

## Before You Change Fuel Prices, Change Your Company Culture

As the owner of a small or mid-sized convenience store chain, you know managing daily fuel-price changes is a critical task that has a significant impact on maintaining a competitive advantage and maximizing profitability.

If you still use a manual system to collect competitive data every morning, analyze that data and implement pump and signage price changes, then your store managers, administrative personnel and you spend a considerable amount of time with the process.

There is more than enough evidence to prove that a software-based system will dramatically reduce the time everyone in your business spends on daily price changes, and

freeing that time to serve more customers and to drive revenue streams. Before you can benefit from the efficiencies of a new fuel-pricing system, however, you must first change your company culture.

This is what Royal Farms, a Baltimore, MD-based convenience retailer, with 120 convenience stores, discovered when it initiated an internal audit of its fuel-pricing process and the number of

employees and amount of time they were spending. The process certainly needed to change, but it was changing managers and employees' mindsets and putting non-compliance penalties in place that gave Royal Farms owners better control of its fuel-pricing strategy and a substantial ROI of more efficient and effective pricing processes.

Of course, you are the leader, the voice, of your company's culture and convincing your managers and employees to buy into a better fuel-pricing process begins at the top...with you. You can change your mindset, and then your company's culture when you take the time to analyze what your manual system is costing you in time and money.

## THE PROOF IS IN THE DATA

Whether you're in love with your current fuel-pricing system or are in search

of a better solution, you should, at the very least, perform an internal audit, as Royal Farms did, to obtain a thorough picture of your current situation. The hard data from such an audit may open your eyes to the inefficiencies and loss of revenues you are experiencing. It will also help you convince ownership as well as your managers and employees that a new system is needed — and you could become a hero in the eyes of ownership when the new system delivers an ROI that no one thought was possible.

Rob Rinehart, the director of retail petroleum at Royal Farms, found that a rather simple formula gave him all the proof he needed: half a cent times the annual total of gallons sold. He was convinced the company could increase its gross margin by a half a cent with a centralized fuel-pricing system that allowed him to change prices immediately "without being \$0.05 too high or too low at each store."

## CUSTOMER SERVICE IS YOUR BUSINESS

You sell gasoline and a variety of products in each store, but your business is customer service. When your managers and employees do a better job of addressing customers' needs, your customers become more loyal, spending more money and spreading the word about your business to others.

Using an antiquated, manual fuel-pricing system diverts too much of your managers and employees' time from their bottom line task: customer service. This was the challenge The Spinx Co. faced. According to the founder, Stewart Spinks, each store manager was spending approximately one hour every morning providing volume, sales, competitor surveys and other data for the existing fuel-pricing system — and early morning is one of the busiest and most important customer service periods of the day.

| COMPETITORS  | EMPLOYEES  | CHANNELS   | TIME  |
|--|--|--|---|
| <p>The bigger chains' systems are monitoring your prices and can post new prices to the street faster than you, giving them a competitive advantage. Consistent underpricing by competitors could erode your brand and make you vulnerable to acquisition due to a steady decline of customers and lost volumes.</p> | <ul style="list-style-type: none"> <li>• It's not just that your antiquated system involves too many employees and their time, but it allows your managers too much operational independence. This can result in a different pricing strategy for each store, based on erroneous and/or misleading competitive data, outdated pricing or simply because the manager doesn't (or doesn't want to) make fuel price changes at the optimum time.</li> </ul> | <ul style="list-style-type: none"> <li>• Inefficiencies and delays are inevitable when managers are providing data through multiple channels: phone, fax, email, Google Docs, text messages, etc.</li> </ul> | <ul style="list-style-type: none"> <li>• The worst inefficiency is that a maximum amount of your time should be spent growing your business with new product, marketing and customer service initiatives, and not poring over pages of pricing data for most of every morning.</li> </ul> |

Managers then had to wait for personnel at company headquarters to analyze the data and communicate price changes to each manager. Then, he or she had to change pricing manually on the POS, pumps and signs. The Spinx Co. was vulnerable to a double-whammy: It could have lost fuel customers and profits to its competitors AND customers could have become angry because of slow or poor service and taken their business elsewhere.

## DON'T GUESS – TEST

Whether you're convinced your current system is inefficient (which means it's costing you money), unsure if you need a change or just plain skeptical, consider Stewart Spinks' wise decision to

recognition and competitive position

- Minimal software to install, no IT department or high-priced consultants or technicians required and minimal employee training
- Store managers gathering and reporting competitive data within minutes without cumbersome use of phone, fax, email, etc.
- Reduced data-entry errors
- Elimination of headquarter personnel time to enter data and communicate new prices to store managers

minutes – and fuel price changes were executed quicker and with much more accuracy. The Spinx Co. quickly added 10 stores to the new system, and then within a few months implemented it chain-wide.

## IT'S TIME YOU HAD THE ADVANTAGE

The system The Spinx Co., Royal Farms and many other small to medium-sized locally owned stores and chains chose was PriceAdvantage. PriceAdvantage has powerful, but easy-to-use features and capabilities that allow you to compete with the big boys.

Of all the benefits of PriceAdvantage, the most important may be that it is not solely based on an algorithm-based system, so your experience and expertise in fuel pricing is still an important part of the equation. Because the people at PriceAdvantage know the fuel price management industry, they made sure software integrates with the human element, and does not eliminate it.

**PriceAdvantage Fuel - Pricing Software** – From a single, easy-to-use interface, PriceAdvantage can help you streamline your fuel-pricing processes, enabling you to push the right price to the right stores at the right time. PriceAdvantage supports your unique pricing strategy by allowing you to customize and execute on your specific business practices and conditions. This can be as basic as automatically matching specific competitors or a completely optimized pricing method that includes economic modeling and price-change configuration.

PriceAdvantage fuel-pricing software centralizes and presents critical business data in a clear and meaningful way, replaces the need for multiple

## FASTER, MORE INFORMED PRICE CHANGES PROVIDE A CLEAR COMPETITIVE ADVANTAGE

test a new automated system at just two stores. He was able to overcome that most common of all human traits, fear of the unknown. His bigger fear, however, was that remaining with the old, inefficient system would result in a slow decline of his business – and, suddenly, one day he would discover he had reached the point of no return. Finding a new system to manage his fuel pricing was absolutely necessary for his business not just to survive, but thrive.

Mr. Spinks wanted to know whether the new system he was testing could deliver these benefits.

- Increased speed to market
- Stronger store brand

- Accessibility of all past and current data on multiple devices (computer, tablet and smartphone) 24/7, so owner and/or general manager can make immediate and more effective pricing decisions throughout the day as well as evenings and weekends
- Changing pump and sign prices (when electronic) from one source by one person
- Immediate notification of price changes to store managers via text message

Within just a few weeks, the test was successful. The automated system reduced managers' data entry time by 45

spreadsheets, and enables you to make rapid, informed price changes. With PriceAdvantage, you can:

- With one click, change prices at POS and on pumps and price signs and receive change confirmation – all in 15 minutes or less.
- View competitor prices next to current, strategic and economic model prices.
- Change prices from any mobile device, anytime, anywhere.
- Model your prices to predict specific volume, margin and profit goals.
- Receive instant notifications about market changes, missed deadlines and escalations.
- View detailed volume, price, profit and cost reports.
- Reduce manual processes and errors.

**PriceAdvantage Cloud** – No two companies are alike; therefore, PriceAdvantage has created flexible licensing and hosting models that allow you to implement a tool that works for you.

First, with PriceAdvantage, you have the freedom to purchase only those components that you will use and allow you to add or remove components as your fuel-pricing strategy evolves. Second, some companies choose a hosted, or cloud, solution, which reduces IT configuration and, therefore, implementation time and costs. Other customers prefer to install and host the software themselves.

Fuel retailers with 50 or fewer stores and who choose the cloud solution with a few components can be up and running within just a few weeks. The monthly investment per store is often less than a monthly cell phone bill.

## ROI PDQ

The people at PriceAdvantage know that nothing is more important to you than ROI. It was foremost in the mind of Royal Farms, but the 24 months it estimated would be required for PriceAdvantage to pay for itself quickly shrunk to just 12 months.

The PriceAdvantage ROI for Sheetz and its more than 300 stores in six states was an annual cost savings of \$141,000 and giving store managers as many as 50 additional hours every year per store to maximize customer service.

Your business could be benefiting from similar ROIs – so now is the time to talk with PriceAdvantage to develop a strategy that includes an internal audit and a PriceAdvantage test to take back your advantage in the marketplace.

**Visit [sellmoregas.com](http://sellmoregas.com) to learn more.**