

# Petrol transformation initiative reaches 10-year mark

Entrepreneur investors in South Africa's petroleum sector have successfully managed to overcome what can be high barriers to entry through a partnership with Chevron South Africa.



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## Value chain integration

Chevron South Africa's Caltex Branded Marketer programme was developed to help integrate new entrants into the value chain of the petroleum retail market.

This partnership has reached a strategic 10-year milestone with 11 black empowered companies, which together account for 53% of Caltex's retail volume (South Africa and Botswana), across 432 Branded Marketer supplied service stations in South Africa and another 32 in Botswana.

## Enhanced transformation

According to Pat Mdoda, branded marketer in Mpumalanga South, the partnership has allowed them to introduce black entrepreneurs wherever possible in the supply of petroleum services.

"This has enhanced transformation in the petroleum sector and removed barriers to entry for black entrepreneurs," he

says.

KwaZulu-Natal branded marketer Ahmed Patel managing director of AllFuels, comments, "Chevron's Branded Marketer concept has opened up the fuel retail industry to B-BBEE players, which was once the domain of oil majors."

"It has removed the perception that B-BBEE entities are not geared to meet the specific challenges or lack the skill and knowledge to tackle this sector. This has allowed us to grow market share and create more employment within the region that we operate in," he adds.

## **Branded Marketer model**

"In the last 10 years, Chevron South Africa has played a significant role in transforming the fuel industry in South Africa with the introduction of the Branded Marketer business model."

"The model has proved to be a huge success with an aggregate of 73% black ownership. In the Eastern Cape alone, the acquisition deal by the Branded Marketer model makes it the largest Caltex fuel marketer in Chevron South Africa's Africa region, totalling 101 outlets," says Price Njokweni, general manager: sales and marketing support - Chevron South Africa.

Njokweni adds that the partnership has allowed the company to increase its retail presence in historically disadvantaged communities that were underrepresented to begin with. These outlets have served as the centre for economic activity in some rural communities and have contributed significantly to the creation of direct and indirect jobs.

Leveraging Chevron's global experience, while adapting to local operating conditions, has provided a framework for the company to introduce equity into the hands of local businesses. These entities are fully authorised to conduct business under the Caltex brand including product supply and entering into contract with retailers in their designated territories.

## **Creating employment**

Njokweni remarks that the partnership has been mutually beneficial and the branded marketers have grown their clusters by raising the levels of service and capability, while making investments in their own businesses.

"Over the past few years, we have been able to grow our business and create employment for many South Africans," Mdoda remarks.

"These new entrants to the petroleum sector have transitioned from being just new entrants into formidable businesses fully supporting the country's socio-economic transformation and contributing to Chevron South Africa's growth," says Njokweni.

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