



## The battle for Mexico - A look at the top OMCs

**On a weekly basis, Pemex franchisees are switching to a new brand - the Mexican oil firm has already lost 35% of the market despite controlling 90% of the fuel supply. We take a look at some of the biggest players.**

Mexico's gas station market, a sector that generates more than half a million direct jobs, market is shifting at top speed. Since the fuel retail market was fully liberalized by Enrique Peña Nieto, dozens of international and national brands have replaced former Pemex stations. With 4% per year growth expected over the next decade, the current number of stations will continue to expand.

Over 70% Mexico's 12,500 stations are still in the hands of operators with 1 to 4 stations. The consolidation of brands and networks will be one of the main trends in the next years to come.

### **Pemex**

Petróleos Mexicanos (Pemex) continues to be the king of Mexico's energy market. There are some 9,000 sites operating under the Pemex franchise while the state-owned oil company owns a timid 45 gas stations. Threatened by the liberalization of the market and the entry of international players such as Shell, BP and Respsol, the retailer launched a new image in late 2017 - a more attractive, modern look to represent the company in the new era based on free competition and added value.

The government has just announced a plan to launch its own network called 'Pemex Red' - a chain of 500 sites owned by the government that will make low fuel prices its insignia. The biggest challenge that both Pemex Red and Pemex franchise face is the customer's lack of trust. After years of monopoly the brand embodies all the negative elements of Mexico's fuel retail business - unprofessional services, tampered pumps and corruption.

### **Oxxo Gas**

FEMSA Comercio, a Mexican retailing giant and owner of the Oxxo convenience store chain, opened the first Oxxo Gas station on July 6, 2016 in Monterrey. Three years later the Mexican chain already operates 483 stations. When the convenience segment consolidates, the knowledge, logistics and capabilities of operating the biggest convenience store chain in Mexico will favour Oxxo Gas versus other competitors.

### **BP**

The global oil company currently has some 480 sites active in Mexico serving more than 650,000 daily customers. Instead of focusing on a specific area of the country, BP is developing a national network and is now present in 28 of Mexico's 31 states. The company's goal is to have a network of 1,500 stations by 2021. It has introduced its ACTIVE technology and BPme app to the market.

## **G500**

A product of the partnership between Mexican fuelling group G500 and Swiss multinational Glencore. With just over 330 sites, the OMC entered the state of Nuevo Leon with two stations last month. Luz María Gutiérrez, CEO of G500 Network, explained earlier this year that the company would like to double its network in the space of a year. Each new opening required an investment of 1 to 1.5 million pesos. The company also recently partnered with Edenred to launch its own fuel card.

## **Petro-7**

7-Eleven's bet for the Mexican fuel market. The retailer has ambitious plans to double its current network of 237 sites, all company operated. Petro-7 will invest 6 billion pesos (\$306mn) in order to have a 520-site strong network by 2023 - 400 million pesos (\$20mn) will be used for the installation of vapour recovery systems, according to Forbes. So far the company is focusing on 8 markets: Nuevo León, Coahuila, Baja California, Chihuahua, Tamaulipas, Jalisco, Guanajuato and Estado de México. Petro-7 has built between 30 and 40% of its sites while the rest have been refurbished. Its long tradition as a convenience store brand is a positive asset, according to Juan Carlos Paredes, CEO of Petro-7 - 90% of gas stations include a 7-Eleven store.

Other key players in the market include Total (230), ExxonMobil (227), Arco (200), Shell (200), Chevron (198) and Repsol (190). Spain's Cepsa launched Red Energy and plans for 150 sites in two years. According to data from the Energy Regulating Commission (CRE) there are 29 brands currently active in Mexico.