

FUEL-STORE LINK

OVERVIEW

KSS Fuels has developed a unique approach that allows fuel retailers to improve profitability beyond current performance. The Fuel-Store Link consultancy program quantifies the trade-off between store and fuel performance in terms of both profit and volume - a unique fingerprint for each site. By combining this into a network-wide improvement program, KSS Fuels clients are able to pinpoint the best strategy for each site and thereby maximize the network profitability in line with business unit strategic objectives.

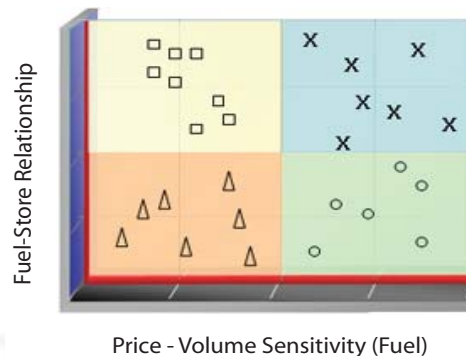
For the first time, Fuel-Store Link quantifies these critical relationships in an actionable improvement framework. Key operating questions can be addressed such as:

- What is the best fuel price to optimize total site profit, including store?
- How can I generate increased network profit without sacrificing fuel volume?
- How can I grow store volumes without sacrificing overall profit?
- Which are the major categories that will benefit from increased fuel sales?

It is likely you already have all the data needed to extract valuable insights into overall site performance that could equip you to generate incremental sales and profits.

SERVICE DESCRIPTION

KSS Consulting will first construct analytical models, using your data, to establish the strength of relationship between fuel volumes, store traffic and sales for each of your sites. We will then analyze fuel price-volume sensitivity, by site. Segmentation analysis will place each of your sites into quadrants as shown in the example below.



Using these hard facts and the quadrant analysis we will work with you to evolve the way in which you allocate fuel volume targets and manage fuel pricing tactics, by site, consistent with your corporate goals for overall site performance (for example increase sales revenues, grow site profitability, increase fuel margins while minimising the impact on the store etc). The last step is to consider how fuel and store performance are monitored and the nature and timing of any corrective action that may be required.

BENEFITS

- Unique insight into fuel-store dynamics – by site and store category
- Incremental store sales resulting from increased footfall in the store
- Identify sites where fuel margin-driven tactics can be applied without impacting store performance
- Integrate fuel-store effects into store pricing, promotion and merchandising decisions
- Optimally balance overall basket spend (fuel + store) for every site

DELIVERABLES

1. Quantification of linkage between fuel sales, store traffic and sales by site
2. Segmentation (quadrant) analysis ranking your sites based on fuel price sensitivity and fuel-store relationship strength
3. Analysis of site factors that drive fuel-store relationship – how to move sites between quadrants
4. Optimized allocation of fuel volume plans, by site
5. Quantification of category sales' response to variations in fuel volume
6. Recommended adjustments to fuel pricing tactics for overall site gain
7. Guidelines for store merchandisers on how to benefit from increased traffic
8. Change management process recommendations for managing overall site metrics and performance

ABOUT KSS CONSULTING

KSS Consulting offers a range of services aimed at helping fuels wholesalers and retailers extract maximum value from their pricing strategies and processes. Our consultants combine a proven framework for assessing pricing practices with fuels pricing knowledge and practical experience gained from helping organizations in diverse markets. KSS Consulting is uniquely positioned to help you identify specific opportunities to enhance strategy, business process, team structure and performance monitoring. For more information visit the dedicated section of the main KSS Fuels website at www.kssfuels.com.

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