

INVESTING IN THE FUTURE

Our 2018 Technology Study shows self-checkout and biometric payment are on convenience retailer agendas this year By Chelsea Regan

WITH TECHNOLOGY TOUCHING nearly every aspect of convenience retailing these days, investing in more advanced technologies as a means to bolster one's business is a no-brainer.

Convenience Store News' 2018 Technology Study finds that convenience store retailers are once again committed this year to spending more money on technology to better serve their customers and their bottom line. Nearly 62 percent of retailers surveyed planned to make a greater investment in 2018, compared to 2017. Roughly 28 percent expected to spend the same, while just around 10 percent

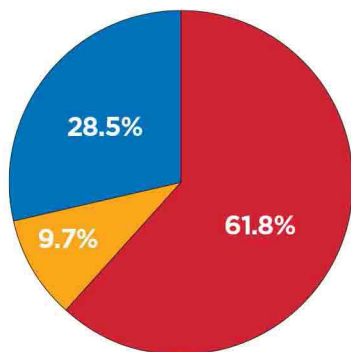
predicted less money would go toward tech this year.

The five goals c-store retailers have top-of-mind to accomplish in 2018 remain unchanged from 2017. Topping the list is better management at the store level in terms of inventory and revenue, followed by replacing aging point-of-sale (POS) systems, reducing theft and shrink, speeding up the customer checkout process, and better management of store labor expenses.

The biggest jump in the rankings this year was seen in becoming EMV compliant at the pump — rising four spots from No. 12 in importance in 2017 to No. 8 in importance this year.

2018 Technology Investment

■ Company will spend more in 2018
 ■ Company will spend less in 2018
 ■ Company will spend same amount



Source: Convenience Store News Market Research

On the other hand, respondents seem less concerned about getting electronic car charging stations at their sites, with only 6.8 percent looking to tackle that enhancement this year, down from 13.3 percent in 2017.

When asked where they allocated their technology dollars in the past year, 93.5 percent of retailers indicated they spent in the automation space, a slight increase over the previous year.

Also continuing its stable trend as of late is how retailers are spending considerably more money on store-level technology than they are on technology for their headquarters. In the past year, 68.8 percent of retailers' technology investment went to bolstering technology at their stores, while 31.2 percent was set aside for HQ operations.

As c-store retailers are constantly thinking about how to most efficiently spend money on technological improvements at their stores, they're also thinking about how their customers can most efficiently spend their money with them when they shop. That's why 47.7 percent of survey respondents said they want to replace their POS system this year.

Perhaps more interesting than what retailers have implemented to date is what they plan to add in the near future — specifically, self-checkout and biometric payment technology. This eagerness to provide a frictionless checkout experience comes on the heels of e-retailing monolith Amazon ushering its cashierless Amazon Go store with "just walk out" technology into the mainstream.

Promotional/Sales Technology

	IMPLEMENTED	PLAN TO ADD
Any promotional sales/technology (net)	82.4%	61.2%
Social media	68.9%	12.6%
Video monitors in-store	63.4%	24.0%
Automated loyalty programs	53.6%	25.2%
Mobile apps	52.9%	24.5%
GPS/geolocation	44.6%	28.4%
Email marketing	43.7%	26.0%
Text messaging to customers	42.6%	36.2%

Source: Convenience Store News Market Research



Only 8.4 percent of respondents say they've already added the convenience of a self-checkout solution to their stores, but a whopping 48.3 percent plan to add this convenience in the near future. As for biometric payment technology, 51 percent of respondents have their sights set on adding the capability; something that only 6.6 percent of c-store retailers currently provide.

At the pump, retailers' priorities differ slightly. Top of mind is boosting acceptance of various mobile payment options (cited by 38.5 percent of respondents) and imple-

menting cash acceptors (38.5 percent). Inside the store, mobile payment of the likes of Apple Pay and Google Pay has been implemented by 41.6 percent of retailers.

Marketing Moves

At an increasing pace, c-store retailers are turning to technology to enhance their marketing and promotions and ultimately improve their sales. Over the years, they've funneled resources into social media (68.9 percent currently using), in-store video monitors (63.4 percent using), automated loyalty programs (53.6 percent), mobile apps (52.9 percent), GPS and geolocation technologies (44.6 percent) and email marketing (43.7 percent).

Text messaging customers through SMS technology is something that 42.6 percent of retailers already provide, but it's also the capability that the highest percentage of retailers (36.2 percent) indicate they are planning to add in the near future.

There are also marketing technology dollars to be spent at the pump, where retailers are eager to convert fuel-only customers to fuel-plus customers. More than 46 percent have video monitors at the pump, with 27.6 percent planning to implement the technology. And 31.7 percent of retailers want to join the 38.3 percent who have advertising and couponing at the pump.

The next wave of marketing technology implementation is likely to see more retailers looking to catch up to the 3.3 percent who already enable merchandise ordering at the pump, as 35.5 percent of respondents indicate they plan to follow suit.

With social media claiming the top spot in terms of the percentage of retailers utilizing the platforms in service of their sales and marketing goals, this year's *CSNews Technology Study* delves deeper into how that usage breaks down.

Of the 76 percent of survey respondents who currently incorporate social media into their marketing plans, 100 percent are on Facebook. Twitter remains firmly in the No. 2 spot, with 66.3 percent of surveyed retailers having accounts on the platform.

Compared to a year ago, it's Instagram that has seen the greatest boost in retailer usage, jumping from 40.2 percent up to 54.6 percent of retailers using the platform. On the flip side, enthusiasm appears to be waning for Pinterest (down to 10.4 percent using vs. 18.6 percent last year) and Foursquare (down to 8.8 percent using vs. 15.8 percent in 2017).

What are c-store retailers using social networks to get the word out about?

Ninety-two percent are utilizing them for promotions, followed by events (83.3 percent) and contests (72.5 percent). While new products featured more prominently in retailers' social media strategies a year ago, fewer are

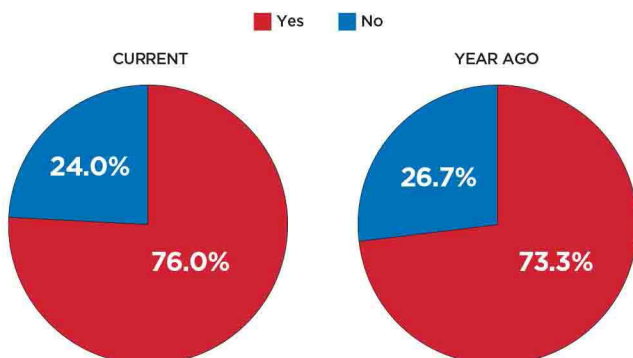
Payment Systems

	IMPLEMENTED	PLAN TO ADD
IN-STORE:		
Credit/debit	100.0%	0.0%
Prepaid/stored value card	74.2%	15.6%
Electronic benefits transfer (EBT)	68.3%	21.4%
Electronic check verification	56.7%	21.9%
Mobile payment (Apple Pay, Google Pay, etc.)	41.6%	26.5%
RFID	24.6%	23.0%
Self-checkout	8.4%	48.3%
Biometric payment technology	6.6%	51.0%
AT PUMP:		
Credit	95.7%	0.9%
Prepaid/stored value card	50.9%	18.9%
Mobile payment	35.9%	38.5%
Partial debit authorization	44.2%	22.8%
RFID	10.3%	9.3%
Cash acceptors	18.7%	38.5%

Source: Convenience Store News Market Research

Social Media

Have you incorporated social media into your company's marketing plans?



Source: Convenience Store News Market Research

using the platforms for that today (43.5 percent vs. 66.7 percent last year). Polling consumers, daily specials and purchase history summary also rank.

Loyalty Technology

At the time the 2018 CSNews Technology Study was conducted, 54.4 percent of responding retailers said they offered a loyalty program — which, interestingly, is down roughly 3 points from last year. Of these retailers, 64.3 percent have a points- or rewards-based program, 7.1 percent have a credit card or other payment option, while 28.6 percent provide both for their customers.

Most retailers' loyalty programs are proprietary (48.3 percent), whereas 30.8 percent opt to tie their program to a major oil brand and 20.9 percent take advantage of both options.

Along with engaging shoppers through loyalty programs, many retailers are looking to cement that connection through mobile apps. Currently, 46.2 percent have a mobile app for consumers — up roughly five points over last year.

All surveyed retailers' mobile apps provide the basic function of a store locator. And over the past year, most other popular mobile app features have held steady in their percentages: fuel prices (62.9 percent have), coupons (61.7 percent), limited-time specials (54.1 percent), customer feedback (53 percent) and loyalty program tie-in (49.7 percent).

The biggest movement in terms of mobile-app features goes to games. While sitting lower on the list at 27.5 percent, that's up from 18.2 percent a year ago. Other app features tracking with respondents are made-to-order foodservice, online ordering, pump pre-pay and self-check-out, which as aforementioned is gaining considerable steam in the c-store space.

EMV & Beyond

No report on technology in the convenience and fuel retailing industry would be complete without the mention of EMV compliance, both in-store and at the forecourt.

Compared to a year ago, EMV compliance at the point-of-sale is up by nearly 10 points, climbing from 67.7 percent compliant to 76.4 percent. Only 7.1 percent of responding retailers say they've yet to start the process of becoming EMV compliant at the POS.

At the pump, significantly fewer retailers have reached complete EMV compliance (27.6 percent have). However, most retailers have at least started the process of becoming compliant here (56 percent) vs. only 16 percent that have yet to begin tackling it.

Looking ahead, technology is poised to become an even more central part of doing business in the c-store and fuel retailing space. From the role it plays in security, to the increasing opportunities it presents to up the "convenience" factor in the retail segment that bears its name, technology advances are both an imperative and a way to separate from the competition. **CSN**

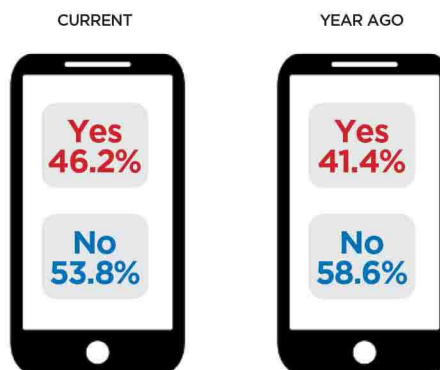
Loyalty Programs

	CURRENT	YEAR AGO
Does your company offer a loyalty program?		
Yes	54.4%	57.3%
No	45.6%	42.7%
Description of loyalty program		
Point/reward-based	64.3%	66.9%
Credit card/payment option	7.1%	6.1%
Both	28.6%	27.0%
Type of loyalty program		
Proprietary	48.3%	48.3%
Tied to a major oil brand	30.8%	26.9%
Both	20.9%	24.8%

Source: Convenience Store News Market Research

Mobile Apps

Does your company have a mobile app for consumers?



Source: Convenience Store News Market Research

Mobile App Features

	CURRENT	YEAR AGO
Store locator	100.0%	100.0%
Fuel prices	62.9%	58.8%
Coupons	61.7%	57.6%
Limited-time specials	54.1%	54.5%
Customer feedback	53.0%	53.4%
Loyalty program tie-in	49.7%	52.3%
Games	27.5%	18.2%

Source: Convenience Store News Market Research

EMV Compliance

	CURRENT	YEAR AGO
Is your company EMV-compliant at the POS?		
Yes	76.4%	67.7%
No, but we have started the process	16.5%	19.4%
No, and we have not started yet	7.1%	12.9%
Is your company EMV-compliant at the pump?		
Yes	27.6%	31.8%
No, but we have started the process	56.0%	42.8%
No, and we have not started yet	16.4%	25.4%

Source: Convenience Store News Market Research