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THAN LOOSE  
CHANGE. COME  
AND GET IT ...

... WE GOT  
STRATEGIES,  
WE GOT  
TOOLS. P. 24

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crazy good  
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P. 40

# Changing Fuel Prices Is All About Time



**MICHAEL JOHNSON**  
is director of sales  
for PriceAdvantage.  
Reach him at  
MichaelJohnson@  
SkylineProducts.com.

**F**or owners of small or mid-sized convenience store chains, managing daily fuel-price changes is a critical task that affects competitive advantage and profitability. Using a manual system to collect and analyze competitive data every morning and change pump and signage prices is time-consuming.

The solution could be a software-based system. It will allow time to serve more customers and to drive revenue streams. But before you can benefit from the efficiencies of a new fuel-pricing system, you must first change your company culture.

This is what Royal Farms, a Baltimore-based chain of 120 c-stores, discovered when it initiated an internal audit. Its fuel-pricing strategy needed to change, but it was changing everyone's mindset and putting noncompliance penalties in place that gave Royal Farms' owners better control of the company's fuel-pricing strategy and a substantial return on investment.

## Proof in the Data

You are the catalyst for changing your company's culture by first analyzing your manual system's cost in time and money. Only then can you expect your employees to buy into a better fuel-pricing process.

The bigger chains' systems are bringing prices to the street faster, giving them a competitive advantage. They could price you out of the market because of a steady decline of customers and lost volumes. It's likely your old system allows your managers too much operational independence, which means a different pricing strategy for each store, outdated pricing and/or managers who don't make price changes at the optimum time.

Inefficiencies and delays are inevitable when managers are providing data via phone, fax, email, Google Docs, text messages, etc. A maximum amount of your time should be spent growing your business, not

poring over pages of pricing data for hours.

Whether you love with your fuel-pricing system or are in search of a better solution, you should, at the very least, perform an internal audit. Its purpose is to reveal your system's inefficiencies and any loss of revenues. You'll be able to convince everyone that a new system is needed—and will deliver an ROI that no one thought was possible.

Rob Rinehart, director of retail petroleum for Royal Farms, used a simple formula: 0.5 cents times annual gallons sold. He was convinced the gross margin would increase by 0.5 cents with a centralized fuel-pricing system that allowed him to change prices immediately “without being 0.5 cents too high or too low at each store.”

## Service Is Your Business

When your employees do a better job of addressing customer needs, your customers become more loyal, spend more money and spread the word about your business.

Stewart Spinks, founder of The Spinx Co., found each of his store managers was spending about an 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. Managers then had to wait for per-

Perform an **INTERNAL AUDIT** to reveal your system's inefficiencies.

sonnel at headquarters to analyze the data and communicate the price changes back to the managers. They had to change pricing manually at POS and on pumps and signs.

Spinks' biggest fear was that his old, inefficient system would cause a slow decline of his business, so he tested a new, automated system at two stores. Finding a new system to manage his fuel pricing was absolutely necessary for his business not only to survive, but also thrive. He wanted to know if the new system could deliver these benefits:

- > Increased speed to market.
- > Stronger store brand recognition and competitive position.
- > Minimal software, no IT department or consultants/technicians required, and minimal employee training.
- > Store managers gathering and reporting competitive data within minutes.
- > Reduced data-entry errors.
- > Elimination of headquarters personnel time to enter data and communicate new prices to store managers.
- > Accessibility of all past and current data on multiple devices 24/7, so owner and/or general manager can make immediate and more effective pricing decisions.
- > Changing pump, sign prices (when electronic) at one source by one person
- > Immediate notification of price changes to store managers via text message.

The test of the new system reduced managers' data-entry time by 45 minutes, and fuel price changes were executed quicker and with much more accuracy. Spinx quickly added 10 stores to the new system, and within a few months it went chainwide. With such results, most companies would find it easier to change their culture and implement a more efficient, profitable fuel-pricing system.

**It's likely your antiquated system allows your managers too much operational independence.**