



retailer technology

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Delivering the 21st century

MOBILE AND WEB OFFERINGS DIFFERENTIATE YOUR OPERATION AND ATTRACT CUSTOMERS

A Pew Research Center study reveals two-thirds of online shoppers prefer buying from physical stores, but price differences ultimately drive them to make online purchases.

Propane retailers should be cautious about drawing conclusions from this study. With the notable exception of cylinders, customers do not go to a physical store to buy propane. Maybe the restaurant industry provides a closer comparison. According to recent studies:

- Digital ordering and delivery of food has grown 300 percent faster than dine-in traffic since 2014.
- Pizza chains reported an 18 percent increase in online/mobile orders compared to phone orders.

Based on these studies, and additional research conducted by our marketing department (which consists of an owner with a mug of coffee and several late hours in front of a browser), we developed some governing hypotheses:

- Online and mobile applications enable us to differentiate our offering.
- Offering discounts based on digital orders instead of phone orders will drive customer behavior, lower our cost structure and improve customer service.
- Physical offices still matter, especially because you need them to show up as a real business on Google Maps and also because customers like to get

out once in a while and visit you (and maybe fill their cylinder or autogas vehicle).

- Customers might place value on convenient features like apps that enable them to track their tank level with a monitor.
- Digital customers are more likely to see digital promotions than direct mail and newspaper promotions.

Based on these hypotheses, we:

- Created a new website with a mobile-first format: not mobile friendly – mobile first. That means our website might look stranger on a laptop or desktop than on a mobile phone.

We believe that, like the food industry, making a mobile and web-based offering provides better customer growth.

- Shifted our marketing spend to digital outlets.
- Restructured our discount program. Digital order and digital pre-pay customers get better discounts than phone and in-store orders. Auto-fill and auto-pay customers get the best discount.
- Committed to put monitors on all company-owned tanks – even will-call customers – and made monitor apps available to these customers.
- Opened an additional office and verified it with Google My Business.
- Launched a series of “Why?” and “How-to” videos available on YouTube and our website.

These steps took a lot of time and

money. What did we get for our trouble?

- On the customer front:
 - ▶ Dramatic growth in website traffic.
 - ▶ New customers: 9.9 percent more than last year.
 - ▶ More digital business, with a 33 percent increase in web payments and a 1,500 percent increase (not a typo) in web orders.
 - ▶ Improved customer service, with a 67 percent reduction in the call-hold rate, a 75 percent reduction in the call-abandon rate, a 95 percent reduction in the voicemail rate and a 6 percent increase in the call-answer rate.
- On the operating front:
 - ▶ A 50 percent reduction in total marketing spend.
 - ▶ A 10 percent increase in the average delivery.
 - ▶ A 28 percent reduction in driver overtime.

Our experience so far is encouraging. We believe that, like the food industry, making a mobile and web-based offering provides better customer growth. We also believe, anecdotally, that a monitor app provides additional customer convenience. After all, would you rather check your tank level sitting on the couch, or would you prefer wading through snow up to your posterior to lift a cold tank hood?

In light of our experience, retailers should evaluate whether mobile and web-based ordering and monitors with customer apps will differentiate them in ways valued by their customers. **LPG**

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