Smartening Up

More c-store operators are using technology to capitalize on consumers' smartphone use

By Brian Berk

More than nine of every 10 Americans now own a cellphone and, even more importantly, 86 percent of them rarely or never turn their phones off, according to a Pew Research study. Hence, it's safe to assume that the majority of existing and potential convenience store shoppers are looking at their phones throughout much of the day, whether they need to or not.

To capitalize on this trend, more convenience store operators are adopting mobile-centric technologies to connect, engage and market to consumers where they are — the goal being to drive more traffic to their stores and ultimately boost sales and profits.

The *Convenience Store News* 2016 Technology

Spending on Technology/Automation

After a banner year of spending in 2014, convenience store chain retailers tightened their purse strings a bit in 2015, returning to levels more on par with 2013. While nearly 94 percent of respondents said they spent on technology last year, the average spent per company declined by $423,000 to $1.45 million, while the median spent per company dropped by $45,500 to $280,000.

	2015	2014
Spent	93.6%	96%
Did not spend	6.4%	4%
Average spent per company	$1,453,300	$1,876,380
Median spent per company	$280,000	$325,500

Source: *Convenience Store News* Market Research, 2016

Technology Investments

Better management of store-level inventory/revenue is the No. 1 area c-store chain retailers expected to spend their technology budgets on this year. This is a change from the previous year, when reducing theft/shrink was the top priority.

	CURRENT	YEAR AGO
Better management of store-level inventory/revenue	55.1%	45.4%
Replace aging POS technology	50.9%	42.9%
Reduce theft/shrink	43.5%	45.8%
Better management of store labor expense	39.4%	37.6%
Speed customer checkout process	39.0%	25.0%
Increase customer payment options	36.8%	38.3%
Social media	35.4%	35.2%
Becoming EMV compliant at the POS	32.4%	n/a
Employee training	31.4%	33.4%
Increase reliability/capacity of bandwidth for data communication	27.6%	37.5%
Becoming EMV compliant at the pump	23.5%	n/a
Integration of systems	20.2%	16.8%
Provide store manager with decision tools	18.5%	25.3%
Implement business intelligence, reporting	17.6%	17.7%
Improve HQ accounting systems	16.4%	15.2%

Source: *Convenience Store News* Market Research, 2016
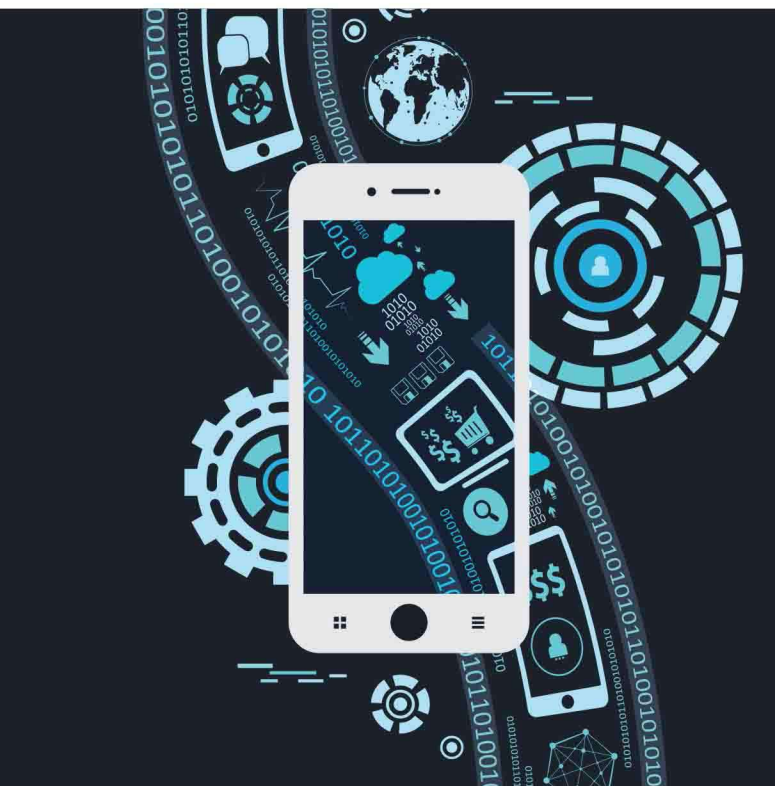
Study found that nearly half of chain c-stores (47 percent) now offer a mobile app, a solid 8 percentage-point increase compared to last year, and a robust 18 percentage-point increase compared to two years ago. In 2014, just 29 percent of c-store operators indicated they were offering a mobile app.

Another way chain c-store retailers are attempting to draw shoppers to their stores is via social media. Of particular interest in this year's study is an apparent shift in the social media networks c-store operators are using to promote their wares. Not surprisingly, Facebook is still No. 1, with nearly all chain retailers

Loyalty Programs

After a long period of growth, the number of c-store chain operators offering a loyalty program leveled off this year, declining by one percentage point to 61.2 percent. The research shows fewer point/reward-based programs are being offered; however, the introduction of loyalty programs with credit card or other payment options is on the rise.

CURRENT / YEAR AGO
DOES YOUR COMPANY OFFER A LOYALTY PROGRAM?

Yes / No

Current: 38.8% No, 61.2% Yes
Year ago: 37.6% No, 62.4% Yes

DESCRIPTION OF LOYALTY PROGRAM
Point/reward-based / Credit card/payment option / Both

Current: 22.8% Both, 5.9%, 71.3%
Year ago: 16.7%, 83.3%

TYPE OF LOYALTY PROGRAM
Proprietary / Tied to a major oil brand / Both

Current: 22.4% Both, 42.8% Proprietary, 34.9%
Year ago: 33.3%, 33.3%, 33.3%

Source: *Convenience Store News* Market Research, 2016

Promotional/ Sales Technology
(percent of chains using each)

Ninety-two percent of those surveyed are investing in promotional/sales technology, with video monitors being the big winner. Text messaging to customers and merchandise ordering at the pump also exhibited strong year-over-year growth.

	CURRENT	YEAR AGO
Any promotional sales/technology (net)	91.9%	88.2%
IN STORE:		
Social media	59.1%	52.9%
Video monitors	58.3%	47.1%
Mobile apps	47.2%	33.2%
Automated loyalty programs	45.0%	46.5%
GPS/geolocation	40.0%	23.5%
Text messaging to customers	39.4%	35.3%
Email marketing	36.1%	28.7%
AT PUMP:		
Video monitors	40.6%	33.3%
Advertising/couponing	31.0%	31.6%
Merchandise ordering	7.5%	1.9%

Source: *Convenience Store News* Market Research, 2016

Social Media
(percent of chains using)

Facebook continues to be the mostly widely used social media channel among c-store operators, followed by Twitter. Other social media sites to see a boost in usage by industry players are Instagram, Pinterest, Google Plus, and Tumblr.
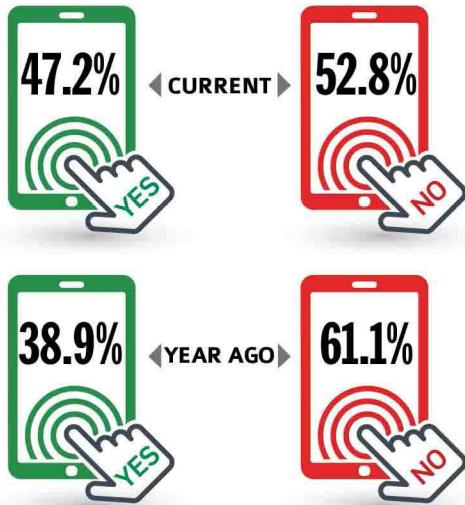
	CURRENT	YEAR AGO
Facebook	98.6%	97.1%
Twitter	68.7%	70.9%
Instagram	34.5%	14.5%
Foursquare	19.1%	29.2%
Pinterest	12.2%	6.2%
Google Plus	6.0%	3.0%
Tumblr	5.9%	2.8%

Base: Respondents who use social media in marketing plans
Source: *Convenience Store News* Market Research, 2016

Mobile Apps

Nearly one half of c-store chain retailers now offer a mobile app. This number continues to rise significantly year over year, increasing by 8 percentage points compared to 2015 and by 18 percentage points vs. 2014. Aside from store location services, fuel prices and coupons are the most popular features of these apps.

DOES YOUR COMPANY HAVE A MOBILE APP FOR CONSUMERS?

47.2% ◄ CURRENT ► 52.8%
YES — NO

38.9% ◄ YEAR AGO ► 61.1%
YES — NO

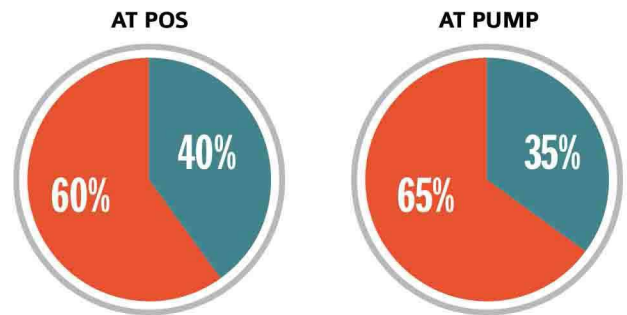Source: *Convenience Store News* Market Research, 2016

EMV Compliance

Despite the EMV liability shift deadline at the point-of-sale (POS) passing more than one year ago, only 40 percent of c-store chains are currently EMV compliant. The remaining 60 percent said they have at least begun the process. At the pump, where the liability shift deadline will take place Oct. 1, 2017, about one-third of c-store retailers are compliant already.

IS YOUR COMPANY EMV COMPLIANT?

■ Yes   ■ No, but we have started the process

AT POS
40%
60%

AT PUMP
35%
65%

Source: *Convenience Store News* Market Research, 2016

(98.6 percent) using this avenue. However, Instagram saw the biggest year-over-year jump and is now used by approximately one-third of c-store chains.

EMV INVESTMENTS

EMV has grabbed the attention of many c-store operators and continues to garner headlines. Although not a requirement, credit card purveyors recommended all retailers upgrade their point-of-sale (POS) equipment to be compliant with EMV — an acronym for Europay, MasterCard and Visa, the three companies that originally created the security standard — by Oct. 1, 2015 to avoid being held financially responsible for potential fraud.

Two in every five c-store operators are currently EMV compliant at the POS, according to this year's Technology Study findings. In addition, one-third of respondents indicated they plan to invest to become EMV compliant at the POS within the next year.

C-store chain retailers now face another looming liability shift deadline on Oct. 1, 2017, when they are recommended to make EMV upgrades on the forecourt. Thirty-five percent of respondents say they have

already made the necessary upgrades to their automated fuel dispensers. And nearly one-quarter of those surveyed (23.5 percent) intend to spend to upgrade their fuel dispensers to become EMV compliant within the next year.

GETTING PUMPED

One other key takeaway from this year's *CSNews* Technology Study is that the use of technology is becoming more and more prevalent at the fuel pump. Although still small in number, at-pump merchandise ordering took a more than threefold leap in just the past year. More than 7 percent of survey respondents now offer this service, compared to just 2 percent a year ago.

Installation of video monitors at the pump, providing entertainment and marketing opportunities, also saw a healthy rise year over year, increasing from 33 percent in 2015 to 40 percent this year.

C-store chain operators are placing an emphasis on rolling out pay-at-the-pump technology, too. Ninety-four percent of those surveyed now offer this service, vs. 89 percent one year ago. **CSN**