



White's "Connects" with Connected Payments

CASE STUDY: THIS INDEPENDENT GROCER IS THE FIRST TO INSTALL STORENEXT'S INTERNET-BASED PAYMENTS SYSTEM — CONVERTING 80 PERCENT OF CREDIT TRANSACTIONS TO DEBIT.

White's Foodliner is a six-store independent grocer headquartered in Kingman, Kansas, employing more than 250 associates. The average store is 12,000 sq. feet and offers seafood, grocery, beer, cheese, produce, floral, deli and bakery departments. White's needed electronic payments cost relief and better shopper service — in a hurry. This case study describes White's actions and results.



Would you make a major change in a mission-critical store system the week before Christmas? The skyrocketing costs of electronic payments create such a struggle for independent grocers that solving the problem can become a top priority. At White's Foodliner, for example, it was so important that this independent grocer jumped at the chance to implement a new payments concept — even during the holiday season.

The pending busy period didn't faze owner Pat White, because he was convinced that the benefits for his six-store Kansas chain would far outweigh the transition required by installing new payments technology. So White's went forward with StoreNext Connected Payments™, an electronic payments program from StoreNext Retail Technologies LLC, MTXEPS Inc. and several leading retail industry payment processors.

"We needed a change, and we needed to make it fast. In fact, we were having so much trouble with our credit card processing, that the holiday season made it all the more imperative for us to get a new system in place," said White.

White's first step was turning to his long-trusted dealer Retail Data Systems (RDS), to determine a new solution that could eliminate the problems while taking a major bite out of Foodliner's electronic payments costs. RDS was fortuitously just gearing up to bring StoreNext's Connected Payments to the market — a solution targeting exactly the problems Pat White was facing.

As a result, White and his management team initially piloted Connected Payments' credit-to-debit conversion and signature capture features in October 2006. The pilot proved so successful that White had RDS install Connected Payments in four other stores in the three weeks prior to Thanksgiving to

gain the benefits over as much of the holiday season as possible.

The sixth and final White's Foodliner was initially slated for its Connected Payments upgrade in January. But the transitions had been so smooth that — coupled with the dramatically faster shopper service and payments cost reductions — White accelerated the upgrade and installed this last store just a few days before Christmas.

CONVERTING CREDIT TO DEBIT

The success was immediate.

Connected Payments credit-to-debit conversion feature, in particular, had a substantial impact on White's bottom line. Since a typical credit card transaction costs grocers about \$.50 more than that same transaction executed with debit, the savings potential is enormous when card-bearing shoppers learn to use the debit feature.

Connected Payments is designed to automatically propose the debit option with today's common dual-purpose credit/debit cards, helping grocers convert as many credit card transactions to debit as possible. In fact, a nationwide study privately conducted by a major wholesaler showed that the average grocer converts 48 percent — almost half — of credit transactions by simply applying the technology alone.

White's, however, also launched a chain-wide training and promotional program that educated employees and shoppers alike that debit transactions are both more secure and more cost-efficient than credit transactions. The combination of the new technology and the coordinated campaign provided dramatic results, with White's converting up to an extraordinary 80 percent of its credit card transactions.

“We could see the change instantly. Most customers were unaware of the difference in the processing fees and did not mind using the debit option at all,” said White. “And it made all the difference to our bottom line. “We were able to negotiate our up-front costs with the debit card network, so there were no hidden surprises in terms of processing fees.

“We also recently began using the Electronic Check Conversion feature at our Goddard store,” he said. “Everything has worked smoothly, and although it is too early to put an exact number on what we are saving, the biggest reduction related to this feature is in labor savings, because our cashiers don’t have to count checks at the end of each shift. And our customers seem to appreciate the personalized service, privacy, identity protection and faster checkout service that comes with the new feature.”

Customers who use checks also can swipe their driver’s license through the credit card terminal to confirm their identification. The quick ROI and positive feedback on Electronic Check Conversion has prompted White’s to roll it out to the other five stores as well.

IMPROVED SHOPPER SERVICE

White said that his average transaction response times have been cut from 15 seconds to about one second, in part due to the transition from dial-up to high-speed Internet connection. However, Connected Payments’ full integration with White’s ISS45 POS system also enabled White’s to update the checkout process itself to save even more precious time. For example, the

shopper now initiates payment transactions instead of waiting for the cashier, and dual receipts are eliminated, saving 20-25 seconds of typical paper shuffling - as well as the paper.

With the exclusive “Swipe-Sign-OK” capability, shoppers slide their cards before the end-of-order, keying in their PIN or signing the signature capture pad — and even choosing the cash-back option — all while the cashier scans the order. By the end of the transaction, there is nothing left for the shopper to do except press the final “OK,” saving another 12 seconds or so. With two shoppers waiting in line for checkout, each shopper will typically save over a minute-and-a-half from the shopper-initiated and Swipe-Sign-OK features, with the faster transaction responses cutting the wait even further.

“The Connected Payments software and the WinEPS component have had a substantial and positive impact on our customer’s overall shopping experience,” enthused White. “Shoppers are thrilled with the time-saving aspect of the new technology, as are the cashiers. Our employees are usually on the receiving end when things don’t move fast enough for our shoppers, so they too are very pleased with the change.

“The operational conveniences we’ve experienced have been plentiful. From central signature storage to consolidated reporting to optimized PCI compliance, StoreNext’s Connected Payments has completely changed the way we perform, track and report transactions. Moving forward, we expect continued cost reduction across our chain while increasing customer satisfaction,” he concluded.