

Ultimate Propane Marketing Guide

What would you do with a mailing list of all propane users in your marketplace including their tank size and present fuel provider? Have you ever wondered what you would do if you had that list? Wouldn't a list like that be helpful in growing your business?

After all, what is the most valuable asset every propane company has? Is it their bobtails, their payroll costs (employees)? Is it their bulk yard or their array of bulk and satellite yards? Maybe it's their safety and operations programs or their pricing and marketing strategy. There is only one way to determine what is the most asset each company has... ask the "market" we call the propane industry.

To find out what the asset is to a propane company we can look at what they are willing to pay for. What is it that propane companies are willing to pay for when considering purchasing another propane company? In most cases, propane companies may retain the employees of an acquisition for a time but employees = payroll costs + benefits costs + payroll taxes, and potential issues. Most companies look for ways to reduce costs after purchase and the first place they turn to is payroll reductions.

Next, while most propane companies pride themselves in their fleet, a purchaser will quickly sell off extra trucks to reduce debt and insurance/maintenance costs so bobtails and service trucks are not the most important thing either. How about tanks? Well, with steel prices going up steel is a nice plus, from any acquisition, but it's easy to get more so that is not the top of the list either.

Bulk yards and storage can be a nice bonus but many companies will simply shut it down, sell off the tank and the yard separately, and eliminate another cost so that is also not the most asset of a propane company.

So, what is the most important asset of any propane company? The answer is THEIR

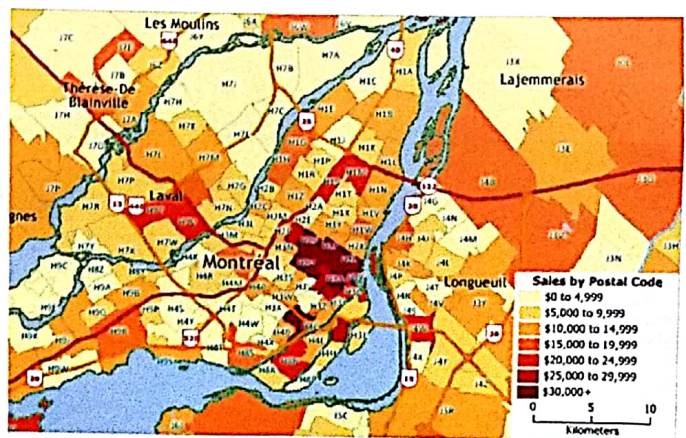
CUSTOMERS. You don't often (if ever) see a company purchase another company only to sell off the customer list and keep all the employees, trucks, and offices. On the contrary, usually the opposite is what we observe. So that being our consistent observation across North America, we can safely say that the propane market values the propane customer list above all.

The next question might be "what is the value of a propane customer?" It seems that there are many ways to value a propane customer like their annual volume used (in litres or gallons) multiplied by the average margin and the expected life of a customer, that gives us the lifetime value of a customer. So, a 600-gallon customer * 50 cent margins * 12-year lifetime average equals a value of \$3,600 for that customer.

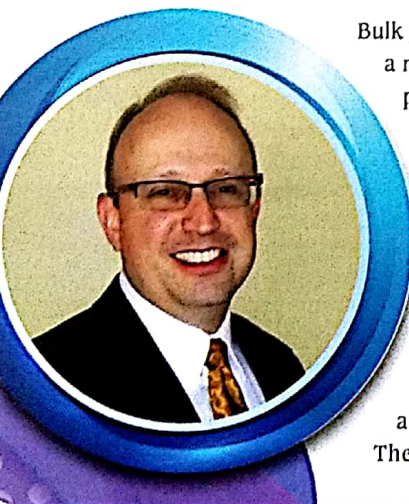
So, if your company has 1,000 customers with similar stats throughout, they are worth \$3.6 million on the open market. That may be low or high in your eyes and many will argue that there are other factors involved (I might agree) but the market decides what it is truly worth.



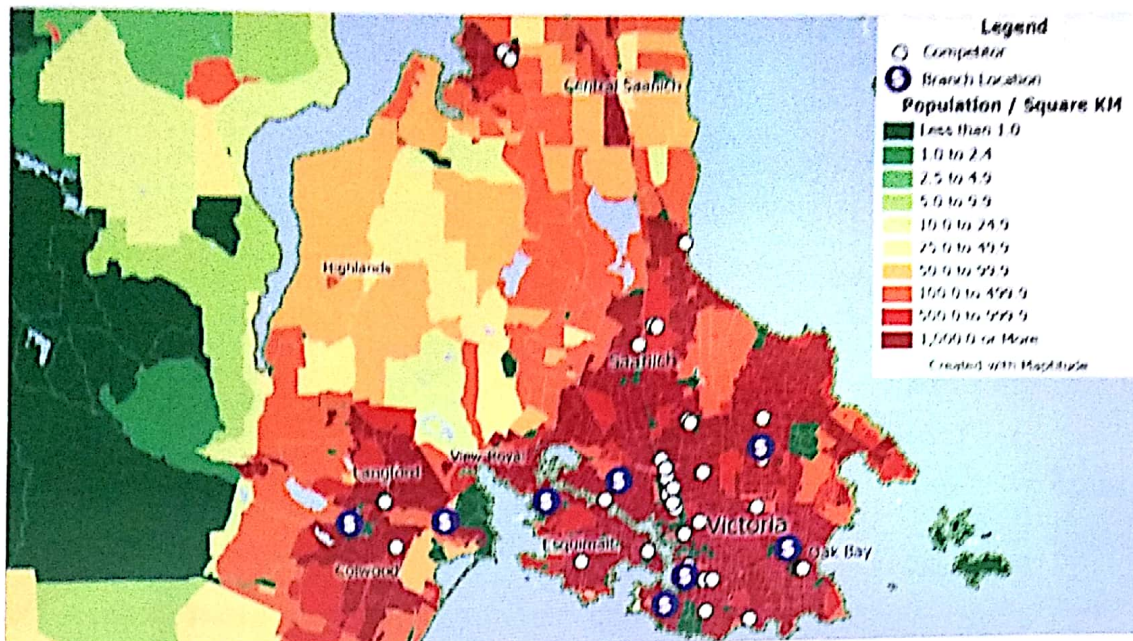
That is not the point of this article and probably something for another article, but for now one can say that based on your number of customers, average gallons per customer, average margins per customer (plus annual fees per customer), gets us a lifetime value of a customer so we can get close to the value of their customer list.



Old Outdated Ineffective Example Zip Code Map



Bill Stomp is a partner along with 5 other consultants in PropaneQuarterback.com, who specialize in the propane industry, as well as a partner with TankSpotter.com, this sector's first and only complete propane app.



Sure, there may be a few more items in the magic list, but you get the idea. Using your customer lifetime value, it's easy to see that a great prospect list could be worth a lot. Then of course, what would be an affordable and cost-effective way to get that list? Here are three ways you might start.

1. Get some simple inexpensive technology like TankSpotter.com – an app that helps you gather all the information noted above

What would you do with a mailing list of all propane users in your marketplace including their tank size and present fuel provider?

Imagine, if a 1,000 customer list is worth between \$3.0 and \$4.0 million, then what would it be worth to you if you had the list of every propane customer in your marketplace? Would that list have 5,000 or 10,000 people on it? Maybe more or maybe less. The math could be quite interesting.

For most propane companies their sales, marketing and growth efforts are designed to gain new propane customers but what is the most effective way of doing this? For decades consulting firms have suggested that census data might be the key only to find that it is inaccurate, full of missing info and usually does not provide customer level info. Some companies pay realtors to get them info only to find that info is incomplete, inaccurate, and hard to put into a usable format. List companies fall even further short of the mark as their information can be older and less accurate than the other options.

Wouldn't it be great if we could avoid the misinformation and get the ultimate list of propane users in our marketplace? Here are some items most companies would like to have in a prospect list:

1. Prospect name;
2. Prospect address (with Geo-code);
3. Their present fuel provider;
4. Owner of the propane tank;
5. Size of propane tank;
6. Propane usage type (cooking, heating, water heat, fireplace, forklift, refill, generator, irrigation etc.);
7. Customer type (residential, industrial, commercial, auto-gas, agriculture, etc.);
8. Average annual usage; and
9. Photo of the tank.

so you can have the ultimate list of 1,000 to 10,000 propane prospects by year end.

2. Go to propanequarterback.com and have their programmers use a scraping software solution to gather all the propane addresses who sold their home in the last decade so they can gather a list of the propane users in your market area in a matter of weeks.

3. As a last resort, go to your list of lost customers, "quoted" customers, online inquiries. This is a good starting point for a marketing mailing list.

Assembling a list of 100 per cent of all propane users in a marketplace may take two or three of the items mentioned above.

The most asset to any propane company is their customer list and second is a great prospect list to get more customers. Getting and using the ultimate propane user prospect list could double your company's value. Why wait until your competition figures this out? Why not get on it today? Happy hunting.

