Strategies Driving Success in Truckstops

PETER RASMUSSEN
CEO and founder of Convenience and Energy Advisors. Reach him at *peter@convenienceandenergyadvisors.*

If Berkshire Hathaway's increased ownership of the Pilot Co. to 80% didn't make you curious about truckstops and travel centers, then surely a drive through Georgia, Texas or Tennessee—where traditional convenience-store operators like Racetrac and QuikTrip are building big travel centers off major trucking routes—has to make you wonder what all the hype is about. Why all the excitement now? And what do c-store operators need to do differently to be successful in the truckstop and travel-center industry?

The Who

Let's start with the consumers.

Professional drivers are divided into two major segments: corporate fleet drivers and independent drivers. Each has a different motivation in choosing a place to fuel up.

For independent drivers, the most important factor begins with the fuel price, which is often communicated through app technology, such as Trucker Path and Mudflap. For fleet drivers on the other hand, if they have a choice of brands that they can fuel at, loyalty programs and facility features drive the purchase.

Most diesel gallons are not sold off of street price but instead through fleet agreements, aggregator deals, and other cost-plus or -minus contracts. If you are new to truck stops, independent professional drivers will likely be your focus, so for the purposes of this column, I will focus on that target consumer.

The What

Demographics of professional drivers is changing, and you can see it in the offer presented by different retailers. While some retailers have found success with food marketing or items that are core to their brand, others are investing in Latin American and Middle Eastern cuisines to appeal to new trucker demographics. With freight rates declining, value is more important than ever to professional drivers, so where you can deliver quality foodservice and amenities at a reasonable price will build loyalty.

Building loyalty also depends on understanding where truckers are coming from, where are they going, and, frankly, will you ever see them again? Understanding the attributes of the professional drivers around your stores is key. If you are near a port for example, you likely have a lot of short-haul drivers going to rail versus long-haul drivers heading to warehouses or retailer locations.

The best way to understand this is to follow data from your fleet card transactions. Export your Voyager or Wright Express transactions, and the company data will be defined. Enter that data in the Department of Transportation's Company Snapshot search engine and you can learn who is fueling at your stations, how big their fleets are, where they are based and the total fleet miles per year.

> Understanding **THE ATTRIBUTES OF THE PROFESSIONAL DRIVERS** around your stores is key.

This is a much different strategy than in a convenience store, where total fuel gallons in a sub-market helps you understand your potential. Total diesel gallons in a submarket is really about finding out the slice of the pie that isn't contracted to other retailers through fleet agreements.

The How

Retail pricing and assortment in truckstops and travel centers also requires a much different strategy than in traditional convenience stores. It is part science and part art, with less data resources available. For example, Circana and NielsonIQ scan data is meaningful for assortment and pricing decisions in a traditional convenience store, but you need to layer on further decisions with a truckstop or travel center. Retailers focused on fleet fueling tend to price higher as card swipes are on company cards, where consumers tend to be less price sensitive.

For retailers focusing on independent drivers, you have more pricing power than a traditional convenience store, but not that of a fleet-focused retailer. A retailer may want to consider simple adjustments that can be made to both packaged products and foodservice with a focus on larger pack sizes and margins. Simply stated, don't sell 16.9-ounce bottles of water when you can sell a larger package at a larger margin. These same rules apply to foodservice, where maybe you sell a three-piece chicken tender at a traditional c-store, and instead you sell a four- or five-piece at a truck top for a larger margin and retail.

In short, there's money to be made for the retailer that can crack the nut that is travel-center retailing and its unique customers.

> **Retailers focusing on independent drivers have more pricing power than a traditional convenience store.**