



Automation VS Optimization

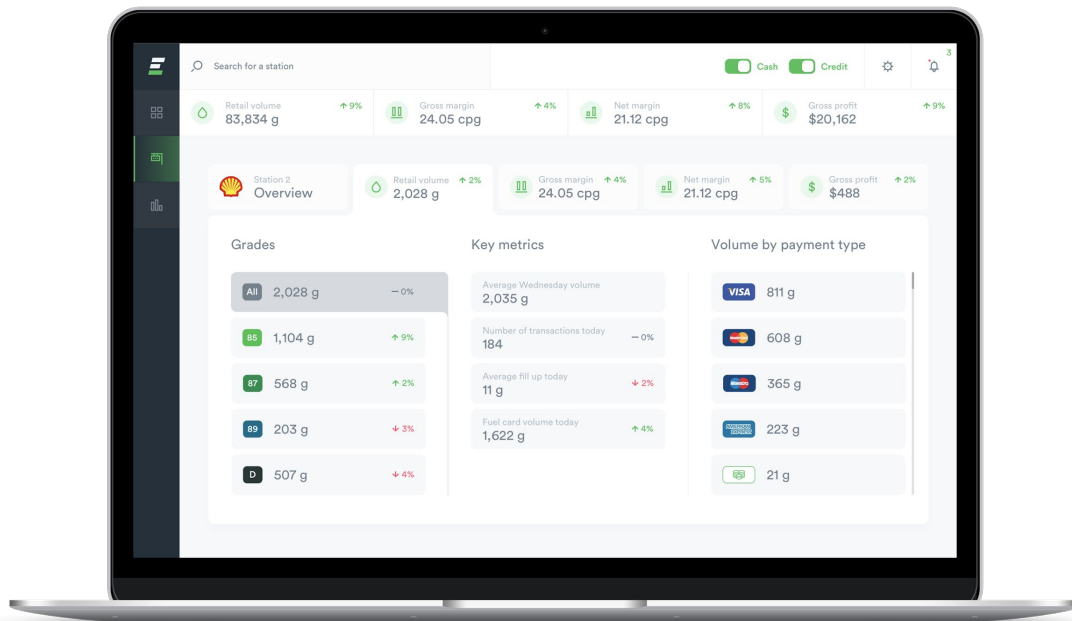
How should I run my pricing?

Introduction

EdgePetrol is a fuel pricing software used that replaces spreadsheets with live, actionable insight to help you make better pricing and procurement decisions.

Whilst the number one goal is to optimize retail fuel strategies, station owners and operators often ask us about automation and how we can help drive efficiencies within their business.

This article aims to help you uncover whether automation or optimization is right for your business or whether it is possible to do both without sacrificing the quality of the other.





What is automation?

Merriam-Webster defines automation as the technique of making an apparatus, a process, or a system operate automatically. In other words it is taking something you already do and making it happen automatically.

More often than not the reasons retailers choose to automate processes falls into one of two buckets; reducing the reliance on staff or increasing the speed it takes to complete the process.

What is optimization?

optimization (again defined by Merriam-Webster) is an act, process, or methodology of making something as fully perfect, functional, or effective as possible.

Whilst automation itself that can drive optimization, optimization is more focused on getting as much volume, margin and profit (depending on your objective) as possible out of your stations.



The rules of thumb

Automation is reliant on rules and rules are reliant on inputs.

Most retailers at one point or another will have used a spreadsheet for their pricing. This is a form of automation as the rules are leading to better data insight. However, the process itself is still manual, unlike some pricing software which allows for price changes to be implemented without human intervention.

In this case, the more inputs into the rules the better you can automate and avoid manual intervention. The higher the quality of the inputs and the rules the better results you will get from automating your pricing process.

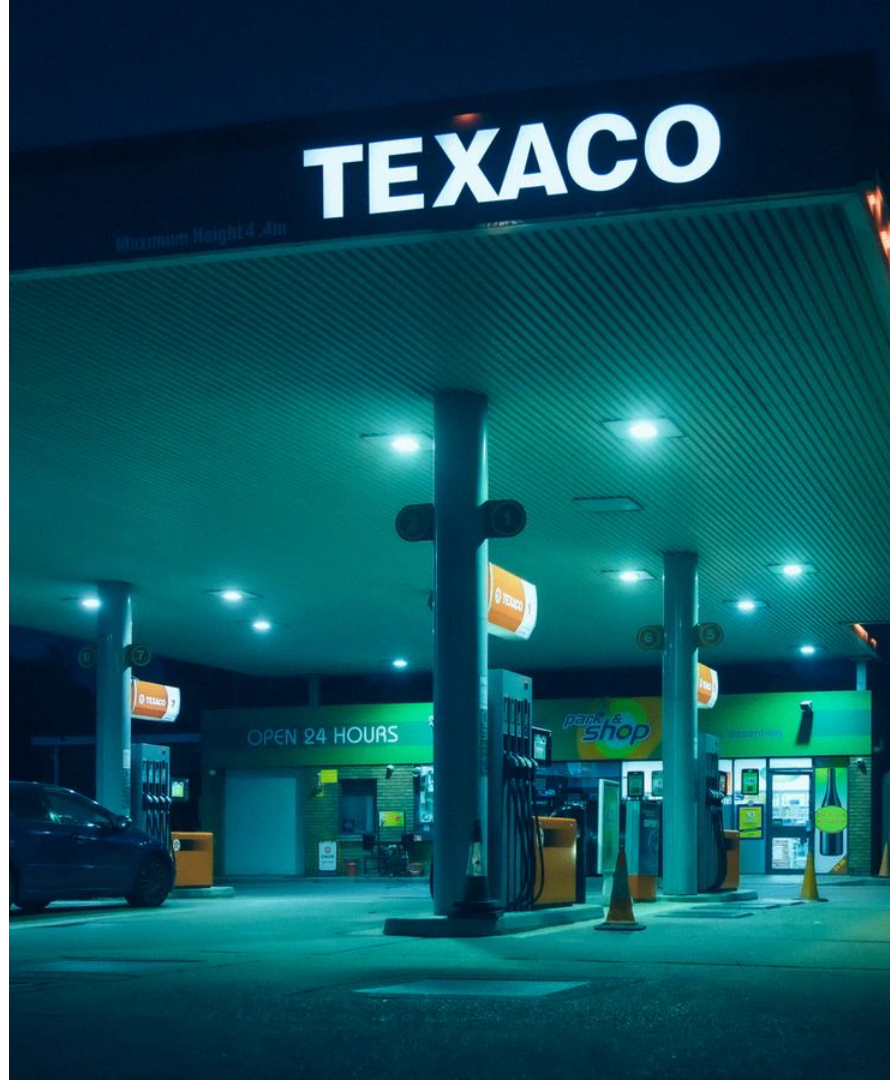
The challenges of automation

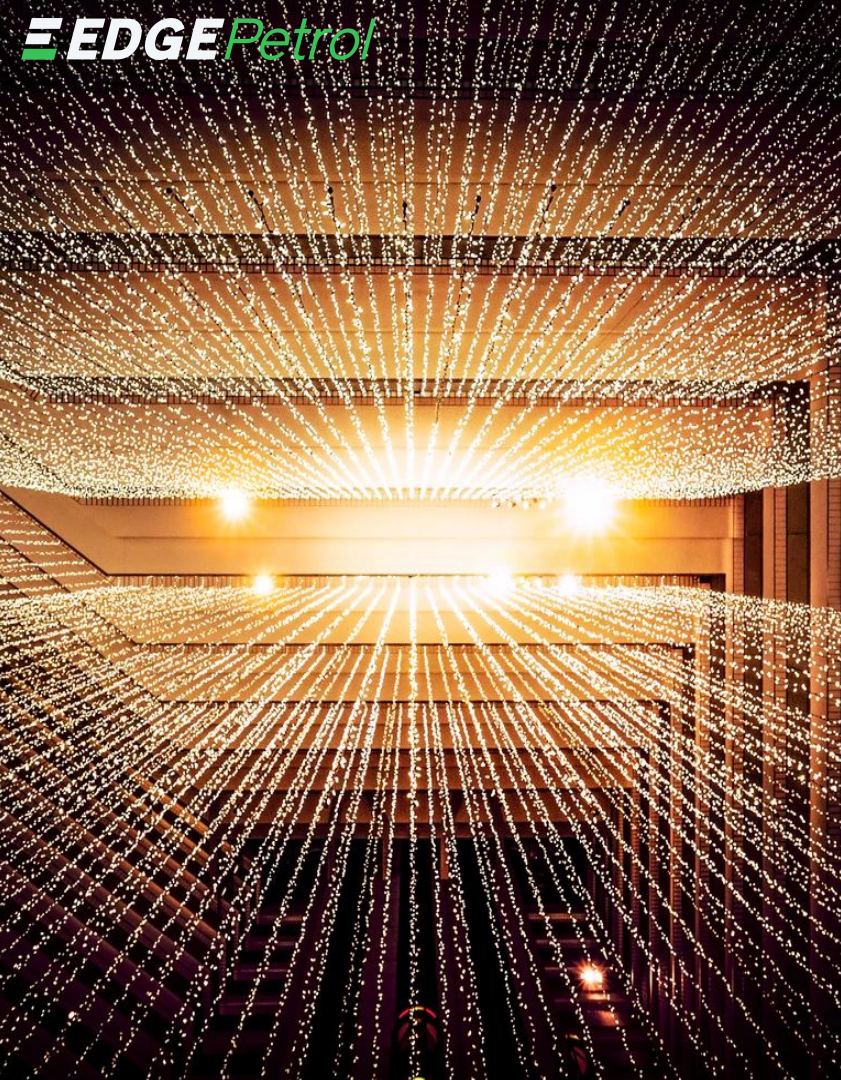
Whilst automation can save money and time, the rules that drive it can simplify the pricing process.

The world of pricing isn't simple as there are so many factors that go into an optimal decision, including (but not limited to):

1. Current volume, margin and profit situation
2. Competitor prices and offerings
3. Cost of product
4. Business objectives
5. Quality of shop offering
6. Time of day, week, month or year
7. Changing consumer behaviour
8. External factors (traffic, weather, sports events etc.)

This makes optimizing through automation very difficult, but not impossible!





Why automation isn't enough

Einstein said that insanity is “doing the same thing over and over again and expecting different results.”

Automating alone may only reduce the cost of doing things poorly. This is why you must have optimization on the mind when you automate.

Based on EdgePetrol research, if you are still using replacement cost to price your fuel you could be missing out on 18% profit or more.

Retailers who are adding ATGs (tank gauges) are a great example of how to automate and make improvements towards optimization. Having this equipment has opened them up to Wetstock Management and pricing tools such as EdgePetrol that help optimize site profitability.

Actionable tips

1. Look for bottlenecks and failure points, but don't automate them until you know how to optimize them.
2. Business benefit must prevail over efficiency and process perfections.
3. Cost-reducing automation rarely works out in the fuel industry, so focus on increasing profit.
4. Don't 'island automate'. In other words make sure automation fits as part of the bigger picture.
5. You can optimize your staff without automating processes. The two compliment each other but can be mutually exclusive.
6. Make sure you measure the impact of any changes you make and use this information to guide further change.



In conclusion, automation and optimization are already being rolled out across the fuel industry. If you are not thinking about investing in either, you are already falling behind.

With market consolidation driving aggressive competition in a reduced volume market, it is imperative that you find ways to optimize to keep up and get ahead of the game.



73%

Of workers believe that technology can never replace the human mind.

Accenture

84%

Of company representatives feel that AI can bring competitive advantages to their industry.

Statista

68%

Of companies are already investing in upskilling their workforce following COVID-19.

Talent LMS

20%

Of high company EBIT is attributed to data analytics at high performing companies.

McKinsey

Want to make sure you are optimizing your fuel pricing?

Book a demo now to see how EdgePetrol can help you to:

1. Get the most accurate cost of fuel
2. Track performance in real-time
3. Set and deliver new site strategies
4. Increase profit by 18% or more

Get in touch:

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