Agilence, Inc.



KEEPING UP WITH CONVENIENCE

Leveraging data analytics to increase profits and improve the customer experience.

Agilence

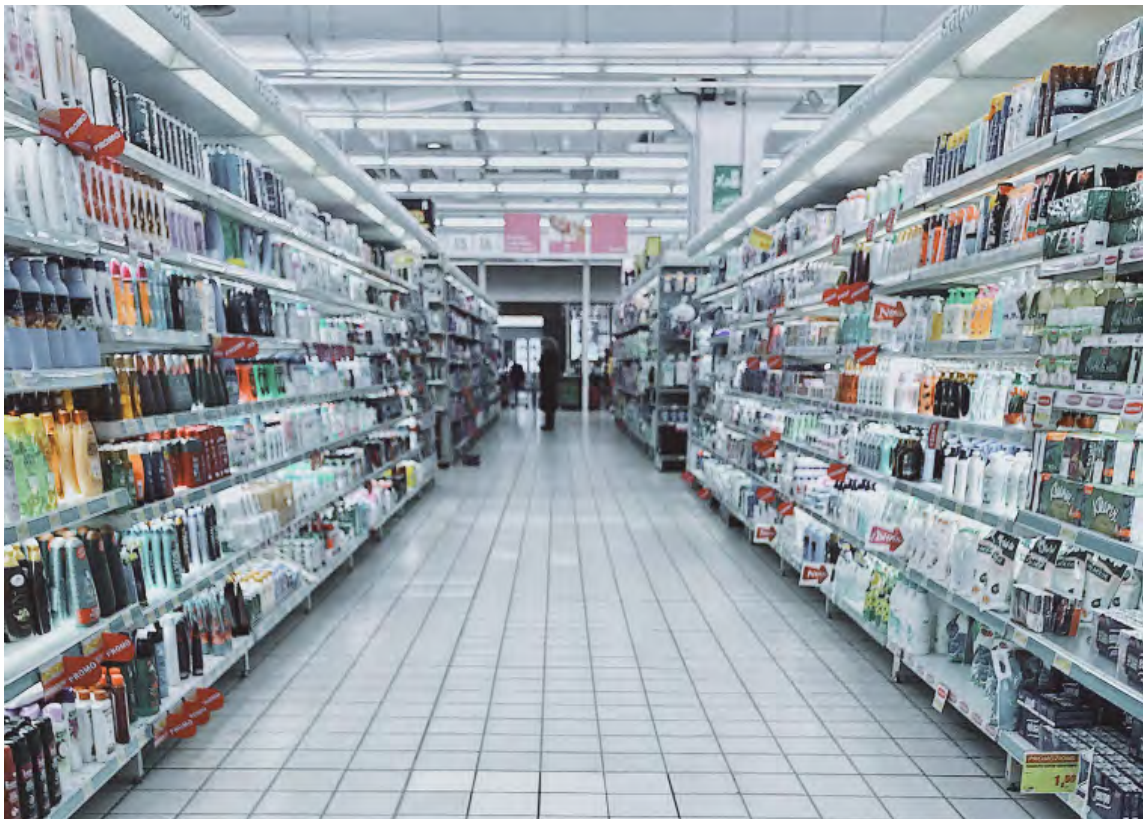


Introduction

Technology is shaping the future of convenience store operations and their profitability.

Currently, convenience stores struggle with manual or outdated legacy systems. But the future of the industry lies with the leaders who know the value of great data, use simplified reporting, and make actionable decisions that maximize their bottom line.

In this whitepaper, we will discuss several areas where data-driven technology is making a big impact on the future of C-stores and their ability to stay profitable and competitive in today's challenging marketplace.



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FUEL DISPENSING

Fuel dispensing is just the start of the customer experience.

Fuel is the primary reason why customers visit convenience stores. Consumers are extremely price-sensitive and tend to choose a store that has highly competitive pricing.

For that reason, it is critical that C-store owners obtain not only daily but real-time competitive pricing for their area.

Historically, store managers would physically drive around the local area to gather competitive pricing.



This approach has several downfalls, including increased liability for the store owner in the event of accident or injury while on the road. Secondly, the competitive price



information may be "stale" by the time they reach the store and change the price. This manual approach has inherent difficulties yet is still in use by many organizations.

Technology has solved this issue by providing real-time data feeds to the store so they can rapidly and frequently adjust prices as needed. This approach reduces liability for the store owner and allows managers to stay onsite to perform their primary duty: serve customers.



Competitive pricing is one area where technology allows store owners to be proactive and directly impact the bottom line. In today's environment, store owners struggle with challenges outside of their control that include more efficient cars and an increased number of individuals working from home that decrease overall dispensed fuel volume.

Technology can also add value by enhancing inventory management.

Forecasting customer demand for fuel is highly inaccurate when done with a shoot-from-the-hip approach. Human "guesstimates" result in owners having to buy fuel on the spot and market at a higher cost which decreases fuel profit margins.

Data applications that provide real-time competitive pricing and allow for balanced forecasted inventory management will help store owners stay competitive. As the industry becomes more consolidated with bigger players who have the resources to invest in fuel management technologies, it is more important than ever to incorporate margin-enhancing technology into store operations. According to the Oil Price Information Service (OPIS), current fuel margins stand at $0.35 per gallon as of the 4th quarter of 2018, which attracts new and aggressive players to the industry. Staying competitive by incorporating technology is essential to the lifeblood of every C-store.

PUMP TO STORE CONVERSION

The Key to Profits.

C-store owners use competitive fuel pricing to attract customers. But once those customers have filled their tank, the next challenge is to get them inside the store with cutting-edge marketing techniques.

Fuel customers are a captive audience at the pump providing owners with a 1 to 3 minute time frame to market products and services. Approximately two thirds of fuel customers will walk through the door to purchase additional items. Technology can play a key role in converting fuel customers to store consumers during that short window of opportunity.

"The video I show at the pump that offers drivers with a discount drink coupon is the best marketing program I've ever used," says Bob O'Connor of Jetz Convenience Stores in Wisconsin. Bob created a proprietary video that markets hot drinks in the winter and cold drinks in the summer. This use of technology has been a key conversion tactic for his customers. "My goal is to create a database of exclusive content to show my customers," says Bob. "Someday, I'd love to use technology to create a personalized marketing experience for each customer based on their personal data that may include their loyalty program or even something more advanced like facial recognition."



Loyalty programs are an important way to attract customers inside the store. By offering points and discounts, customers can increase their average transaction.



Technology can play a key role by incorporating the time of day, weather conditions, and other factors to promote products through the loyalty program, whether at the pump or on their mobile device.

Customers still buy tobacco, cold alcohol, lottery tickets and other top selling items. Incorporating these customers' historical purchase data from their loyalty program can assist in marketing top selling items either at the pump or through loyalty program notifications.

Sophisticated software applications can provide data feeds that help store owners convert drivers to store customers through a combination of historical purchases, weather conditions, and time of day.

A customized approach helps drivers make that all important walk from the pump to the store and expands the bottom line while creating an enjoyable customer experience.

STORE BOTTOM LINE

Enhanced Through Technology.

Historically, C-stores have been merchandised through a combination of detailed plan-o-grams and gut instinct. While those experts with an eye for numbers know how to position high-margin products in the right real estate, not all store managers are adept product marketers.

Just as fuel management can be optimized through data feeds with competitive pricing, store inventory can be managed with relevant data feeds and simplified reporting.

Data feeds that include sales trends, weather conditions, employee data and other specific store data will help optimize the product mix for each store. This data can be used for all important inventory management that prevents out-of-stocks or spoilage but can also include dynamic pricing models that allow for price adjustments under changing conditions. Imagine how dramatic price increases occur for low-end hotels during a Super Bowl game weekend and you'll understand how pricing could rapidly change for individual stores.



Not only does technology impact product pricing but can also help optimize a store's operational costs.



First, employee labor costs are a significant expense for any organization. By understanding how much labor is required on not just a daily basis but an hourly basis and managers will be better equipped to make scheduling plans and control labor costs.

Utility and supply costs can also be better forecasted with relevant and timely data.

While data has always been used for managerial decision-making, current technologies offer precise and timely data that allows C-store owners to manage based on current conditions - not historical averages.

These new analytics technologies are intended to help C-store owners maximize their bottom line and ultimately stay competitive in their market. By easily mining and cross-referencing a multitude of data sets, owners and managers can better understand their operations and control their outcomes based on precise, specific, and current data.

For instance, if a store manager knew that a Snickers bar sold more units when placed at the checkout stand versus the candy section, especially at 3 PM on a weekday afternoon, would they adjust their operations to make more sales? These are the type of insights that forward-thinking store owners and managers are making with enhanced technology.

THE FUTURE

of C-Store Technology.

In comparison to other industries, the C-store industry has been slower to incorporate advanced technology. While they understand the need for data to improve profitability, they have been reticent to incorporate it.

Current stores, whether single owner or large chain, have been hampered by manual data systems that include spreadsheets or outdated computer systems.

The time, effort, and labor necessary to reconcile and understand the data is a drain on company profitability. Change is hard to make but if owners don't adapt, they may be left out in the cold.





Competitive fuel pricing proves to be an easy win for store owners.



Competitive fuel pricing proves to be an easy win for store owners. “My customers tell me that our real-time data feed pays for itself,” says Fred Rozell, Vice President,Business Development/Retail at OPIS. Their data takes the guesswork out of competitive pricing and prevents store managers from wasting time gathering information from local competitors.

Real-time, specific data feeds provide a single source of information to improve store operations and profitability.

Agilence’s data analytics platform gathers large sets of data and synthesizes them into simple reporting. Store owners and managers no longer need to scan through pages of spreadsheets but can instantly identify opportunities to promote products and improve margins.

These reports provide system alerts to staff, allowing them to easily make price adjustments that attract customers and keep them coming back. Agilence’s reports can also increase pump to store conversion, time of day product positioning, and product promotions based on current weather conditions.

While these reports may seem futuristic to some owners the next step will be incorporating artificial intelligence, or robots, at the C-Store level. “Think of it like autopilot,” says Bob O’Connor. “When autopilot came on the scene, we were convinced we would never need pilots again. But it serves as a tool for pilots, not a replacement for them.”

Robots already exist in today’s C-stores. Carwash operations are hands-free and totally preprogrammed. Fuel dispensing is also automated, allowing customers to select, pump, and pay based on their individual preferences. Implementing robots at the store level to assist customers in their product selections, food preparation, or checkout may not be far behind.

“Ultimately, we are here to make our customers day brighter. We’re not just here to fill their tank and their stomach but should make a positive impact on their life,” says Bob O’Connor. When viewed in that light, technology will serve to promote C-stores as a customer friendly (and profitable) convenience.

KEEPING SIGHT

of the Big Picture.

While there are great applications to solve many of the emerging challenges for C-stores, it's still wise to have a central system of checks and balances that ensures all independent solutions – whether manual or tech-based – provide a comprehensive picture of the business. Technology is rapidly changing the C-Store industry and a central source of consistent and accurate data will support owners in maintaining a profitable store that offers the best customer experience.



Agilence, Inc. is the industry leader in Vertical Business Intelligence for retail, restaurant, grocery, convenience, and pharmacy organizations.

Agilence provides organizations with a complete view of their business. Agilence's data analytics platform empowers users to make informed decisions faster, to increase efficiency, and improve store performance across the enterprise. Agilence, Inc. is headquartered in Mount Laurel, NJ. To learn more about Agilence visit AgilenceInc.com.





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