



## **Interview with Bence Biró, MOL: “We will have 1,250 Fresh Corner branded stations by 2021”**

**With over 2,000 retail sites in Central and Eastern Europe, MOL is one of the continent’s leading players. The MOL Group 2030 Strategy has set the company on a clear path to diversify from motor fuels and transform its retail sites into a 360° consumer goods and services provider, giving birth to the Fresh Corner concept. In this exclusive interview we speak to Bence Biró, Global Head of Retail Operations at MOL Group, about the rollout of the Fresh Corner brand, the challenges of finding skilled labour, and the future of MOL.**

*Bence Biró, Global Head of Retail Operations at MOL Group, leads the operational & executional excellence of MOL Group’s retail units in all countries. He gained international experience while holding management positions in METRO Cash & Carry (METRO Group), Tommy Hilfiger & Calvin Klein (PVH Group) and in Peek & Cloppenburg.*

### **Q. How did the idea for Fresh Corner begin?**

A. We developed a ‘MOL 2030 Strategy’ to establish the direction of the company for the next 10-15 years. One of the main targets was to switch from a fuel retailer to a consumer goods retailer. MOL wants to get away from the traditional petrol station and start operating ‘service stations’. We invented the Fresh Corner brand for this, which is the same in all the countries where we operate. There are currently around 700 Fresh Corner service stations. The plan is to have some 1,250 Fresh Corner branded stations by 2021. The main difference between a Fresh Corner and a normal MOL station is the look-and-feel of the site. We used many warm colours for the ambient so people don’t rush away from the station, but stay and enjoy a good coffee or a sandwich.

### **Q. Once you had the concept and image for your new convenience store, what was the next step in the MOL 2030 strategy?**

A. The second thing we did was upgrade the assortment. We put a lot of effort on coffee and fresh food. We have hotdogs, wraps, sandwiches... What is driving the whole Fresh Corner image is our coffee – we are very well known for it. Fresh Corner stores sold 47 million cups of premium coffee in 2018, which makes us the biggest coffee retailing chain in Central Europe.

The rebranding to the Fresh Corner concept required a heavy investment but our non-fuel margins

have really grown, over double digits. Today 27% of our total margin comes from non-fuel services. That percentage is increasing by the year. We are not doing this because our fuel performance is going down – it is actually improving.

**Q. A side from food services, what other elements have transformed the traditional MOL petrol station into a Fresh Corner service station?**

A. The third part of this strategy is the inclusion of new services. We now have a car sharing business called 'MOL Limo' in Budapest with almost 500 cars. Some of them electric. We give customers coffee, sandwiches and if they don't have a car, we also give them a car. We know that fossil fuels are not going to last forever so we have developed a new brand of electric vehicle chargers called 'Plugee' – there are around 50 of them and the target is to have 700 by 2021.

There are some flagship projects. In Bratislava, Slovakia, we have a multifunctional flagship, a station with the latest technologies. There you can find pay at the pump, you can order non-fuel purchases at the pump, and we have a business lounge that companies and individuals can rent for meetings. We have also introduced a dog wash at the station.

Coming back to the convenience side, we have opened our first non-fuel Fresh Corner in downtown Budapest. A real coffee house with a large offer of food and drinks. And a kiosk in a shopping centre in Prague, Czech Republic, to sell coffee and food. We do not want to be known only for being a fuel retailer.

**Q. I guess digitalization will also be a key part of this process.**

A. Indeed, the final part of our development is the digitalization of the company. From the customer's experience to the operation of the stations. On the customer side, we have installed over 2,000 LED screens in our stations which are centrally managed to change prices and promotions. They are also connected to sensors so, when the sun is shining, the screen will show an ice coffee instead of a hot chocolate. The digitalization process has also changed the way we manage operations, improving efficiency and transparency. In addition, there is a click-and-collect project: you can order your coffee, select the station and while you driver there, the workers will prepare the drink.

**Q. MOL has activities in the retail channel in nine countries. Do you adapt the food offering of Fresh Corner to each different market?**

A. We try to have an assortment tailored to the geographical areas and the customer's need. In some countries like Slovakia we promote local producers in an attempt to boost local economy. These producers may not make it to the major supermarkets.

Some parts of the Fresh Corner concept are standardized, such as the coffee offering. Due to supply issues, we have two types of coffee – one for the South, and another for the North – but they both have the same quality and taste.

In other ways, the Fresh Corner in Croatia will have a different food offering than the one in Romania

because of the public's complete difference in taste. In Croatia we sell *burek* (a traditional dish) while in Czech Republic the best seller is hotdog. In Hungary, customers prefer sandwiches. There is a structure for the assortment in all Fresh Corner stores as well as the branding but we definitely adapt our products to the local needs.

**Q. A side from quality coffee and fresh food, do you identify any key trends for the near future?**

A. Coffee will continue to grow all across Central and Eastern Europe. We are trying to get more involved in the value chain. Right now we buy the coffee from a brand but in the future we want to have our own roaster. That will be the trend – to have a story around your own coffee and sell it to customers.

In the Central-East European market the all-you-can-eat, food on-the-go concepts will certainly grow. That is something that is already happening in Germany or Britain. We see a lot of potential in that: salads, soups, hot meals, etc. The question being if it is economically feasible. We don't plan to install kitchens in every station. We still need to look at the logistics of the matter.

Most petrol station chains in Europe use distributors. In our biggest market, Hungary, we already own our own supply chain. We have a pure logistic provider but we are our own distributor: we talk to the brands, we make the promotions together, we make the assortment selection, etc. We believe in that model for other countries as well. We are trying to have a full value chain.

**Q. You have invested a lot in the Fresh Corner brand and have spoken of the importance of being part of the whole value chain. Does that mean that you will stay away from the British model of cobranding (Starbucks, McDonald's, Tesco, etc.) at the store?**

A. When we created Fresh Corner this was one of the biggest discussions in the management team. We made the decision not to cooperate with other companies because, if you look at our 2030 Strategy, we really want to become ourselves a retailer. If we partner with another brand we suddenly become a landlord. We want to build our own brand and capabilities. We are hiring professionals from the food retailing industry, such as myself, to build our own capabilities. It will take longer to achieve a high brand awareness but we know that in the long run, it is more profitable than sharing the revenue with other companies. In every country we now have a brand ambassador, a celebrity, that uses various channels such as social media to promote our coffee and services.

**Q. One of the key challenges when expanding services at a convenience store - something affecting retailers around the world - is the lack of a qualified, stable workforce. How has the MOL experience been in this sense?**

A. Retailers are facing a huge challenge when it comes to human capital. We don't find enough people in the market. Two years ago we developed the 'Smile project' to transform the traditional pump attendant into 'hosts'. We are in the gastronomy era so we want the staff to serve customers in that style. We invested a lot resources. The huge fluctuation in the market drove us to do this. First

we give them the training, after that the motivation – we are working on different motivation schemes in each country – and finally a performance payment. We have an advantage over discount supermarkets as our margins are higher, so we can share some of that profit with our employees. It is still one of our biggest headaches. Just in Hungary we have 3,400 employees; with a 10% fluctuation that is a lot of people.

**Q. In the topic of automatic car washes, what is the state of the market in the countries where you operate and what kind of investment are you making in this segment?**

A. A couple of years ago there was the thought that car washes were not profitable. We have now realized the profitability of the business – just take into account the number of new cars entering the market. We have invested on different models for each country. We have jet washes, which are experiencing double-digit growth, and rollovers. Competition is also growing, showing that there is demand for the service. In the very high traffic locations there are tunnel washes. We also want to digitalize these services. One of the projects we are working on is to inform a customer who may be inside the shop about when the wash is finished. Car washes are a service which every petrol station should continue providing.

*Interview by Oscar Smith Diamante*