

Marketing and Sales

In 2015, our marketing and sales business became more market-oriented and customer-based, by continuously optimizing sales structure. We focused on integrated marketing of refined products, pre-paid fuel cards, non-fuel products and lube oil, and actively exploring new modes such as "Internet + Marketing". As a result, our market responsiveness was considerably improved.

Refined Products

In 2015, we sold 116.25 million tons of refined products, 80.54 million tons, or 69.3%, of which were retail. The contribution of high value-added products, including high-grade gasoline and jet fuel, kept increasing.

Marketing Network

We continued to build up our marketing network by optimizing its layout, focusing on development of key stations in a flexible way, and enhancing brand promotion. In 2015, 321 new service stations were developed, adding 2.53 million tons to the existing sales capacity; and 11 depots were built, renovated or upgraded, increasing the storage capacity by 235,000 cubic meters. By the end of 2015, we had 20,714 service stations operating in China.

We improved the operation efficiency of existing stations, especially those with poor sales and low profitability, by rolling out fine and 6S management. Some of our stations were upgraded into smart stations with internet technologies. With an optimized logistics and storage structure, we reduced the inventory, maximized the efficiency of depot turnover, and ensured market supply. The Kunlun fuel card was promoted to the market at a faster pace, with 17,210,000 cards issued in 2015, increasing the total number issued to 81,280,000.

Refined products sales
(Domestic)



116.25
mmt

Refined products retail
volumes (Domestic)



80.54
mmt

Non-Fuel Products

Further consolidated as part of our core business, non-fuel products became a new profit growth point. Taking advantages of the retail network, we realized integrated marketing at service stations by upgrading our convenience stores and carefully selecting of commodities. We pushed forward the development of our self-produced commodities and, in particular, strengthened the promotion of the Kunlun Star commodity family. Vehicle services were offered at service stations, either by ourselves or our JVs, or by renters. Overall profitability was improved by utilizing the resources of non-fuel suppliers through joint marketing and brand integration. In 2015, our non-fuel products reported revenue and profit of RMB 12.42 billion and RMB 1.45 billion, up 25.6% and 42.5% year-on-year, respectively. The number of convenience stores with annual revenue of more than RMB 1 million each increased by 23% year-on-year, with daily average revenue per store growing by 17%.

Lube Oil and Miscellaneous Refined Products

In 2015, CNPC pushed forward the standardized management at production sites and optimized the layout of production capacity, and improved our customer service capability by strengthening ties between production and marketing. Moreover, lube oil and refined products were integrated in our retail network of service stations. We improved our marketing system for all products, including motor oil, industrial oil, service oil, special oil and bunker oil. With intensified research programs, we launched new products, such as metal working fluids, grinding lubricants, aluminum roll oils, and long-acting anti-rust oil. In 2015, we sold 1.27 million tons of lube oil (grease). Sales of premium motor oils and byproducts grew year-on-year significantly.

Sales of miscellaneous refined products increased steadily by 2.42 million tons year-on-year. In 2015, we sold 6.7 million tons of asphalt products, an increase of 270,000 tons year-on-year, by targeting at major engineering projects, intensifying research on special asphalts, and strengthening marketing management. To add even more value to miscellaneous refined products, a blend of FCC slurry and crude oil was processed to produce asphalt on an industrial scale, and progress was made in naphtha and bunker fuels marketing.

"Internet +" Powers Smart Service Stations

Our first smart service station powered by "Internet +" became operational in Shijiazhuang, Hebei Province, on August 15, 2015.

Based on the sales system and network of conventional stations, our smart stations aim to "care for you, your car, and your life", and provide one-stop services by leveraging the Internet-based Big Data, Cloud, the Internet of Vehicles (IoV), the Internet of Things (IoT), and mobile payment. Services include vehicle decoration, inspection, insurance agency, and maintenance. More than 1,000 commodities are available in convenience store inside station. Customers can choose to pay online by their pre-paid fuel cards, WeChat, or Alipay, and then pick their purchase at the nearest service station, where they can also send and receive parcels, book tickets, withdraw money, and pay utilities charges, etc.

Based on internet technologies, our smart service stations provide services in a more diversified way online and offline, inside and outside the station. Smart station expands services from oil products marketing to vehicle life span care, upgrades the operation mode from traditional service station to a more open and consolidated mode, from entity marketing to big data marketing.

By the end of 2015, the first 26 smart stations saw an increase of 38% and 59% in terms of revenues from oil and non-oil products, respectively. Now the brand new business mode is rolling out across China.

