



What comes after LED? PetrolPlaza Interview with Kevin Stoll, SloanLED Vice President of Lighting Systems

Motorists love clean and bright petrol stations. Brighter light on the forecourt can attract significantly more customers to a site. Especially female drivers feel safer in a brighter environment and well illuminated sites look cleaner and much more appealing. Last but not least, a well branded petrol station should be recognized by the drivers at night before they can see any buildings or signs, just by the shine of its light.

Different studies have proven business volume increases of over 10% at petrol stations only as a result of their visual refurbishment. This is one of the reasons why in the last decade all major brands and many smaller retailers have made significant investments in re-branding and illumination projects.

The second reason is the high number of sites changing brands. There is no week where PetrolPlaza does not report about retail networks changing owners and in many cases, as a consequence, changing the brand, too.

Finally, there is the increase in electricity cost and the price decline for the energy saving LED technology, which promises fast return of investment for new generation LED lighting systems.

With about 300.000 up-to-date branded petrol stations worldwide and an average rebranding cycle of 7 years, plus another 10.000 stations per year changing brands, we can very roughly estimate a business volume of 50.000 refurbished and rebranded stations per year. These figures clearly show that we are talking about a multi-million market which must offer great opportunities for those who are involved in this business.

PetrolPlaza has visited a company which is heavily involved. A pioneer in LED technology, a company which talks in its presentations about 40 million feet of manufactured LED products – a distance as long as from Los Angeles to Sydney! Bruno Boroewitsch, CEO of PetrolPlaza talked to Kevin Stoll, SloanLED Vice President of Lighting Systems, about this exciting business.

PetrolPlaza: Kevin, first of all thank you very much for your kind invitation. I must admit, I'm quite impressed by these modern facilities here in Ventura. As a quick introduction, would you share a few business figures of SloanLED with our PetrolPlaza readers?

SloanLED: Thanks for visiting us here in Ventura at the headquarters of SloanLED. SloanLED is a mid-sized international corporation. Today we count 160 employees worldwide: here in California, in our European offices in the Netherlands and in our Asian facilities in China. Since we started with our lighting business we have produced 40 million feet of LED products. We serve thousands of customers around the world, end customers as well as many sign manufacturers and resellers.

PetrolPlaza: In two years time, SloanLED is celebrating its 60th anniversary. I only remember LED lighting to come up in the 90's. So, what did SloanLED before?

SloanLED: Correct, in 1957 LED signage or lighting was not our business. The founder of SloanLED, Charles Sloan, was an aviation engineer working for a large U.S. aircraft manufacturer. At that time, there were problems with frequent failure of control lamps in the cockpits due to the low reliability and the short lifetime of filament lamps. Charles Sloan's idea was to implement the new LED technology, which was much more reliable. He started his company working for the aviation and military industry in the beginnings, adding later high reliability industry applications and finally spa, signage, retail and area lighting.

PetrolPlaza: For how long have you been joining SloanLED?

SloanLED: I joined SloanLED in August of 2014, coming from 25 years in marketing and business development primarily in the power supply and conversion industries.

PetrolPlaza: When started SloanLED its first project in the petrol retailing sector and what exactly was it?

SloanLED: It was actually a customer, Conoco, who wanted to improve the reliability of the border and accent lighting at their forecourts in the mid 1990's. Obviously, we fulfilled Conoco's expectations and this was the start for others to follow.

PetrolPlaza: How did this business sector developed from there for SloanLED?

SloanLED: Today most petrol retailers rely on LED technology for their illuminated signage. Many of them, global brands such as Shell, BP, Exxon, Chevron, as well as medium-size and smaller companies use SloanLED products, due to their high reliability and the experience we have in this sector.

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PetrolPlaza: Actually, which share of SloanLED's total business is petrol retail related?

SloanLED: SloanLED offers products for all the different applications in forecourts and convenience stores. We divide them into three categories: signage, outdoor lighting and indoor lighting. For signage we provide solutions for channel letters, border and accent lighting and sign boxes. For outdoor lighting we provide canopy down lights, pole mount and wall mount lights as well as wall wash lights. Our strongest indoor product is the refrigeration lighting. Altogether, we talk about a

business share of approximately one third of SloanLED's total production.

PetrolPlaza: In which of the product areas you mentioned do you see the biggest growth potential for SloanLED?

SloanLED: Signage is the biggest market today, but already very well developed. We would estimate that up to 80% of all the petrol stations worldwide use LED technology for their signage and branding. The situation is different with forecourt lighting and indoor lighting. These are fast developing markets and most forecourts and c-stores still use older lighting technologies. As a consequence, we expect the higher growth potential to come from these areas.

PetrolPlaza: The demand for LED products is growing very fast. Which are the driving forces for this growth in the petrol retailing sector?

SloanLED: Energy and labor costs are steadily increasing, the cost for LEDs is declining by 10% to 15% per year, a trend which is expected to continue for many more years. LED lighting is the most energy and service cost saving lighting technology today. This leads to faster return on investment in new application areas year by year and this is actually the main business driver.

PetrolPlaza: Isn't the number of competitors growing at least as fast as the demand? As a leader in this market, how do you face this challenge?

SloanLED: Yes and no. We see hundreds of companies mainly from Asia offering a wide range of low-end LED products. Our business is totally different. If we talk about signage for petrol stations, our customers expect this to be up and running in a reliable way for the lifetime of the present branding concept, which is about 7 years as an average. Our products are designed for lifetimes of 10 years and even longer in rough environments, wide temperature ranges, different climates and intense sunlight exposure. This applies to our whole system of products from power supplies, cables, connectors, etc. A lot of engineering know-how and expertise is needed to develop and manufacture such products. This is something that requires years of experience and is not something newcomers in the market can claim. There are not many companies that can deliver over a longer period of time and on a worldwide scale with high-quality products, a requirement critical for global brands. We also have a number of patents which protect us from being copied.

PetrolPlaza: As reported on PetrolPlaza, SloanLED has recently been acquired by Baird Capital. Would this influence the company's future development and strategy?

SloanLED: SloanLED is very much looking forward to working with our new owner, Baird Capital, as they have a deep knowledge of the technology sector and successfully operating on a global scale. We believe we are well positioned with Baird to continue leading the LED industry.

PetrolPlaza: If you were responsible for the rebranding of 500 petrol stations, which would be the top three criteria when choosing your new LED technology supplier?

SloanLED: There would be a few more than three. But definitely experience in this market, attestable

product reliability and state-of-the-art technology would be at the top of the list.

PetrolPlaza: And the cost?

SloanLED: Always consider the total cost of ownership and not the price of a single product. A cheap product can be very expensive, if it fails, if it has a short lifetime or poor energy efficiency.

PetrolPlaza: Today LED is the state-of-the-art lighting technology. What comes after LED? Are there any other lighting technologies coming up?

SloanLED: Better LEDs. At the moment we don't see any other lighting technology replacing LEDs in the near future. But we still see huge improvements in future LEDs. Especially the energy efficiency and the light output of new LEDs – its constantly improving, which allows higher packing and reduces thermal problems in high performance applications. We also see improvements in keeping colour, light temperature and light intensity constant during the lifetime of a LED. This allows new opportunities and further developments in our business.

PetrolPlaza: Kevin, I thank you very much for your time and for the insights you gave our readers.

SloanLED: I thank you for the opportunity to talk to our customers through PetrolPlaza.

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