

Consumers pay less at independent fuel stations

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(Phys.org)—A Queensland study has found that independent service stations' petrol prices were on average one cent per litre cheaper than brand retailers.

The University of Queensland and Queensland University of Technology study also found that the shop-a-docket scheme run by Caltex/Woolworth and Shell/Coles led to a reduction in [prices](#) by all rivals including branded and independent outlets.

UQ researcher Stuart McDonald said the study for the first time highlighted the significant mark-up in prices due to branding.

"We found that the average consumer buying at [brand](#) outlets such as Coles/Shell and Woolworth/Caltex petrol stations still paid a higher price than they would have paid at an independent outlet," Mr McDonald said.

"While the effect of branding for the average consumer results in a significant increase of between 0.8 to 1 cents per litre, the docket scheme produces an offset of 0.5 to 0.6 per litre.

"This brand mark-up of 0.8 to 1 cents per litre may at first seem insignificant, but it accrues directly to the brand wholesaler - in this case the four big brands, Shell, Caltex, Mobil and BP."

The research team studied pump prices at independent outlets and Shell, Caltex, Mobil and BP service stations in Brisbane, Gold Coast and

Sunshine Coast from 2006 to 2008.

Dr McDonald said brand retailers had to pay a franchise fee to the brand wholesaler and this cost was effectively passed onto consumers.

The study merged price data for petrol stations to [demographic characteristics](#) of the consumers in the surrounding area of each service [station](#).

A complex [economic model](#) was applied to estimate the price reaction of each [retail outlet](#) to that of competing stations, as well as the characteristics of the surrounding suburbs' population.

Provided by University of Queensland

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