

Delivering Excellent Experiences in Retail Convenience

1.) Please provide a brief overview of the project/technology that may be used for the awards presentation or promotional purposes - information provided here must be non-confidential.

Your Answer:

Intermedia Kiosks, wholly owned by Gilbarco Inc., is the leading developer of multimedia kiosk-based food ordering solutions for the grocery, convenience, QSR, and hospitality industries. The company's signature market-leading product line includes the Xpress Ordering System; enabling consumers to order their food inside or outside the store on kiosks, wall mounts or even over the web. Food service retailers benefit from significantly improved merchandising capability, more effective labor usage, higher sales, increased margins, and brand differentiating technology. Additionally the product line includes a sophisticated integrated kitchen management system, enterprise level remote management capabilities, and interfaces to a number of point-of-sale systems. Today consumers in over 900 convenience stores, 12 universities, 2 healthcare cafeterias, and 350 supermarkets use the Xpress Ordering System. Intermedia Kiosk's product line is highly regarded by consumers for its intuitive and appealing interface and by operators for its sophisticated merchandising tools which drive increased sales and improved margins, delivering a measurable return on investment.

The Buc-ees project is unique because of their use of the kiosks to support their commitment to an extraordinary and personal customer experience while simultaneously using kiosk technology to achieve aggressive financial performance goals. The technology deployed to support these objectives includes all of the technologies described above; with each convenience store having up to 16 kiosks installed.

About Gilbarco Veeder-Root

Gilbarco Veeder-Root and Gasboy are leading suppliers of integrated fuel control, site management, and support services for petroleum marketers and commercial fueling enterprises worldwide. (www.gilbarco.com, www.veeder.com, www.gasboy.com, www.intermediakiosks.com)

2.) Explain the objectives of the deployment or the technology - what problem were you trying to solve and how? Please be specific.

Your Answer:

In the convenience store business operators are facing the difficult reality of an increasingly competitive and squeezed market. The causes of the change in business environment include falling gasoline margins, the slow decline of traditional profit drivers such as cigarettes and alcohol, and increasing competition from other retailers entering the retail gasoline business. In addition, though the introduction of pay at the pump was revolutionary, its impact on the business today is that many gasoline consumers never come inside the store. To combat these trends many retailers like Buc-ees see proprietary food service as an important component of their overall business strategy. The client made a significant investment in their proprietary program, but was not yet seeing the sales and margin growth needed to meet its aggressive business objectives.

Buc-ees had several specific objectives for their kiosk deployment.

- A solution that would help them achieve significant growth in their food service business.
- Improve the customer experience – get the quality perfect; ensure customers get a consistently positive experience every time.
- Bring ordering to the customers; entice them inside the convenience store from the fuel island.
- Deliver true convenience to busy customers by letting them order anywhere

- Eliminate lines.
- Redeploy scarce labor resources to ensure the operators got the orders out on time even during the busiest periods.
- Reduce food wastage and deliver better margins.
- Differentiate the brand in an increasingly competitive landscape.
- Retain the highest levels of customer satisfaction.

3.) Provide an in-depth project description including timeframe of the project. You may include information for the judges' consideration that cannot be made public - answers to this question will be viewed by judges and staff only and will not be included in the presentation or promotion of the awards program.

Your Answer:

In order to meet the clients' aggressive goals we worked together to develop a comprehensive and customized food ordering solution focused on supporting their objectives. We started with a customized food ordering application specifically designed to maximize merchandising effectiveness for their specific made-to-order food program. The application supports their business objectives by consistently using up-sell, cross-sell, combo, and other merchandising techniques to increase the ticket size on every transaction. The application supports Spanish so customers who speak limited English can get the same level of service in an increasingly diverse market. Throughout the application we worked with the clients to support and build their brand with customized graphics and logos that reinforce and build brand identity with the consumer. The "on screen" order information lets customers see exactly what they have ordered and how much it will cost.

To support their order anywhere, pay anywhere objective we deployed a full self – service solution that includes 16 ordering kiosks inside the store, outside the store on the fuel island, behind the counter at food prep stations, and at the drive through.

The indoor counter mount ordering kiosks are positioned on islands strategically located to prevent customer bottlenecking. After ordering, the customer can continue shopping or pay in advance while waiting for their order. The behind the counter kiosk, designed for employees to assist occasional walkup customers, is located at the food prep stations. The outdoor ordering kiosks are positioned next to the gas pumps, increasing the probability that they place an order while waiting for their fuel to dispense and then come inside to pick it up and possibly buy additional items while inside the store.

The kitchen fulfillment system and screens are located at the prep stations. All orders placed on any of the kiosks are displayed on multiple screens at each of the food preparation stations by the order fulfillment system. This allows the staff to see the orders immediately after the customer has placed them, maximizing labor usage and improving fulfillment speed.

The enterprise kiosk management tool allows the company to monitor and deploy changes to all kiosks from their head office via the web; giving them the flexibility to rapidly make changes to pricing or offerings to support the business, additionally it helps them monitor remotely to ensure kiosks are up operational at all times.

To ensure effectiveness the Buc-ees deployment was first done in a pilot capacity. Installed in June of 2005, the pilot was used to fine-tune the application and to ensure that kiosk placements and site layout effectively supported business objectives. After measuring the results and fine-tuning the solution we have successfully rolled out the solution to the remainder of Buc-ees locations.

4.) Please describe the results you achieved with this project, relative to the objectives set forth. Be sure to state how results were measured and provide as much tangible evidence of your results as possible for the judges' consideration.

Your Answer:

Retailers who deploy food service kiosks typically see a 25% increase in sales. Buc-ees saw a notable percentage increase in food sales following the initial rollout and is continuing to see continued increases sales each subsequent year they have had Intermedia Kiosks at their stores. Additionally, Buc-ees saw an significant increase in their average ticket sizes. This is accomplished because customers are presented with options to add more of their favorite items to their order. For example, consumers could add extra cheese for 25 cents, extra bacon for \$1, vanilla in their latte for 30 cents, or a cookie for 69 cents. The impressive results have been accomplished through two to four up sell opportunities during each transaction.

Additionally Buc-ees saw an improvement in margins. This is possible because they can now better track their actual food usage by analyzing kiosk sales patterns. They frequently review what the top sellers are and adjust purchasing as it relates to the inventory analysis. For example, previously they included onions and tomato on all sandwiches and ordered accordingly. They have found that many customers don't want these items and have improved their margins by adjusting their purchasing patterns to match customer demands. This combined with reduction in of time spent accepting orders and more effective labor usage has enabled Buc-ees to meet their margin improvement goals.

The kiosk also tells retailers how much money each kiosk generated, serving as a merchandising resource revealing the hot sell areas in a store. They have used this information to relocate other high margin items near the kiosks further increasing sales.

Though Buc-ees has not lowered the number of operators per store, throughput has been increased significantly. The same numbers of operators are able to handle the increased volume of prep work because they are focused on filling orders as opposed to switching back and forth between the counter and the prep area.

For Buc-ees, customer satisfaction is the most important criteria of success and they strive to make each visit to their store the best possible shopping experience for their customers. They have found that customers are extremely accepting of the new ordering system and tend to use it more frequently, knowing that it is constantly providing updated prices and specials. Most of their food service transactions are now processed through the kiosks. Buc-ees internal surveys show that customers are more satisfied because they no longer spend time in lines and because the kiosks process their orders faster and without error, making it possible for Buc-ee's to deliver on their promise of a great customer experience.