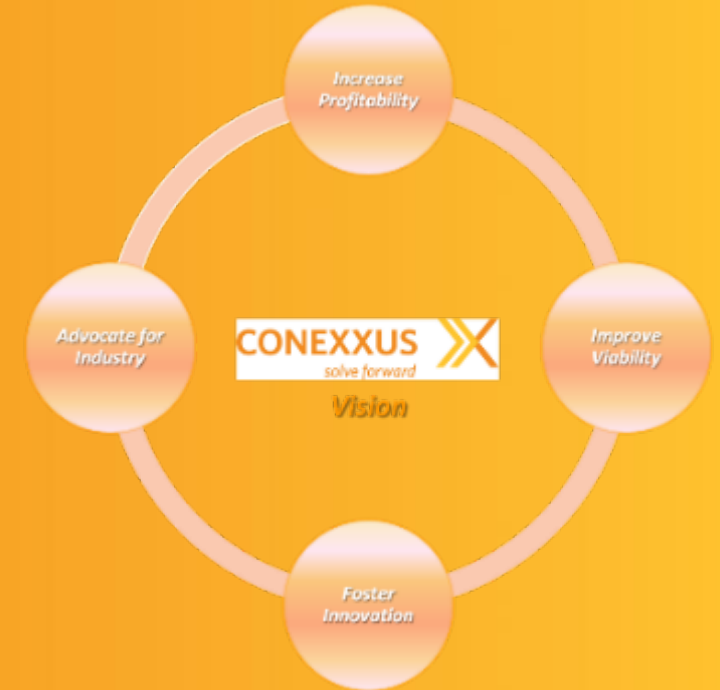


Customer Engagement Technologies to Enhance Sales & Profitability

Webinar: May 11, 2017



Welcome – some process rules...

- By attending, you agree to abide by Conexus' antitrust and intellectual property rules, found at www.Conexus.org
- Participants will be on mute for the duration, please ask questions by using the gotomeeting “questions” text function in the control panel
- You will receive an email to complete a survey after the presentation. You will be able to access a copy of this presentation after you complete the survey.

Presenters



MODERATOR & PANEL EXPERT
Gray Taylor
Executive Director, Conexus
Conexus



PANEL EXPERT
Lesley Saitta
CEO, Impact 21

Lesley's work with retailers, CPG, Foodservice and software providers in areas such as strategy, organization, infrastructure, customer engagement and process & change management have transformed companies and yielded significant returns. Impact 21, a solution neutral, global consultancy, has been helping retailers automate and innovate their business for 19 years. Lesley is a recognized voice in her industry and is currently on the NACS Supplier Committee, spent 7 years on the Convention Committee and is a regular speaker and moderator for the industry. Prior to forming Impact 21, Lesley was VP of Marketing for Speedway Superamerica LLC and has held senior management roles in both international and domestic operations at Ashland, Inc. and Dow Chemical. She has an BS and Executive MBA from Indiana University.

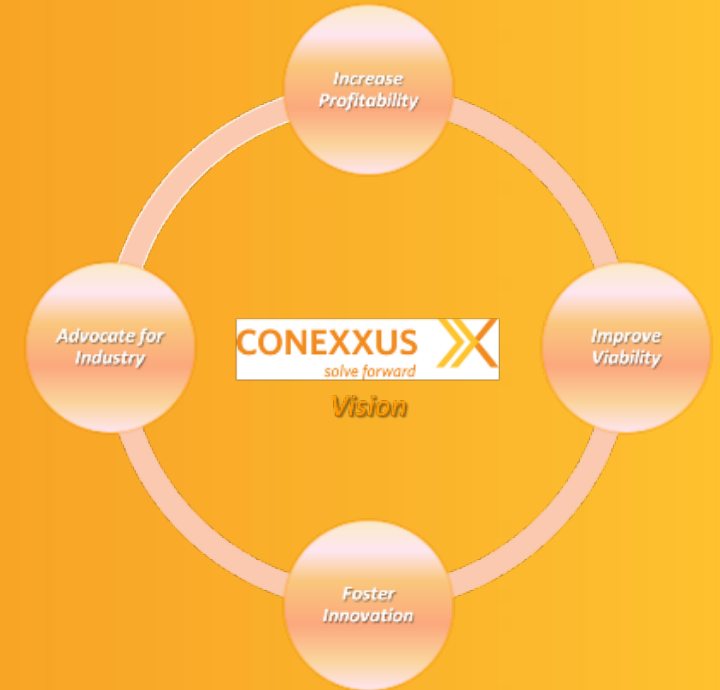


PANEL EXPERT
Ed Collupy
Executive Consultant
W. Capra Consulting Group

Ed has more than 30 years of retail systems experience in the convenience store and grocery retail channels and as an Executive Consultant at the W. Capra Consulting works with clients and on Retail System projects providing strategic, operational, and project leadership to retailers, emerging businesses, technology companies, and industry associations. W. Capra, across many retail segments, focuses on retail technology, payment strategy & solutions, data security, process improvement, & system implementations. Ed in his IT leadership role at The Pantry, Inc. directed, managed and supported store and headquarter systems and technology efforts where he focused on bringing system solutions to the business teams. He is a graduate of Suffolk University in Boston and attended Harvard's Executive Education session, Delivering Information Services.

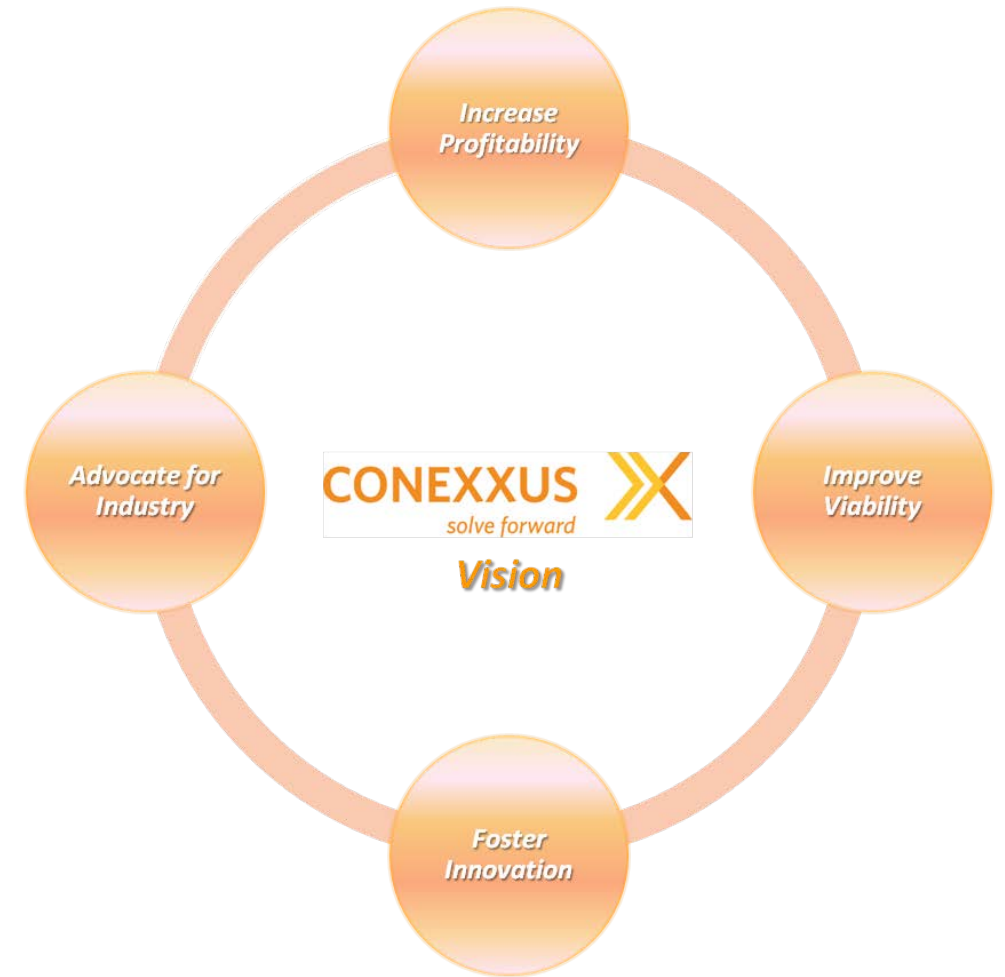
Customer Engagement: Enabling Technologies

Gray Taylor
Conexus



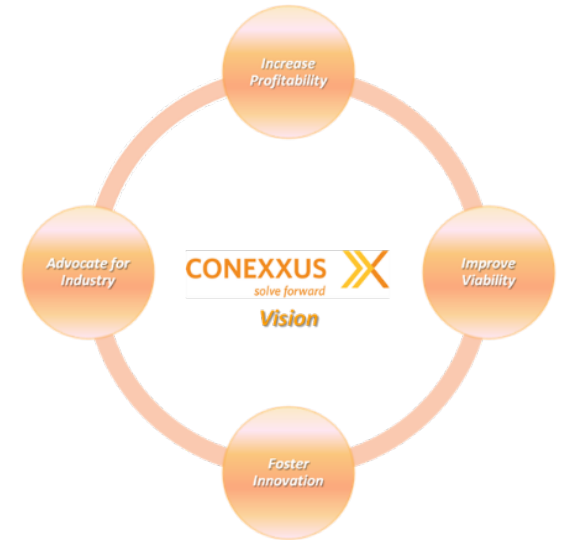
About Conexus

- We are independent & non-profit...
 - Expert volunteers, shaping the industry
- We set standards...
 - Data exchange, security, payments
- We provide clarity...
 - Emerging tech/trends; identifying & educating
- We advocate for our industry...
 - Open standards, innovation & competition
- We improve profitability



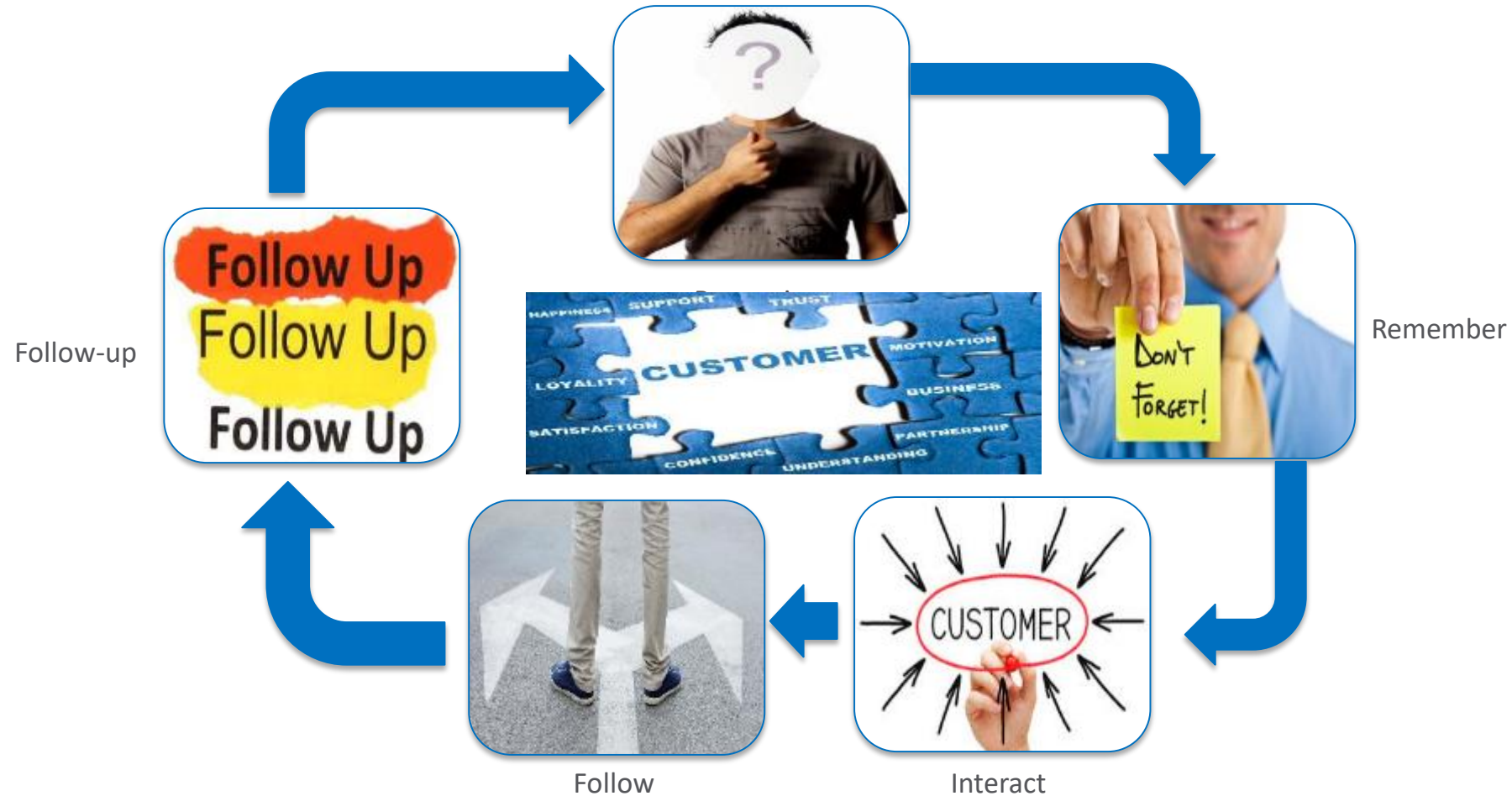
Enabling our Future: Where Conexus Plays

- In-market mCommerce standards
 - Mobile Payments v2.0 (2016)
 - Loyalty v1.1 (2015); includes digital promotion
- World Wide Web Consortium
 - Web Payments WG - Co-Chair
 - Digital Promotions IG
 - Verifiable Claims
- ANSI X9 & ISO
 - ISO 20022 Petroleum Payments (wrote, with Nexo & IFSF)
 - ISO/DTS 12812-5 Mobile Payments (wrote)
- U.S. Federal Reserve
 - Mobile Payments Initiative Workgroup
 - Faster Payments Initiative



We also spend a lot of time looking at cool stuff...

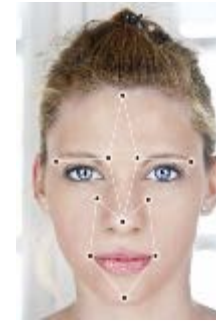
Customer Engagement: Core Process



Getting to Know You... Data Acquisition

- What you are

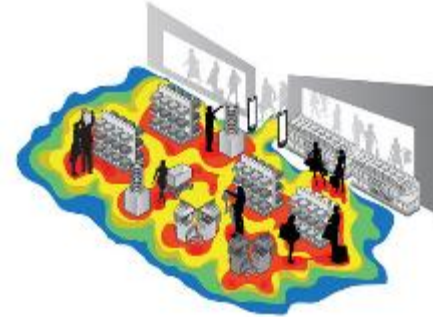
- An ID card
- A device
- A unique human



Recognize

- Who you are

- Demographics
- Where you dwell in the store
- What items do you look at
- Shopping basket
- Frequency



- Even how you are

Meaningful Cognition

Profile



History



Habits

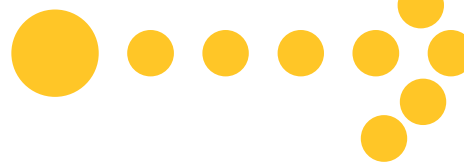


Mission



Analysis
&
Learning

True Needs*



Remember



* This is the magic!

Issue: Disintermediation of the Consumer

- The future offers unprecedented data
 - A complete tracking ecosystem of consumer behaviors
 - Accessible tools **and** infrastructure
 - Powerful partnerships are being created – with, or without you!
- Those that control the ecosystem, own the data
 - Schemes now have dominance, with their “Pay” partners
- Retailers **MUST** protect their rights to consumer data
 - At least a level playing field
- Mobile and other accessible innovations lay ahead...



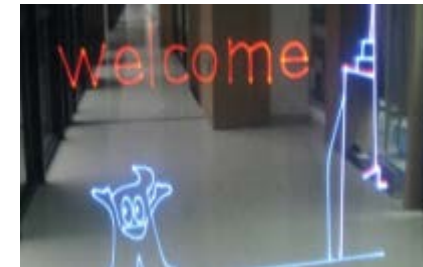
Serving the Customer in Their Terms

- Rethinking the consumer interface

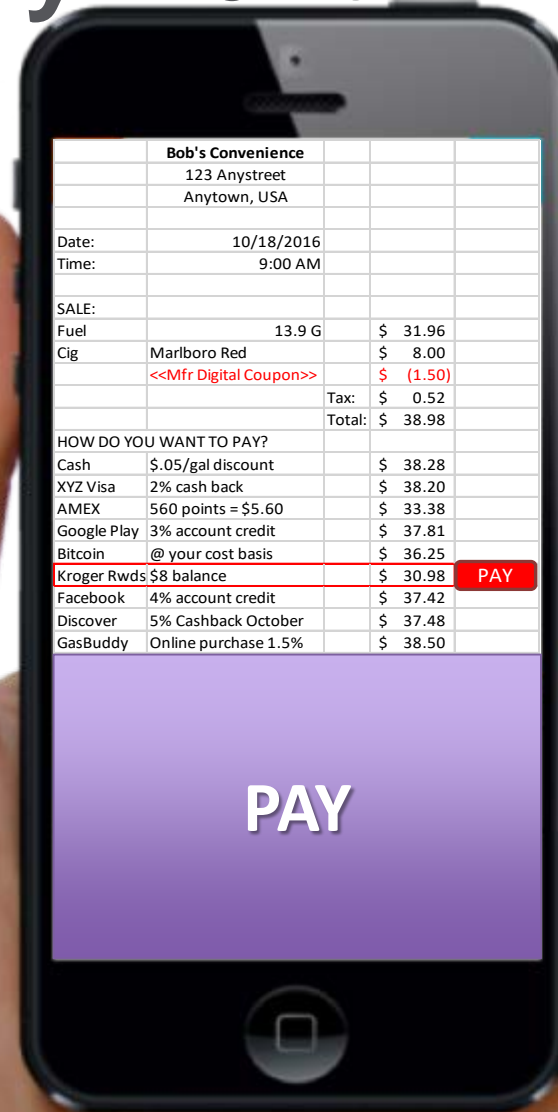
- Interaction anywhere
- Any surface = consumer touchpoint
- POS on every device or surface – even BYOD



Interact



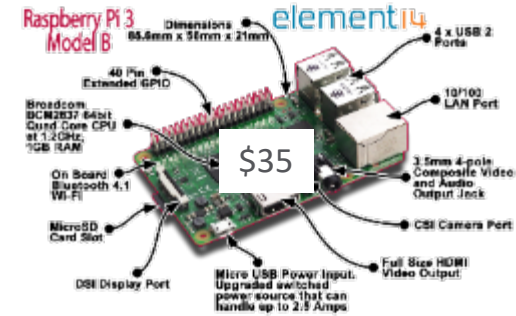
What Consumers Really Want



Bob's Convenience			
123 Anystreet			
Anytown, USA			
Date:	10/18/2016		
Time:	9:00 AM		
SALE:			
Fuel	13.9 G	\$	31.96
Cig	Marlboro Red	\$	8.00
	<<Mfr Digital Coupon>>	\$	(1.50)
		Tax:	\$ 0.52
		Total:	\$ 38.98
HOW DO YOU WANT TO PAY?			
Cash	\$.05/gal discount	\$	38.28
XYZ Visa	2% cash back	\$	38.20
AMEX	560 points = \$5.60	\$	33.38
Google Play	3% account credit	\$	37.81
Bitcoin	@ your cost basis	\$	36.25
Kroger Rwd	\$8 balance	\$	30.98
Facebook	4% account credit	\$	37.42
Discover	5% Cashback October	\$	37.48
GasBuddy	Online purchase 1.5%	\$	38.50

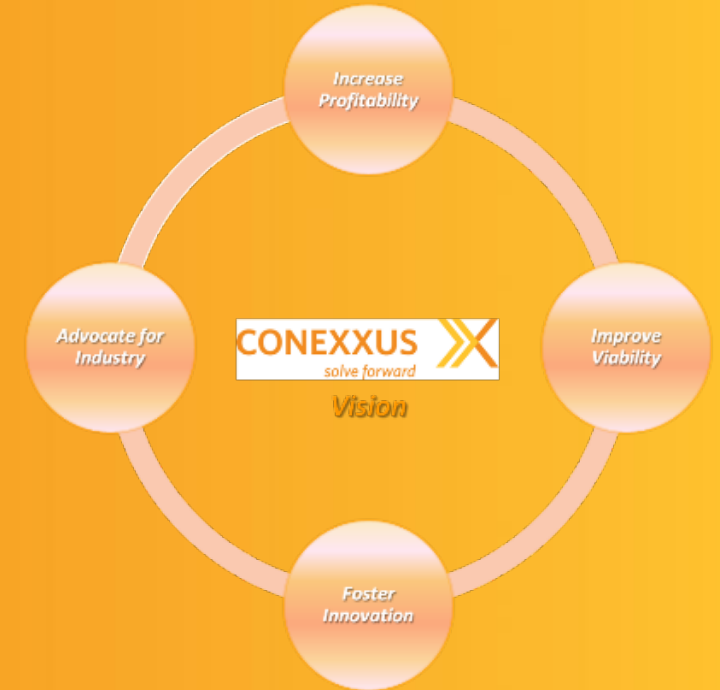
Big Themes to Watch

- Cheap hardware
- 5G mobile connectivity (2018)
 - Consumer technology as commercial platforms
- IoT: monitor and personalize “everything”
- Artificial Intelligence (AI) / Machine Learning
- Big Data: Capture everything, mine it for gold
- Cloud infrastructure: be small, act big
- Honorable Mentions:
 - Augmented Reality – more than geeky goggles
 - HTML5 as “on demand” application environment

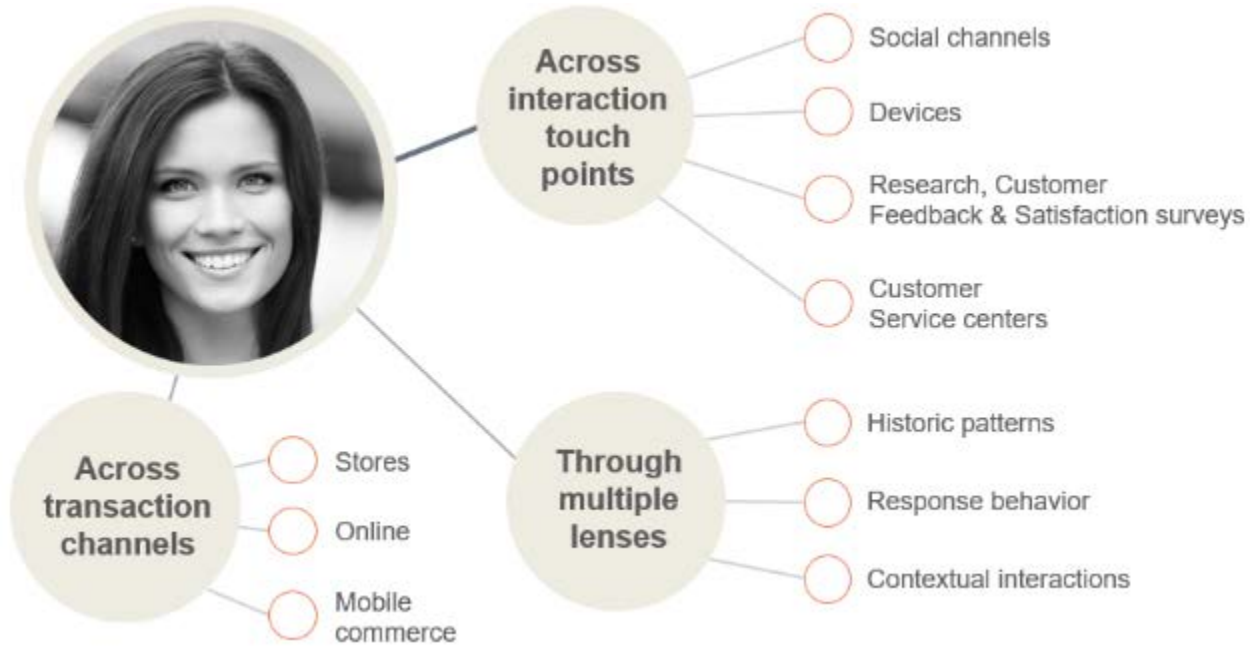


Customer Engagement Strategies: Loyalty, Mobile & Proximity Marketing

Lesley Saitta, CEO
Impact 21



Customer Engagement 2.0 – “It’s Personal”



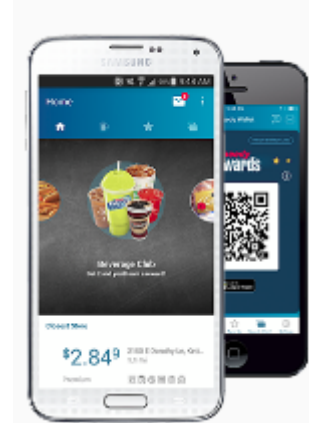
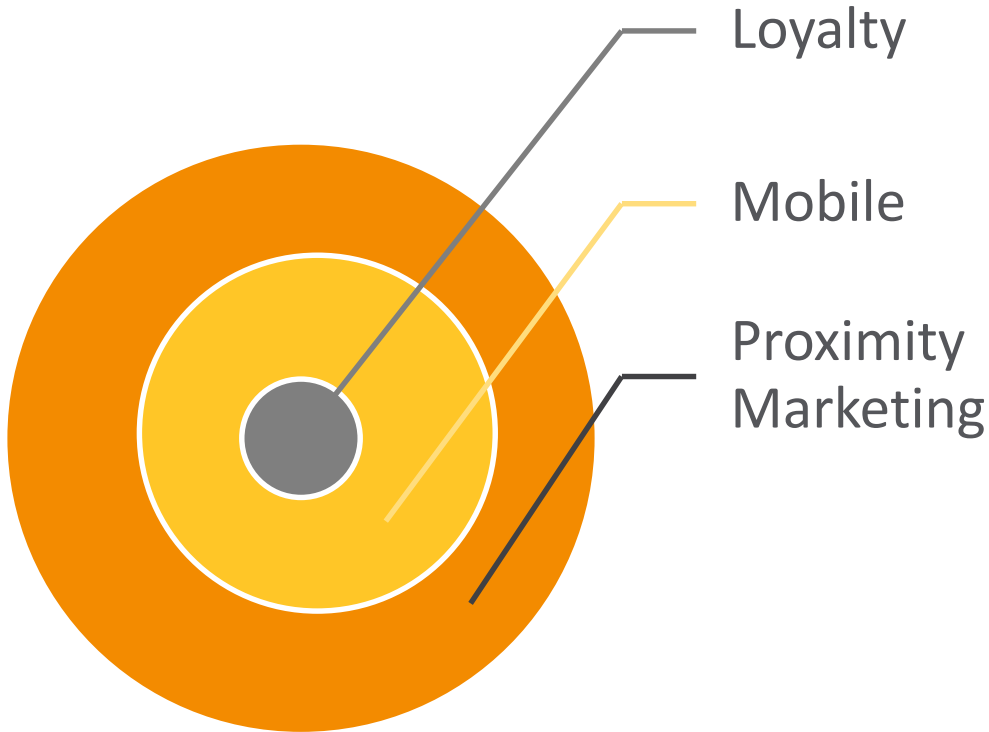
Source: Manthan Customer Analytics Overview 2017

Creating Meaningful Moments

- Segmentation
- Lifecycle
- Message/Content
- Channel
- Program/Platform

It's not enough to just know your customer's behaviors and preferences in your store, you also need to understand why, when, where and how they purchase

Technology is a Means to an End



Create ways for customers to interact with your brand, understand their preferences / behaviors and deliver on what's important to them

Customer Engagement Through Loyalty

Many Different Types of Programs at C-Stores

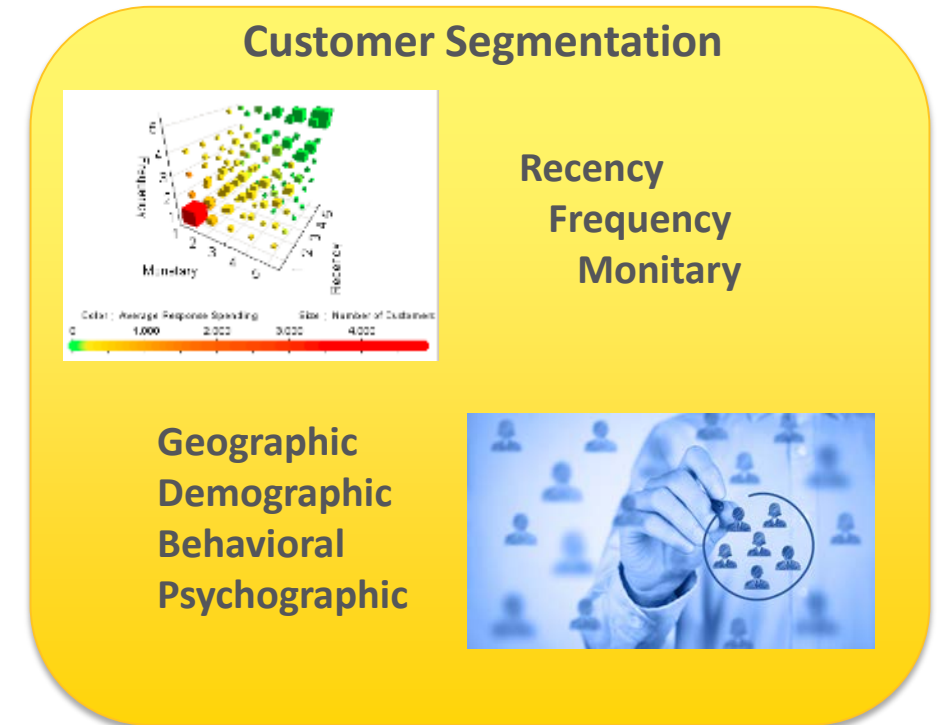
- Points / Transaction based
- Tiered Levels / benefits
- Clubs; Coupons & Random Rewards
- Fuel Discount for membership
- Coalitions (Fuel, On-Line, Other)
- Card payment programs (Credit, ACH, Prepaid, Gift)
- Sweepstakes / Gamification
- Charity / Digital (email, social, mobile)



While loyalty programs generally drive visits and higher spend, many retailers believe customer engagement (1:1 Marketing) is the biggest opportunity to change behavior that drives profitability

1:1 Marketing through Loyalty Analytics & Campaign Management is a Differentiator

- Loyalty Analytics, beyond program performance, can be a major challenge for some retailers – it's a lot of data!
- Major outcome should be segmentation of members with similar behaviors or demographics (ex., RFM, Age)
- Campaign management solution is required to create lists and distribute targeted messages (SMS, email, etc.)
 - On demand; Scheduled; Triggered
- Don't forget about fulfillment on the back-end if using digital/mobile coupons or special offers to members



Analytics provides a baseline and understanding of behaviors & segmentation. Campaign management is a vehicle for 1:1 Marketing and allows retailers to target relevant messages that drive changes in behavior

Mobile puts a Store in Everyone's Pocket



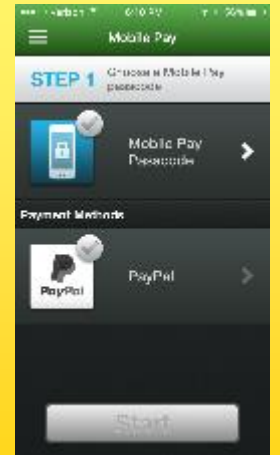
- Payments
- Apps
- Promotions/Coupons

Retailer's are on board with mobile because customers are!

Mobile Payments Goes Viral!



Mobile Payments at C-Stores are not all the same



Mobile payments at retail is about convenience, security and rewards

Mobile Apps For C-Stores



Information

Store locations, gas pricing, offers by store



Make a Purchase

Payment platforms / wallets



Push notifications

Personalized



Loyalty Programs

Information, enrollment, purchase history, track clubs, redeem points



Discount Coupons

Rewards, incentives

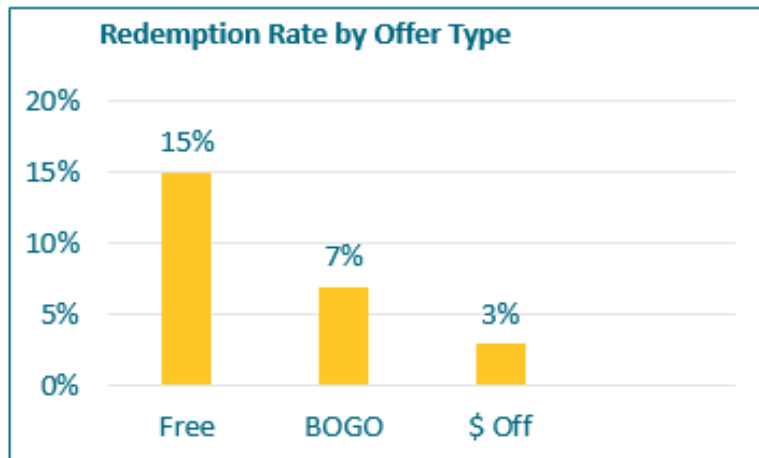
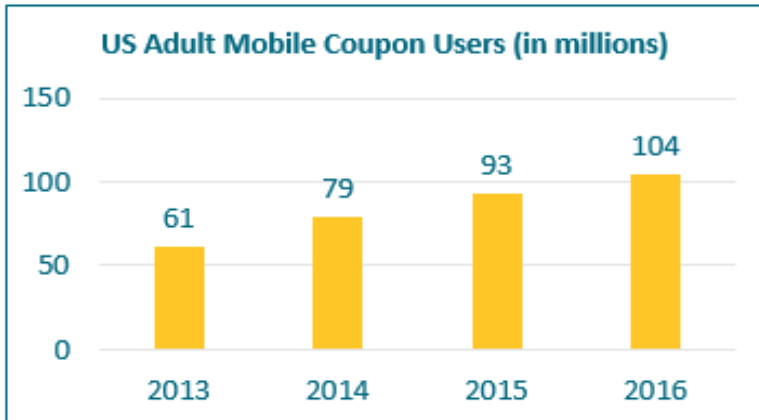


Gamification

Engage beyond brick & mortar

Mobile apps in c-stores are growing, with new ways to engage consumers

The Use of Mobile Coupons Broadens



Key Insights

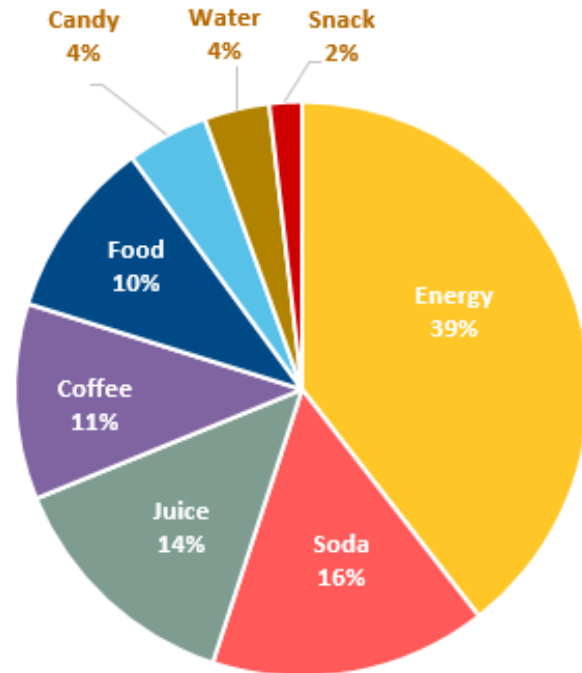
42%	Of mobile users have used a mobile coupon
26%	Increase in basket size when customer uses a mobile coupon
39%	Of customer spend more if they receive a personalized coupon
60%	Of customers would adopt mobile payments if offered coupons

Source: Mobile Coupons State of the Industry 2016 Koupon Media

There is no “one size fits all” model; CPG and Retailers will continue growth as mobile strategies emerge

Mobile Coupons in C-Stores

Redemption Rate by Category in C-Stores



Key Insights

- Best day for coupons is Friday
- Highest redemption time is 4-8pm; Noon – 4pm is good too
- Recent Success Stories
 - “30 days of free” - 88,000+ store trips in a month; 24 mil offer views; \$314k new revenue
 - New Mobile App - Highly targeted coupons – 3 mil views/month; 25% redemption rate; 500k store trips

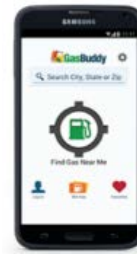
Source: Mobile Coupons State of the Industry 2016m Koupon Media

Relevant & personalized mobile coupons are growing at c-stores



Proximity Marketing – Intersection of Mobile and Location

- Geo-Fencing
- Beacons
- NFC (RFID chip)
- Mobile Browser
- WiFi Hotspot



Impact of Beacons on Retail

- Will influence over \$44 bil in retail sales in 2016
- 400 ml will ship in the next 5 years (mostly to retail)
- Campaigns have a click thru rate of 60% compared to 25% on email

Sources: Beaconstac.com; BBDO

“Using proximity marketing wisely, retailers will be able to play the part of a gracious, individually attentive host, combining the user’s interests, intent and physical location.”



Why Beacons?



Sources: Coca-Cola, "Beacon Customer Dollars with Beacon Technology" – NACS 2015; beaconstac.com, 2016

Retailers Using Beacons

- Rite Aid – 4,500 stores
- Macy's – All Stores
4,000 beacons
- McDonalds – 15 test stores
With loyalty in Istanbul
- Target - 50 test stores
Messages/trip= 2
- Walmart – Testing
GE/LED bulbs with beacons
- Nordstrom – Testing Omni-Channel

With somewhat limited use in C-Stores, beacons continue to grow in other retail channels

Emerging (although already here) Customer Engagement Technology



Social Media & Mobile



Augmented Reality



Artificial Intelligence “machine learning”

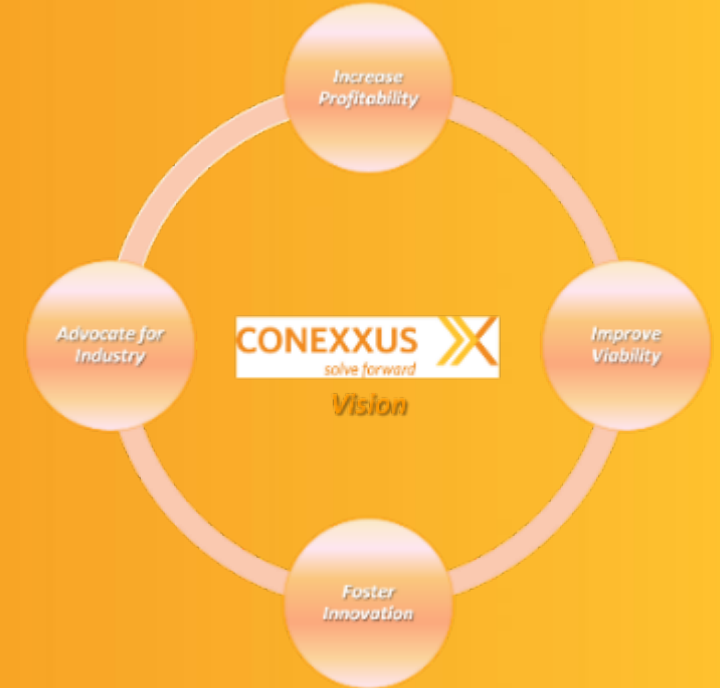
*“Mobile and social media have brought a seismic shift in terms of customer behavior.
. . . . Our job is to build a framework on which you can build a digital shopper”*

Source: “The Future of Retail 2017: Trends Shaping the Digital Experience” – PSFK 2016



Customer Interactions: Digital Experience at the Store

Ed Collupy
W. Capra Consulting Group



Digital Playbook

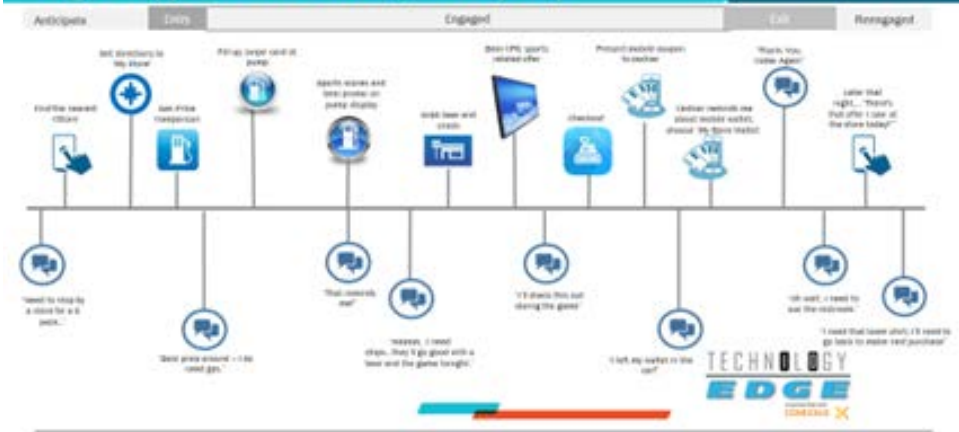
- 1. Designate** Strategy, Resources and Team
- 2. Discover** Digital Opportunities
- 3. Determine** Digital Opportunities to Pursue
- 4. Design** Digital Engagement
- 5. Develop** Digital Engagement
- 6. Deliver** Digital Engagement & Re-engagement
- 7. Document** Digital Engagement Performance

Customer Interactions; as Different as Each Customer

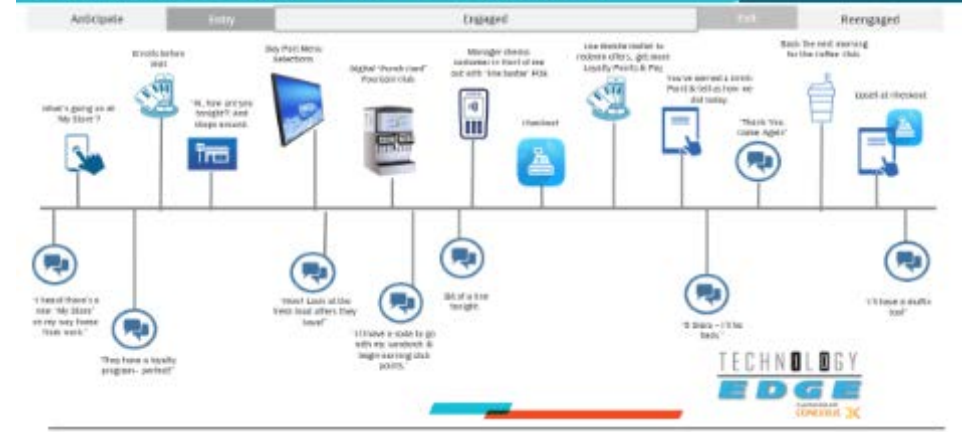
Meet Gus, Lola, & Ned and consider how to meet all customers needs

- **What they have in common**
 - They're on the go; location is important
 - Active 'digital' user
 - Enjoy offers
 - Collaborators
- **Where they are different**
 - Have preferences; personalized offers
 - Willingness to share; opinion, social media, offers
 - Loyalty points
 - Price conscious
 - Demographics

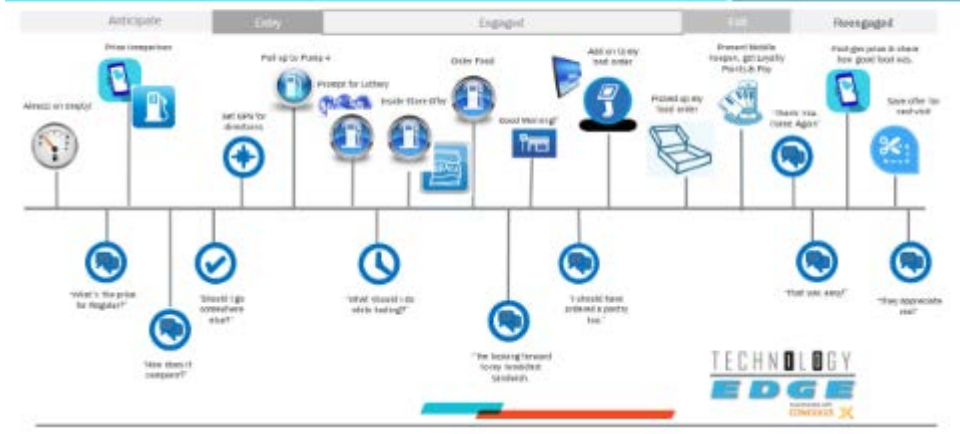
Discover: Digital Opportunities – Ned, “Needy Guy”



Discover: Digital Opportunities - Lola, “The Loyalty Gal”



Discover: Digital Opportunities – Gus, “The Gas Guy”



Forecourt – The Outdoor Channel

- Varying by content and by time of day
- Keep content fresh, interesting and interactive throughout the day
- On-demand couponing
- Media Management Portal
 - Uploading, scheduling and modifying
 - Pull promotional calendar right from price book / BOS
- Integrated & Stand-Alone Systems
- Customized User Experiences
- Play at the Pump



Forecourt to In Store

■ Sales

- 13 – 30 % increase in product sales
- 33% were influenced by an ad to make a purchase today
- Up to a 39% increase on promoted items.

■ Customer Satisfaction

- 3 studies – 84% (enjoyable), 91% (fueling a better experience), >90% (general)

■ Foot Traffic

- Over 5% increase in traffic and repeat business
- 73% likelihood to visit again
- Two times more likely to visit the C-store



Digital Signage

Extending Gas Price Sign

- 31% of customers reported that they made a food purchase
- 72% respond positively to an interactive advertising message

Visual Representation

- Each sign plays a crucial role when communicating to your customer
- Create conversations across multiple channels
- Set apart from competitors
- Motion Graphics vs. Static
- Brightness
- Eliminating paper signs and stickers



All Around The Store



- Counter Displays
- Fountain
- Food Service Ordering
- Windows
- Checkout



- **Menu Board**

- “A visual landscape of your brand”
- Promote high-margin add-ons
- Feature seasonal items and trigger impulse buys
- Provide a consistent customer experience



#It's Out There



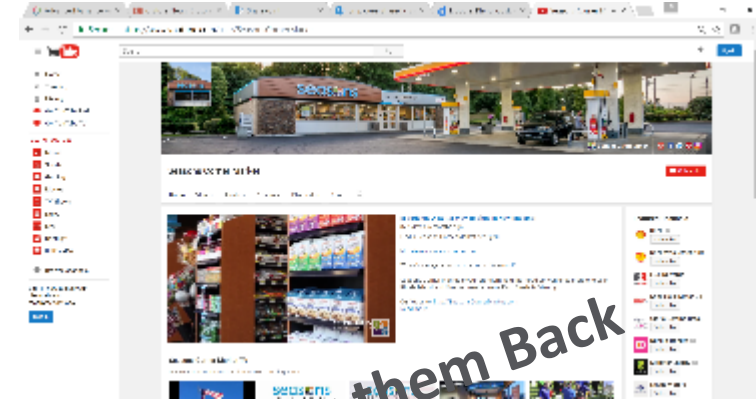
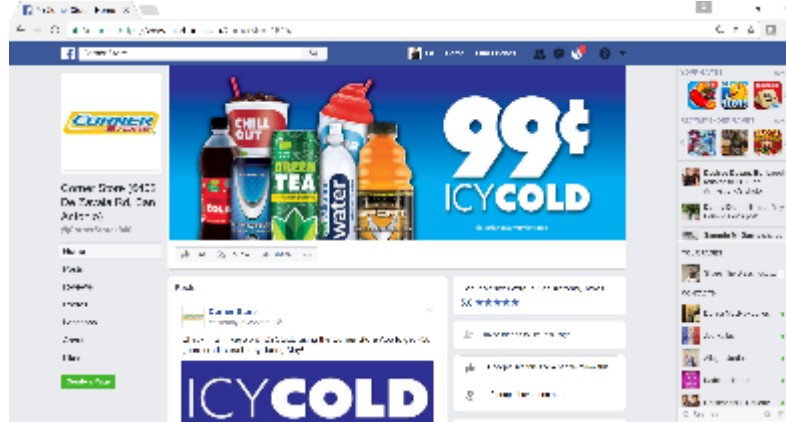
- Driving Visits
- Bring them Back
- One of the Digital Channels
- Managing Perceptions



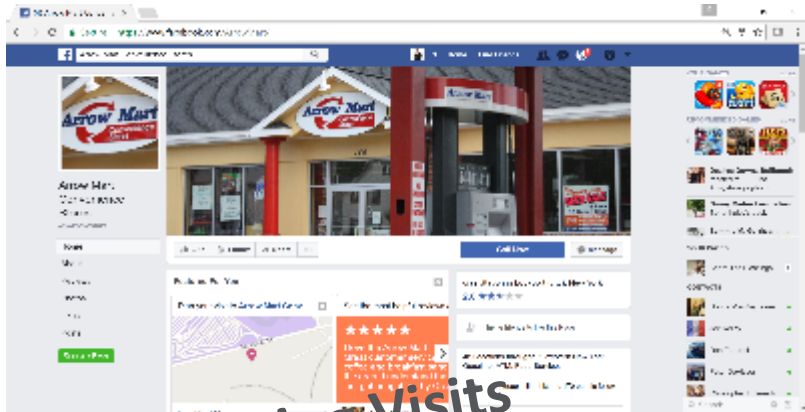
#Who is in the game?



Multiple Channels



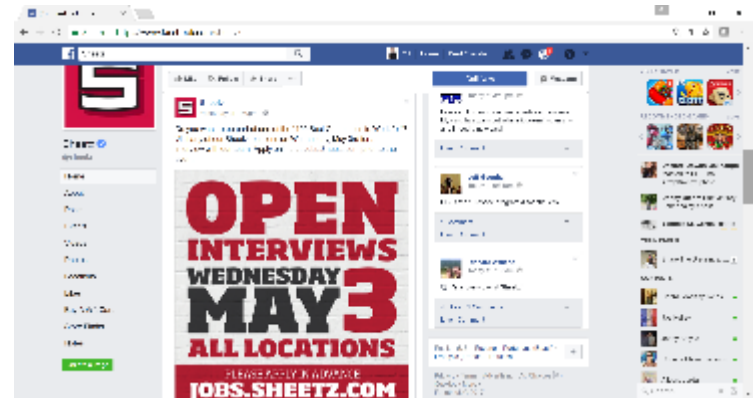
Bring them Back



Driving Visits



Managing Perceptions



Reach out to us!

- Ed Collupy – ecollupy@wcapra.com
- Lesley Saitta – lsaitta@impact21.com
- Gray Taylor - gtaylor@conexxus.org

2017 Conexxus Webinar Schedule*

Month/Date	Webinar Title	Speaker	Company
June, 2017	Things & Impact of Bring Your Own Device to the Workplace	Bradford Loewy Jeff Gibson	Dover Fueling Solutions Echosat
July, 2017	Third Party Risk Management: How to Identify and Manage Data Security Risks from your Vendors	Sam Pfanstiel	Coalfire Systems
August, 2017	Using the NIST Cybersecurity Framework to Guide your Security Program	Chris Lietz	Coalfire Systems
September, 2017	Penetration Testing: How to Test What Matters Most	Sam Pfanstiel (Other Coalfire labs presenters TBD)	Coalfire Systems
November, 2017	New Technologies for Addressing Payment Risk: A Survey of Payments Security Landscape	TBD	Coalfire Systems (other DSSC member(s) TBD)