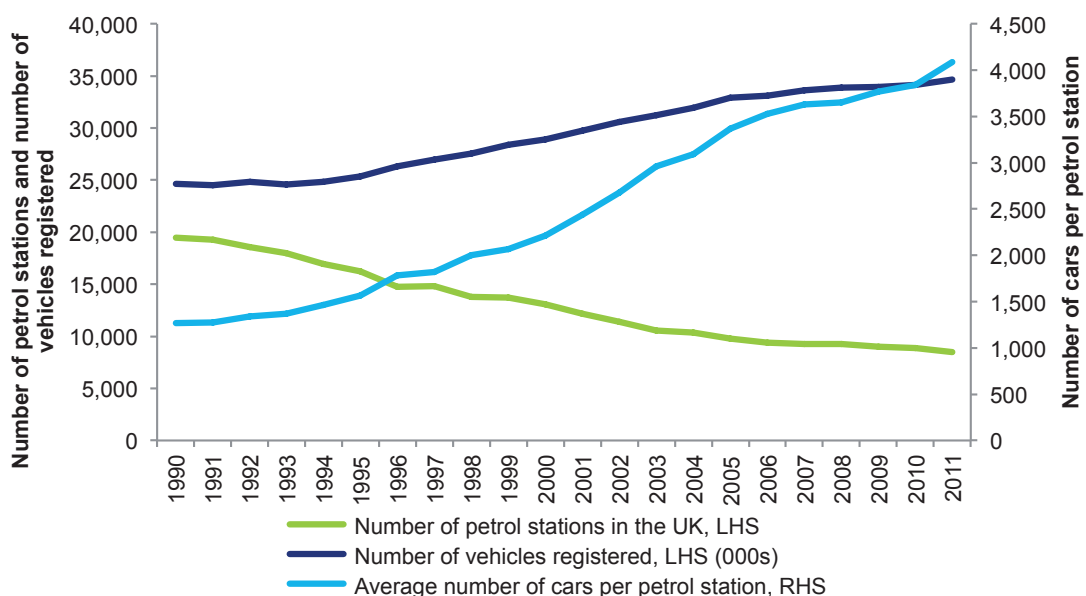




- The number of UK petrol stations continues to decline. This is mainly due to fierce competition and relatively tight retail margins. In contrast, the number of vehicles registered on UK roads has never been higher.
- Forecourts are also getting larger. The number of pumps per petrol station and fuel sold per forecourt reached record highs in 2011.
- Petrol stations in the UK are owned by oil companies, independent dealers or supermarkets. A proportion of the petrol stations that display an oil company brand are owned by independent dealers.
- The number of petrol stations where independent dealers sell fuel under their own brand has decreased significantly, while the number of supermarket-owned petrol stations has grown.

1. Reduction in the number of petrol stations

Figure 1: UK petrol stations, number of cars registered and average number of cars per petrol station



Source: Retail Marketing Survey 2012 (published by the Energy Institute)

The number of UK petrol stations has been declining at a steady pace since the late 1960s. This is due to a variety of reasons. Fuel retailing is a high fixed cost, low margin business where high volumes are required to break even. Independent forecourts, especially at remote locations and in competition with larger forecourts and supermarkets, have not been able to sell sufficient fuel to remain price competitive. Non-fuel sales at forecourts have dramatically increased in the past decade.

Forecourts are also getting larger. Data from the Energy Institute's Retail Marketing Survey 2007 and 2012 shows that the average number of fuelling positions per petrol station increased from 7.1 in 2006 to 7.3 in 2011. This means that smaller petrol stations were closing while larger petrol stations remained in operation.

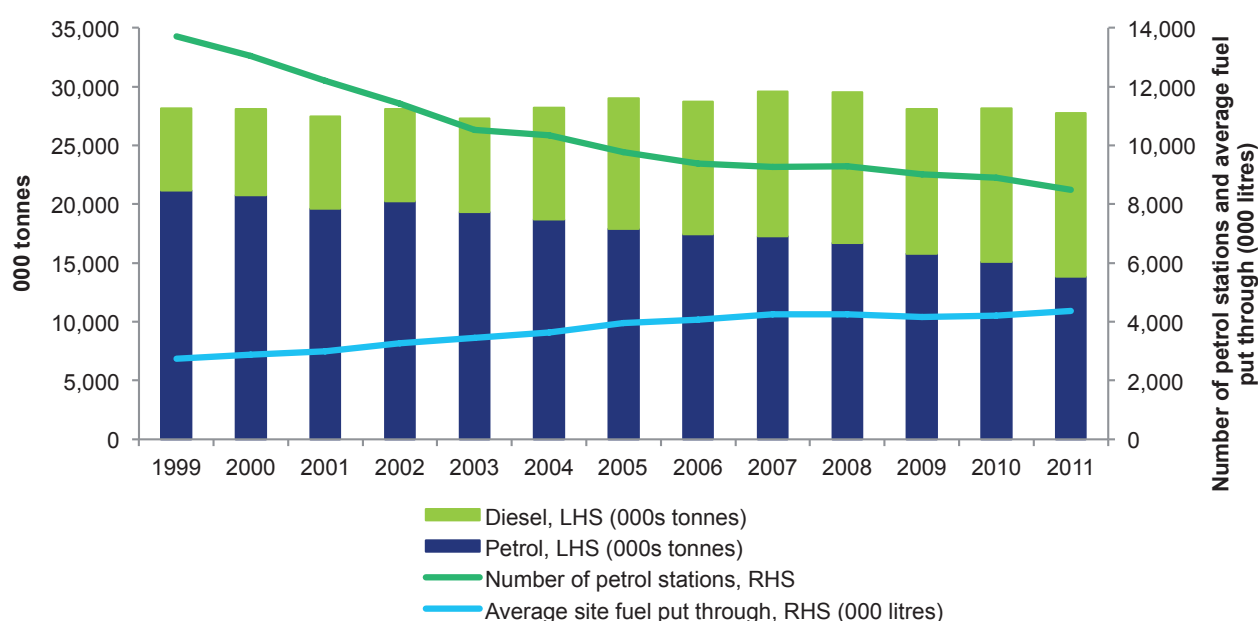
Today a larger proportion of petrol stations offer self-service thus allowing bigger ones to make efficiency savings by reducing labour costs. This, together with scale, increases their cost advantage compared with smaller petrol stations.

The number of vehicles registered in the UK has also been growing. With the number of forecourts decreasing, there are more vehicles per petrol station today than ever before.



2. Fuel sales

Figure 2: Fuel sales, number of petrol stations and average volume of fuel sold per petrol station



Source: *Retail Marketing Survey 2012* (published by the Energy Institute)

UK fuel market review

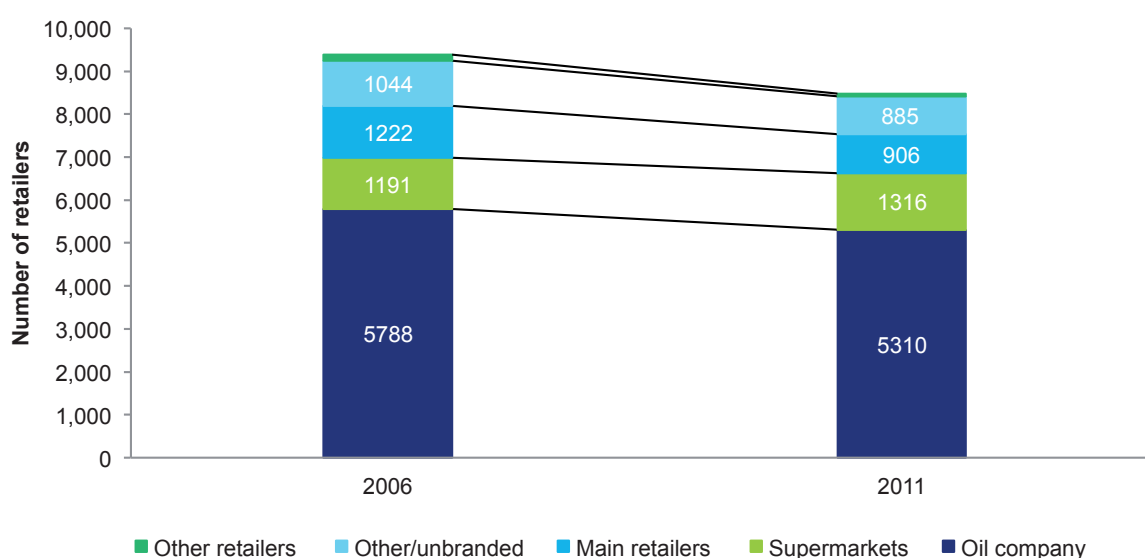
Fuel retail

During the height of the economic crisis in 2008 and 2009, the total volume of fuel sold in the UK dropped approximately 5%. Sales have recovered slightly, returning to levels seen in early 2000.

With the decrease in petrol station numbers, the average volume of fuel sold per fuel station is on the rise.

Within the fuel mix sold at petrol stations, the proportion of diesel has increased significantly compared with petrol and it now makes up more than half of the total volume.

Figure 3: Number of retailers by brand



Source: *Retail Marketing Survey 2012* (published by the Energy Institute)

The Retail Marketing Survey divides the petrol stations into groups according to the brand name they display.

The largest group is made up of petrol stations that display the brand name of a major oil company. BP has the largest number of branded forecourts followed by Esso, Shell, Texaco, Total, Murco and Jet.

However, petrol stations are not always owned by the company whose name they display. For example, the majority of petrol stations displaying the Texaco brand are supplied by Valero Energy, the rest by GB Oils. GB Oils in turn is owned by DCC, which is the UK's biggest fuel wholesaler. It supplies fuel under a number of other brand names across the UK. Following the sale of Total company-owned sites to Rontec Investments LLP, those sites are now owned by an independent retailer but still display the Total brand. The number of forecourts displaying an oil company brand dropped by almost 500 between 2006 and 2011.





The only retailing group where the number of petrol stations increased between 2006 and 2011 was supermarkets. The main supermarket brands that sell fuel are Tesco, Morrisons, Sainsbury's and ASDA. The total number of stores in this group increased by 125 during the above period, equivalent to a 10% increase.

The group that the Retail Marketing Survey calls 'Main retailers' consists of independent fuel suppliers. These include brand names such as Gulf, Pace, Maxol, Harvest Energy, UK, Gleaner, Rix, Thames, BWOC and Regent. Of these, GB Oils supplies Gulf, Pace, UK and Regent fuel stations. The number of petrol stations owned by the main retailers declined by the largest proportion between 2006 and 2011, with 316 petrol stations closing, equivalent to a 26% decrease.

According to Experian data reported in the Forecourt Trader's Fuel market review 2012, while hypermarkets own close to 15% of the petrol stations, they account nearly 40% of the market share.¹ However, independent dealers who own 60% of the UK forecourts, account for 32% of the total fuel volume sold.



¹ http://www.forecourtrader.co.uk/files/Fuel_Market_Review/FCT_Fuel_Mkt_Review_2012_low.pdf

This factsheet was last updated January 2013.

The Royal Automobile Club Foundation for Motoring is a transport policy and research organisation which explores the economic, mobility, safety and environmental issues relating to roads and their users. The Foundation publishes independent and authoritative research with which it promotes informed debate and advocates policy in the interest of the responsible motorist.

For more information about the Foundation and its work please visit the website: **www.racfoundation.org** or contact us on **020 7747 3445**.

You can also follow us on Twitter: **@racfoundation**