

CASE STUDY

SAVING A SITE

"We needed to rebrand the station or sell the site. Rebranding is expensive, so we needed a cost-effective solution that would bring a strong return."

- Adam Castelli, Director of Business Development, Home Service Oil Company

Introduction

Home Service Oil Company, a fuel distributor and operator of nine c-stores in Southeast Missouri, services the rural towns just south of St. Louis. In many of those towns, the competition for gasoline sales is fierce in the areas of commerce where the local citizens spend most of their money. That was the case at one of Home Service Oil's station locations in particular.

Challenge

While most of Home Service's stations have a more open marketplace, in Potosi, MO, the gas station business is geographically contained and relies on the locals, but that doesn't mean that the competition is small or local. Big national gas brands like BP are there, as are the mass merchandisers, like Walmart, with their huge forecourt of pumps and very competitive prices. These stations are near one owned by Home Service, and the competition amongst them was described as "HOT!" by Adam Castelli, Director of Business Development at Home Service. There was a fight for car counts and a fight for an attractive retail price point with a stronger operating margin. In this regard, the loan Home Service location in town needed help, needed a rebirth, and needed it quickly.

Castelli began looking for an answer to the location's woes in 2017. First off, he established the three pillars of the company's needs. The first pillar was that it had to be something new and fresh, exciting enough to draw traffic away from the other guys. Whatever solution they ended up with had to compete with the brand recognition enjoyed by the big brands and their appeal, their cachet.

The second pillar was related to the first – the solution had to boost profitability by either supporting a higher price or delivering a more robust margin or both, plus provide a strong ROI on the cost of the change that was obvious.

The third and last pillar was paramount. Home Service had to retain the control that this independent operator had enjoyed from the beginning.

Knowing that the big oil brands were out of the question, Castelli began researching the so-called second-tier brands. He explored several old labels and some newer brands, and he needed to compare all options. What he found initially was disappointing. Nearly all options would provide the independence desired. Some programs allow for somewhat better margins, but none delivered on the brand image, the promise to increase traffic and support a better price point.

Solution

Castelli had heard of VP Racing Fuels and knew that they were said to have a unique program, but as he says, he's from the Show-Me State, a born Missouri skeptic. However, once he did a complete vetting of VP and its

branded retail program, he was sold and began the reimagining in early 2018. "The reimagining of our station was not inexpensive, but with the VP branding, our ROI has been achieved, and with the look and feel of this location, traffic is up, and we can now compete with the big oil brands," says Castelli. "Slick is how I describe the look. The entire program is slick!"

Benefit

VP Racing Fuels' Branded Retail Program brought the three pillars that Home Service Oil needed to improve retail customer appeal, boost profitability, and maintain an independent's control of the business:

- reimagining the location with a premium, lifestyle brand look and feel,
- allowing the buying of rack rate gasoline and diesel fuel for enhanced margins at the pump, and
- allowing Home Service Oil to retain total control of its business.

Plus, VP brought Home Service two additional benefits:

- offering a line of premium products like race fuel, Madditive® additives, motor oil, and more, and
- supporting their sales with premium marketing and consultation.

Result

Castelli says that they saw immediate positive results. By any measure, business was improved in year one of the rebranding, starting at the forecourt with overall gallons up an impressive 40%, and premium gas sales leading the way! In addition, offering high-profit VP 101, the 101 octane street-legal fuel available only at VP-branded stations, provided both an exclusive cache and an added revenue and profit stream. And they haven't stopped growing year over year yet.

Moving from the forecourt, the location's in-store sales shot up 12.5 % that first year. Much of the increase was driven by the addition of VP's extensive line of pro-grade automotive products, including Madditive® fuel and oil additives and motor oils, plus outdoor equipment fuels and lubricants for small engines. And again, there is no sign of slowing down.

Castelli gives much credit for the rebranding success to their relationship with VP. He feels that the marketing support and hands-on consulting that VP's representatives provide is second to none. He also feels that being associated with the 45+ year history of a unique lifestyle brand is a big positive. "Business and margins are up dramatically," exclaimed Castelli. "We wouldn't sell this location even if offered more than asking!"

End

Sidebar with images/icons:

1. Increased Traffic
2. 40% increase in gallons
3. 12.5 %+ increase in In-Store Sales
4. Increased Diesel Fuel Sales
5. Increased Margins Overall