



RETAIL FUEL SOLUTIONS

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RFS

PIPELINE

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Welcome to RFS Pipeline. We have compiled articles of interest regarding changes in the industry. The RFS Pipeline newsletter will be sent to you quarterly.

Renew Fuel Stations Partners With Retail Fuel Solutions

Renew E85, LLC, operator of Renew Fuel Stations, offers its unique "renewable based fuel" brand of stations to the RFS product offering.

Renew Fuel Stations is a new independent retail brand dedicated to advancing the future of renewable fuels. Their unattended stations accept cash or credit, 24 hours a day, seven days a week and feature gasoline with various blends of ethanol, from 10% for all gas vehicles to E85 for Flexible Fuel Vehicles. Plans to offer bio-diesel blends as well are in the near future. The company currently owns and operates 13 Renew branded fuel stations throughout Wisconsin, with an additional six stations in Wisconsin planned for summer 2008.

Jay Stoflet, Director of Retail Marketing for Renew states, "We established this company with the idea that people are ready for a change from the status quo of traditional gas stations and 'big oil.' Our stations offer customers a fresh new choice where they fill their tanks - one where they know the money spent at the pump is going back towards the future of developing local renewable fuels at reasonable prices. Getting this message out is a very important part our strategy."

Renew spends considerable time and resources promoting this difference and educating the consumer about renewable fuel options. Stoflet continues, "This concentrated effort of differentiating ourselves in the marketplace also benefits our retail partners with new customers who are proven to travel considerable distances out of their way to fill up at our sites because they strongly believe in the mission."

Renew plans to start rolling out their concept by partnering with existing HVR retailers in the Kansas City market and moving to specific markets thought the Midwest.



C-STORE SURVEY SUGGESTS CONSUMERS STILL FIND PRICE NO. 1 LURE

It's still all about price. What the consumer pays at the pump, and not the location or station image, still dictates decisions on where to fill up, according to a survey by the National Assn. of Convenience Stores.

Consumers will also still inconvenience themselves just to save a penny or so at the pump - 51% say they would take a left hand turn across a busy intersection and 29% would go 10 minutes out of their way if they could buy gas for 3cts/gal less. Assuming an average fill-up of 10-12 gallons at \$3/gal, which means motorists will significantly change their behavior to save 35cts on a \$35 purchase.

However, while most have not reached the point where they will make a long-term decision, such as buying a more fuel-efficient vehicle, the survey suggests that time is getting closer.

Nearly half of those polled said that high gasoline prices have significantly altered their spending behavior. Less than a fourth cited an impact from other factors, such as the economic slowdown, rising food costs, or the mortgage crisis.

Price trumps location by a nearly five-to-one margin as the factor that most dramatically affects how consumers shop for gasoline (73% to 16%). There's bad news for majors such as BP and Shell, which have invested millions to differentiate their brand. The survey found that only 10% of consumers rate "brand" as an important factor in making their purchases.

Consumers still largely believe that gasoline retailers make 10 to 20 times more in net profit than they actually do. And the bulk of them think that major oil companies own and operate more than 75% of the

C-stores where gasoline is sold, even though NACS data suggests that majors actually own less than 3%. Only 2% of those polled recognize that most sites are independently owned.

Meanwhile, credit card companies once again have escaped the public's ire. NACS estimates that card fees added 6-9cts/gal to the cost of gasoline in 2007, and cites a recent 2006 estimate that banks recorded \$6.6 billion in processing fees on fuel in 2006.

Thanks largely to these fees, NACS estimates that the break-even level for gross margin on gasoline is 12-13cts/gal. OPIS data for 2007 showed an average rack-to-retail spread of just 13.8cts /gal, so little operating room was witnessed.

Consumers collectively thought that retailer profit margins as a percentage of total fuel cost was 22%, when it is actually less than 1%, says NACS. Some solace can be taken in that the man on the street doesn't blame retailers for high prices. Of nine possible explanations for current pump prices, consumers said that gas stations increasing profits was the least important factor. Only one in 25 suggested that high prices came from profiteering.

Many said that they have yet to change their driving habits, and the number that would inspire most to do "significantly" was a mean price of \$3.71/gal. However, a very large number have either cut back or would cut back at anything north of \$3.25/gal.

The survey was conducted by market research group Penn, Schoen and Berland Associates, which conducted 1,215 phone interviews with adult consumers from Dec. 26, 2007 through Jan. 4, 2008.

- Tom Kloza



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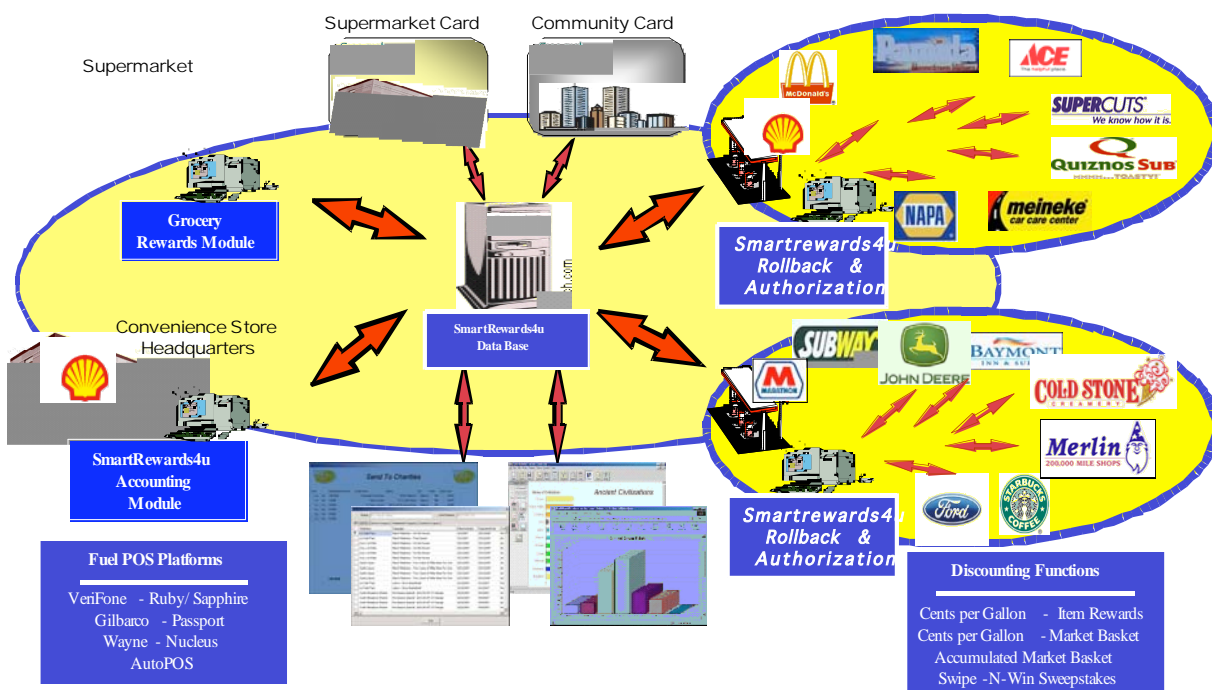
Multi-Merchant Loyalty Programs The Key to Driving Profits!

Marketing your store is an ever-present challenge with more retailers vying for the same consumer; it's a crowded marketplace. Finding ways to attract new customers and cultivate your average customer's transaction into a higher ring is absolutely critical to every business's financial vitality. A revolutionary new program from Smartrewards4u, can help you generate long-term loyal customers, first by building a customer database that will provide valuable insight to learn more about your customers as individuals, when they purchase - what they purchase - how often they purchase & how much they purchase.

Secondly; with Smartrewards4u you can promote community causes along with swipe-N-win fundraisers. Your station as well as partnering businesses can donate a percentage of cardholder's in-store sales to non-profit organizations as a way to drive additional sales, increase reoccurring visits and build brand loyalty. Cardholders simply go online to register their card to choose their desired charities and the Smartrewards4u central server tracks and facilitate the entire process.

Make your Convenience Store the Nucleus of a Community or Coalition Based Rewards Program Stretching Across Multiple Businesses!

Partner With Non-competing Businesses To Drive Their Customers To Your Fueling Center And Serve As The redemption Site For Fuel Rewards!



Smartrewards4u is truly multi-dimensional. Utilizing either a Gilbarco-Passport, Verifone - Ruby/Sapphire, Radiant or Pinnacle POS systems you can operate multiple discounting/loyalty programs within your C-Store, either independently or concurrently, from Item Rewards - Market Basket Discounting - Discounts by Card Number to Swipe-N-Win Sweepstakes. Customers receive a greatly expanded value proposition and receive personalized promotions and discounts from a network of participating merchants such as supermarkets, restaurants, retailers, automotive centers and entertainment venues.

Courtesy of Scott Abraham - SmartEcho

Food and Fuel: We Can Have It All

As biofuels begin to enjoy some success and chip away at our dependence on foreign oil, some critics have grabbed headlines by raising the question of whether we can have biofuels without taking away from our food supply.

There are about 165 biodiesel plants operating throughout the country. Some of them are even adjacent to oilseed crushing facilities, serving as a tidy demonstration that yes, food and fuel can co-exist peacefully.

In fact, biodiesel production can actually benefit our food supply. Studies show that greater use of fats and oils for biodiesel production increases the value that farmers receive for their crops, and results in less expensive protein meal.

“Because of biodiesel demand, we have seen an increase in the price of soybean oil, which is used for products like salad dressing and frying oils,” said Alan Weber, an agricultural economist and vice-president of MARC-IV. “But the resulting lower relative value in soybean meal will help keep feed for animals cheaper than it otherwise would be. It also makes U.S. protein meal cheaper and therefore more competitive in international food and feed markets. That can have a positive impact on our food supply worldwide.”

Even though a sustained biodiesel industry will help farmers feed the world more cost effectively, most geopolitical experts agree that world hunger is not caused by a lack of food in developed nations in the first place. It is primarily caused by poor infrastructure and third world political climates that are not favorable for getting food to the hungry.

It is also important to note that ending stocks of soybean oil in the U. S. are approximately 3 billion pounds, which historically are extremely high inventory levels. That’s 400 million gallons of potential biodiesel in stored soybean oil – almost twice what the U. S. actually produced in 2006.

“We also shouldn’t underestimate the American farmer’s readiness to react to market demands,” Weber said, “and we expect that technology will play a role in extending both our food and fuel supplies.”

Biodiesel proves that we can have fuel made from our nation’s homegrown resources without hurting our food supply, and perhaps even helping it. That means the world won’t go hungry – neither will our engines.

