

**Retailer Newsletter**

**February 1, 2024**

**Tom’s Business “TIPS”**

***“To Improve Profits”***

**RE: Skimming And Improving Profitability**

**Greetings:**

**‘Skimming’ articles are becoming commonplace in the news, on TV, on the internet, and in print media. I’m continually reminding retailers they must have a Daily/Shift Checklist for their store(s) for all kinds of tasks. I recommend you add ‘Check Fuel Dispensers and ATM’ for skimming devices. It’s also recommended that you add a date/time to your checklist (for this specific task), so you can routinely review your video surveillance system to assure yourself that your staff has completed this vital check, as they stated. *Trust But Verify (TBV).* I consider performing this task as buying insurance. We purchase insurance hoping (and praying) we will never need it. If you perform your due diligence *every day* on this vital function, I think you’ll be relieved that you have this situation under control. Here's an important link you can share with your staff so they will know what they are looking for.**

[**https://www.how-to-detect-a-card-skimmer-at-the-gas-pump-**](https://www.snbsd.com/about/news/how-to-detect-a-card-skimmer-at-the-gas-pump-)

**While your staff is checking dispensers for skimming devices, they should also be checking nozzles and hoses for leaks or potential leaks. Be sure the hoses do not have any bulges that could lead to a leak that could cause injury to your customers and a possible liability lawsuit against you.**

**Several stores here in Kansas City recently discovered the following device attached to their dispensers. On a personal note, since I visit many stores as I travel nationwide, I always give the credit card reader a little tug before inserting my card. Most illegal skimming devices will simply become dislodged by doing this.**

A close-up of a safe

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**If you have not placed security tape on your fuel dispensers and ATM, I suggest you do so now! When customers see this tape properly installed, it gives them the satisfaction that their transaction will be safe. Here is a link I found on Amazon.**

[**https://www.amazon.com/s?k=security+tape+tamper+evident**](https://www.amazon.com/s?k=security+tape+tamper+evident)

**Speaking of fuel dispensers and ATM security, I have read numerous studies that claim customers do not visit stores that have experienced ‘security issues’ i.e. skimming. They just do not feel safe!**

**There is another fuel theft trick reappearing, and that is parking over your underground fuel tanks and pumping your fuel out of the ground into a waiting vehicle. If possible, I suggest that you block off your fuel caps with traffic cones or concrete curbs to prevent someone from parking directly over your tanks. Also, consider padlocking the fill caps. Please do not have the mindset of, “It won’t happen to me!” My philosophy has always been, “Murphy’s Law,” “If it’s going to happen, it’s going to happen to me!” It will not cost much upfront to protect yourself from this expensive theft, but the actual theft could be monumental.**

**I constantly read about the success of retailers that are members of loyalty programs. Stores that participate in these programs have bigger increases in business than those that do not. Bottom line: if your oil company or supplier offers a loyalty program sign up ASAP. Your customers will thank you with their business.**

**A recent article on NACS Daily: “Direct Store Operating Expenses Outpace Inside Gross Profit Dollars”. That statement does not surprise me in the least. Inflation has affected all of us. The small business owner has taken a major hit when it comes to wages for employees. Benchmark studies have shown that if you increase expenses in any category, then you should reduce expenses in another AND/OR increase gross profit. You cannot simply increase an expense category without an offset somewhere. *In my opinion, the* *best-case scenario would be to increase gross profit.* Now, I know that may cause many of you to question that suggestion, but I believe it’s true. Here’s a couple of suggestions:**

1. **Are your prices correct in relation to your cost?**

* **I realize many items in your store are pre-priced, but many are not.**

1. **There have been many price increases in the last few years, be sure you are right.**
2. **Some of you are using your grocery supplier’s ‘suggested retail price’, but is it correct?**
3. **In most cases, you can dictate the retail price listed on your invoice.**

**We have discussed ‘Industry Benchmarks’ during countless training sessions. If you are not sure what they are, or if you forgot, check out our website.**

[**www.tsmanagementservices.com**](http://www.tsmanagementservices.com)

**When was the last time you visited your competition and checked their prices? I tried to do this regularly when I owned my stores. One example that comes to mind occurred when I was visiting a competitor, and I noticed the prices for 20oz Coke/Pepsi increased to $1.09. It seemed that for years the price was always under a dollar, 99¢. So, I raced back to my store and changed the prices. When my Coke salesman appeared the next week I asked, “When did the retail price on 20oz bottles go up?” His answer was, “Oh, a couple of weeks ago, didn’t I tell you?” Well, I can tell you why he didn’t, and that is because I would probably sell more of his product (and make less gross profit) if I did not raise my prices! The same scenario holds true for your grocery wholesaler, why would they encourage you to raise your prices, they might sell you less!**

* **If you do raise your prices, be sure the products you display are clean, well-merchandised, *AND priced!* You will hear complaints and possibly lose customers if you charge more for dirty, dusty, poorly merchandised (displayed) items.**
* **All prices should end in “9”, i.e. 49¢, 1.09, 2.39, etc. Rounding up. This does not apply to *pre-priced* merchandise.**
* **Are you offering your customers items that provide high gross profits for you? One suggestion could be to expand food service, i.e. pizza, donuts (stored frozen, sold fresh), enhanced coffee service, and improved cold fountain/frozen drinks.**
  + **I just read an article that stated Kwik Trip stores sold, on average, 150 cups of coffee per day, per store. Now maybe your store is not as large or as busy as Kwik Trip, but how many cups do you sell a day 10, 25, 50, or more? If you are not, I suggest you start here to improve your store’s profitability.**
  + **Many pizza brands have a terrific customer following, i.e. Hunt Bros, Piccadilly Circus, and Delorio’s. Many of these companies will provide support for you as you begin this new venture. Here is a link to give you a little more information.**

[**https://www.cstoredive.com/news/convenience-store-pizza**](https://www.cstoredive.com/news/convenience-store-pizza-building-program-foodservice-back-to-basics/698877/)

* **Add griller items to your offerings, i.e. hot dogs, brats, taquitos, tornados, etc.**
* **Utilize bundling food products. For example;**
* **Hot dog, 20oz drink, bag of chips @ $3.99**
* **Donut and medium coffee @ $2.99**
* **Add breakfast, lunch, and dinner menu offerings at different times of the day.**
* **Visit other C-stores in your competitive neighborhood to see what they are offering. Don’t forget to ask your staff, “What can we provide for our customers that will improve business?” Their answers may surprise you. Remember, your staff may hear comments from your customers that you do not hear. One thought that came to mind was when my staff kept asking when we were going to stock Red Bull. Remember, Red Bull was probably the first energy drink to hit the market. I did not see the phenomenon coming until my CSRs kept hearing requests from customers. I was slow to pick up on these attractive new items.**
  + **I suggest you eliminate low-priced items. Maybe the lowest-priced item you sell in your store should be 39¢. When you consider how much gross profit you generate from selling a 19¢ item, you will understand what I’m talking about. Another thought is having coffee cups that hold at least 12oz. or more. I still see many stores offering 6oz cups. The idea behind this is most customers will not object to a 12oz. cup, and you will turn over coffee faster.**
  + **Eliminate items that don’t sell! Get rid of items that don’t sell! OK?, I said it twice so you would notice. Get rid of junk and replace it with items that WILL sell and generate a gross profit.**
* **I have always believed Car Washes are *very* profitable when operated correctly. I realize this can be a costly investment in your business, but the car wash will generate a very lucrative gross profit, and it has been proven to increase gasoline sales. I just read an article that said the average price per car wash in 2023 was $12.00. Here are a couple of very important things you must consider before you attempt this endeavor.**
  + **You need to maintain a ‘preventive maintenance’ program to keep your equipment running properly. If customers have to call your store and ask, “Is the car wash running today?” Your customers do not have confidence in your ability to cater to their needs. Do not attempt to repair the wash yourself, unless you fully understand the electrical and plumbing intricacies, and where you can locate parts.**
  + **The unit must be kept clean, inside, and outside.**
  + **Make sure your hot water heater, water softener, and spot-free rinse work all the time.**
  + **Keep your prices reasonable. You cannot charge the same price as the full-serve tunnel washes that include personnel directing you in and spraying pre-soak as you enter.**
* **Reducing your employee and vendor theft. I can hear some of you saying to yourself, “There he goes again, telling us another story about employee theft”. Yes, I am, because I know employee/vendor theft is keeping many of you from achieving your profit potential. *There I said it again!***

**If you would like to improve your store sales and profits, give me a**

**call or email. If you are a supplier or organization with retailers, and they are struggling to maintain profitable stores, please reach out to me. We can help these stores operate more efficiently and improve profitability!**

***Being positive in a negative situation is not naïve. It’s leadership.***

**Don't be a victim of the 5 Dangerous Words**

***‘Maybe I’ll Do It Tomorrow’***

**Do it today because tomorrow (~~could be~~) will be too late!**

Tom                                                                       
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***“Our business is making your business better!”***