

# “Internet Plus” Era The Trend of Oil/Gas Retail Service





In 2015, Alibaba / Tencent announced to cooperate strategically with Sinopec and CNPC cooperation

In 2015, Sinochem retail business had a strategic communication with Baidu International Co. and Peace Insure Co.

**International oil giants enter into China's oil/Gas retail market**

In 2003, Sinopec fuel card was generated

In 2004, CNPC BP was established

In 2004, Sinopec Shell (Jiangsu) was set up

In 2006, Sinochem Total (TSO) was set up

**Introduction of mixed ownership, cross-sector cooperation, emphasizing Internet technology**

**Establishing the mode of products retail combined with convenience store**

**Accelerate the development of oil/gas station network**

2010-2014, 8 retail business of Sinochem was established

In 2013, Sinopec Sales Company started mixed ownership reform

2010-2014, provincial company of Sinochem completed retail systems

In 2015, Sinopec sales company became mixed ownership

In 2007, Sinochem FuJian Retail Company was set up

In 2008, CNPC started the "Kunlun hospitality" brand



**“Internet” Era:** It represents a new economic form, which means “The Internet” plays a role to optimize and integrate the allocation of production factors. Innovations of the Internet can be integrated into all areas of economic and society. So that to enhance creativity and productivity, to establish a new form of economic development with the Internet as infrastructure and tools.



**Oil/Gas Station:** The traditional retail business only meet customers’ general needs in oil/gas station and convenience store. Living in a new Internet era, customers expect Internet technology can fill the gap between traditional retail business and emerging consumption forms, thus providing comprehensive service for their life.



**Topic:** How to use the “The Internet” to transform traditional petrol station retail business forms, to meet the one-stop needs of customers, and to change oil/gas station into living inn by Internet technology? So that it can assist Sinochem oil/gas station to achieve higher development.



- **In 2014, the growth of 2.6% in China's energy consumption is less than the half of average of 6.6% over the past decades and has been the lowest since 1998.**
- **In 2035, the expectation of China's energy consumption in the transport sector will grow by 98% . Although fuel oil is still the dominant resource, its market share will decline from 90% to 83% in 2035 (equivalent to an annualized growth rate of 3 percent), in the next 20 years, the consumption of automobile oil will slow down, lower than previously predicted values (4-5%)**
- **Affected by domestic pricing mechanism and the taxation mechanism, the margin of domestic refined oil will remain high for some time, and then gradually fell to a rational level in the next long period of time**



- **In the next 10 to 20 years, the domestic gas stations remained focused on oil sales, double the size of the market will expand, there is still room to improve the strength of consumption.**
- **With great potential , the growth space of non-oil business market is expected to expand 10 to 20 times compared with present market space. Expected economic size of the market can be more than 500 billion yuan.**

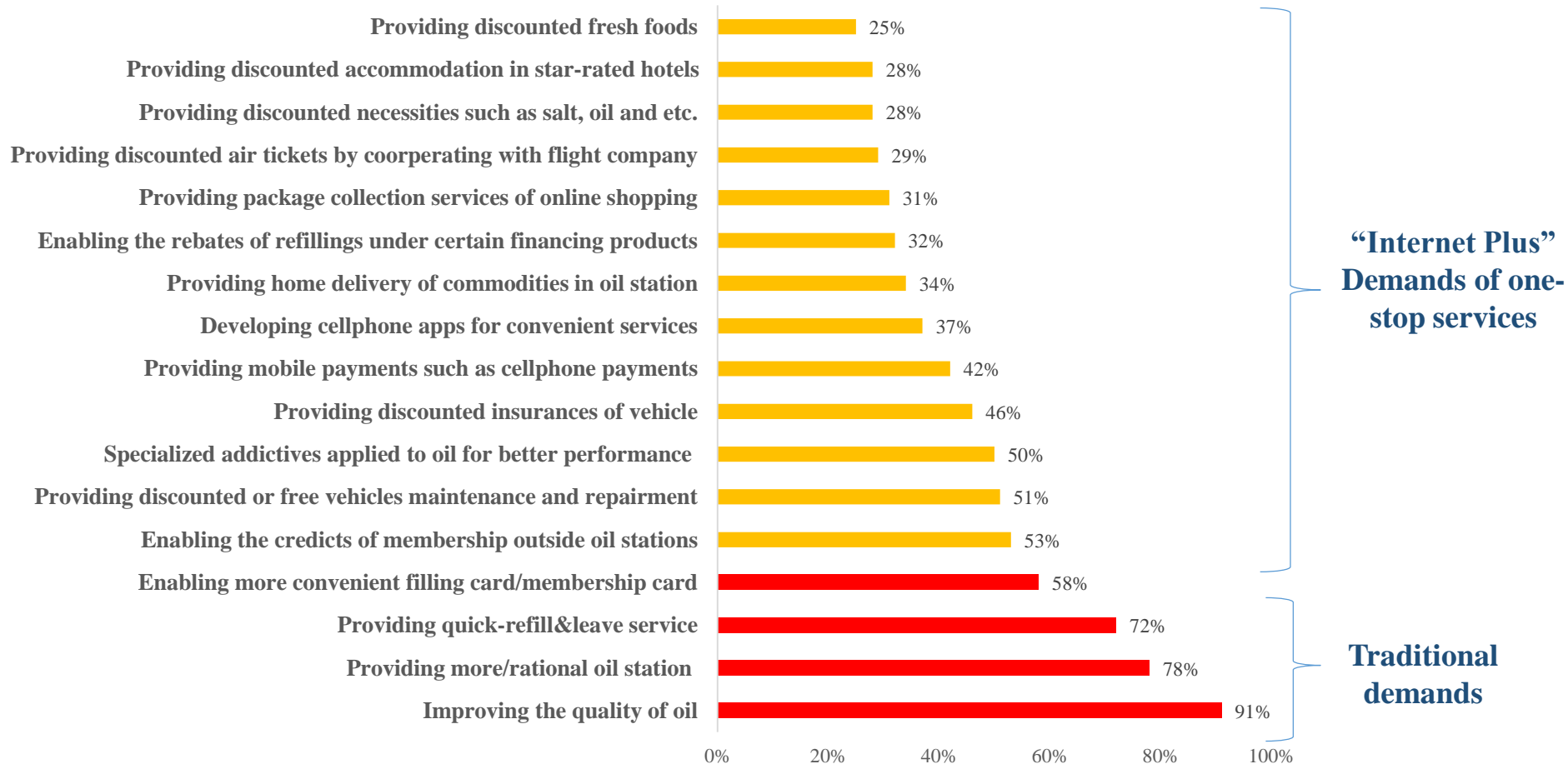
|  | US   | China                    |
|--|--|--------------------------|
| Number of gas stations                               | 133,920 (2012)   | 93,512 (2013)            |
| Annual spending                                      | \$ 551.5 billion (2013)                                | About 2 trillion yuan    |
| Annual per capita consumption                        | \$ 1743 (2013)   | About 1500 yuan          |
| Number of servants                                   | 1,725,260 (2012)                                       | Less than 1 million      |
| Operating margin of gas stations                     | 11.6% (2013)   | 10~20%                   |
| Oil retail margin                                    | 5.7% (2013)  | 10~25%                   |
| Non-oil retail margin                                | 30~35% (2013)  | 15~30%                   |
| The ratio of non-oil consumption and oil consumption | About US \$ 1.2 per gallon<br>(About 2 yuan per liter) | About 0.1 yuan per liter |



## Industry Circumstance

## Result of Surveys—Analysis of Client Demands

Clients nowadays have more needs other than simple conventional oil filling services, they have the expectations of more one-stop services in gas/oil station.

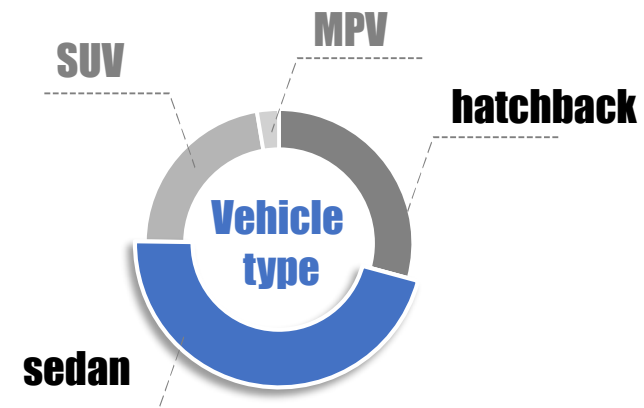
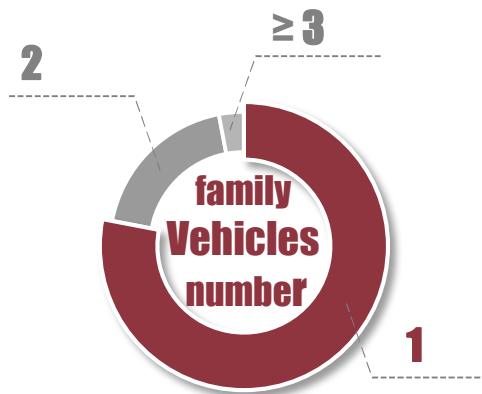
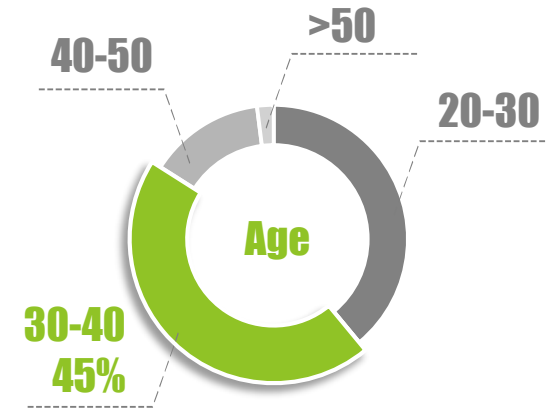
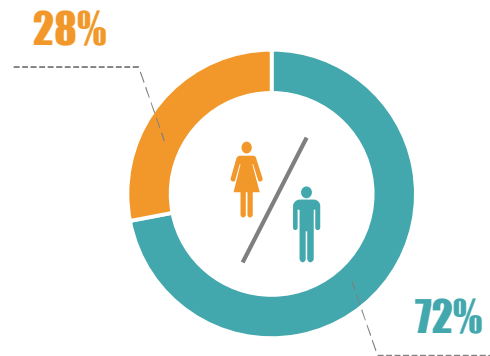


The bigger of horizontal axis value is, the more significant corresponding item listed is.



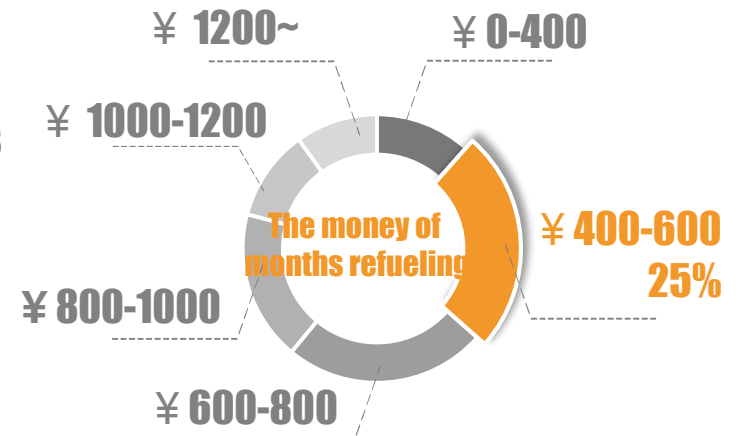
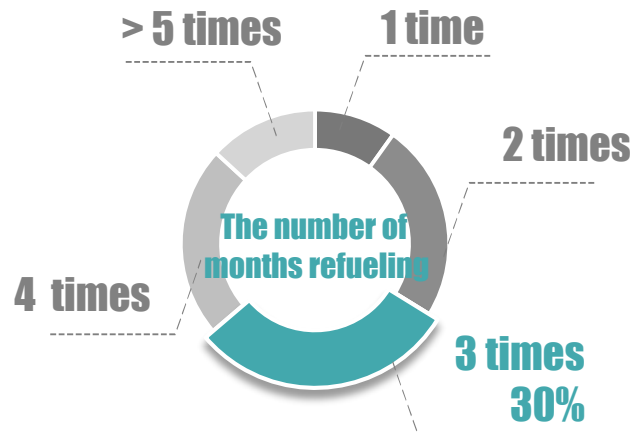
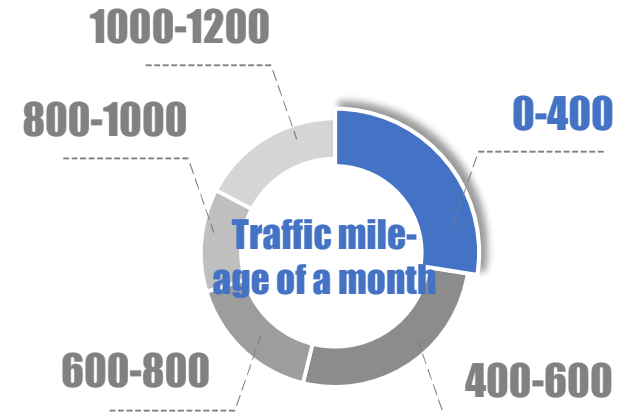
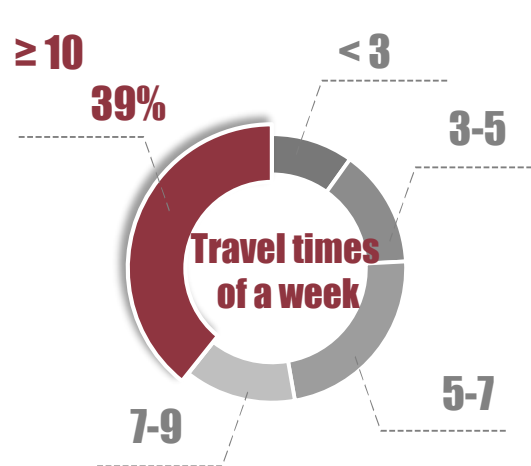
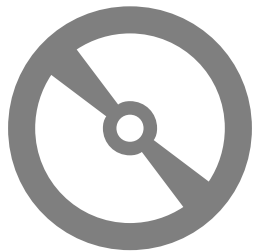
## Appendix: survey results

# Basic information



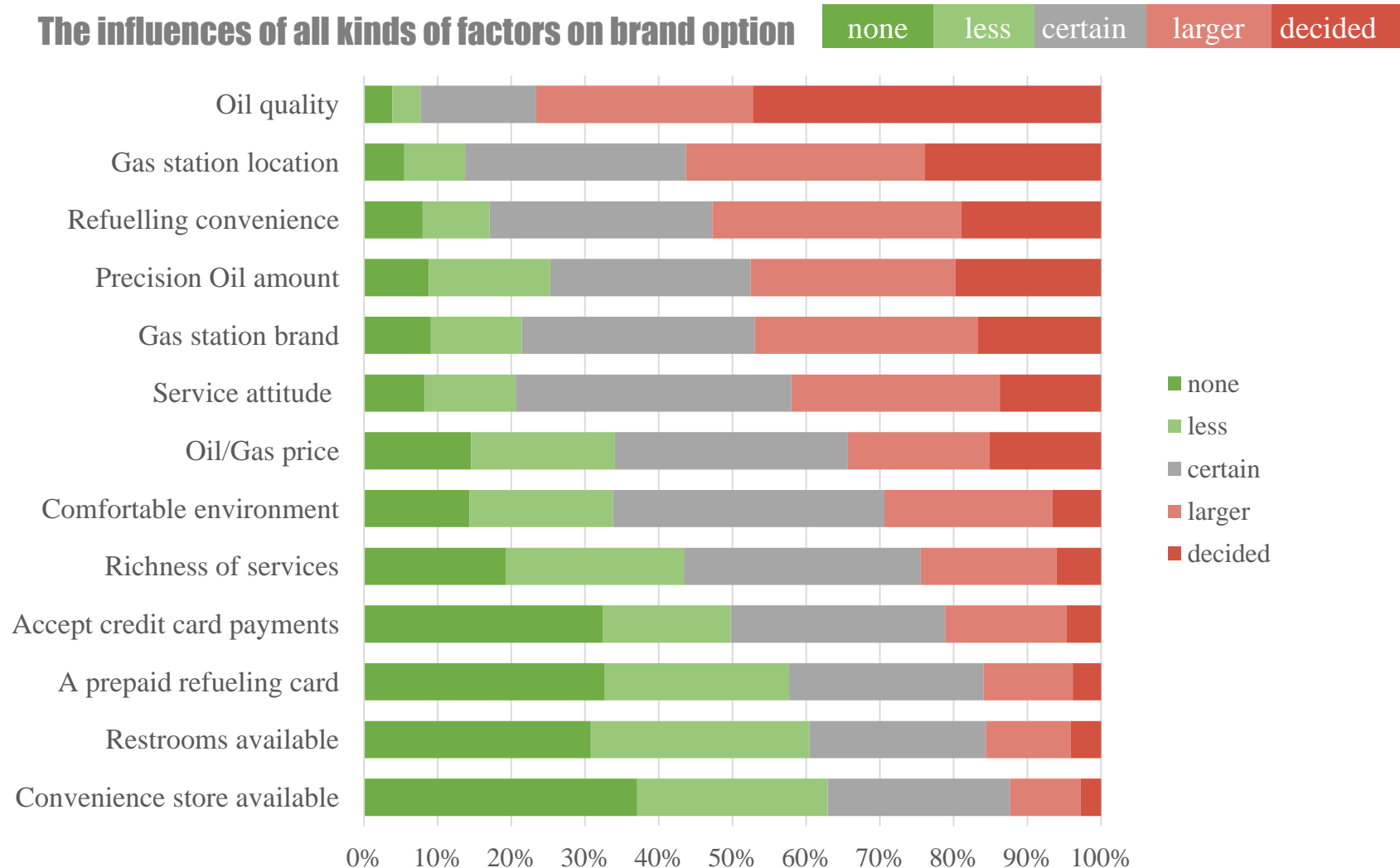


# Basic information



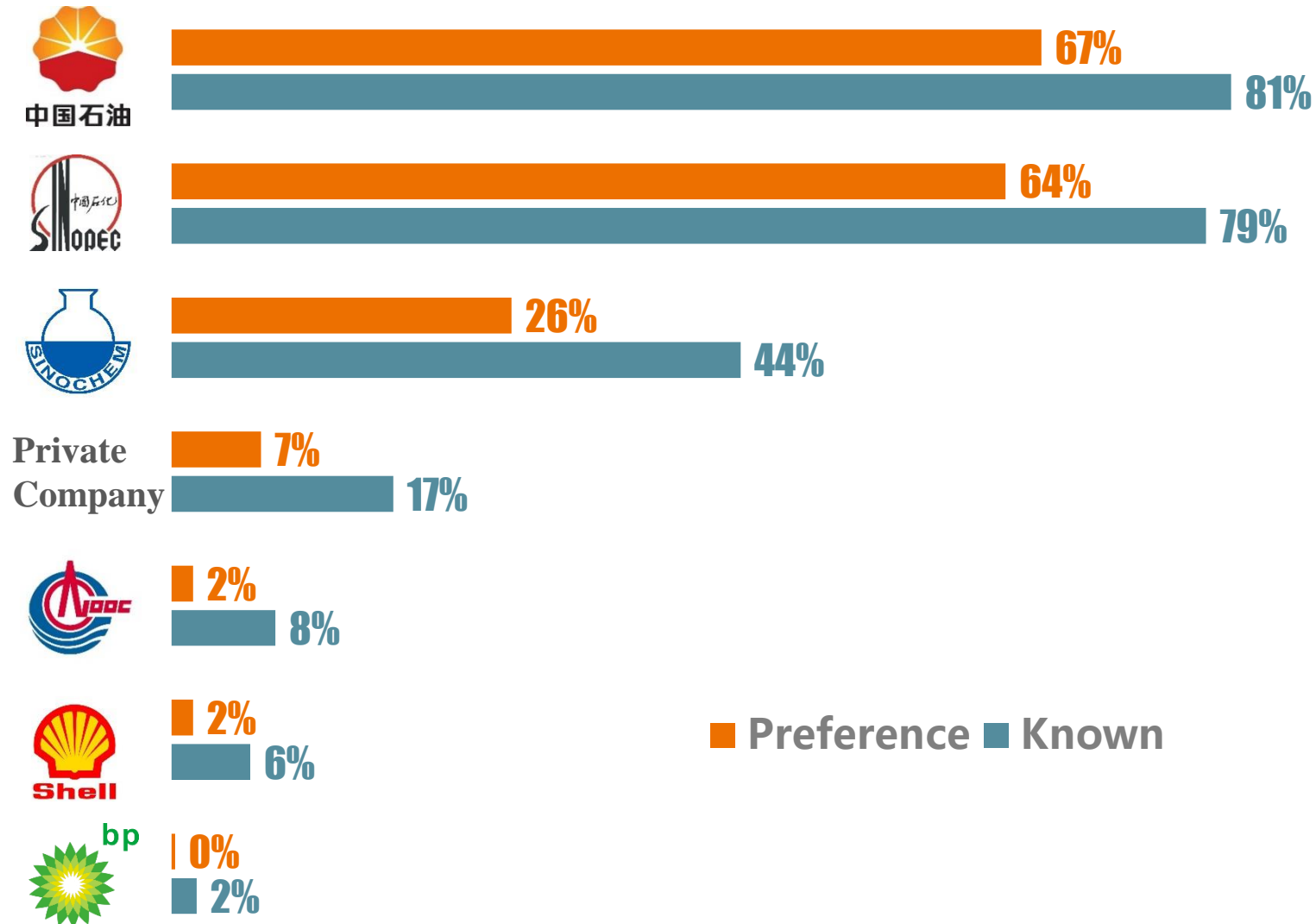
# Brand option

The influences of all kinds of factors on brand option



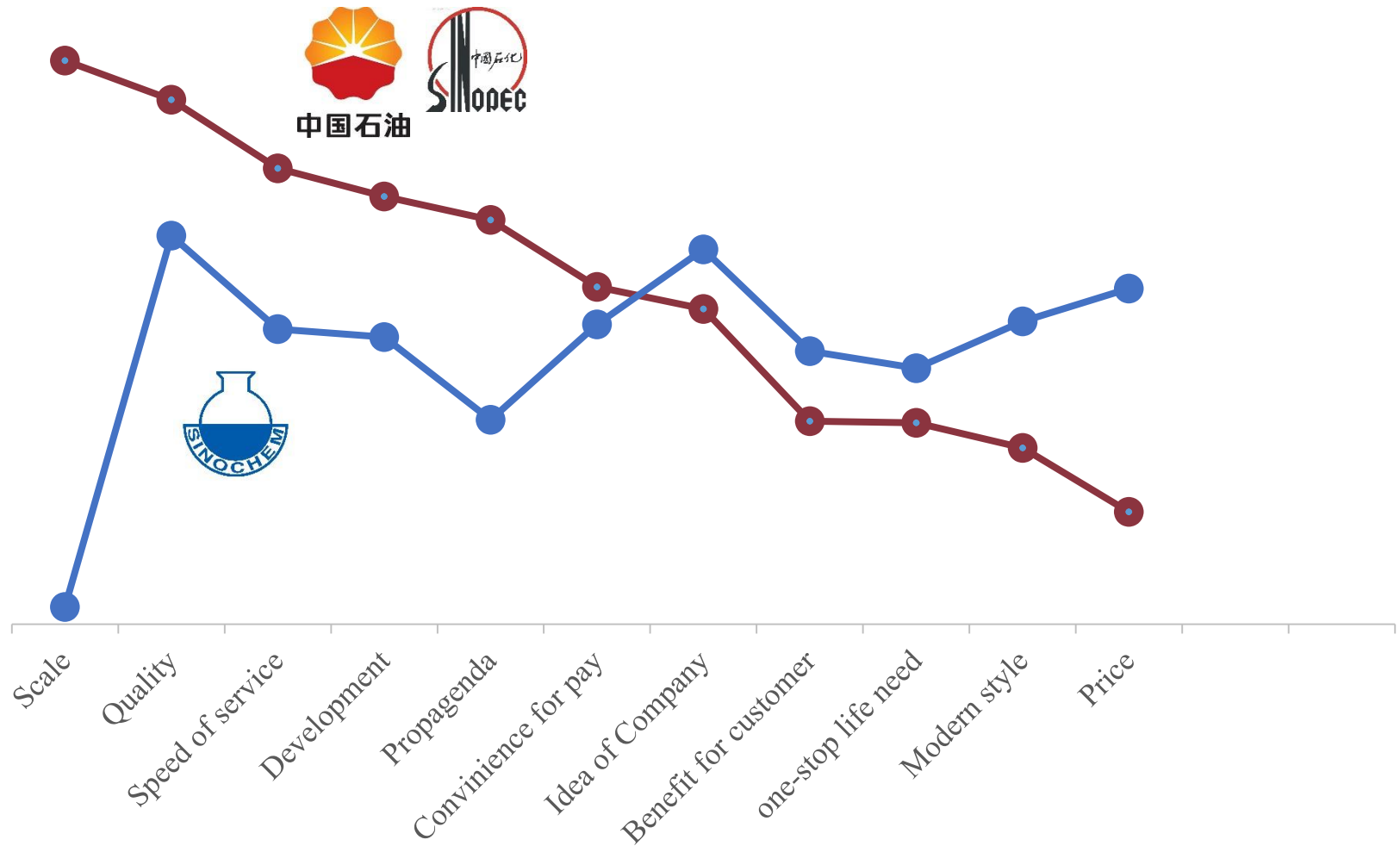


# Brand option





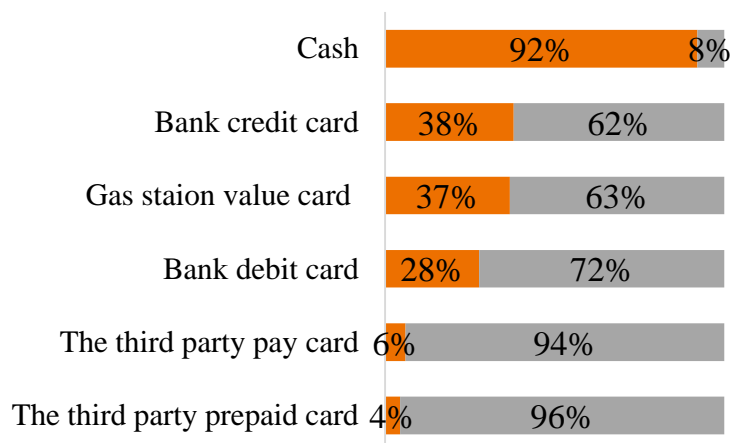
# Brand Awareness



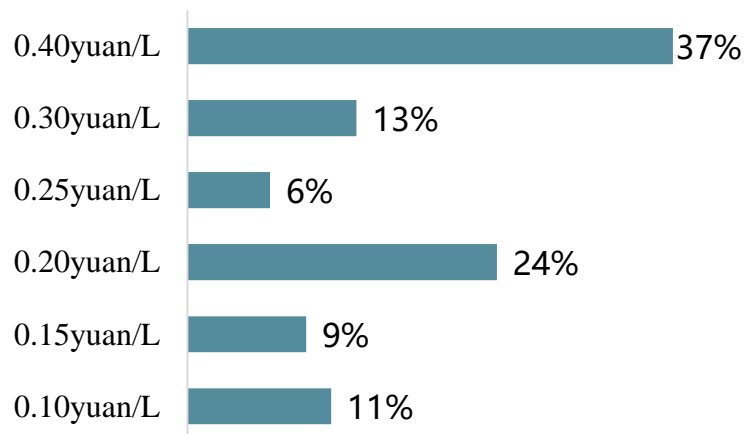
# Consumption habit



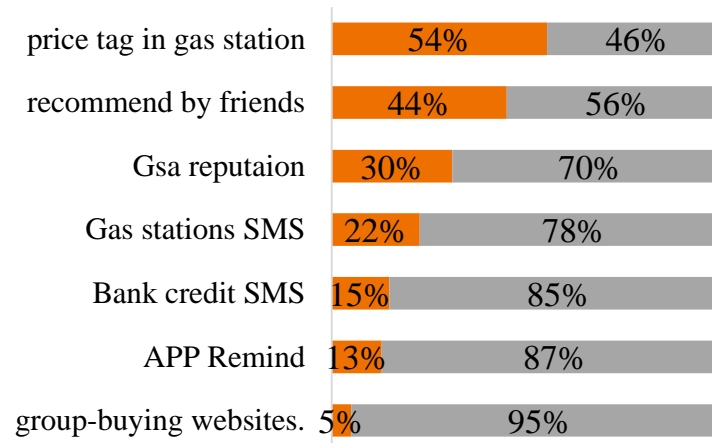
## Used method of payment



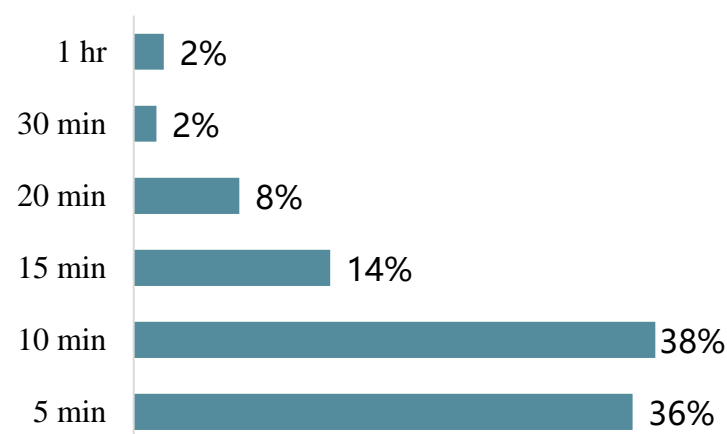
## How much discount would like to use mobile payment



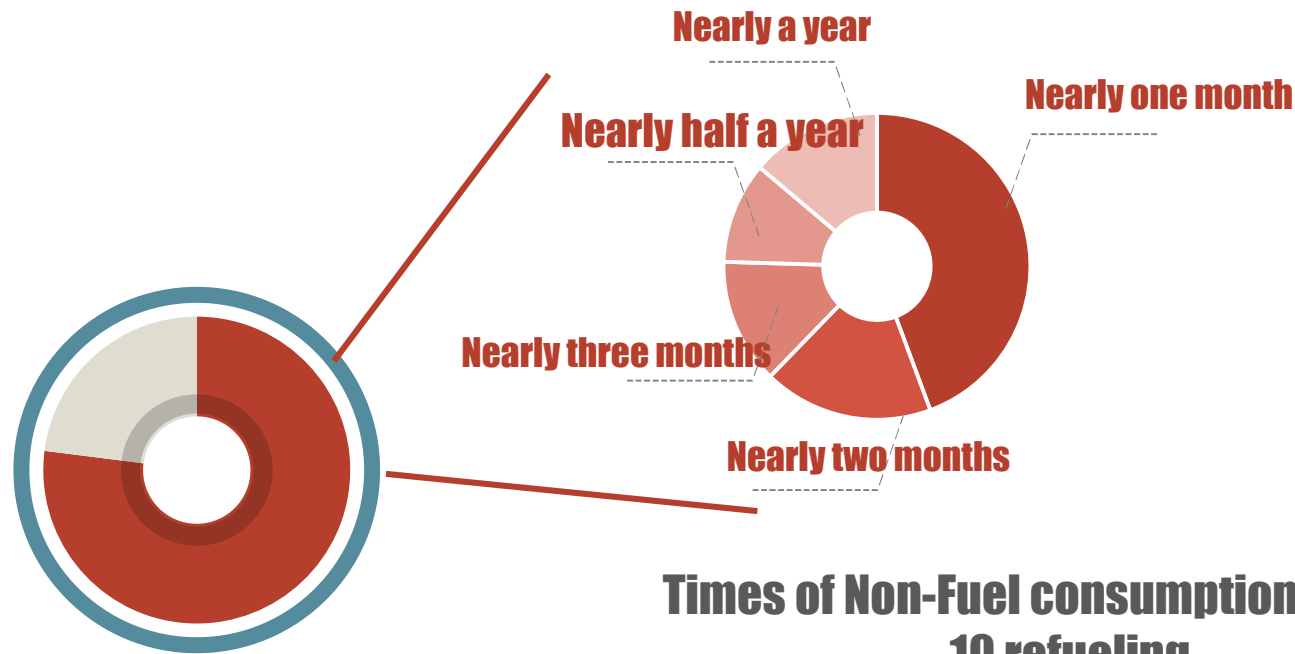
## Methods to get discount information



## How much time are you willing to spend to get a discount of 0.2L



# Consumption in Convenience store



**77%** customers  
have consumed in  
Convenience store

**Times of Non-Fuel consumption in every  
10 refueling**

