

# Marketing to Today's Mobile Consumer

Convenience stores and other small-format retailers are leading the way in mobile marketing

By Renée M. Covino

Convenience stores are scoring more in-store impulse purchases by hitting customers right in their back pockets, or wherever they keep their smartphone. It makes sense that on-the-go consumers respond to on-the-go incentives, and that is why forward-moving convenience stores are going mobile — with marketing technology, that is.

Last year proved to be a “blockbuster year” for the mobile offer industry, with small-format retailers (including convenience stores) out in front. Mobile offers are more popular than ever, with 104 million mobile coupon offers in the United States alone, according to Koupon Media’s third-annual *State of Mobile Offers* report, released this January.

Highlights of the report include:

**Cross-Channel Distribution Drives Success.** The number of digital channels used to deliver an offer has an exponential impact on its success. Campaigns that use as many as seven or more channels (local search engines, third-party mobile apps, proprietary mobile apps, various social media, various online reviews/ratings, etc.) see an average of more than 200 million offer views.

**Connected Cars Are Driving New Engagement Opportunities.** The connected car services market is expected to reach \$150 billion by 2030, creating new opportunities to reach

consumers on-the-go. In 2017, Koupon Media forecasts that they will deliver three times more connected car campaigns than the company did in 2016.

**Small-Format Retailers Are Outpacing Larger Retailers in the Mobile Offer Industry.** In 2015, small-format retail categories — drug, dollar and convenience stores — outgrew larger-format stores, such as Target and Walmart, by almost 400 percent.

Bill Ogle, CEO of Dallas-based Koupon Media — which, in addition to conducting mobile offer research, provides mobile content for more than 29,000 small-format stores — has a theory as to why c-stores and others in the small-format space are growing, and will continue to grow, much faster with mobile marketing than larger-format stores. It basically boils down to e-commerce delivery, he told *Convenience Store News*.

Because of the popularity of grocery stores with delivery, online specialty retailers, and even online food delivery from restaurants, “the number of physical stores for the larger-format chains is slowing dramatically vs. the growth rate for small formats,” Ogle said. “Also, consumers are going to pre-plan something like a big-screen TV purchase; they typically research it, then buy online. But in convenience stores with impulse items, they will just pick up what they need and go.”

## THE MILLENNIAL FACTOR

The convenience channel is becoming a more attractive retail channel to millennials and young adults, especially if the channel incorporates mobile offers.

“Convenience is so important to these folks, and they like the fact that they really don’t have to do anything to get an offer for a convenient food item, for example, in a store that’s convenient. The offer is made and stored on their phone, it’s scanned from the phone, and they can come back out, eating the item as their gas is finishing [pumping],” Ogle explained.

It’s important to note convenience retailers don’t



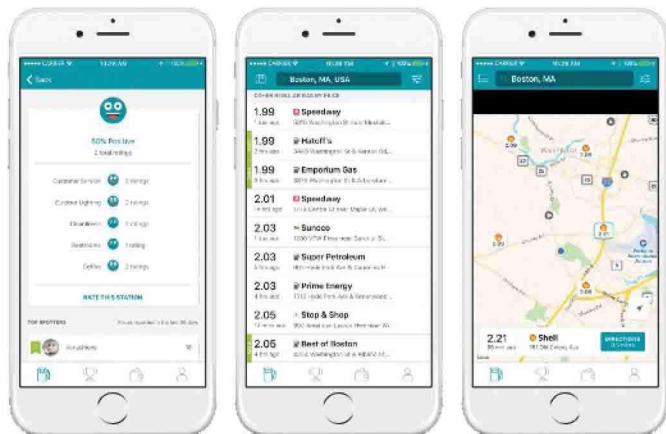
necessarily have to have their own mobile app to reach consumers with in-store impulse offers. “Most times, only about 5 percent of customers will download a store’s app due to their phone being cluttered. So, mobile marketing for c-stores often includes more SMS texting programs and email blasts,” relayed Ogle.

C-stores shouldn’t limit themselves to either store-brand-only or national-brand-only mobile offers, but rather incorporate both, he advised, recognizing that private-label coffee and roller grill offers, as well as Mountain Dew and Hershey offers, for example, are equally important — sometimes with the same customer.

While Koupon Media does not have an app of its own, per se, the mobile content provider is aligned with one in the fuel realm: the GasBuddy app. This past October, Koupon Media teamed up with the company behind one of the most popular ways c-store consumers find the cheapest gas prices in town.

Just prior to the Koupon Media partnership, GasBuddy underwent an overhaul that ushered in a new brand, logo, and mobile app changes intended to connect consumers with retailers beyond just gas prices. The new GasBuddy app provides ratings of gas stations and convenience stores, similar to Yelp, along with updated games and challenges.

“GasBuddies are very vocal about their customer experience at fuel stations and c-stores, and they want to tell other GasBuddies what they care about and what is most valuable for fellow consumers to know,” said Amina Altaf, director of product marketing for GasBuddy. “To cultivate this information, for the benefit of both consumers and c-store owners, GasBuddy implemented an online ratings and reviews system that specifically touches on the industry-specific categories we’ve determined our users care about most, from customer

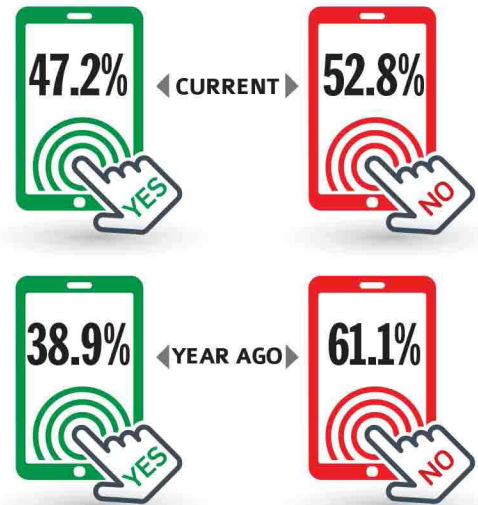


The new GasBuddy app provides ratings of convenience stores and gas stations on attributes such as customer service, cleanliness and coffee quality.

## Mobile App Adoption

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?



Source: Convenience Store News Market Research, 2016

service to cleanliness to the quality of their coffee.”

Clearly, it’s not just about fuel anymore for on-the-go convenience store consumers, who now include millennials, commuters and soccer moms; and who, according to Altaf, utilize mobile marketing cues from apps like GasBuddy more and more.

“C-store retailers can leverage the redesigned GasBuddy app to promote their products and services through special offers or challenges to customers who are seeking more convenient, local shopping experiences,” stated Altaf.

United Refining Co., operator of the Kwik Fill, Red Apple and Country Fair convenience store chains, is one retailer that’s signed on with Koupon Media to deliver mobile offers to its customers, tying in Kwik Fill’s loyalty program. The retailer’s mobile offer program is delivering personalized and targeted incentives to Kwik Fill customers, intended to ultimately increase in-store purchases and link loyalty back to its rewards program.

### APP DATA & MORE

The CSNews 2016 Technology Study found that nearly half of chain c-stores, or 47 percent, now offer a mobile app, a solid 8-percentage-point increase over

the prior year, and an even more robust 18-percentage-point increase compared to 2014, when just 29 percent of c-store operators indicated they were offering a mobile app.

However, another way chain convenience stores are attempting to draw shoppers to their stores is via social media, and the study showed an apparent shift in the social media networks c-store operators are using to promote. It's probably no surprise that Facebook was still No. 1, with nearly all chains (98.6 percent) using this avenue. Yet, Instagram saw the biggest year-over-year jump and is reportedly being used by approximately one-third of c-store chains.

Another study backs up the social media findings across retail channels — according to the annual *State of Retailing Online 2016: Marketing and Merchandising* report conducted by the National Retail Federation (NRF) and Forrester, 92 percent of retailers are investing in social media marketing to some degree this year, second only to email (94 percent).

“Retailers are not only increasing their social media budgets, but they are looking at new ways to update their online content and stay on top of new trends to continue to grow their customer acquisition online and in-store,” said NRF Senior Vice President Vicki Cantrell.

Other topline mobile-marketing findings from the latest *CSNews Technology Study* were:

- Aside from store location services, fuel prices and coupons are the most popular features of convenience store mobile apps.
- 92 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.

Local search engine optimization (SEO) is another part of the mobile marketing mix for c-stores. The goal of SEO is to put businesses in front of local searchers before they make a purchase, at the very moment they are compelled to make a decision.

Local SEO increases search visibility and ultimately drives motivated buyers into stores, according to Thomas Stern, senior vice president for ZOG Digital, an independent digital marketing company based in Scottsdale, Ariz.

Data released by Telmetrics found that 90 percent

of mobile searchers looking for either gas stations or convenience stores online converted into sales. Sixty-six percent of those local searchers said they wanted to buy something locally within an hour.

### THE GOLDEN AGE?

Mobile technology and mobile marketing are making way for the golden age of convenience stores, according to industry experts. The channel continues to push boundaries with local search engines, online reviews and ratings, third-party mobile apps, proprietary mobile apps, and social media.

Matching up physical stores with digital technology is where it's at, observed Cosmas Wong, CEO of New York-based Grey Jean Technologies and advisor for technology startups. “C-stores need to carefully consider how they can better leverage technology to deliver the experience customers want.”

Convenience stores have a “tremendous opportunity to leverage new technology” in the mobile marketing space, echoed Curtis Tingle, chief marketing officer at Valassis, an intelligent media delivery provider based in Livonia, Mich.

As they move forward, “the key challenge for c-stores will be to identify consumers who are open to shopping their stores — within close proximity — and reaching them on-the-go to make them aware of the new offerings and great value they bring for meal solutions,” Tingle said.

Embracing technology such as mobile apps is part of how c-stores are shaping their future by remaining sharply competitive, added Mark Hardy, CEO of Chicago-based InContext Solutions, a virtual reality solutions provider for retailers like 7-Eleven and Walgreens. “Omnichannel shopping is quickly becoming the new norm, and the sooner c-stores adopt new technologies, the faster they can cater to the latest consumer trend,” Hardy stated.

It all boils down to convenience store operators being smarter about utilizing smartphones as the way to virtually tap customers on the shoulder.

“Since smartphones and social networking exploded into the mainstream, customers have had access to information at their fingertips 24/7. They are increasingly using their mobile phones and search engines, in particular, to find information on local businesses. For c-stores, the original hyperlocal retailer, this holds great promise and presents a great opportunity to get their brands in front of a captive audience,” GasBuddy's Altaf concluded. **CSN**

