Accelerating Consumer Experience:

Managed Services Fuel the New Mobility Retailer

TNS

Pumping Gas?
The Evolution of the New Mobility Retailer

Fuel retailers and convenience stores around the globe are facing changes to their operating models, dramatic shifts in customer preferences and expectations, as well as far greater risks brought about by the increasing shift to digital.

Globally, three key themes are impacting Fuel and Convenience retailers:

- **Changing needs for fuel driven by evolving driving habits, the shift to alternative fuels and regulatory pressures**

- **Advancing technology and a shift to shared mobility, digital advancements in autonomous vehicles (AV) and a continued focus on security**

- **Evolving customer expectations regarding rich digital engagement, payment channels and consumer attitudes**

Combine these three themes with the many changes impacting the wider retail and payments ecosystem, such as contactless payments and mobile wallets which were occurring organically and have seen increased adoption across all demographics through the pandemic, and retailers face a rapidly shifting landscape. Loyalty programs, new payment options and promotion applications have grown in complexity as the move to omnichannel commerce has gathered momentum.

Retail is not a simple buyer/seller transaction anymore, and in the face of these changes, network criticality demands a renewed approach and re-prioritization for everyone from the small independent service station to the multinational chain operator.

Some Fuel and Convenience retailers are re-imagining themselves as Mobility Retailers. "Destinations" for consumers with natural adjacencies such as quick-service restaurants, coffee shops, parcel collection points, and food for later options optimized to increase dwell time as well as introducing new fueling systems, such as EV, as alternative fuel adoption accelerates. The savvy operator will offer 'sticky' experiences before the consumer ever reaches the pump. Guest wi-fi, "available online" offers, multi-faceted "apps" with customized loyalty offerings and promotions are just some of the enhancements to the value-added customer experience.

The challenge for the modern Mobility Retailer is understanding which of these technologies and behaviors are here to stay, how they impact the customer journey, and how to deliver a secure customer experience in this changing world. Not only is choosing the right technology a challenge but implementing the technology to its full potential is crucial to deliver on customer expectations while meeting business imperatives.

This eBook has been compiled to explore the challenges and opportunities facing Mobility Retailers and the opportunities afforded by working collaboratively with a Managed Network Service Provider (MNSP).

Hit the Gas:
Expectation Drives Consumers Toward Digital

The pandemic shifted technologies and customer behaviors, upended the online/offline/in-store customer experience, and turned the entire buyer/seller relationship on its head.

Commerce transformation was certainly rolling right along before Covid, but this black swan event forced everyone to suddenly act like risk-taking early adopters years sooner than they might have expected. Hundreds of millions of people around the world were suddenly willing to start buying online and ready to try almost anything from contactless points of sale and mobile wallets to click and collect and curbside delivery options.

For retailers, this meant a shift in mindset and adapting to changing customer demands. In a recent survey commissioned by Fortinet and TNS* 71% of retailers reported adoption of mobile apps, contactless payments, or eCommerce portals in response to the pandemic. The same survey found that these three technologies will remain post-pandemic.
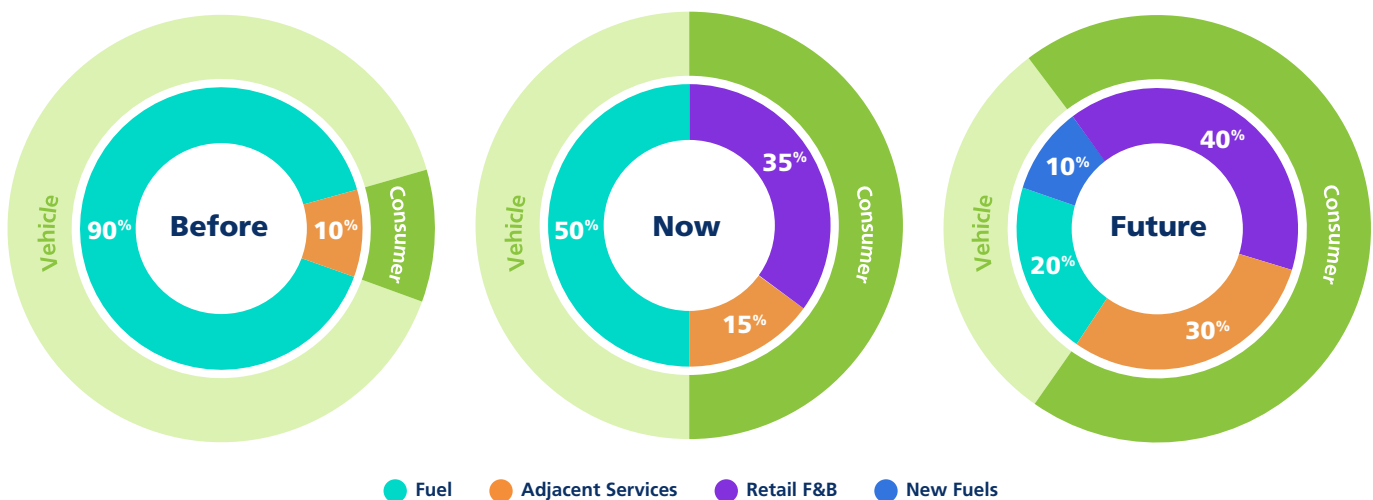
According to a recent whitepaper from Juniper Research**, contactless payments will continue to rise, with 34% of all mobile devices using contactless payments by 2025. The research also forecasts that, by 2025, contactless and eCommerce payments will account for 50%, or an estimated $5 trillion, of transactions.

The new behaviors and technology options are coming on fast and are having a significant impact and influence on the ever-changing customer journey and experience.

For fuel retailers, the complexity of this shift is further exacerbated by additional external events and regulatory pressures.

In the past fuel sales accounted for 90% of all sales, today that number is 50% and continues to decrease. The modern mobility retailer should diversify their offer and look for new revenue pools. Successful adoption of digital solutions will help facilitate a profitable shift in focus from vehicle to consumer needs.

Income Distribution

Before — Vehicle 90% — Consumer 10%
Now — Vehicle 50% — 35% — 15% — Consumer
Future — Vehicle 40% — 10% — 20% — 30% — Consumer

● Fuel   ● Adjacent Services   ● Retail F&B   ● New Fuels

*Source: McKinsey - Fuel Retail in the Age of New Mobility
KPMG - Fuel Forecourt Retail Market*

Mirror, Signal, Maneuver:
Understanding the Omnichannel Challenge Across All Types of Sites

As the retail payments infrastructure evolves across owner-operated and franchise sites, the lines are blurring between physical and digital storefronts and forecourts.

Multi-faceted customer touchpoints are increasingly complex, and creative point-of-sale (POS) solutions like click and collect, curbside pickup, buy now/ pay later, subscription models, and innovative loyalty programs are becoming more popular.

Within the fuel retail space this challenge is further complicated as consumers and retailers alike begin to shift away from servicing vehicle needs and instead focus on the wants and needs of the consumer. Whether it's EV Charging instigated and paid for via the tap of a contactless card or through an app, promotions and personalized offers made at the pump, or adjacent services such as fast food or groceries ordered, paid for, and delivered via a third-party partner the ways in which consumers engage with convenience retailers have transformed.

Demand for high availability, and the performance to accommodate new and improved critical applications, puts tremendous pressure on a network. When the slightest glitch or inconvenience can cause a negative customer experience, there is the growing threat of high-risk customer dissatisfaction, especially with their direct and increasing participation in product and service reviews and social media feedback.

Across all demographics and geographies, from independent forecourts to multinational stores, buyers are now more willing than ever to shuffle their payments preferences and experiment with new models. Buyers are also far less willing to put up with any breach or network disruption. They have perhaps reached zero tolerance for any merchant's inability to accept any form of payment, anyhow, anyway, any time, and anywhere in any country.

Traditional Model
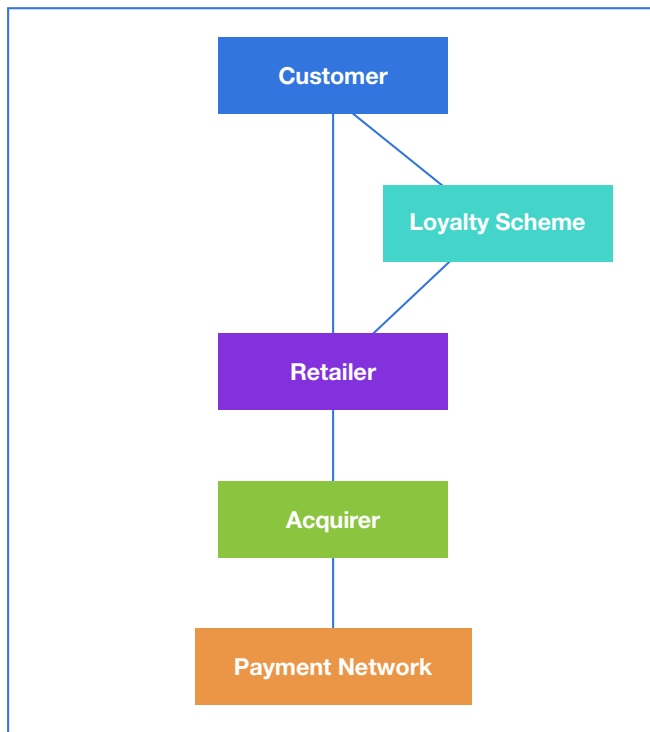
New Model
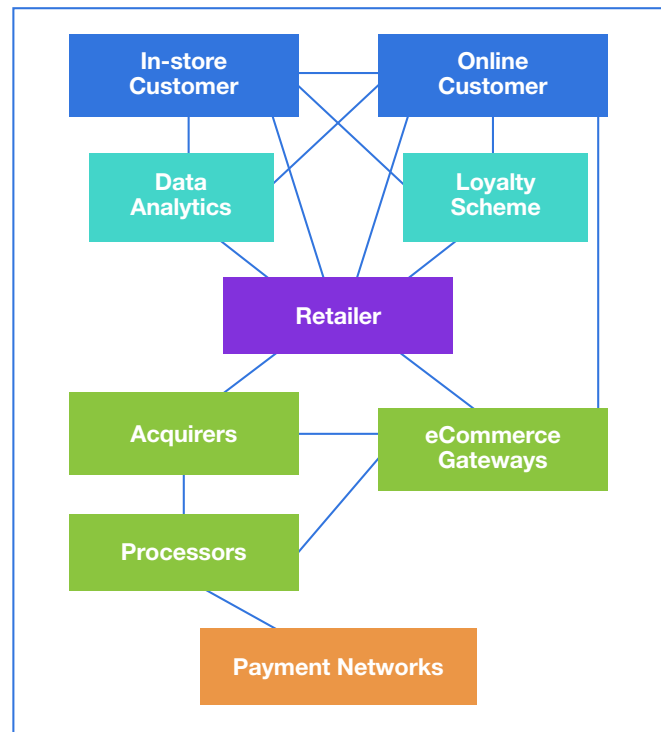
Source: Juniper Research

* Retail Security & COVID-19 Industry Survey 2021*
**Digital Wallets – Transforming the Way We Pay?*

Plug In:
Technology Trends

Delivering your mission-critical data effectively is the direct route to a cohesive customer journey. Quick, secure, and convenient payments are a prerequisite of the modern consumer, and at TNS, we connect consumers through a highly secure, resilient, and efficient network.
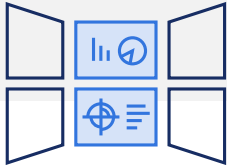
Three key technology trends are driving digital transformation in the retail space:

1 Cloud and Software as a Service (SaaS) Migration

From back-office applications such as Windows 365 to loyalty programs, stock inventory to customer and transaction data, migration to the cloud and SaaS-based programs has gathered pace. Adoption has been driven by the shift in retail model and the transition to a 24/7 business.

2 Smart, Secure and Resilient Connectivity

The shift in consumer behavior, coupled with the evolution of the retail model, has led retailers to adopt smarter connectivity choices. Retailers demand dynamic, private networks that share bandwidth across connection points, offer centralized control and security, while allowing for creative zero-touch environments, all while processing mission-critical network intelligence in the cloud. The increasing shift to digital is forcing existential improvements in retail operations. Network criticality has reached a boiling point and networks must be able to manage hyperscale fluctuations and operational demands.

3 MNSP Collaboration

With today's greater complexities upon us, an MNSP can be a vital partner, providing not only a tech stack that is fit for purpose but in reducing the burden on the retailer. When you partner with an MNSP, both implementation and management are taken care of by a team of experts, which improves service delivery and quality of services while taking the onus of network management off an internal IT team completely. This frees up your IT team's time, allowing them to focus on functions more relevant to the core business of your business. In the modern age, when retail is more focused on customer experience than transactions, this can make a meaningful difference.

Stop!
Focus on Your Core Business

As fuel retailers and convenience stores adapt on the fly, they are well reminded of the classic technology advertising call-to-action: focus on the business of your business.

With the cloud and the proliferation of SaaS, Platform as a Service (PaaS), and Infrastructure as a Service (IaaS) solutions, we're out of the data center and living on the edge of networks now. There is too much code, data complexity, devices, and attack surface vulnerabilities for retailers to ignore the need for continuous integration, deployment, orchestration, and managed oversight of payment ecosystems that a fully digital network now provides.

Businesses Face a Choice – Managed Network Service vs. DIY

Retail's integration with MNSPs will help reduce the burdens of the omnichannel, cloud-based commerce technology stack. The alternative to partnering with an MNSP is DIY. Choosing to do it alone places the pressure on the in-house IT team, and full responsibility for deployment, implementation and network management sits with your internal resource; resource that may be better served focusing on enhancing customer experience and driving business growth.

MNSP	DIY
• Enhanced management and monitoring	• Compliance burden
• Responsible for upgrades and updates	• Responsibility falls on in-house IT team to deploy, implement and maintain with no added support
• Reduced compliance burden	
• Telco Carrier Agnostic	• Increased risk with network sitting on internal resource
• Increased security, reliability and resilience	
• 24/7/365 support	• Telco vendor management burden
• Improved resilience and geographic redundancy	• Multiple, potentially complex, contract management
• Simplified contracting	

The reinvention of your core business requires a focus on new revenue streams and a re-evaluation of in-store investments that offers agility. Working with an MNSP provides the opportunity to focus on these two non-negotiables.

Managing the Revenue Mix

Transforming Forecourts

Retailers must introduce more attractive forecourt formats, offering consumers added choices and alternatives, with personalized content at the pump.

Introducing New Adjacencies

Retailers must focus on natural and emerging adjacency services across new fuels, food, retail and other services.

Fulfilling Customer Needs

Retailers must introduce loyalty, Wi-Fi, a personalized experience and digital apps. The modern customer journey starts at home through promotions.

Managing Expenses

Managing Site and Operations

Retailers must introduce self-service, cashless payments, and out-of-hour offerings, which manage back-office, headquarter and utility expenses.

Controlling Portfolio of Services

Retailers should consider partnerships or joint ventures to optimize their service station network and geographical positions.

Maintaining Compliance and Security Levels

Retailers must remain compliant with industry standards and stay secure across the service station network.

Time to Fill Up?
Choosing the Right MNSP

Technologies that can help businesses meet today's networking demands are readily available. The key to success is in its deployment and implementation.

Though change always requires effort and risk, working with an MNSP with a portfolio of payment acceptance, global connectivity and payment orchestration services reduces the burden and optimizes the performance and maintenance for network security, uptime, and operational resilience. Of course, with the benefits come complexities, and now more than ever retailers would be wise to partner with a Level 1 PCI-certified service provider to manage their mission-critical payments connectivity.

Addressing the following considerations will inform key buyer decision points for working with a managed network and security systems provider:

☑ **Choose a partner with a global footprint and commitment to operate within the appropriate security assurance frameworks like PCI DSS**

☑ **Select a provider with global wireless access and relationships with multiple carriers**

☑ **Maximize uptime by selecting services that support and maintain geographic redundancy through global network operating centers**

☑ **Plan your digital transformation strategy around your private network's unique vulnerabilities, characteristics, and capabilities**

☑ **Measure the effectiveness of your MNSP relationship, compliance, and governance around managed end-to-end outcomes**

Managing today's complex payments ecosystem through an MNSP allows retailers to streamline consumer touchpoints and transaction processing—and, most importantly, it disciplines their focus less on payments and more on the customer experience and the business of their business.

Accelerate Your Future:
A Single Managed Network and Payments Orchestration Provider

Connecting Consumers

- POS/OTP
- Fuel pump and Content
- Guest Wifi
- mPOS
- Mobile App Platforms
- ATM/Kiosk
- eCommerce Platform
- Connected Devices

Enabling a Highly Secure, Available and Resilient Gas Station Network

Your Gas Station Network

Processing Transactions

Delivered as a Service

TNS has specialist expertise globally delivering services in 60 markets

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TNS enables payment acceptance and additional consumer touchpoints through:

- Multi-channel payment acceptance in-store, at-the-pump and online
- Guest Wi-Fi and secure mid-office cloud connectivity
- On-site device connectivity, digital content distribution and self-service capabilities

TNS connects your devices, sites and enterprise or cloud-hosted applications on a secure and reliable global network with:

- High availability, without single points of failure, minimizing downtime
- TNS' secure and reliable PCI DSS certified private cloud links
- End-to-end visibility of mission-critical payments traffic from retail sites to your payments partners

TNS can overlay the store connectivity network with value-added services:

- Payment switching for authorization and settlement
- Tokenization and encryption services to improve security and reduce cost and scope of PCI DSS
- Other enhanced payments services applicable to fuel and convenience retailers

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About TNS

A Trusted Payment Partner

TNS is a leading global provider of Infrastructure-as-a-Service (IaaS) solutions to the payments, communications and financial markets. Established more than 30 years ago, its extensive portfolio of innovative, value-added services now supports thousands of organizations across more than 60 countries. Enabling and powering payment strategies for businesses, TNS supports fuel retailers around the globe with their payment acceptance, connectivity and transaction processing needs. Trusted by the industry, TNS is a PCI DSS level 1 certified service provider and a certified Managed Network Service Provider (MNSP) with Gilbarco Veeder-Root, Verifone and Invenco. Its solutions comply to the latest security standards including EMV certified payment terminals and P2PE validated solutions. TNS is a proven leader in providing reliable and resilient network and payment gateway services. Businesses large and small trust TNS to keep transaction networks running smoothly and to deliver their transactions to their destination. TNS' network transports over a billion payments, telecommunications and financial transactions a day. Its secure network is monitored 24x7x365 by four network operating centers in the US, UK, Malaysia and Australia.

Contact us to see how TNS can help transform your Fuel and Convenience retail business:

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