



Real Cost Of Tank Runouts

Most convenience stores understand the cost of tank shutdowns in terms of lost fuel sales, but few understand the full cost to your brand.

Fuel locations sell approximately 2,600 gallons per day. But what happens when the fuel tanks shut down? How many sales are lost because consumers don't stop for gas or come into the store to make a purchase?

Customers can't fuel up for a few reasons, the most common being a fuel runout or a tank shutdown. Either way, an outage means you have zero fuel sales, and any customer who came for fuel will likely leave before entering your store.

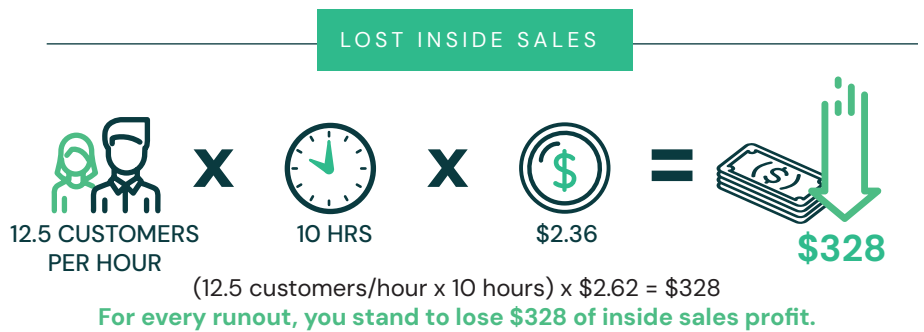
But if you calculate loss based only on fuel and inside sales, you are underestimating your total loss. What is even more damaging about a tank runout are the sales you lose because customers have a bad experience and never come back. You end up hurting your customer lifetime value.



What Does a Runout Cost?

To answer this question, we pulled some of the latest statistics about fuel sales at convenience stores:

- Gas stations dispense around [300 gallons every hour](#).
- The current average fuel margin is \$0.30 per gallon.
- According to our data, it can take an average of 10 hours to restore fuel sales after a runout.



Combined, you'll lose out on \$1,228 of profit for every tank runout



This means that a gas station will lose sales of 3000 gallons per the 10 hour runout, which ends up costing that gas station \$900 in profit.

But the loss doesn't stop there.

As any store operator knows, you don't just lose fuel sales during a tank runout. What happens when customers stop shopping in your location because of tank runout? What does it cost your store?

To answer this question, we used the following statistics:

- On average, 462 customers* buy something inside a convenience store over an 18 hour day. Our customers say 50% of customers will still buy something during a runout.
- In 2019, each customer in a convenience store [spent an average of \\$7.50](#) with an average profit margin of 35% according to our customers.

To do some quick math, stores stand to lose 12.5 customers for every hour of a runout. With an average profit of \$2.62 per customer, your total inside sales profit lost during a runout is \$328.

* NACS' "9 Habits of Gas-Buying Customers"

The Cost to Your Brand Reputation

When you have a tank runout, you let your customers down.

However, lost revenue is not your only problem during a fuel runout or when experiencing any other fuel issue. Problems at the pump also harm your brand reputation and compound the loss to your bottom line.

When you have a tank runout, you let your customer down.

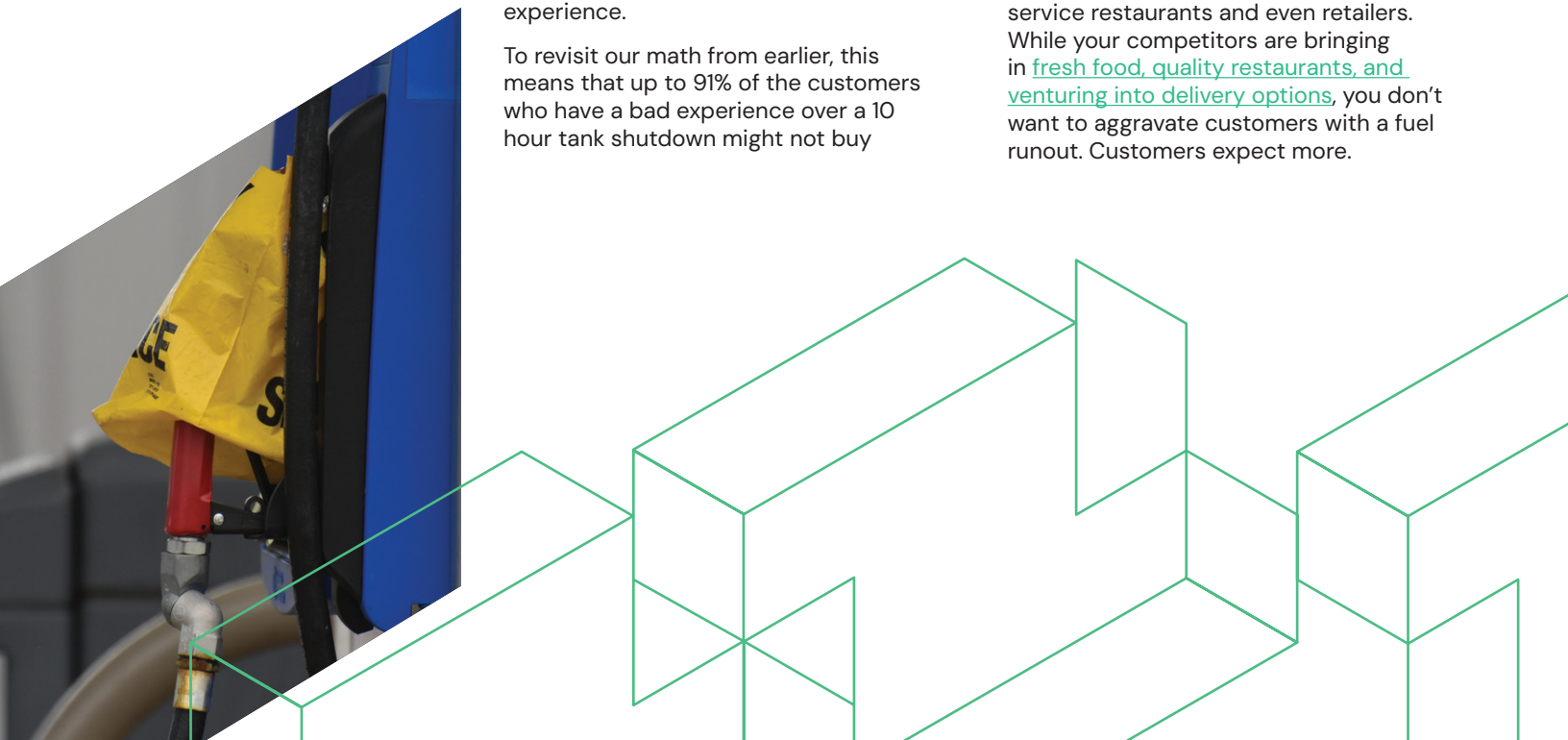
This kind of experience reduces consumer trust and retention. Not only will you lose sales for that 10 hours, studies show that an [estimated 91% of consumers](#) will no longer engage with your store after having just one bad experience.

To revisit our math from earlier, this means that up to 91% of the customers who have a bad experience over a 10 hour tank shutdown might not buy

from you again. So not only do you lose \$1,228 in profit during a runout, but 91% of customers who show up during a tank runout might never come back to your store.

The truth is that no convenience store can afford to lose customers these days. Competition between stores is fierce and at a time when innovation in the industry is at an all time high, a fuel runout can be a massive blow to your store.

Stores are going above and beyond to differentiate themselves from other convenience stores as well as from quick-service restaurants and even retailers. While your competitors are bringing in [fresh food, quality restaurants, and venturing into delivery options](#), you don't want to aggravate customers with a fuel runout. Customers expect more.



Direct result of a tank runout:



\$900 lost fuel sales



\$328 lost inside sales



989 lost customers

One Chain Saves 180K Gallons of Fuel Per Month

By reducing the duration and frequency of shutdowns, you can reduce the number of tank shutdown events which can have a significant impact on your business.

In one example, a customer had frequent shutdowns due to groundwater alarms occurring because of a diesel pump. This issue prevented fuel movement throughout the organization. However, it was shutting down every tank in the facility. This shutdown [cost the retailer \\$550,000 or over 240,000 gallons](#) of fuel each month.

After being implemented, Titan Cloud was able to identify configuration issues and correct the gauge programming. With this change, only impacted pumps shut down and other fuel sales continued.

After using Titan solutions for one month, the customer reduced their lost fuel sales from over 240,000 gallons to less than 60,000 gallons. After months of use, they reduced the average loss by over 83%.



Reduced the average loss by over 83%

Improving ROI and Reducing Risk at the Pump with Titan Cloud

Convenience store leaders have looked to technology to improve revenue. Technology has become a vital tool for enhancing ROI.

Titan Cloud lets convenience store operators better manage their fuel inventory. With Titan, you get solutions for:



Environmental compliance



Facility maintenance



Fuel management

As businesses manage against unpredictable demand, increased volatility, and rising costs, leaders across industries are turning to Titan Cloud technology to gain unprecedented connectivity, visibility, and control into their fuel assets and operations.

Learn more at titancloud.com

Call 1-615-372-6000 or email ROI@titancloud.com