

Gilbarco: RFID Pumps up Profits

Gilbarco, a leader in gas station point of sales equipment, wants to extend RFID payments at the pump to car washes.

June 13, 2002 -- Greensboro, N.C.-based Gilbarco is one of the leading makers of gas stations pumps. Two decades ago, the company expanded into pay-at-the-pump and other point of sale equipment. Now it's trying to bring its expertise in outdoor transaction systems to car washes, quick service restaurants and pharmacies.

This week, Gilbarco announced that it has successfully tested a new RFID, cash and credit card payment system at two Exxon-branded gas stations in Concord, N.C. The system ties into Gilbarco's G-SITE point-of-sale system, so station owners can process all their transactions through one system.

The benefit for consumers is they can pull up to a car wash, wave the same key fob they use to pay for gas or snacks in the convenience store, and drive through the car wash. Customers tend to spend more with RFID systems that link to a credit card, because they don't have to worry about how much cash they have in their pocket. And the transaction is quicker, so customers tend to get in and out faster.

"It has always been our top priority to make it easier and more convenient for our customers when they visit our stores," says Trent Propst, president of Propst Bros. Dist. Inc., which owns the two stores in Concord and the first to roll out the system in North Carolina. "This system also provided us an opportunity to further develop an increasingly profitable revenue stream."

Gilbarco's market research found that 60 to 65 percent of gas stations have car washes, and more than 90 percent of all new gas stations have a car wash. So the market opportunity is considerable.

"The profit margin on fuel isn't that high," says Lucy Sackett, marketing manager for Gilbarco. "The car wash offers new opportunities for profit generation. Essentially, station owners now use gas to pull people onto the lot and use other profits centers to run their business."

Gilbarco's system will cost a station that already uses its G-SITE point of sales system about \$7,000 to \$10,000. But Sackett says they will see a significant return on that investment because the payment system boosts revenue.

A similar outdoor payment system from Gilbarco is being tested at 54 drive through McDonald's in Boise, Idaho. Payments in that test are processed by a company called FreedomPay.

Randy Trost, FreedomPay's director of product development at FreedomPay, said at the recent 2002 Retail Electronic Payment Systems Conference in Reston, Vir., that average transaction amounts using FreedomPay were 18 percent higher than cash transactions, and the transaction time for customers decreased 35 percent over those paying by cash.

Gilbarco has been around for 140 years. The company was known for a while as Marconi Commerce Systems. But it was recently sold to Danaher Corp., and it began using its original Gilbarco name. It was also

merged with Veeder-Root, a company that makes gauges for underground gas tanks. Gilbarco has installed some 40,000 RFID payment points for ExxonMobil, Philips 66, McDonald's and other companies.

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