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February 2008

Technologies To Watch: Google And VoIP

By CSD Staff

Retailers embracing cutting-edge retail solutions are winning the battle to maximize profitability

Two of the most impressive technologies on display at last November's NACS Show promise to enhance the convenience value proposition for customers and storeowners alike.

The first of these comes to the marketplace courtesy of a strategic partnership between Gilbarco Veeder-Root and Google. It will allow customers fueling their vehicles at stations using Gilbarco's Encore pumps with Applause media systems to view maps and get directions right on the pump screens along with searching Google's local business listings to find the closest restaurants or other establishments. The system also allows users to print out the information they need, such as money-saving coupons.

The second technology, voice over Internet protocol (VoIP) phone service has been around for a couple of years, but it has now moved from the early adopter stage into the mainstream, that includes retail stores.

The Google system, which is not yet available in the field, but due in a couple of months, will use a live Internet connection that guarantees all information is provided in real time. The live connectivity upgrades will require some infrastructure, including an on-site server with a very small footprint, and additional software for the Google piece.

Gilbarco reps say that color screens, which have a projected cost for c-store owners between \$3,000 to \$5,000 per pump, will provide the best return on investment. Retailers will be able to customize screens to answer common consumers' questions, such as queries for directions to nearby attractions.

Media System Drives In-Store Sales

Chains already using the Applause media system the Google software requires said it is boosting profits by driving fuel customers into the convenience store.

Delta Sonic Car Wash, which bought 12 Encore pumps for its new North Syracuse, N.Y. location, initially ran a free coffee promotion at the pumps to help jumpstart its hot beverage program, said company marketing director Kim Canna.

Delta's in-store sales, including car wash services, increased 12% and forecourt sales rose by 37% during the two-week-long promotion. Consumer count grew by 28%, active promotional views at the pump by 32% and customers printed out 65% during the same time frame compared to the two weeks before the promotion.

Even more impressive, when Delta stopped offering the free coupon, coffee and food sales have both continued to increase, Canna said.

Sales Growth Continues After Promotion

Two weeks after the promotional program ended both in-store and forecourt sales had risen another 6% and promotional views, while coupon printing continued to rise. A month after the promotion ended in-store lift was up 58% and forecourt sales had risen 70%, sustained increases that convinced the company to roll out the program at all locations.

Though Canna said her company is "very excited" about the forthcoming availability of Google technology, it will wait a bit before installing it to make sure that current technology is being used to its fullest first. "Eventually we'd like to use the ad space as leverage when negotiating with our vendors," she said. "I think that by being able to see pump results daily we'll be able to focus on maximizing what the technology offers and manage ads to effectively boost sales, and maybe even creating a new revenue stream."

Voip Gains Ground

Once almost exclusively used by those who love having the latest technology and hate getting big phone company bills, VoIP phone service is now widely used by businesses as well as residential customers.

VoIP, which requires a broadband Internet connection, allows users to make phone calls using the Internet instead of local phone company lines, thus providing significant cost savings over analog calling.

VoIP and wireless VoIP, systems work with both a regular or cordless phone and with wired or wireless systems. They use a cable modem and a split phone adaptor that routes calls across the Internet while still allowing users to simultaneously talk on the phone and access the Internet.

One VoIP drawback is that power failures shut the system down, unlike conventional phones, which are connected directly to telephone company phone lines and continue functioning with the help of back-up generators or batteries located at the telephone exchange.

VoIP skeptics are quick to point out that while public switched telephone networks have been around for decades, most of the broadband networks on which VoIP relies are fewer than 10 years old. However, packet-switched



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Internet networks are getting better every day, so while it's true that broadband signal interruptions temporarily disable VoIP systems the incidence of interruptions is diminishing—and VoIP systems automatically reset themselves once the signal is restored anyway.

One happy VoIP user is Maverik Country Stores, which operates about 170 gas and convenience stores in seven western states, and started using VoIP a couple of years ago. According to Maverik IT specialist Darren Sitter, glitches are rare and those that have occurred have been quick and easy to fix.

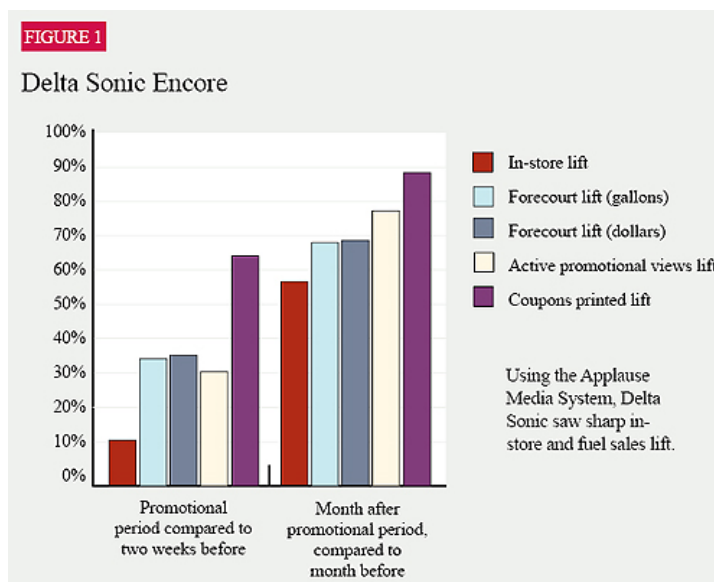
"Obviously, when networks are having issues, you don't have a phone," Sitter said. "But everyone has cell phones these days anyway, so even that's not much of a problem."

Setting up new users or deleting users no longer with the company is also a simple process, Sitter said, accomplished by simply accessing a private Web page that connects to the server. "It's very user-friendly," he said. "You just open the Web page, add or remove users, back it up and reboot the system."

While it's true that early adopters experienced some initial problems, those who start using VoIP now have few if any difficulties, said Retail Technology Group (RTG) management consultant Mark Lilien.

Lilien has never heard of anyone who's adopted VoIP going back to regular phones, but contends that VoIP isn't even the most meaningful benefit broadband can provide for c-stores.

"Once you have broadband, you can use it for all kinds of things that are really going to help your business," Lilien said, adding that inexpensive, protected store surveillance and faster credit card processing are far more useful broadband benefits than VoIP.



Shop Around for Best Price

The economics of using VoIP and other broadband services depend largely on location. Stores in rural locations may find broadband too expensive or unavailable while service tends to be better and prices lower in areas with more competition for broadband bucks.

"I have found in some areas that the cable TV company is so short sighted that they will offer a very low-priced package for residential use," Lilien said. "But tell them you're a business and they either won't wire you at all, they'll put you on a 100-year waiting list or quote you a price that's five to 10 times more than what residential users pay."

Because cable TV companies are granted local monopolies, they have a responsibility to wire any customer who wants to be wired. Many cable companies won't tell you that, Lilien said, but if they refuse to wire your store you can file a complaint with the appropriate state or local agency.

"If you're pushy and willing to devote the time, you can usually get wired," Lilien said. "But most store owners lack the time to complain and many cable companies will charge huge sums as payback."

If you can't get your local cable company to provide broadband at a doable price, Lilien advised trying telephone and satellite companies that offer broadband access.

Valuable Broadband Benefits

If you are going to pay the telephone company, why use VoIP? Because you may get additional services for little or almost nothing, Lilien said. For example, if you own five convenience stores, you can put video cameras hooked to a router in all five stores and send the recorded information to an off site location using broadband. You can record and watch what's going on in your stores from any location with broadband.

C-stores that record video images locally risk losing evidence if they are robbed because some thieves make the recorder part of the heist. "Recording using a broadband Internet connection to a private site allows store owners to monitor what's going on in their stores at any time and tremendously enhances security for store employees," Lilien said. "Plus, it won't jeopardize the integrity of the data."

The hardware for this technology is also ridiculously inexpensive, Lilien added. The necessary cameras cost less

than a couple of hundred bucks at Radio Shack and need only to be connected to a router for the broadband signal, not to a computer inside the store.

Moreover, processing credit card payments via broadband can reduce approval times to a second or two. "That reduction in response time might not mean a lot at 11:30 at night, but it means a lot when everyone's driving to work and they're all five minutes late," Lilien said.



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