

Executive Summary

The 2015 National Retail Petroleum Site Census, researched and published by Kent Group Ltd, is a comprehensive enumeration of the petroleum retail outlet population in Canada. This is a unique study: there is no other single industry or governmental source of such information.

As of December 31, 2015, there were 11,916 retail gasoline stations operating in Canada, or 3.3 outlets for every 10,000 persons. This marks the first survey showing an increase in the number of gasoline stations since 2005, ending a decade-long trend that had seen the number of Canadian retail gas stations decline by nearly 20 percent.

Increased Diversity in Site Operation

Our census illustrates a continued diversity of brands of gasoline in Canada (we documented 97 different "brands" of gas), although the refined products sold by these brands originate largely from 14 refineries in Canada, operated by nine refining organizations (eight of which are integrated refiner marketers). Similarly, we identified 71 companies involved in marketing gasoline, where they manage a network of two or more stations. Of these 71 companies, 62 companies market fuels under their own their own brands of gas (representing 67 percent of stations).

Increasingly, the posted brand at a gas station is not necessarily indicative of the marketer relationship, or ownership at that site. Nearly half of the fuel marketing companies in Canada are operating a portion of their network under a brand owned by another company (representing 21 percent of sites in Canada). These marketers typically operate under a branded supply agreement with the brand owner, often a refiner such as Shell or Esso, and will benefit from the brand recognition, marketing support, and loyalty programs of the established brand. It is likely that by the end of 2016 - after the latest Imperial Oil site divestitures are expected to close - the number sites operating under these types of branded agreements could grow to over twenty-five percent.

Pump Price Control

Nearly half of the sites in Canada (5,900) are price-controlled by individual site-operators, while the remaining 6,000+ sites are directly price-controlled by companies (both refiner and non-refiner) marketing fuel through a controlled network of stations. The brands representing the three "major" oil companies (Suncor, Esso or Shell) appear at 38 percent of stations across Canada; however, only 15 percent come under their direct price control.

Overall, 19 percent of all gas stations come under the price control of one of the eight refiner-marketers in Canada – down from 32 percent in 2004. The remaining 81 percent of all gas stations in Canada are price-controlled by a diverse mix of petroleum marketers, whose importance and influence is growing, particularly between two sub-types: Regional Distributors and Big Box marketers. The latter in particular has an influence on the retail petroleum market – particularly in terms of price competitiveness – that is far out of proportion to their relatively small numbers of outlets.

In this report we also measure the market representation of a number of site features and offerings: the type of pump service (full, self or split), convenience store size, car washes, fast food, automotive service, and diesel penetration. The provision of goods or services other than gasoline is of vital importance to the competitiveness and viability of retail gasoline outlets, since (based on other research) the gross margin on gasoline itself is generally not sufficient to provide for the operating costs and reasonable return on the operation of these facilities.

A full version of this report is available for purchase at www.kentgrouppltd.com

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The Kent Group Ltd is a London-based consultancy specializing in the petroleum refining and marketing industry. The Kent Group Ltd publishes the Weekly Pump Price Survey, Canada's authoritative source of petroleum prices (available at no cost on our web site www.kentgrouppltd.com). Our clients span a wide range of government, NGO and industry organizations with an interest in downstream petroleum issues. A full description of our consulting services is available on our web site.