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Using Actionable Data in Fuel and Convenience Retail

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Competitive Business Strategies Driven by Data

In past decades, companies had two primary strategic weapons at their disposal: reputation and people. Naturally, companies competed on those two factors, working diligently to develop or acquire the best brand reputation and top talent.

From a brand perspective, reputation was king. Companies spent a lot of time, money, and resources promoting their brands. The standard tools were marketing, customer satisfaction scores, and word-of-mouth advertising.

Similarly, having the best people was pivotal. The most innovative, talented employees could significantly improve business success. Those with the most education and/or experience were highly sought after, and companies able to recruit those workers reaped powerful returns on their investment.

Both factors contributed to an environment much like we've see in the sports world: the companies with the most money had the means and power to buy the best brand and talent. With significant money to spend, they could offer the best salaries and benefits. Many times, that resulted in top talent heading to the top companies, where the cycle continued to repeat itself.

Why Data Matters Strategically

That scenario has significantly changed as the Information Age has brought a wealth of technologies and tools that have leveled the playing field. Through the proliferation of information, companies now compete (and win) by using information to their advantage.

Data is a game-changer for any company. It enables in-depth analytics to help you compare your company's performance against the rest of the industry. Through information like this, companies have shifted their decision making, moving from intuition and experience to relying on

data and analytics. The results have been impressive in giving companies the ability to strategically compete in new and exciting ways. It's no surprise to see that companies capable of capitalizing on information are the ones succeeding in today's competitive economic landscape.

Although high-level metrics are important, the last few decades have extended the scope of the value data can provide. Companies can access more information faster, and that information is more detailed and customized than ever before.

Baseball is a great example of using data to create a strategic advantage. It's astounding how much data is used in baseball. We've all listened to in-game announcers quote incredibly detailed statistics, such as, "Johnson leads the league in the most curveballs thrown to right-handed batters on Tuesdays."

The movie Moneyball shows this data-driven paradigm in action. The movie tells the true-life story of a small-market baseball team (the Oakland Athletics) that used data analysis to build a high-performance team on a very small budget. While larger teams were able to pay big salaries for all-star players, Oakland's General Manager, Billy Beane, shifted the team's decision-making model from intuition and experience to data and analytics. By using data-based decisions, Beane was able to compile one of the most cost-effective and winning teams in baseball.

Ultimately, that's what most companies are aspiring toward: **spending less but still outperforming the competition.** Here are some real-world situations where that success is playing out across the fuel and convenience retail industry.

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Managing Inventory in Real Time

When considering everything that goes on inside and outside a convenience store, you have unlimited opportunities to maximize efficiency, effectiveness, and strategic impact.

Efficiency

Put simply, data takes work out of the hands of employees by maximizing opportunities for automation and integration. The Information Age has provided an infrastructure and landscape that simplifies business-to-business (B2B) integration. Information that historically had to be manually captured using paper or spreadsheets can now be imported directly into Enterprise Resource Planning (ERP) software.

Furthermore, top ERP platforms can extend automation opportunities beyond integration through automatic transaction processing. Invoices get automatically reconciled, inventory gets automatically reviewed, important information gets automatically sent to those who need to know it, and people get paid instantaneously.
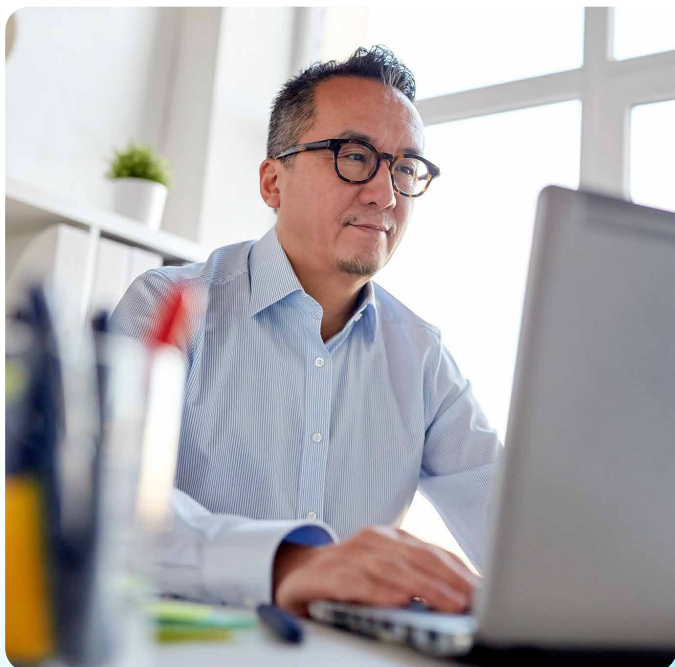
Effectiveness

In addition to allowing systems to easily automate repetitive tasks, data can provide actionable insights, helping you focus on the most important activities that deliver the greatest benefits for your company.

All inventory is important, but some categories take precedence over others. For instance, cigarettes have historically been a crucial category, given the additional oversight required.

The new wave of transactional data provides an opportunity to further streamline inventory management by:

- **Focusing on specific items within strategic categories:** Not only can you focus on important categories, item-level transactions can help you track your most important items—and tell you which items to focus on.

- **Gaining insight into top-selling items:** Every retailer has their own opinion about what items matter most, but data doesn't lie. Advanced ERP systems can give you insight into your top-selling items by store—directly impacting your bottom line and helping you price and promote those items more effectively. On the flip side, you can stop wasting time managing items that linger on your shelves.

- **Understanding the impact on time-sensitive items:** Foodservice is everywhere in today's market, but executing it well means minimizing time-sensitive costs to maximize your margins. From roller grills and delis to made-to-order takeout, great foodservice operators use detailed data to ensure they know exactly what to prepare, what to sell, and what's simply not working.

Strategic impact

Reporting is important to every company, but the more data you acquire, the better tools you need to compile and analyze that data. Advanced reporting systems can identify powerful trends and patterns that give you strategic insights.

Here are just a few powerful ways you can use data to impact the bottom line:

- **Market basket data provides detailed support for advanced promotions:** Promotions are already strategic. Using data eliminates the guesswork and allows for site-specific promotions. Data also lets you see whether your promotions are having the impact you anticipated. Point-of-Sale (POS) transaction journals provide minute-by-minute, basket-by-basket details of what your customers are doing. Today's top retailers are already using advanced business intelligence tools to ensure they're making the biggest impact with their promotions.

- **Hourly, transactional sales allow retailers to streamline in-store staff:** The best customer service intentions die quickly when you don't have the right amount of people to serve your customers when stores are busy. In contrast, there's no need to waste hourly wages when customer counts are low. Strategic operators use data for labor management systems to get the right support to the right stores at the right time.

- **Real-time alerts let you respond immediately and confidently on key metrics:** Gone are the times when you had to wait until the next day to find out what's going on with your stores. Real-time data means real-time alerts that let you find (and resolve) important issues immediately, when it matters most.

Maximizing Fuel Margins by Crunching All the Data

With the increasing fluctuation in fuel supply and demand, it's often difficult to price fuel competitively and ensure a solid profit margin. Thankfully, through the power of data, significant strategic gains are possible—if you know where to look.

Because fuel margins drive a lot of business, it's important to find strategic ways to maximize them. You simply can't underestimate the impact of making wise decisions on fuel pricing.

Increasing costs and an ever-changing competitive landscape can create a tense series of questions every day:

- **How much should you charge your customers?**

- **Where is the "sweet spot" that your competitors might be missing?**

- **How can you get the most daily sales volume for the optimum price?**

For decades, much of the decision-making process has been based on institutional knowledge and experience locked in employees' minds. In fact, retailers have typically used pricing strategies based on a few key data points: the price competitors are charging within the market, each location's position in those markets, and an expected profit margin.

Using premier fuel pricing systems, you can now use data to automate, inform, and optimize all three of those components. Here are some additional ways to harness the power of data within the fuel pricing space.

Using data to dynamically (and automatically) respond to changes

Many retailers have used the same set of pricing strategies at their locations for years, marking the retail price up or down daily based on what the competition is doing.

That means having access to relevant competitive pricing data is fundamental. Whereas historical fuel pricing practices included manually capturing daily competitive prices, leading fuel pricing systems now provide online tools to capture competitive pricing dynamically, in real time, as often as needed. Mobile technology similarly brings an added benefit, providing store managers with tools to capture prices from stores in their market—all from the convenience of their cell phone.

Retailers can gain additional benefits by leveraging data integration services. No longer are you limited to your own intellectual property. Third-party data service companies, such as Oil Price Information Service (OPIS), provide prime competitive pricing data directly to retailers.

Capitalizing on that integration can give you a competitive advantage in multiple ways:

- **Applying strategies automatically:** Through data and system integration, new prices are immediately available to fuel pricing platforms, giving you the potential of immediate turnaround on new prices. Getting new prices out to stores as soon as possible means your stores have more time to bring in more sales volume at the newer prices.

- **Automatically adjusting to changing information:** When competitors make midday price changes, you need to know so you can adjust accordingly. Similarly, if suppliers increase their costs, your pricing should adjust automatically. Data integration can make both actions seamless.

Using information to optimize pricing

A data-driven approach for fuel pricing helps ensure the effectiveness of your existing pricing strategies. With a wealth of historical data at your disposal, analysis can confirm whether you're leading your markets, running with the pack, or falling behind.

If you're concerned that raising your price above a competitor will decrease sale volumes, the data can turn that perception into reality. Or, you might actually be leaving money on the table unnecessarily. Retailers that maximize fuel pricing systems regularly find they can confidently increase their fuel prices and retain (or even increase) expected sales volumes, despite historical concerns that would have indicated otherwise.

Companies not only have access to more data volume than ever, but recent advancements now provide access to more types of data as well. Whereas historical price analysts considered competitive prices and fuel costs, more advanced teams are taking advantage of sales volume trends, fuel industry index data, and even predictive adjustments based on seasonality to gain a unique strategic advantage.

Making a strategic impact

All successful companies have growth in the forefront of their thoughts, actions, and plans. Whether organic or inorganic, growth is pivotal to remain relevant. Yes, you always run the risk of failure when you attempt to grow, but you can significantly mitigate that risk by incorporating data into your decision-making process.

If you want to introduce a new product offering, data can tell you the projected impact. If you're interested in adding a location to a new or existing market, data can boost your confidence by giving you hard evidence to support your claim.

Connecting Your Customers with Your Brand

Your customers are your lifeblood. The more you know about them, the more opportunity for success you'll have. In today's competitive landscape, it can feel like consumers have unlimited options when it comes to convenience. Using that knowledge to your advantage can be the differentiator that makes them your customer for life.

In order to understand what your customers want, you have to know who they are.

Create the right marketing strategy

In order to understand what your customers want, you have to know who they are. Historically, that type of insight has only been available at the store level. While store managers and clerks get to know their clientele, the corporate office has traditionally had difficulty understanding what their target demographic looks like. With data, all of that has all changed.

Modern loyalty systems are robust, giving you mountains of data about the traffic in your stores. That data is a goldmine of valuable information, providing an in-depth look at the step-by-step, decision-by-decision details you need to craft a vivid picture of your customers. Using that data, you can tell your story with confidence, creating a product or segment strategy that perfectly connects to your customers' needs and what they care about most.

Track your results

Measuring your results shouldn't be based on personal intuition or random observations. Data is a tremendous asset that reveals the real-life impact of your marketing. This is where you need significant insight. If a strategy isn't working, you need the confidence to pull back or abandon it. If you're seeing success, you need data you can trust before you double down on your efforts for even greater impact.

Protecting Your Business with Security Insights

Because data is so valuable as an asset, you need to ensure its security as much as possible. That's especially the case when you're handling data that's subject to PCI compliance or that's considered Personally Identifiable Information (PII). Unfortunately, the current threat landscape is only making it more difficult to protect data as ransomware and other types of sophisticated attacks are on the rise.

For example, a recent blog post by Retarus, an IT and communications firm based in Germany, relayed some sobering cybersecurity statistics:

- Nearly 80% of senior IT employees and security leaders believe their companies lack sufficient protection against cyberattacks despite increased IT security investments made in 2020.

- On average, every employee has access to 11 million files—but only 5% of companies' folders are properly protected.

- Just 57% of companies conducted a data security risk assessment in 2020.

- More than 77% of organizations do not have an incident response plan.

- More than 93% of healthcare companies reported at least one security breach in the last three years.

With these staggering facts in mind, the importance of protection has never been greater. However, data isn't just the thing you're trying to protect. It's also a powerful ally in your fight against cyberattacks.

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Data increases awareness

All too often, when companies encounter a cyberattack, the management team is shocked to find out they were at risk. Sadly, many companies haven't taken the time to create adequate security plans. Cyberattacks create the necessary sense of urgency, but many times that means you're already too late, and the damage is done.

Data can be your strategic partner when it comes to protecting your company, your assets, and your information. The best companies regularly analyze potential threats and seek ways to protect themselves. Good data is also key to understanding your vulnerabilities before an attack occurs.

Data equips you with strategic, proactive protection

The sheer volume of cyberthreats can feel overwhelming, and you need information to help you make the decisions that will have the greatest positive impact for your company. Some of the greatest threats to your infrastructure are the habits and patterns within your company. Data can help by highlighting the practices, people, and systems that are creating the greatest exposure and business risk.
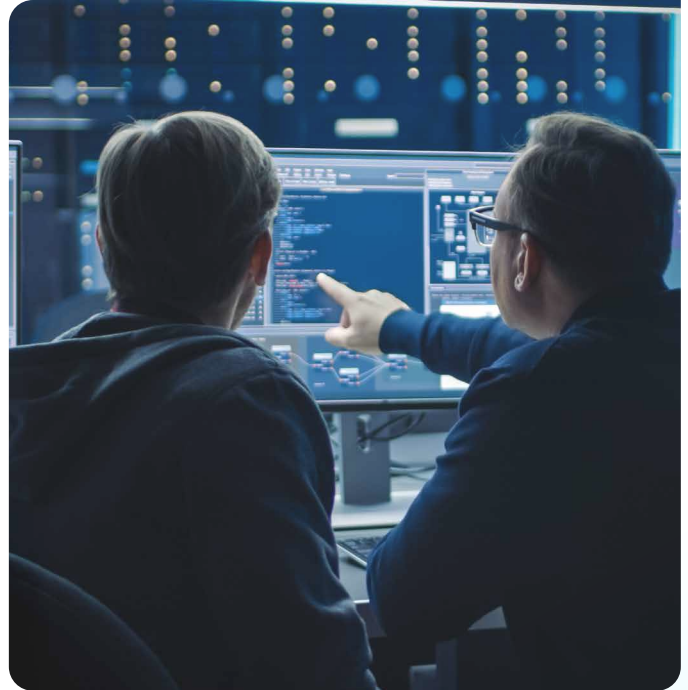
Where to Start

Considering the current pace of change in the fuel and convenience retail industry, the need for strategic data and analysis is real. But with the overwhelming amount of data, how can you consume, analyze, and act on it in practical ways?

To compete in this data-driven world, you need strategic partners that can help you create and implement a solid data strategy. By leveraging innovative, leading-edge solutions, you don't have to reinvent the wheel. Instead, powerful software solutions and services can help you realize the power of data in immediate ways.

PDI can help you thrive in today's digital economy. To learn how we can help you transform your business though the power of data, visit **www.pditechnologies.com**.
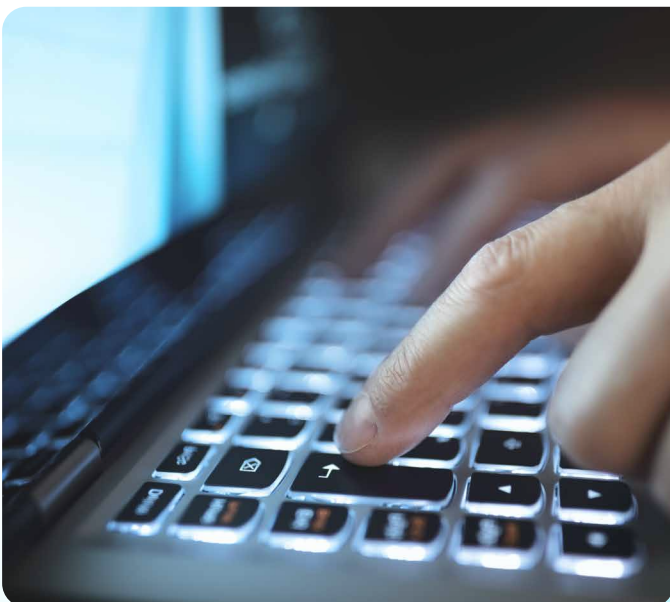
About PDI

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