

Business

SATURDAY, NOVEMBER 14, 2009



Wes Madan, who founded OrderMyOil.com, says his business model "is the wave of the future."

Oil website touches nerve with rivals

Full-service companies say implications are unfair

By Erin Ailworth
GLOBE STAFF

Visit the website OrderMyOil.com, and up pops a walking, talking avatar of founder Wes Madan, extolling the virtues of his discount service, where customers can order home heating oil over the Internet.

Want automated deliveries? No contract? Competitive pricing?

"No hassle," says the suit-clad image of Madan. "You take control of your energy needs."

The online service has been popular with customers since its August 2008 launch, Madan said, but it hasn't made him many friends in the industry.

Detractors — many of them Madan's full-service competitors — called the site "deceptive." In particular, several dealers disliked how the OrderMyOil.com site included information on their businesses that gave the impression they were affiliated with the site and offering the same prices as Madan, said Michael Ferrante, president of the Massachusetts Oilheat Council, a trade group that represents more than 350 companies in the state.

And that was a problem, since Madan launched OrderMyOil.com at a time when heating oil prices had



Madan did not expect the backlash that followed the launch of his oil-ordering website.

rocketed past \$4 a gallon at most full-service dealerships, prompting fear among customers who worried they would face massive winter heating bills. In contrast, Madan's site offered oil for a cut-rate \$3.30 a

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gallon.

Chris LeBoeuf of Falmouth Coal on Cape Cod discovered customers were going to the site and seeing his company listed, along with Madan's discounts. "I was actually informed of them by another customer, who called and said, 'Your price is X.' And I said, 'No, it's not.' And they said, 'It's right here on the computer,'" recalled LeBoeuf, who had a different discount option, a "cash on delivery" plan.

When LeBoeuf ran a Web search on his company's name, sure enough, he found himself directed to OrderMyOil.com.

"I said, 'Honest to God, it looks like my company [is affiliated with this]. That's my name, that's my address. But that's not my price,'" he said. "Welcome to the Internet."

Enough full-service dealers complained to the Massachusetts Oilheat Council that in January, the group denounced Madan's site in a press release. In it, Ferrante said OrderMyOil.com "is one company with one goal and that is to grab as many customers as possible from highly-regarded, well respected heating oil dealers by confusing customers with nothing more than a low-price sales pitch."

"It was egregious," Ferrante said in an interview. "He was using the reputations of well-established firms to build his business."

Ferrante said discount heating oil operations — which keep prices low by offering a no-frills delivery service — are nothing new. They often have fewer employees and delivery trucks, and less overhead than full-service operations — which adds up to cheaper prices, but fewer services.

The competition, Ferrante added, is welcome — but please devise a model that doesn't "bash" the full-service industry by telling customers they are "paying too much" for services beyond oil delivery. Those businesses, Ferrante said, are most likely family-owned operations that have longstanding customer relationships, and they often bend over backward to get oil to clients who run out or are having trouble with their finances and can't immediately pay the bill.

LeBoeuf, whose business was started by his wife's great-grandfather, said helping struggling customers is definitely the biggest challenge in the current economic climate. "People who have been customers for 25 years and who can't afford to pay their bills," he said, "you can't let these people go cold."

In 1978, when Madan was 6, his father started the family oil delivery business. "I was going on oil deliveries and service [calls] when all my friends were going to the circus," he recalled. "When I do certain things, I hear my father's voice tell me to take care of the customer first."

Madan says he didn't intend to do anything underhanded by starting OrderMyOil.com, but was trying to offer competitive prices. He redesigned the website after getting a call from the Massachusetts Oilheat Council, adding **disclaimers among other changes.**

A network of 10 family-owned heating oil dealers around the state delivers the discounted oil to customers who place orders on Madan's site. The partners, whom Madan declined to name, participate because it's an easy way to expand their customer base without a huge investment. Today, OrderMyOil.com handles 1,000 heating oil accounts, according to Madan, operates in 80 percent of the state, and uses more than 60 trucks to make deliveries.

"To me, this is the wave of the future," Madan said, adding that the online structure makes it easy for him to stay connected. "An e-mail that comes through the site comes directly to my BlackBerry, so if a customer was to e-mail and say, 'I've run out of oil, please help me,' I'm going to respond immediately."

Jeff Capobianco of Milford said he started using OrderMyOil.com about a year and a half ago.

He stumbled on the website while researching discount oil options in an effort to save money.

"When you come home and you see that little slip in the mailbox and it's a \$400, \$500 bill, it can be a shock," said Capobianco, who previously used the same full-service oil company for more than a decade.

So he started ordering from OrderMyOil.com, and later found out the site was run by Madan — someone he knew through his work as an insurance broker.

"I like having the oil come on my time, my schedule," he said. Madan, he added, "is going to be looked at as a threat to some of the other big oil companies."

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