



Kalibrate

CASE STUDY

Oil company becomes a market pace-setter after

Restructuring their retail network

Client profile

Major Global Oil Company

Challenge

A market leader realized that the model for fuel retail success was changing. They saw that the in-store retail experience was becoming increasingly important to maintaining forecourt fuel sales. The client realized that to maintain its market effectiveness, they might need to restructure their offering in order to maintain position as a pace-setter in the industry.

Client questions

Consumers are buying less fuel, but they respond to in-store offerings like fast food and well-priced merchandise. Given this shift...

Is our network still sited correctly?

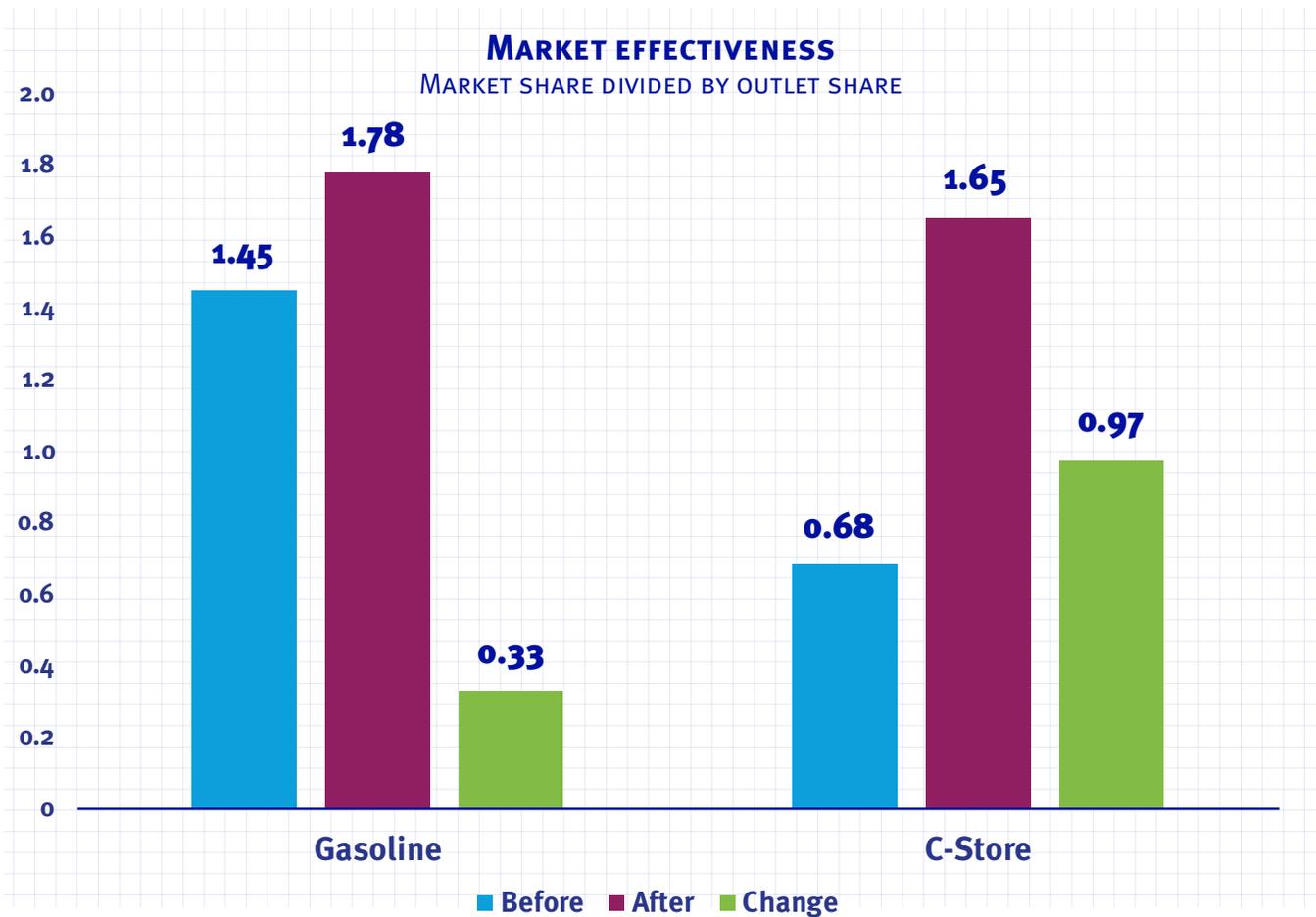
Are our convenience store facilities and offerings optimized for this shift in consumer priorities?

Solution

- ▶ **Identify and benchmark a test market.** The client formed a dedicated team to assess various facility strategies within a specific test market.
- ▶ **Test scenarios.** Using Kalibrate's retail network planning solution, the client team tested the outcomes of various strategies, including closing current sites, building new sites, and adding services such as car wash or food services. The client was able to see which factors resulted in cannibalization of nearby sites and the results of various capital investment scenarios.
- ▶ **Implement scenario strategies and assess results.** These test scenarios revealed the relative strength and outcomes of market movements. Kalibrate strategized a multi-pronged approach to strengthening the company's fuel retail network. The approach focused on enabling excellence in the 7 key retail drivers of fuel and convenience retail success: market, location, facilities, operations, merchandising, brand, and price.

Results

The client confidently implemented the recommended strategy in their test market and became a pace-setter there. A fuller implementation was given the go-ahead, and the concept was successfully rolled out in other markets.



The client realized these benefits:

- ▶ Improved market effectiveness from 1.45 to 1.78 for gasoline and from 0.68 to 1.65 for convenience store.
- ▶ Grew gasoline market share by 3% and convenience store market share by 10%.
- ▶ Increased average gasoline volume performance by 35% and average convenience store sales by 150%.

The client maintained success by monitoring the strength of all 7 Elements against the strength of evolving competition, and improving as needed.

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ABOUT KALIBRATE

For over 25 years, Kalibrate has advised fuel and convenience retailers worldwide on how to be best-in-class operators in the fast-changing marketplace. Kalibrate provides strategic expertise and technology solutions in fuel pricing, retail network planning, location analysis, and global market intelligence. These solutions have been deployed in over 70 countries with hundreds of clients of all sizes, including oil companies, convenience stores, and supermarkets.

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