



Biofuels Market Opportunities

John Eichberger

NACS Vice President Government Relations

Fuels Institute Executive Director

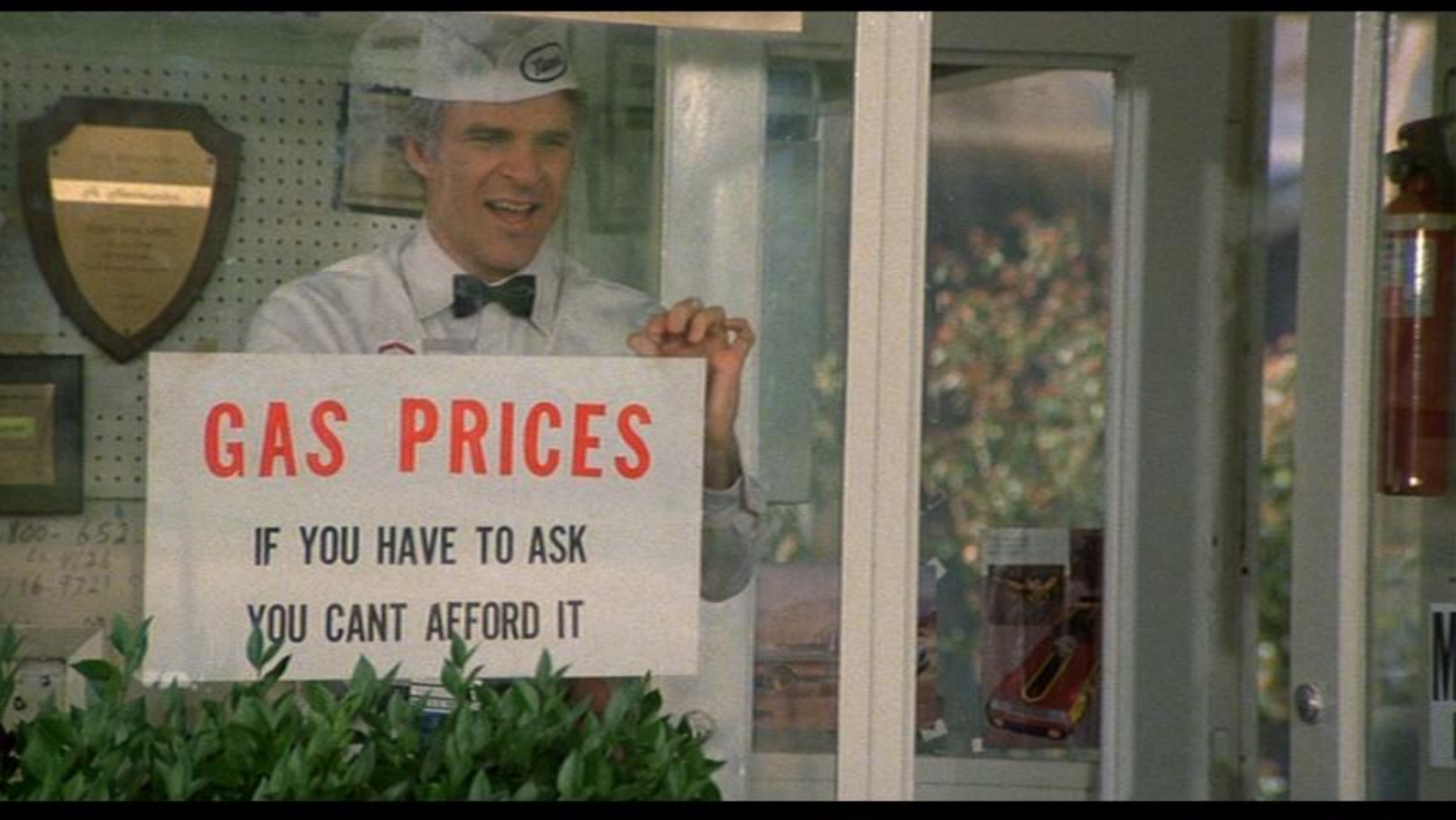
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Influencing Consumers

Follow the money





Consumers Focused on \$

January 2014 Consumer Survey:

- 2/3 of consumers shop by price
- 2/3 will go out of their way to save 5 cpg

To save 5 cpg, consumers would...	Strongly Agree	Somewhat Agree	Potential Defections
Pay with debit card	49%	29%	78%
Pay with cash	44%	32%	76%
Turn left across busy street	33%	34%	67%
Drive 5 minutes out of the way	26%	40%	66%
Drive 10 minutes out of the way	14%	25%	39%



Consumers Interests

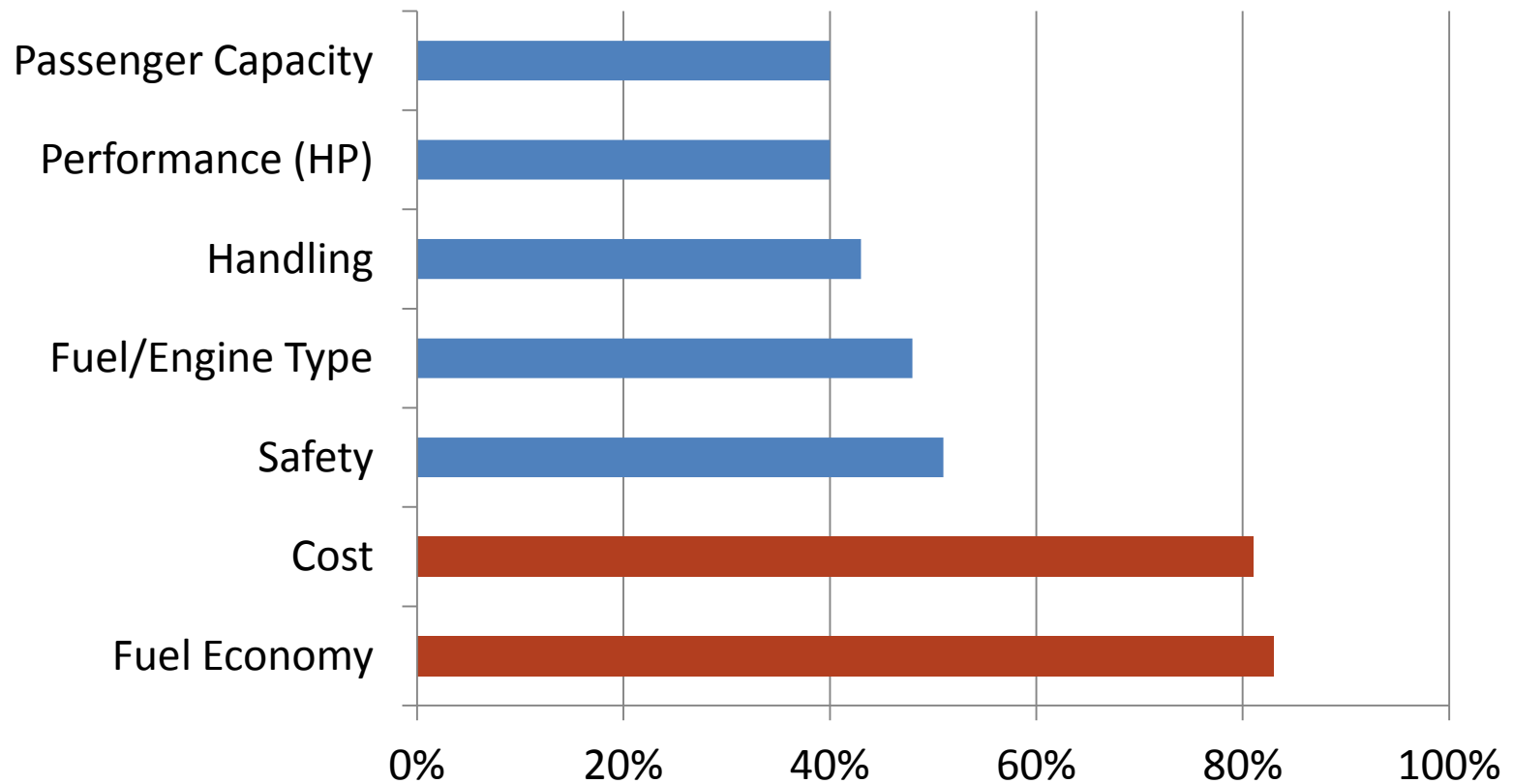
What do they tell us?

(Fuels Institute Survey April 2014)



What Matters to Car Buyers

- 48% of consumers likely to buy car in 3 years





E15 Findings

- 78% of respondents drive 2001 or newer vehicle
- 20% somewhat/very familiar with E15
- 25% chose correct definition of E15–
 - 60% “don’t know”
- 8% said E15 was allowed for their vehicle –
 - 68% answered “don’t know/unsure”
- Of those with 2001+ vehicles –
 - 48% would consider E15 at a price = gasoline
 - Convert 28% of rest at 5 cpg discount



E85 Findings

- 6% own FFVs, 21% don't know
- 27% somewhat/very familiar with E85
- Of those who have FFVs –
 - 43% have purchased E85
 - 58% buy E85 more often than gasoline
 - 59% said E85 was more expensive or same price as gasoline
 - 61% who purchase E85 more often are “very satisfied”
 - 73% more likely to buy E85 if more available in market



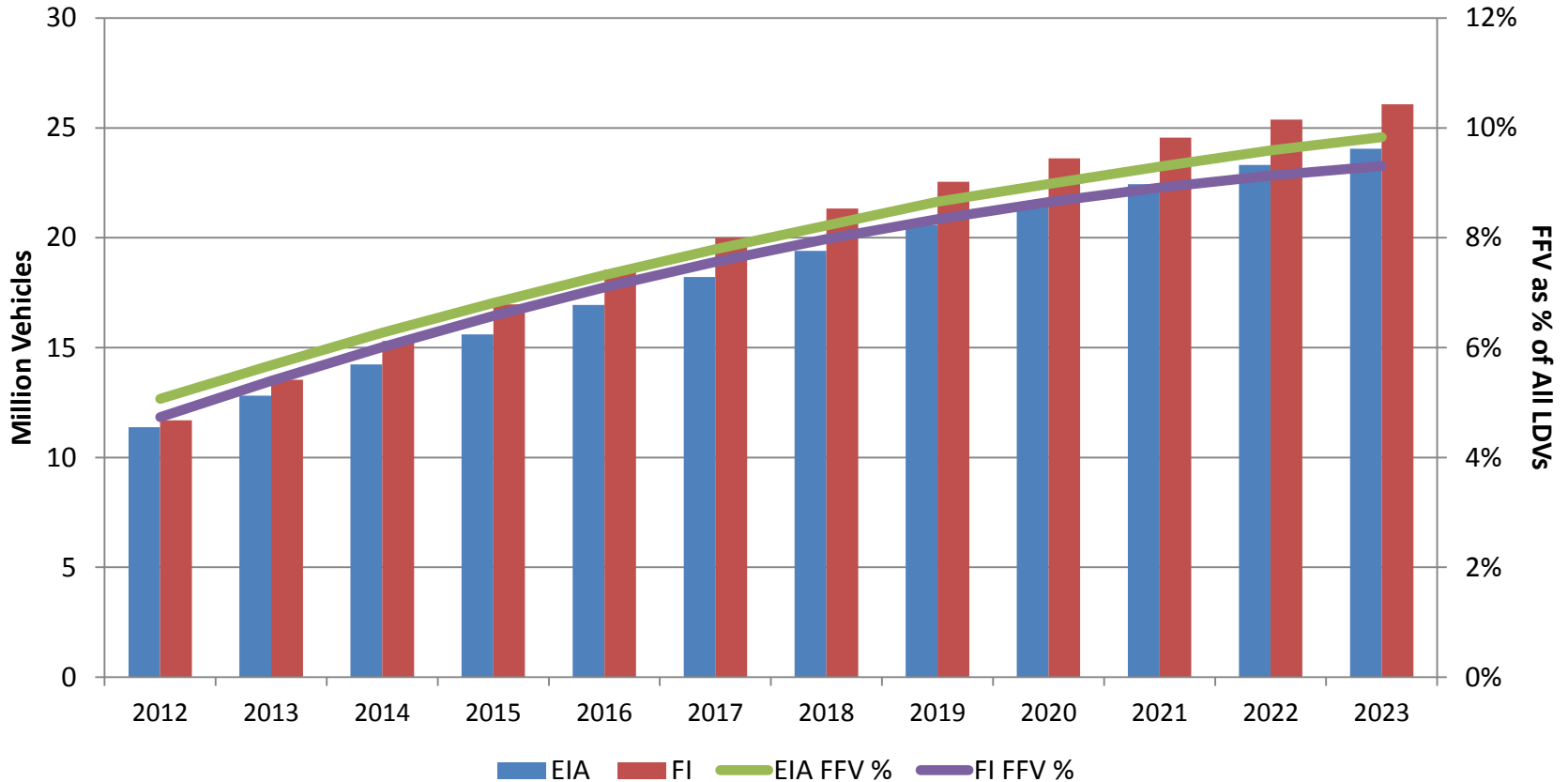
How Do You Increase E85 Sales?

Availability & Price



Flex Fuel Vehicles and E85

FFV Registration Forecast

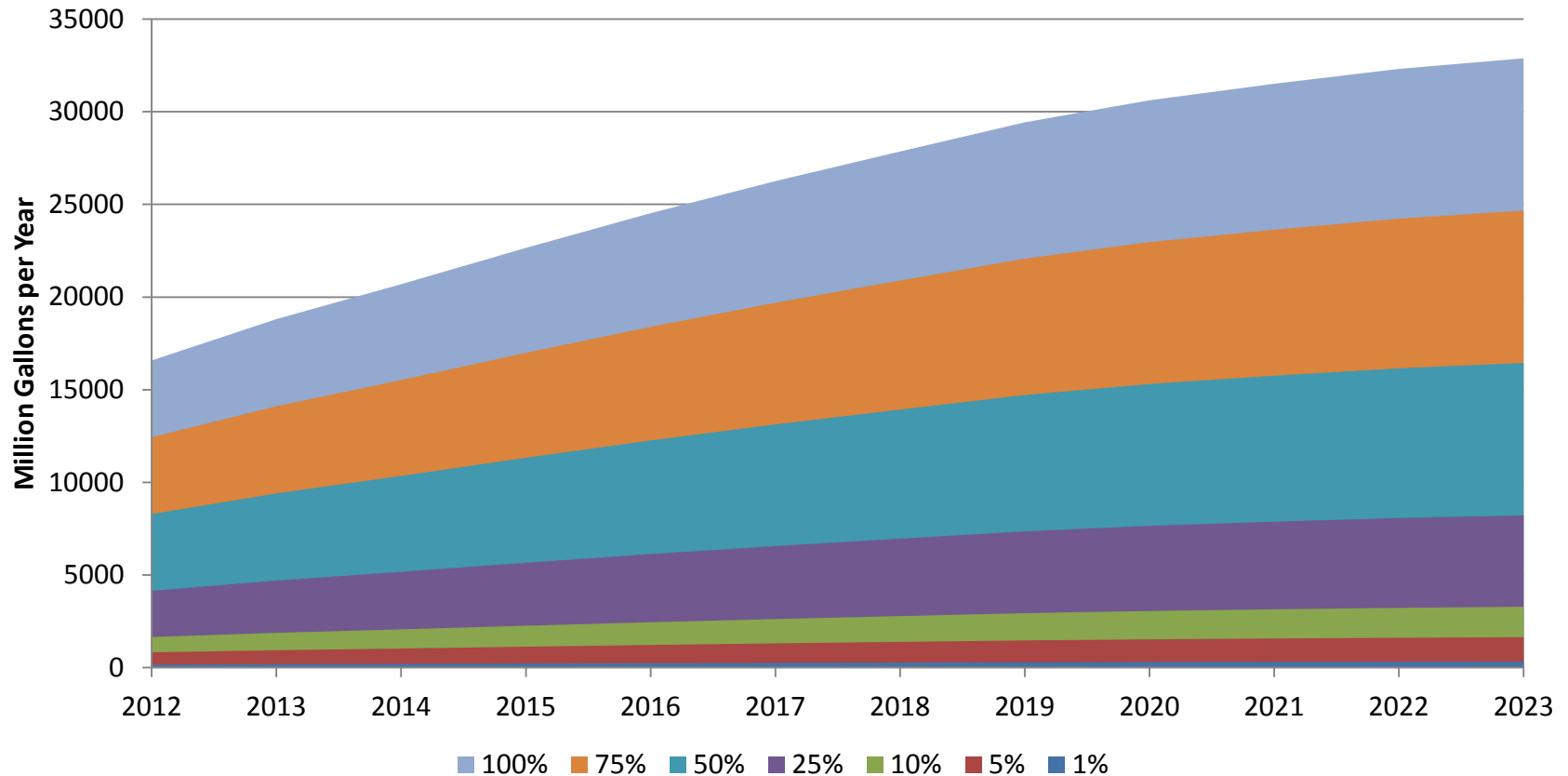


In 2012, EIA reports 153 million gallons of E85 consumed by 11.4 million vehicles. This averages to 13.4 gallons per vehicle per year – less than one fill-up.



E85 Potential Market

Sales if FFVs Fueled with E85 X% of the Time

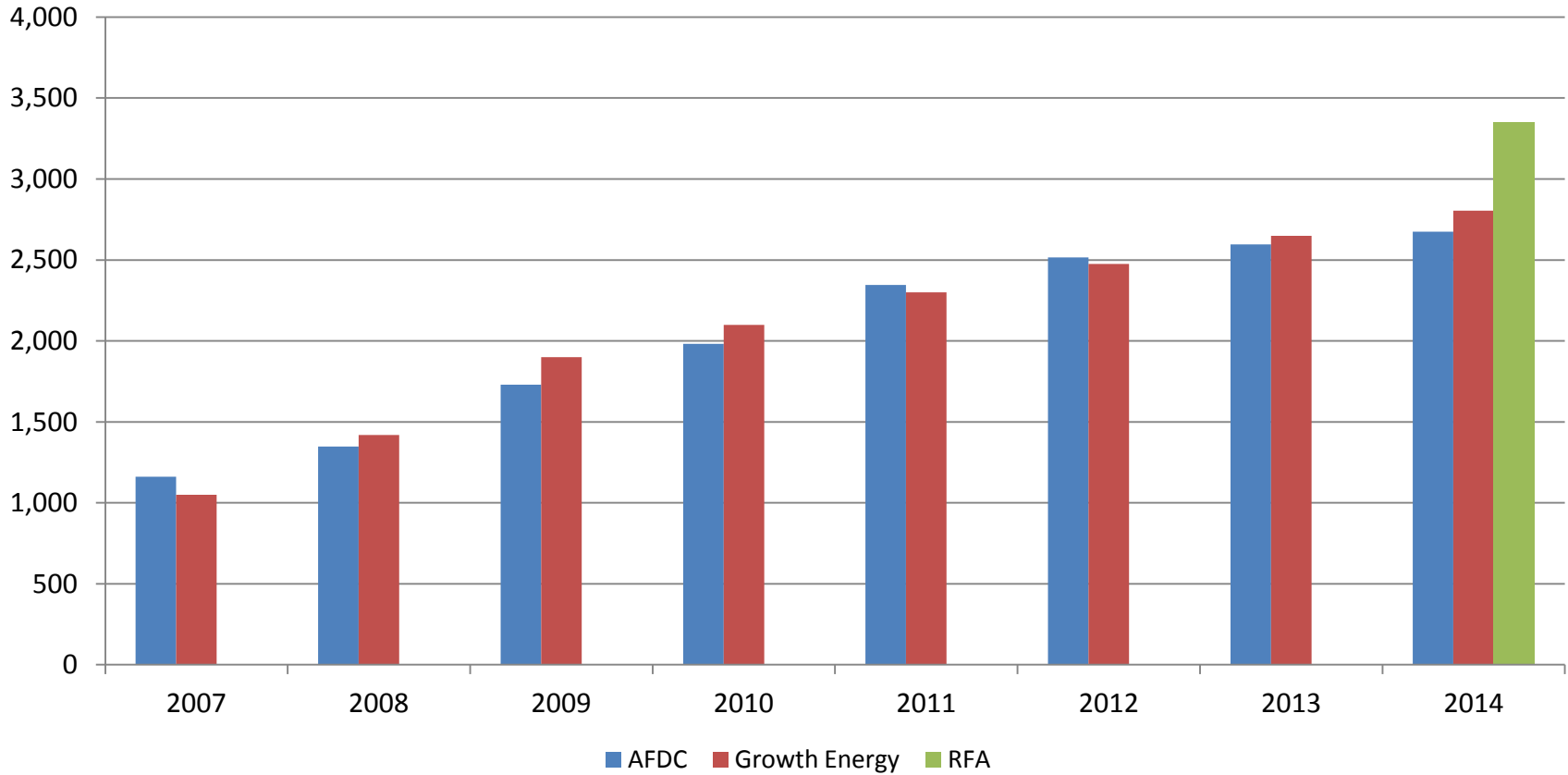


At 5% refuel rate = 4x EIA reported 2014 volume



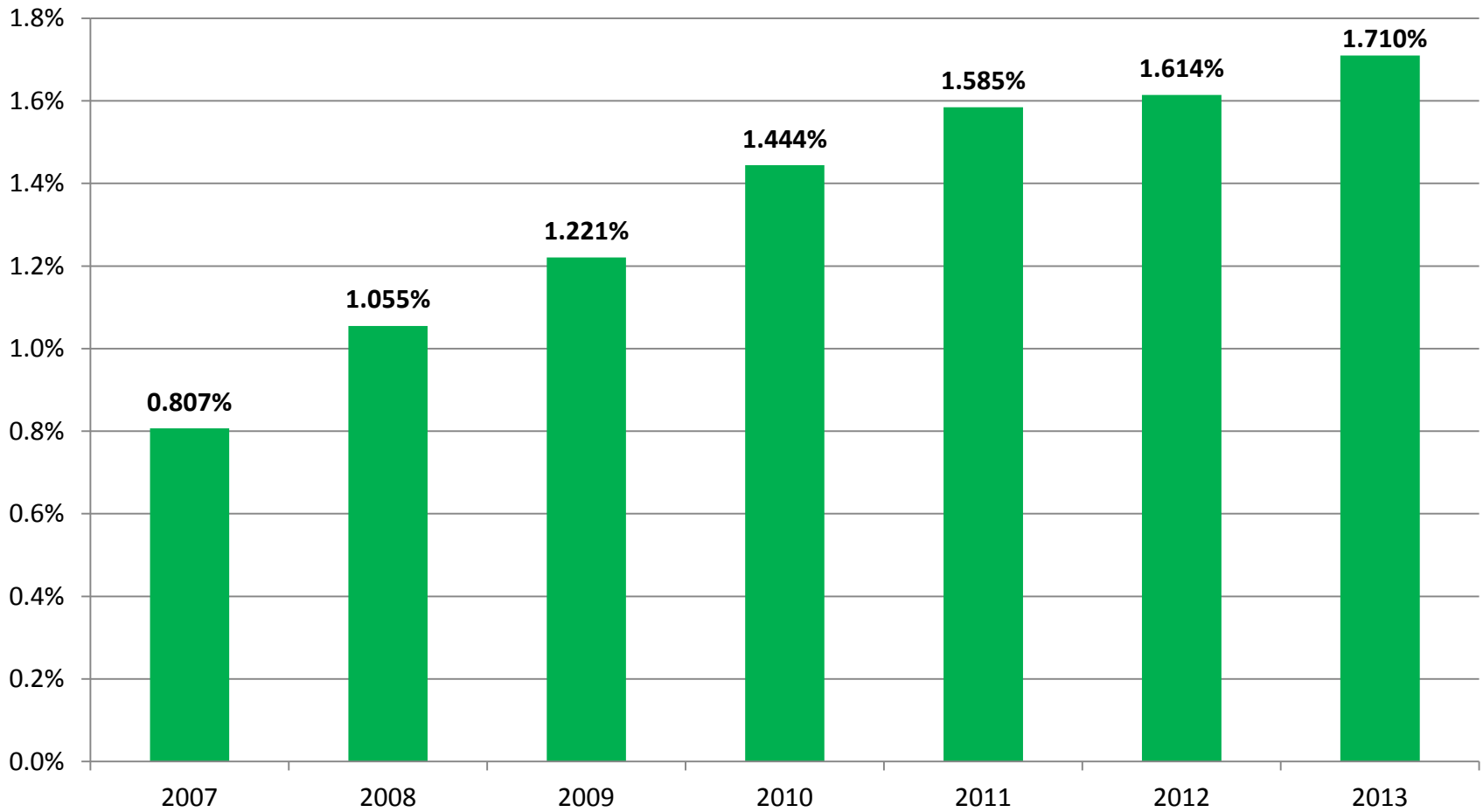
E85 Stations

E85 Station Count





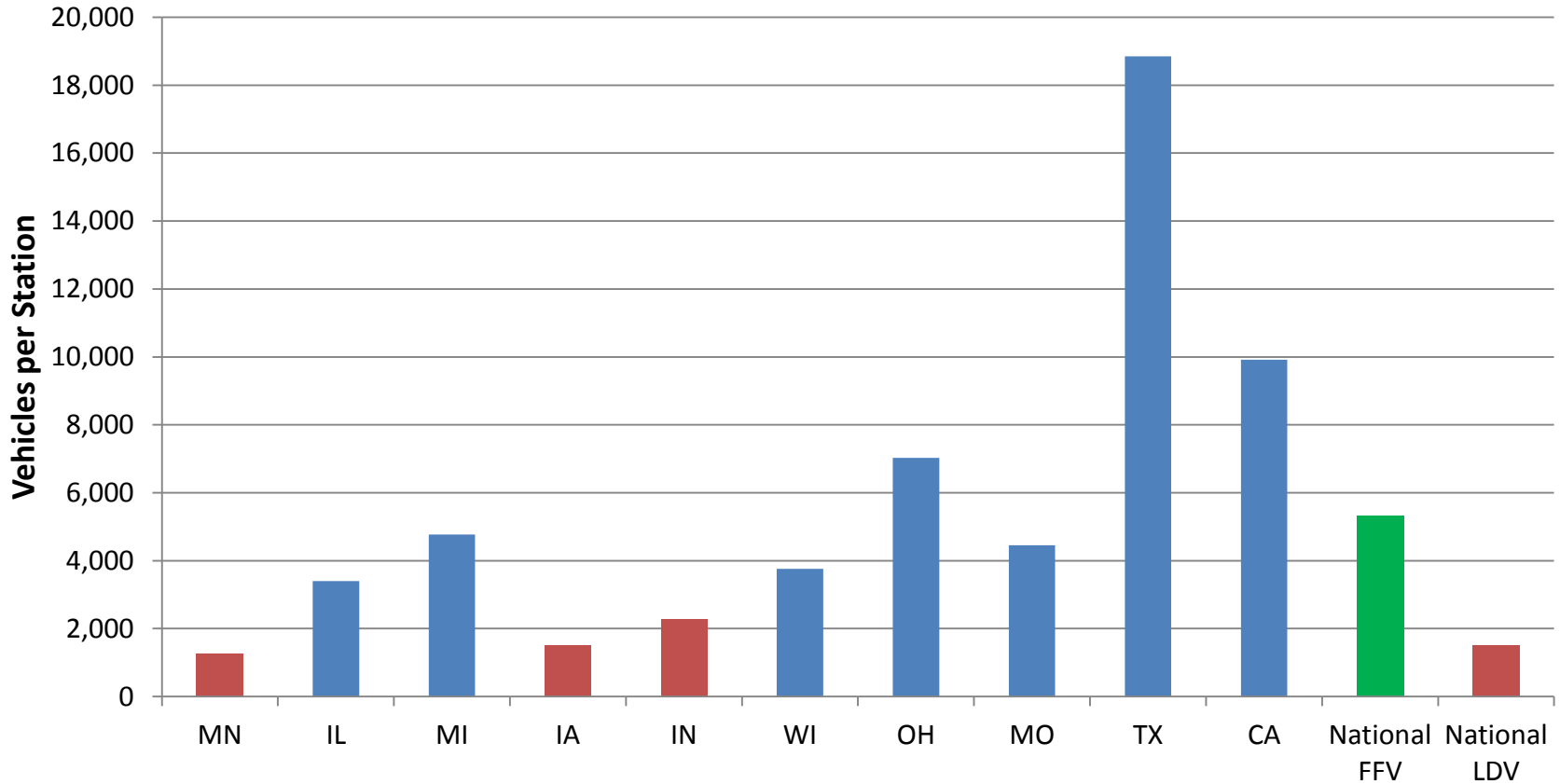
% Stations Selling E85





E85 – FFV Density

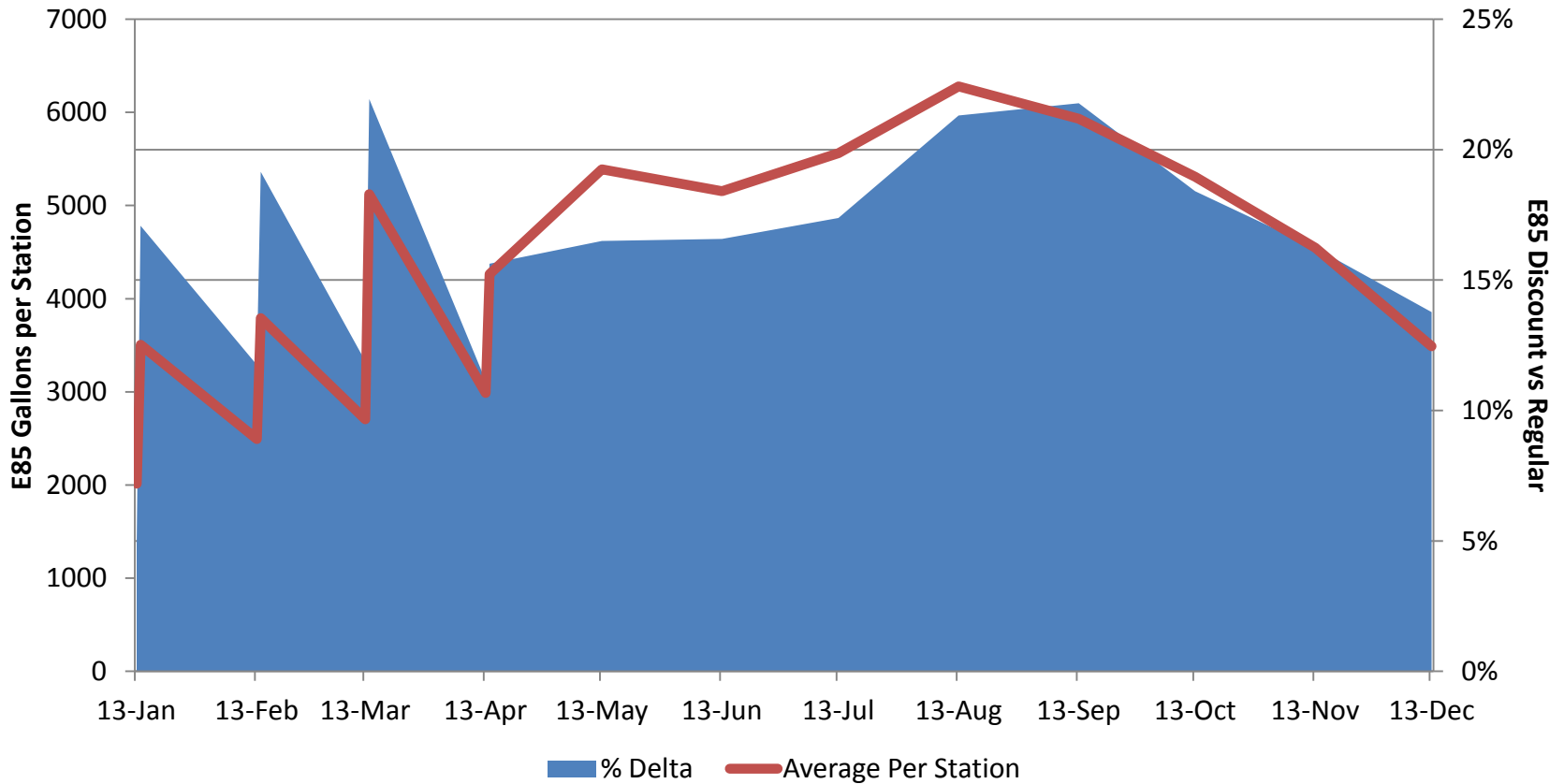
Vehicle-Station Density





% Price Differential

Monthly Average % vs Volume

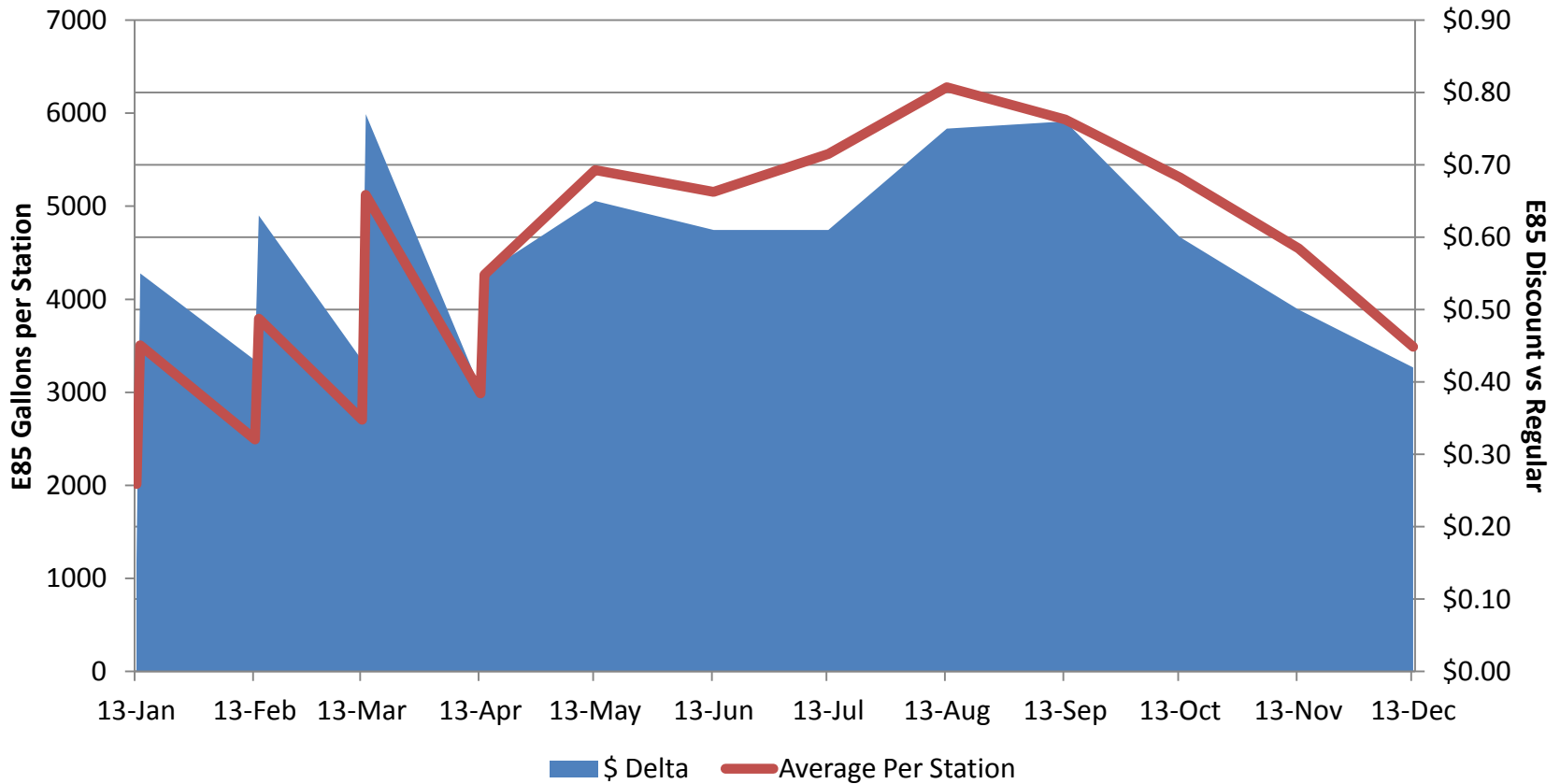


Source: Minnesota Dept of Commerce



\$ Price Differential

Monthly Average \$ vs Volume

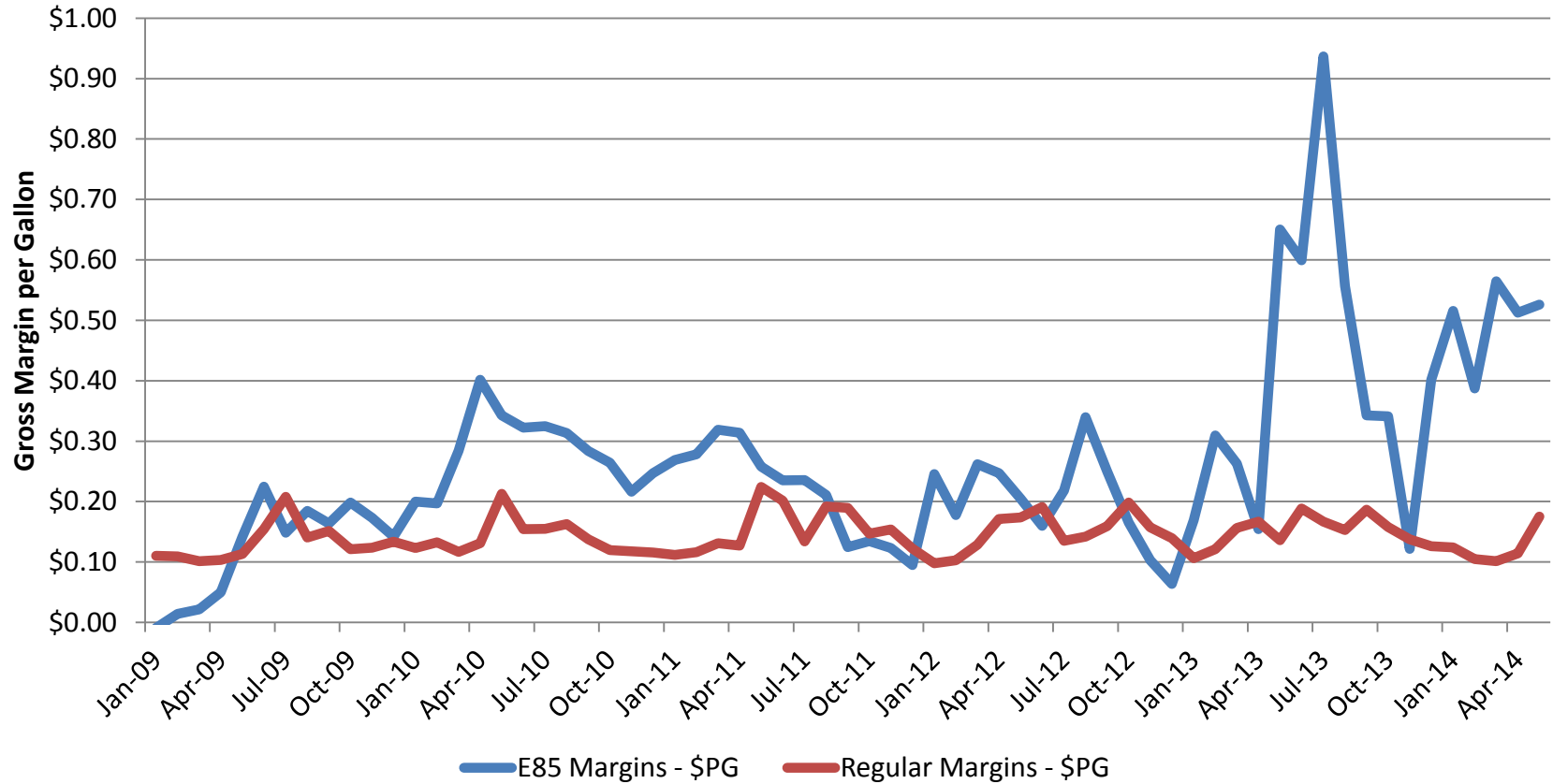


Source: Minnesota Dept of Commerce



E85 Profitability

E85 and Regular Retail Margins



Source: NACS-CSX



Conclusion

- Retailers have hurdles to overcome
 - Only consumer demand will prompt action
- Must overcome negative consumer education campaign on E15 – Fear is hard to remove
- E85 price differential may not need to compensate for mpg deficit
- Stations should strategically locate near FFVs
- Consumer demand for FFVs/E85 essential to keep FFV production alive after credit expires



Thank you.

John Eichberger

NACS – jeichberger@nacsonline.com

Fuels Institute – jeichberger@fuelsinstitute.org

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