

# Circle K Optimizes Fuel Price Management with KSS Fuels

Circle K was founded in 1951 by Fred Hervey when he purchased 3 Kay's Food Stores in El Paso, Texas. Little did anyone know that these stores would serve as the beginning of Circle K – one of the nation's leading convenience store chains. During the next few decades, Circle K grew through acquisitions in the United States, Mexico, China, Hong Kong, Macau, Vietnam, Indonesia and Guam.

## Challenge: Centralize pricing across the full network of stores

For more than 50 years, Circle K has been one of North America's most popular and successful convenience store operators. Today, there are more than 3,000 Circle K stores across the United States and more than 4,000 international locations, making it the second largest convenience store chain in the U.S. based on store count.

The company's mission has always been to provide the best and most convenient place to shop and work. Their stores are known around the world for offering busy consumers a wide variety of quality products and services in a fast, friendly and clean environment. From its award-winning brands like ThirstBuster® fountain drinks and Freshest Coffee Going® beverages to the quality of fuels offered, Circle K has maintained a commitment to excellence.

In 2005, the Phoenix-based company decided to focus that commitment to its fuel pricing management and boost that side of its operations.

Circle K was operating its fuel price management in a decentralized format, with each location independently researching local competition and enacting pricing decisions.

"We were used to decentralized fuel price management and had several manual processes in place to survey, set and communicate prices," said Greg Pence, Director of Fuels at Circle K. "However, we saw the need to streamline those process in a centralized fashion, and we were interested in a fuel price optimization tool to complement an ongoing in-store price optimization project."

After searching industry vendors, Circle K decided to conduct a 35-store beta test of PriceNet fuel price management solution.



## Case Study Profile

- **Industry** - Convenience Retail
- **Headquarters** - Phoenix, AZ /  
Columbus, IN
- **Founded** - 1951
- **Number of sites** - 3,000+ (US)
- **Number of Employees** - 46,000+
- **Revenue** - \$700+ million
- **Website** - [www.circlek.com](http://www.circlek.com)

## Product

- **PriceNet**

## ROI

- **Centralized pricing**
- **Quicker response times**
- **Process efficiency**
- **Improved survey reporting**
- **Compliance measurements**



### **Solution: Pricing with science**

“When we saw the PriceNet demonstration, we were impressed and wanted to see firsthand how it could help us optimize fuel prices and automate our pricing processes,” said Pence. “We thought the system had a very intuitive and user-friendly interface, and the knowledge and science behind the software seemed much more advanced than the competition.”

Circle K management deemed the beta test successful, and the business relationship evolved in 2006 into a full rollout of PriceNet across Circle K stores. Today, the system is installed in more than 2,300 locations across the United States.

PriceNet is a comprehensive pricing solution that supports the key tasks and stakeholders involved in retail fuels pricing, from capturing field-based intelligence at the site level to the generation of price proposals, via comprehensive pricing rules or price optimization, to consistent and timely implementation.

High levels of automation and an ‘exception-based’ approach ensure a rapid response to competitors and market conditions and allow pricing analysts to leverage the power of pricing analytics.

### **Result: Improved operations**

Despite some initial internal challenges while adapting to an automated system, Circle K has seen positive results to-date.

“Since we were culturally accustomed to a decentralized process, we had to make some significant internal changes to help enhance the centralized, automated capabilities that PriceNet brings to the table,” said Pence. “The KSS Fuels team was a great resource during this transition.” That transition helped Circle K realize the benefits of an optimized fuel price management system.

“As a company, we now require fewer resources to manage large numbers of pricing decisions,” said Pence. “The centralized process limits involvement of field operations teams, which helps us reduce costs. We also have better visibility of pricing surveys and execution in volatile markets, and we can easily measure against compliance objectives on a routine basis. PriceNet has been a very useful and productive tool for our fuel pricing operations.”