

AMERICA'S LEADING FUEL MARKETERS

# IGM

INDEPENDENT GASOLINE MARKETING

JANUARY | FEBRUARY 2024



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- WASHINGTON WATCH: ELECTION, CONGRESSIONAL RETIREMENTS FRAME 2024 AS SIGMA OUTLINES PRIORITIES
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- GASOLINE MARKET OUTLOOK FOR 2024



**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.

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# profile:

By Mark Ward Sr.

# EG America

EG America, headquartered in Westborough, Massachusetts, is one of the fastest-growing convenience store retailers in the country, offering high quality grocery and fuel products across more than 1,600 retail locations that include Certified Oil, Cumberland Farms, Fastrac, Kwik Shop, Loaf N' Jug, Minit Mart, Sprint Food Stores, Tom Thumb, Turkey Hill, and Quik Stop stores.







*Fastrac, one of EG America's 10 convenience and fuel retail banners, has more than 50 store locations in upstate New York.*

Headquartered in the United Kingdom, EG Group is a leading independent petroleum and convenience marketer active in ten countries. With more than 6,000 retail sites across three continents, EG Group annually serves more than a billion customers and generates \$30 billion in annual revenues, about half of which comes from the Group's annual fuel volume of more than 4 billion gallons. John Carey, president and CEO of EG America in Westborough, Massachusetts, spoke to Independent Gasoline Marketing about the company's U.S. operations that span more than 1,600 sites doing business under ten brands across 30 states.

**IGM:** EG Group was founded in the United Kingdom by the Issa family in 2001. When did EG Group enter the United States market?

**Carey:** We entered the U.S. market in 2018 by making two key acquisitions. In 2018, we acquired Kroger's convenience store business, which at the time included more than 700 sites in 18 states that operated under five banner names. Then in 2019, we acquired Cumberland Farms with more than 500 sites in eight states. Those two acquisitions, along with other acquisitions, gave us nearly 1,700 gas station and convenience store sites in more than 30 states. Today, EG America has ten brands.

**IGM:** At the time, EG Group had been in business for more than 15 years. Why did the company decide to expand to the US market?

**Carey:** If you're a global player, the U.S. market is attractive. The US car culture and convenience culture adds up to a lot of miles driven.

**IGM:** That also means the petroleum and convenience sector in the United States is ultra-competitive. What differentiates EG America from other choices available to U.S. consumers?

**Carey:** There are two answers to that question. First, when we entered the U.S. market, we acquired brands that already had strong local brand recognition. So it wasn't a situation where we came to market with a totally new brand. We evaluated a number of potential acquisitions where our business model could be successful. The Kroger and Cumberland Farms acquisitions fit that profile.

Second, EG Group has a business model that's proven successful globally. We're good at seeing the customer's perspective and creating a customer experience that fits today's lifestyles with their emphasis on mobility. In the United Kingdom, our business formula moved the portion of our revenue stream that was generated by fuel sales from 80% to now about 40%, with corresponding increases in our grocery, merchandise, and foodservice revenue streams.

When we analyzed the U.S. market, we saw that the mobility experience for customers in the United States wasn't as good as what EG Group has achieved in the United Kingdom



John Carey, President and CEO of EG America, joined the company in October 2023.



EG America is headquartered in Westborough, Massachusetts.



EG America partners with many charitable organizations including the United Way and the American Red Cross, raising millions of dollars through in-store fundraisers.



## EG AMERICA

Sources: EG Group 2022 Annual Report and Financial Statements, EG America Website (<https://www.eg-america.com>) and EG Group Website (<https://www.eg.group/>)

**HQ:** Westborough, Massachusetts

**10 brands** including Cumberland Farms, Certified Oil, Fastrac, Kwik Shop, Loaf N' Jug, Minit Mart, Quik Stop, Sprint, Tom Thumb, and Turkey Hill

**1,600+ sites** sites in 30 states

**\$10.18 billion** annual revenue

**49%** of gross profit from fuel sales, 48% from grocery and merchandise, 3% from foodservice

**100%** company-owned sites including 96% company-operated

**18,000+** employees

**712 million** customers served annually

**477** foodservice outlets

**5** foodservice partners including Sbarro, Burger King, Taco John's, Subway, and Cinnabon

**4** charitable partnerships with United Way, American Red Cross, American Cancer Society, and Disabled American Veterans





*EG America's Quik Stop, one of the convenience and fuel retailer's 10 banners, has more than 95 store locations across California and Nevada.*

and Europe. EG Group has a proven track record across our global network for successfully integrating c-store assets and transforming them into best-in-class customer destinations. So, we saw an opening in the United States where we could bring the value of the brands that we acquired together, and then leverage them with our unique business model. And by combining them with EG Group's existing global operations, we create significant scale. That drives purchasing power for our fuel and non-fuel retail operations. We see ourselves as raising the bar for the industry.

**IGM:** On the fuel side, where does EG America get its supply?

**Carey:** We negotiate with many midstream players. Each of our c-store brands sells fuel under its own name, rather than a major oil company brand. By selling our own fuel brands, we don't have to pay major-brand premiums. And by flying our own flag, we enhance the value and recognition of our own banners. Also, this gives us opportunities to educate customers on the benefits of filling up with premium grades.

**IGM:** On the retail side, is there a prototype for the kind of store, services, and location that fits your business model? With such a large network of sites purchased through acquisitions, rather than by new construction, EG America must have a broad range of sites. How do you rationalize it all?

**Carey:** We don't want a cookie-cutter approach to our sites. The brands we acquired have high name recognition in their markets. So we're okay with a broad spectrum of location types—urban, rural, large, small, interstate, in town. But since each type must be managed differently, it can be complex. We're always working on our product mix to optimize in-store traffic. On the other hand, we want our sites to be locally relevant and not just fit a mold.

It's true that EG America is at a point right now of continuing to rationalize our network, as opposed to doing new builds and acquisitions—though we're always open to acquisitions that are a good fit. So as we look to upgrade legacy sites, we have different performance metrics for different types of sites. We view the United States not as a single market but as "multi-regional." And it all starts by learning what we're good at—and what we're not—and then seeing how we can bring that value to our brands.

**IGM:** You were appointed in October to your position as president and CEO of EG America. Tell us about the transition from your previous base in the UK to the United States.

**Carey:** My career already involved significant experience in global businesses. I spent ten years at BP in senior roles, including CEO of Castrol's global businesses. And as deputy CEO at ADNOC Distribution, I led the company's IPO on the Abu Dhabi stock exchange in 2018. In 2020, I was named a non-executive member of the EG Group Board of Directors. Now as



*Kwik Shop, one of EG America's 10 convenience and fuel retail banners, has more than 110 store locations across Iowa, Kansas, and Nebraska.*



*Cumberland Farms is EG America's largest banner retailer with more than 575 stores across Connecticut, Florida, Massachusetts, Maine, New York, New Hampshire, Rhode Island, and Vermont.*



*EG America's Culinary Center and food safety teams recently received an "excellent" rating on their annual Safe Quality Food audit, for the fifth year in a row. The Culinary Center makes Farmhouse brand food products for many of EG America's stores.*

## EG GROUP

Sources: EG Group 2022 Annual Report and Financial Statements, EG Group Website (<https://www.eg.group>)

**HQ:** Blackburn, United Kingdom

**23** years in business since its founding in 2001 by the Issa family with acquisition of a single retail site in the United Kingdom

**10** national markets including United Kingdom, Ireland, France, Belgium, Netherlands, Luxembourg, Germany, Italy, Australia, and United States

**\$30.6 billion** annual revenue

**\$4.4 billion** annual gross profit

**49%** of gross profit from fuel sales, 35% from grocery and merchandise, 16% from foodservice

**6,000+** sites including United Kingdom (671), Europe (3,297), United States (1,600+), and Australia (536)

**89%** company-owned sites including 66% company-operated

**45,000+** employees including United Kingdom (13,657), Europe (8,771), United States (18,000+), and Australia (4,691)

**1.29 billion** customers served annually including United Kingdom (180 million), Europe (276 million), United States (712 million), and Australia (122 million)

**3.5 million** daily customers

**4.65 billion** gallons (17.6 billion liters) annual fuel volume

**180 million** cups of coffee sold annually

**1,181** foodservice outlets

**50%** projected reduction in carbon footprint by 2030 to net zero by 2050

**40%** of senior leadership projected to be women by 2025





*Minit Mart, one of EG America's 10 convenience and fuel retail banners, has more than 85 store locations across Illinois, Kansas, Kentucky, Missouri, Ohio, and Tennessee.*

president and CEO of EG America, I'm an executive director of the EG Group's board.

When I was appointed in October to head EG America, I knew it has a strong platform, a clear strategy to drive growth, and market-leading sites with strong local brands. And I knew that I was coming in to EG Group's largest market by revenue and sites.

My previous experience with global business and now with coming to EG America suggests several things. First, as part of the global business of EG Group, we need an inclusive global culture that shares common threads of values. But EG America also needs a national identity, and our sites need locally relevant concepts.

On the one hand, as part of a global network, we need to leverage the strengths of that network. But on the other hand, our customers care most about their local frontline experience.

So, we have to work on how our global values "show up" and are represented at the local level in a way that creates best-in-market customer experience.

**IGM:** How does your SIGMA membership benefit EG America?

**Carey:** It's important that independent marketers have a unified voice. And it's important that we have a common organization where marketers can discuss the future of our industry in a consistent way. The industry is always changing and so are our customers. So as marketers, our approach can't be dictated by extreme views. We must be informed by facts if we want to be part of the national and global conversations on energy and sustainability. ★



*EG America's Tom Thumb, one of the convenience and fuel retailers 10 banners, has more than 115 store locations across Florida, Alabama, Mississippi, and Tennessee.*