passenger vehicles and the long-haul industry ebbs and flows as technology advances, consumer interest fluctuates, and new challenges facing the production of EVs surface. As a result, the future of EVs is in flux, with many industry experts leaning toward options like hybrid vehicles as the ideal solution for passenger and long-haul industries alike.

"EV adoption will be slower in the near term," Dillan says. "Passenger EVs primarily needed moderate fast-charging infrastructure to gain traction, and battery advancements have come faster for lighter vehicles. Heavy-duty trucking has more engineering hurdles: bigger batteries, higher power demands, and stricter reliability requirements. Still, momentum is growing. Large retailers (like Walmart and Amazon) and shipping giants are actively piloting electric trucks to meet climate goals and lock in long-term cost savings. By 2030, we could see a noticeable portion of the U.S. fleet electrified, but diesel rigs won't vanish overnight."

To advance the EV technology marketplace for both passenger and long-haul vehicles, manufacturers are tackling the range and power challenges with several emerging technologies.

The improvement of batteries is gaining momentum as solid-state batteries, higher energy densities, and rapid charging capabilities are in the R&D pipeline. Dillan points out that Tesla Semi, for instance, claims 300 to 500 miles of range with quick-charging solutions, while Volvo's new battery packs aim to make them safer by having them integrate better into their vehicles. ▶

capSpire

WE'RE TRUSTED PARTNERS TO FUEL MARKETERS AND RETAILERS

IN STRATEGIC BUSINESS AND TECHNOLOGY ADVISORY

WHY CAPSPIRE?

Global technology experts with deep understanding of the c-store, fuel marketing, and transportation industry

Proactive problem-solving that anticipates challenges and unlocks opportunities

Strong expertise in supply chain optimization and risk management

ASK US ABOUT

Advisory

Technology Implementation

Technology Operations & Support

LEARN MORE

"Some manufacturers (e.g., Nikola, Toyota) are testing hydrogen fuel-cell trucks, which offer quicker refueling times than battery EVs," Dillan says. "However, widespread hydrogen infrastructure remains a significant hurdle."

Smart charging and fleet software are also receiving attention as automated route planning, integrated telematics, and dynamic load management let fleets optimize charging schedules.

"This helps minimize downtime and reduce peak energy costs," Dillan says.

Michaud believes that EV adoption by the long-haul industry will be slower because of the steep costs and infrastructure challenges. Government incentives are also in question given the new federal administration.

"That said, over the next 15 to 20 years, I think these types of trucks will be pretty widespread," Michaud says. "Manufacturers are doing all that they can to drive innovation in this realm. They're working on extending driving ranges, improving battery efficiency, and trying to make these vehicles lighter weight. For instance, Volvo is set to release a new EV semi-truck later this year that has an increased battery capacity and is more aerodynamic. Fast charging is also a major concern, as truck drivers don't want to wait hours for their vehicles to charge. Overall, some progress is being made, but it's slow."

Christensen believes there is undoubtedly a place for long-haul EVs in the future, and we should expect their use to continue to grow. He says the speed of adopting long-haul vehicles will depend on several factors, including what fuel the fleet operators decide to use if they move away from diesel. Hydrogen remains a viable alternative for meeting emission standards. We might see hydrogen used alongside electricity for long-haul transportation.

"Reductions in the cost of ownership of long-haul EVs will be essential," Christensen says. 'The fastest way to reduce that cost is to have a domestic closed-loop system for battery materials."

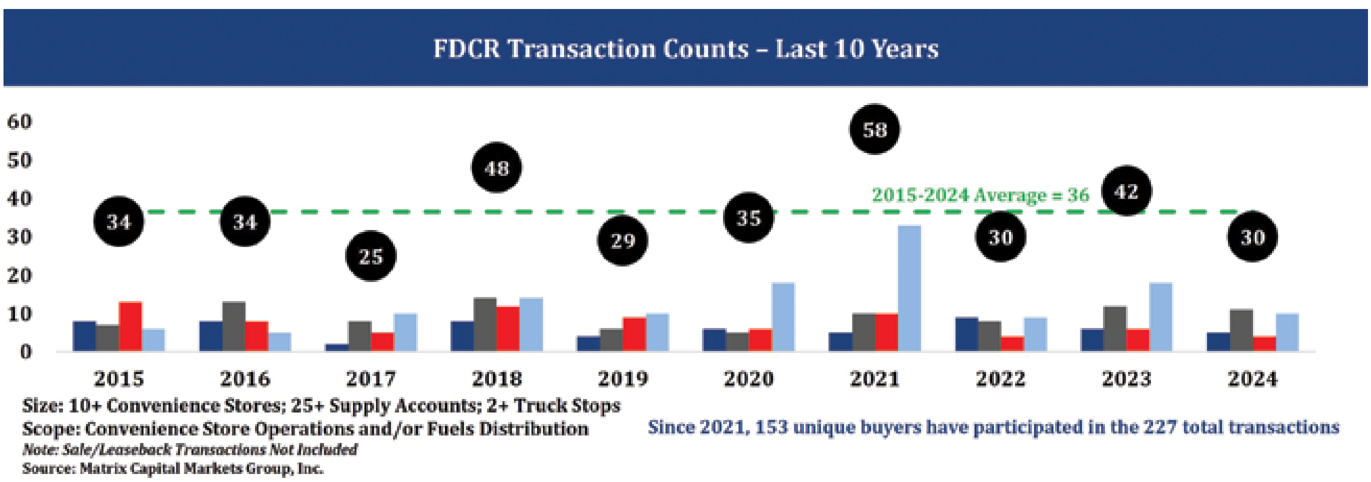
In addition, the battery industry continually strives to enhance long-haul EV batteries' safety, reliability, and performance. As Christensen further explains, while lithium-ion remains the dominant technology, numerous battery manufacturers and OEMs are exploring alternative battery chemistries, including sodium-ion, zinc-air, magnesium-ion, solid-state, glass, and redox flow batteries. All of these technologies show promise.

"However, the U.S. trails far behind Asia in the capacity to source and manufacture these battery technologies. As the demand for batteries continues to grow, so must our ability to create a closed-loop system for sourcing, using, recycling, and recovering battery materials," Christensen says. "Without a closed-loop system, we remain dependent on foreign sources for battery materials, making the system essential to our economic and national security."★

M&A Update and Analysis: A Review of 2024 Activity and the Outlook for 2025 in the Fuels Distribution and Convenience Retailing Industry

BY VANCE SAUNDERS, CPA, MANAGING DIRECTOR
DOWNSTREAM ENERGY & CONVENIENCE RETAIL INVESTMENT BANKING GROUP
MATRIX CAPITAL MARKETS GROUP, INC.

2024 was another busy year for mergers and acquisitions in the fuels distribution and convenience retailing ("FDCR") industry. Although there were fewer deals completed in the industry than in 2023, valuations remained strong for high quality assets, with several marquee transactions closed or announced during the year. Looking ahead, we anticipate transaction activity will increase significantly in 2025 with valuations remaining strong as demand outstrips supply in the M&A market and energy and tax policies become more favorable for M&A in the industry. In this article, we'll examine the 2024 activity and discuss the factors that will drive market activity and valuation over the next year.



2024 Year in Review

A look at the historical transaction activity for fuels distribution and convenience retailers over the last 10 years reveals that the number of transactions in 2024 declined by almost 29% from 2023 and was about 18% below the 10-year average. Uncertainty around the outcome of the 2024 elections and their impact on the petroleum industry and tax policy kept some potential sellers on the sidelines for most of the year. Additionally, while inflation tempered consumer transactions, strong fuel margins drove another year of near record cash flows for many companies in the industry, which caused some potential sellers to postpone their exit plans to take advantage of the increased earnings a while longer before a sale. While the number of acquisition targets in the market declined, demand for high quality assets seemed to increase, resulting in more competition for fewer opportunities. As an M&A advisor, in several of our recent sell-side transactions, we've seen a significant increase in the number of potential buyers that have submitted competitive bids, although the amount of competition still varies by geography and asset quality. This heightened competition helped keep valuation multiples for quality assets consistent with levels observed over the last few years and shifted more leverage to the sellers to achieve more favorable deal terms.

One interesting aspect of the 2024 deal activity is the breadth of unique buyers that completed acquisitions during the year. There were 27 unique buyers for the 30 deals that closed in 2024, with only 3 companies completing multiple acquisitions during the year. That compares with 32 buyers in 42 transactions in 2023 and 22 buyers in 30 deals in 2022. Additionally, out of the top 10 most active acquirors for the preceding 5 years, only 3 completed an acquisition during 2024. This is not due to consolidators sitting on the sidelines but rather the increased competition from regional operators for acquisition targets. ▶

Most Active Buyers 2019 - 2024

Most Active Buyers	2019	2020	2021	2022	2023	2019-2023	2024
Majors Management	2	3	2	4	1	12	-
Couche-Tard	-	2	3	1	4	10	-
GPM Investments, LLC	2	1	2	2	2	9	1
Parkland	2	1	6	-	-	9	-
Casey's	-	1	2	1	4	8	1
Offen Petroleum	1	1	2	1	2	7	-
refuel	1	2	2	2	-	7	-
7-Eleven	1	2	2	-	-	5	2
PMG Petroleum Marketing Group	-	-	1	1	3	5	-
Global	-	-	1	3	1	5	-

Source: Matrix Capital Markets Group, Inc.

Several large, marquee deals closed in 2024 along with two transactions that were announced and expected to close this year once all regulatory hurdles are cleared. Additionally, the industry is watching closely for any developments in Alimentation Couche-Tard's attempts to acquire 7-Eleven. If such a transaction were to occur, US antitrust regulators would require a substantial divestment process, likely resulting in several transactions and creating growth opportunities for many buyers and possible new entrants to the US market from foreign buyers or private equity funds seeking a sizable platform.

2024 Marquee Deals

Target	Buyer	Number of Assets Acquired	Acquisition Price	Announce/Closing Date
Jolley	Stewart's Shops	45	Undisclosed	12/16/2024
Fikes Wholesale, Inc.	Casey's	198	$1.145B	11/1/2024
Enmark	nouria	132	Undisclosed	10/31/2024
Delek US	FEMSA	249	$385MM	10/2/2024
getGo Cafe + Market	Couche-Tard	270	$1.65B	8/19/2024
Sunoco	7-Eleven	204	$950MM	4/17/2024
Andretti Petroleum	H&S	158	Undisclosed	3/20/2024

Source: Matrix Capital Markets Group, Inc.

Outlook for 2025

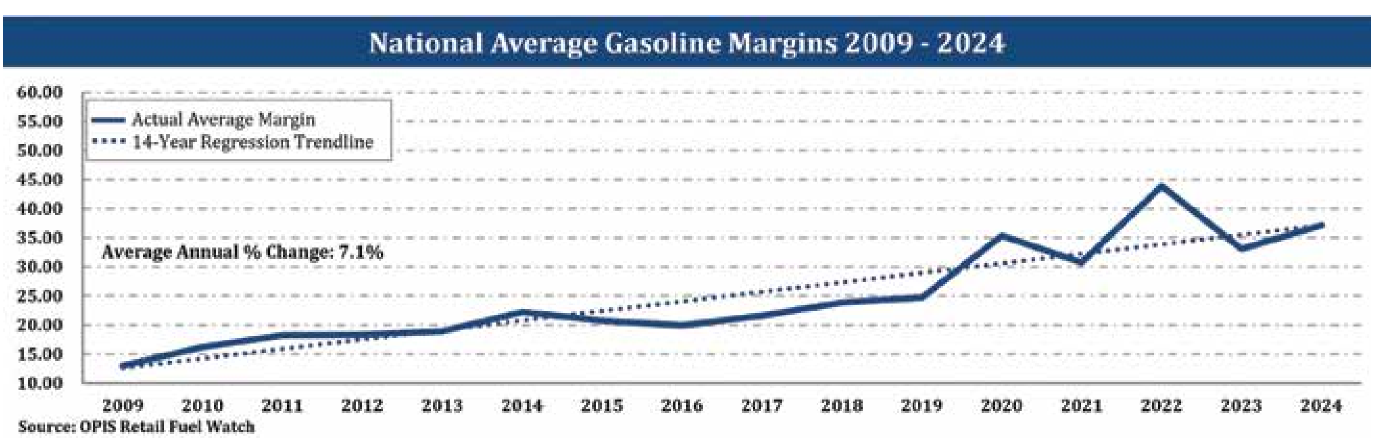
We expect transaction activity to increase significantly in 2025 with valuation multiples remaining consistent to stronger from the prior three years. Since the November elections, market sentiment has improved with most participants feeling more optimistic about the future of the industry and the M&A environment moving forward. We've seen an uptick in activity from potential sellers exploring their strategic options, and our transaction pipeline at Matrix is more robust than ever at the start of the new year. While there are many factors that we expect to drive transaction activity and valuation in the industry in the year ahead, the most important factors can be summarized below:

Fragmented, Mature Industry with Aging Ownership, Operational Challenges

- Generational issues exist for many business owners that do not have a transition plan, or families may choose a liquidity event to diversify family wealth and pursue the other interests of the next generation.
- Continued wage inflation pressures and the challenges of recruiting/retaining good employees creates operational headaches for owners and can be a drag on profitability.
- Widening gaps in the quality of offerings, operational capabilities, robust loyalty programs and store profitability between good operators and lower-tier companies are making it harder for some companies to remain competitive and maintain market share.
- Achieving scale, developing strong store brands, and investments in technology are important to remain competitive in a changing landscape, and many owners are choosing to exit rather than making the significant investments required to revamp their businesses.
- Many companies with multiple business lines and/or divisions (e.g., wholesale fuels, retail stores, commercial fuels, propane, etc.) are choosing to divest certain divisions to reallocate capital to the businesses where they have the most favorable competitive advantages and returns on capital.

Fuel Volumes and Margin Trends

- The new Trump administration has moved quickly to roll back Biden era policies that threatened the future of the motor fuels industry, eliminating the electric vehicle mandate, cutting funding for EV charging infrastructure, potentially eliminating the federal tax credit for electric vehicles, and reevaluating the corporate average fuel economy standards for new vehicles.
- However, with the average age of the fleet of US cars and light-duty trucks at an all-time high, motor fuels gallons are expected to continue to decline as older vehicles are replaced with newer, more efficient ICE vehicles and EVs make up a larger share of the market. Further, most automobile manufacturers remain committed to a future of producing hybrid and pure EV light-duty vehicles, regardless of the current legislative leanings.
- National average gasoline fuel margins for 2024 were the second highest on record at 39.7cpg, up slightly from 2023's average of 39.4cpg, and a few pennies shy of 2022's record of 42.9cpg[1]. While margins vary by geography and retailer, it's become widely accepted that margins retailers have experienced over the last few years are the new normal. Fuel margins are expected to continue to increase consistently with historical trends as the increased margins are needed to offset inflationary operating expenses and reduced fuels volumes, especially as inside sales and gross profits are not keeping pace for many operators. As declines in fuel volumes and tobacco sales, coupled with rising operating expenses, continue to increase the breakeven fuel margins for marginal operators, more sophisticated operators will continue to see bottom line benefit from higher margins. ▶




SIGMA ANNUAL CONFERENCE
November 4-6, 2025
Grand Hyatt Nashville · Nashville, TN
Register Today!
www.SIGMA.org

- Energy policy under the Trump administration that favors more domestic oil and gas production should help keep fuel prices lower over the long term. However, tariffs on Canadian crude and other materials could have an inflationary effect on refined products prices as well as the prices of other goods, and fuel margins could be impacted if consumers are squeezed by more cost inflation.

Tax Policy That is Favorable for Both Buyers and Sellers

- The Trump administration is seeking extensions for certain provisions of the 2017 Tax Cuts and Jobs Act (TCJA). The most important provision for the fuels distribution and convenience retailing industry would be the reinstatement of 100% bonus depreciation for qualified assets in the year of acquisition. The TCJA bonus depreciation has been phasing out in 20% increments over the last few years, currently at 40% for 2025. Sellers benefit from higher bonus depreciation because buyers can pay more for an asset while achieving the same after-tax returns, and buyers benefit from the larger cash returns from a higher tax shield in earlier years of an investment.
- Trump is also proposing to make permanent the current top individual income tax rate of 37%, which is scheduled to reset in 2026 to 39.6%, as well as the current estate tax unified credit of almost $14MM, which is set to drop by 50% next year absent changes to the tax code. The Qualified Business Income deduction is also set to expire this year and is part of the proposed extensions.

Demand for Acquisitions Remains Very Strong, with Several Factors Bolstering Valuations

- There are many companies with aggressive growth goals, both public companies and regional operators. One only has to read some of the public company earnings releases to note the growth aspirations of some of the larger consolidators, and we continue to see robust buyer interest from regional marketers involved in our sale processes.
- With the costs and project lead times continuing to increase for building new-to-industry stores, many companies view acquisitions as faster, less expensive, and often less risky for achieving growth targets than building new stores.
- Strategic buyers have significant synergies when acquiring other companies, and as consolidation continues, more regional companies are achieving the sophistication and scale to take advantage of higher levels of synergies to compete with large consolidators for acquisitions.
- Buyers have healthy balance sheets from several years of strong cash flows, and there is plenty of debt and equity capital available for acquisitions.

Conclusion

Based on the factors driving M&A activity, we expect transaction volume to increase in 2025, with valuation multiples remaining strong and within or above the range observed over the past three years. While multiples have been fairly flat, company valuations are higher due to the increased EBITDA businesses are able to generate, creating an attractive exit point for sellers. While changes in interest rates and tax policy are not certain, any declines in costs of capital or increased tax benefits that would otherwise drive valuations higher may be somewhat offset by having more transactions in the market to lessen the supply/demand imbalance. Companies with high quality assets will continue to garner premium valuations, while lower-tier assets may get less attention in the marketplace as they compete with other sellers for buyers' capital allocations. It's also possible some new platforms will be created in the industry as more deals require FTC approval and some potentially significant asset sales. Overall, 2025 is expected to be a good environment for M&A and capital raising activities and opportunities for industry participants.

Securities offered by MCMG Capital Advisors, Inc., an affiliate of Matrix Capital Markets Group, Inc., Member FINRA & SIPC.

Vance Saunders, CPA
Managing Director
804.591.2037
vsaunders@matrixcmg.com

[1] *Source: OPIS Retail Fuel Watch*

CITGO
GOOD TO GROW
Every day you are faced with important decisions that impact your bottom line – including which gasoline supplier to choose!
Let us support your business model and help you achieve your goals with:
Industry-leading brand support
Illuminate Brand Image
Top Tier™ TriCLEAN Gasoline®
Loyalty program support with Club CITGO® and CITGO Pay™
Educational Programs
C-Store Image Programs
READY TO GROW?
CITGO Marketing Sales
1-800-423-8434; Opt. #1
mktgsales@citgo.com
CITGO
TriCLEAN Gasoline
CLUB C
REWARDS
CITGO Pay

EEOC Tackles Employer Use of "Wearables"

BY SUSAN DESMOND, MCGLINCHEY STAFFORD

Have you heard of "wearable technologies"? You may not be familiar with this term, but you are probably already using devices like Fitbit, smartwatches, and more. Even police departments leverage this technology to solve crimes. These "wearables" allow their users to monitor their activities throughout the day, their mental or physical condition, and many other metrics. But can employers use the same technology to monitor employees' workplace activity or implement proximity sensors that warn of nearby hazards?

How Employers Are Using Wearables

Employers are increasingly taking advantage of technology to monitor employees for various purposes, including:

1. What are your employees actually doing when the supervisor is not there?
2. Can you cut workers' compensation costs by utilizing a smartwatch to monitor employees' physical or mental condition in the workplace?
3. Can you use sensors that warn employees of nearby hazards?
4. Can you use Global Positioning Systems (GPS) devices to track your employees' location?

These are just a few examples. However, yes, an employer can legitimately use most of these technologies. But we know there is always a "but…"

EEOC Concerns About Wearables and Discrimination

The "but" in this case is that employers need to be mindful of discrimination laws when using wearables. The Equal Employment Opportunity Commission (EEOC) is targeting employers to ensure that an employer has not violated any discrimination laws when using wearables.

The wearables that are of concern to the EEOC are those that can track an individual's physical or mental condition, such as high blood pressure monitors or eye trackers. Employers need to be aware that if they are using such wearables, they do not run afoul of the Americans with Disabilities Act (ADA).★

Susan Fahey Desmond
sdesmond@mcglinchey.com
T (504) 596-2739 F (504) 910-9455

Merchandising Know-How

BY MAURA KELLER

Merchandising is not just for big box retailers anymore. While some retailers have entire teams strategizing the most effective merchandising techniques, an increasing number of gasoline marketers and c-stores are integrating unique marketing strategies to drive more customers from the gas pump into their stores.

Jim Hollen, president, San Diego Division, Agility Retail Group, says the retail industry exhibits the same characteristics as other mature industries – competitive intensity, slow growth, modest profit margins, and continued consolidation. Until the turn of the century, retail merchandising suffered from a lack of innovation, unimaginative visual presentations, and underinvestment in technology.

"In 2001, Apple opened its first store, which featured a minimalistic design, open floor plan, and clean aesthetics," Hollen says. "At a time when other retailers were stuck in a "product merchandising mindset," Apple changed the game by focusing on the customer experience, providing expert technical support through its Genius Bar, implementing mobile checkout, and prioritizing product education over product sales. The result was a compelling in-store experience and a huge spike in Apple brand loyalty."

While Apple continued to expand its retail footprint, Amazon was pioneering the e-commerce industry, which was the single most significant disruptor in the history of the retail industry. Feeling the existential threat from eCommerce, physical retailers were forced to pivot by adopting omnichannel sales models and rethinking their in-store merchandising techniques.

"Unable to compete with the unparalleled convenience of online sales, retailers took a page out of Apple's playbook and began to focus more on retail environments and creating enjoyable, memorable, and experiential in-store shopping experiences," Hollen says. Also, as product proliferation within physical retail has made it increasingly difficult for brands to stand out, storytelling has become a central tenant of effective merchandising. Today, retail merchandising has become much more brand centric than ever before.

"While historically, brands have always mattered and brand loyalty remains critical to generating repeat sales, the impact of social media and the power of product influencers are driving the success of the hottest new brands at retail," Hollen says. "Prominently featuring those brands within a store's planogram has proven to be an effective way to generate in-store traffic."

Relative to other segments of retail, Hollen says a disproportionate share of c-store revenue is derived from impulse sales rather than destination sales. Impulse sales are not only vital to c-stores, but they are becoming more important for many retailers as online sales have taken a meaningful toll on what has traditionally been considered destination sales.

"Cross-merchandising is one of the most effective and time-tested approaches to capturing incremental sales," Hollen says. Cross-merchandising is different from upselling or bundling. Upselling is where you persuade a customer to buy a more expensive item than they initially intended to buy. Bundling involves packaging two or more items together, typically at a discounted price, in order to get a customer to spend more than they would have otherwise. Both upselling and bundling are effective merchandising techniques to increase revenue per customer.

"Cross-merchandising is when you display a different product or a product from a different category alongside the product you wish to sell," Hollen says. "Because there is a limit to the amount of money a consumer will spend incrementally on an impulse item, cross-merchandising ideas tend to work best with lower-priced items or items priced lower than the product the consumer originally intended to buy."

"Generally speaking, approaches to merchandising have evolved by doing less. In other words, putting fewer products into assortments and being quicker to cut low-performing SKUs. Further, there has been investments into new technologies to increase forecast accuracy," says Raj Dhiman, co-founder of Retail Strategy Group.

Today, merchandising teams seek to improve how they extract customer insights from data. Dhiman says it is imperative to loop such insights into product assortment decisions. This ensures that the assortment resonates with customers and drives sell-through.

"Successful retailers are learning how to introduce products that a customer would not necessarily expect," Dhiman says. "This way, the retailer becomes a one-stop shop. C-stores and gas stations are unique because they sit at an intersection of grocery stores, quick serve restaurants, and general merchandise. There is also the challenge in having these different functions but with limited square footage. So, such retailers have to be very focused and intentional with the product assortment."

Dhiman says the most important component of successful merchandising is to be close to the customer. How is this accomplished?

First, spend time in the store and talk to customers. Second, mystery shop your own store to get a true sense of what the customer experience is like. From Dhiman's point of view, many executives (and merchants/category managers) do not spend enough time in stores to fully grasp what is going on in the field.

"Next, use data to gather additional insights about customers; this could be sales data or loyalty data," Dhiman says. ►

"Then, you can put together a complete picture of who your customers are and how you should build the product assortment accordingly."

Further, do not be afraid to cut SKUs that are underperforming. As Dhiman points out, the physical space of a c-store needs to be maximized to stock products that sell through at a high rate.

Also, Dhiman advises retailers to use customer feedback and partner with vendors to seek out new products to compliment the store's existing assortment. This can be applied to new food/beverage products and the development of private label.

"As a corollary to this, always make time to comp shop and observe what your competitors are doing," Dhiman says. "Comp shopping provides useful information that can be applied to your merchandising approach."

Trends in Merchandising

Recently, several merchandising trends have proven successful among today's consumers and c-store owners and operators are taking notice.

Dhiman says partnering with vendors to create new products is an underrated opportunity.

"Small, independent retailers across categories have a lot of flexibility to do this. And, this is how convenience stores can introduce novel products that cannot be found elsewhere," Dhiman says. "For example, Jones Soda Company is introducing a new line of beverages, called Fiesta Jones, specifically for the convenience customer. The inspiration came from customer feedback, via c-stores, asking for beverages with particular characteristics."

Another trend involves keeping pace with the explosive growth of GLP-1 drugs. "And, of course, food companies are adjusting their offerings accordingly," Dhiman says. "C-stores need to adjust their food assortment to incorporate relevant items. This includes ones that are low-calorie, high-protein, or energy drinks that are branded as 'lifestyle' products."

Private label is another merchandising opportunity for retailers to introduce products that compliment current assortments. As Dhiman explains, the grocery category is seeing more private label development for items such as snacks. Private label products are appealing for price sensitive customers and carry a higher margin than their branded counterparts.

Keith Carpentier, founder and CEO of Qbuster Technologies, is continuing to see QR codes and other promotions in checkouts and merchandising zones as part of digital solutions that are successful in supporting merchandising initiatives and meeting customer expectations.

"Social media also will remain an ever-present theme for merchandisers to consider. After all, many c-store chains have a loyal following and those customers want to share their in-store experience with their online community – which, of course, can then lift foot traffic and sales," Carpentier says. "Making displays and seasonal set-ups truly unique and social-media-worthy will continue to be a powerful win for c-store operators."

When determining the best merchandising strategies to take, Carpentier says checkouts hold absolute power – yet they're often overlooked. It's the one place 100% of paying in-store customers pass through, so keeping up with queue management and merchandising strategy there is paramount.

As such, Carpentier recommends retailers:

• **Make sure your merchandising area is well stocked and seasonally relevant** – there's no need to miss out on holiday-specific sales because go-to items are missing.

• **Don't let space go to waste** – think vertically by applying impulse bowls or trays on top of stanchions you already own – it's a perfect way to maximize the revenue-generating power of something you've already invested in.

• **Don't forget digital** – as we hear more and more about brand-funded content, in-the-queue digital screens are an excellent tool to share entertaining brand-collaboration content and promotions and support other marketing and loyalty initiatives.

The Role of Technology in Merchandising

The retail industry has been historically slow to adopt new technology. In response to the erosion of brick-and-mortar market share to online sales, retailers have demonstrated a greater willingness to invest in technology that can improve the customer shopping experience, streamline operations, and increase sales.

As Hollen points out, in 2018, Amazon opened its first Amazon Go store, which was the first cashier-less convenience store that enabled customers to shop and skip the checkout line by using Amazon's Just Walk Out technology. This innovation inspired the retail industry at large to place greater emphasis on technology investment as a means to improve the customer shopping experience and gain a competitive advantage. To enter an Amazon Go store, customers can use the Amazon App, a credit card, or Amazon One, which enables customers to use their palm to pay, enter, and identify themselves.

"While the rest of the retail industry continues to lag behind Amazon, self-checkout is one of the technologies that is becoming more widespread among retailers," Hollen says.

Another technology that has become popular in many retail stores is digital media. As Hollen explains, digital media players can take the form of continuous looping videos that are activated by motion detectors. These players can tell a brand's story, communicate valuable product information when store personnel is not available, and engage/entertain the shopper to enhance the shopping experience.

"Digital media players can also take the form of touchscreens, which enable shoppers to select content that is more relevant to their interests while making the shopping experience more interactive," Hollen says. "Touchscreen media players can have localized content or be WI-FI enabled, which enables the content to be controlled and changed remotely. "

Much of the technology being used for merchandising takes place behind the scenes. The technology is being used to improve forecast accuracy, inventory management, and extract customer insights from data. Without question, AI is found in all of these areas.

"On the front end, self-checkout kiosks are useful to help expedite the checkout process," Dhiman says. "The trick will be how to maximize the selling space immediately around the kiosks to increase transaction sizes."

Further, Dhiman says digital and electronic shelf labels are useful for c-stores to manage inventory and quickly make price adjustments. The intention here is to drive efficiencies by removing manual tasks for staff. This way, staff can focus more on serving customers.

Merchandising Mistakes To Avoid

There is an enormous difference between retailers who can survive the current competitive environment and those who are able to thrive, grow, and achieve financial success. As Hollen explains, those who thrive continue to reinvent themselves, have a relentless focus on the customer and the customer in-store experience, and make smart investments in technology and store development.

Hollen says c-store operators can learn from some of the common merchandising mistakes that retailers make, which include:

• **Stale and tired product mix** – Great merchandising starts with the right product mix. "Many c-store operators simply accept the same product mix they have offered for years without questioning how those products fit emerging trends," Hollen says. "This false acceptance has historically been dictated by their wholesaler, who does not have a dog in the merchandising fight. Taking charge of the merchandising mix and focusing on healthier grab-and-go products, trending brands, and popular impulse items that lend themselves to cross-merchandising could help boost sales and store traffic."

• **Underinvesting in POP displays** – Some retailers view POP displays and store fixtures as a necessary evil. They spend as little as possible on them and view them as a cost. According to Hollen, this mindset tends to lead to poor sell-through and lower sales. Instead, retailers should view displays and fixtures as an investment. They should recognize that the quality of the display has an important impact on the perceived value of the product.

• **Poor product placement/store layout** – Without a clear understanding of traffic patterns, product sales volumes, and product economics, it is easy for a retailer to sub-optimize when it comes to product placement and store layouts. Hollen ▶

The SIGMA Membership Team needs your help!

Do you know someone who isn't a SIGMA member but should be???

Let's work together to make that happen!

Companies Big or Small...
Branded or Unbranded...
Industry Veterans or New Players...

SIGMA
AMERICA'S LEADING FUEL MARKETERS

SIGMA IS THE PLACE WHERE FRIENDS ARE MADE AND DEALS ARE DONE!

CONTACT SIGMA AT SIGMA@SIGMA.ORG AND BE PART OF THE MEMBERSHIP MOMENTUM.

says the challenge for many c-store operators often begins with getting customers to come inside the store. Many c-stores fail to take advantage of the merchandising space outside the store. Outside merchandising can be hard to police and limited by weather, but it can also provide effective bait for luring customers inside the store.

"Once inside the store, a thoughtful store layout, tasteful wayfinding signs, and a concentration of high volume/high profit margin products near the checkout area are important success factors," Hollen says.

• **Overly cluttered/complex messaging** – In an effort to maximize sales per square foot, many retailers make the mistake of jamming as much product into their stores as possible. "Clean, uncluttered stores with logical traffic flows and simple, clear messaging are likely to drive the best results," Hollen says.

Retailers also commonly make the mistake of assuming that more supply equals more demand. However, more products available on the shop floor does not equate to more purchases.

"Customers want to have the 'right aisle' of products as opposed to having an 'endless aisle,'" Dhiman says.

Indeed, from Carpentier's experience, forgetting what the customer wants is one of the biggest merchandising mistakes he sees retailers make. "'Know your customer' is the number one rule in business development…but sometimes the message gets lost," Carpentier says.

One of Carpentier's previous client projects involved developing a front-end program focused on impulse revenue generation for 1,800 stores. The deployment and merchandise assortment worked well, and the program exceeded ROI projections.

"It was going perfectly until an in-house team member replaced a full section of merchandising space with 'healthy snacks,'" Carpentier says. "They removed the chips, pretzels, and candy and brought in kale chips, dried apples, and health bars. Sales revenue dropped precipitously because the operator's team had forgotten who the customer was and what they wanted."

He says it's important for retailers to remember that impulse shopping is about short-circuiting the purchase decision process. There needs to be familiarity, non-comparability, economy, and accessibility to impulse products.

"The buyer of 'healthy snacks' was not grabbing a well-known brand of chips and putting it in the basket. They were reading nutrition labels and comparing sodium and fat and other ingredients," Carpentier says. "This was an unintended consequence of swapping out merchandise selection. We know it's important to test new products and keep assortments rich and exciting, but we jeopardize sales by going too far out of our primary shopper's comfort zone."

Merchandising of the Future

Merchandising has always been, and will continue to be, a critical success factor in the future of any retail space. Since most retailers have limited personnel available to assist customers, merchandising serves as a "silent salesman." It is an essential ingredient in the creation of an engaging store experience.

As the customer's preferences evolve, the c-store needs to evolve its product assortment. As Dhiman explains, a compelling assortment helps drive repeat visits and transaction sizes. More importantly, it provides a competitive advantage that helps create a strong connection with customers.

"Those who get it right will win more often. Those who get it wrong – or willfully keep it a low priority – will lag behind in the market," Dhiman says.

Hollen further explains that with online sales at 16% of total retail sales and growing, merchandising can be an effective tool for retailers to increase in-store sales, build brand loyalty, and create repeat customers.

"As AI and other technologies continue to evolve, merchandising will need to adapt, but it will always remain a key driver of the customer experience," he says. ★

The Financial Advantage of Performing Fuel Delivery Comparisons

BY TONY CAPUTO, WARREN ROGERS

In the complex world of fuel management, maintaining accuracy and accountability is critical for businesses that rely on fuel deliveries, such as convenience stores, gas stations, and fleet operations. A limited number of solution providers have developed advanced methodologies to ensure fuel deliveries align with what is received and stored in underground tanks. Their approach revolves around meticulously comparing fuel delivery records—particularly Bills of Lading (BOLs)—with real-time tank data, ensuring inventory integrity and operational efficiency.

Many fuel operators feel that they can curate their own deliveries using statistical data, but that data is not curated and does not consider many factors. Often, those methods employ ATG-based delivery reports that do not take fuel sales DURING delivery into consideration. In addition, it is difficult to apply the impact of temperature on the load and existing tank contents. As we may know, colder fuel entering a warm tank will expand in volume. Warmer fuel entering the tank will shrink in volume. And, not to mention how time-consuming such manual reporting can be to your staff. Automating this process can improve accuracy and free up accounting personnel to address the many other areas of potential fuel variances.

Failing to curate your fuel deliveries properly can lead to a 1-2% revenue or more impact on your bottom-line. While the current fuel margin may be 35 cents or more per gallon, every gallon of fuel loss due to delivery shortages can cost you $3 or more, the total cost of the gallon!

The Importance of Accurate Fuel Reconciliation

Fuel is a high-value, high-volume commodity, and even small discrepancies can result in significant financial losses or regulatory issues. Mismanagement can stem from intentional and unintentional delivery shortages, dispenser or tank theft, meter inaccuracies, or even environmental leaks from tanks and lines. This is where a precision solution provider steps in, offering precise, data-driven solutions that track fuel from the supplier to the storage tank. From A to Z, the right solution can help to ensure you are getting every drop of fuel ordered and then trace it throughout your fuel systems to the customer's tank.

1. Understanding the Role of Bills of Lading (BOLs)

A Bill of Lading is a critical document in the fuel delivery process. It serves as a legal record of the quantity and type of fuel loaded onto a tanker at the terminal. This document includes: ►

- Carrier and driver information
- Temperatures of the load before leaving the supplier terminal
- Adjustments for volume based on temperature impact
- Date and time of loading
- Type and grade of fuel
- Fuel volume delivered in both net and gross

While the BOL is the official record from the supplier, it doesn't always reflect the exact amount of fuel that makes it into the underground storage tanks. Factors like temperature fluctuations, delivery discrepancies, and even human error during offloading can create variances. Other issues could occur due to hauler equipment, the tilt of the property around the fuel unloading area, and placement of the proper product in the correct tanks. Cross drops seem to occur with great frequency. Curated delivery reporting can help to detect mistakes made by the drivers in these areas.

2. Advanced Tank Monitoring and Data Collection

Electronic fuel monitoring systems and real-time data analytics are then used to monitor fuel levels within storage tanks. Their technology collects data points such as:

- Tank volume before and after delivery
- Temperature-compensated volume readings
- Flow rates during deliveries
- Leak detection results

This continuous monitoring allows for precise measurement of what is entering the fuel tanks, minimizing the guesswork traditionally involved in fuel reconciliation.

3. The Reconciliation Process: Comparing Deliveries to Tank Data

The fuel monitoring solution then automatically compares BOL data with the real-time tank data to detect discrepancies. The reconciliation process involves several key steps:

- Data Matching: The system matches each delivery recorded in the BOL with the corresponding tank data, using timestamps, product types, and delivery volumes.
- Variance Analysis: It calculates any variance between the BOL-stated delivery volume and the volume increase detected in the tank. Acceptable variance thresholds are set based on industry standards and specific client requirements.
- Temperature Compensation: Since fuel expands and contracts with temperature changes, the solution analytics applies temperature compensation algorithms to ensure the volume comparison is accurate under varying conditions.
- Real-Time Alerts: If discrepancies exceed acceptable thresholds, the system generates immediate alerts, allowing for quick investigation and resolution.

4. Identifying and Resolving Discrepancies

When a variance is detected, the provider's analytics help pinpoint the root cause. Possible issues can include:

- Meter Calibration Errors: Delivery equipment may be improperly calibrated, leading to inaccurate readings.
- Operational Errors: Mistakes during the unloading process, such as cross-dumping into the wrong tank or improper delivery procedures.
- Delivery Shortages: The tanker may have delivered less fuel than indicated on the BOL.
- Theft or Fuel Loss: Unaccounted-for fuel loss during transit or after delivery could indicate theft or leakage.

By quickly identifying these issues, businesses can take corrective actions to prevent financial losses, ensure regulatory compliance, and maintain operational integrity.

5. Enhancing Operational Efficiency and Compliance

Many 3rd-party solutions don't just detect problems; they can also provide actionable insights that improve overall fuel management. Benefits include:

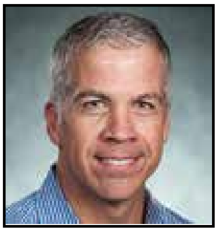
- Reduced Fuel Loss: Early detection of discrepancies minimizes potential losses.
- Regulatory Compliance: Accurate record-keeping helps businesses meet environmental and safety regulations.
- Improved Vendor Accountability: Clear data makes it easier to resolve disputes with suppliers or carriers.
- Operational Insights: Analytics can reveal trends in fuel usage, delivery efficiency, and equipment performance.

Conclusion

This advanced approach to comparing fuel deliveries and BOLs with actual tank data represents a significant advancement in fuel management technology. By leveraging real-time monitoring, sophisticated data analytics, and automated reconciliation processes, businesses gain a powerful tool to ensure every gallon

of fuel is accounted for. This not only protects against financial loss but also promotes transparency, regulatory compliance, and operational excellence in an industry where precision is everything.

Again, failing to curate your fuel deliveries can lead to a negative 1-2%+ revenue impact on your bottom-line. While current fuel margins may be 35 cents or more per gallon, every gallon of fuel loss due to delivery shortages can cost you $3+, or the total cost of the gallon! ★



Tony Caputo has worked in the fuel, convenience, and grocery industry for over thirty years, holding a variety of corporate and division leadership positions at The Kroger Co., Kroger SPG & Convenience Group, and EG America. He has extensive background and experience in marketing, merchandising, risk management, fuel management, environmental compliance, and operations. In prior roles, Tony was pivotal in the startup and implementation of The Kroger Co.'s 1,600 location fuel program, including the introduction of the Shell affiliate program and leadership of their national fuel merchandising and on-site marketing programs. Transitioning to EG America, Tony oversaw EG's US corporate risk and environmental programs for 1,100 convenience locations.

Tony joined the Warren Rogers' team in 2020 and supports the growth of Warren Rogers and lending insight into the continued development of their advanced wet-stock management tools. Tony enjoys helping fuel operators better understand ways to improve their overall efficiency in the forecourt and assist corporate staff in streamlining their compliance, maintenance, and supply roles.

Tony can be reached at tcaputo@warrenrogers.com and (M) 540-314-6210.


Heartland
Powerful payment tools make every day work better
Whatever the day may bring, Heartland is here for you.
With fast, easy payment processing, and the 24/7 support you need, Heartland keeps you out of the chaos and on the road to success. You deserve a provider that's efficient, reliable and knowledgeable — and we have everything you need to help your business thrive.
It's time to connect with Heartland.
Contact Alan Levine for more information.
727.543.5503 | alan.levine@heartland.us
©2024 Heartland, a Global Payments company. C9.4249-D01

ABOUT HASKEL THOMPSON & ASSOCIATES

Executive Recruiters, Haskel Thompson & Associates, has specialized in delivering results in the oil and energy business sector since 1979. We excel in the three industry segments of upstream, midstream, and downstream. We have successfully placed personnel in convenience and fuel retailing, consumer products and manufacturing, private equity, and QSR spaces. Our team works with a wide range of top-tier candidates from middle management to C-Suites. The HT&A team identifies personnel who are the right fit, at the right level, and with the right industry experience. With our professionalism, the executive recruiting team demonstrates a deep understanding of corporate needs and tailors its' services to the client's organizational needs.

VALUE PROPOSITION

As the industry continues to grow, HT&A has been at the forefront of recruiting top-tier candidates for middle management, research & development, and senior executives. With extensive experience and proprietary processes, we locate the best organizational talent. Since our founding in 1979, we have been the leading executive recruiting firm within the oil & gas industry - particularly as the ebb and flow of merger and acquisition consolidations create organizational gaps and opportunities. With an abundance of knowledge in the industry and the largest network available, the executive recruiting team at HT&A provides the security of knowing critical positions will be filled by quality candidates.

MAJOR PRODUCTS, BRANDS, AND/OR SERVICES

With over forty years of experience, we are confident that we are the right choice for the recruiting needs in the oil and energy business sectors. We have the experience, passion, and the energy clients require to complete the job swiftly.

With the evolution of organizations, markets and engagement has transformed both leadership needs and solutions. Industry transformation and its broad-based complexity compel clients to engage advisors who understand their business strategies and cultures. Focused, strategic growth requires strong, diverse candidates who can devise tactics and work within critical timelines.

With a highly experienced and skilled recruiting team, our first and most important step is to listen to our clients. The next step is asking the critical questions to further understand client needs and wants. Then, our highly skilled recruiters begin the process to leverage their resources and strengths to tailor the search. Relationships ultimately rely on trust and communication. The relationship that is built between the recruiting team, the client, and the candidate is the foundation of a successful search. We are dedicated to the development of our team members so clients can always feel they are being represented by best efforts.

MAJOR INITIATIVES, EVENTS, OR UPDATES IN 2024

Haskel Thompson & Associates LLC has engaged in many new initiatives thus far in 2023. As the demand increases in hiring and partnering with key companies, we have been fortunate enough to be able to bring on key new employees to better assist in a faster placement process. Along with the team growing, we have made drastic improvements in technological advancements by implementing a new recruiting software that has drastically improved sales, placements, recruiter productivity, and the applicant management process.

HASKEL THOMPSON & ASSOCIATES

12734 Kenwood Ln., Ste. 74
Ft. Myers, FL 33907
239.437.4600
haskelthompson.com

YEAR FOUNDED 1979

MAJOR PRODUCT/ SERVICES CATEGORIES
Recruiting in three industry segments: Upstream, midstream & downstream.

KEY CONTACT FOR MORE INFORMATION
Haskel Thompson
President
Haskel@haskelthompson.com
239.565.2422

Merchandising Challenges? Try Electronic Shelf Labels.

BY COURTNEY MARBURGER, REVENUE MARKETING MANAGER, PDI TECHNOLOGIES

Want to make a splash with your customers while creating deep value across your store operations? Electronic shelf labels (ESLs) are more than just a splashy way to brighten up your store's aisles. Firstly, they eliminate your staff's burden of manually updating paper price tags. Secondly, they engage your customers at the very spot where they make purchasing decisions.

Most importantly, ESLs can make a big impact on your bottom line through time-saving productivity gains and more accurate merchandise pricing. If you haven't embraced this digital technology, you might be missing a prime opportunity to elevate your in-store experience while increasing loyalty toward your brand.

Overcoming Critical Merchandising Challenges

Every retailer faces merchandising challenges—including limited display space, product placement decisions, and time-relevant promotions. ESLs provide a shortcut for overcoming these issues as well as broader challenges you face such as:

- High staff turnover rates
- An over-reliance on repetitive manual processes
- Outdated IT systems (or a lack of technology altogether)
- An inability to keep pace with dynamic market changes

Whether you simply want to free up your team for more strategic tasks or adapt faster to evolving consumer behaviors, ESLs provide a robust way to modernize multiple elements of your business.

Modernizing your Store's Appearance and Agility

Investing in ESL technology is more than just a smart way to streamline your store operations—it's a way to give shoppers the type of experience that keeps them coming back. At a minimum, ESLs are a powerful tool to influence purchasing decisions with visually attractive displays that help convert shoppers into buyers.

ESLs give you the power to automatically update pricing across your shelves from anywhere in the store. You can also leverage in-depth data analytics and insights to deliver real-time promotions tied to the most relevant dayparts. For example, if your data reveals that shoppers are looking for energy drinks during the late afternoon commute, you could adjust your pricing strategy or create a sense of urgency by promoting timely special offers.

Used strategically, ESLs can be a critical part of your in-store digital media ecosystem and loyalty programs. Likewise, integrating an ESL solution with your ERP, back-office, and POS systems can help you centralize control and management to provide a more holistic view of your entire business. ▶

HUNT BROTHERS PIZZA®

MAKE MORE DOUGH.

Boost your c-store profits with Hunt Brothers® Pizza. Our easy-to-execute program is designed for c-stores, delivering 50% or more in pizza profits. Start making more dough today with a branded pizza program built for success.

SCAN OR CALL 800-453-3675

to learn more about our branded pizza program today!

Leveraging ESL Design Best Practices

Once you decide to implement ESLs, be sure to follow some proven steps to maximize your ROI. Maintaining consistent, well-designed shelf displays throughout your store will help shoppers understand key pricing and promotion information.

These digital displays depend on balancing highly visible pricing with a clear information hierarchy that leads to faster decision making for shoppers. To give yourself the most design flexibility, start with these best practices:

1. Maintain clean, uncluttered displays and avoid information overload
2. Create a consistent framework that shoppers can easily recognize at a glance
3. Prioritize prices and product names as the most essential information
4. Ensure that optional information does not compete with essential details
5. Use dark text on light backgrounds, introducing color to highlight special information

Unleashing Big Benefits for your Customers, Staff, and Business

Digitizing your shelf displays can enhance your customer relationships by:

- Building trust: Ensure that shoppers always see accurate product and pricing information presented in the most effective manner.
- Enhancing the in-store experience: Deliver a compelling environment that modernizes your brand and gives shoppers more than they expect.
- Engaging more impactfully: Create unique opportunities by showcasing timely promotions, special offers, and competitive comparisons.

Electronic shelf labels can also make the lives of your employees easier by:

- Increasing productivity: Eliminate laborious and error-prone manual tasks such as replacing paper-based labels for your entire store.
- Expanding their roles: Free up your team for more fulfilling roles, such as engaging with customers or growing brand loyalty.
- Simplifying inventory management: Your team can automatically receive low stock alerts, prompting timely replenishment on your shelves.

Lastly, you can improve the bottom line for your business by:

- Improving accuracy: Increase pricing accuracy, avoid errors, and stay in synch for tighter inventory control.
- Centralizing management: Control pricing strategies and changes from a single point, automatically rolling updates across your store.
- Increasing revenue: Reduce discrepancies, maximize sales, and increase your profit margins through dynamic pricing based on real-time information.

ESLs do much more than simply make your shelves look more attractive. They help you create a memorable shopping experience that can lead to higher levels of customer engagement, satisfaction, and loyalty—all while streamlining your store operations. ★

Challenges Increasing U.S. Drilling Activity Amid Refining Capacity Decline

BY MARIA EUGENIA GARCIA, DTN EDITOR

After U.S. President Donald Trump declared a national energy emergency on January 20, the day he was sworn in for a second term, one of his first executive orders was aimed at increasing drilling activity in the country.

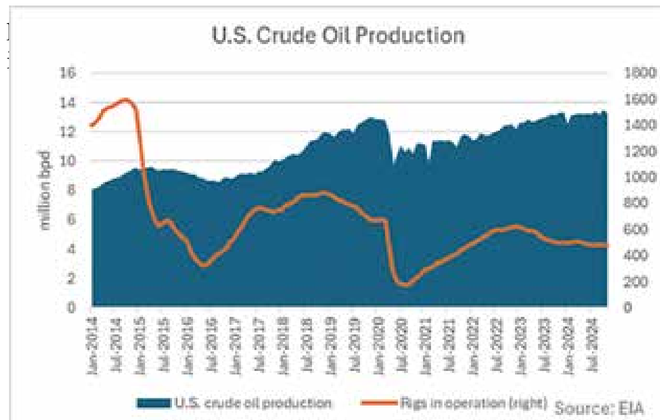
However, Trump's "drill, baby, drill' policy, which aims to expand drilling activity in the United States, could be a risky move due to the uncertainty generated in international oil markets by trade tensions between the U.S. and China, the largest importer of crude in the world.

With the arrival of Trump to the White House, the U.S. oil and gas industry is experiencing a significant push to reactivate drilling activity, while the refining sector is experiencing declining capacity as refineries are shifting towards cleaner energy.

This complex dynamic is expected to create tension among those who seek to maintain the country's traditional fossil fuel output and those who advocate for sustainability and zero emissions.

An average of 2,000 rigs were operating in 2011 as a result of the boom in shale production, but in 2024 the number of active rigs has plummeted to nearly 600 on average, according to Baker Hughes data.

In 2024, newly drilled wells in the Permian region are expected to become more productive, but outside that region output will remain flat, and by 2026 it could drop "due to reduced drilling and completion activity, partly in response to lower crude oil

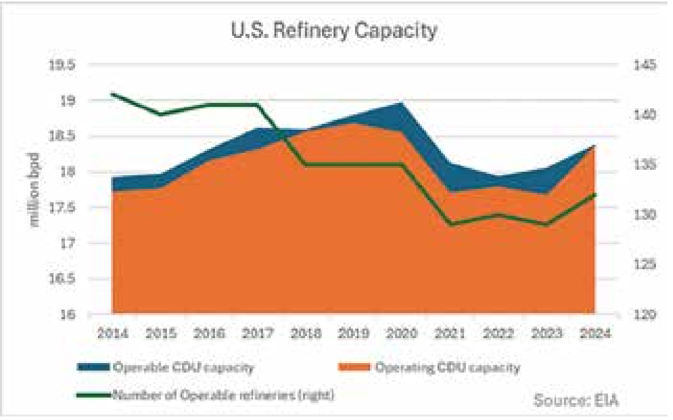


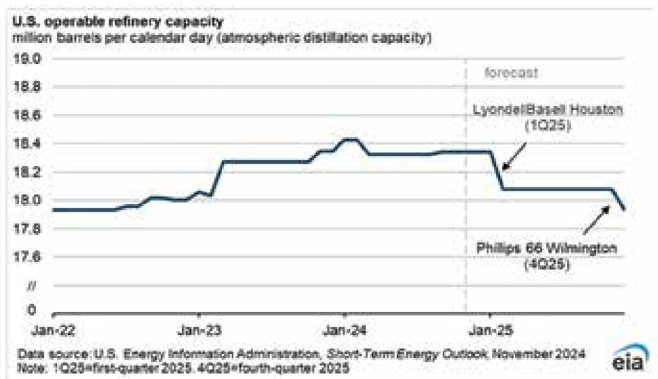
Costly investments are seen as a major obstacle for the ambitious plan that President Trump envisions to increase domestic oil production, as drilling projects require considerable funds for infrastructure, technology, and manpower. Additionally, the drilling industry has been under pressure due to economic, political and environmental factors.

Global oil output and demand outlooks remain unpredictable due to low imports from China, retaliatory trade tariffs, and stricter sanctions on Russian, Iranian, and Venezuelan crude. Such factors have contributed recently to the exacerbation of volatility in oil and gas prices, making it difficult for investors to make long-term decisions. Political pressure to reduce carbon emission and volatility in global energy prices have made oil companies take a more cautious approach about ramping up drilling activity to boost oil and gas outputs.

During the Biden Administration, environmental authorities pushed for tighter restrictions on carbon emissions, while California established an ambitious zero-emission goal for transportation. But even though drilling companies are expected to face a less hostile regulatory environment under the second term of the Trump Administration, they will have to deal with the reality of a declining refining capacity.

The number of U.S. refineries has dropped in recent years, due to a combination of aging infrastructure, stagnating demand for gasoline and a shift towards electric vehicles and other green technologies. According to EIA data the number of refineries has dropped to 132, with operable capacity lagging pre-COVID levels by close to 600,000 bpd.





The decline is driven in part by the closure of LyondellBasell 's 263,800 bpd Houston refinery in the first quarter of 2025, due to the high cost of needed overhauls, while Phillips 66 is expected to stop operations at its 138,700 bpd Los Angeles refinery in the last quarter of this year, the EIA said.

"In 50 years, the U.S. has not built a new single refinery, and the cost of fixing existing refineries is high as it can take over 25 years to amortize the investment," said Raman Krishnamoorti, energy expert for the University of Houston.

As state governments keep pushing to reduce greenhouse gas emissions, refineries are reconsidering their investments plans and expanding their products portfolio to include biofuels, renewable diesel, and SAF. Some refineries have been already retrofitted to produce renewable fuels.

This shift in refining has a profound effect on the energy spectrum because it is unclear if the U.S. refining industry can adapt fast enough to be more competitive against the production of solar and wind energies. The transition to cleaner energy sources means that even as drilling activity is being ramped up, the refineries processing the crude oil may be decreasing their

The Trump Administration and drilling investors will have to face the dilemma to produce more oil and gas by increasing drilling activity, while the infrastructure to process it may not be in place, as the industry is transitioning to cleaner energies and the outlook for fossil fuels is uncertain.

Maria Eugenia Garcia is the managing editor of DTN's MarketWire editorial team with decades of experience covering oil markets in the U.S. and in Latin America. Previous editorial positions include roles at the Houston Chronicle, Platts and Argus.

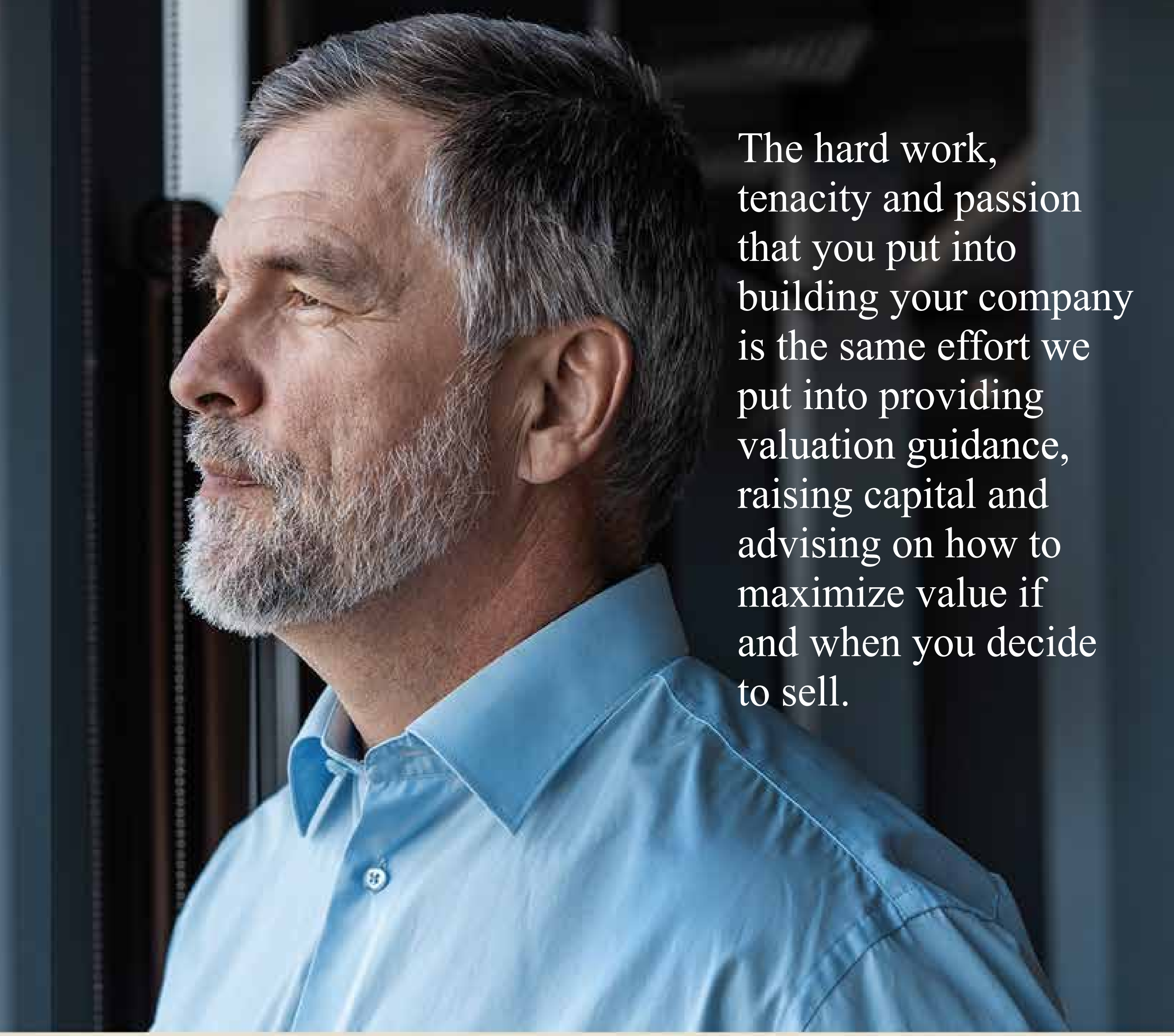
Independent Gasoline Marketing
is published six times a year
by SIGMA, 1330 Braddock Pl., #501
Alexandria, VA 22314

Subscriptions are available to non-members for $50 per year ($75 for foreign, including Canada). A subscription form is available at www.sigma.org or call (703) 709-7000 for more information. Send address changes to SIGMA at 1330 Braddock Pl., #501, Alexandria, VA 22314; Phone: 703.709.7000; Email: sigma@sigma.org

For advertising rates and information, contact SIGMA at SIGMAPartners@sigma.org. Independent Gasoline Marketing is published by SIGMA. Send editorial submissions to:
1330 Braddock Pl., #501, Alexandria, VA 22314
Phone: 703.709.7000; Email: sigma@sigma.org

IGM

INDEPENDENT GASOLINE MARKETING


The hard work, tenacity and passion that you put into building your company is the same effort we put into providing valuation guidance, raising capital and advising on how to maximize value if and when you decide to sell.