

Executive Summary

The 2017 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, 2017, there were 11,948 retail gasoline stations operating in Canada, or 3.3 outlets for every 10,000 persons. This is an increase of 75 sites over last year and marks the third consecutive survey year showing an increase, ending a quarter century-long trend that had seen the number of Canadian retail gas stations decline by over 40 percent.

Increased Diversity in Site Operation

Our census illustrates a continued diversity of brands of gasoline in Canada (we documented 98 different "brands" of gas), although the refined products sold by these brands originate largely from 14 refineries in Canada, operated by nine refining organizations (seven of which are integrated refiner marketers). The brands represented by these refining organizations account for over 60 percent of all sites in Canada.

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 that is owned by another company, representing 35 percent of stations in Canada, up from 21 percent just two years prior. These marketers typically operate under a branded supply agreement with the brand owner (often a refiner such as Shell or Esso) and benefit from the brand recognition, marketing support, and loyalty programs of the established brand.

In total, we identified 67 distinct companies involved in marketing gasoline. Of these 67 companies, 57 market at least a portion of their fuels under their own brands, representing 53 percent of stations, down from 63 percent in 2016.

Pump Price Control

Nearly half of the sites in Canada (5,600) are price-controlled by individual site-operators (retailers), 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 39 percent of stations across Canada; however, only 11 percent come under their direct price control.

Overall, 23 percent of all gas stations come under the price control of one of the seven refiner-marketers in Canada – up from 14 percent in 2016. However, this year-over-year increase is driven solely by

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Parkland Fuel Corporation's acquisition of Chevron's Burnaby refinery in 2017, bringing Parkland, and their large national retail network into the category of refiner-marketer. However, their refining presence is limited to the Lower Mainland of BC and so would only function as a truly integrated refiner-marketer in that region, representing a small percentage of their national network of sites.

Some notable changes to the Canadian retail fuel landscape in 2017 were:

- The addition of nearly 900 sites to Parkland's network through the acquisition of Ultramar branded sites in Ontario, Quebec and the Maritimes (as a part of a larger CST Canada/Couche-Tard transaction), as well as the acquisition of Chevron's Canadian assets. Overall, Parkland's network is now the largest in Canada, having grown to roughly 16 percent of all Canadian retail sites.
- The remaining CST Canada/Ultramar sites were sold to Couche-Tard, growing their retail fuel network to roughly 10 percent of all Canadian retail sites.
- One other notable change in 2017 was BG Fuels' acquisition of the Loblaw fuel network, representing over 200 sites across Canada. BG Fuels is a new entrant into the Canadian fuels market, and their rebranding of all former Loblaw sites marked the entry of the Mobil fuel brand into Canada.

Outlet Features and Offerings

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

For further information, contact Jason Parent at 519-672-7000 ext 112.

The Kent Group Ltd is a London-based consultancy specializing in the petroleum refining and marketing industry. The Kent Group Ltd publishes the Daily 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.