

MidWeek

A Gasoline Double Whammy

September 17, 2008 by Richard Parry



By Richard Parry
President & CEO, Aloha Petroleum

It's difficult to believe I've been in this new assignment for almost four months, and I'm delighted to be serving as president and CEO of Aloha Petroleum, Hawaii's largest independent gasoline and fuel marketer.

When I took the leadership reins last May, our fuel costs had already begun skyrocketing, and regardless of what perception the public has about the oil business, the market did not allow retail prices to move up in step with our rising costs.

As a result, our margins were squeezed and profits were low. We had the "double whammy" of falling sales volumes as well as squeezed margins.

Aloha Petroleum is a fuel retailer, wholesaler and distributor. The difference between Aloha and the major petroleum companies is that we are not an integrated oil company. We're not refiners or oil producers, so we don't enjoy the upstream and downstream margins.

Since I've been here, many friends have asked about high fuel prices in Hawaii, which are routinely compared to the prices on the Mainland. I don't agree with that, since Hawaii is the most-isolated, remote and heavily populated area in the world, and there are no comparable logistics for moving crude oil here to be refined and sold in this market. Hawaii is also a small market by comparison. It is expensive getting products here and it's expensive doing business here. It's interesting that many times in the past two years Honolulu's fuel prices have been lower than Los Angeles area prices but, for whatever reasons, that fact seldom makes the headlines.



Larry Adams, Richard North, Richard Parry, Tom Grimes, Lois Osorno, Gary Altman and Robert Fung at Aloha Petroleum

Hawaii's current fuel prices are beginning to fall, and Aloha plans to continue our commitment to being an advocate for consumers in this marketplace, and to offering value to our customers. I'm concerned about the future of the petroleum industry in Hawaii not because of the green initiatives, since we already embrace reasonable, economic alternatives to petroleum, but because we live in a state where the geographical challenges are worsened by our state's reputation for reactionary government intervention in the free market for oil and gasoline. From gas taxes to gasoline price caps, Hawaii has deservedly earned a reputation for shortsighted regulatory actions that have discouraged investment and new competition - and less competition usually equates to higher prices.

Aloha Petroleum is a strong company, and we are pleased to be among the Top 20 companies in our state. We have a top-notch leadership team and a great and talented work force of more than 350 local men and women.

In the future, we will continue to focus on growth, alternative energy products, new business opportunities, and serving our loyal customer base in the retail and wholesale fuel and convenience store business.

Our mission is to offer the people of Hawaii the best fuel-buying experience in the state. It's the job of every single one of our company employees to make that fuel-buying experience the most pleasant one it can possibly be by offering competitively priced products, good facilities, stellar customer service and quality products. We want our customers to know how much we appreciate and value them.

I'm convinced that Hawaii has a bright future ahead, and Aloha Petroleum is proud to count itself among other local companies committed to making that happen.

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