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The Benefits of E15

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Setting the Stage: The Opportunities With Marketing E15

The first in a six-part series about the benefits of E15 fuel

By Kathleen Furore - June 7, 2018

WHEN YOU HEAR OR SEE THE TERM E15, what comes to mind? More importantly, do you know what your customers think when they read about the fuel, or pass a pump that features an E15 label?



To answer that customer-centric question, Growth Energy — the leading biofuel trade association representing ethanol producers and supporters in the United States — partnered with about a dozen E15 fuel retailers over the past two years to find out what customers know about and how they perceive this often misunderstood biofuel.

The ultimate goal? To optimize best practices for selling E15, Mike O'Brien, vice president of market development for Growth Energy, explains.

"This work has included completing more than 4,000 qualitative and quantitative consumer surveys and consumer intercepts while fueling and examining more than 300,000 consumer purchases of E15," says O'Brien. "After examining the data, the consumer has spoken, and research has concluded that there is a strong connection between sales and how E15 is being marketed at the pump."

EVALUATING CUSTOMER FEEDBACK

Just what information did Growth Energy and the study's participating retailers glean from the data they collected? The findings, says O'Brien, were interesting — if a bit unexpected.

"Consumers stated they wanted to see E15 marketed in ways that are similar to how other grades of gasoline like 87 octane are marketed," he reports. "When asked if they prefer having E15 or 15 in the name, consumers emphatically said it was not important."

And in good news on the profit potential front, research comparing sales of un-

branded E15 with comparably named fuels revealed that consumers willingly accept E15, O'Brien adds.

TACKLING THE CHALLENGES

It's a fact of life that consumers typically are apprehensive of any new product that hits the market — particularly if it is in a category that hasn't seen much innovation in years.

"It's called the paradox of choice," O'Brien explains. "When a consumer sees a new product, they tend to select the product they have previously purchased."

That's just the situation proponents of E15 have encountered: Many customers have been filling up with their preferred fuel for years (possibly for decades) and see no reason to switch. Consequently, it is crucial for retailers to understand how to counter that paradox at the pump.

"Consumers are uneasy when a new product is introduced into the marketplace; therefore, there is a real opportunity that we have by offering E15 in the way consumers are demanding," O'Brien stresses.

TAPPING THE OPPORTUNITIES

Growth Energy's research uncovered two important findings about E15 that can help fuel retailers capitalize on the tremendous opportunity this biofuel brings.

First, consumers are more comfortable when E15 is sold using a name similar to the product they have purchased in the past.

Second, dispenser configuration plus clear price signage and fact-specific messaging at the E15 dispensers help drive sales.

"If E15 is present on all the dispensers at the store, it is more convenient for the consumer and they are more comfortable selecting E15," O'Brien reports. "Consumers are willing to review some information about the fuel based on signage and wording printed on the dispenser."

FINE-TUNING THE MESSAGE

While having E15 posted on a pump is an important and easy-to-implement step, crafting more nuanced messages that quell consumers' concerns about putting biofuel in their vehicles is key to success — especially because it carries a lower price than regular fuel, which may lead customers to believe they can't use it or

that it isn't a reputable product.

As O'Brien notes, "Throughout our research, we've found that the messaging matters on how E15 is perceived."

Just what kind of messages should fuel retailers include? Several options exist, depending on the target audience.

For example, drivers who pull in to fuel up are very comfortable putting E15 into their vehicles when labels informing them that E15 is approved for 2001 and newer vehicles are prominently displayed along with signage identifying E15.

"Research has shown that consumers are looking for a fuel that is safe for their engines, first and foremost," says O'Brien.

And proof of that lies in the numbers: "E15 is the most tested fuel ever, and American consumers have logged more than 4 billion miles on E15 with no issues," he adds.

Other important messages that hit on topics identified as important to drivers: E15 enhances the engine's performance and is better for the environment than other fuels on the market today.

"The more we talk about how E15 is a cleaner burning fuel and display these benefits, the more positively the fuel is perceived," O'Brien says. "By talking about cleaner burning fuel, consumers interpret this to mean it is good for my engine and a little better for the air we breathe. In today's day and age, healthier options that are more 'green' appeal to many audiences."

Ultimately, the challenge and the opportunity lie in making the purchase decision as easy as possible at the pump. After all, the last thing consumers wants to think about is what type of fuel to purchase. They just want to get in and get out of the station as quickly as possible — which means following their lead is the way to boost E15 sales.

"By offering E15, and more choices at the pump, fuel retailers can give Americans the opportunity to fill up with cleaner burning fuel that is safe for their engines. Not only will sales of the fuel increase when more consumers begin fueling with E15; that also will drive more traffic into stores, which means more profit for retailers, O'Brien concludes.

Gauging Momentum: E15 Sales Strong & Growing

The second in a six-part series about the benefits of E15

By Kathleen Furore - June 21, 2018

“THE FOOTPRINT OF E15 CONTINUES TO expand, with sales of E15 on the rise and flourishing over the past year.”

That quote from Mike O'Brien, vice president of market development for Growth Energy — the leading biofuel trade association representing ethanol producers and supporters in the United States — shows just how far the industry has come where acceptance of biofuels is concerned.

Just what's fueling the biofuel flame? The number of vehicles that can use E15, plus consumers' changing perceptions of the fuel are two driving factors, industry experts say.

“When E15 fuel entered the market in 2010, it was approved for use in vehicles 2001 and newer. Today, 2001 and newer vehicles represent more than 90 percent of cars on the road,” O'Brien says.

Those numbers are significantly impacting sales growth. One year ago, consumers had driven 1 billion miles on E15; five months later, they had logged another billion miles using the fuel; and today, that number is at 4 billion miles and growing.

“E15 is experiencing tremendous growth, both in terms of retailers offering it at their convenience stores and consumers reaching for it at the pump,” O'Brien says.

at various locations. Those chains include Sheetz, Kwik Trip, Minnoco, Kum & Go, Thorntons, Casey's General Stores, Quik-Trip, Family Express, Protec Fuel, Murphy USA, Rutter's, MAPCO and Cenex, O'Brien reports. And those retailers are big on the benefits this biofuel delivers.

“We have seen many benefits to selling E15,” says Minnesota Service Station Association (MSSA) Executive Director Lance Klatt, who notes that Minnoco dealers have been selling E15 for more than four years. Minnoco has publicly stated that E15 contributes to more than 30 percent of the company's fuel sales.

In fact, E15 fuel sales account for between 33 percent and 36 percent of overall sales for all MSSA members who offer it, according to Klatt.

“Consumers want a good value when it comes to fuel, and with E15 they get a cleaner burning fuel that has higher octane and is generally less expensive than regular 87,” Klatt says. “E15 is a little cheaper — about 5 cents or more less per gallon than 87 — which can help attract more customers in this highly competitive industry.”

The competitive advantage E15 provides also leads to more visits from customers who are not only buying fuel but also are making purchases inside the store.

“Our members selling it have also used it as a niche fuel — it enables them to offer something different in the marketplace for the consumer,” Klatt says. “When we give them a better option, consumers are choosing E15 again and again.”

The fact that this high-octane fuel is more readily available than it's been in the past (it is now available at 1,400 sites in 30 states) is also contributing to the popularity of E15.

“In 2011, the first site started offering E15. In 2015, E15 was just selling at barely 100 sites. In 2016, that number had increased to just over 600 sites,” O'Brien reports. “In 2017, 1,200 sites were selling E15 and by the end of 2018, it's on track to be offered at around 1,600 sites.”

A COMPELLING PLAYER IN THE FUEL MARKETPLACE

With all the discussion and ensuing debate about different kinds of fuels and their potential impact on the marketplace, one thing is a constant: consumers just want to fuel up and be on their way.

“Growth Energy has completed extensive research to find out specifics about consumer purchasing behavior and perceptions regarding E15. Purchasing fuel is a task most consumers just don't want to think about — they want to be able to get in and out as quickly as possible,” O'Brien says.

That means educating drivers about biofuels as clearly and quickly as possible is essential to building on the current momentum.

“After more than 4,000 completed surveys that included customer intercepts while fueling, the research concluded that once educated about E15, consumers were willing to try the fuel and were excited about the information they learned about it,” O'Brien explains.

Educating and marketing E15 to consumers can take a myriad of forms, depending on the retail partner and the market in which they're located.

“Some market via their customer loyalty program or offer coupons, while others use Facebook and social media as advertising to reach their audiences,” O'Brien says. “Our partners have also found that price signs and advertising the price differential are very helpful when selling E15.”

With consumers' opinions about biofuels improving as they learn more about the fuel, the future appears bright for retailers who offer E15 at the pump.

Predicts O'Brien: “As more consumers become more aware of the benefits that E15 offers — for vehicle performance, the environment and their budget — and as availability becomes more convenient, demand and sales will continue to increase and adoption will continue to rise.”



MORE RETAILERS RESPOND TO DEMAND

The number of fuel retailers carrying E15 is increasing at a pretty quick clip.

Growth Energy and Prime the Pump, an effort that helps fund infrastructure development, currently work with 13 of the largest independent U.S. retail chains to offer E15

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Marketing E15: Engine-Safe, Engine-Enhancing

The third in a six-part series about the benefits of E15

By Kathleen Furore - July 10, 2018

THE DATA IS IN AND THE CONCLUSION IS CLEAR:

E15 works with all vehicles 2001 and newer, and it even enhances engine performance.



So, what motivates consumers to purchase E15?

“Customers want to choose their fuel, fill up their vehicles as quickly as possible and be on their way,” explains Mike O’Brien, vice president of market development for Growth Energy, the leading biofuel trade association representing ethanol producers and supporters in the United States. “Instead of trying something new that they are unaware of, most consumers will resort back to their previous habits of selecting the fuel they have always used, until they are properly educated.”

What Growth Energy has learned from more than 4,000 consumer surveys conducted in partnership with E15 retailers over the past several years is that most shoppers don’t know what is in the fuel they buy.

“They aren’t aware that they already fill up with E10, which is in over 95 percent of the fuel today, and that E15 is just a little bit more ethanol. Nor do they generally care about the ethanol content in their fuel,” O’Brien reports.

The natural follow-up question: What’s the best way to market E15?

EDUCATION IS THE ANSWER

The best approach to marketing E15 is to promote the fact that it is engine-safe and engine-enhancing, and to explain why.

“There is a prime opportunity to educate the consumer about the benefits of E15, which is a cleaner-burning fuel that is good for their engine and enhances the engine’s performance,” O’Brien says. “Once consumers understand that the fuel is good for their engine and the air we breathe, the customer chooses E15 every time when it is available.”

What are some of the facts consumers should know?

According to Growth Energy, the following facts are important to impart regarding E15:

- It is a fuel that burns cleaner and cooler than other options.
- It emits fewer toxins than other fuels.
- It is the most tested fuel ever.
- It is good for your wallet since E15 usually sells for less.
- While relaying facts is important, using precise language when educating consumers is key, O’Brien stresses.

“That’s why when we talk about E15 enhancing performance, consumers understand it as something beneficial for their cars. We point out the lower cost and value of the product and the societal benefits after we have established the fuel is a good choice for their car,” he says.

There’s a limit, however, to how much emphasis to place on octane, because consumers equate that with a high-performance vehicle and not being able to use it in their family vehicle.

“Consumers have stated that if you talk too much about higher octane, they feel the fuel is something for high-performance vehicles only,” O’Brien adds.

RESULTS FROM THE FIELD

Minnoco, one of Growth Energy’s first retailer partners, has experienced the positive results messaging can bring. The company — which began selling E15 more than five years ago and now offers the biofuel at more than 35 locations nationwide — has seen an increase in sales that directly correlates to the presence of E15 at the pump.

The fact that E15 is a cleaner-burning fuel that costs less than its regular 87 octane counterpart, and that it supports local Minnesota communities, are among the attributes that have contributed to the impressive growth, according to Lance Klatt, executive director of the Minnesota Service Station and Convenience Store Association (MSSCSA).

On average, E15 contributes to more than 35 percent of the overall fuel sales for Minnoco, with the highest trend they’ve seen up to 49 percent of their fuel sales, Klatt reports.

“Consumers want a good value when it comes to fuel and with E15, they get a cleaner-burning fuel that has higher octane and is generally less expensive than regular 87,” Klatt says. “That can help attract more customers in this highly competitive industry.”

Growth Energy’s retail partners also report that they have now completed tens of millions of E15 transactions without a single consumer complaint of any kind.

As knowledge about E15’s engine-safe, engine-enhancing attributes grows, so too will the biofuel’s sales, O’Brien predicts.

“All of our consumer research, our analysis of customers’ E15 purchasing behavior, and our test marketing programs are paying off for our E15 retailers, who are enjoying optimized sales of the new product,” O’Brien concludes. “With the price advantage E15 provides retailers, they can now offer a more competitive product than retailers who don’t offer E15.”

Marketing to Millennials: Tout the Environmental Benefits of E15

The fourth in a six-part series about the benefits of E15

By Kathleen Furore - July 10, 2018

CAPTURE MILLENNIAL CONSUMERS AND you'll likely have loyal customers for life.

For E15 retailers, that means targeting these young shoppers, who were born between 1982 and 2000, with the message that the biofuel meshes with their world view.

"The fuel retail business is no stranger to millennials. Retailers already are thinking creatively about how to get them into their stores to purchase products, whether by promoting more eco-friendly packaging or nutritious, healthy snacks," explains Mike O'Brien, vice president of market development for Growth Energy, the leading biofuel trade association representing ethanol producers and supporters in the United States. "Fuel is no different. Ethanol blended products have been around for nearly a century, and with millennials seeking out more environmentally friendly options, retailers who offer E15 have a competitive advantage with this important audience."

DEMOGRAPHIC DATA

One look at the sheer size of the millennial population and its corresponding buying power shows why capturing their business is key to success — not only today, but also in the years to come.

As O'Brien notes, the millennial generation is currently the nation's largest demographic group, besting even the giant Baby Boom generation.

Depending on which source you use, millennials currently represent between 75 million and 80 million consumers, and their disposable income is estimated to increase in the next few years.

And it's not just the size of this young cohort that should convince fuel retailers that it is time to target millennial fuel consumers.

"Looking at the bigger picture and long-term potential, millennials are already visiting and purchasing more products from convenience stores than their peers," adds O'Brien, who notes this is especially important to c-store retailers because the number of overall trips to convenience stores is on the decline.

WHAT MATTERS TO MILLENNIALS

Among the many characteristics that distinguish millennials from their older counterparts is the fact that they base buying decisions on a product's overall impact on society in general and the environment in particular, as well as its impact on their own bottom line.

"When surveyed, millennials stated they



liked the fact that E15 is a cleaner-burning fuel," O'Brien notes. "Also, the fact that millennials tend to have lower annual salaries than baby boomers means the lower price point for E15 helps out their pocketbooks. And after saving money by filling up with E15, millennials are more likely to purchase items inside the store."

An opportunity for E15 retailers is to educate millennials and get them to try the biofuel by communicating environmentally friendly messages in the language these consumers understand.

PRESENT THE FACTS

One important and relatively simple environmentally focused message is that using E15 can help reduce air pollution and toxic tailpipe emissions.

Both air and fuel are required to power the combustion in an automotive engine," O'Brien explains. "One will not burn without the other, and ethanol makes it easier to create a cleaner-burning mix, resulting in fewer unburned, unhealthy chemicals leaving the tailpipe."

In fact, greenhouse gas (GHG) emissions associated with corn-based ethanol in the U.S. are about 43 percent lower than gasoline when measured on an energy equivalent basis, according to A Life-Cycle Analysis of the Greenhouse Gas Emissions of Corn-Based Ethanol, a January 2017 report from the U.S. Department of Agriculture (USDA). This is comparable to reducing GHG emissions in the U.S. transportation sector by as much as 35.5 million metric tons per year.

The USDA report also projects that the GHG profile of corn ethanol will be almost 50 percent lower than gasoline in 2022 if current trends in corn yields, process fuel switching, and improvements in trucking fuel efficiency continue.

Not only can promoting the social and environmental benefits help boost initial sales, but it can help build brand loyalty, too.

"A common misconception about millennials is that they lack brand loyalty. They can be brand loyal — they just continue to look for new ideas, the next 'new thing,'" O'Brien

says. "By positioning E15 as a cleaner-burning alternative, millennials are more likely to visit the locations that are selling it. A product like E15 being promoted as an engine-smart, cleaner-burning alternative appeals to millennials' desire to improve the earth while saving money."

TAKE ADVANTAGE OF TECHNOLOGY

Millennials have been immersed in technology from the get-go — which means retailers who embrace outlets like Facebook, Twitter and Instagram and communicate with these tech-savvy consumers via digital marketing campaigns will have the best shot at capturing E15 market share.

"Since millennials have been exposed to marketing and advertising for so long, the message needs to really appeal and be tailored to them, because they are essentially always 'plugged in.' They always have some type of tablet, smartphone or laptop with them, sharing the latest tweet, social media post or Instagram photo of their lunch date," O'Brien says.

More Than Millennials

Millennials, of course, aren't the only audience likely to purchase E15.

"Through more than 4,000 consumer surveys, fuel purchasing intercepts and analyses of more than 300,000 transactions, the research Growth Energy has conducted over the last three years, has found that customers like to be offered a better choice," O'Brien reports. "E15's primary appeal stems from being a cleaner-burning fuel, having slightly higher octane, and typically being at a lower price point. Emphasizing the right benefit with the right audience means that E15 can appeal to all of the major customer segments that visit convenience stores."

Today, E15 is offered at more than 1,400 sites across 30 states by some of the largest retailers in the nation. Bringing more millennials into the E15 fold will only increase its availability and demand.

"E15 offers retailers a new fuel that can be a competitive tool to draw in more customers who will ultimately visit the inside of the store more often," O'Brien concludes.

At the Pump: Configuration + Marketing = Keys to E15 Sales

The fifth in a six-part series about the benefits of E15

By Kathleen Furore - August 9, 2018

WHAT DO YOUR CUSTOMERS SEE WHEN they drive in to fill up at the pumps outside your convenience store?



Your answer to that question can tell a lot about how likely you'll be at getting drivers to fill their tanks with E15.

So says Mike O'Brien, vice president of market development for Growth Energy — the leading biofuel trade association representing ethanol producers and supporters in the United States.

"Over the past three years, Growth Energy has conducted more than 4,000 consumer surveys, both qualitative and quantitative, and the consumer has spoken. The research concluded that there was a strong correlation between how the pump looked or is being marketed and E15 sales," O'Brien reports. "When E15 was marketed at the pump similarly to other grades of fuel, the success was greater than when E15 looked different. Our retail partners tested this theory and concluded that when E15 is treated as a niche product, consumers don't think they can use it because they view it as a niche product."

OPTIMIZING PUMP SETUP

It is common, of course, for fuel retailers to offer several kinds of fuel. But not all dispensers under each canopy necessarily offer the same blends — and research shows that drivers even mildly intrigued by E15 probably won't seek it out if they don't see it presented similarly to other grades of fuel.

That's why the way the pumps are designed and configured is key.

"The best way to offer E15 is to make sure the fuel is available at most, if not all, of the dispensers under the canopy," O'Brien says. "Most consumers won't drive around the canopy looking for one or two dispensers that sell a special fuel."

REBRANDING: NEW NAME, NEW OPPORTUNITY

Configuring the pumps to optimize E15 sales is important; so is communicating a clear message about the biofuel. Growth Energy has learned that the name has a big impact in how consumers perceive E15.

"What E15 is called is an important consideration. E15 is an industry name and not a fuel name consumers are used to seeing," O'Brien explains.

In fact, Growth Energy's research shows that the number 15 has no meaning — positive or negative — to fuel shoppers.

"Rather, sales and consumer interviews at the pump demonstrated that names like 'Regular 88' and 'Unleaded 88' were viewed positively," O'Brien says. "A branding exercise undertaken by Prime the Pump and Growth Energy in conjunction with retailers across the country has resulted in a new and consumer-friendly name for E15."

Leading retailers including Sheetz, Kwik Trip, Casey's General Stores, Rutters, Minnoco, Protec Fuel, and Family Express now are selling E15 as Regular 88 or Unleaded 88.

"As E15 grew both in availability and demand, a streamlined and easily understood name for consumers became a necessity," O'Brien continues.

PLAY DOWN PRICE

Once gas pumps have been reconfigured, and E15 signs have been changed to promote Regular 88 and Unleaded 88, there's one more step to consider: your pricing strategy. And contrary to common wisdom, which usually says shoppers are drawn to low prices, touting affordability isn't recommended when it comes to biofuel sales.

"Traditional fuel marketing means that gasoline is sold based on price and octane. Positioning a new fuel, or something consumers haven't seen before, as a lower cost fuel can be confusing to them,"

O'Brien says. "Research showed that consumers could not easily reconcile a higher-octane fuel selling at a lower price without an explanation."

First and foremost, he explains, consumers are looking for a product that is good for their engines.

"Once the consumer understands that Unleaded 88/Regular 88 is good for their car, they are then interested in the environmental benefits of the fuel," he adds. "The more Unleaded 88/Regular 88 is talked about as a cleaner burning fuel the more it helps with connecting the benefits for the consumer."

Once those benefits have been communicated in a precise and clear way, it's fine to tout the savings drivers can realize with E15.

"Marketing E15 on a price sign or street sign can help attract consumers' attention when they are driving by or in proximity of the store," O'Brien says.

ACHIEVING SUCCESS

Every year, the number of consumers adopting E15 is growing.

Sales of E15 have doubled for the fourth year in a row and, thanks to leading fuel retailers and the Prime the Pump initiative, there are now more than 1,400 sites across 30 states that sell E15.

"Some of Growth Energy's retail partners have been successfully selling E15 for more than five years with many satisfied customers," O'Brien says. "These retailers have reported millions of E15 transactions without a single consumer complaint."

Jerry Charmoli, owner of Coon Rapids Minnoco and AAA Mechanic in Coon Rapids, Minn., is one of those retailers.

"We've had zero problems," Charmoli reports, "in fact my customers love the cost savings and extra performance."

"All of our work with consumer research, analyzing consumer E15 purchasing behavior and our test marketing programs are paying off for our E15 retailers with optimized sales of the new product," O'Brien adds. "With the price advantage E15 provides retailers, they can now offer a more competitive product than retailers who don't offer E15."

More than 1,300 stations offer E15.



Consumers are taking notice.

American drivers have logged nearly
4 billion miles on E15.

**The time to act is now.
Join the E15 movement.**

Learn more about the benefits of selling E15 at your
location at GrowthEnergy.org.

