



Turkey's gas station industry joins the convenience revolution

Industry event Petroleum Istanbul highlighted the strength of the market, the relevance of LPG, and how the country is buying into the convenience revolution. In the last three years the market has grown by over 30%, according to industry professionals.

Gusty winds welcomed professionals from the Turkish fuelling industry to Petroleum Istanbul on March 28 – 30. The 14th edition of Turkey's biggest exhibition for the fuel industry was branded a success by visitors and exhibitors alike. As a dealer-based industry, the event not only serves as an opportunity for retailers to discover new products but as a networking platform for distributors and dealers to meet and discuss.

In 2020, distribution contracts for Turkey's 13,000 petrol stations expire. Despite no major changes expected, this remained one of the big topics of the three-day event. Increasing and improving convenience services, the impact of electric vehicles – a very marginal market as of yet – self-service dispensers, and the strength of the LPG market were other key topics.

There are some 24 million vehicles in Turkey with 90% running on diesel and 10% on petrol. As the second biggest LPG market in the world after South Korea, around 40% of the total vehicle park is equipped to run on LPG.

"Every time this fair gets bigger and bigger. The 2019 edition went great. By what we have seen during these three days, convenience stores are growing as profit margins on oil diminish, new technologies such as automation increase, and we have had electric vehicle chargers at the show for the first time," said Mustafa Akinci, co-organizer of Petroleum Istanbul and Chairman of RM Istanbul.

The two fairs jointly taking place, Petroleum Istanbul 2019 and Gas & Power Network 2019, attracted some 31,000 attendees, according to the organizers.

Fatih Dönmez, the Minister of Energy and Natural Resources, was in charge of opening the fair by speaking on the industry's prospects.

"This event brings all the players from the sector together. Not only companies but also administration officials, the ministry and the energy market regulatory boards. We also see dealers and suppliers. It is beneficial for everyone," explained Cüneyt Agca, General Manager of Opet Petrolculuk, the second biggest fuel station brand in Turkey.

The convenience revolution reaches Turkey

Quality food and beverage services have quickly become the norm in many areas of the world. The adaption to this trend in Turkey has taken a little longer than some of its European neighbours but it has now become a major focus for most retailers.

BP introduced its Wild Bean Café concept in June 2019. Now active across six stations, the company plans 40 to 45 cafés to open by 2020, according Mustafa Kemal Ozturk, Non Fuel Offer Manager at BP. “The concept has been very successful so far.” Water, Redbull and coffee are the best selling items.

Market leader Petrol Ofisi is focusing on partnerships to boost its convenience sales. They now have 105 Migros stores across their vast network and an increasing number of cafés.

Opet is also betting on co-branding to increase its convenience sales. “Customers want fast-food items, coffee, etc. This is the latest trend in the Turkish market. Opet has partnered with brand leaders from the convenience sector such as Starbucks. We believe this will be an important part of the station revenues,” said Opet’s Cüneyt Agca.

The expansion of convenience offerings is also attracting new players into the sector. After seeing the success of their small chain of bakery shops in the town of Izmir, Alsancak Unlu Manuller, a family-run business, decided to open stores at petrol stations. They created a 12 sqm concept that runs with two workers. After four years, they are now present at 12 different sites. “A lot of people now don’t have time to have breakfast at home so they can buy it at a station and eat it on the road,” explains Deniz Doğanoglu. They have set the target of reaching 50 sites in the next two years.

The second biggest LPG market in the world

The total volume of LPG in Turkey was 4.1 million tonnes in 2018. Some 3.3 million tonnes were related to autogas, making it the second biggest autogas market after South Korea. Some 4.7 million cars are adapted to use LPG in the country. This also has a big impact on society - half a million people are involved in some kind of way in the LPG business.

Economics explain the huge presence of LPG in Turkey’s market, according to Cem Önce, Secretary General of the Turkish LPG Association. The end customer price for LPG is far lower compared to traditional liquid fuels. Historically, it has been lower-income families that converted their cars to LPG. After an economic boom for autogas in the year 2000 the market has stabilized and enjoyed continuous growth until becoming the first segment in the LPG sector.

Conversion prices range from 1,000 to 1,500 dollars depending on the system used. “I expect that each year there will continue to be some growth. In 2018, the market grew by 5.3%. The ratio will probably slow down but there is room for growth,” explains Önce.

The presence of other alternative fuels in Turkey is still marginal. In terms of electric vehicles, there are some 2,000 vehicles in the country and the leading market players are starting to install some charging points at their stations. AdBlue, CNG, LNG and biofuels are only starting to enter the

market.