

Global Best Practices: Customer Facing Technologies Making Impressions

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Objectives: What you will learn

- Review of Innovative Technologies
- Technology that Improve Customer Experience & Profits
- Leveraging Technology to Create Customer Loyalty
- Store of the Future

Speakers



Daniel Lassner
President – Latin American Division
Gilbarco Veeder- Root



Bill Hanifin
Managing Director
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Chris Lybeer
Vice-President
Radiant Systems, Inc.

Moderator



Jeff Murphy
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Merchandising at the pump for improved customer experience and in-store profits

Daniel Lassner

**President, Gilbarco Veeder-Root
Latin America**

A Digital World

- Have you forgotten what a paper ticket looks like?



A Digital World

- Does your street corner look different?



A Digital World

- Have you noticed the change in retail?



A Digital World

- Do you use your phone for Twitter and Facebook more often than making calls?



Digital Media at the Forecourt

- Dispenser screen = prime real estate
 - Use the dispenser screen for digital advertising to capture the captive fueling customer's attention and drive them inside the store or to the car wash.
- Target promotions based on site demographics, season, time of day, etc.
- Then use digital media inside the store to reinforce what the customer sees on the forecourt.



How it Works



The customer starts the fueling process,
and digital advertisements then kick in

How it Works



The customer's attention is drawn to the dispenser screen by rich audio, exciting video, and money-saving offers

How it Works



The customer interacts to view the ads and print the coupons that interest them most

How it Works



Completion of the fuel flow concludes the advertising session for the customer

How it Works

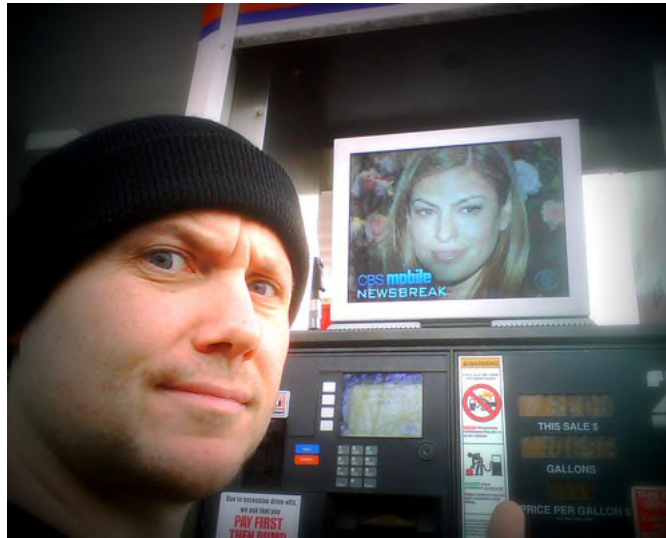


The customer then comes inside the store to purchase high-margin items or visits the car wash

Ads at pump increased in-store sales 10%



Tobacco up 9%
Beverages up 17%
Deli up 21%



Two platform approaches combine...

- “Integrated” vs. “Separated” hardware
- “Interactive” vs. “Broadcast” presentation
- “Local” vs. “National” programming
- “Do-it-yourself” vs. “Third-party” content

Retailers also combine investments



Modular, open technology is key



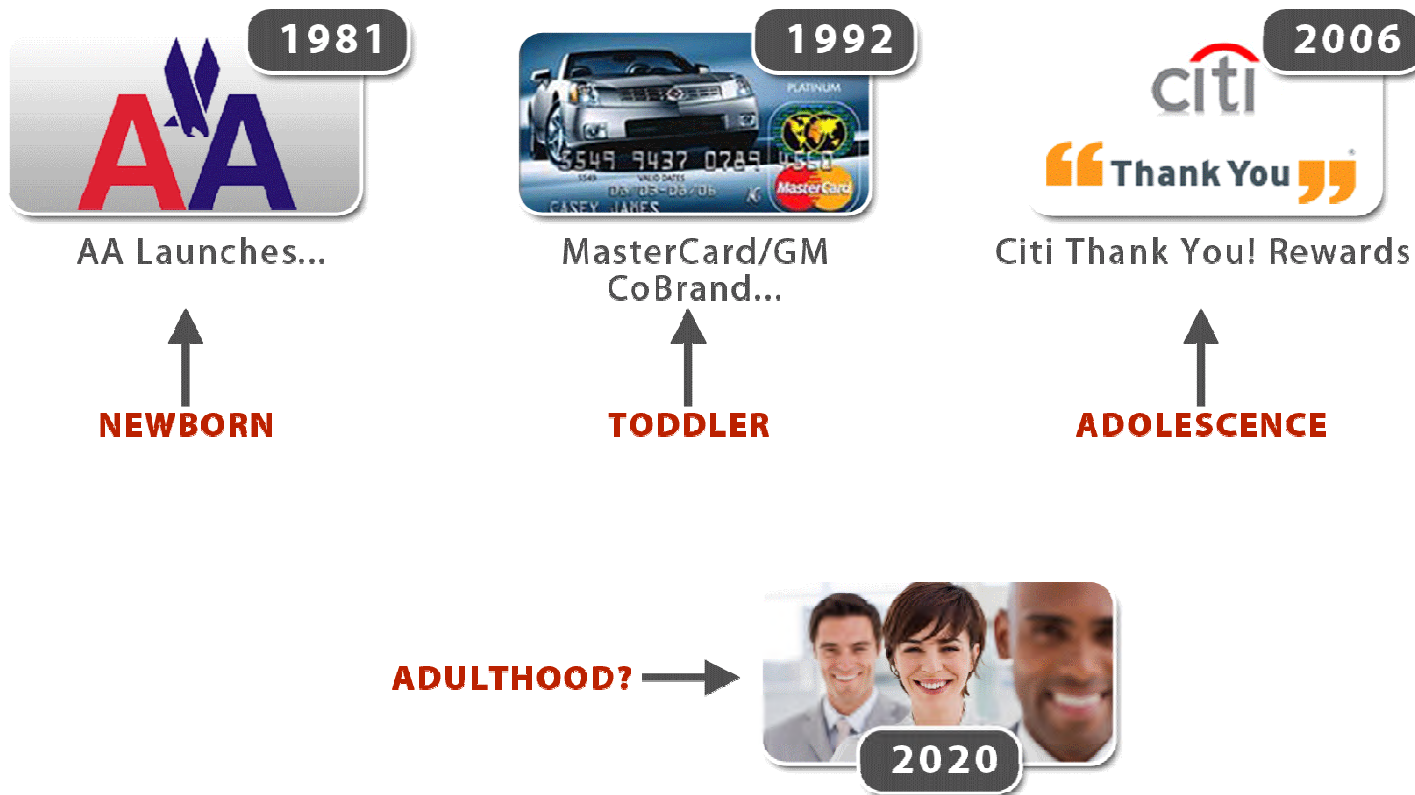
Summary:

- Merchandising at pump increases in-store sales and profits. Audio and coupons ++
- Partnerships will combine the best from existing approaches
- Open, modular platforms help retailers leverage investments to get more value and improve the consumer experience

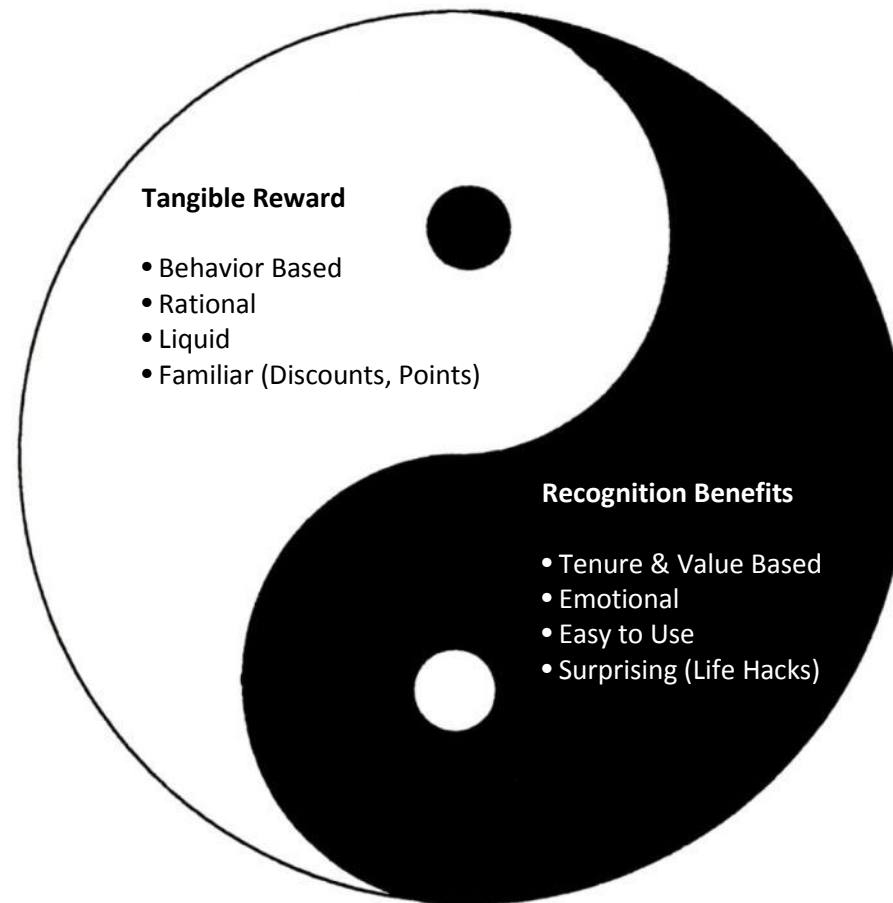
Leveraging Technology to Create Customer Loyalty

Bill Hanifin
President
Hanifin Loyalty LLC

Loyalty is a business between adolescence & adulthood

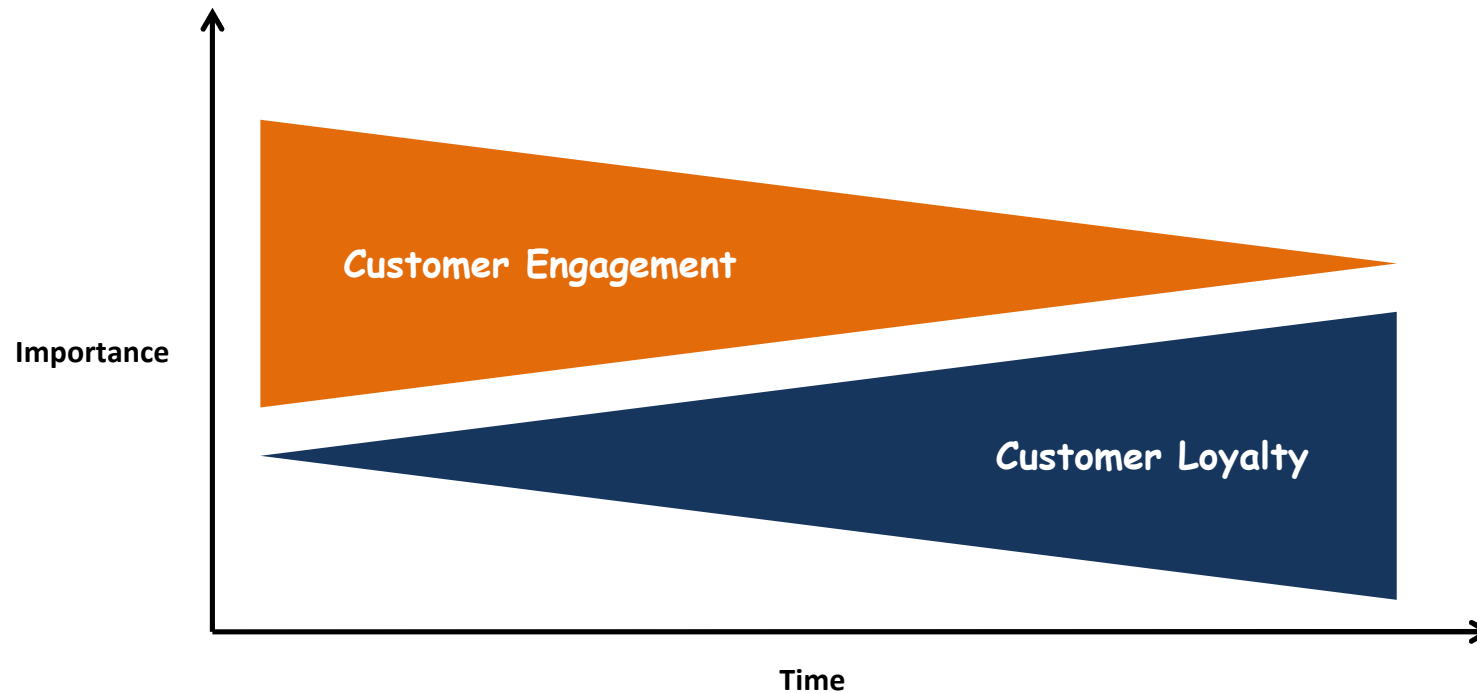


Legacy definition of Loyalty Marketing has driven enrollment, not always participation



The **next generation** of Loyalty needs to focus on Customer Engagement to create profitable behavior change

Customer Engagement is a Requisite for Loyalty



- Investment in Customer Engagement should be front-loaded & will add real-time feedback loops (social media, geo-marketing) to complement traditional channels (DM, email)

U.S. Trends in Convenience Retailing & Rewards

- Fuel as incentive
 - 4 of Top 10 C-Store owners in US have tests in market

- Payment processing innovation
 - Speedy Rewards links rewards card to checking account, creating low cost payment card

- Expanding product lines
 - As C-Stores expand product lines, more opportunities for promotion of rewards including fuel will become available

- Social strategies
 - Location based marketing, social shopping & game based programs will drive consumer participation



Case Study: Kroger & Shell “Fuel Points”

Kroger & Shell launched Fuelpoints in early 2010, now in 16 states

- High potential as 40% of U.S. households have a Kroger loyalty card & more than 80% of population lives within 5 miles of a Shell station

Points earned via purchase of groceries, prescriptions, and Gift Cards

- Earning options accelerated through a co-branded credit card, points have approx. value of 35 bps & expire in month following earning



Rewards & Communication

- Store receipts show points balance & program website is available
- To redeem at pump, consumers follow screen prompts & swipe Kroger Plus Card before dispensing fuel



The Future?

- The grocery / fuel model is being adopted across the industry at such a pace that the offer may be quickly commoditized for consumers
- Redemption process is subject of litigation by process patent holder

Solutions Must Adapt to Meet Country Needs

- Payments Environment
 - Reliability of communications infrastructure
 - Status of migration to EMV (EuroPay, MasterCard, Visa)
- Business Environment
 - Do convenience/gas retailers have full or self-service forecourts?
 - Process Patents in some markets will impact operational choices
- Cultural considerations
 - Are consumers familiar with loyalty offers?
 - Do retailers understand the value proposition & business model?

RSA Case Study: Engen & E-bucks

Engen & ebucks offer the only viable fuel reward in RSA

- Largest fuel retailer in South Africa partners with multi-partner loyalty program led by First National Bank



Regulatory restrictions limited options until recently

- RSA fuel industry does not allow discounts on fuel sales and only lifted ban on credit card fuel purchases due to FIFA World Cup
- RSA is 100% full service over 40,000 pump attendants working 24/7



How can we help you?

Rewards & Communication

- eBucks members can redeem their eBucks for Engen purchases by swiping their eBucks debit card at the pump
- FNB acquiring relationship and integration with Engen pumps makes real-time redemption possible



The Future?

- Engen will be best positioned if governmental restrictions ease further to allow points earning on fuel purchase

UK Case Study: Tesco's ClubCard

Tesco ClubCard is a global benchmark for data-driven customer loyalty

- World's 3rd largest grocer with #1 market share in UK
- Clubcard has over 11 Million active members who earn 1Pt/ £ spent and redeem through cash vouchers on a quarterly basis



Tesco uses fuel as key incentive in ClubCard

- Points earned on fuel at Tesco's branded gas bars
- No discount at the pump reward option is available. Vouchers must be carried inside store and redeemed with cashier

Nectar is key competitor

- BP & department store Sainsbury's are key retail partners
- Nectar card can be swiped at BP POS to redeem for "free" fuel

The Future?

- Adding redemption at POS in Tesco gas bars would close gap to Nectar/BP alliance & further distance Clubcard from competition

The Future of Convenience & Rewards

- Closed loop point-of-sale systems will deliver innovation
 - POS & fuel dispensing systems will enable blending of promotional communications, payment, and real time reward redemption
 - Caveat: blend of strategy, technology, and flawless execution are needed to change purchase behavior
- Mobile & payment cards fill the gap in emerging markets
 - Mobile phones can serve as POS, but have unresolved risks near fuel pumps
 - SMS messages to deliver offers using bar codes will gain traction
- Partnerships & Social schemes will drive results & share cost
 - Club benefit packages funded by participating merchants complement core incentives & enable data collection
 - Social shopping & location based marketing are game changers

In-Store Technology

Chris Lybeer

Vice President, Product Development

Radiant



➤ **90's** ➤ ➤ **00's** ➤ ➤ **10's+** ➤

- Inventory Management
- Receiving Supply Chain
- Integrated Site/Pay at Pump

- High Speed Networks
- Loyalty
- Food/Self Service

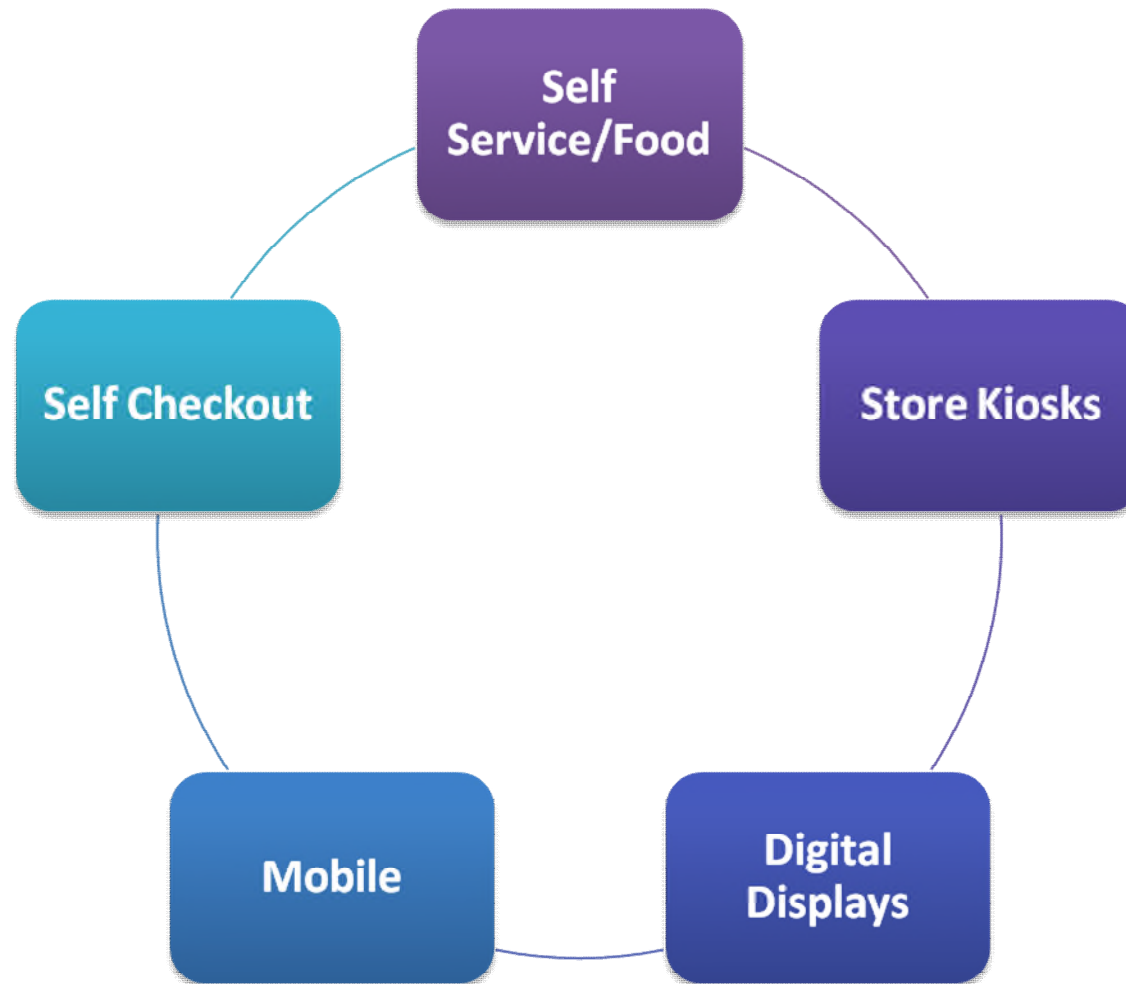
- Mobile
- Digital Displays
- Self Checkout

In Store Innovations Over the Next 5 Years

- Self Service/Food
 - Already in use. Will become more prevalent.
 - Well known technology. Needs more integration with loyalty and customer intimacy.
- Store Kiosks
 - Some in use. How can the C-Store become a destination site for more items?
 - Connected to internet. Can sell almost anything – branded merchandise, movies, lottery, etc...
- Digital Displays
 - Early Stage concept, ROI for solution not fully proven.
 - Narrow field advertising. Studies show promise on uplift for sales of impulse items.
- Mobile.
 - Reaching customers on their smartphones, at site, near site, or away from site.
 - SOON: Marketing, Coupons, Loyalty NEXT: Payment, Orders for Pick Up
 - Likely to eventually displace or reduce implementations of #1-3 above.
 - Likely place for social media integration since ‘real time’ and C-Store is all about real time.
 - Coming extremely fast in other retail industries. Who will lead in C-Stores?
- Self Checkout.
 - Only in very trial stages. C-Store can NOT implement as Grocery Stores have (size, cost, ...).
 - Will a technology breakthrough, or a process breakthrough make the difference?

In Store Innovations Over the Next 5 Years

Where will you focus?



Innovation Summary

- The POS shifts out of being the center of the store operation.
- Consumers have more power and freedom, and come in and out of the store at will, without a structured checkout process.
- Mobile is likely to be the biggest opportunity, and the most disruptive, to driving operational change.
- Connecting with the Customer in an intimate, personal, 1-1 basis to improve service is key.
- Loyal Customers will then be willing to view the site as a purchase destination for all quality goods.

Store of the Past



Store of the Future



Questions?



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