

## Strategic White Paper

### CHALLENGES

Losing the fuel price/profit margin battle against competitors

Losing market share

### TAKEAWAYS

Integrating automated fuel price optimization and price updates to all locations maximizes profit, positions c-store brands for growth

## The Fuel Price Optimization Solution that is Winning the Battle for Profit and Brand Growth

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## Introduction

In the competitive retail fuel and convenience store markets, the fastest-growing chains are leveraging tools that give them real-time data for setting the “sweet spot” price that brings the customer off the street and to the pump and into the store. They’re also closing the loop with systems that centralize and automate price updates—meaning the optimized price is instantly on display on every sign and pump at every store, with simultaneous updates sent to POS systems and web, smart devices, and social networks. Bundling these price updates means that retail fuel price managers can be confident that the optimal price is in effect without the need for communication to or intervention by dozens, or even hundreds, of store managers.

*We saved half a penny per gallon driving record fuel sales and profitability in the first year. This was largely due to automation with PriceAdvantage software and Skyline's electronic price signs.*

— Rob Rinehart, Director of Retail Petroleum, Royal Farms

By automating the three major components of the pricing process—collection of key data presented for meaningful analysis, automation of fuel price determination and the integration of technologies to get that optimized price to store and ultimately your customers—fuel retailers and c-stores are literally **turning pennies into millions** and winning the battle for profit and brand growth.

*“This market is a penny-up, penny-down game. PriceAdvantage gives me all the information I need to create the optimal price for each store, and then have it posted at the street quickly.”*

— Rob Rinehart, Director of Retail Petroleum, Royal Farms

## Growing Industry Leaders Use PriceAdvantage

Wherever you see growing chains, chances are you’ll also find PriceAdvantage SMART Fuel Pricing™, the industry-leading retail fuel price management solution that optimizes and synchronizes fuel prices—from headquarters to the street.

*I knew I would save the owners over a million dollars year one just because we had a consistent centralized pricing theory and controlled all execution from headquarters.*

— Rob Rinehart, Director of Retail Petroleum, Royal Farms

Fuel retailers are finding that automated price optimization and implementation drives up fuel sales and profits while also triggering the “splash effect.” What is the “splash effect”? It is the foot traffic that comes into the store to purchase high-margin convenience items, all due to the fact that they stopped in for fuel. And because the fuel pricing process is automated, store managers have more time to focus on other critical activities, such as customer care, which in turn brings even more benefits.

*“We have to keep getting better at what we do. As the number of stores increase, I continue to investigate how we can get smarter in managing our devices. What can we streamline? What can we control remotely from headquarters? How can we make the store managers’ lives easier so they can spend more time with our customers?”*

- Mark Wilson, Director of Store Support, Sheetz

With PriceAdvantage you will position yourself to grow your business in-store and at the pumps and consistently gain competitive advantage. We've even seen our clients' store count grow since implementing PriceAdvantage SMART Fuel Pricing:



CEFCO, Texas-based c-store chain: **124 stores in 2010** (ranked 57t\*), **250+ in 2012** (ranked 43\*). According to the company's website 11/5/2013, <http://cefcostores.com>, today's store count is **254**. CEFCO has more than doubled its store count since implementing PriceAdvantage in 2010.



Royal Farms, Maryland-based c-store chain: **85 stores in 2008\*\***, **130 in 2012** (ranked 56\*). According to a story on CSNews.com, [http://www.csnews.com/top-story-real\\_estate-what\\_s\\_in\\_store\\_\\_openings\\_\\_closings-64117.html](http://www.csnews.com/top-story-real_estate-what_s_in_store__openings__closings-64117.html), today's store count is **153**.  
\*\* <http://www.sellmoregas.com/royalfarms/>  
Royal Farms has almost doubled its store count since implementing PriceAdvantage in 2008.



Spinx, South Carolina-based c-store chain: **66 stores in 2012** (ranked 99\*). According to the company's website 11/5/2013, <http://www.myspinx.com/>, today's store count is **70+**. Spinx has increased its store count by more than 10% since implementing PriceAdvantage in 2011.



CST Brands (Valero), Texas-based c-store chain: **1000 (US only) stores in 2012** (ranked 9\*). According to CSPedia 11/5/2013, [www.cspedia.net](http://www.cspedia.net), today's store count is **1050+**. CST Brands has increased its store count by more than 5% since implementing PriceAdvantage in 2012.

\*Data according to Convenience Store News Top 100 Convenience Stores reports ©2010 and ©2012.

## A Closer Look: CEFCO

In 2012 Fikes Wholesale Inc., parent company of Temple, Texas-based CEFCO, acquired 63 Taylor Food Mart Stores from Taylor Petroleum Company. The acquisition drove CEFCO's total stores to 257 in seven states. The acquisition was completed in January, with all new stores integrated with PriceAdvantage by spring. This followed the 2011 acquisition of 71 retail sites in Louisiana, Mississippi, and Arkansas.

As CEFCO grows and acquires smaller competitors, it looks to PriceAdvantage to help enable that growth: "As we continue to grow, it's imperative that our fuel-pricing tool handle the scalability of our company and more importantly be a process for centralized and harmonized fuel pricing," said Brett Giesick, Chief Retail Officer for CEFCO. "We have found PriceAdvantage to be an important tool to help us maintain consistency of our pricing strategy throughout our network." ("CEFCO Extends PriceAdvantage Reach," CSP.net, Apr. 25, 2012)

## A Closer Look: Royal Farms

Royal Farms began their relationship with PriceAdvantage in 2009. At that time, they had 85 stores and a handful of fuel operation challenges: decentralized pricing, lower fuel profits, operational inefficiencies, and unresponsive, frustrated store managers.

With the help of PriceAdvantage, all of the challenges for Royal Farms fuel operations were addressed and resolved. They now price fuel from headquarters with one-click price changes, giving Royal Farms "best practice" operations. Fuel profits have increased by half a penny or more. Store managers are happy and have a renewed sense of respect for getting things done. PriceAdvantage has had a very positive effect on Royal Farms fuel growth. Today Royal Farms is at a store count of over 140 locations.

## A Closer Look: Spinx

Lower fuel profitability and managers tied up with updating fuel prices were two of the key pain points that drove Spinx to test PriceAdvantage at two stores in 2011. They wanted to see how complete HQ-to-street price automation would save their managers time for other critical tasks and allow more responsive—and profitable—fuel price setting. The next handful of years saw the chain grow by dozens of stores. PriceAdvantage has been implemented at every Spinx store.

"We are extremely happy with our decision to install PriceAdvantage across our network of stores. PriceAdvantage has reduced the amount of time it takes us to respond to competitor moves as well as other market conditions", said Stewart Spinks, Founder, The Spinx Company. "It is crucial that we are able to analyze our data, make a price decision, and implement the price change from the store to the street as quickly as possible to maximize fuel profits."

## A Closer Look: Valero

While c-store giant Valero had enjoyed much success with its in-house fuel pricing solution, company leadership recognized that the solution was nearing a technology end-of-life for the database. After evaluating several providers, Valero chose PriceAdvantage. "We have been very successful with our own home-grown fuel pricing software, but it is time for us to add new functionality. After evaluating all

available market solutions, we were pleased to find PriceAdvantage,” said Brian Skillern, Director, Retail Marketing – Fuel, Pricing and Transportation.

As of July 2012, PriceAdvantage had already been integrated at 100 Valero stores. The chain added 50 stores in 2012, all of which will eventually run the same centralized price optimization and updating—creating the opportunity for more profit and expansion.

## Optimize or Be Acquired?

C-store and retail fuel leaders in markets across the U.S. are positioning themselves for business growth and competitive advantage. This sets the stage to expand their footprint through new store construction and timely acquisitions. PriceAdvantage is a key element in that growth strategy: Maximizing profit on every gallon of fuel sold with consistent, real-time price data and ensuring that the optimal price can be implemented at every sign and POS—whether it’s 20 or 200 stores—accelerates profits and growth.

For stores still dependent on spreadsheets and phone calls to update their prices, this means additional time between discovering and posting the correct price—and time for more agile competitors to maximize profits. The short-term implications of losses on margins and volume are clear; for the long term, it may also mean that your chain becomes part of a larger chain’s success story as slower competitors are consolidated by operations with a streamlined, closed-loop fuel pricing process.

Without a SMART Retail Fuel Pricing solution like PriceAdvantage, you could be positioning yourself to lose margins/volume, be left behind by your customers and worse yet, be acquired for less than desirable terms by healthier PriceAdvantage customers. What side of the fence do you want to be on?

## About PriceAdvantage

PriceAdvantage is the leading provider of fuel price management solutions to the convenience store industry. PriceAdvantage SMART Fuel Pricing™ allows fuel retailers to collect competitive data, determine optimized fuel pricing and automate fuel price changes from headquarters to the street with price change confirmation feedback, creating a streamlined closed loop fuel pricing process. PriceAdvantage is a division of Skyline Products, the leading North American maker of sign hardware and software solutions for the transportation and petroleum industries. Company headquarters are located in Colorado Springs, CO. For more information, please visit [www.sellmoregas.com](http://www.sellmoregas.com) or [www.skylineproducts.com](http://www.skylineproducts.com).