

# FLEETS & FUELS

3•26•2001

## *Refiner's New 'Blue Planet' Gasoline Takes Off As Consumers Need Not Pay More to Be Clean*

If your company is struggling to craft a strategy for introducing a "green" product, a recent success story offers a key lesson that many alternative fuel vehicle and marketers may not want to hear.

Don't charge customers a premium for cleaner AFVs and/or the clean fuels to run them if you hope to gain consumer acceptance and market share.

That's the tough decision Koch Petroleum Group came to terms with when the Midwest refiner made a critical decision to enter the retail gasoline market.

Koch teamed up with a local convenience store chain in the Twin Cities, Minnesota area to launch "Blue Planet®," a low-sulfur gasoline that's 75 percent cleaner than conventional motor fuels.

### ***Boutique Gasoline for a New Image***

Besides creating a product, Koch fashioned a new image for itself as a branded, retail gasoline supplier – a clean one, to boot. The company had previously concentrated on selling traditional motor fuels wholesalers, letting downstream marketers do the branding. Regionally, it was less-than-beloved neighbor.

Within a year of product launch, Koch's Blue Planet gasoline was on the street at nearly a third of the Twin Cities' gasoline retail outlets via a partner-ship with 125 Holiday StationStores.

Holiday reports doubling its gasoline throughput behind the switch from traditional gasoline to the cleaner, low-sulfur gasoline demanded by EPA's so-called Tier II Clean Air Act motor fuel standards.

Next month Holiday plans to add Blue Planet at eight more retail gasoline outlets and kick off a major media campaign to support the product.

The low-sulfur gasoline is available in all grades of gasoline. It is priced to compete with traditional gasoline at the retail level.

The EPA standards don't come into full effect until 2006. But Koch's Pine Bend refinery could make the new cleaner fuels right away, and that presented the opportunity to create the new gasoline brand – with virtually no competition.

It costs more to produce the Blue Planet, but Koch realized that consumers are notoriously reluctant to pay more for "green" products, regulatory affairs director Katharine Fredriksen explained during a recent environmental management forum.



Introducing Blue Planet gasoline also helped repair Koch's tarnished image as an environmental headache.

Thanks to the Blue Planet line, Koch has won accolades and public endorsement from the American

Lung Association and the Minnesota Pollution Control Agency for its "Earth-friendly" fuels.

The Lung Association's Minnesota branch is also praising Koch and Holiday for installing Stage I vapor recovery equipment at the StationStores retail filling stations to curb evaporative emissions that occur during gasoline deliveries. Vapor emissions controls are being installed at Holiday's fuel blending Newport, Minn., too.

The only other refiner believed to be offering a low-sulfur gasoline ahead of schedule is Amoco, which makes the product available only as an option to its high-octane fuels.



KOCH PETROLEUM GROUP INC

### ***Koch Petroleum Group at a Glance***

*Headquarters:* Wichita, Kansas

*Products:* oil, natural gas, chemicals and energy services; environmental technology products, asphalt, metals and mineral services, ranching, financial services.

*Green Products:* 'Blue Planet' Earth-friendly gasoline produced at Koch Petroleum Group's 280,000 barrel-per-day refinery in Pine Bend, Minn. Holiday StationStores offers Blue Planet gasoline at 125 retail outlets in the Minneapolis area.

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