

PROFILE

NAME: RaceTrac

LOCATION: Atlanta, Ga.

FOUNDED: 1934

WEBSITE: www.racetrac.com

CHALLENGE

Long lead times, high costs, inflexibility, and overall inefficiencies associated with outsourcing shelf tagging and product labeling strips needed for over 580 convenience stores.

SOLUTION

Bring shelf tag and product labeling operations in-house with ColorWorks® on-demand color label printers, Software label software and IPSi solution to better deliver a simple and seamless shopping experience for customers, eliminating 50% of total shelf tag and product labeling costs.

Putting the ‘Convenience’ in Convenience Chain Product Labeling Operations

Increasing operational flexibility and agility while decreasing costs and eliminating inefficiencies

RaceTrac, the 18th largest privately held company in the U.S., has been serving guests since 1934 and now operates over 580 stores in 10 states across the South and Midwest.

RaceTrac’s mission is to make people’s lives simpler and more enjoyable with stores that offer guests an affordable, one-stop shop. For RaceTrac, the standard is not sufficient. To continue delivering on its mission during ever-changing times, RaceTrac regularly experiments, refines, innovates, and reinvents.

Realizing that RaceTrac could significantly benefit from changes to its shelf tagging and product labeling operations, Kent Bailey, director of Space and Demand Planning at RaceTrac, enlisted the expertise of Epson and [Integrated Productivity Systems \(IPSi\)](#), with extensive experience integrating automated data collection equipment and label printing systems.

Like many businesses in the convenience and grocery industries, RaceTrac had been working solely with a third-party provider for the creation and delivery of its shelf strips – a de facto standard process for years. The RaceTrac team would pull the data needed from planograms and share the data and design with the third party for it to assemble, print and ship shelf tags to RaceTrac stores.

“With a ‘one-size-fits-all’ operation of that nature, there’s little opportunity for customization and issues with flexibility and costs,” said Jonah Whigham, space management manager at RaceTrac. “The lead times can be weeks and there are ship minimums that often result in wasted material and money.”



RaceTrac stocks more than 4,000 retail and grocery items. With its large database of products and each store having slightly varied layouts and planograms, flexibility with label printing operations is critical.

Whigham continued, “With the ship minimum requirements, we would have to order 14 runs of shelf tags for a single planogram. Even for our stores that have specialized, unique planograms, where we only need a single run, we had to buy 14 runs of each. Specialization is common and unnecessary costs add up quickly when supporting over 580 stores.”

“Not only does the color product image make shopping and identifying product details easy for shoppers, but it also makes the process of stocking and ordering easy for merchandising and store teams. When executed correctly, it’s highly efficient all around.”

- JONAH WHIGHAM, SPACE MANAGEMENT MANAGER, RACETRAC

Labeling Landscape

RaceTrac's shelf strips are not standard strips with black-and-white prices and barcodes. The 2-foot or 4-foot synthetic tag stock shelf strips include RaceTrac branding and several product-related variable data, for multiple products, as well as incorporate many color aspects for a visual impact.

Studies show that color used on products and in marketing communications enhances brand recognition by up to 80%.¹ Customer trust and confidence are directly associated with brand recognition.

"Rather than using individual tags or labels for each product on a shelf edge, we use strips for each shelf. Each strip includes product information for several products. For each product, we include a barcode and UPC, ordering identifiers, a large price tag, and something that sets us apart from other retailers – a high-resolution color image of the product," said Whigham.

"Not only does the color product image make shopping and identifying product details easy for shoppers, but it also makes the process of stocking and ordering easy for merchandising and store teams. When executed correctly, it's highly efficient all around," Whigham added.

Frustrations with Inflexibility and Inefficiency

The challenge with using shelf strips for product tagging and labeling is that every aspect of the data, labeling infrastructure and execution must be coordinated correctly. There's no room for error. Every detail on the shelf strip needs to be accurate in the RaceTrac systems, as well as transferred correctly to the third party – with no mistakes in printing. If a UPC is incorrect for one product on the shelf strip, the entire strip becomes scrap and needs to be updated, reordered and reprinted.

For that reason, along with a few other frustrations, Bailey noted, "Our old labeling operation, as well as outsourcing and relying on a company to print all our shelf strips, was an inflexible process. Plus, we didn't have any room to innovate. There was an inherent limit to our marketability, the ability to promote our brand and drive flexibility through the process."

He added, "We wanted to find a way to bring the process in-house so we could do it ourselves, on demand."

Bailey and his team engaged with Epson and [IPSi](#) to determine if it would be possible to create an internal solution— integrating RaceTrac planning software, label design and management software and label printing hardware – to bring shelf tag printing operations in-house. Together, the three companies created an advanced, yet seamless solution.



The new shelf tag solution is comprised of three Epson ColorWorks® [CW-C6000A](#) on-demand color label printers and [Loftware Cloud](#) software, along with [IPSi](#) custom, integrated and optimized label software which is instrumental in bridging the infrastructure and hardware components.

"When the RaceTrac team came to us, they lacked flexibility and control in their shelf tag printing, which caused real business problems," said [Rick Schilling](#), president of [IPSi](#). "RaceTrac was immediately impressed by the quality and capabilities of the ColorWorks printers, and we helped them put all the puzzle pieces together to solve their problems differently. They now have the tools and agility to print shelf tags internally when they need to and use a commercial printer when it calls for it, which is beneficial when you get into target marketing and A/B testing."

Now, RaceTrac planogram data is fed into Loftware Cloud for shelf tag design and then sent to the ColorWorks color label printers for templating and printing.

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- RICK SCHILLING, PRESIDENT, IPSi

Added Convenience All-Around

“We can do everything in-house and on-demand now, and what used to take two weeks now takes less than two days,” said Whigham. “We’re putting the ColorWorks printers to work, and we’re really happy with everything we’re getting out of the in-house system.”

Whigham mentioned previously their team was unable to access and view the shelf strip files before they were printed. That is no longer an issue. He says, “We’ve unlocked that ability and it’s been a game changer because now we’re able to view and make adjustments so that when we print, we know everything is accurate and we won’t have wasted strips or costs associated with waste.”

“Though they are durable, it’s not uncommon for shelf tags to get damaged, by a spill, for example,” said Whigham. “Now, when we get the request for a replacement, we can instantly access and print the replacement strip and ship it to the store the next day. It used to take weeks to get a replacement strip to a store, but now we can do it in real time.”

The RaceTrac team now has full visibility into every step of the shelf tag process, the ability to make changes, and ultimately total flexibility and control. It no longer relies on a third party to create, print and ship its shelf tags, and it no longer has the costs associated with doing so.

“In terms of total shelf tag labeling costs, we’ve saved around 50% of total costs over the past year with the new solution. That equates to more than \$250,000 we’ve been able to save by bringing operations in-house,” said Whigham.

“One of the added benefits, we now can A/B test for stores quickly, cost-effectively and without wasting strips due to minimum requirements,” noted Whigham. “We can print a couple of shelf tag options and try them out in stores to see what works best. Not only do we have the ability to innovate at the shelf edge, but the new solution has led to innovation with our planogram and merchandising schemes, as well.”

“Now, we’re playing around with other ways we might be able to use shelf tagging to help guide customers through the shopping experience,” says Whigham.



“We’ve thrown around ideas about adding color to categorize product types, ways of additional customization and potentially onboarding a few more ColorWorks for regional back offices. It’s nice to know the shelf tag solution works for us now and can support our future endeavors and innovations.”

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- JONAH WHIGHAM, SPACE MANAGEMENT
MANAGER, RACETRAC

The views and opinions expressed in this article are those of the individual.

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¹Lam, Shun Yin (2001). The Effects of Store Environment on Shopping Behaviors: A Critical Review. Advances in Consumer Research, Vol. 28, Issue 1, 190.

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