

# Platforms are disrupting Fuel Retail and new exciting business models are emerging utilizing access to other apps data.

## How platforms are disrupting the marketplace.

The platform strives to commodify so that it becomes easy for customers to compare offers. This obviously presents challenges for fuel retailers if using platforms to be unique.

A platform owns the customer relationship. It creates dependency which fuel retailers cannot disconnect, and can make unexpected demands, or start competing offers.

A platform restricts freedom of action. Everything is visible, including innovation, which can therefore be copied by competition or the platform itself.

## Customer relationship is with the platform and not with the supplier, what does that mean?

This is a new, tough competitive environment which virtually all companies will eventually face, as the platform economy matures.

A platform achieves success when it effectively owns the market and can charge all transactions which go through it. Simple examples are app stores from Apple and Google.

In its nature a platform can limit the ability of the participating companies to offer their customers something unique, it can overtake the customer relationship and it can make the freedom of action less.

There are many definitions of what a platform is, but the idea is to be a place where actors communicate and trade with each other.

## New business models are emerging fueled by new customer data availability.

The dynamic behind a platform is that it collects data about customers. The more data it receives, the better service it offers, the more valuable it becomes for customers to use, the harder it becomes to leave it, and the more it grows.

Mobility apps start to combine car hire/share, service, parking, insurance, etc. into one experience transforming what was otherwise a transaction into an experience. This is all based on more aggregate customer data i.e. knowing your customer better.

A simple example is fuel retailers offering parking. Having parking customers' data allow the fuel retailer information on customer segment via their car registration such as vehicle type. This allows customer acquisition via tailored offers and cross offerings.



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## **The platform has the customer.**

If customers think platforms are better, then it is natural for customers to go there. Platforms enable a store to reach a larger market and you compete not only on price, but also on service, delivery speed, etc.

This places greater demands on traditional fuel retailers in the future, especially to understand their customers and to know how to reach them on several different channels, where platforms are only one channel among several.

Innovative software companies – such as CarPay-Diem from Luxembourg - have seen this coming and offer channel building technology focused on fuel retail.

## **Being close to your customers is key – platforms are a new opportunity for fuel retail.**

The requirement for traditional fuel retailers is clear: Be close to your customers. This is a new battle for customers, and the threat does not come from your traditional competitors, but from a completely different place.

Consumers are impulsive, and companies need to be able to adapt. Digital companies are born to understand that, this is their premise. They focus on two things: To remove friction and to offer individual solutions, and when they succeed, it is natural for them to go deeper into the value chain. The key to success for fuel retailers is first and foremost about understanding their customers and about investing in being close to them. If you are not good at it, then there is a risk that new players will own the customer relationship.

For many companies it may be better to enter and collaborate with platforms to obtain customer closeness. In addition, platforms often expand the market and can create more growth for everyone in the value chain.

## **Get started.**

Several companies are actively working on helping the Fuel Retailer with this new way of acquiring customers. Feel free to contact Morten Raaby at [www.Raaby2020.com](http://www.Raaby2020.com) for more information.

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Further recommended reading:

The Economist Special report – The marketplace, de-platforming. March 13<sup>th</sup>