CONVENIENCE LEADERS VISION GROUP

Making the Convenience Industry an Employer of Choice

INCLUDES BONUS CONTENT FROM THE VISION GROUP

FEATURED SPEAKER

Michael Sansolo,
Research Director, Coca-Cola Retailing Research, Convenience, and Supermarket Councils

VISION REPORT
FEBRUARY 2024

CLVG MEMBERS 2024

FACILITATOR

Myra Kressner
Kressner Strategy Group,
Vision Group Network Co-Founder

We are Convenience Leaders Vision Group (CLVG), a group of invited leaders of the convenience industry who has volunteered our time to help our fellow retailers, solution providers and product suppliers. The only reason we gather is to discuss, debate and share our experiences and ideas. Each of us is offering our personal opinions. We are not looking for "group think" — we are promoting problem solving and looking to the future. We make our conversations available to everyone in the industry through CLVG Vision Reports. These reports will help you better understand current challenges, solutions, and opportunities while giving you access to different opinions and perspectives, regardless of the size of your business.

Convenience Leaders Vision Group is part of the Vision Group Network, whose mission is to gather the best minds in the industry, put them in a virtual room, and let the ideas and opinions develop.

This **CLVG Vision Report** is comprised of three parts:

CLVG Views provides a summary of the conversation with additional resources for extra context including and "Valuable Resources" for more in-depth education.

In The Room With CLVG provides you with the meeting transcript, tagged for easy reference, so that you can be "in the room" with us, rather than only having access to selected quotes and paraphrasing.

Michael Sansolo's full presentation "Convenience Stores Journey to an Employer of Choice" is included and linked throughout the transcript for easy navigation.

We highly recommend that you read all three components.

The main topics in this CLVG Vision Report:

Expanding the Persuadable Applicant Pool

Onboarding, Engagement and Training

Cleaning Up Industry Image

Recruitment and Retention Strategies

Mental Health Support and Kindness Campaigns

CLVG VIEWS

A CONVENIENCE LEADERS VISION GROUP DISCUSSION

This meeting of the Convenience Leaders Vision Group (CLVG) focused on the workforce challenge facing the convenience retailing industry and featured a presentation by Michael Sansolo, research director with the Coca-Cola Retailing Research, Convenience, and Supermarket Councils. Following Michael's presentation, CLVG members had the opportunity to share their experiences, solutions and questions.

CONVENIENCE LEADERS VISION GROUP

Journey to Become an Employer of Choice

Facilitated by Vision Group Network Co-Founder and President of Kressner Strategy Group **Myra Kressner**, the January 18, 2024, CLVG meeting welcomed **Michael Sansolo**, a member of VGN's original The Vision Group, to lead a discussion on the convenience retailing industry's journey to become an employer of choice. Sansolo presented findings from a recent Coca-Cola Retailing Research Council (CCRRC) study conducted by management consulting firm Oliver Wyman focused on attracting and retaining workers in the industry.

Oliver Wyman surveyed 45,000 current and former convenience store employees and frontline workers in similar industries. In terms of attracting workers, key findings included the importance of building a stronger worker pipeline, the value of making the industry more appealing to potential employees and communicating career progression to prospective employees.



Sansolo also articulated challenges such as transportation barriers, safety concerns, and communication gaps. He shared solutions like enabling ride sharing or e-bikes to make getting to and from job sites easier, actively recruiting high school students, investing in programs or apps for shift flexibility, and suggested exploring a college recruitment program as a game-changing initiative. Additional solutions involve advocacy efforts to address immigration and benefit cap limitations for social security and food assistance recipients. The study recommended enhanced training, reconsideration of full-time/part-time ratios, schedule flexibility, and improved communication and onboarding processes. The report can be downloaded on the Council website.

Workforce Challenges Post-COVID

After the presentation, the group discussed several challenges and shared their company's experiences. Sansolo conceded that the convenience retailing channel has always faced recruitment challenges and now even more so, since the COVID-19 pandemic. **Roy Strasburger**, CEO of StrasGlobal, president of Compliance Safe, Vision Group Network co-founder and a CCRRC member from 2007-2010, asked if the study found attitudes towards work, in general, had changed for workers considering COVID-19's continued health risks. Sansolo replied that two separate Coca-Cola Retailing Research Councils considered labor shortages – one with the supermarket channel and one with the convenience channel. The supermarket-focused Council specifically found older workers turning away from employment in that channel because of COVID-related health concerns. But both Councils determined that workers, in general regardless of age, tend to favor gig work like ride sharing and food delivery, perceiving greater scheduling control over working in a store.

Resources

THE COCA-COLA RETAILING RESEARCH COUNCIL (CCRRC) seeks to understand and develop practical responses to strategic challenges. Members include convenience retail and NACS executives including CLVG members Kevin Smartt, Henry Armour, and guest speaker Michael Sansolo. Past Councils have included several current CLVG members.

Learn more at ccrrc.org.

“Quite frankly, [wages from working in] our big stores can almost double the teacher’s salary

Kevin Smartt, *CEO/President, TXB (Texas Born)*

Expand the Persuadable Applicant Pool

CCRRC member **Kevin Smartt**, CEO/president of TXB (Texas Born), shared additional insights from the Council and emphasized the importance of targeting healthcare workers as potential frontline employees. He also suggested considering other “persuadable populations” (those who could be enticed away from their current field) including students and teachers, emphasizing that convenience retail might very well pay higher than academia.

Onboarding, Engagement and Training

Greg Parker, CEO of Parker’s, talked about Parker’s high turnover rates within the first 60 and 90 days of employment. Smartt concurred, saying that for TXB, most of the turnover in the first 90 days was coming from part-timers leaving rather than full-time employees which prompted a discussion on onboarding and the significance of good store managers.

The Council and CLVG members determined that frontline managers must understand their role in helping with recruiting and preventing turnover coupled with better training in people management. Sansolo also advocated for better management training for delivering timely – even constant – feedback, especially for younger workers.

As it pertained to sharing feedback, **Fouad El-Nemr**, executive vice president at Nouria, described Nouria’s bi-annual employee engagement survey and indicated leadership always releases results in a timely manner. This means that employees feel heard, and that leadership is “actually reacting to the answers instead of just putting it in the drawer. Because some of those answers aren’t the best. It’s not what you want to hear, but it’s the only way to get it fixed,” admits El-Nemr.

CLVG members further discussed strategies they used to engage employees, including mentor programs, better communication and constant feedback loops. The conversation touched on retention bonuses, although some commented that they didn’t significantly impact turnover.

“In the stores with a really good manager, turnover was lower, customer loyalty was higher, profits were better, sales were better. And by the way, retail theft was lower, because everyone felt more of a commitment to the store and the job. So the store manager really becomes the magic link. A good well-trained store manager takes care of a lot of problems.

Michael Sansolo, *Research Director, Coca-Cola Retailing Research, Convenience, and Supermarket Councils*

Cleaning Up Industry Image

Comedian Rodney Dangerfield lamented that he “don’t get no respect” which became the theme for the late 20th century NACS “Dangerfield Project,” revisited in the meeting by Roy Strasburger. The NACS initiative tried to raise the industry’s image and assist with employee recruitment. Several CLVG members and Sansolo suggested restarting such an image-enhancement campaign which would aid in raising the industry’s appeal as an employer of choice. **Eva Strasburger**, president of StrasGlobal, CEO of Compliance Safe and Vision Group Network co-founder, suggested involving celebrity influencers to promote the industry as a great place to work.

Sansolo acknowledged the need for industry-wide efforts and further emphasized the importance of positive store experiences for employees and customers.

Citing employee surveys and feedback, EVP of Convenience Retailing for Dash In/The Wills Group **Mark Samuels** discussed the complex, and sometimes frustrating, nature of frontline worker jobs. When he found that employees were frustrated that the previous shift was not completing tasks, he immediately instituted efforts to clarify and simplify shift duties. He also recognized that nobody likes the ‘dirty jobs’ like cleaning bathrooms and trash removal, but if the responsibility is shared across all shifts and levels, it can become more palatable.

Eva Strasburger mentioned a unique solution available from a company in Europe called ONE HUNDRED restrooms which improved staff retention by outsourcing restroom maintenance.

Recruitment and Retention Strategies

Parkland USA President **Donna Sanker** initiated a conversation about internal and external recruiting practices. Sanker’s team shared her team is considering switching to external recruiting to improve turnover, allowing internal resources to focus on onboarding and other activities. El-Nemr shared that Nouria uses both internal and external recruiting, with better success for higher-end positions when using external sources.

Roy Strasburger mentioned that their store recruitment historically was handled internally, emphasizing the promotion of internal staff. Smartt and **Joe Sheetz**, executive vice chairman of Sheetz, Inc., echoed similar practices for store staff while specifying a mix of internal and external sources for corporate positions.

Annie St. Romain Gauthier, CFO/Co-CEO of Y-Not Stop - St. Romain Oil, whose company likes to use the lens of retention rather than turnover, shared successful recruiting strategies such as weekly versus hourly pay ranges on job postings, involving store managers in the retention process, and using assessments to aid in better applicant selection.

Mental Health Support and Kindness Campaigns

Kressner raised the issue of store managers dealing with mental health-related incidents among employees and customers, prompting a discussion about the need for training in handling such situations. Sheetz indicated his company has expanded mental health and wellness services to employees. Sheetz offers virtual counselling as well mental health resources at their own Sheetz wellness centers, noting that the smaller cities and rural areas where they operate also lack such resources. Smartt also offers employees virtual counseling sessions through TXB Stores but highlighted the surprisingly low uptake. Smartt also shared the success of [another] retailer's "be nice" campaign, improving employee morale and positively influencing customer behavior.

Eva Strasburger mentioned that mental health had been previously discussed in other Vision Group Network meetings, with interest expressed by some participants to further explore solutions. It was concluded that such campaigns would positively impact employee and customer interactions in stores.

Final Reflections

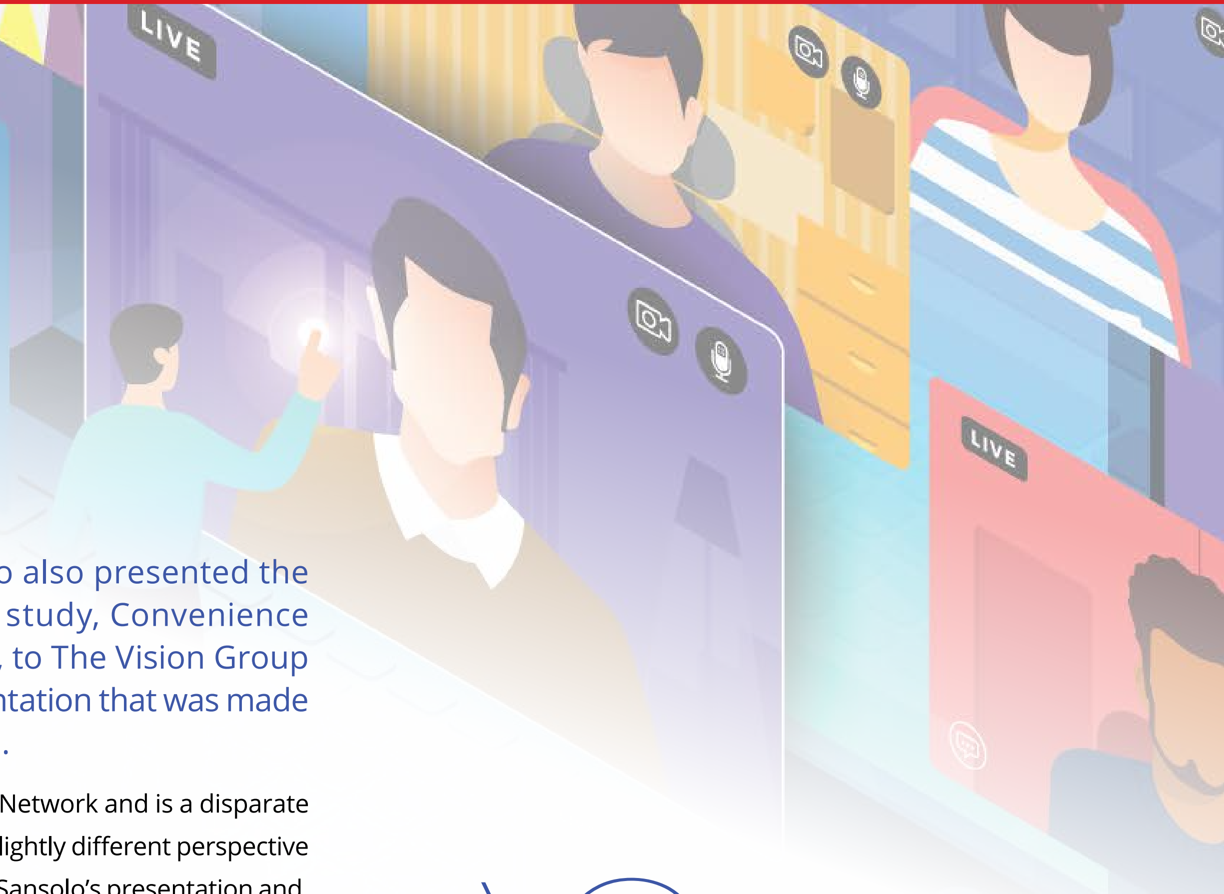
To stay relevant, competitive and functional, the convenience retailing industry needs to become an employer of choice. Honing workforce recruitment tactics in the post-Pandemic world, refining onboarding processes, utilizing innovative retention strategies, offering unique employee benefits and providing mental health support can create a positive and appealing workplace. Additionally, addressing regulatory challenges and societal perceptions that hinder current hiring efforts will make the industry much more attractive to a persuadable community of workers.

Revisiting AI

In previous CLVG meetings, members discussed various forms of AI and applications in convenience retail. CLVG members revisited the topic during this meeting.

Samuels and Kressner both attended National Retail Federation's The Big Show just prior to the CLVG meeting and noted that "everything" was about AI from robotics to autonomous machines to security equipment, as well as space planning and predictive analytic software. While Samuels thinks AI advancements have come along light years in a brief time, it's still early in the game.

Smartt alluded to other expert views on AI that notably did not anticipate a decrease in AI costs soon, primarily since AI data control is concentrated in three companies: Google, Microsoft, and Amazon.



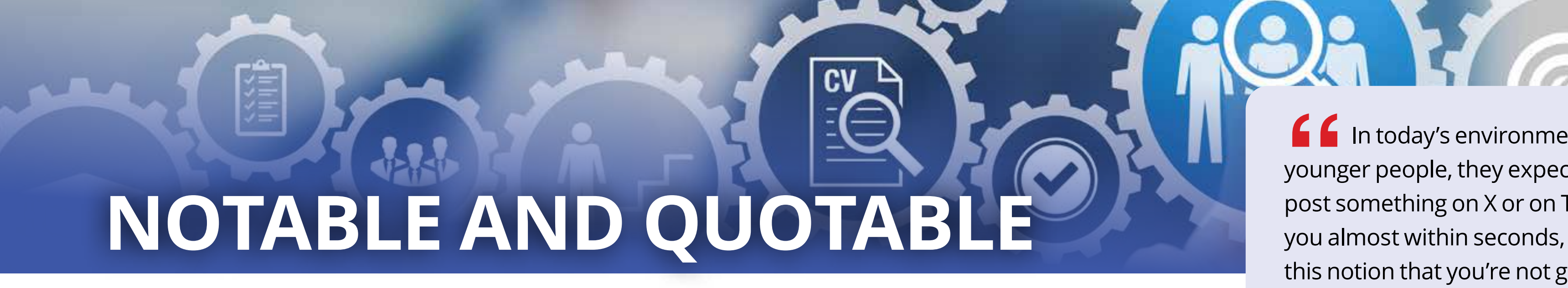
IN ANOTHER ROOM

On January 19, 2024, Michael Sansolo also presented the Coca-Cola Retail Research Council's study, Convenience Stores Journey to Employer of Choice, to The Vision Group (TVG). Although it was the same presentation that was made to CLVG, it was a different conversation.

Formed in 2022, TVG is part of the Vision Group Network and is a disparate group of retailers and non-retailers who bring a slightly different perspective to the virtual table. A robust discussion followed Sansolo's presentation and, while there was a lot of overlap and concurrence between the two groups, there was also some different paths of discussion and perspectives.

VGN thinks that the conversation is interesting enough to recommend it to you. You can find the TVG Vision Report here.

THE VISION GROUP
disruptive solutions



NOTABLE AND QUOTABLE

“ We found was that there is a persuadable portion of the population who could consider working at a convenience store…It’s actually 23% of the population. And when Oliver Wyman went further with their questioning, they found that only about 17% of the available population is actually interested at working at a convenience store. ***Michael Sansolo,*** *Research Director, Coca-Cola Retailing Research, Convenience, and Supermarket Councils*

“ We’ve always been predominantly full-time, which I know is not necessarily that common, so about 90% full-time for us at our stores. We only see a very slight disparity between the turnover rate for full-timers versus part-timers. ***Annie St. Romain Gauthier,*** *CFO/Co-CEO, Y-Not Stop - St. Romain Oil*

“ In today’s environment, especially among younger people, they expect rapid feedback. You post something on X or on Tik Tok and people tell you almost within seconds, I like it, I didn’t like it. So this notion that you’re not going to get feedback for six months, or a year [doesn’t work], you are now dealing with a population that expects feedback in 30 seconds. ***Michael Sansolo,*** *Research Director, Coca-Cola Retailing Research, Convenience, and Supermarket Councils*

“ We did have discussion around just best practices and some things that others are doing, some mentor programs when somebody comes on, kind of a buddy program, so there’s good communication with them, they don’t get dropped quick, they don’t get thrown on a register. We talked about onboarding in a better fashion and not just onboarding but communicating. Because when the employees know the expectations, they tend to do better. ***Kevin Smartt,*** *CEO/President, TXB (Texas Born)*

“ Convenience store companies or the industry as a whole [are] partnering with companies like Uber and Lyft so that there’s a discounted ride for staffers to get to work. And of course, I know I’ve seen this in some cities, Lyft for instance, will have ride-share, but it’s electric bike ride-share. So they have stations where you pick up an electric bike and you can go from point A to point B. But the feeling is that transportation is an impediment, and it’s an impediment that can be knocked out of the way. ***Michael Sansolo,*** *Research Director, Coca-Cola Retailing Research, Convenience, and Supermarket Councils*

“ You get people interested in the industry, that’s only halfway there. If everyone’s still leaving before 60 or 90 days, you’re just churning and you’re not getting anywhere. And what I’ve found, and what we’ve found lately particularly, is for the most part, it comes down to if it’s not a bad manager, it comes down to the job isn’t what they thought it was. You think most of them are shoppers and they get a feel for it, but when you get thrown in the fire, I think you realize what it really is. So I think part of that is having some form of realistic job preview before you even hire them so they kind of understand the tasks they’re going to be expected to do. ***Joe Sheetz,*** *Executive Vice Chairman, Sheetz, Inc.*

“ I think we may need to get back to that aspect of trying to create, uplift the image of the industry as a whole. ***Roy Strasburger,*** *CEO of StrasGlobal, President of Compliance Safe, and Vision Group Network Co-Founder*

VALUABLE RESOURCES

The quantity of reading materials available makes for an insurmountable amount on your bedside table, phone, tablet or laptop. To help you navigate through the masses, here are three resources worthy of making your quick-read list.

Myra Kressner,
President of Kressner Strategy Group and Vision Group Network Co-Founder

Several VGN meetings have addressed the increasing need to train managers in assisting cashiers to handle abusive customers. Moreover, there is a recognition of the importance of extending access to mental health services to all frontline workers. It's worth noting that this concern extends beyond the convenience channel, as demonstrated by Chipotle's recent announcement in this Morning Brew article, ***Chipotle is offering new benefits to Gen Z workers***, covering enhanced mental health benefits for frontline employees.

Eva Strasburger,
President of StrasGlobal, CEO of Compliance Safe and Vision Group Network Co-Founder

Michael Sansolo spoke in his presentation about how gig workers are in the group identified as "persuadable" – people who might be convinced to come and work in the convenience industry. This Bloggingwizzard.com post, ***25 Latest Gig Economy Statistics For 2024***, digs into facts about the gig economy and gives us some insight into what the convenience industry will have to offer to attract these workers. One of the most interesting statistics is that while 80% of gig workers are satisfied with gig economy work, 96% want permanent jobs. However, 91% are having trouble finding permanent jobs while 74% turned to gig work after being laid off. Also worth noting is the prediction that there will be more than ninety million freelancers working in the United States by 2028, making up more than 50% of the U.S. workforce.

Roy Strasburger,
CEO of StrasGlobal, President of Compliance Safe, and Vision Group Network Co-Founder

Although it is a volatile political topic, immigrants are deeply intertwined in the available job market population and are mentioned in Michael's presentation as a possible solution. For America to continue to grow, legal immigration is required as the U.S. birth rate continues to decline. This article, ***The Role of Immigration in U.S. Labor Market Tightness***, by the Federal Reserve Bank of San Francisco looks at how immigration policy since 2017 has affected the number of people available to fill U.S. jobs.

CONVENIENCE LEADERS
VISION GROUP

MEMBERS

FOUNDING MEMBERS

Myra Kressner
President, Kressner Strategy Group; CLVG Facilitator

Eva Strasburger
President, StrasGlobal; CEO, Compliance Safe

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President and CEO, NACS

Fouad El-Nemr
Executive Vice President, Nouria

Annie St. Romain Gauthier
CFO/Co-CEO, Y-Not Stop - St. Romain Oil

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CEO, Loop Neighborhood Markets

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Chairman, McLane Group

Greg Parker
CEO, Parker's

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Owner, Hari 1 dba Fish River Food Mart

Mark Samuels
EVP of Convenience Retailing, Dash In/ The Wills Group

Donna Sanker
President, Parkland USA

Joe Sheetz
Executive Vice Chairman, Sheetz, Inc

Kevin Smartt
CEO/President, TXB (Texas Born)

Barbara Stoyko
SVP Americas Mobility, Shell USA

Liz Williams
President & CFO, Foxtrot

IN THE ROOM WITH CLVG:

Making the Convenience Industry an Employer of Choice

Convenience Leaders Vision Group (CLVG) invites you to join us **In The Room** to experience our meeting on January 18, 2024. We are providing you with the entire conversation so that you can be "in the room" with us, rather than simply reading polished sound bites.

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Agenda

Topic Reference Key

CLVG's mission is to increase the institutional knowledge of the retail industry by sharing ideas and perspectives. For your convenience, we have placed topic indicators throughout the dialogue. Below is a key to the list of topics.

- **Fuels**
  - **Electric Vehicles**
- **Industry Image**
- **Leadership**
  - **Strategy**
- **Legislation**
- **Marketing**
  - **Data Analysis**
  - **Merchandising**
- **Technology**
  - **AI**
  - **Camera Vision**
  - **POS Solutions**
- **Workforce**
  - **Gig Workers**
  - **Retention**
  - **Recruitment**
  - **Employee Wellness**
  - **Training**
  - **Staffing**
  - **Internal Communications**

CONVENIENCE LEADERS
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Welcome, Introductions, Meeting Rules

Myra Kressner

Hello everyone, I am Myra Kressner. And on behalf of my fellow CLVG co-founders, Eva Strasburger and Roy Strasburger, welcome to our fifth CLVG meeting. Here are just some brief housekeeping reminders. The screenshot which is about to come up [antitrust statement is shown on the screen], is a reminder of the antitrust statement and publication acknowledgement that every member and meeting participant has signed. Thank you. And just a few other reminders. For folks that are able, please use your camera and keep it on as much as possible. Conversely, please mute your audio unless you're speaking, so we're not bothered by ambient noise. Use the raise hand icon or physically raise your hand. If you need to leave the meeting for any reason, either write a short note in chat, or just leave and return. Since we do want frank and diverse discussion, if anyone does want to make an off the record comment, just let us know that what you are about to say or have said is off the record.

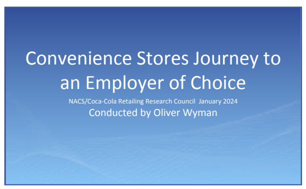
Our following members send their regrets for not joining today. Henry Armour, Varish Goyal, JP Patel, and Scott Hartman. And just briefly before I introduce Michael Sansolo, Eva, Roy, and I want to thank you again for helping our Vision Group Network mission to share industry leaders' insights, challenges, and solutions as broadly as possible, guided by our premise that "a rising tide lifts all boats." Just briefly, in case you haven't seen it yet, be sure to download our most recent Convenience Tech Vision Report, which is "Generative AI and Retailing: Real Results and Real Challenges," which is extremely timely and relevant to everyone on this call. As I was saying just before we started, Mark Samuels and I attended the NRF (National Retail Federation) show in New York this week, and it really could have been named the NRF AI takeover show. Right, Mark? If we do have time today, Mark very graciously has agreed to share his key takeaways. So please continue to share our Vision Reports with your colleagues.

So let's get into our meeting. It is a personal pleasure and privilege to welcome Michael Sansolo, who many of you know. Michael is a member of the VGN's original The Vision Group since October 2020. I have known Michael for almost 40 years, since his days as the publisher of Progressive Grocer, and then going on to become EVP with FMI (Food Marketing Institute, now known as The Food Industry Association), and now as the research director with Coca-Cola Retailing, Research, Convenience, and Supermarket Councils. Michael will lead our discussion on CCRRC's most recent study about the convenience store industry's journey to be an employer of choice. We've asked Michael to take about 15 to 20 minutes sharing the research deck, so please make note of any questions or observations, and then we will have robust discussion after Michael completes his presentation. So Michael, you're up. You can take just a minute or two with some personal remarks or go right into share deck.

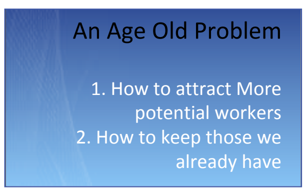
The Presentation

Michael Sansolo

Thank you to Myra, Roy, and Eva for having me as part of this, and also of The Vision Group, because it's been actually a wonderful experience to do both. I know there are a bunch of folks on this call today who have been part of various Coca-Cola Research Councils. And so, for those of you who haven't, I'm going to say something that we always say at the Council meetings: even though the name is the Coca-Cola Retailing Research Council, it has nothing to do with Coca-Cola. There is nothing we do that is about soft drinks. It is about producing studies, insights by retailers for retailers.



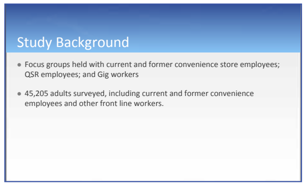
So, at no point does Coca-Cola ask us to do a study on what's the next hot flavor of say, Diet Coke that they should be putting out. Rather, it is all about how do we do something to benefit the entire industry. I'm also delighted that Kevin Smartt is on this call because Kevin is part of the Council that produced the report that I'm going to quickly give an overview of today. And so if I say anything that's wildly off, there's Kevin to at least say, "Nope, he got that wrong. This is what we truly meant."



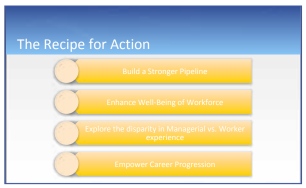
Workforce

When the Council met to discuss what topic to do, and it's not going to surprise anyone on this call, it wouldn't have surprised you 50 years ago, that the issue of staffing is always a primary issue for all forms of retail, convenience store, supermarket, mass, whoever it is. What this Council wanted to look at specifically was, how do we not just solve the problem of getting more employees, but how do we become a job of choice? How do we become an industry of choice?

So we broke this down. There are really **two parts of the problem** that we're going to look at in this study. One is, **how do we attract more workers?** How do we make more people in the population want jobs in convenience stores? And the second part is **how do we keep the good folks that we already have?** Because there is also an enormous problem with turnover. So it is like we're in a boat that isn't getting enough water into it, but too much water is going out of it.



Gig Workers



Strategy

So what we did in this study, we worked with Oliver Wyman (Management Consulting Firm), which is a group I'm sure many of you are familiar with. First, we did a series of focus groups, and these were fascinating. Again, because of the advent of Zoom and Teams over the last few years, we were able to do focus groups of people around the country in one meeting. So we had folks who were current convenience store employees, former convenience store employees, quick serve, restaurant employees, and gig workers.

One of the issues that came up repeatedly is **the gig economy which has kind of exploded on all of us**. And while that's an issue for you in terms of sales, it's also **an issue for you in terms of attracting employees**. Because as we'll see, there are certain demands, certain things employees would rather have these days that the gig economy allows them to have. Think about flexibility, that is very hard to do inside a brick and mortar store.

So we did these focus groups, and used the focus groups to then help us create a survey document. And we did over 45,000 surveys of current and former convenience store employees and folks who are working in frontline jobs in similar industries so we could get a real sense of what would it take to become an employer of choice, and also what would it take to keep people.

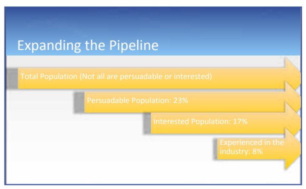
So the recipe for action that we came out of the study with is, number one, we **need to build a stronger pipeline**. We need to find a way of bringing more people to the industry. Now, part of that, **once we get them, we have to figure out how to better enhance the wellbeing of our workforce**.

The frontline workers in all forms of retail these days are under stress in a lot of ways that is worse than it's been in the past, but it's also that these are evergreen issues. How do we enhance their wellbeing? We decided to explore the disparity in feelings about the job between full-timers and part-timers, managers, and frontline employees. And as we go into this study, you're going to see there is a tremendous disparity in how people feel about their jobs based on that. And then how do we empower career progression?

I'll give you one quick anecdote. At one point, we had a conversation with an HR person at Chick-fil-A. This woman was explaining that her son was a summer employee at a Chick-fil-A restaurant, not at corporate headquarters, at a restaurant. And during his summer on the job there, he had two career sessions where his manager sat down with him to talk about where do you want to go with your career, and how might that align with Chick-fil-A? And quite honestly, everyone on our Council said there's no way a summer employee would have two such sessions over three months. So that's the kind of competition you're dealing with.

By the way, I'm going to mention this later, but no point holding back, there'll be a full presentation of this study at the NACS Leadership Forum coming up in February (February 13 -15, 2024). We will have someone from Oliver Wyman and a couple of Council members talking about the study. One thing the Council said clearly is that **there is a need for action at all levels**. And by all levels, what we mean is **frontline managers have to understand their role in helping in recruiting and preventing turnover**. And again, this comes through in the study, there were times in the focus group where we were talking to people who work for some of the companies with the best reputations in the industry as employers, and these individuals did not see themselves as working for a company with a great reputation. Nor did they really understand the size of the company they worked for. There was one person, I can't remember which company it was, he was working for a large convenience store company, and he thought they were only based in the county where he operated. He had no idea they were all across the United States.

So there's a whole lot of work that has to be done company-wide. And then the last piece, and I'm sure this is going to get talked about a lot at the NACS Forum, is there are things that have to be done on an industry basis where **the entire industry is going to have to decide to jointly and collaboratively lift up the mantle of changing the impression people have of convenience store jobs and changing the way people are treated**.

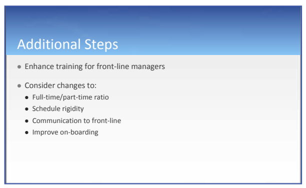


Recruitment

All right, so expanding the pipeline. What Oliver Wyman did is they looked at the whole population of potential workers, 100% of the population. And what we found is that **most people are not even possible employees for convenience stores**. You can knock out people who have executive jobs. People who have advanced degrees, they are not going to want to work in a convenience store. There are even folks, housewives who are at home, mothers working at home, who are not going to want to work at a convenience store. And what we found was that **there is a persuadable portion of the population who could consider working at a convenience store, and that's less than 25%**. It's actually 23% of the population. And **when Oliver Wyman went further with their questioning, they found that only about 17% of the available population is actually interested at working at a convenience store**.

So there are people who fit all the correct buckets, but they have no interest in doing it. There's this very small group of 17%, and, of that group, there's about 8% who have already had a job in a convenience store. But this was one of the points that a lot of the Council members hit on pretty hard because it's like if there's only 17% that means 83% are untouchable to us. That's not good. And so we had some discussions, are there ways of expanding this pipeline, of reaching out to other people? And I know there were discussions. And by the way, we actually had some discussions about this at previous The

Recruitment



Industry Image

Vision Group meetings of reaching out to people who might have developmental issues, ex-cons, working on immigration and how could we bring in more people. Because if the pipeline is that small, it means that every time you're suffering turnover, which all of you are, it's getting harder and harder to replace those folks.

So this is point number one. And as we looked at the potential target populations, because we looked at **the folks who were most interested out of that 17%, and what we found was, first of all, it's people who are currently employed in other retail formats, mass, supermarket, whatever it might be, or healthcare** because there is a large population of people right now working in frontline healthcare- not exactly a great job. I know there are all kinds of criticism people have with a convenience store job, but there's a lot of issues with a healthcare job. So that is a group. We also found that younger male and more diverse populations are both more interested and more persuadable. So again, **if you want to aim for the target with the potential, you want younger male and more diverse, and of course, people with lower education levels**. By that, I don't mean stupid people. I mean people who don't have graduate degrees, people who might not have bachelor's degrees, folks who are looking for a job that they have the skills and qualifications that qualify them for that job.

So again, as you're thinking about how are we going to reach out to more people, you've got to be thinking of who is the target population. And again, you don't want people with a PhD in physics. When we talk to the folks who are willing to take the jobs, there are some issues they have that they quickly identified as to reasons they might not want to work at a convenience store.

I don't think this will surprise anyone that **safety is still a problem**. One of the things that we did in the course of our study is simple Google searches on "convenience store" as a word. And if you put crime as the third word there, there are so many things that pop up. There was a robbery, there was a murder, whatever it might be. So what we found with the workers is their concern is being robbed, a big concern.

Number two is an interesting one, and we did talk about this at The Vision Group meetings as well. **Verbal abuse and what a lot of folks on the Council said was that in the aftermath of COVID, this has become much worse**. It's interesting, I saw an article yesterday in the Los Angeles Times where they're saying that folks now going back to the office, it's almost as if they've forgotten how to behave in their offices, and there is a lot more friction, there's a lot more arguing because people got used to working on their own. And the article was talking about all the fights that are breaking out in the break room because of the way people use or misuse the microwave oven. At convenience stores frontline, we heard from a lot of people that customers are ruder than they have ever been and that they are yelling at the employee. It could be because the employee is saying, “Look, we are not at an hour where we can sell alcohol,” or “I need an ID to sell you a tobacco product.”

But whatever it is, the situation has gotten much worse. There are also **concerns about workplace injuries**. Mass shootings were discussed. Again, a problem that we all wish wasn’t growing, but obviously is. And there was some discussion about how do we deal with people who are, first of all, afraid of mass shootings? And in the awful event that one happens, how do we deal with the aftermath? There was also discussion about what do you do if someone comes into the store armed, how do you quickly deal with that situation? So all of these things are weighing on the minds of a potential employee. And of course, physical abuse because we did have people talk about customers throwing things at them. For whatever reason, society seems to have come apart a little bit over the last four or five years. We know the pandemic had a big impact there. Frontline employees are feeling this, and it is making the people who are currently working and the people who are considering it, it’s weighing heavily on both of them.

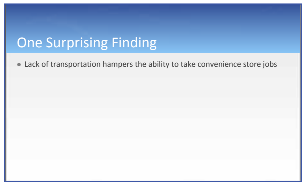
Recruitment

So what makes the job attractive? Let’s take the other side of this. **People felt the salaries and benefits are competitive and that improvement in salaries and benefits make it even more attractive.** Now, obviously this is a bottom-line issue. But again, when we put the question out to potential employees it’s not a surprise that they say this.

Schedule flexibility is very attractive at the moment especially, again remember we talked to gig workers, and gig workers have learned they can control their schedule. If they need more money, they work more hours. If they’re having a busy week, they work fewer hours. Tough to do that in a brick and mortar store. But again, it’s something that today’s staffers, today’s potential staffers, say is very important to them. **They like proximity**. And again, one advantage convenience stores have is they’re everywhere. You have a lot of stores in the industry, and they are located in cities and towns, all kinds of places, so there is proximity or proximity to another job that they have,

People also want a positive work environment, they want a good relationship with their frontline manager, and they want clear communication from that manager. They don’t want the manager playing favorites. They want the manager helping them get better at their job.

They like employee discounts and perks, and we’re going to talk a little bit more about that. **And they also like opportunities for career advancement**. And again, as we think about this in terms of the industry, in terms of individual



Workforce

Strategy

Retention

companies or stores, people coming into the industry might see it as only working in a convenience store – what am I going to do? I'm going to be behind a counter selling lottery tickets. Not realizing that these are large and sophisticated companies. There are jobs in technology, in HR, in all kinds of areas, that they have no idea exist. The opportunities for career advancement and the awareness of it makes the job a lot more attractive to people. And that's something that is attainable.

This was a surprising finding. I happened to be on some of the conference calls, some of the focus groups when this came up. And it took a lot of us by surprise, that people said **one of the big drawbacks to taking a job at a convenience store is how do they get from their home to the store?** That a lot of folks who want these jobs, or have these jobs, don't have an automobile or they may be in a remote place. Kevin, I think you were part of the discussion when this came up – the store might be in a remote location, and there is no mass transit, and there is no way of getting there. And so this is a problem. And again, in talking with some of the Council members, it is not a problem that has been raised substantially in the past.

But again, as we get to solutions, which we are going to get to, there are some opportunities these days. We're going to talk about **ride-share**. Also, I don't know if a lot of you have been seeing all of the articles about how in a lot of places around the world, **electric bikes have become the solution for people who don't have cars**. They're affordable, they're portable, and it is a way of getting from point A to point B at a very low cost. And frankly, it opens up transportation to a lot of folks who otherwise wouldn't have it.

So let's now talk about how do we reduce turnover. Because all of this so far has been how do we expand the pipeline? How do we make our jobs more attractive? How do we reduce turnover?

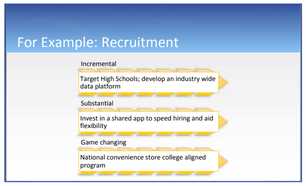
All right. So as we went through this, we found a bunch of things. I'm not sure if many of these will be a surprise. Full-timers. We did those promoter scores – positive versus negative feelings. **Full-timers have a much higher positive net promoter score than part-timers.** And again, there was some discussion, do we have to look at the ratio of full-time to part-time? And of course that's not an easy solution. If you're going to take someone from part-time to full-time, how do you fill their day? How do you make sure you're getting the productivity out of them to justify the higher salary, the benefits, everything that may go along with being full-time?

But it's something that has to be examined, because **full-time employees are much more positive and much more likely to stay. The turnover is substantially lower. The transportation issue is out there.** A lot of people in the focus group said they left a job because they had no way of getting to it. And it might've been they had somebody they could commute with and then they couldn't commute with them. So this is an issue. It is a solvable issue we believe, but it's an issue that's out there. The personal safety issue, and again, and I know with the Co-Councils in the past, there's been significant work done on the **safety issue about lighting, about creating a safer environment**, about are there times to have two people in the store so that one person feels safer? Again, this won't be a surprise. In some of the demographic breakdowns we did, female employees feel much less safe than male employees.

So if you want to attract more female employees, this becomes a much bigger issue. It's always been an issue. It probably always will be an issue, but it's changing. It needs to be addressed. **Opportunities for growth are much different because that's something you can control**. It is talking to staffers about where they can grow, what a frontline job could lead to. And again, pretty much everyone on the Council said they could identify people who started at the frontline and grew into a management position, or grew into an executive position, a headquarters position. Again, if frontline employees aren't aware that that is a potential, it's a way of keeping them, but they don't know it exists. And the last one and one that we spend quite a lot of time on, is improving the training for both the frontline staffers and frontline managers. **And a lot of emphasis is on managers.**

It's in a lot of forms of retail, convenience stores are not unique on this. Managers are promoted because they're really good at a skill, but they then need to be trained, because once they become a manager, it's more about people management, not product or task management and they're not good people managers. And I know NACS is looking into programs they can offer on a more widespread basis to help frontline managers who are maybe new to the job, or maybe there for a while, continually work on their skills so they will better learn to communicate and deal with the people who are working for them.

One of the things the Oliver Wyman folks did in this study, is they looked at a kind of a path we can take in dealing with all these problems – incremental changes we could make, substantial changes, and then as they position it, game-changing. And I want to give you an example of that and I think the next slide does that for us.

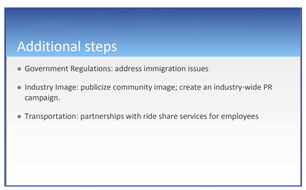


Recruitment

So for instance, **when we get to recruitment, they said it's an incremental change**. This is one probably every company could start on its own, which would be to **better target high schools**, and develop, if possible, and this would be working through NACS, an industry-wide data platform so that information could be shared among companies as to what have been successful programs. But again, reaching out to high school students who may be looking for part-time jobs, or may be looking for employment once high school is done, to help them understand there are career possibilities in the convenience store industry, and to move them there. On a more substantial basis, is to possibly **invest in a shared app to speed hiring and aid flexibility?** Now again, apps have become part of our lives, and one of the discussions the Council had was, do we have apps so that when someone is applying for a job, when they get a job, they can find more information about the company, about the potential jobs, about potential advancement? Are there apps that help people set schedules, so that if they want to be flexible with their schedule, they can find the hours that might fit for them, opportunities to add hours or ways to possibly trade and swap hours with fellow employees?

These are things that take a bit of effort, but it can be done. Everybody is creating apps.

For game-changing, and again, this is throwing stuff at the wall, **would be a national convenience store college program**. And these programs do exist in forms of retail – there are college programs students could attend and where they are getting certifications, or knowledge to go even further in the convenience store industry.



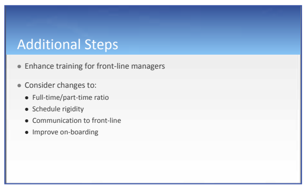
Legislation

So some of the additional steps that are discussed in the study is for NACS, and some of this will fall to NACS for their government relations folks, to **address issues like immigration**. One of the other issues that is put forth is, folks are on s**ocial security**, and older workers, and we have a large population of older folks right now, many of whom aren't well-prepared for retirement financially. But if you're on social security, there's a limit as to how much you can earn before it actually becomes a drag on your social security.

The same thing with folks who are on **SNAP benefits and other forms of welfare. Could there be some sort of discussion with the government to create some gray areas**, so that people can actually augment their income and not have it cause a reduction in their benefits? Because sadly, there are times people will not take a job because it'll be too much money and they'll lose a government benefit, so they don't want the job. And whereas the whole push should be welfare to work, in some respects we inhibit that. How can government relations work change that?

Industry Image

Retention



Training

Staffing

Industry image is going to be a tough one, because again, anyone can do this on Google, **but this would require a multi-prong effort to create positive stories**, or to at least deal with the negative so that all that people hear about convenience stores aren't negative, aren't about crime, aren't about problems. And this might even go as far as, and again the suggestion was made to NACS, to **possibly create commercials, something that would talk about the positive benefits of working in a convenience store**, all the aspects that people might actually gravitate toward it.

And then the last one is probably the easiest of the three, which is the transportation issue. And again, some of the discussion was, convenience store companies or the industry as a whole, **partnering with people like Uber and Lyft so that there's a discounted ride for staffers to get to work**. And of course, I know I've seen this in some cities, Lyft for instance, will have ride-share, but it's **electric bike ride-share**. So they have stations where you pick up an electric bike and you can go from point A to point B. But the feeling is that transportation is an impediment, and it's an impediment that can be knocked out of the way.

Some additional steps would be **enhanced training for frontline managers**. And I know NACS is in some discussion with that regarding different ways that they could offer something so that people don't have to go to conferences. It could be done remotely by video. There's so many educational ways to do that these days.

But something for all of you in your companies to consider are things like your full-time/part-time ratio, is it something that needs re-examination? Because the cost of losing people and refilling jobs constantly might actually well offset the cost of taking people up to full-time.

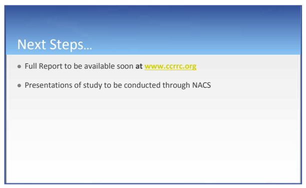
How do we look at schedule rigidity? How would we create, inside brick-and-mortar stores, the kind of flexibility people can find on DoorDash, Uber Eats or whatever it might be?

Some of the easier ones, **communication to the frontline**. Again, the frontline workers we talked to, the communication they talked about was dreadful. They didn't really know anything about the companies they were working for. So communication, which these days can be done in so many ways, how can that be improved?

And a piece of that is also **the onboarding process**. There was one person, again, it's only one person in one focus group, and this woman explained that she did not know what her salary was until she got her first paycheck. And we asked her, "Well, when you were hired, what did they tell you?" And she said, "That I was hired." And did they give you information about all these different aspects of the job? She said, "No, not at all." So she was completely blind to what she was being paid until she got a paycheck. So onboarding, again, this is not a big lift because onboarding can be improved.

Training

So the bottom two on that chart can be easily improved. Communication, now again, it's not just going to happen by magic. People are going to have to be trained. **Frontline managers are going to have to be trained**, and their jobs are already busy as hell. **But they're going to have to understand this is a significant way of them improving on turnover**. And if they improve that, it's going to make their job easier down the road because they're not constantly hiring and training. But both communication and onboarding have got to be lifted up. The other two, the full-time/part-time ratio and schedule rigidity – those are going to be tough, but the two on the bottom here should be relatively easy.



Next steps. One is when the report should be getting published, or published as we talk about it these days, meaning it'll be on the Council website. We're hoping it'll be mid-February (2024). The Council website is ccrrc.org. And actually the whole library of Council studies is there. So those of you who've been on Councils before, the studies you've worked on, are there. Those of you, if you've never interacted, these studies are directed by people like you for people like you. So if there's an issue you have, you might want to just go take a look at that library of studies and see if there is something there – it's free, just download it. But anyhow, this new study will be up mid-February, when the first big presentation of this study will occur at the NACS Leadership meeting.

The Discussion

Myra Kressner

Thank you, Michael. Well let's put it out to everyone. Roy, you have some comments or questions, and then we'll open it up to everyone else.

Roy Strasburger

Michael, thank you very much. It is a fascinating study, and we appreciate you presenting today. I guess to go back to the very, very beginning of your presentation, when you were talking about the persuadable population being about 23% of the overall universe of available eligible people, was there any discussion as to whether the motivation for people wanting to work, generally, has changed? Whether that pool of people has been reduced because of a change in attitudes towards working because of COVID or some other reasons?

Michael Sansolo

Roy, it's a great question because, actually, and you'll see this when you see the final report, they have this funnel showing how people get knocked off. The whole issue of do people want to work, because I know there was a lot of discussion about that during COVID -- that did not come up as much as how COVID changed the perspective people have of frontline jobs. What's interesting here, and by the way, this is not in this report, there are two Councils at the moment, one for supermarkets, one for convenience stores. They both selected the same topic because the problem is so substantial. However, the studies are different in the perspectives they took. What the supermarket folks found much more along these lines, Roy, is that older workers really were turned off during COVID, because they felt they were the ones most at risk from COVID. So there has been a tremendous decline. **A lot of older workers quit frontline jobs and they are not rebounding**. We could be talking people who are of retirement age and beyond, who simply decided if I go back to work, it's not going to be a frontline job like that.

Retention

And the other aspect is that there are **people who left retail jobs and went into the gig economy, and like a lot of aspects of the gig economy. Because again, they control their schedule, they control what they do**. Now I think, and again this was part of the Council, both Councils discussed this, **there's also a lot of advantages to not being in the gig economy**. Because if you're an Uber driver, or a Lyft driver, or DoorDash, whatever it might be, you're using your vehicle, there's a whole lot of things out of your control, even though you feel like, "Wow, I'm in control." But if you're in a store, it's a much more stable environment. And so there was a feeling that we have to recognize this is a change that has happened. So even as you're interviewing people, and again this has to go down to the frontline, when they're interviewing a 17-year-old, that 17-year-old may be thinking, "Do I want to work in a store or do I want to drive six, seven hours a week and see how it goes?"

Gig Workers

We don't really have a hard answer to it, but it certainly is something that everyone has to be aware of.

Kevin Smartt

Michael, I think it was a great experience going through this process with other retailers that I would consider best in class as well. So sharing a lot of the issues, and then looking at the surveys and having discussions around it, because a lot of the things that are challenges are also things that are positive. You notice on the list, there's some similarities, right? But I think it was that we've entered a new era post-pandemic, and we all know the challenges we've had hiring frontline workers, and even a lot of corporate office staff has turnover.

Strategy

But I did think that in talking to the retailers, some of the interesting really “ah-hah’s” maybe was us really **looking at that persuadable population a little differently**. So looking at alignment of the **healthcare workers who could be potentially good frontline workers, and figuring out how do we target more healthcare workers**, whether that be digital ads and things that we could use to populate a healthcare area or facility. And then maybe looking even beyond the persuadable, and thinking about who have just been good workers for us, and who could be really great managers? Because even though we know it, that manager is the key to the frontline worker. And we all agreed to it at the beginning of the study, but as we went through it, we kept going back to just how do we continue to improve that manager? **And so things like education, or academia, is a great area to recruit managers** because they’ve just not been happy in recent years in education and academia. And quite frankly, our big stores can almost double the teacher’s salary.

And you think about the headaches they have with the kids – they’re used to working with a younger population, and the paperwork and the challenge. And so everybody that talked about bringing on people from education and academia have very positive stories about them coming into their workforce and being great managers. So we just started reframing how we look at that persuadable population. And so I thought that was a very interesting part. And then just rethinking some modern things. So I think the whole ride-share, if you’re in an area that does offer ride-share, whether you get a reduced cost for the employee, whether you pay for it yourself, if you could pay $10 to get an employee to your store to cover their shift, what a deal. And so we just talked about all kinds of ways to think about how do we use modern tools and techniques to help some of the employees’ challenges in life getting to the store and working at the store. I think you did a good job though, really covering all those points, Michael.

Myra Kressner Greg, do you have a question or a comment?

Greg Parker I’ve got a comment and a question. So it’s interesting because I was reviewing this today for our stores and I was looking at our trailing 12 months, and understand these numbers include if somebody works for us just one day, they get included in this data. **But if you look at our turnover rate the first 60 days is where it all occurs**. And it’s around 59, 60% of our turnover occurs in those first 60 days. And then if you get to the 90 days, it is 71% of the turnover occurs in that first 90 days. After that it drops off in the low single digits in terms of what our turnover rate is. So my question in saying that is, did y’all find out what you’re doing to try to get people through that first 60 days or 90 days? Were there any sort of ideas that came up that were worth sharing? Thanks.

Retention

Michael Sansolo Greg, it's a great point. I wish we had done more in that area. I think that's where the whole onboarding thing came about. And you're right, I've seen other studies that talk about 30, 60, 90 days, and **there's a tremendous percentage of folks that get lost in retail in 30 days. Because their onboarding was so awful that they have no attachment to the job and they just move out**. Once people get to 90 days, they have a certain commitment. But honestly, there's not going to be a lot in the study that talks about that.

Myra Kressner Excuse me though, but Michael, you did refer to the Chick-fil-A example. So is there some specific action that can address perhaps what you're saying, Greg, which is again part of the onboarding process, but as Michael said, it's been a challenge. He said we wouldn't necessarily expect that kind of career discussion to be had the way that young man at Chick-fil-A did. So I don't know if Michael or Greg, you want to comment on that, or Kevin, did you want to address that?

Kevin Smartt Yes, I was just going to say, I don't know that it'll be addressed in the report, but I think there was good conversation around that, Greg. And we did look at that. And the other thing that came to light was we went even further and looked at it, and we said within that 90 days, look at that from full-time and part-time in that 90 days, and in that look it was 80% part-time. So **we were keeping our full-timers, most of them, through that 90 day. It was the big fall off of part-time in the 90 days.**

Retention

And so we did have discussion around just **best practices** and some things that others are doing, **some mentor programs** when somebody comes on, kind of a buddy program, so there's good communication with them, they don't get dropped quick, they don't get thrown on a register. We talked about onboarding in a better fashion and not just onboarding but communicating. Because when the employees know the expectations, they tend to do better.

Michael, we just used the example of a lady getting hired and really not knowing her pay. That's an extreme, but there is that instance of hiring people and them really not understanding the full job scope and how hard it is. And then they get there and then they leave. So there's a lot of discussion around it, but we found it interesting to look at it in that it was really the part-timers. And so we don't know if that means we're giving the part-timers less love in the training and the onboarding process than we are the full-timers, but we're going back and we're auditing all of that currently after this study, trying to understand it better.

Michael Sansolo One of the other discussions we had involved two members of the Council who were quite young, Emily Sheetz (Sheetz) and Melanie Isbill (RaceTrac). Melanie's job deals a lot with the new forms of communication, social media, issues like that. And this has come out in other studies that in today's environment, especially among younger people, they expect rapid feedback. You post something on X or on Tik-Tok and people tell you, almost within seconds, I like it, I didn't like it. So this notion that you're not going to get feedback for six months or a year doesn't work, **you are now dealing with a population that expects feedback in 30 seconds**. So again, another challenge to frontline managers is that you can't say, "I'm going to tell you what you're doing wrong next February."

Internal Communications

That's like ridiculous. **It's got to be almost constant feedback.** And Joe Sheetz, I think when you were on the Council we did a study again looking at staffing issues. And it goes to a point that Kevin said just before of the importance of the frontline manager. Even in the best companies, the companies with the best reputation, in this previous study we saw a tremendous divergence between the best stores and the weakest stores. And it came down to managers. **In the stores with a really good manager, turnover was lower, customer loyalty was higher, profits were better, sales were better.** And by the way, retail theft was lower, because everyone felt more of a commitment to the store and the job. **So the store manager really becomes the magic link.** A good well-trained store manager takes care of a lot of problems. So yeah, it's going to cost to train those people up, but there's a lot of repayment.

Roy Strasburger I agree, and **our experience has always been that the store manager makes or breaks the employee retention question.** But one of the things I was wondering, since Greg brought up about the 60-day drop-off and the 90-day drop-off, does having an incentive for the employee to make it to 60 days, or to make it to 90 days, and become eligible for something, or they get a bonus or what have you. Does the group feel that works for or against retention? Because I can see where yes, that's the carrot that you're trying to give to them to get them through the 60 days. On the other hand, I can see people saying, "I'm not going to wait 60 days to get to that point." And do you need to have something that moves faster to get that appreciation level up?

Myra Kressner So I think Roy put that out to the group. Kevin?

Kevin Smartt I'll just say, Roy. We've tried almost every version of that in a different way. We haven't found it very impactful. Through, and after, the pandemic, we offered a retention bonus after 60 and 90 days, we offered a bonus to an employee if they helped bring somebody in and they got an extra bonus after 60, 90 days. And we still experienced the highest turnover we've ever had and it was all retention focused. We had plenty of applicants we just couldn't maintain. S**o we didn't find the retention bonus moved the needle much for us.**

Retention

Myra Kressner Anyone else? Mark?

Mark Samuels Hi. Thanks. Yes, so I have a question, but I'll go through my comment first which is that I think at the end of the day what Michael was talking about with this entire study, and Kevin, is that people just want to feel that they're being cared for, right? And we have found that **a couple of things have really helped drive retention. This full-time to part-time, we have really embraced that. Our full-time turnover is a fifth of part-time turnover.** It's probably common for everybody, but we've committed to hiring more full-time workers out of the gate, and that has really helped stabilize the workforce.

Retention

The second thing is **I don't think we can underestimate the value of communication** and having a communication platform that employees can talk to each other, talk to their manager, and hear from corporate. Because if you don't have that, then the only feedback that the frontline worker gets is from their manager. And if you don't have a great manager, they're not going to get any feedback - like everyone has talked about. So having the ability to have area managers, leadership from the office, and category management send messages out to all employees, it makes them feel connected and included and that goes into that caring piece. So there are just a couple of things that I would say that have really helped us, and it's very complimentary to what Michael presented.

Myra Kressner Thanks, Mark. Anyone else? Donna, Fouad, Joe, Eva?

Eva Strasburger I was just going to make a couple of comments. When we had this conversation at a previous The Vision Group meeting Mark and Ray Huff, they both said **when they raised the pay it made a big difference**. Ray said they saw the retention go right up. The incentives of the extra bucks along with being recognized with employee awards, as you say, Michael, do have a big impact

Industry Image

But I'm going to move on to Michael's comment about **industry image**. Back in 2021, Michael and I exchanged several emails at The Vision Group meetings about **how do we make the c-store the center for the vaccination program?** We talked about Lin-Manuel Miranda's "It's a small shot" and how effective it might be to **bring influencers in** and have them with people in the store show on Tik-Tok that this is a fun place to be. And we talked about the various Tik-Toks that had gone viral of the employees late at night singing into their broomsticks and being funny. Michael, have you seen anything further about, or had any discussions about using more influencers and celebrities to say it's a great place to work?

Michael Sansolo Eva, first of all, I can't believe you remembered that. That's almost three years ago at this point. But thank you. I think we talked about some of those **industry-wide programs**, and I know there are folks on this call today who are part of the

NACS board, and both Hank Armour and Lori Stillman of NACS are on the current Council. They are expecting, and I think Kevin heard some of this at our meeting, they're expecting that the NACS board is going to say, is this something we want to support? Is this something we want to put financial resources behind? **There were discussions about how do we use the current forms of communication?** I mean Tik-Tok, and again, I'm too old to get it, but Tik-Tok really, really works. And again, if we had employees talking about the benefits of their job in those 15 second clips, they're now influencers. Strange as that may sound.

So this is going to require some concerted effort. I mean that's why I say this is an essential activity at multiple levels. If there were a great industry ad program, if we have Lin-Manuel Miranda writing rap songs for us as to why a convenience store is so cool, but if I take the job and my manager is still crappy and the store is not an environment I like, it's erased instantly. **So there's going to need to be activity at store level, at company level.** And again, Mark, I think your point about communication is huge. We live in an era where communication is so simple and it's so constant that people working for a company are thinking "like really"? They talk to me every quarter. I'm not even sure they know what a quarter is. Why wouldn't there be regular communication to tell us what's going on, what we're doing, help me see as many things as possible.

Industry Image

And then an industry-wide program to talk about the benefit of a convenience store job. It is a good entry level job and entry level jobs lead to a lot of other things. I know Hank Armour always talks about how many members of Congress right now worked at a convenience store at some point. And this is all part of a discussion, but it's going to have to require work at all different levels because if the store experience isn't answering that, basically you've just filmed a very expensive ad that did nothing. And so I think it's going to be a lot more discussion. Go ahead.

Myra Kressner Yes, Joe?

Joe Sheetz No, I think that was good. I think you're back to one of your slides where you're differentiating the two different problems. I mean, if you have a problem with applicant flow, well that's what you just said, right? You get people interested in the industry, that's only halfway there. If everyone's still leaving before 60 or 90 days, you're just churning and you're not getting anywhere. And what I've found, and what we've found lately particularly, is for the most part, it comes down to if it's not a bad manager, it comes down to the job isn't what they thought it was. You think most of them are shoppers and they get a feel for it, but when you get thrown in the fire, I think you realize what it really is.

Recruitment

So I think part of that is having some form of **realistic job preview** before you even hire them so they kind of understand the tasks they're going to be expected to do. Just some kind of realistic idea.

But I think the other thing we're concentrating on is **how do we make the job suck less?** What are the things that you have to do particularly as an hourly employee in the store that just suck and can we find a better way to do that, right? Can we centralize some of those tasks and have teams that go to the store and perform some of those more periodic tasks, whether they're cleaning related, or whatever, that are either just annoying or people hate.

And that's not easy, but we are really trying to take a **look at the jobs and say, "How do we simplify them?"** Because if everybody is settling in towards the same wage rate and they can walk across the street and work at Lowe's and just sit on a stool in front of a cash register all day, they're comparing that to what you're asking them to do, and we tend to ask them to do more. So by no means have we figured anything out, **but we certainly are trying to figure out how to simplify the job and make it more attractive.**

Michael Sansolo Joe, great points there because part of the discussion was that the job is becoming more complex. That is, there's more foodservice, more drinks, whether it's the coffees or whatever else. And to your point about the realistic expectation, because I know this, I can't remember if this was a broad discussion or individual, is that are people told they have to clean the bathroom? And for some folks it's like, what do you mean I have to clean the bathroom? I'm out of here. You're not paying me enough to do that. So I think you made great points.

Myra Kressner Mark, I'm wondering if you're going to talk about anything AI related, which is some of what we've talked about before. I think Greg, you've talked about this and Joe and our other members as well. Are there tasks that can be addressed in other ways to make it suck less, Joe? But anyway, Mark, please go ahead with what you were going to say.

Workforce

Mark Samuels Yes, thanks Myra. I just wanted to piggyback on what Joe was talking about with things that employees don't like to do. We do an annual employee survey and the comments that we get back are enlightening. And one of the things that we found about two years ago when we first started doing this really detailed survey, **the biggest complaint that the frontline employees had is that they came into work and the store wasn't ready for their shift.** It hadn't been cleaned, the trash hadn't been taken out, the food prep wasn't done, et cetera. And we really focused on trying to eliminate that as a complaint.

When an employee can come in and just be responsible for what happened on their shift and not have to worry about cleaning up the last 24 hours, they are much happier and much more content. So that's just an insight that I thought of when Joe made the point about people don't like to clean the bathrooms. No one likes taking out the trash. No one likes all those things, but if they don't have to clean up a huge mess every time they do it, I think it's much more palatable for everyone, because everyone's in the same boat pulling their own weight.

Myra Kressner Donna and then Fouad, and then Eva and Annie, I see you shaking your head, so I'm going to see if you have any comments that you want to make. But Donna, please go ahead.

Donna Sanker Good afternoon. I had a question for others on the phone around recruitment, **do you do internal recruiting or have you outsourced it and have an external party doing it? We currently do it internally.** My team is proposing, and suggests that we will improve our turnover by, going external in particular because some of the resources that are focused on recruiting can then focus on onboarding and some of the other activities. But I'm just curious if others have a point of view or an opinion on that.

Recruitment

Fouad El-Nemr **We use both.** We have internal and external in the company.

Donna Sanker Do you find better success with one versus the other, from a retention perspective?

Fouad El-Nemr **We find better success on the higher end positions, in the office using external but not the retail positions.**

Roy Strasburger **We always went internal on our store recruitment levels and then tried to move people up through the organization.**

Myra Kressner Anyone else want to share their company's experience?

Go ahead Kevin.

Kevin Smartt **So for retail side of the business, we are internal.** We have a team of recruiters in the field and in the office that do it all internally. **If we go corporate, it's a mix of corporate and external.**

Joe Sheetz Yeah, that would be the same for us. Same as Kevin.

Donna Sanker That you do internal?

Mark Samuels Same for us as well.

Donna Sanker You all do internal for your site staff?

Myra Kressner Yeah. Annie's shaking her head yes.

Donna Sanker Okay.

Myra Kressner Okay. Does that answer your question, Donna, or did you have any follow up to that?

Donna Sanker Well, if I have any follow-up, I can always reach out to phone a friend, but appreciate the feedback. Yes.

Myra Kressner Good, thanks. So Fouad, did you have something you wanted to share?

Workforce

Fouad El-Nemr I just wanted to go back on the comment Mark made with the engagement survey. **So we do an engagement survey every two years and we send it out to the whole company** on corporate, car wash and retail on that section of the business. And every section of the business has different tailored answers because we have 64 car washes, and our carwash unit is siloed from our retail unit. They had to be just a little tailored a little bit. But as we got all the feedback, we actually released all our polling data to everybody on the top issues that happened and then all the issues that were supposed to be addressed.

And we would give quarterly updates to the whole company of where we are. Did we hit them? Did we not hit them? What are we doing? And we just redid another one a couple of months ago and we're doing the same thing again. **That's how we're keeping that engagement survey engaging, because the employees know that we're actually reacting to the answers instead of just putting it in the drawer.** Because some of those answers aren't the best, it's not what you want to hear, but it's the only way to get it fixed.

Myra Kressner Thanks, Fouad. Eva?

Eva Strasburger I was going to bring up the company that some of us heard about in Europe at the NACS event that was called ONE HUNDRED restrooms. It's the company that spoke about the fact they have teams that simply go around the stores and keep in-store toilets clean and what a big difference that made to retention of staff in that store. So that was kind of an interesting idea. And then the other thing someone I thought brought up on this call once was the AI recruitment company where when someone first expressed an interest in a job and applied online, there was a quick video they watched which showed them the 'average life in a day of' about what that role entailed, and then they could press the "I want to go to the next stage" button of this recruitment process. And then the application went quite quickly after that and it showed there was retention as new employees understood their job. Has anyone used that software? No. It doesn't look like it. Must have been someone outside the c-store group.

Roy Strasburger

I think that this conversation around this topic has shown something we've all known which is that the job at a convenience store has become more complicated than it was 20 years ago. And I think the public thinks it's just selling Twinkies and smokes and Cokes across the counter without understanding lottery, age restriction, whether or not somebody's intoxicated before they buy an alcoholic beverage, and all the responsibilities that go with that, often working by themselves in a store.

Industry Image

I think part of what we need to do, and part of what I would recommend to NACS, is trying to reassess how they should present convenience store jobs as being something more complicated. To Joe's point, working in a c-store is a lot more complicated than working at a Lowe's, and yet the pay is the same and benefits might even be better at Lowe's for a lot of people.

I know that back when I was on the NACS board, they had the Dangerfield project, which was all about how "the convenience store industry got no respect." What NACS was trying to do was create a program to raise the image, collectively, of convenience stores. Because whether you're going through one of our convenience stores – anybody here who's on this call – or you're going by the mom-and-pop store who is in a neighborhood, they're going to judge the industry by what they see. Whether that store's clean, dirty, whether there's a cage or it has bars all over it, that's how they kind of see the industry. And I think we may need to get back to that project of trying to **uplift the image of the industry as a whole.**

Myra Kressner

Well, I mean recently, wasn't it even at the last NACS show there was, if I can recall, quite a bit of discussion about that from the stage, and Don Rhodes was talking about that and some of the other panelists were talking about how great the convenience industry is and how to communicate that more broadly. But I agree with you, Roy, that as long as I've been in the convenience industry, almost as long as some folks here, that that's been a topic that has been addressed as a need to do since forever. So maybe there'll be a little bit more of a focus and a process behind that. Annie, you've been shaking your head, I see, to a lot of what we've talked about. So anything, any questions or comments that you'd like to make?

Annie St. Romain Gauthier

Recruitment

I'll make a few comments. **On the recruiting side of things, some things that we've been doing with some success is focusing on posting weekly pay ranges instead of hourly, just trying to talk to people.** That's something we've seen bubbling up here. I don't know if that's going on in other areas of the country. Maybe it's been normal for y'all for years, but moving away from hourly, especially as we've added in more and more incentives and things that are paid in addition to the hourly rate. So we've got weekend pay differentials and referral bonuses and other regular bonus programs and perfect attendance bonuses. So posting kind of that range, also showing that there's room to move up in that pay.

And then I think the conversation about the **full-time/part-time** is interesting. We've always been predominantly full-time, which I know is not necessarily that common, so about 90% full-time for us at our stores. We only see a very slight disparity between the turnover rate for full-timers versus part-timers. So I don't know what that means or **whether there's a sweet spot to full-time/part-time that anybody has an answer to because we're actually focused on trying to augment our full-time staff with more part-timers and try to hit that sweet spot.**

Retention

And then on the retention side of things, that's really been our biggest focus as a company for the past two years now. And retention as opposed to turnover. We've talked about it as mostly turnover, turnover, turnover for decades. And I think our managers just assumed that turnover is just part of the game and there's nothing they can do about it. And, of course, it probably is part of the game, but since we've started to focus on retention and that their job is to keep the people they have because there aren't just oodles and warehouses of people to go out and get, **we started to report out on it weekly to our managers with their names. Not the store number, not the store name, but the manager's name because I know it's come up before, and I know Kevin, you've heard me say this before, but we firmly believe it's the manager.**

And so we share those results with our managers and we rank order them, and we've been able to move our 90-day retention. It's really what we focus on because as has already been discussed here, we believe that good mangers will ultimately drive overall retention. We've been able to move that up consistently over the past three years since we started focusing on that. And so I think that's something we'll continue to do.

Recruitment

And then we've also added in **assessments**, which I know a lot of people use. We had turned them off during the COVID pandemic where it was quick to hire, don't make any barriers to getting applications in. **We've gone back to having assessments kind of as a tool to help managers select better so that we don't get that wrong foot in the door.** And that's been helping tremendously because what y'all talked about, transportation and the welfare disincentives, those are the two biggest things we see, especially as a rural retailer. We're competing with the government, we're competing for labor that largely doesn't have transportation. So really interested to see what I can learn in that area.

Myra Kressner Thank you, Annie. Michael, please stay as long as you can, but you did mention that you would have to leave about now, so I want to give you that opportunity if you do need to head on out and to thank you for the presentation and your interpretation and your many years of experience with this. So thank you so much and yes, I'm sure everyone will look forward to seeing the full presentation. And thanks for sharing the link to CCRRC and anyone who's going to NACS Leadership, I suppose we'll see a more even expanded version or perhaps something similar. So we are very fortunate to have an early look at this.

Michael Sansolo And Myra, I want to thank you, Eva and Roy for the opportunity to do this and for everyone on this call, thank you for the attention. Again, if you have any specific questions, if you get them to Myra, she will get them to me. The slides are anyone's to take if they'd like. And by the way, if anyone has not been on the Council and is saying, when is it my turn? I don't get to pick the people, but you can lobby me and I'll lobby the folks at Coca-Cola as best I can. But thank you all. And I'm sorry, Myra, I do have to run, but it was a pleasure being with all of you today. Thank you very much.

Myra Kressner: Thank you.

Employee Wellness

Yes, I would just comment that one of our earlier The Vision Group meetings, as we were talking about the role of the manager, and again, as Michael referred to, unfortunately stores dealing with abusive people coming in, abusive customers, and that some folks were saying **another piece of the store manager's job now is dealing with mental health**. And needing the training to deal with those situations to assist the frontline managers with how to deal with it in the moment or even afterwards -- the stress and things like that. Has that come up within your organizations? Have you needed to address that? Are you addressing that?

Joe?

Joe Sheetz Yes, and this may not be exact match to what you asked, but **we definitely are concerned about it in general**. And what we've also found is t**here's a severe lack of resources in a lot of the areas we operate in**, because we're not in big cities. So you get to some of these smaller cities or you get to some of these rural towns, and even if you are trying to help people, it's not easy.

So I know **we've added a lot to our health plan where we're doing some of that virtually and offering either counseling, therapy, whatever it is**, finding ways to have no copays and do that virtually just to fill the gap of not having providers that are even around to send somebody to. And then we've really, in our health centers, **we have a few areas where we have a lot of people and we run our own wellness centers and are looking to add mental health resources to all of those.** We don't have full-time people yet every day doing it. And every time we say, "Hey, every Thursday we're going to have mental health help here," those appointments fill up in 10 minutes. So it is definitely an issue, but we're finding it difficult having to do things ourselves just because there aren't enough providers.

Myra Kressner Kevin?

Kevin Smartt I'm just going to say two things on that. **One is we offer an online virtual counseling for anybody that needs it for one session.** So anybody in the company, just for any session that they would need it, they have opportunity to do that. If we have any incident in a store, it could be just a customer screaming at the employees or whatever the incident is, we'll offer those team members an in-live counseling session and then three follow-up sessions. So we've kind of made that available.

And surprisingly, you don't get near as many people take advantage of it as you might think you would. We do have people use it, but you just don't have as many taking advantage of it as you think you would. And then Michael's left, so I won't say the name of the retailer because I don't know if that is okay to do. It was on the Council, but I just thought it was interesting, a very large retailer did a campaign in a certain area just testing it out, because one of the things mentioned was the emotional or lack of good behavior from our consumers today, or a lot of our consumers today.

Workforce

And so the retailer did a campaign of **"be nice campaign to our employees"** where they had a little shirt, smiley face, be nice, they put little signs up. He said it was actually for employee morale, one of the best campaigns that they've done. For the employees, it generated so much positive conversation. And they did get so many like, "oh my gosh, thank you." from the customers kind of thing. That it just literally lifted the morale of that whole division that ran that campaign. So they're looking at how do they do it now more on a broad scale and move it around and that type of thing. So I thought that was interesting and important for us to think about that if we think about making our frontline employees feel better.

Myra Kressner I wonder if that helped the customers actually be nicer to the frontline folks. Certainly, it was good for their morale. I wonder if it actually helped people be nicer.

Eva Strasburger Well, Myra, in Ireland, when we were in a couple of stores, they had written on the back of T-shirts "be nice to me." We noticed how many consumers, exactly as Kevin just said, said, "Thank you for helping us." And they were. It made them think about, "wow, you have to actually ask us to be nice?" So there was interchange going on with the employees.

Roy Strasburger Well, society's just gotten so different now. I've started a collection of photos that I take of signs at retail locations asking people to be nice to their employees. I mean, it's just so prevalent in all aspects of retail where people interact with each other. It's very discouraging, to a large degree.

Myra Kressner Well, we did want to have time for Mark to share the NRF Show, some of his takeaway from that. So let me ask, are there any other comments or questions? Greg, anything else that you'd like to add or ask on this subject?

Greg Parker Did you say, "Greg"?

Myra Kressner I did.

Greg Parker Just because I usually talk so much. All right Joe, don't be smiling. No, I think this is some good stuff. I'm taking notes here and sharing it with my team. And I'm just thrilled to be a part of this, and thanks for sharing it Kevin. And Annie, great comments. There's been several great comments here. So thank you.

Myra Kressner Any other questions? Eva?

Eva Strasburger I was going to go back to the comment about paying for transportation. Whatever you think about Tesla, they often do things very well for their employees. And one of them is that their factory here in Austin is quite a way out of Austin itself, so they pay for or provide the transportation for their employees to go out to the factory.

And that's been interesting because reading some of the comments and reviews online, people have said that the reason they've gone to work for Tesla is because they don't have transportation themselves. So that means that the only place they can really look at working is the Tesla factory.

Closing Thoughts

Myra Kressner All right. Well now I am going to ask Mark, because you so graciously offered to do this, to share thoughts on the NRF. Mark attended the NRF Show (the National Retail Federation show was held in New York City, January 13 – 16, 2024) for the first time this year. And we had some time to, not so much compare notes, but see each other. And I'll say that I feel good that he said, "Myra, I came because you recommended that I come and it was worth my time." So I appreciate that. And if you would, I think you actually went to a lot more of the booths than I did, please take a few minutes and share what you saw or learned.

Mark Samuels Sure. Thank you, Myra. First I'll ask, just a sign of hands, how many of you have been to an NRF conference in New York before? [Roy, Joe and Myra raised their hands] Okay, great. So a few of you.

So it was my first time, as Myra said. It wasn't on my radar, but then after I looked into it I said, "You know what? It's not too far away. Let's go check it out." And it's a very large show all based on retail tech. I would say the convention hall was as big as the convention halls at NACS. Aisles and aisles of vendors, all about retail technology.

One of the learnings and takeaways that I had, and I had some counsel from some people that we work with, is go in with a plan, because you can't just walk aimlessly through the aisles and expect to get anything out of it. So really understand what you want to see and learn about, do the research on the front end, meet with the vendors, set up meetings in advance, which is what I did. And I felt like it was a great use of our time and we've really gotten everything that we needed to get out of it in two days. So that's a little bit about the planning side.

AI

But as far as the exhibitors and how that show went in general, the first thing I'll say is, and Myra said, it's like everything AI. That's really what it was about. **All you heard was about AI in every aspect you possibly can, whether it's from robotics to autonomous machines, robots, autonomous food production, whatever you want to call it.** And then there was also a great deal of just in general, just the full spectrum of software and hardware and everything you could possibly imagine.

Myra Kressner Cameras.

Mark Samuels Cameras, yes. Security. Yes, absolutely.

Camera Vision

Data Analysis

One of the things that I realized in speaking with a lot of the vendors is that convenience is not really targeted. **Retail technology in convenience usually filters down from the large companies with lots of employees, big box retailers, grocery retailers, and then after that's saturated, it'll filter down to convenience retail.** Because we're smaller, generally speaking we probably can't pay as much as these big box retailers can, so we're not targeted on the front end.

But I also heard that they just don't know how to break into the convenience industry. The NACS Show is so large and daunting, they don't want to get overlooked. And normally what we see at NACS as far as technology are companies that actually target our channel, or they're small startups that are trying to get their leg into business.

So I thought it was really good just from a broad perspective, 10,000 square foot perspective, to see what's out there, see what technology is out there. And then it stimulates a lot of thinking for us to see what would be on our future roadmap.

When I talk about AI and how that's embedded into everything, I'll give you an example. We met with an **AI security company**. And you say, well, what's that? **They have actually created an AI algorithm that will just be deployed at a store, and it'll use existing cameras to create this engine that will consume all of the video footage on all of the cameras.** And based on criteria that you ask for, such as employee theft, customer theft, merchandising shortages or outages, whatever you want to see, it will actually consume all the data, pull out all the video clips of items that it identified, and send it to your email box every morning.

So you would no longer have to look through all of the camera footage to try to find it. **It will actually bring all those clips to you and all you would have to do is look at it, identify if there's an issue, and then follow up with it accordingly.**

So that's an example of how AI could be applied to something like security cameras versus just having a security tool.

Some of the other things that I was interested in looking at was space planning and management. AI has also been applied to deliver, call it automation and recommend decisions based on rules and sales. So if you think about traditional space planning software, **with an AI engine it can automate your planograms, recommend all the items to be deleted from consuming all your sales data and all external data that it has.** And then it will also recommend when you need to change your planograms, and actually recommend price increases or decreases based on criteria that you would set.

I'm not saying that this is all perfected. I have no idea. **But this is where it's going, which is predictive analytics in recommending actions that someone had traditionally had to review the data to make independent decisions on.**

Merchandising

Price and promotion optimization was another thing that many, many companies out there are trying to get into where it will not only share the data with you for price promotions that you run and the effectiveness of it, but **it will actually tell you what promotions are best to run**. And then it will show you charts and graphs and all of that based on the analysis of promotions after you run them.

Labor savings through automation, that was another big thing that came up. You saw all kinds of ways to eliminate hours of workers, whether it's stocking shelves, performing inventories, all through automation.

Data Analysis

So I guess in general, they're just advancements in making tools that have been around for a while better through these AI tools that everybody has been creating. So it's really not about avatars and replacing people at the cashier, things like that. **It's really about how to help retailers make better decisions and be more efficient with the data that is using machine learning and all of that to work together to provide recommendations and decisions and things that you would typically have to rely on people to make.**

So it was very interesting. I think it's come light-years in only like two years since the last we've heard of AI just kind of really hitting mainstream. And there were countless vendors and companies out there trying to compete for the same spaces. There were probably a dozen or more companies in every facet that you could think of for certain types of software. So not only is it one company, but there's a dozen companies out there trying to all compete for the same customer doing the exact same thing.

And lastly, I'll just say that what's to be determined is how effective these AI tools will be, how they'll work, if they're effective or not. I guess you don't really know until you try because it's still really early on in the game.

So Myra, that's kind of my overview. I'm happy to take any questions if there are any. But in general I thought it was time well spent, and it really opened our minds as far as what the future roadmap could look like for our channel.

Myra Kressner Thank you. Mark. Does anyone have any comments. Joe, you've said that you've been to the NRF. And I know your colleagues come every year, even if you don't. And I think some of the other members today have other colleagues that would be attending. But any other comments on what Mark shared?

Joe Sheetz No, I didn't get my actual rundown yet from the team that goes, but it's been a while since I've gone. But I know mostly it's really our IT group in some ways that are always there. And then we have an operational efficiencies group, which is a bunch of industrial engineers and other stuff to deal with labor and whatever. So I'm sure I'll get an update in the next week or so.

Myra Kressner Okay. Good. All right. Well, thank you, Mark. Anyone else have any comments, or even as a follow-up to our last AI discussion that this group had with Frodi Hammer and we talked about predictive pricing, and some of the pros and the cons, some hesitation, some folks that are already doing it. I think Greg, you had, or Kevin had made some comments on what you're doing in that regard. Anything folks want to add to that?

Mark Samuels Myra, I'll just say that I thought that your Vision Report was great. It was very balanced, covering all the comments. It seemed from my perspective that the overall comments from the group is kind of like the jury's still out. Kind of wait and see how it progresses, and there's still definitely a lot of skepticism. And I guess the early adopters will find out how effective it is. But it's interesting and it's definitely moving forward. And it'll probably just get better and better as the years go on.

Myra Kressner Thanks.

Kevin Smart Hey, Myra? Just real quick.

Myra Kressner Yes, Kevin.

Kevin Smart So at the last Coca-Cola meeting, they did bring in, and sorry, I don't have any of my notes from that meeting sitting in front of me where I'm at today, but they did bring in a speaker on AI. And she was from Open AI. She's been a professor at MIT and very active in the whole space, well regarded. And she came in and she talked to the Council just about current things happening in views on future AI.

AI

One thing that she did say that I thought was kind of interesting for us was, **somebody asked a question if she anticipated cost falling much in AI in the near future, and she did not.** And so she actually thought there would potentially be an increase probably in cost in the near to short term, which kind of surprised us all. A lot of rapid development is happening. But since three companies really control AI, she said that it's not anticipated to really see much decrease in cost for those companies utilizing it.

So just putting that out there for those looking at it. And if some had been on the fence thinking costs may come down, it was an interesting perspective from somebody in that world.

Myra Kressner	But Kevin, when you say the three companies that control that. So what would those companies be?
Kevin Smart	Google, Microsoft, and Amazon. She says there's three companies that control the AI data. And anybody, according to her, she simplified it for us non-tech people, but she said anybody that's developing AI software products, they all have to go to one of those three companies in order to really use AI. And she said those three companies have no intention of reducing their cost of AI to anyone.
Myra Kressner	Interesting. Well, and Mark can attest to this, they had an innovation section on the upper level. There were probably two dozen or more companies, new exhibitors that were all only AI. These were small, new companies. The oldest company was started in 2013, and probably, I think 80% of the companies were founded in 2020 to yesterday. So to that point, how many of them will be around? And so are you saying, Kevin, that even these camera, security, and companies that might help with age restricted products and things like that, that can apply in our industry, they still need to go through Google, Microsoft, and Amazon?
Kevin Smart	So I think AI gets used loosely today in terms of, "Oh, we're using AI." Well, you may have some artificial intelligence that's implanted onto a device that's kind of circulating and running. But to use really an AI kind of super brain, I think those three companies control that. And so to go back to that is what she was talking about. We've been trying to use, test this AI visual camera technology for some time, and we've got edge servers in the store. It never leaves the store. So from that capacity, we're not having to go back to Microsoft. But that initial technology was using them. And so anything new, we probably have to go back through them. Any upgrades have to go back through them.
Myra Kressner	Thanks, Kevin. Eva?
Eva Strasburger	I was going to bring up the fact that Greg Buzek, who spoke at our last CTVG meeting, in the latest Vision Report keeps an updated list of what he considers the most relevant and most useful AI tools to use and programs to operate. And that's worth all of you having a look at. It's quite intense. There's dozens and dozens on there under each heading of how it's useful. So you may want to take a look at that.
Roy Strasburger	That's in the latest CTVG report that came out last week.
Myra Kressner	And what they kept saying, what he said and any other presenters that I heard, was it's all about the quality of your data. It's all about the quantity and quality of your data.

Anything else on this topic before I turn it over to Eva and Roy to give our closing remarks? Okay. So thank you everyone. And Eva, Roy....

Roy Strasburger

Electric Vehicles

Well, **the Vision Group Network is very excited to announce that we're getting ready to launch a new Vision Group that is going to be about electric vehicles.** It's the evVG, and we're hoping to have our first meeting in late March. A**nd the idea is not just to talk about EVs from a retailer point of view or EVs from a supplier point of view, but to have people around the table from the whole ecosystem of EVs.** So that would be EV manufacturers, grid, infrastructure people, electricity suppliers and generators, battery companies, some associations.

We're really excited because what we want to do is bring the big picture of EV's to everybody, as opposed to having it focus through the specific lens of the person who's giving you the information. So the story you may hear may be based upon whether it's the retail industry that's talking about it, or whether it's the car manufacturers that are talking about it, or the electricity utility companies that are talking about it. We want to try to come up with a holistic point of view of how that's going to happen.

The evVG group should be out either at the end of this quarter or the first of next quarter. And it will also have a Vision Report, for which all the information that we have from the meetings will be available to everybody for free. So we just want to make you aware of that.

A large part of us being able to do that is based upon the success and the interest that we've had in this group and in the Convenience Technology Vision Group. Both groups have really gotten a lot of traction and interest from people who are picking up the publications, using them as a primary source in their articles, and retailers and other users who are picking them up and using the information.

So, thank you very much to everybody for your help, and for helping us spread more information to more people.

Eva Strasburger

And to just talk about the Convenience Technology Vision Group for a second. They've been very focused on POS and talking about the challenges of that, and how they feel the convenience store industry is behind on where other industries are, specifically as they're moving to doing more foodservice.

POS Solutions

So we did a breakout session where we **invited POS vendors to come in and have a conversation**, and that has also all been produced in a report.

And our members felt that this was wonderful, but we are missing a third component, which is the major oil companies. So we are in the process of setting up another breakout session where we'll invite the major oil companies to come and talk about how can we do things better, better communications or speed up processes. So that's been interesting too, and you'll be able to read that in their Vision Reports.

Myra Kressner Thank you. Thank you for sharing a couple of hours with us on this Thursday afternoon. And we will have this Vision Report in a few weeks, so please look for that. And if you have any comments or suggestions, we always appreciate it and hope to hear from you.

Convenience Stores Journey to an Employer of Choice

NACS/Coca-Cola Retailing Research Council January 2024

Conducted by Oliver Wyman

BACK TO DISCUSSION

An Age Old Problem

1. How to attract More potential workers
2. How to keep those we already have

BACK TO DISCUSSION

Study Background

- Focus groups held with current and former convenience store employees; QSR employees; and Gig workers
- 45,205 adults surveyed, including current and former convenience employees and other front line workers.

BACK TO DISCUSSION

The Recipe for Action

- Build a Stronger Pipeline
- Enhance Well-Being of Workforce
- Explore the disparity in Managerial vs. Worker experience
- Empower Career Progression

BACK TO DISCUSSION

Action at all levels will be Essential!

BACK TO DISCUSSION

Expanding the Pipeline

- Total Population (Not all are persuadable or interested)
- Persuadable Population: 23%
- Interested Population: 17%
- Experienced in the industry: 8%

BACK TO DISCUSSION

Potential Target Populations

- People currently employed in other retail or health care
- Younger, male and more diverse populations both more interested and persuadable
- Those with lower education levels

BACK TO DISCUSSION

Perception of Safety Still a Problem

- Worker Concerns

1. Robbery
2. Verbal Abuse
3. Workplace Injury
4. Mass Shooting
5. Physical Abuse

BACK TO DISCUSSION

What Makes the Job Attractive

- Competitive salary and benefits
- Flexible Schedule
- Proximity to Home or other job
- Positive Work Environment
- Employee Discounts/Perks
- Opportunities for Career Advancement

BACK TO DISCUSSION

One Surprising Finding

- Lack of transportation hampers the ability to take convenience store jobs

BACK TO DISCUSSION

How to reduce Turnover

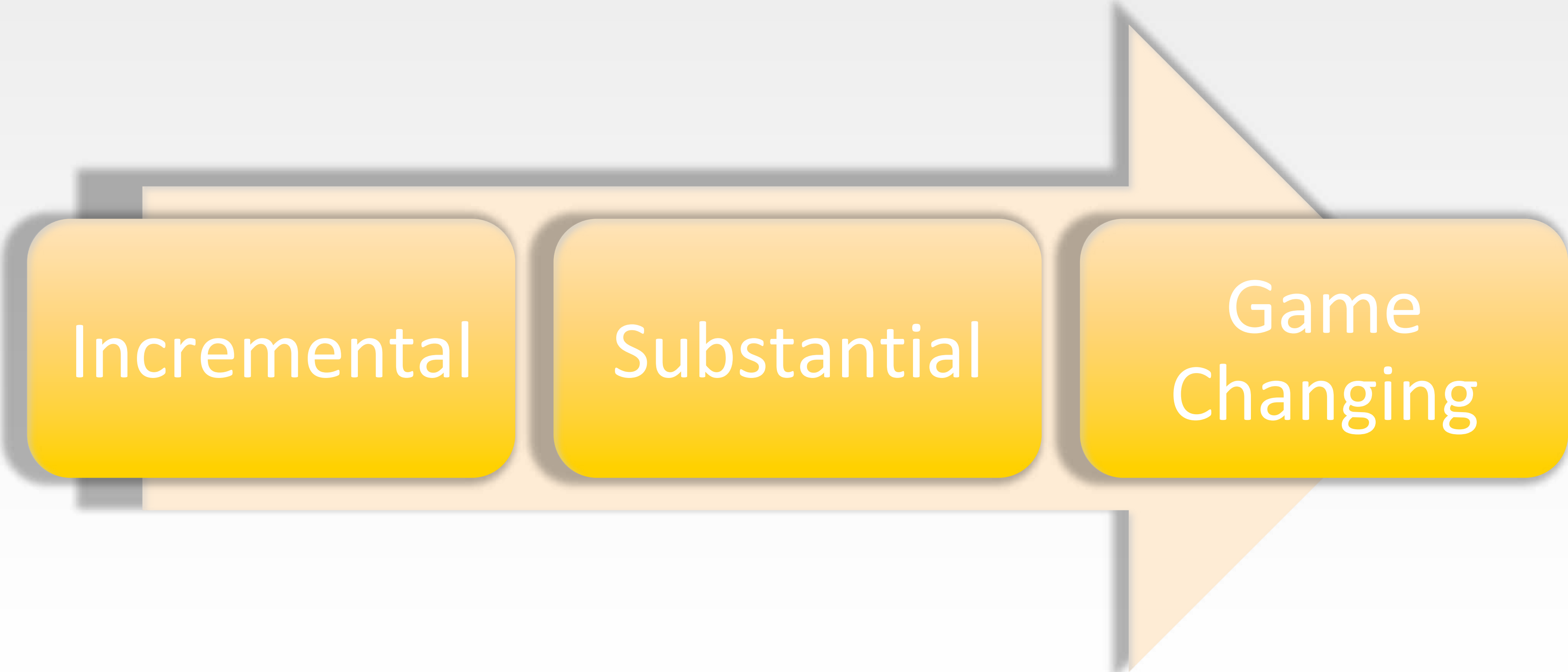
BACK TO DISCUSSION

Steps to Reduce Turnover

- Full-timers have a positive net promoter score of job/ Part-timers are negative
- Solve the transportation issue
- Personal safety
- Opportunities for Growth
- Improve training for front-line and managers

BACK TO DISCUSSION

The To-Do List



BACK TO DISCUSSION

For Example: Recruitment

Incremental

Target High Schools; develop an industry wide data platform

Substantial

Invest in a shared app to speed hiring and aid flexibility

Game changing

National convenience store college aligned program

BACK TO DISCUSSION

Additional steps

- Government Regulations: address immigration issues
- Industry Image: publicize community image; create an industry-wide PR campaign.
- Transportation: partnerships with ride share services for employees

BACK TO DISCUSSION

Additional Steps

- Enhance training for front-line managers
- Consider changes to:
  - Full-time/part-time ratio
  - Schedule rigidity
  - Communication to front-line
  - Improve on-boarding

BACK TO DISCUSSION

Next Steps...

- Full Report to be available soon **at** **www.ccrrc.org**
- Presentations of study to be conducted through NACS

BACK TO DISCUSSION

Convenience Leaders Vision Group (CLVG) brings together convenience retail icons and trailblazers for quarterly virtual meetings. During these sessions, members identify trends, challenges and disruptions in retail as well as present possible solutions and opportunities. The group is committed to sharing its views and perspectives in order to advance the convenience retailing and mobility industry. CLVG operates under the Vision Group Network, which gathers the collective knowledge and ideas of its members to create a legacy of sharing within the retail community. For more information and to sign up for future Vision Reports, visit our website: **tvgsolutions.com/vision-reports**

CLVG
CONVENIENCE LEADERS
VISION GROUP

A part of Vision Group Network

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VGN
VISION GROUP NETWORK

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CTVG | CONVENIENCE TECHNOLOGY VISION REPORTS

Generative AI and Retailing: Real Results and Real Challenges
January 2024

AI and data integrity, how retailers are currently using AI and what's next for AI in convenience retail?

In Focus: A CTVG Conversation with POS Solution Providers
November 2023

POS decoupling; major oil companies; foodservice as the future; the unique needs of independent operators; integration challenges

To the Point: The Evolving State of POS in Convenience Retail
September 2023

EV Infrastructure and Strategy Updates and POS Systems Challenges and Opportunities.

Unraveling the Road to EV Charging Infrastructure
July 2023

Explosive EV growth; the role of utility companies; government funding programs; operators moving forward

Tech Trailblazing
May 2023

Debating the AI hype, tech as it relates to shift flexibility, and the breaking point on data collection

CLVG | CONVENIENCE LEADERS VISION REPORTS

AI: Predictive Fuel and Dynamic In-Store Pricing
December 2023

Examining AI fuel and product pricing potential.

AI: Dawning of a New Era in Retail Analytics
June 2023

The dawning of a new era in analytics as generative AI evolves, generative AI in simple terms; how AI is quickening the pace of business today; A micro perspective of AI at TXB stores; personalization through AI

The Business Case for EV Charging: Is It for You?
March 2023

The pace of EV adoption; c-store operators' views of the EV-charging customer; three pathways of EV retailing; a micro case study

Currents of Change
January 2023

Changing work schedules and the gig economy; foodservice tipping in the convenience segment; alternative fuels and the timeframe for electric vehicles

TVG | THE VISION GROUP

Loosening the Tight Labor Market
February 2024

Journey to Become an Employer of Choice; Expanding the Applicant Pool; Retaining Employees Though; Skill Growth; A Post-COVID Reality