

# Boston Business Journal

Sign up for free e-mail news alerts



BostonBusinessJournal.com

BREAKING BUSINESS NEWS DAILY!

December 18-24, 2009 Vol. 20, No. 47

©2009 Boston Business Journal. All rights reserved. \$3.50

## SMALL BUSINESS

# Growth Tools



### FUEL FOR THOUGHT:

Oil man's marketing strategy rankles competitors. Growth Tools. 20

BostonBusinessJournal.com

December 18-24, 2009

### | ENTREPRENEUR |

## Turning up the heat

United Oil Heat/OrderMyOil.com



### Oil company sparks growth, controversy with online division

BY SEAN MCFADDEN  
JOURNAL STAFF

A couple of years ago when **Wes Madan** was contemplating ways to fuel business for **United Oil Heat Inc.** — the Mansfield-based residential heating oil company founded by his father, **Bill**, in 1978 — he remembered a conversation the two of them had a number of years earlier.

The elder Madan had mentioned that the company should have a Web site where customers could conveniently place their oil orders. The idea then sat on the back burner until technology had advanced to a point — coupled with rising energy costs — where the concept suddenly seemed to have real market potential, said Wes Madan, who became CEO of United Oil Heat in 1998.

**OrderMyOil.com** was launched as a division of United Oil Heat in August 2008. Since that time, Madan has gained some valuable insights about the power — and pitfalls — of Internet marketing in a highly competitive marketplace.

“My age bracket and under, we don’t really use phone books,” said Madan, 37. “You Google everything. I had dabbled with creating a Web site for my business before. But anytime I did it, it ended up being a brochure rather than a serious e-commerce site that had some functionality.”

Engaging the services of **Boston Web Designers** of Littleton, Madan eventually came up with what he believed to be a fairly straightforward concept: Customers can order oil via

W. BANC BERTHAU | BUSINESS JOURNAL

Wes Madan ran afoul of others in the industry when he published an online directory of his competitors on OrderMyOil.com in 2008.

CONTINUED ON NEXT PAGE

# OIL: Striking gold with consumers, enflaming the competition

CONTINUED FROM PAGE 20

an automated system that promises discount prices. Madan said the site's cost for oil is generally about 30 cents less per gallon than the state average. He attributes this to the fact that his online customers don't sign a standard full-service contract that ties in burner service and the like. There's a 150-gallon minimum order; quantities under that are billed a \$40 service fee. The option for burner service is also available to customers for a separate fee, he said.

Madan said two-thirds of his total business — encompassing both United Oil Heat and OrderMyOil.com — is currently attributable to customers choosing the discounted, rather than full-service, option.

The company is one of several in the state that have recently entered the arena for the automated ordering of oil at discount prices.

"I think what's possibly driving the success of these firms is the economy," **Michael Ferrante**, president of the **Massachusetts Oilheat Council**, said of the discount providers.

One key element of Madan's site, however, has generated a good deal of controversy: He's included an online directory of his competitors.

A visitor to the site can select a specific city or town and is then directed to a list of companies in that area. The companies' names and addresses appear. To the right of the listings, the site posts OrderMyOil.com's own price for oil for that same area.

The purpose, Madan said, was to encourage com-

parison shopping — as well as drive traffic to his site. He didn't consult the companies listed beforehand. However, Madan said he didn't feel that he was doing anything wrong, since he was pulling the information from publicly available sources, such as Google searches and Secretary of State filings.

Those listed, however, felt otherwise — many citing concerns about how their companies' names were being used and the overall presentation of the site. Madan said some even threatened lawsuits.

The Massachusetts Oilheat Council blasted the site in a January press release issued by Ferrante, in which he said the site "disparages the stellar reputations of hundreds of full-service heating oil companies across the state."

For his part, Madan said the online directory has "been a blessing and a curse. I wanted to get the point out there. This is what I'm selling oil for. Here's an opportunity for you to go research (my competitors). But I didn't think it would generate such scorn."

He admitted, however, that there were problems with the initial layout of the site. For one thing, disclaimers, which now clearly state that companies listed "are not affiliated with this Web site," weren't prominent enough, he said.

"If you're going to go out on the Internet don't make it a work in progress," he advises, in retrospect.

At the same time, Madan said the site has received about 74,000 unique visitors between August 2008 and July 2009.

He estimates investing between \$45,000 and

\$50,000 on site development and associated advertising costs since its launch. All of that, he said, has been funded by cash flow from parent company United Oil Heat, which brings in about \$6 million in annual revenue. OrderMyOil.com alone, said Madan, brought in just over \$500,000 in 2008, and is looking to reach \$2.5 million this year.

Madan has sought to increase volume by attempting to expand the territory the company covers. In year one, it covered approximately 20 percent of the state of Massachusetts. Today, coverage is up to 80 percent of the state, he said.

The company has engaged a statewide network of dealers to help deliver the oil. Early on, that was a challenge — "I received a lot of hang-ups," Madan said. With some growth under the site's belt, though, the network is now up to 12 dealers. Madan won't name them, but he said these are a mix of outfits with as many as 28 trucks and as few as two. Through the network, he has access to a total of 60 trucks.

Madan said OrderMyOil.com serves about 1,400 customers. He employs nine people, who work for both United Oil and OrderMyOil.com.

**Steven West**, a Medway resident who has been an OrderMyOil.com customer for about a year, said, "What drove me to the site was the high energy costs. ... The service has been very reliable. Convenience has been a big factor."

**SEAN MCFADDEN** can be reached at [smcfadden@bizjournals.com](mailto:smcfadden@bizjournals.com).