



“Myanmar, Philippines and Vietnam are three promising markets” Interview with GM - Asia for DFS

We talk to Chris Cooper, General Manager - Asia for Dover Fueling Solutions, about the growing Southeast Asian market, the need for political stability, promising countries and how the region could become a leader in forecourt innovation.

Chris Cooper, 35, has been working in retail automation and petroleum equipment his whole career. After getting a degree in IT he started his professional career in Perth, Australia. He has lived in India, Singapore, Dubai, New Zealand and is now located in Melbourne as the General Manager for Dover Fueling Solutions (“DFS”) in Asia. Working in the African market inspired him to study a Masters in International Relations, making his analysis of markets and regions insightfully rich.

South East Asia is a large, complex region that shares some common themes but also has huge differences in terms of economic development as well as political and religious systems. Taking into account your experience in the region, do you identify any similarities between these countries when it comes to the forecourt business?

The similarities are becoming more and more apparent. You do have first and third world markets but the emerging markets - i.e. Laos, Myanmar, Vietnam and Cambodia -are not taking the steps that other mature markets took before, growing and innovating as they go. The emerging markets are instead looking for the sudden change. In a way, Africa is the same. They are trying to catch up and make big gains. The solutions from retailers that you can find in more advanced economies such as Malaysia, Singapore and Hong-Kong are starting to become more apparent in the emerging markets. Other than that, there aren't many similarities - the way of doing business is different in each country. Ultimately, they are all working towards the same goal: the access and management of data, rather than just looking at hardware to supply gasoline.

In one of the most underdeveloped countries in the region, Laos, one can find modern PTT stations a mile away from a man selling fuel in plastic bottles. Are these regional companies pushing the industry forward?

PTT are a great example; they are predominately a domestic company in Thailand but they are spreading their wings and making the best of their capabilities abroad. Local players like PTT and

Petronas as well as the new oil traders that are coming in such as Puma Energy and Viva Energy are driving market progression. You could consider these companies as disruptive because they are changing the industry. They are bringing new people into the sector and entering emerging markets. Take a look at Viva in Myanmar, they are investing heavily. There is an obvious lack of infrastructure in the poorer countries. In Laos, Cambodia or Myanmar, once you leave the big cities, you can easily find fuel being sold in bottles or containers.

With the fast development of these countries, rich or poor, do you think in ten years' time the Southeast Asia region will have similar fuelling standards to Europe or the U.S?

There are always going to be slight differences but they are becoming a lot smaller. It is all based on the economy. The status of the market in these countries is very dependent on the current political situation. If you look at countries like Australia, every year there is standard growth while, for example, in Myanmar, where right now many people are trying to get over to Bangladesh, the state of the market relies on the political process. That is one of the things that can hold back investment.

"Stability is pushing growth in Southeast Asia"

Although you have China's expansion, the Myanmar conflict and the issue of North Korea, you could say that right now Asia is at a stable state. Stability is driving growth with a focus on reducing corruption and fraud while improving infrastructure and access to data. That seems like a common goal for the whole region.

From Dover Fueling Solutions' perspective, what do you identify as the three most promising growth markets in the region?

The opening up of Myanmar, which as we said is an example of a politically driven change, is very promising. The Philippines, mainly because it is a very acquisitive market where you are seeing small petrol companies being gobbled up by larger ones; and the ones that are not selling are investing heavily to ensure their survival. The rate of change in the Philippines is really appealing. We are going to see some regulations drive in Vietnam in the next couple of years, where there is a high number of sites with a basic level of infrastructure. Those are three markets that will experience a lot of change and growth.

It has been less than a year since the creation of Dover Fueling Solutions. How has the transition from single companies to one large company been in this area and what kind of competitive edge does it give you?

We probably had an easier transition and set-up than what DFS had to face in other international markets. We have been able to keep Tokheim and Wayne, and experience growth from both companies. As I mentioned before there are number of companies coming in and building stations from scratch - we are able to offer a full solution from the ground up: underground, piping, payment, dispensing equipment... The move has been welcomed by the market. It makes the life of retailers a lot easier when they are looking for a unique solution.

Thailand's PTT is one of South East Asia's most innovative retailers. In April, DFS announced a collaboration with PTT to install the modern Wayne Helix™ 5000 fuel dispensers, which include screens and visual content, at their Innovation Stations. Will we see more multimedia dispensers across the region?

PTT's Innovation facilities is probably one of the best I've seen in the whole region – they are a great customer. For many retailers multimedia is a driver. In countries like Malaysia, Hong-Kong and specially Taiwan, we are starting to see a lot of multimedia features, and not just in dispensers. I actually think we will see Asia take the lead in terms of carrying that forward. PTT has lead the way in terms of its innovation centers but they are certainly not alone in the region.

DFS' dispensers generally offer self-service and pay-at-the-pump features. Are those two segments where you also expect growth?

Self-service is definitely growing and it will become more and more apparent in these markets. Pay-at-the-pump, on the other hand, is going through a little bit of slump right now. A few years back people were desperate for this technology, specially with the rise of chip credit cards and increased regulations. But the expansion of alternative ways of payment – pay by phone, apps, etc. – and countries like China investing heavily in them, has left the industry trying to figure out what the best payment methods are.

"Usage of ethanol, AdBlue and additives to increase across the region"

In Asia you have two huge influences, America and China; so in terms of payment, we still have to see if the market leans towards formats like China's AliPay or an American method like ApplePay. Two different kind of infrastructures. The key questions will remain to be who has the data, where does it sit, what happens to it after paying... I think we will see Asia lead the way but they still need to work out what works best for them.

In terms of alternative fuels, what kind of demand do you expect for products such as ethanol, AdBlue and natural gas dispensers?

There is going to be an influx of ethanol fuels. It is not huge at the moment. It has been enforced in Australia and you can also see it in Thailand and the Philippines, but we're just beginning to scratch the surface. Thailand is the only market across the region that has E85, the rest are still using E10 or similar. The challenge for Asia is that it has a really high water table, we often have massive storms that result in the ingress of water into the underground tanks. With an ethanol-based fuel that can be a major issue. It is not just about adding fuel types to these networks but about making sure they have the right containing systems for the tanks, and correct monitoring devices to ensure they detect separations so they don't end up pumping water into vehicles. Across the region, I think we will also see an increase in the use of Adblue and diesel additives.

However, we don't really see any major projects in terms of adding new fuel types like, for example, when ten years ago India started to invest heavily in CNG. Taiwan is now starting to look at hydrogen

fuelling stations. When we look at these new players coming in (Puma Energy, Viva Energy), they are trying to differentiate themselves with additives, purer petrol and the technology they use to offer that.

What are DFS' goals for the Southeast Asian market in the near future?

The big goal is for DFS to be the first door people knock on when they are looking for equipment for a forecourt. On top of that, I want us to be able to demonstrate the market that we have a responsibility with the community to support the expansion of population and markets. I take cultural understanding very seriously so if our sales team can have appreciation for the markets they play in and help them meet their needs, I'll be a happy man. In ten years' time we are going to see a very different Asia and I'd like to be part of that positive change.

Interview by Oscar Smith Diamante

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