



Interview with Petroassist Mexico: "It's the time to switch brands"

PetrolPlaza sits down with Raul Silva, Country Manager for Petroassist Mexico, to discuss the Mexican fuel retail market from a supplier's perspective, differences with Europe and the potential for growth.

Raul Silva has over five years of experience as country manager for various companies. He has been leading Petroassist's development in Mexico for over a year.

What is Petroassist's business model for Mexico?

Petroassist Mexico is part of the Portuguese group Petrotec. Next year it will be three years since they opened an office in the Latin American country. Since 2015, Petrotec dispensers have been sold in Mexico through a distributor. Now we sell jet washes, adblue equipment, dispensers, tanks, forecourt controllers and other products. We also offer multi-brand and construction services. In Mexico, normally the company that sells you the dispenser is the same company that takes care of the maintenance, and only does it for that brand. There are no companies that do multi-brand maintenance. That's why the big oil companies like our service. The Petrotec group is present in 8 markets directly. Petroassist is in charge of selling Petrotec products and providing assistance services.

With the dynamism that the Mexican market presents in relation to the construction and renovation of service stations, what kind of potential does a manufacturer like Petrotec see in the market?

The potential is tremendous. There are companies with several flagships and in the case of some brands it is mandatory to change the dispensers. For example, Shell only works with Bennett Pump so Bennett has a big window of opportunity there. All stations installing new equipment will use one of the four brands, including Petrotec. It's a great opportunity. Also, on the regulatory side Mexico presents a very dynamic regulatory framework. The current standard applies until 2020. But all manufacturers are already adapting their products to the new standards, both for hardware and software. It is a very challenging regulatory model that makes operators and oil companies have to invest in the change and renewal of products and systems.

How has the entry of new international players affected the market?

There's fierce competition between the major oil companies right now. This is the time to rebrand. When the big brands absorb small petrol station chains, that moment will be gone. Then it will be much harder for a company like, for example, BP to convince a Repsol station to switch brands. It is easier to convince a retailer who leaves Pemex to join a global brand. This is the time to rebrand.

The big oil companies have an opportunity, but so do gas station owners. Pemex does not have a good reputation so if you switch to a recognized brand like Repsol you may be selling 35% more the next day. That gives you a great advantage. However, in a few years, when the majority of stations are Shell, BP, Total... the advantage of a change of brand will not be so significant. The time is now. Pemex will survive but its market share will get smaller and smaller until it is surpassed by other international brands.

Politically, you expect big changes with different governments? The current government has little in common with Peña Nieto's liberal reforms.

At a downstream level, the reforms that have been implemented will continue to be so. There are other sectors that may be more sensitive, especially with regard to midstream storage. There I am not sure if the sector will become as liberalised as in downstream. In Mexico we still have about five days of storage capacity. It's a delicate matter. Investment in infrastructure must continue and there is still a long way to go. A few months ago there was a big fuel crisis because in the fight against huachicol many pipes were closed. There is a need for better storage terminals distributed throughout the country. And if the government allows the big oil companies to invest in their own terminals it would be a big improvement for the hydrocarbon sector in the country.

What are the main differences between the Mexican and European markets?

The first big difference is that in Mexico there is no self-service. In Europe you usually pay at the same dispenser or go into the store to pay. Not here. The consumer does not get out of the car. There is a worker who fills the tank and charges you from the car window. It is not easy to attract customers to the shop.

Then there are always three products: Premium, magna and diesel. The octane is also considerably lower than in Europe.

In terms of market organisation, in Europe you talk to 7 companies and you are already in contact with 90% of the market. Here the market is much more granular. Many groups have 2 or 5 stations. Some have 40. As a service provider, you have to make a much greater commercial effort than in Europe.

As a supplier, what kind of strategy do you implement in Mexico?

Our first strategy is to sell dispensers that give litre per litre with the confidence of a European manufacturer that has been in the market for many years. We also promote the sale of our jetwash equipment. Here's another point. In Mexico there are people who wash your car by hand - the concept

of self-service doesn't exist yet. Normally it will take about 20 minutes to have your car washed. There is still no option for an express car wash. Our strategy focuses on three main sectors: dispensers, jetwash systems and multi-brand assistance. Normally we use trade fairs to present our products, such as Ampes and Onexpo events. We also access our customers through online and print advertising.