CLVG

CONVENIENCE LEADERS VISION GROUP

CLVG MEMBERS AS OF JANUARY 31, 2025

*Vision Group Network Co-Founder

Lead the Future: Transformative AI Strategies

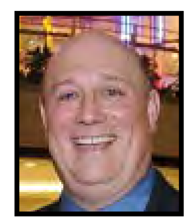
CLVG VISION REPORT No. 9

MARCH 2025

FACILITATOR

Myra Kressner*
President, Kressner Strategy Group, CLVG Member

FEATURED SPEAKER



Greg Buzek
President and Chief AI Officer, IHL Group

VGN VISION GROUP NETWORK sharing **today** to shape **tomorrow**

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 extra context including “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.

Greg Buzek’s full presentation **“C-Suite Gameplan for AI Implementation”** is included and linked throughout the transcript for easy navigation.

We highly recommend that you read all components.

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VISION GROUP

The main topics in this CLVG Vision Report:

The AI Race in Retail: Urgency, Data and Strategy

Start Smart, Scale Fast

AI Runs on Smart Data

Automate, Don’t Replace

Powering Up for AI’s Impact

CLVG VIEWS

IN THE ROOM WITH CLVG

PRESENTATION

CLVG thanks our **Ally Supporter**

verifone

Verifone is the payments architect shaping ecosystems for in-person and online commerce experiences, including everything businesses need – from secure, reliable payment devices to intuitive POS systems tailored for convenience retailers. Our suite of solutions includes eCommerce tools, payment services, site management tools, POS and payment applications, advanced business insights and much more.

As a global FinTech leader, Verifone powers omni-commerce growth for companies in over 165 countries and is trusted by top global brands, leading convenience retail chains, major oil companies, financial institutions and small businesses alike. The Verifone platform is built on a four-decade history of innovation and uncompromised security, annually managing more than 14B transactions worth over $500B on physical and digital channels.

CONTACT:
James Hervey
Executive Vice President, Petro and Convenience
James_H15@verifone.com
verifone.com

SUPPORTER SPOTLIGHT

Futureproof your POS solutions. As technology evolves, having the right tools is key. The Verifone C18 delivers speed, flexibility and a seamless experience for both cashiers and customers. **Learn more here.**

CLVG VIEWS

A CONVENIENCE LEADERS VISION GROUP DISCUSSION

This meeting of the Convenience Leaders Vision Group (CLVG) focused on AI adoption in convenience retail. It featured a presentation from Greg Buzek of IHL Group. After the presentation, there were many insightful questions and important discussions surrounding AI and its impact on the industry.

The January 31, 2025, CLVG quarterly meeting was facilitated by **Myra Kressner**, president, Kressner Strategy Group and Vision Group Network co-founder, and featured guest speaker **Greg Buzek**, president and chief AI officer of IHL Group. Buzek's presentation, "C-Suite Gameplan for AI Implementation," highlighted the point that successful AI implementation requires a clear strategy, data readiness, and identifying specific priorities for maximizing the benefits of AI while minimizing the risks.

CONVENIENCE LEADERS VISION GROUP

Preparing for Disruption and Uncertainty

Kressner opened the meeting reflecting on the group's October 1, 2024 virtual meeting that focused on disruption preparedness for natural disasters, cybersecurity threats, the next "Disease X," and supply chain instability. She noted that recent events, from Hurricane Helene to the California wildfires, underscored the importance of these collaborative discussions. The meeting transitioned to a discussion about tariffs, briefly touching on the economic uncertainty surrounding new tariffs under the Trump Administration. **Constantino Spas**, CEO Americas & mobility division, FEMSA Proximity & Health, and guest of **Hal Adams**, senior advisor, U.S. Proximity FEMSA/OXXO, addressed the volatility of the exchange rate, particularly its impact on the Mexican Peso. **Eva Strasburger**, president of StrasGlobal, CEO of Compliance Safe, and Vision Group Network co-founder, echoed the sentiment that disruption is inevitable at all levels under the new administration, setting the stage for continued discussions in future meetings.

The AI Race in Retail: Urgency, Data, and Strategy

According to Buzek, IHL Group's survey shows that convenience retailers need to keep up with AI implementation. The survey found that the total percentage of the c-store IT budget dedicated to AI is 10.2%, which is behind all other retail segments. Buzek emphasized the mounting pressure from executives and investors to not only adopt AI but to quickly prove its value. "Everybody's facing the same pressure from the boardroom. What are we doing with AI? What is it going to cost? When can we see results?" he said. "The problem is everybody's trying to do things, but things are changing so fast." He also noted that the challenge for most retailers is that they lack a clear AI strategy, and even thoseexperimenting with AI often struggle to move beyond the pilot phase. According to RAND research, 80% of AI projects fail.

Buzek pointed to one major roadblock: data, or more specifically, bad data. "Data is the fuel for AI," he stressed, but too many retailers are working with incomplete, disorganized, or inaccessible data that isn't AI-ready. He explained that the companies leading in AI adoption aren't just investing in flashy AI tools, they're prioritizing data cleaning, consolidation, and storage solutions like centralized data lakes, he explained. Without a strong data foundation, even the most advanced AI models won't deliver meaningful results. Throughout the presentation, Buzek highlighted key areas where AI is already making an impact. Inventory management, for instance, is becoming more precise with real-time tracking, a critical improvement for convenience stores juggling vendor-managed inventory and complex supply chains. Dynamic pricing, powered by AI and electronic shelf labels, allows retailers to adjust prices instantly based on demand, competition, and supply chain fluctuations. Customer service is also evolving. AI-driven chatbots and voice analytics are helping employees provide better service while improving operational efficiency.

Buzek was particularly excited about generative AI's potential, especially in marketing and personalization. He described AI-driven ads that can automatically adjust colors, messaging, and imagery based on individual customer preferences. Retailers like Tapestry have already seen a 3-5% sales increase using AI-powered marketing campaigns, and Wendy's AI-driven drive-thru system has shaved 22 seconds off order times. "Just the ability to absorb tons of different data points and things that just a human being cannot do that the generative AI can start putting this together," he said. But the road to AI adoption isn't without obstacles. Buzek acknowledged that smaller retailers face more challenges compared to large corporations with vast data resources. However, he pointed to emerging models like DeepSeek, which are dramatically lowering AI costs and making it more accessible to smaller operators. DeepSeek, in particular, uses reinforcement language to learn. Unlike other models like Claude and ChatGPT that are built upon massive models, DeepSeek doesn't have much historical information, but the creators taught it to test and reinforce answers that are correct. "They've created a kernel of functionality that is designed for you as an enterprise company to add your data on top of it," he said.

> "Only 16% of retailers from our study have a well-defined AI strategy across their enterprise. It's really the wild, wild west out there for things.
>
> ***Greg Buzek,*** *President and Chief AI Officer, IHL Group*

> “Over-communicating that [AI] is not designed to take anybody’s job but it’s to make us more efficient so we can become more profitable is absolutely crucial when it comes to anything related to AI.
>
> ***Greg Buzek,*** *President and Chief AI Officer, IHL Group*

Buzek’s key takeaway was that AI isn’t a silver bullet, and simply “having an AI strategy” isn’t enough. Whether it’s reducing shrink, optimizing delivery routes, or improving pricing strategies, retailers need to use AI to enhance their existing strengths or “special sauce” rather than treating it as a separate initiative. He also emphasized that AI is reshaping retail, and those who invest wisely, starting with their data, stand to gain a competitive edge. Those who hesitate risk falling behind in a rapidly evolving landscape. “AI is a race…It’s a race for individual companies but also for countries. We can’t lose the race,” he finished.

Download these related Vision Reports to hear what other Vision Groups have recently discussed about AI:

- **CTVG Generative AI and Retailing: Real Results and Real Challenges, January 2024**
- **CLVG AI: Predictive Fuel and Dynamic In-Store Pricing, December 2023**

Start Smart, Scale Fast

The conversation then opened up into a very active question and answer session. **Roy Strasburger**, CEO of StrasGlobal, president of Compliance Safe, and Vision Group Network co-founder, posed a two-part question for Buzek. He asked if AI implementation is about finding a vendor for solutions like dynamic pricing or about developing in-house solutions, and he also asked how retailers should approach the issue of data cleanliness and if using AI to clean data is viable? Buzek explained that the right choice depends on the retailer's existing systems and specific needs. Some may benefit from off-the-shelf AI tools, while others might require custom-built solutions to align with their business operations. However, he stressed that no AI implementation will succeed without first ensuring data cleanliness. Trying to leapfrog to AI without addressing data quality, he warned, is a "recipe for disaster." While AI can assist in cleaning data, companies need to establish solid data practices first.

Once the data is clean, **Donnie Rhoads**, director of business development at The Convenience Group and guest of **Don Rhoads**, president/CEO of The Convenience Group, LLC, addressed the first steps a small to medium-sized chain should take. Similarly, Executive Vice President of Delek US Holdings **Tony Miller** applauded that there are many available AI solutions, but questioned how they can balance creating their own solutions versus using existing platforms. Buzek recommended that smaller retailers with clean data begin with merchandising and supply chain optimization before moving into business intelligence and infrastructure management. For those looking for an immediate, practical application, he pointed to tools like NotebookLM or knowledge-based chatbots, which can help employees easily access company information. These simple, yet effective, AI applications can drive efficiency without requiring massive investments.

Buzek emphasized the urgency of AI adoption many times throughout the discussion. "You don't want to be one of those ones that are gone because you didn't do AI or you weren't willing to make that change." He advised retailers to begin by cleaning their data and applying AI where it can be most effective. "Start because this is bigger than the mobile phone, in my opinion. It's as big as the internet." Looking ahead, he predicted that in just five years, AI will be as ubiquitous in business as the internet is today.

Drew Dickerson, director of distribution at OnCue and **Darren Rebelez**, CEO of Casey's General Stores, asked similar questions on how AI fits into an overall business strategy and where the most "ROI" for AI has been seen operationally. Rebelez recommended that AI should be used as a tool to execute a business plan, rather than build a standalone AI strategy. Buzek agreed, emphasizing that AI should support, not dictate, business goals. The focus, he advised, should be on identifying the biggest business needs and prioritizing AI investments accordingly.

For those unsure where to start, he suggested leveraging existing AI platforms where possible rather than reinventing the wheel.

For ROI, Buzek pointed again to NotebookLM because companies can input a knowledge base in the platform so that people can query and easily gain access to company information.

Mark Samuels, executive vice president of convenience retailing for Dash In (The Wills Group), highlighted how AI is no longer a separate tool but is now embedded into nearly every software platform, citing his company's use of AI to sort and process invoices. He asked Buzek whether efficiency, rather than sales growth, is the primary goal for many companies implementing AI and what other efficiencies AI has enabled. Buzek concurred that efficiency is often the "low-hanging fruit" for generative AI, particularly in areas where companies control data. However, he noted that while AI-driven improvements in sales tools can impact general and administrative expenses, increasing sales has an even greater financial impact. He stressed the importance of identifying quick wins that generate cultural buy-in. "When you have a technology that can go everywhere, you've got to figure out where you can really start to hit," he explained, emphasizing the need for leadership alignment in prioritizing AI initiatives.

Adams posed another forward-looking question: If AI becomes widespread, will it erase competitive advantages? Buzek acknowledged that while AI may level the playing field in some respects, the real differentiator will be how well companies use their data and tools. Those who adopt AI early, invest in the right people, and focus on their unique strengths will maintain an edge. Success, he concluded, won't come from AI itself but from the companies that know how to harness it effectively.

Putting AI to the Test

During the meeting, Annie St. Romain Gauthier asked ChatGPT to answer the question that Donnie Rhoads asked of Greg Buzek, which was: "For small to mid-sized chains, what's the first step once they decide they're ready to implement AI with cleaned-up data?"

From ChatGPT, as shared in the Microsoft Teams Chat:
"The first step for a small convenience store company looking to leverage AI should be identifying a specific business challenge or opportunity that AI can address. Here are a few practical ideas to get started:

1. **Inventory Management:** AI can help optimize stock levels, reduce waste, and predict demand based on historical data and trends. This can help avoid overstocking or running out of popular items.
2. **Customer Insights:** Implement AI to analyze customer purchasing patterns and tailor promotions or product recommendations, improving the overall shopping experience and boosting sales.
3. **Operational Efficiency:** AI can automate certain tasks, like scheduling, employee shift management, and even identifying theft or other operational inefficiencies.
4. **Chatbots for Customer Service:** If your store has an online presence or delivery option, AI-driven chatbots can assist with order processing, frequently asked questions, and customer service.

Once you've identified a focus area, the next step would be to gather and clean relevant data to feed into AI systems, and then explore affordable, user-friendly AI solutions that fit your budget and scale. Have any of these areas stood out to you as potential starting points?"

> "The thing I can unequivocally say is the people that are using AI and plan to use AI and leverage AI, they're going to be the winners on this. The people that aren't willing to do it, aren't willing to change, they're going to be left in the dust.
>
> ***Greg Buzek,*** *President and Chief Officer, IHL Group*

AI Runs on Smart Data

Several key questions were posed about the role of data in AI applications. **Annie St. Romain Gauthier**, CFO/co-CEO for Y-Not Stop—St. Romain Oil, asked about using AI to clean data and the difference between "vector-ready data and generative AI." Buzek explained that generative AI works differently from traditional data storage methods by absorbing data and building neural maps. He described vector-ready data as being structured in a way that AI can easily understand and form relationships between terms. "[Generative AI] starts to build relationships between like terms and other things, just like a brain would," he said and used the example of when you hear a particular song, you're immediately brought back to a certain place in time. "A neural map does that, a database doesn't. To get the best results, you have to get your data into that environment."

Verifone's Executive Vice President, Head of Petro and Convenience **James Hervey** inquired about the potential for data consortiums, where retailers could donate data to train price optimization models, and how smaller merchants might access the necessary data for AI. Buzek responded that he hadn't seen data consortiums emerge but suggested that smaller merchants could use tools like ChatGPT to get price optimization answers by uploading relevant transaction data. He emphasized that companies don't need vast amounts of data for AI, as the underlying models are already trained; they only need data to identify patterns, and most companies already possess sufficient data for this purpose.

Tracey Hughes, CEO at Wallis Companies, raised the question of whether AI would "leapfrog" certain technologies, such as self-checkout, given the rise of mobile POS systems. Buzek responded by clarifying that mobile POS was primarily designed for associates and isn't a replacement for self-checkout, which has the potential for reducing transaction times and improving customer flow.

Automate, Don’t Replace

Throughout the meeting, the topics of workforce and culture were brought up, with several important questions posed regarding employee resistance to AI and job security in the face of automation. Adams asked how to address cultural issues, particularly resistance from employees who feel they know their jobs better than a computer, and how to gain employee buy-in. Buzek responded by suggesting that companies should begin by automating tasks employees dislike, which would help showcase AI’s benefits. He emphasized that the goal was not to replace jobs but to enable employees to perform at a higher level, encouraging companies to communicate this clearly to their teams.

Eva Strasburger inquired about job losses due to AI automation and whether companies were seeing reductions in jobs. Buzek reassured that AI wasn’t about taking jobs, but about individuals using AI to perform better. He explained that employees willing to evolve into higher-level positions would be more secure than those resisting change. Additionally, Buzek suggested starting with simple AI solutions, like a chatbot for basic tasks, as a way to build goodwill and facilitate adoption across the workforce. He cited Chick-fil-A’s AI-powered lemonade-squeezing robot, which has saved 10,000 labor hours daily. He noted that the more a company can define the job and tasks, the more likely AI and agentic AI are going to be used to do that job.

Powering Up For AI's Impact

OnCue President **Laura Aufleger** wondered whether retailers should invest in power backups for their stores in light of new technological demands. Buzek suggested that companies needed to rethink their store infrastructure to accommodate AI, particularly in terms of power requirements and heat generation. He noted that backup generators were a critical consideration for store planning to integrate AI into their operations, ensuring reliability and continuity as AI technologies become increasingly integral to back-office and knowledge work, which would have a larger impact than front-end operations.

Along the lines of using AI for back office work, Plaid Pantry's CEO **Jonathan Polonsky** shared how AI adoption in his business would likely focus more on backend efficiency, given that most of his stores operate with just one associate at a time. He acknowledged that AI would inevitably become embedded in third-party tools and vendor systems, meaning, "Ergo, we will be using it. Sometimes we'll know that we are, and sometimes we won't." As his company continues to experiment with AI, he hopes to discover more proprietary applications that align with their specific needs.

Final Reflection

This eye-opening discussion emphasized the urgency for convenience retailers to adopt AI, along with a strong emphasis on the need for strategic, data-driven approaches to implementing these technologies. The focus needs to be on data cleanliness, alignment with business goals, and a willingness to experiment and adapt. While larger companies may have an advantage in some areas, there are plenty of opportunities for smaller operators to leverage AI strategically, especially if they can focus on areas where they have clean data and address internal efficiencies. According to Buzek, retailers who invest wisely in AI and prioritize data will gain a competitive edge, while those who hesitate risk falling behind, as AI will soon be as ubiquitous in business as the internet, and its impact will be profound.

Greg Buzek shared several links for his favorite AI tools during the meeting with the group, including SharePoint's Copilot 365, NotebookLM.google.com, and the AI Studio, suggesting these as potential assets for retailers looking to integrate AI into their operations.

Here is a full list of Buzek's recommendations for AI tools and links to some suggested helpful videos.

NOTABLE AND QUOTABLE

“ We're now in a space where we can start creating some of our own solutions because there are platforms out there that will help us do that. If you're looking at shrink control, if you're looking at customer service, you're looking at speed of service, there's a lot of solutions out there today that they've already created or they can help customize an AI solution for you.

***Tony Miller**, Executive Vice President, Delek US Holdings*

“ One of the things that we're doing in accounting, as an example, is using AI to sort and process invoices for someone that used to manually do it. As a first step, is efficiency the goal for a lot of companies and not necessarily driving sales?

***Mark Samuels**, Executive Vice President of Convenience Retailing, Dash In (The Wills Group)*

“ I see more in the efficiency bucket, more back-end, because for most of our stores we only have one associate in there at a time.

***Jonathan Polonsky**, CEO, Plaid Pantry*

“ Earlier this week in [a meeting] with Retail Industry Leaders, RILA, someone there said, as retailers thinking about approaching AI, we really don't need an AI strategy. The way you should think about it is to have a business strategy and think about how you can leverage AI to help you more effectively execute your business strategy.

***Darren Rebelez**, CEO, Casey's General Stores*

“ I can guarantee you, not any of you know what exactly is going on in your organization when it comes to AI tools that people are using or playing with or doing things right now.

***Greg Buzek**, President and Chief AI Officer, IHL Group*

“ We feel like the better we can get it operating and executing in our operations every day, that's where we get our edge right now. So that's where we're focused. ***Annie St. Romain Gauthier**, CFO/Co-CEO, Y-Not Stop–Romain Oil*

“ So James (Hervey), I will wager you a Snickers bar that within 24 months, a major retailer is going to be selling retail data for large learning models. That if a person is trying to develop an LLM, they will be able to tap in and subscribe or buy a block of data that has been cleaned and randomized enough that the major retailer can sell it as a commodity. That's got to happen. ***Roy Strasburger**, CEO, StrasGlobal; President, Compliance Safe; and Vision Group Network Co-Founder*

“ I'm not taking your bet, because I believe that'll happen, as well. ***James Hervey**, Executive Vice President, Head of Petro and Convenience, Verifone*

VALUABLE RESOURCES

The quantity of materials on this topic would make for an insurmountable pile. To help you navigate through the masses, here are resources worthy of making your must-read list.

James Hervey, Verifone

Neural networks make up the heart of much of the AI we talk about, especially large language models like GPT and DeepSeek, and many of us are mystified by how they work. Understanding the basic components, like what a neural network is, how they learn through back-propagation, and what is an "attention layer," can help anyone better understand how AI functions. The math is complicated, composed of a lot of linear algebra in multidimensional vector space, and the **3Blue1Brown YouTube series** on neural networks helps demystifies these topics for anyone, even if the underlying math is beyond your level (like mine!!).

Myra Kressner, Vision Group Network Co-Founder

In addition to Greg Buzek's comments about agentic AI, there was also a focus on agentic AI as the next "thing" during the NRF Show this past January. For those who want a better understanding, this Harvard Business Review article, ***What Is Agentic AI, and How Will It Change Work?*** offers a good explanation and examples.

From the article: "You can define agentic AI with one word: proactiveness," said Enver Cetin, an AI expert at global Experience Engineering firm Ciklum, "It refers to AI systems and models that can act autonomously to achieve goals without the need for constant human guidance. The agentic AI system understands what the goal or vision of the user is and the context to the problem they are trying to solve."

Roy Strasburger, Vision Group Network Co-Founder

As Greg Buzek said, AI is going to have an impact on convenience retailing. The question is how? While Greg gave a lot of good examples, sometimes it is helpful to look outside the convenience channel to see what others are doing because those ideas will either translate to c-stores or will eventually evolve into a convenience application. The grocery industry faces many of the same competitive challenges as c-stores.

In this January 2025 article, ***AI transforms grocery retail with smart tools and sustainable solutions,*** from New Hope Network, a website supporting natural grocery stores and their supply chain, specific examples are given as to how grocers can use AI to lower costs and increase revenue through improving inventory controls and creating more personalized shopping experiences. It's an interesting read.

In Memorium

Lisa Dell'Alba

President and CEO, Square One Markets

[We remember Lisa]

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CONVENIENCE LEADERS
VISION GROUP

MEMBERS

as of January 31, 2025

VISION GROUP NETWORK CO-FOUNDERS

Myra Kressner
President, Kressner Strategy Group; CLVG Facilitator

Eva Strasburger
President, StrasGlobal; CEO, Compliance Safe

Roy Strasburger
CEO, StrasGlobal; President, Compliance Safe

Hal Adams
Senior Advisor/Project Lead U.S. Proximity FEMSA/OXXO

Laura Aufleger
President, OnCue

Troy Dicksen
President, Delek Retail

Fouad El-Nemr
Executive Vice President, Nouria

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

Scott Hartman
President and CEO, Rutter's

James Hervey
Head of Petro and Convenience, Verifone

Tracey Hughes
CEO, Wallis Companies

Drayton McLane, Jr.
Chairman, McLane Group

Tony Miller
President, Delek Retail

Greg Parker
CEO, Parker's

Jonathan Polonsky
CEO, Plaid Pantry

Darren Rebelez
Chairman, President, and CEO, Casey's General Stores, Inc.

Donald Rhoads
President/CEO, The Convenience Group, LLC

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

Joe Sheetz
Executive Vice Chairman, Sheetz, Inc

Kevin Smartt
CEO, TXB Stores

Barbara Stoyko
SVP Shell Mobility Americas, Shell USA

CLVG Views | In The Room With CLVG | Presentation

In Memorium

Lisa Dell'Alba

President and CEO, Square One Markets

June 30, 1978 – February 16, 2025

"I will always remember Lisa as a force to be reckoned with—a true professional in every sense of the word. She was determined, and dedicated, approaching every challenge with confidence and a commitment to excellence. Her leadership was evident through her service on state association committees and boards, foundation initiatives, and her contributions to the NACS board and committees, culminating in her planned journey to becoming NACS Chairman.

Beyond her professional achievements, Lisa's warmth and generosity left a lasting impact on all of us. She had an unforgettable smile and a heart of gold, always the first to support challenging causes, celebrate successes, and remind us that work was about more than results—it was about people. A couple of examples include her passion for teaching and mentoring NACS' Leadership for Success Program, along with her unwavering commitment to supporting underserved communities and individuals with disabilities.

Lisa had a rare ability to inspire, and uplift those around her, leaving behind an industry that will forever cherish the privilege of having known her.

Donald Rhoads
President/CEO, The Convenience Group, LLC

IN THE ROOM WITH CLVG:

Lead the Future: Transformative AI Strategies

Convenience Leaders Vision Group (CLVG) invites you to join us In The Room to experience our meeting on January 31, 2025. 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.

CONVENIENCE LEADERS VISION GROUP

Agenda

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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.

- Legislation
- Leadership
  - Strategy
  - ROI
- Workforce
  - Training
  - Internal Communications
- Marketing
  - Data
  - Data Analysis
  - Pricing
  - Digital Advertising
  - Personalized Marketing
  - Store Design
- Operations
  - Inventory Management
  - Facilities
  - Risk Management
- Technology
  - AI
  - POS
  - Computer Vision
  - Self-Checkout

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Welcome, Introductions, Meeting Rules

Myra Kressner

Well, hello everyone. I am Myra Kressner, and on behalf of myself and fellow Vision Group Network co-founders, Eva Strasburger and Roy Strasburger, welcome to this CLVG meeting. We're looking forward to a very stimulating discussion on "C- Suite Game Plans for AI Implementation," that will be led by Greg Buzek, president and chief AI officer with IHL Group. We're also pleased to be welcoming James Hervey with Verifone, and a couple of other guests whom I'll introduce in a few minutes. But first, we do have just some brief housekeeping.

This is the antitrust statement and publication acknowledgement [Publication & Antitrust Statement Shown on Screen] that everyone has signed, and of course, we are recording this discussion. Just a few other reminders. Please use your camera and keep it on as much as possible. Conversely, please keep your audio on mute unless you are speaking so that we minimize any ambient noise. Please use the Raise Hand icon or physically raise your hand for conversation flow, unless members are clearly in a back and forth discussion. If you need to leave the meeting for any reason, just write a short note in chat or just leave and return when you're able. And since we want frank and diverse discussion, if anyone wants to make an off the record comment, just let us know what you're about to say is, or you have said an off the record comment.

So now to our intros. Convenience Leaders Vision Group is now in its third year, and some of you who were early members might remember that Eva, Roy and I talked about our rationale for initiating this group with only having retail members. However, other Vision Groups have benefited from including leading solution providers. So we have decided to do so with Convenience Leaders Vision Group as well. A few days ago, we shared with you all that James Hervey, Verifone's EVP, head of petro and convenience, has just joined as an Ally Supporter. So please welcome me in joining James, and then we'll welcome our other new members and guests. James, will you just take a moment to introduce yourself to all of our members.

James Hervey

Well, first, I really appreciate the invitation and great to see some familiar faces. This was very much a no-brainer for us when Myra presented it to us. I've known Myra and Roy and Eva for years and have really watched with some admiration what's been put together here. As Myra mentioned, I'm the executive vice president and head of petro and convenience for Verifone.

Verifone's a leading technology provider globally of payment systems, both payment processing hardware, as well as payment gateways in the petro and convenience space. We also happen to be a leading provider of point-of-sale technology, and I have been with Verifone for 15 years, the vast majority of that in a product management function. Last year, I was promoted to head the business unit, which has been an incredibly exciting journey.

I'm an industry kid. I have worked in this industry my entire life, starting all the way back when I was 16 and got my first job running a cash register at a mobile station in Northern Virginia. A lot of you probably know that my father and sister have both worked in the industry. So it is an industry that is near and dear to my heart and have been very excited to get a chance to serve it in this particular role. And really just happy to be here and be part of this and looking forward to the discussion.

Myra Kressner Thank you, James. Darren, so you officially became a member just a little while ago, but I think this may be your first meeting live. So we'd like to formally welcome you and ask, would you just say a few words, share anything that people might not know?

Darren Rebelez Sure. First of all, thanks for having me and I apologize for not being able to make meetings before. This day job gets in the way of my other activities like this, but glad to be here. And I'm President and CEO of Casey's General Stores. I think most of you on the call are probably pretty familiar with Casey's, about 2,900 stores, primarily in the Midwest, based in Des Moines, Iowa. And our claim to fame is our pizza program where we're actually the fifth-largest pizza chain in the US. And so maybe you might not have been familiar with that part of our story, but really glad to be here and hope to learn a lot from all of you.

Myra Kressner Thanks, Darren. Troy Dickson, are you on the call? Troy, Parkland's VP of retail, has participated in the past and since Donna Sanker has moved on to international responsibility, Troy has come on in his official capacity now as a CLVG member. So I just want to make sure that I didn't miss him signing in. We're also very pleased to welcome a few guests. Thank you, Hal, for inviting Constantino Spas, OXXO's CEO for Proximity Americas and Mobility. Constantino, would you introduce yourself, please? And welcome.

Constantino Spas Thank you so much for the invitation. Yes, I'm responsible for OXXO's business in the US, the fuel and gas station business in Mexico, as well as Brazil, Colombia, Chile and Peru for now. And been with FEMSA for about seven years, now in different businesses. And I'm based out of Mexico City. So it's an interesting day today in the light of the tariffs that we were mentioning before, but very excited to be here and share some thoughts. Thank you so much for inviting me.

Myra Kressner Thank you. We're very pleased that Drew Dickerson is joining Laura with OnCue. Drew, would you introduce yourself?

Drew Dickerson Good afternoon. Yeah, Drew Dickerson with OnCue. We're based out of Oklahoma. I've been with the c-store industry coming up on 20 years. Some of my responsibilities at OnCue, category management oversight and foodservice distribution. And happy to be joining this afternoon. Thanks for having me.

Myra Kressner Thank you. And last but not least, we are happy to welcome Donnie Rhoads, who is representing Don Rhoads, who is traveling. So for those folks who may not know you, Donnie, would you introduce yourself?

Donnie Rhoads Thank you, Myra. Hi, everybody. I was invited here by Don Rhodes. No relation [laughs]. I work for The Convenience Group. We have a handful of stores in Southwest Washington. I'm sure he has said that to you all already. I'm familiar with this format because I'm part of the Convenience Technology Vision Group, but I see a lot of new faces here. So I'm really excited to hear what everybody has to say and participate in the conversation.

Myra Kressner Thank you. So just before we bring Greg on, who's going to get us all jazzed up with "C-suite Game Plan for AI Implementation," does anyone want to add any additional conversation to our October 1st CLVG meeting that really was focused on being prepared for disruption? We talked about disruption from natural disasters. At that time, Hurricane Helene was on everyone's mind. And now, the fires in Southern California. We talked about cybersecurity, which is increasingly a concern and Greg is certainly going to address that more in our AI discussion.

Legislation

We talked about supply chain disruption due to pending court strikes on the horizon, and that also leads us into now that we're almost two weeks into the Trump administration, does anyone want to talk about the **potential impact of tariffs** and the news that's just been released? I could put Constantino on the spot, but I won't do that. All right.

Constantino Spas I think it's still too early to tell and it's always in a state of flux, as you probably know. So a lot of uncertainty yet to see if and when, beyond the date that was announced, how this will be implemented. And so there's a lot to wait and see and understand the implications, but certainly a lot of volatility in the exchange rate right now, putting a lot of pressure on that, on the Mexican Peso in our case. And that has definitely some important implications.

Myra Kressner Thank you, Constantino.

Eva Strasburger And there's going to be disruption as we know across the board at every level with the new administration. So a lot of uncertainty. It's very interesting seeing it all roll out as we discuss these during our next few meetings.

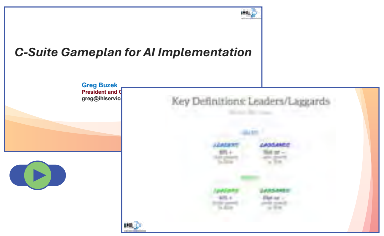
The Presentation

Myra Kressner

Thanks, Eva. So then let's move on to our star speaker. It's my pleasure to introduce Greg Buzek, who is an AI guru. We had asked Greg to lead a discussion on AI about 14 months ago with our Convenience Technology Vision Group, and he just blew our members away. And we know these days, 14 tech months is either a lifetime or a nanosecond. So we are very pleased that Greg has agreed to lead our discussion today. And I would just ask, please hold your questions, I'm sure there will be questions and comments, until Greg has finished. So Greg, do you want to introduce yourself?

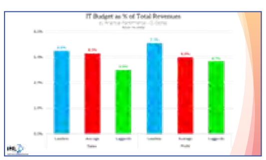
Greg Buzek

Sure, thanks Myra. Greg Buzek, I've been around a few years now. I just went to my 33rd NRF (National Retail Federation) show two weeks ago. James, it's fun seeing your face here. Your dad was so instrumental with me early on in my career as an analyst. So just a pleasure to be with you. There's no truth to the rumor that I had hair before ChatGPT came out. No, been bald for a while, but the blistering pace at which we're seeing massive change here has been just striking. So I was a product manager on the vendor side for technology. I was the guy that introduced wireless technology into retail some 30-some years ago as a solution to asbestos for point-of-sale, and did a lot of competitive intelligence and that prepared me to be an analyst because I had to know everybody.



So first slide is just my contact information if you need to reach me. Like everybody else, two years ago, when I first saw ChatGPT, I knew the world had changed. I had studied neural networks back in the 80s, back when I was in graduate school. So I knew all about it, but this was like a Gutenberg moment and we saw things. So always like to start wide and narrow down into the broader technology side, broader economics side for things.

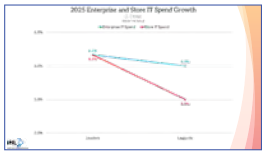
So the first few slides are for a particular study that we do every year that I just want to show you some details. Most important things as leaders, the sales leaders grew their sales 10% or more in '24, and the profit leaders grew their profits 10% or more in 2024. The laggards were flat or negative during the year for that. So that's just key for the definition. So this study, this just shows you the ratio of people in there, a lot of big guys, but a lot of small guys as well. Not a huge group in the middle for things there, but just to show you that we did have a wide variety of folks in this particular study.

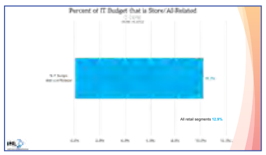


Data Analysis

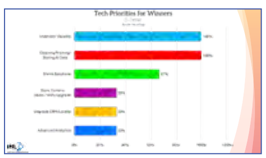
So **IT budget as a percent of revenues**. We've certainly seen a huge uptick in recent years for all segments in retail, but most particularly in the c-store suite. As you guys have expanded formats, expanded advertising out to the pumps and having fresh food, advertising on the screens in some cases, in the stores, on the doors, all those different formats that you're dealing with, different supply chains there. What we're seeing is there's not a huge difference between the leaders

Data Analysis





AI



Inventory Management

Data

and the average retailers in terms of IT spend there, but the leaders have just been doing it at that level longer. It used to be about a **2% to 3% growth in IT spend, and we've doubled that in recent years**, all across retail. Somewhere around 2018, and certainly once COVID hit, there was a massive change and we doubled down on the level of investment for things there.

And why 2018 was so paramount in the industry, that's when Amazon went positive with their retail business and started reporting it separately and they were net profit positive. Everybody had just assumed they were losing money and they weren't, and that was a big wake-up call to a lot of retailers that, "We're in the IT business. We're in an IT war race," somewhat similar to what we're seeing with AI right now. And several of the retailers started doubling down on IT spend, and thus, we literally doubled as a percentage of revenue, the amount of IT spend that was happening on a normal basis. And this chart, just to show that there's a marked **difference here between leaders and laggards**, whether it's on the profit side or the sales side.

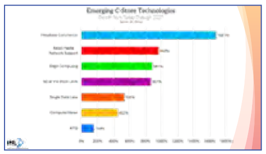
And where you're seeing this big difference between the leaders and the laggards is in the **investments at the store level**, which makes sense. In c-store, so much of your business is at the store. Even though e-commerce is growing, the vast majority is happening in the store. And so you see the significant investment. And just to put in perspective, this is like me racing Usain Bolt (Jamaican retired runner). He's not only further ahead on the first step. Every next step he's getting further and further away and what's happening there, and that's why it's so important with what's going on. So when we go to the next slide, we'll just show what leaders are investing in and stuff like that.

But before we get to that though, the **budget for AI**, the total percent of the IT budget that's AI related is about 10.2% in our survey of c-stores. This is behind all retail segments. So c-stores are behind the overall industry when it comes to **AI adoption** and what's going on there.

So one of the things really happening and where the winning retailers are investing tremendously is **inventory visibility**. "Do I know what my inventory is?" And it's really challenging when you have so many vendor-managed inventory sources happening at your store level that you bring to the c-store environment, plus the fuel situation as well. It's really the second one that I wanted to bring your attention to, which is the **cleaning the data** and getting things ready for AI. **Data is the fuel for AI** and that is the critical part of this. So to see that the winners are doing this is absolutely crucial. And then you'll see shrink, and we don't have time to get into all of them, but all of these have an AI component to some degree. Even the store communications and getting the store ready from a communication side has an AI piece to it.

POS

Pricing



Technology

Digital Advertising

Data

So when you get to traditional technologies here, you look at **POS and mobile POS** and electronic shelf labels. So right now, only 5% of c-stores are using a mobile POS option today. In the study, 64% said they would be using it within two years.

Electronic shelf labels, another thing, and I'm going to show you the use case for **AI for dynamic pricing**, huge adoption. This is a technology that's really 30 years old that in the last three years has just taken off like gangbusters there. But you'll notice every one of these things has an IOT piece to it, with the exception of the payment terminals specifically, that has an AI piece to it, whether it's computer vision or RFID applied to things there. They all have a role.

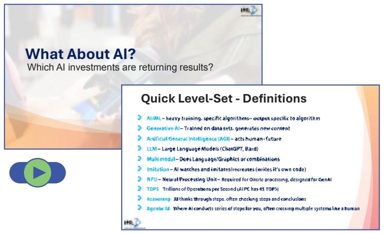
And so you see some **emerging technologies** here. You may see a term that you're not familiar with: headless commerce. Basically, it separates the front end layer to the e-commerce layer when it comes to point of sale and all the technologies in the store. So it allows you to basically use a phone, use a mobile device, et cetera. It doesn't matter because the actual frontend of the overall device is completely separate from the logic that happens with how things are operated on the backend. So you can make changes without impacting the overall stack. That's a big thing that's happening in retail overall, but it's particularly happening there.

Certainly, you guys are familiar with the **retail media piece**. The brands are pushing things down. We're seeing a huge drive towards more and more of the fuel brands buying local stores, not only for the retail media benefits, but also for the perspective of getting that customer data because it's so fragmented today with all the different loyalty plans at the pump. That's a key driver.

Edge computing is another thing, getting to servers and getting to what they call using Kubernetes there and being able to run virtual models within the store of many, many different servers and devices, and then shrinking the platform there for things.

But the most important one here, once again is a **single data lake**. The data piece of it, getting your data into one location so that it can be leveraged and used and trained for AI purposes is a big area of impetus right now as we go through 2027.

Editor's note: *Kubernetes: an open-source system that automates the management, deployment, and scaling of containerized applications.*



AI

So that brings us to AI. And so I want to talk a little bit about what AI investments are returning results right now. So I just want to do a little level set on definitions. I don't want to assume that everybody knows all these terms. So when I say **traditional AI,** I am really referring to **artificial intelligence and machine learning**. It's the heavy training specific algorithms trained on single data sets, and you're really doing iterations time and time again to get perfect. Right now, most of the benefits that are happening in all industries are happening because of this traditional AI. What got everybody excited was the **generative AI**. ChatGPT was the first one. You've got Claude, Gemini, Meta's got theirs as well called Llama. These are all generative things. What they do is they generate new content based on existing content, and it's really crazy to watch them work because they're really just predicting the next word, which is pretty mind-blowing when you think about it. They just reread what they wrote, and then predict the next word. And that's how that works.

Artificial general intelligence is the thing that everybody's worried about. That's the future of AI, creating AI and just being smarter than humans there. **LLM**, which are large language models, that's what you're most familiar with from ChatGPT, Bard....well, now there's Gemini there. **Multimodal** means the ability to do graphics and language at the same time. So right now, I'm sure you heard about DeepSeek that came out this week. DeepSeek is an LLM. It does not do graphics or anything like that, but ChatGPT does. So you can ask for a picture, you can ask for a graph, you can ask for those sort of things. That's what multimodal is. It's just multiple things.

Imitation learning is one of the things that's coming where you'll see, "Hey, open up your browser and we'll run this," and it'll tell you what you're doing or see what you're doing and then create code from that. This is what the new full self-driving from Tesla is doing. They're uploading 10 gigabytes per night per car, and then the AI itself is writing the code to train things rather than writing the code for every situation that pops up. This is the big thing that is happening right now where AI just watches you work and then can replicate what you do.

NPU is the neural processing unit when we'll talk about **TOPS**. The NPU is the thing that actually processes that information. That's the part inside the graphics processing unit there. Or if you ask about an AI PC today, it has a neural processing unit to be able to do AI type things. TOPS is Trillions of Operations Per Second, and this is really hard to follow because this AI PC I'm running on here is 45 TOPS. It's the top-line PC that you can buy today, and I'm going to show how fast that's changed. I bought this four months ago and it's already getting blown out of the water with some of the new graphics cards coming out today from NVIDIA.

AI

Technology

ROI

Reasoning is what DeepSeek and [OpenAI] o1 is. It's just the ability to think through problems and think through how you're doing things there. And then agentic AI is the part that's really exciting and there's a difference between agents and agentic AI. Some people are calling agents **agentic AI**, which agents are just chatbots. Agentic AI is the ability for these chatbots or these activities to build on each other to do more things. So say, "I want you to buy me an airline ticket to France," and it just automatically figures out how to do that and knows which sites and which seats I want, which card to use, et cetera. And then goes ahead and books that. That's what agentic AI is. So with those level sets, let's move ahead.

So the problem with AI is it gets pushed as, "Hey, this is the greatest thing and it's going to be great and you're going to get these incredible results," but no company is in the same state. Everybody has a different state of data readiness, they have a different set of skills, and everybody has their special sauce. I heard the gentleman talk about Casey's and that they're the fifth-largest pizza business there. That pizza robot that gets shown at NRF, that probably has some really applicable use there inside of Casey's, but everybody's different. Everybody has their different special sauce for how to do things.

But everybody's facing the same pressure from the boardroom. "What are we doing with AI? What's it going to cost? When do we actually get to see results?"

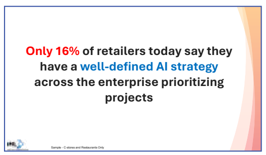
The problem is everybody's trying to do things, but things are changing so fast.

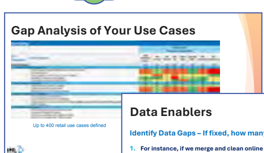
So I talked about TOPS before, the 45 trillion operations per second. The **costs are coming down** so dramatically. So in 2024, you got 60 billion operations per US dollar that you would run. That was the cost of a graphics card. With the latest NVIDIA cards coming out right now for $549, you can get one quadrillion operations per second, just mind-blowing, a 30 times increase there. So keep that in mind: A 30 times increase per dollar in terms of processing data. The thing that happened with DeepSeek, and we'll get into it later, that was a 30 times reduction in the cost per query at the same time. So you're talking about a 900 times improvement between the two in a week. Just a mind-blowing piece of stuff there. So where do you put your stake on the ground? Where do you start as a company? Where do you start and where do you go? That's a big challenge.

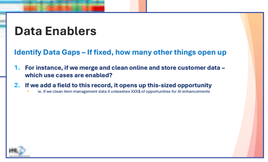
Everybody's tried AI and **80% of the projects fail**. Only 30% of projects move past pilot. And most often it has to do with the data that we have. Is that data clean, accurate? Is it available? Are we allowed to use it? Are we compliant? Those sort of things.

Strategy

Workforce







Workforce

So we created a service in our company called ClearSight AI which is basically a service to come in and help you, within a month, figure out **what's your blueprint**, what's unique to you, and where should you start with AI. We do that by interviewing all your key stakeholders as to where you are on your data, and the different processes, for up to 400 different use cases, that are possible with AI in retail. We did an entire forecast of retail across 400 use cases. We have some outside data, what we believe is the potential impact of those use cases, we bring that to the table, and then match it to your specific situation to bring an idea of where you should start and where you can get going.

So how do we do that? Like I said, there's 400 different use cases. And we go through and we interview your key stakeholders. If we use this, is it legal for us to use it? Do we have the data? Do we have enough of the data? Is it accurate? Is it in the right formats? For AI, just having a list or a spreadsheet or a database is not the right format to build a neural network, you have to have vector ready data in place to do that. Then once you've done that, are your systems ready to do anything with the conclusions? You say, "Hey, you need to change your store cluster here. You need to change the inventory mix. You need to do all this stuff."

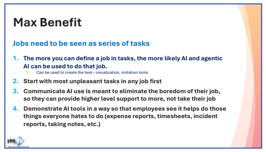
Are your systems ready to take that input back in to be able to make those changes in real-time or are you still human-limited since AI just gives you all these things? Do you **have the people**? Do you have the skills in-house or do you have access to the skills externally that know how to do this? Does this increase risk for us or decrease risk for us? Is it of strategic value from a business perspective or not? And what is the business impact potential for this on a company our size? That's where we come in with our model. We just give you an external view of what that potential is.

Only 16% of retailers from our study have a well-defined AI strategy across their enterprise. It's really the wild, wild west out there for things.

When we do these interviews, what you end up with is a gap analysis of those use cases. Where do you have holes for things? The other thing that happens is you find out that there are certain pieces of data within your organization that unleash a lot more business value for you than others. And those are the data enablers that are in place.

One of the most important things is your culture though when it comes to AI. If your business is great, **your people** will naturally believe that the use of AI is not a threat to their job, it's allowing them to do more things, more efficiently. Do the things that they hate to do that the AI can actually do. If business is bad, however, the natural inclination for any change is that this is going to take my job.

Internal Communications



So **over-communicating** that this is not designed to take anybody's job but it's to make us more efficient so we can become more profitable is absolutely crucial when it comes to anything related to AI.

What do you do with that to get the max benefit? The more you can **define the job and tasks** the more likely AI and agentic AI is going to be able to use to do that job. It can be used to create the tasks through visualizing what you're doing or imitating what you're doing, but the more it sees what you are doing on each task the better. Start with the most unpleasant tasks first in any job because that's where you're going to get the buy-in from your employees for that. Once again, communicate that AI is to take the boredom out of their job so we're more likely to provide a higher level support but not take their job away.

Workforce

Finally, it's to demonstrate it first in the things they hate to do. Expense reports, time sheets, incident reporting, taking notes on meetings, all those sort of things that nobody likes to do, particularly your sales organizations. They hate to take notes for meetings. Those are the best places to start when you're thinking about all of this going forward.

And this is the part that Roy said he wanted me to spend a lot of time on. What this is, is for the people that are using AI, this is the traditional AI and ML (machine learning), where they're getting positive results. This is the percentage of people that are getting positive results that say, "We are getting multi-double-digit results or better on these areas." The first one is production and delivery accuracy. Getting back to Casey's and the pizza.

Computer Vision

Domino's has a pizza computer vision thing that looks at the order, looks at the ingredients on the pizza, looks at the pizza itself with computer vision, and approves or disapproves whether or not that's okay to go in the oven. Another one that is computer vision-oriented is **Chick-fil-A**. They actually monitor how long somebody washes their hands after touching the chicken as part of that. That is an AI, ML, traditional AI type of thing where they trained it on a ton, a ton of images and videos of what's right and what's wrong.

Pricing

The next one is pricing and promotions. Being able to provide targeted promotion or **targeted pricing** based on just general behaviors that are happening there. Or the ability to competitively price. So you remember we talked about the electronic shelf labels here. The **ability to change the price overnight** based on what your competitor is doing there. I mean, it happens in fuel all the time. The guy across the street raises his price, you match the price. Everybody is within the same part in the same neighborhood. But here it's just using it with AI and machine learning. You monitor things like GasBuddy and stuff like that today. This **goes across all of the items in the stores**.

Training

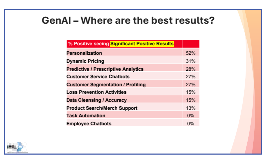
Customer service and support. This has been one in the broader retail that has seen huge adoption where guys are now saying, "I need to return a product," it not only finds the order, now it gives them the label from which to return it now using some of the agentic AI functionality. But the customer service and the chatbot, where this really comes into play and really where it's huge, it's not the people that have been there for three years that know how to do everything, it's the new hire that they can get up to expert level in about 30 days because they're using AI as the **training mechanism**. And it's basically that total expert that they have access to for everything. A lot of HR, workforce management side of things in terms of benefits, communicating benefits, what's available, what's my scheduling. Sales and marketing, putting together campaigns, brainstorming ideas, executing those things.

Marketing

We just came back from NRF. Amazon showed a demo where you could **design a product**, tell it which features you wanted to design, and it literally…the first step it did is it took the design of that product, it started creating the social media ads for it, then it created the e-commerce ads for it, then it created the dashboard for sales-related things, and then finally it had the support chatbot related to that product that was built. And those were all built automatically for that.

Risk Management

Loss prevention is huge. Particularly since COVID and with some of the law changes that we had around the country there, just to be able to do predictive and prescriptive analytics with loss prevention, AI has been a huge, huge enhancement for things there. The numbers were just staggering in some locations. Walgreens was losing 10% of same-store sales in San Francisco after spending 40 times on physical **security** than they were spending anywhere else. So they had to figure out different ways of dealing with loss prevention. They just shut down in San Francisco. So you can see several of the other areas for traditional AI/ ML.



Personalized Marketing

Let's go to generative AI though. So where are they seeing the huge benefits now? It's really **personalizing the ads** for those folks there. We are quickly getting to the situation where your background and the knowledge that you share, and then these loyalty plans, are now creating personalized ads for you. So, for instance, I'm a huge college football fan. Imagine what the benefit would be to a company like Home Depot if on college game day on Saturday, all the ads that popped up just happened to be my team's colors that were reflected. And the vehicle just happened to be the vehicle that I drove there. And the family structure just happened to look like mine. I mean, that's an extreme example of what we can do with personalization. But you can do it with offerings, the emails, what comes up on the apps, what comes out on the screens, out at the pumps that are personalized to that individual using generative AI and what people use there to drive people more into the store because that's where you make your margins.

Pricing

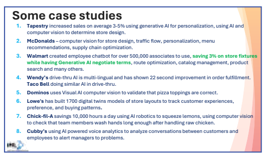
ROI

Data Analysis

The **dynamic pricing**. If you're doing AI/ML and you put generative AI on top of that, and you've got good pricing data, incredible, incredible results there. So 31% say they're getting multi-digits, double-digits. But we're actually seeing, in some cases, 150% higher **profits** that are coming from the people that are doing that. Just really, really extraordinary folks there.

The **analytics**. Just the ability to absorb tons of different data points and things that just a human being cannot do that the generative AI can start putting this together. But you'll notice, all of these things need the data. If that data is bad, if that data is not clean, it's going to be trouble. But if you've got clean data there it's absolutely fascinating what happens and just tremendous results as a result of that.

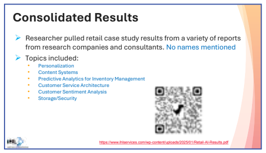
Data cleansing, it's pretty much grunt work, it does the work and it cleans the data. It doesn't necessarily, in and of itself, create huge positive results. It's just you're able to do more of it faster with the data cleansing piece of it and getting it more accurate. It's not so much that it drives the needle in terms of profitability, it's a must-do type of thing related to that. In the other segments we saw a lot more with task automation and employee chatbots. We did not see that with the sample that we had for the c stores.



ROI

So some **case studies**. Just real quickly a run through here. Tapestry, three to 5% increase using generative AI for personalization. So **sales increase** of three to 5%, pretty significant there. McDonald's uses all kinds of stuff. Walmart is, obviously, one of the leaders here. The most important one I think here is they're actually using a generative AI negotiator **saving three to 5%** on store fixtures. They did surveys of the people, the human beings on the other side of negotiation, and they liked negotiating with the machine better because the machine never had a bad day, didn't have a sick kid, was always looking for a win-win there, was never ornery about a request. So the AI actually listened, so to speak, to the supplier's needs. Really, really strong. But where there's huge opportunities for them is in the route optimization. Over 50% of all trucks on the road are less than 25% full today. And the ability to optimize loads there has a huge impact on our environment but also on **efficiency, and lowering costs, and increasing margins**.

Closer to you guys, the drive-thru. Wendy's introduced the AI drive-thru. They believe it can shave 22 seconds off of their order fulfillment for drive-thru orders as a result of that. It's bilingual as well. Domino's, as I mentioned, does the validation of the pizza toppings. **Digital twins** is a pretty huge thing. Lowe's and Walmart have both run out 1700 different stores. Digital twins are literally digital replicas of the store where you can try out what this might do if you implement this thing in your store. What happens to your traffic flow? What happens to your IT flow, et cetera?



Chick-fil-A is saving 10,000 hours a day using a robot that squeezes lemons at the store for their lemonade. And then once again they use the computer vision for the raw chicken piece. And then Cubby's is using voice analytics to analyze conversations between customers and employees to alert managers if there are problems going on at the front of the store. Really unique to your industry where it's really tough being a cashier in the c-store environment. Those are some case studies that are happening right now.

I think this is where we're trying to get to for some things. This link here: **Retail-AI-Results.pdf**, if you've got your phone you can get to it now or it's going to be in the results. There is another analyst that put together, without naming the names of the companies or the solutions, just a ton of consolidated results here in relation to AI being used in retail specifically. It's a pretty enormous number of results. I didn't even want to try to show all those. But you can get access to those right there.

You can't turn on the TV right now without hearing about DeepSeek. What is DeepSeek? Marc Andreessen came out and said it's really our Sputnik moment. In a nutshell I would say it is if you're talking about nation-state level AI things. It is a race. AI is a race, everybody knows that. It's a race for individual companies but also for countries. We can't lose the race.

What is DeepSeek? Deepseek is a model that was developed by a quant (quantitative trading) company. There's a lot of stuff out there that is just a lot of fearmongering. Certainly, that's what happened in the stock market. That this was the greatest thing since sliced bread, and they did it so much cheaper, and all of this sort of thing.

Editor's note: *Quantitative trading (also called quant trading) involved the use of computer algorithms and programs.*

It's not the greatest thing out there. The [OpenAI] o1 model is better in many, many ways. Where this model was really strong is in mathematics, in quant side of things. And it's much smaller and much cheaper to run. And I think that's the thing that everybody's looked at. There's a 30 times improvement in the cost ratio of running this. Now, there's a lot of speculation out there. This company that built it said they only used 2,000 of the high-end chips, they actually owned 50,000 of the chips that are now blocked. They already owned 50,000 of them six months ago before any of the blocking stuff went in there. Whether or not it's the truth that it was this cheap to do, who knows?

What I can tell you is one of the things that they did is absolutely brilliant. Up to this point in time Claude, ChatGPT, all of this stuff has been built on these bigger, bigger models. And so you have the entire world's information in these models and all the historical information in these models. DeepSeek doesn't have a lot of historical information in there. If you asked about Netflix's earnings between 2008 and 2011 and what it did, that information is just not there.

But what was brilliant about what they did, in a couple ways, is they used reinforcement learning and they also taught it. Basically, they taught to the test for this stuff. They took all the ways things would be tested and it taught them how to do all those things in that way. But it also reinforced answers when they were correct, and they taught it that way. So they were able to create those things.

But the best part of what they've created here, and this is really the mind shift piece, so you have the necessity create the innovation there. They've created a kernel of functionality that is designed for you as an enterprise company to add your data on top of it. You don't need to know how to do a haiku based on Shakespeare's stuff. You don't need that as a business. What you need is a kernel of stuff that can do your business really, really well, and do that much cheaper. So we have now taken a 30 times increase in the speed at which you can process of AI queries and a 30% reduction in the cost per query, we've got a 900% change in a week that we've now seen. And this is the piece that has now democratized it. No longer does AI have to be the purview of the mega-companies, okay, those top largest customers. It's now democratized down to many, many others. And you could buy a couple chips, or the Blackwell chips there, as a company and run your entire stack now because the way the models underneath it are going to be run is much, much faster.

It's impacting the cost of training at the top end, if these chips are true, and they did it on lower cost chips. But where it really impacts things is on the inference side, which is people actually asking questions. So you're going to be able to do more of that and more of that's going to be available to more people. So it also means that the solutions from Salesforce, from the Microsofts, the SAPs, and all these Asian things, the price of that is going to drop dramatically which means it's going to be cheaper for all of us to use. So that's the brilliant thing that's out there.

You can try this now and you can try them side by side with ChatGPT. I did it on Perplexity. Microsoft and Cerberus have all also offered it that way. But Perplexity is a cheap way to just go in there. You go to the Pro piece, you click on Pro, and you can do the same query for both of them. And what I'm finding is o1…the ChatGPT one…is better at what it does. It understands the context a lot better for things. From what I understand, if you do a math type of thing in there, R1 (a version of Deep Seek) is actually better for that. And I think the funniest thing is OpenAI is accusing them of stealing their stuff when they stole everybody else's stuff to begin with.

Data Analysis

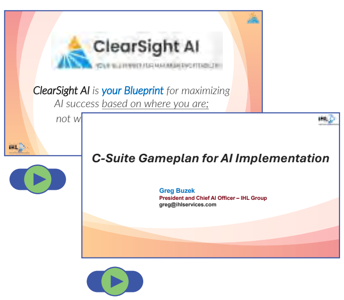
I always put this in from a personal standpoint. People always ask me, "How do I make money on this?" And we put this chart together a year ago. The thickness of the bars was our **estimation of how big the market's going to be** for those things. We've always had the models being the smallest one because Meta had already created these open-source models and were driving the cost to zero. If there's one place that's the Walmart of all this, it's right there, it's driving an Amazon battle. It's right there in that red bar. But you've got the semiconductors where NVIDIA has a year or two lead on everybody else when it comes to chips. TSMC, from the manufacturing standpoint. ASML has the monopoly on the chip making equipment. ARM is being used inside the servers themselves. And then you've got other folks there. So AMD, a little less, Intel, a lot less. But the SK Hynix is probably the one you don't hear about. They're the memory guys for all of this stuff there for that.

The next one up from the foundation models is the power. You've probably heard it, Stargate and how much power. And I usually show a slide. Elon Musk's data center in Memphis has 100,000 chips, that's about 25,000 homes worth of power to run that one data center. They're doubling that and it's like 50 times that. The Stargate Project for Abilene, Texas is supposed to take as much power as New York City. And that is the crazy part about this. And I usually show several slides for you.

Facilities

What's your **power backup plan** for your stores? Because you need to have some sort of backup for your stores, because of the **priority of the power**, as well as your own home because the AI is driving the need for power so much greater than what we can actually produce for things.

The last piece is the blue and the green. A lot of the same names there. The hyperscalers are the guys buying all the chips today and selling the infrastructure. The green are the guys that own all the data related to things. ServiceNow. You've got Google, you've got Oracle, SAP, Salesforce, Palantir, all of those guys. And then the devices. You're starting to see devices for things.



Myra Kressner Thank you, Greg. Excellent. And we've got Greg's contact there. Any final comment before I thank you?

Greg Buzek For me, no. Just thank you for listening and being a part of this. I'm interested to hear your part because I get mostly the IT side of it but I don't get to get the executive side.

The Discussion

Myra Kressner Thank you, Greg. Oh, Eva, you've got a question.

Eva Strasburger Well, it was more just as a reminder. Quite a few people are taking notes. For the new people especially, this will all be written up in the Vision Report and will include all the slides alongside the transcript of what was said with each [SLIDE. So you will be receiving that as well as sharing it with the rest of the world.

Myra Kressner Thank you for that reminder. I'm sorry that I didn't let everyone know when we started. Well, there's a lot there. Who wants to start either with questions or comments? Roy, would you like to be the opener.

Roy Strasburger Greg, excellent presentation, thank you very much.

Strategy

One of the things we try to address, or target, our conversation towards smaller operators, not just the big chains and the big companies. I've got a two-part question. First, when you're talking about AI, and the application of AI, are you talking about **finding a vendor** who can provide you with an AI solution to do, for example, dynamic pricing or the other things that you mentioned? Or are you talking more along the lines of **companies developing their own solutions using AI**? That's question number one.

The second question is about data cleanliness, making sure that your data is in the right shape so that you can successfully use AI. You mentioned in your presentation something that I had not really heard about, or thought about, before is using AI to actually clean your data, so that you can use it with AI. If you could, could you address both of those? First, where do you get your AI? And second, cleaning the data.

Greg Buzek Yeah, I think you have to ask the second part first. If you try to do the first, what you asked first, about **finding the partner** and everything, or **doing it yourself**, and you **haven't done the data work, you're in trouble**. One of the most disturbing things that I'm seeing across retail is the people that look at AI as a way of catching up to the big guys or to the winners. Our performance is bad, we've underspent on technology, we haven't done the work to do our stuff here we're just going to use AI and generative AI to leapfrog type of thing. Or we're going to throw a bunch of money at one time to do that. And that's just a recipe for disaster.

Strategy

The question on do we partner with somebody or we do this ourselves is **unique to the company** and to the individual use case or what you're trying to do. When we go through these assessments is helping you through that and understanding what systems do you have and who are your partners right now in those areas. You can't really answer it without that context for anybody. AI is the ultimate force multiplier. It can be incredibly helpful. We are seeing, in our company alone, about a 28 to 30 times improvement in speed of which we are able to collect, and analyze, and organize, and get into our data systems the data that we need for that. So it's been a huge, huge benefit. We added 30,000 records that were unique where we normally, in the same time, might have been able to get 1000 records in during the same amount of time. 30,000 clean records of stuff out there by just searching the web and getting that information into structured context.

Strategy

But that's very different. I mean, when you're talking about **small businesses** it just depends on how small. A lot of the knowledge is rolled up into a couple people. If you want the biggest bang for the buck and the biggest win, **create a chatbot** that is based on interviews and all their information, all their background information, their knowledge. You get that into a chatbot that everybody has access to and they can ask questions. So you're not constrained by that one or two people that's there.

Now, that is at the tiny company level there. As you move up, it's more about **how do you get structures** so that you can grow. That's part of the analysis piece where you've got to go through and look at, "Which of these systems help us to scale? Which of these areas help us to scale here? Where's our data in good shape?" "If we've got good data here, we may be able to start applying the AI there."

Now, whether or not that's in a system like a Salesforce system, I think Salesforce is probably ahead of everybody on those core systems. As you get to be **larger companies**, Amazon is probably the most flexible to work with because you can choose anything with Amazon's AI stuff. You can build your own, use theirs, use it on somebody else's model, their software, et cetera for that.

Where you're kind of aligned with ChatGPT and with Azure, a bit with Microsoft, or you're going Claude on the other side, or all the Google stuff if you go that route, I think Salesforce is ahead. And that is if you've got these structured enterprise systems and that data is in there, then you have one throat to choke when it comes to AI and these agentic systems. But because you only have one throat to choke, it's very expensive to do some of these functions, so it really varies.

Myra Kressner Thanks, Greg. Did that answer your question, Roy? Yes, thank you. Hal and then Annie.

Hal Adams Yeah, Greg, thank you for your information. It's extremely interesting and very relevant to everyone.

Had a conversation about this topic this morning regarding culture, and you touched on culture a minute, and it's something that I'm very interested in the fact that this has to be approached, I imagine in layers in order to get everybody's buy in.

Workforce

You mentioned people being **afraid of losing their jobs** or being replaced or whatever. I'm more concerned with **the thought process** of, "I know how to run my store better than a computer. I know how to run my store better than corporate." So I would imagine that you've encountered cultural issues or maybe even some cultural hints on how to leapfrog those ideas. One of your ideas I think you stated was to start with tasks that people don't like to do, and then use that as an advertisement for AI being a good thing. But is there any way you can expand anything more on your experience on cultures, or winners or losers, or people that have stubbed their toes? Because I think in our industry in particular, I think it's quite relevant.

Greg Buzek

Yes. In our recent analyst day we had one company that is one of the most advanced retailers in the world when it comes to AI join our panel. They're already doing agentic AI. AI chatbots are six months old for them for things, and they are way ahead of most retailers when it comes to AI adoption. And their business is growing 15% a year sales and growing their stores. And so the culture is, "Hey, this is just going to help me do my job better and faster and everything, else. And everybody's adopting." They're not getting any pushback. Another company which saw this huge growth and explosion there and their business has now slowed dramatically, they are being very slow to adopt it because the perception internally is this is going take my job. And they've got a totally different situation when it comes to adopting AI.

And then a consumer appliance manufacturer said we're going to be a follower. We're not going to be a fast follower, but we're going to be a follower because we don't want a chatbot to say something that could get us in trouble. For instance, somebody comes on a chatbot and says, "Hey, your toaster burned down my house." And it comes back and says, "Yeah, sometimes it does that." They're really concerned about things from a product liability standpoint in that particular case. So that culture piece and where you are financially is just so critical to what you do there.

Strategy

Is anybody using SharePoint today? They have Copilot 365. Have you guys created any of the new Copilots just within SharePoint by saying, "Hey, this directory has the knowledge of our invoices or our PO's or this customer information," and you **create the expert chatbot** on invoices. So anybody on your team that has proper authority for that can just in Teams go, "Hey, @invoice chatbot, what was our latest invoice to so-and-so?" And it now brings that information back.

So, those kinds of things would be, I think, where people could say, hey, this is really useful where I now have access to pull up the last proposal, the last invoice or in your guys' case, the last manifest for delivery, how much fuel came in. That information, instead of being buried inside a siloed system, becomes more democratized for a broader group of people without having to pay for that license fee for that other app for everybody. But you can get the answer from the app fairly quickly.

And it's just done by SharePoint directory. So I can have a proposal one, I can have a document one, I can have a legalities one, I can have my HR policy ones where that just becomes a **query-able chatbot** now for everybody. And I can actually assign tasks in a meeting to that chatbot and it can come back with answers inside that component.

Myra Kressner

So Hal, does that address your culture question, or Annie? I don't know if you want to talk about something similar to that. And then James afterwards.

Annie St. Romain Gauthier

Thank you, Greg. Again, your presentation was fabulous. My question's actually going back to Roy's question about data. I also never considered AI cleaning data and you also mentioned vector-ready data. Can you explain a little bit more about what that is?

AI

Greg Buzek

I keep wanting to write this post called rags to AI riches. So when you have data in a table or database, etc., well, a generative AI doesn't look at data that way. **Generative AI** gets data, absorbs data in and then it **builds a neural map**. So think of it this way, when you picture your childhood friend, what color shirt were they wearing? So it starts to build relationships between like terms and other things. So just like a brain would build these things, this is why you hear a song, you're immediately brought back to high school where you were, all those sorts of things. A neural map does that, a database doesn't.

So to get the best results, you have got to get that data into that environment. Now there are tools like Snowflake and Databricks and some other things that have a way of doing that without you having to spend all the money to get it there, but those tools are expensive in and of themselves to do that. So that's what it means. It is taking data out of the structured tables. And usually as human beings we work the opposite direction. It's all in our brain and it's all connected in weird ways and we have a hard time getting it structured. The way the AI has to work, it's got to get back to the human piece and build all these relationships so that it can recall that information when it needs it. So that's what that means.

Myra Kressner I see you shaking your head, Annie. Good? So, James and then Tracy.

James Hervey Great presentation, Greg. I was chuckling about the idea of using AI to clean data to get it ready for AI and I was thinking, are we going to have an AI that then trains the AI that cleans the data that gets it ready for AI, and at some point are we just going to be turtles all the way down, but I guess we'll cross that bridge at some point before the singularity.

My question is, I want to come back to something Roy was talking about, which is leveraging AI for smaller merchants. I did a little experiment during your presentation. I asked ChatGPT to give me the optimal price of a Snickers bar at 6:00 P.M. on a Tuesday at a convenience store in Louisiana. And since ChatGPT isn't a price optimization AI, it didn't give me a very good answer. It gave me an answer filled with a lot of platitudes.

And here's where I'm going. I mean, ChatGPT is obviously an LLM, it's not a price optimization AI, but it's been trained on trillions and trillions of pieces of data that it's just scraped from the public domain. And so I guess where I'm going is, if I think about training models, you've got to have a lot of data to train a model and if you're talking price optimization, you're really going to train that on a lot of transaction data. And so do you see happening in retail or in other areas, data consortiums where people are willing to anonymously donate their data? Because I don't know how much data you actually need to really and truly do price optimizations.

Greg Buzek I have not seen a consortium to do that, James, but when you shared your query there to ChatGPT, I'll tell you how to get the right answer real quick.

James Hervey Yeah, what's that?

Greg Buzek Tell it you're an expert in price optimization and upload tons of transactions for a variety of different things, including Snickers bars into that and then ask the question, and it'll give you the answer for that.

If you give those chatbots, you tell it who it is, give it the personality, you are an expert thing, you have now just shrunk the entire internet down to that sort of thing.

And then you follow COSTAR, follow this. We didn't have time to go through this but [with] COSTAR what is the context? That's the context window. What is your objective? What are you trying to get out of this? What style do you want? What tone do you want? Who is the audience and how do you want me to respond? And treat it like a first year PhD student who has all the knowledge but doesn't know you want to work. And if you follow those steps, you'll be blown away at the answers that you get for that. It kind of absorbs that back in there.

	James Hervey	Yes just coming back to my point, is there going to be a sort of situation where you end up with data haves and have nots?
	Greg Buzek	It's already there.
	James Hervey	That's where I'm going. So how does a smaller merchant who doesn't have access to terabytes of, say, transaction data, how do they get there?
Data	**Greg Buzek**	You don't need that much data because the **underlying models have been the training**. You're just looking for the patterns and stuff to do that. So here's the metaphor I use generally for all retailers, and it would apply here as well. Think of the goal as, you're on 42nd Street or Times Square and the goal is to get to LaGuardia Airport and the quality of your data shows where you are on that journey. The guys like the Walmarts, the Targets, and those folks who started in 2018, they're already through the tunnel, past the toll booth. They're on the Long Island Expressway on their way to LaGuardia. The vast majority of companies are stuck between Eighth and Ninth on 42nd Street in bumper-to-bumper traffic, and they can't move because they keep running into these data roadblocks type of thing.
		It's not so much that they don't have enough data. There's enough data out there, and **most companies have enough data, to get [generative] AI to work**. They don't have enough data to do the traditional AI, the AI/ML stuff that's there. So you're never going to be able to replicate Walmart's results because of that data. But **the generative AI piece, you've got enough data** within your organizations to do that. As long as it's clean, as long as it's accurate, it's consistent for what you put that into a model to train for most companies. For example, at my company, we've got 12 people, we've got enough data to be able to do that and get great results.
		The data is the piece of it, but if your data is a bunch of spreadsheets that are all different, and sometimes you call something "this" and sometimes you call it "that", and sometimes you use the product numbers with leading zeros or not leading zeros or things like that, you've got to get that cleaned so that you get the benefit of all those data types.
POS		I think the biggest challenge that you guys have, and James, you're part of the solution and the problem for this, as a vendor with the number of **point-of-sale system combinations** with pumps and everything that you guys have due to mergers, acquisitions and everything else. I remember talking to A&W Root Beer. He goes, "I think I've got 12 point of sale front ends. I don't know how many combinations I have for all that stuff."
		So how clean is all that data coming in? And now I've got different requirements. Where I live in Tennessee, the tax is different for a Twix bar versus a Snickers bar, it's $9.25 if I get a Snickers bar, it's $6.25 if I buy a Twix bar,

and that's because the Twix bar has the cookie with flour in it and that's considered a food rather than the Snickers bar.

You guys have those complications. You've got the age restricted merchandise. You've got all of those things in there. It makes it really, really difficult when you add all those other combinations on top of it.

Inventory Management

Then you have the challenge of **vendor managed inventory**, the McLane's of the world coming in there, and they're just stocking the shelves. And then they tell you later what your bill is, and they're not stocking the plan.

You're not giving them, this is my shelf plan. I want you to do this many Frito Lay. I want this many Fritos, this many Lay's, this many other things. They're putting up whatever they've got on the truck to make it all full. And because of that, that data is no longer clean. You think you have this in your store, but you don't really have that in your store. Those are **unique challenges** that you have in grocery and convenience. That's a lot different than when you don't have vendor managed inventory.

So you've got all of those complications. So getting it down to where do we control the data, where do we have clean data? That's a big part of that exercise there, and as part of this interview process.

Myra Kressner Great question. Great answer. Thanks Greg. Tracy, and then Roy.

Tracey Hughes Thanks Myra. Thanks, Greg. Very interesting information, really highlighted for me how little I know about AI, so I'm glad I'm able to participate today. My question is about how do you feel or what do you feel will be leapfrogged? So based on some of your early comments about mobile POS being prevalent within three years, suggests that perhaps we shouldn't invest in any more self-checkouts because customers are going to leapfrog from that technology and go immediately to mobile POS. Are there things like that, that AI is going to accelerate that we should be aware of so that we can invest in the right technology, especially for smaller retailers?

Greg Buzek I think mobile POS is more for the associates to use than what we call the scan-and-go type of piece.

Self-Checkout

But to answer your question on self-checkout, no. I think **self-checkout is a huge opportunity** for you guys and continues to grow there just because not only do you speed the number of people through your stores, but what keeps people from coming into the stores, the gas price or how long I'm going to be there because I'm stuck behind somebody buying lottery or buying cigarettes or something. And when you go to self-checkout there, you basically get a known transaction time during that drive time for that. So that's a big deal.

But you also have mobile POS, they say that they are mobile inventory, but they have access to other things there as well. But you can line bust with that when you have employees and you have those backups and things like that, for that. But the scan and go technology, that's a whole different animal. And it really is. It has its unique challenges from a theft standpoint and from a compute standpoint for what you've got to do in that environment.

As long as you've got it gated, and you've got somebody watching over it, it **can be really effective**. You see that certainly at venues, at stadiums and stuff, at concerts, when everybody, the entire stadium, wants to get a hot dog and go to the bathroom. That's a very big thing.

Workforce

But to get to the core of your question where AI is going to leapfrog things, I think it's more going to be on the **knowledge worker side and the back office operations** more than the front end of the operations, with the exception of the fast food portions and the stuff that you're doing at the drive-through there. And one of the things that I normally talk about is you've got to rethink your stores for an AI environment in two areas.

Facilities

One is the heat that it generates and the **power requirements** for the store. Those are two biggies. Right now Google and Microsoft are the 16th largest countries in the world when it comes to power consumption, and that's before any of this new stuff.

And so the power's at a premium, but the desire is to move that locally. So if you move that locally into your store, now you're adding more server, more compute capacity to the store. You've got to keep it cool, you've got to keep it clean, you've got to keep it from the dust, from the food items, et cetera. You've got to keep it protected. Those sort of things all have to come into play for it.

Workforce

But I think the vast majority of the benefit is going to be in your supply chain, is the scheduling of your trucks, the scheduling of your employees, the **optimization of your knowledge workers**. That worker that was able to do 10 stores can now 20, 30 or 40 stores from a support standpoint, that sort of thing.

Tracey Hughes Thank you.

Myra Kressner Thanks, Greg. Roy.

Data

Roy Strasburger So James, I will wager you a Snicker bar that within 24 months, a major retailer is going to be **selling retail data** for large learning models. That if a person is trying to develop an LLM, they will be able to tap in and subscribe or buy a block of data that has been cleaned and randomized enough that the major retailer can sell it as a commodity. That's got to happen.

James Hervey	I'm not taking your bet, because I believe that'll happen, as well.
Greg Buzek	Yes, Roy, let me add to this. Walmart and Amazon are now selling what used to be their core competitive advantages, but they're not giving away the data. So, "We will do your logistics for you. We'll do your last mile delivery." Like if you use Sterling Commerce for your order management system, Walmart will now do your delivery for you.
Roy Strasburger	Ultimately, we've always known data is valuable but nobody's ever figured out a way to really monetize it successfully. This is a chance for companies to be able to do that. I think there's a big opportunity and somebody's going to be able to get the data out there. God bless capitalism and free enterprise.
Myra Kressner	So Eva, please go ahead.
Eva Strasburger	Greg, you're talking about communication and trust in a culture to reassure people they won't lose their jobs. How does that work? Because if you're saving 10,000 hours squeezing lemonades, or you have two people working on social media and suddenly AI is creating all your social media posts, I don't see why **people aren't in danger of losing their jobs**. Are you saying the companies you see using AI have not had a reduction in their jobs?
Greg Buzek	Well, I'm not saying everybody does it that way. I'm saying this is how you get it adopted within your organization. The big joke is AI is not going to take your job, but someone using AI will. So you can play it that way within your organization or you can say, "Hey, listen, right now you're sending out, let's say 10 social media ads. They're all the same and they're all exactly the same to everybody else out there, but now you're going to be able to send 2,000 ads and they're going to be unique to the individual people, and you're going to be the brains behind the core thing. And then you're going to see these iterations that occur. And you're going to put the guardrails in there, and you're going to be the ones that tell it what it can and can't do about this and what pieces of data it can use to customize, and you're going to be the expert." The whole thing is, how do I get to a higher level of job for that person and make them believe that, rather than just **doing the grunt work** of, "Hey, well, I like drawing things and I like doing logos, and I like doing that." I'd say okay, well, if that's all you're willing to do and you're not willing to grow, then it could be job threatening. But if you're willing to grow into a higher-level position, not only will you make more money, you'll actually help the business grow as a piece of it. And maybe you have to do that with them getting a piece of the action, I don't know, some sort of an employee stock ownership plan or something like that. I don't know. I think somebody like Publix or Wegmans type of company where they've got that stock ownership or Trader Joe's, they have a much better opportunity to see success here.

Workforce

Now, Walmart's a perfect example of this. The first thing they did is they created a chatbot for everybody that they called it Ask Sam so that all these people in their native language could now ask, "How do I change the printer paper?" And it would tell them how to do it again. And it was just kind of, how do I get the assistance to do my job better was the first thing that they did and that started to build goodwill.

Eva Strasburger Okay, thanks. I was wondering how similar it's going to be to the Industrial Revolution.

Greg Buzek It's the Cognitive Industrial Revolution. There's no question about it. There's not even a question anymore.

Myra Kressner Yes. Thanks. So Darren, now that you see how this works and we do call on people, what perspective do you have as one of the larger companies that's a member here?

Strategy

Darren Rebelez Well, I actually had a question, but I also can share a little bit about what we're doing. We haven't really created anything internally yet. What we are doing is **leveraging some AI powered tools**. So we rolled out essentially an agent, an automated voice assistant. We call her Ava, and she answers the phones in all of our stores. And because of our pizza business, even though about 80% of our pizza orders come in digitally, we still get about 10 million phone calls a year going into stores. And so that's a big disruptor, especially on peak periods, interferes with kitchen operations. So now we have an agent that answers all the phones, takes those orders, suggestive sells, help people build their pizzas, so on and so forth. So we're leveraging it in that sort of way to make the job of store team members easier.

My question is, Greg, I've been in a number of these different AI discussions, and I always learn a little bit about every time I sit in one. And earlier this week I was in one with Retail Industry Leaders, RILA, and someone there said, as retailers thinking about approaching AI. We really don't need an AI strategy. The way you should think about it is you have a **business strategy** and think about how you can **leverage AI to help you more effectively execute your business strategy.**

I wanted to get your perspective on that because I thought I heard you make a comment about potentially creating an AI strategy. So those are two very different things, I think.

Greg Buzek Yes, and I guess if we're going to use that term, a better context would be an AI plan to execute the business strategy type of thing. What are we going to prioritize? Where are we going to spend the money, to support the business goals? That's an actually better way of saying it than an enterprise strategy for the AI. The business follows the AI. No, of course it's going to support the business. I agree with that a hundred percent. And most particularly, what is that unique special sauce that makes you guys you.

Greg Buzek How can you use AI to help do that? The problem that you have is, I can guarantee you, not any of you knows what exactly is going on in your organization when it comes to AI tools that people are using or playing with or doing things right now. People are using the tools off the VPN or not on the VPN. They're in kind of like this Wild, Wild West because if your company hasn't given them the guidelines on what they should do or use or not use, they're out there just doing it on the side, and then you've got enterprise data that could be training models that's out there. And God forbid they're out there playing with DeepSeek with your company data now on a Chinese server not knowing that they're doing that, that sort of thing.

That's the thing. It's just how do we communicate. Believe it or not, there's 4% of retailers in our study that don't allow their people to use any AI tools whatsoever. You're just not allowed. You're forbidden from using any AI tools.

Training

Darren, as you were talking...how many of you have used **Notebooklm.google.com**? Has anybody used it? [No one raised their hand] Okay. Take a look. There's two tools I just want to tell you about today that you can go look at and then you just think through and brainstorm. They're super simple to use. Notebooklm.google.com, it's free. And so that's really good. It was designed for you to quickly learn deep scientific papers and stuff, but it's the **ultimate study tool for class, for training.**

It creates frequently asked questions. For instance, my son took his business MBA, class, put all his notes in there, all the videos, all the audio, everything in there, asked it to create the quiz, and 17 of the 20 questions his professor asked the AI figured out. Look at that. Play with it. Look at some of those things. And just put in innocuous documents, something that's just a hobby, whatever. Put it in there and brainstorm. That's another one.

They also have one called the **AI Studio** that actually will **train people on how to use AI**. Looking at their screen, understanding the software that's on the screen will teach them how to use the software. They can interact with the AI and ask questions audibly, " Hey, where do I do this?" And those are two really, really powerful examples that'll help you brainstorm, "Hey, where can we start using some of these tools internally where we don't have to have all the data in order yet but we can start using some of these tools to show benefits of AI to help people?"

Myra Kressner Thanks, Greg. I think folks have captured that. Roy?

Roy Strasburger Greg, you used to have a website or have a list of what you thought were the best tools or technology tools out there. Do you still have that?

Greg Buzek Yes. It's a little out-of-date, but I'm happy to throw it in the chat if anybody wants it.

Roy Strasburger Okay. If you'll put it in the chat, we'll include it in the transcript.

Editor's note: *Link from chat with Greg Buzek's list of tools*

Myra Kressner So, Laura and Drew, wanted to ask if either of you, Drew, because you came with Laura, anything that you want to ask or points about your company that you want to share?

Drew Dickerson Yes. A really interesting discussion so far and glad that I'm here. The terminology right out the gate was really good from Greg. So appreciate you putting the terms for us all to understand what we're talking about a little better. I guess we're a medium-sized retailer and we've messed around with a few applications. I wouldn't say we've really found our footing in AI. And so I guess I can direct the question to Greg or to the group. I mean, what would be the first use case? Where have people seen the most ROI? I don't know if ROI is even the right word because I don't know that you can calculate an ROI on some of this stuff, but what's been the most helpful operationally? I like Darren's example of pizza ordering. That was really good. What are other applications like that that people have seen or you're exploring with, trying to think what might apply to us as, say, a first step?

Strategy

Greg Buzek Okay. I'll answer. The **NotebookLM's a good example** of that where you can put recordings, knowledge stuff in there. That's somewhat similar to what you can do, as I mentioned earlier, with those SharePoint pieces. But you can put a **knowledge base of things** in there that people now can just query. You can share that with a bunch of people and it says, okay, now they have access to ask questions to the experts because we've recorded the experts or we put their video in there. You can have a SharePoint site where you tell people, "Hey, Drew did this webinar and recorded his webinar on this really cool thing." But what if you had the transcript from that or the video transcript was now in a chatbot and now everybody had access to just ask the chatbot, "What did Drew say in that video about this particular feature, how to do this?"? And boom, it just pops up.

That is where I would start the quickest. Now, you can do that in multiple ways. You can just have a directory where you put all those webinars and all that stuff in there inside SharePoint and it's behind your firewall, or if it's not earth-shattering and you're willing to have it out there where it might train somebody else, but it solves your purpose for the company. The NotebookLM, you can create a customized GPT under ChatGPT, but NotebookLM's free. I mean, it's just free. It's just that data that goes in there could potentially train Google's models.

Myra Kressner Thanks, Greg. Drew, does that answer your question?

Drew Dickerson It does, and it creates a lot more.

Greg Buzek And I apologize. When you start to dig into this, you probably won't sleep for four months because your brain just starts going, "Oh, look at all this stuff we could potentially do." That's kind of what happened to me.

Myra Kressner Thanks. So, Mark, and then Hal and then Annie.

AI

Mark Samuels Thanks, Myra. Hey, Greg. Tech is not my specialty by any means, but when I'm listening to you talk about all these **different AI functions**, there's so much AI now that's embedded into every software platform out there. AI is not separate like I either have AI or I don't have AI. It's like AI is now being **embedded in everything**. One of the things that we're doing in accounting, as an example, is using AI to sort and process invoices for someone that used to manually do it. So as a first step is **efficiency** the goal for a lot of companies and not necessarily driving sales as an example? And what are other types of efficiencies that you've seen that companies have used AI for?

Greg Buzek So that's a great question. When it comes to **generative AI, the low-hanging fruit is the efficiency stuff**. It's internal. It's where you've got the most accurate data, you control the data type of thing. As you move up the financial statement and you get into the cost of goods piece, you don't control the routes, sometimes you don't control the trucks, the timing, all that sort of stuff, but it's a bigger chunk if you make progress. It's a bigger chunk of the financial statement. So generally for retailers, about 29% of the top line number is SG&A (Selling, General, and Administration expenses). Okay? But if you can impact that sales number, you're impacting 100% of the thing. So that's where that data enablers piece of the exercise that we do is so critical is because some of those things only affect 29% of the benefits, but we can get 100 times improvement perhaps in that area.

So those are the trade-offs. And so that's why part of the process, and I didn't even include it in the [SLIDEs, is once the system tells you, "These are your top 20 things," you get everybody back in the room and say, "Okay. What are our quick wins?" Which are the ones we should be doing out of these 20 because we can get them done quickly and it's going to generate that good culture win, people are going to accept them, et cetera, and it's kind of like Dave Ramsey's [7] Baby Steps on debt type of approach as a result of that.

But it's because when you have a technology that can go everywhere, you've got to figure out where is it that you can really start to hit, and that's where those pain points really hit. And then when you get everybody and those thought leaders into the room after they've given you all their data, then you could say, "Yeah. I know that's the biggest one, but we can live with that one for a while. We got to fix this one right here." And then you get the buy-in at least from the leaders of the organization through that.

Myra Kressner Thanks, Greg. Hal? And then Annie.

Hal Adams My question might be a little bit on the ignorant side, but I'm relating the conversation back to about a year and a half ago I think this group discussed fuel pricing tools. And we talked about using fuel pricing tools and the time that could come that if most of your competitors up and down the street were using similar fuel pricing tools, then did they become obsolete.

Strategy

So now I want to leapfrog into using **AI to solve strategic problems**, strategic questions within your company or even using it as a predictive tool for fuel pricing or for other things. Does it come to a time to where everybody is getting the same things out of AI because they're putting the same things in? Or is it more about the more expertly you are putting your data in and guiding the tool to give you predictive answers that that is where your edge is? Or does the edge go away? Or does it never go away because it's moving so fast and as long as you keep moving with it, you'll have the edge? But do you get my drift?

Editor's note: *For the meeting report that discussed fuel pricing referenced above see CLVG December 2023 Vision Report: AI: Predictive Fuel and Dynamic In-Store Pricing*

Greg Buzek I get what you're saying. We're a long way from that.

Hal Adams I know. I know we are.

Strategy

Greg Buzek No. So in AI terms, they use the baseball game metaphor. How long's your season? Because we're in inning one of the first game. And so how long is your season? The thing I can unequivocally say is the **people that are using AI** and plan to use AI and leverage AI, they're **going to be the winners on this**. The people that aren't willing to do it, aren't willing to change, they're going to be left in the dust. One of the things we did with our forecast that was the scariest thing, and I know we've got small folks here, is as we're going through it and we said, "This is such a forced multiplier." Yeah, okay, so a 1% improvement for a million dollar retailer or a $2 million retailer is a little chunk. A 1% improvement from Walmart puts a lot of those small guys out of business.

I mean, it does. So there were four Supercenters in 1990. By the year 2000, there were over 2,000 Supercenters and we lost 2 million retailers along the way. You don't want to be one of those that are gone because you didn't do AI or you weren't willing to make that change or that sort of thing. So if I was going to start anywhere, it would be **get your data in order**, make sure your data's clean to the degree that you can, and start using AI in those areas where you've got that clean data. But start, because this is bigger than the mobile phone, in my opinion. It's as big as the internet. So you think about where the internet is today, 25, 30 years after we really started using it in enterprises, it's ubiquitous, it's every application, it's every part of what we do type of thing. AI's going to be that way in about five years.

Hal Adams

Right. So let me just ask one more time in a different way. Not viewing my comment as a reason not to participate but viewing my comment as how do you have an edge over other people using AI for similar questions or similar activities in your business? Is it in the data architecture? Is it in the specialists that you have in your IT and data group that are formulating the questions and the projects in a better way than your competitor? **What gives you the edge** over another great AI user?

Strategy

Greg Buzek

Early on, it is that. Early on, it's **having the better people and the better tools** because you know where to start, and like you said, knowing what you can and can't do, so you're not wasting your time on the stuff that you can't do right now. That's pretty critical. As we move along, the incremental benefits will lessen, certainly. They'll lessen there. But because everybody has hundreds and hundreds and hundreds of different features and functions, there's all these tweaks. So I would always focus on the things that **leverage your secret sauce**, what makes you special as a retailer and your unique identity, and make sure that you never lose that, even when you're trying to stay equal with everybody on everything related to cost and all the competitive benchmarks type of thing.

Myra Kressner

Thanks, Greg. Annie?

Annie St. Romain Gauthier

Yes. I just wanted to respond to what Drew had asked about, I guess, what people are doing. And we're really excited about moving forward with the same partner that Cubby's is using on the voice analytics side because we think that that's a tool to help grow sales. The single data lake issue is something that we face and as a smaller retailer with only 15 stores and limited IT resources, and still we're not going to be a leader in the analytics or some of the supply chain pieces of it, but we feel like the better we can get it operating and executing in our operations every day, that's where we get our edge right now. So that's where we're focused.

Myra Kressner	Thanks, Annie. So, Donnie, as a smaller operator as well, what are your thoughts on this?
Donnie Rhoads	Thanks for calling on me. I'm a smaller retailer and Annie's comments definitely resonate with me. I kind of have a scenario I want to pose. It's a pretty broad one, but let's say that I'm a small operator and, I've cleaned up my data to the best of my ability. Check that box and you mentioned that the scaling of the benefits you might get from AI, obviously for a Walmart size corporation, it's going to be more impactful to the market, but for the smaller or medium-sized chains what should their first step be once they decide, "Okay. We're ready to implement AI with this cleaned up data?"
Greg Buzek	When you say small operator, how small are you? In fact, I can run it. I can run it right now.
Donnie Rhoads	Let's say anywhere from one to 20 stores.
Greg Buzek	No. Total revenue. What's the total revenue?
Donnie Rhoads	Greg. I don't have that in front of me, but less than 10 million.
Greg Buzek	Okay. That's fine. Go ahead, Myra. I'll pull it up because I'm trying to remember off the top of my head if we just put the basics in there, what is the highest thing, but based on that, I can do that.
Myra Kressner	Okay.
Eva Strasburger	Store Design Myra, while Greg's looking through that, I was just going to say how at Conexxus Vision Group last week a lot of the retailers were excited about hearing about a program, maybe you can remember the name or Roy can, which **scans the store and matches it with the planograms** and points out all the places where it's not matching up with a planogram. They said that was something that was very useful.
Greg Buzek	There's a lot of those tools. Simbe Robotics, BrainCo. There's another one that just does the cameras, but they'll go through and do that very, very quickly. Some are doing it just camera and taking an image, doing it by image. And others are using robots through. Or you can just use the CCTV cameras to do that. But there are many.
Roy Strasburger	This particular one that somebody saw at NRF was through your phone. You'd hold your phone up and it would match it up with the planogram. I can't remember what the name of it was.
Greg Buzek	Scandit and Zebra are that way.
Roy Strasburger	We'll try to get that and send it out. [**Editor's note:** ***The software was Pensa***.]

Myra Kressner Jonathan? Tony? Are there any questions that you have or comments that you want to make? Because we'll shortly be out of time.

Jonathan Polonsky I appreciate the opportunity to learn a lot, and I'm just trying to rack my brain, go through what our personal use cases are. I see more in the efficiency bucket, more back-end, because for most of our stores we only have one associate in there at a time. So we're a lot of stores, but not a big footprint in each of those stores. So I appreciate the opportunity to learn a little bit more. As somebody mentioned, I think Mark mentioned earlier, I think we're going to have AI embedded with third parties and all of our vendors and people that we use will be using AI obviously. And, ergo, we will be using it. Sometimes we'll know a little that we are [using AI] and sometimes we won't. As we continue to learn and play with things, I think we'll find things that are more proprietary, hopefully.

Myra Kressner Donnie?

Donnie Rhoads I just wanted to thank Annie for feeding my question to ChatGPT really quick.

Eva Strasburger Myra, shall we just say that we'll incorporate that into the transcript if that's all right with Annie?

Myra Kressner Yes, it's rather long -- too long to read to everyone here, but we will incorporate in the transcript.

Editors note: *Below is Annie Guthier's Response from ChatGPT to Donnie's question on first steps for small convenience stores.*

The first step for a small convenience store... by Annie Gauthier

The first step for a small convenience store company looking to leverage AI should be identifying a specific business challenge or opportunity that AI can address. Here are a few practical ideas to get started:

1. **Inventory Management**: AI can help optimize stock levels, reduce waste, and predict demand based on historical data and trends. This can help avoid overstocking or running out of popular items.

2. **Customer Insights**: Implement AI to analyze customer purchasing patterns and tailor promotions or product recommendations, improving the overall shopping experience and boosting sales.

3. **Operational Efficiency**: AI can automate certain tasks, like scheduling, employee shift management, and even identifying theft or other operational inefficiencies.

*4. **Chatbots for Customer Service**: If your store has an online presence or delivery option, AI-driven chatbots can assist with order processing, frequently asked questions, and customer service.*

Once you've identified a focus area, the next step would be to gather and clean relevant data to feed into AI systems, and then explore affordable, user-friendly AI solutions that fit your budget and scale.

Have any of these areas stood out to you as potential starting points?"

Donnie Rhoads And Greg, I'm going to pour over your presentation to glean everything that I can and lose that four months of sleep that you mentioned. So I appreciate everything that's been presented today.

Greg Buzek So Donnie just to give you a quick answer to your question.

Strategy

I'm just giving you **three solution areas**. This is just generic based on your size, the merchandising supply chain, business intelligence and managing the infrastructure, the underlying infrastructure pieces, what your equipment is, where that equipment is, managing that equipment are the quickest, biggest wins without having any other background other than you've got clean data.

Donnie Rhoads Interesting. Thank you.

Myra Kressner There you go. Thank you. And Tony.

Tony Miller So one answer to an earlier question, SymphonyAI is a new product in the market that looks at the planograms, there's conversation about the planograms. And so they're making some headway in our space. But the biggest question that I have that I think everyone else has that there's so much coming at us from an AI perspective, it's really where do you start? And it's common with a lot of the comments and questions that came up earlier, and it's really overwhelming when you think about how you can implement AI into your organization and sitting back and trying to make the decision where do you want to focus on first.

And I think in today's world, when we look at any opportunity or constraint we have, there's probably an AI solution out there or someone that's working on it. And the comment was made earlier, which I support 100%, it's not the AI strategy. It's a business strategy and what solutions are out there for us. So anyway, I'm rambling on, just repeating what a lot of people had already said, but I've given a lot of thought and wound back to saying, where is it that I think we can make the biggest headway? And at the same time, it's where do you invest, because as an organization, we can invest a lot of money creating a solution while someone else is out there. I'll just use SymphonyAI since I brought it up. There's a SymphonyAI out there already working on a solution.

Strategy

So it's sort of you have this conundrum where you're trying to look at what's out there, what's available to us, versus what do we create. And the encouraging thing for me is that we're now in a space where **we can start creating some of our own solutions** because there are platforms out there that will help us do that. And that's really encouraging. If you're looking at shrink control, if you're looking at customer service, you're looking at speed of service, there's a lot of solutions out there today that they've already created or they can help customize an AI solution for you. So I don't know that I said anything that hasn't already been said, but again, I think it just goes back to what's the most critical need in our business today and let's find that solution.

Myra Kressner Thank you. Well, I think we've had a terrific discussion, a lot of questions, a lot of comments, a lot of sleepless nights ahead of us. Greg, thank you for the time and your presentation and your willingness to share with Convenience Leaders and the Vision Report and the rest of the industry. Thank you, everyone, for being on the call. And I'll just turn it over to Roy or Eva if you have any closing comments before we say, "Have a great weekend, everyone."

Roy Strasburger I just wanted to thank everybody for giving us part of your Friday afternoon. Thank you for joining us. I learned a lot. Greg, thank you very much. We appreciate you helping us meet the Vision Group Network mission of *"Sharing Today to Shape Tomorrow"* so that we can share information with others to help them be better retailers as well. So thank you for helping us do that.

Greg Buzek My pleasure.

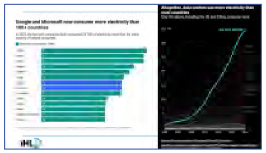
Roy Strasburger Eva, do you have anything else you want to add?

Eva Strasburger Actually, Laura had one question. Did you want to bring that into the transcript, Myra?

Myra Kressner Yes. Laura, what was your question?

Facilities

Laura Aufleger Greg said that we needed to add **power backup at our stores**. My question was, "Is this quite literally do we need to be installing backup generators if we don't already have them?" And it sounds like yes, we need to consider that.



Greg Buzek It's just because of the speed at which that power goes. Yep.

Myra Kressner Good question.

Okay. Well, I've got 5:01 here in New York. Thank you, everyone. And again, please reach out to us if you have any questions, any comments, any suggestions. As we said, we'll get the Vision Report out as quickly as possible. And we'd love for you to share this conversation on LinkedIn and the Vision Report within your organizations as well. So please do that. And so thank you, everyone, for making this a great meeting.

C-Suite Gameplan for AI Implementation

Greg Buzek
President and Chief AI Officer – IHL Group
greg@ihlservices.com

BACK TO DISCUSSION

CLVG Views | In The Room With CLVG | Presentation

Key Definitions: Leaders/Laggards

Source: IHL Group

SALES

LEADERS	LAGGARDS
10% + sales growth in 2024	**Flat or –** sales growth in 2024

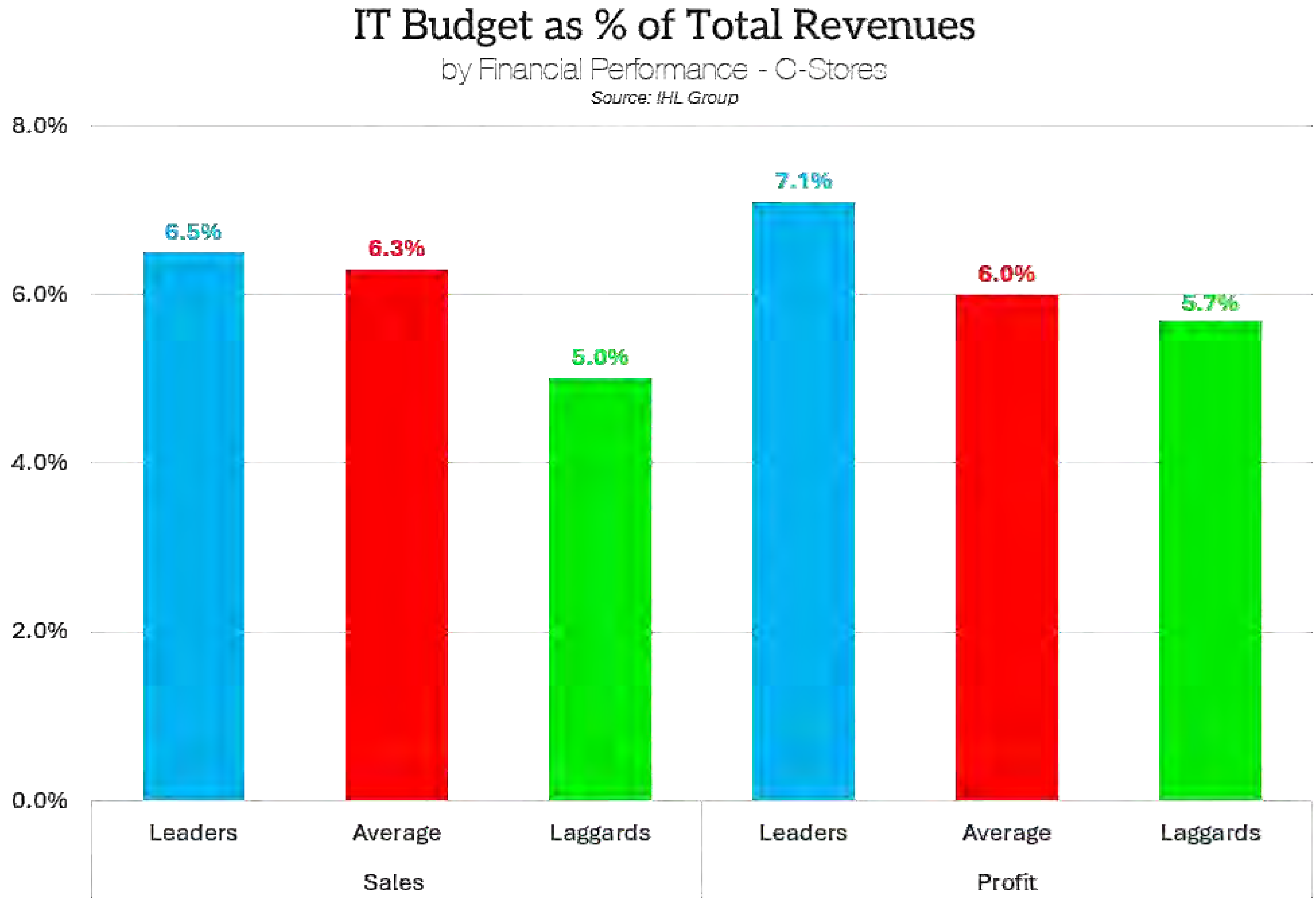
PROFIT

LEADERS	LAGGARDS
10% + profit growth in 2024	**Flat or –** profit growth in 2024

IHL GROUP HARD DATA, SMART DECISIONS

BACK TO DISCUSSION

BACK TO DISCUSSION



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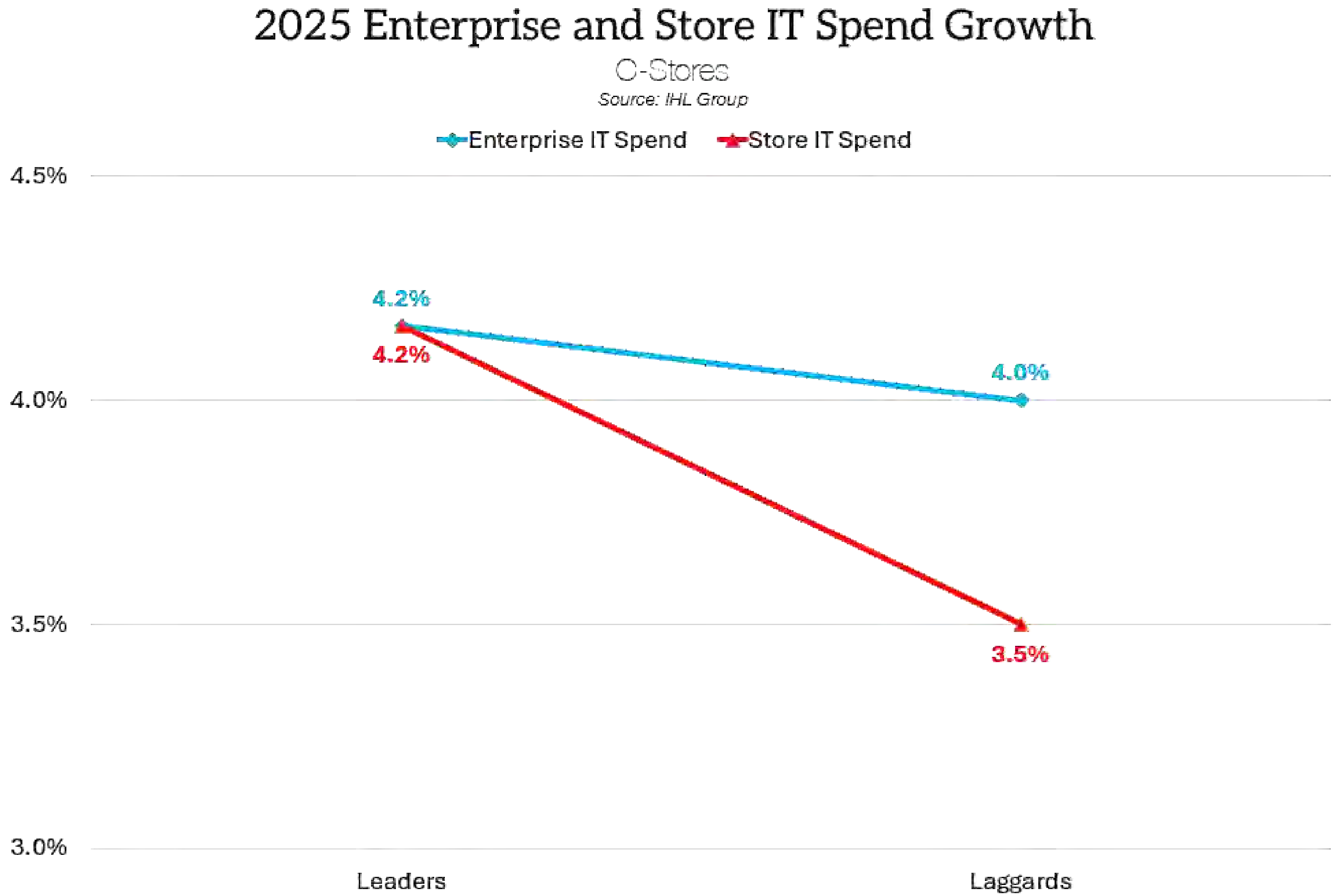

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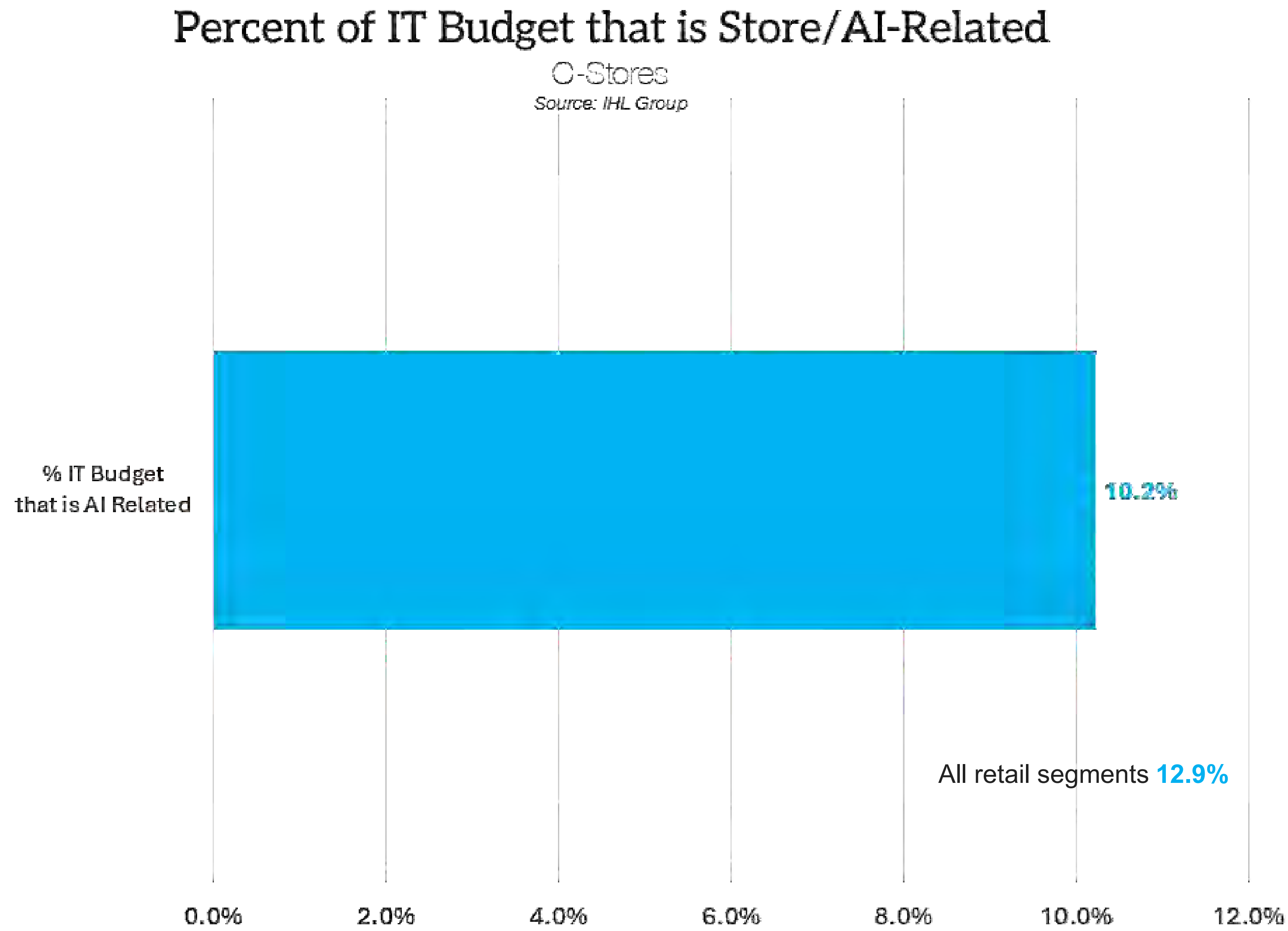

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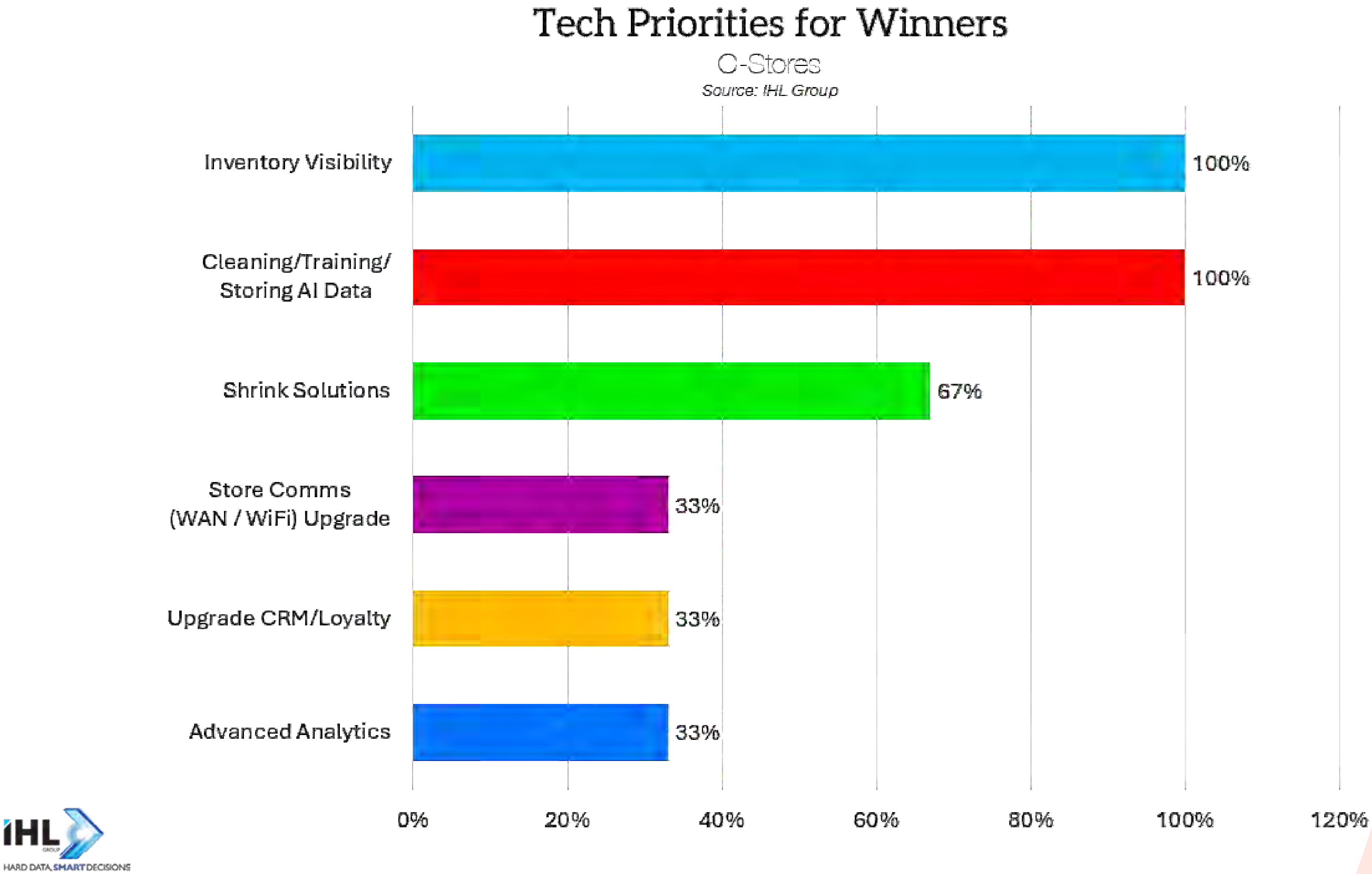

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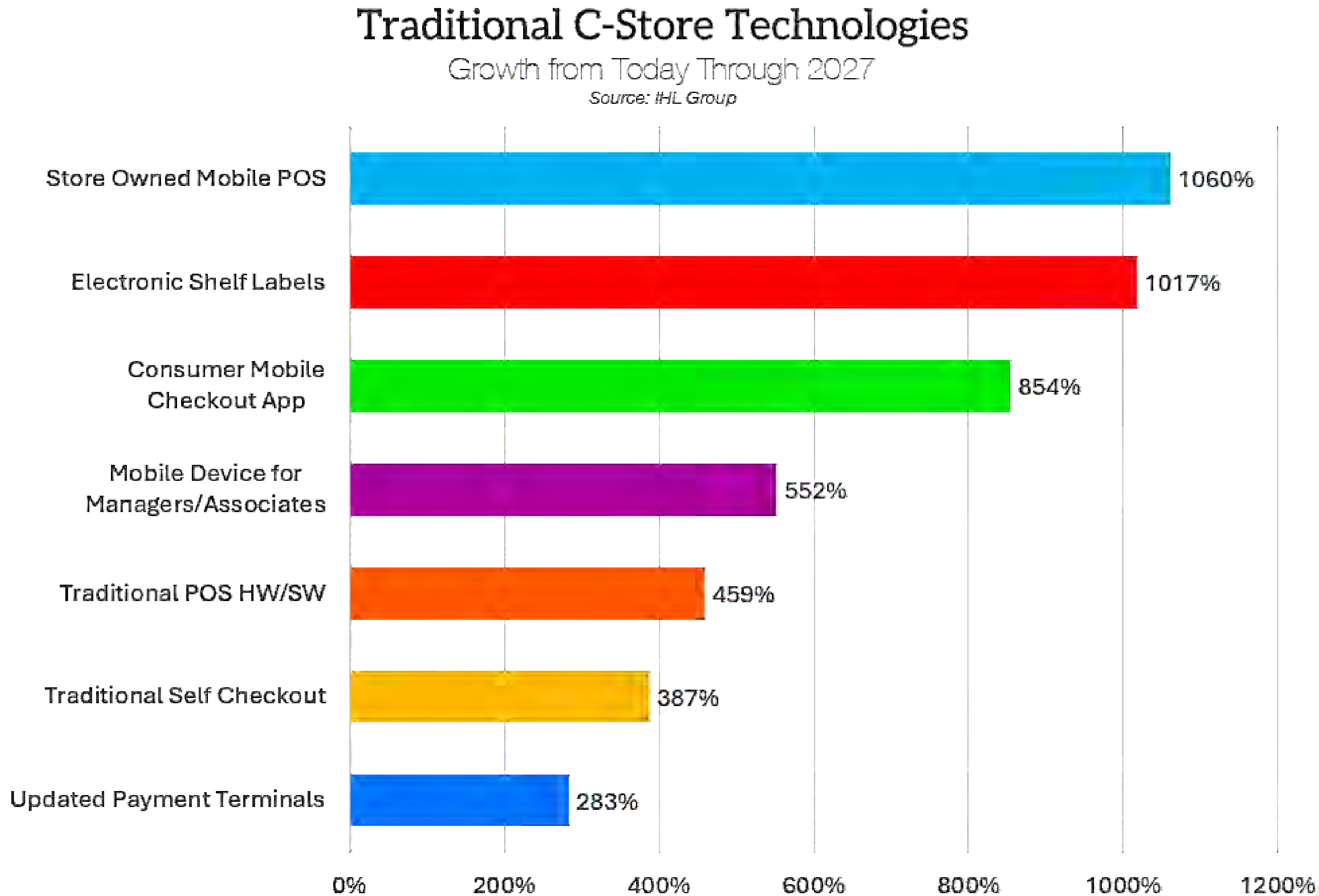

IHL HARD DATA. SMART DECISIONS

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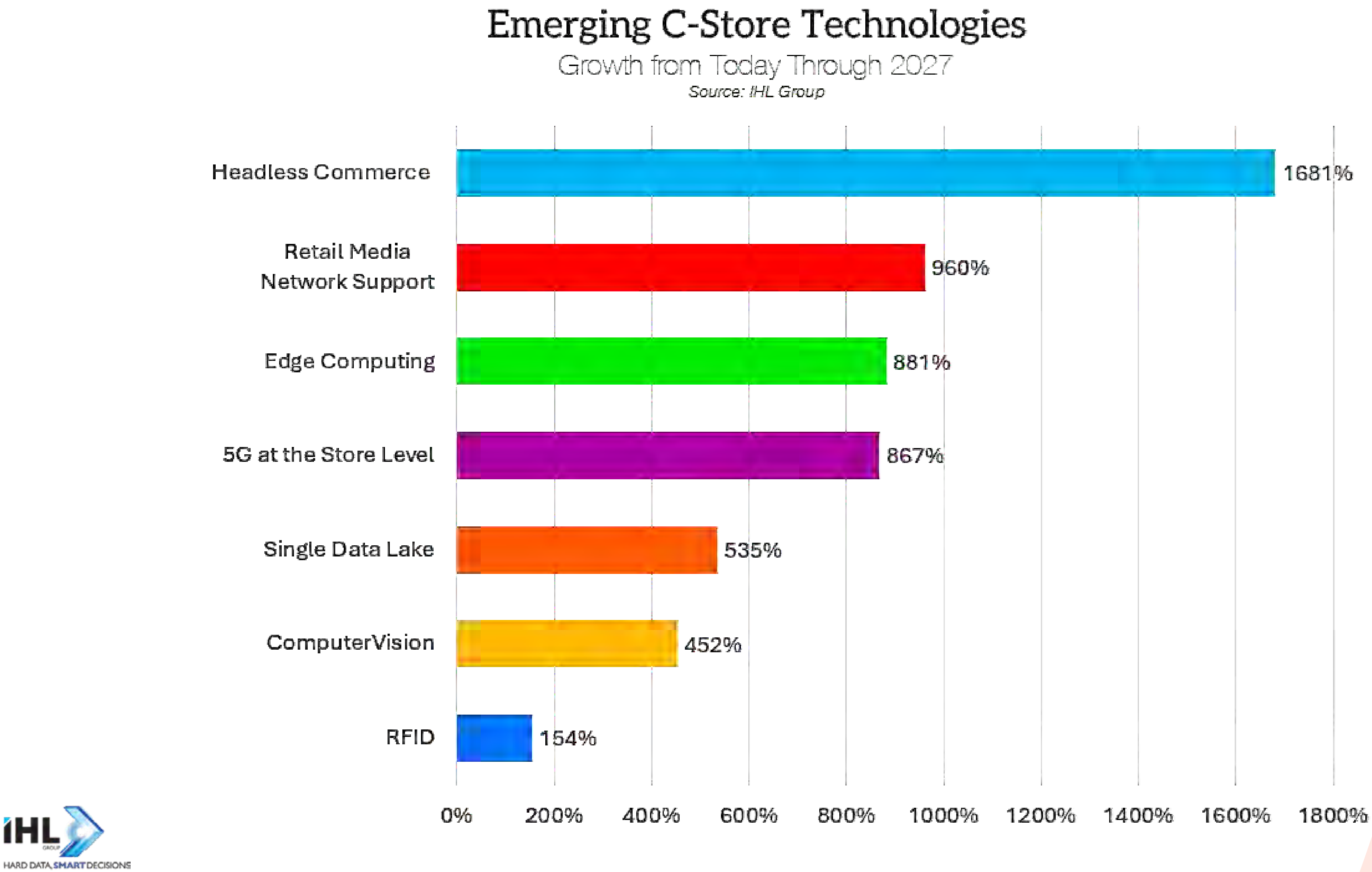

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What About AI?

Which AI investments are returning results?

BACK TO DISCUSSION

Quick Level-Set - Definitions

- **AI/ML** – heavy training, specific algorithms – output specific to algorithm
- **Generative AI** – Trained on data sets, generates new content
- **Artificial General Intelligence (AGI)** – acts human - future
- **LLM** – Large Language Models (ChatGPT, Bard)
- **Multimodal** – Does Language/Graphics or combinations
- **Imitation** – AI watches and imitates/recreates (writes it's own code)
- **NPU** – Neural Processing Unit – Required for Onsite processing, designed for GenAI
- **TOPS** – Trillions of Operations per Second (AI PC has 45 TOPS)
- **Reasoning** – AI thinks through steps, often checking steps and conclusions
- **Agentic AI** – Where AI conducts series of steps for you, often crossing multiple systems like a human

IHL GROUP HARD DATA. SMART DECISIONS

BACK TO DISCUSSION

No two companies are the same

- Different state of data readiness
- Different state of skills readiness
- Everyone has their special sauce

HARD DATA, SMART DECISIONS

BACK TO DISCUSSION

And yet

Every IT organization is being asked by management and investors

What are we doing with AI?

What is it going to cost?

When can we see results?

HARD DATA, SMART DECISIONS

BACK TO DISCUSSION

Dizzying advancements

2024 costs – 60 billion ops per $1

2025 costs – 1.8 trillion ops per $1

Where do you put your stake in the ground?

HARD DATA, SMART DECISIONS

BACK TO DISCUSSION

Where do we start?

When you have a technology that promises to impact everything, knowing where to start is critical.

Or perhaps you have already had a few false starts and realized there is a lot of remedial work required

80% of all AI projects fail (according to RAND research)

Less than 30% move past pilot (according to Gartner)

ClearSight AI

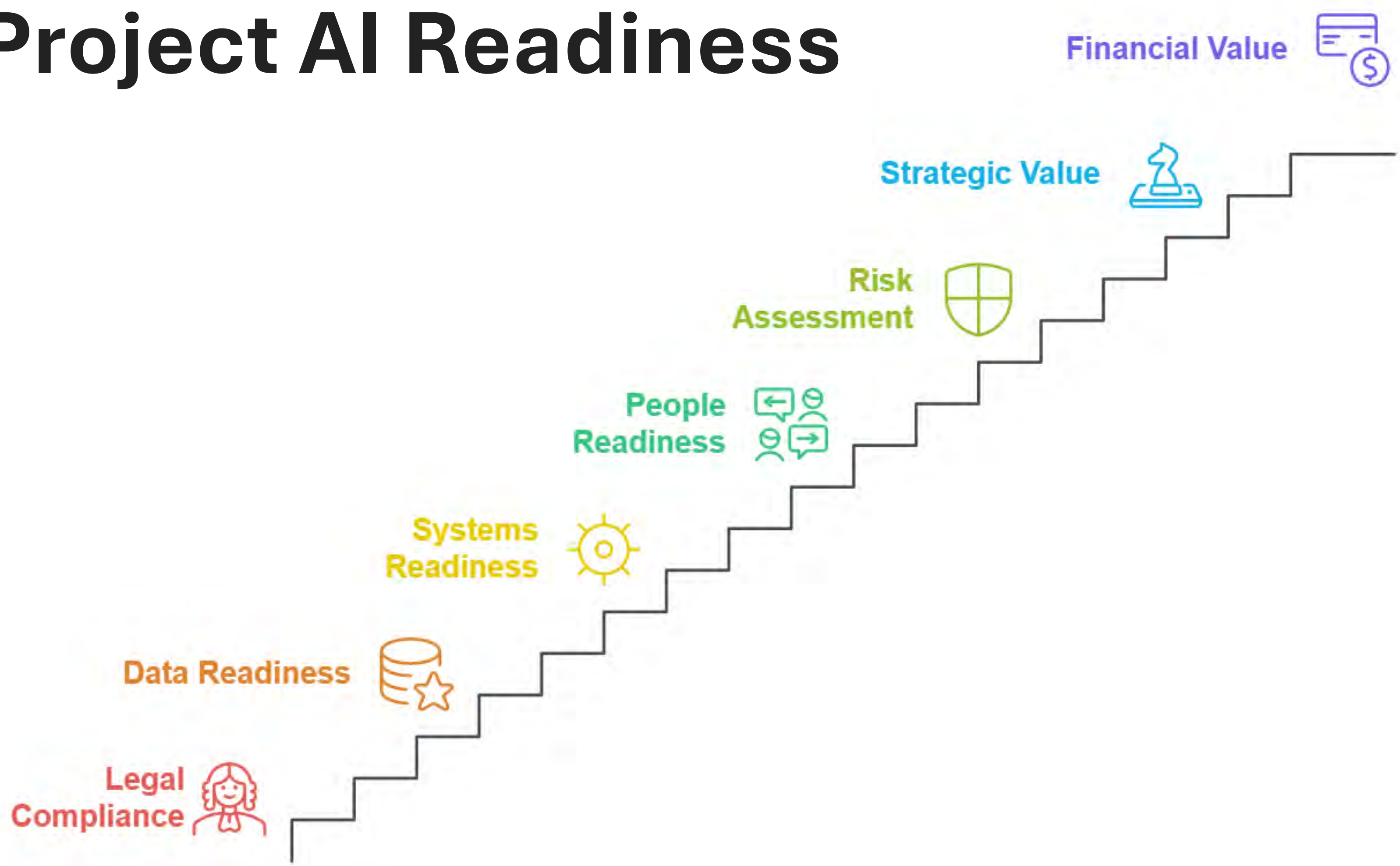
YOUR BLUEPRINT FOR MAXIMUM PROFITABILITY

*ClearSight AI is designed to help you identify these issues **BEFORE** you start your projects to better ensure success*

HARD DATA. SMART DECISIONS

BACK TO DISCUSSION

Project AI Readiness



HARD DATA, SMART DECISIONS

BACK TO DISCUSSION

Only 16% of retailers today say they have a well-defined AI strategy across the enterprise prioritizing projects

Sample - C-stores and Restaurants Only

BACK TO DISCUSSION

Gap Analysis of Your Use Cases

Base Ratings

LOB Subcategory	Unified Framework	Key Hurdles Progress to Completion Legal/ Compliance Exposur	Data Amount	Data Cleansed	Data Tag	Vector Ready	Output DB Ready	Skills Assessment	Risk Assessment
Business Intelligence		12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
1. Customer Insights	and Engagement:	0.3	0.3	0.2	0.2	0.2	0.3	0.3	0.3
	- Sentiment analysis of customer feedback, reviews, and social media data	2.0	4.0	2.0	2.0	2.0	5.0	2.0	1.0
	- Conversation analysis	2.0	4.0	2.0	2.0	2.0	5.0	2.0	1.0
	- Predictive analytics for customer churn and retention strategies	3.0	2.0	3.0	2.0	3.0	3.0	3.0	5.0
	- Identification of high-value customer segments	5.0	5.0	3.0	1.0	4.0	4.0	5.0	3.0
	- Cross-selling and upselling opportunity detection	4.0	3.0	3.0	5.0	2.0	5.0	5.0	3.0
2. Sales and Marketing Optimization:		0.5	0.8	0.6	0.6	0.5	0.9	0.6	0.4
	- Sales forecasting and markdown optimization	3.6	3.6	4.6	3.9	3.6	3.9	3.9	3.6
	- Targeted marketing campaign optimization	2.0	4.0	2.0	2.0	2.0	5.0	2.0	1.0
	- Marketing spend and channel allocation optimization	2.0	4.0	2.0	2.0	2.0	5.0	2.0	1.0
3. Inventory and Supply Chain Management:		0.5	0.6	0.6	0.6	0.6	0.8	0.5	0.5
	- Predictive analytics for demand forecasting	3.6	3.6	4.6	3.9	3.6	3.9	3.9	3.6
	- Inventory replenishment and stock level optimization	2.0	4.0	2.0	2.0	2.0	5.0	2.0	1.0
	- Intelligent supply chain logistics optimization (**8.1.1 In-bound logistics: source/vendor : Automation of delivery schedule notification, confir**	1.0	3.0	4.0	4.0	3.0	4.0	2.0	5.0
	- Cash flow projections	5.0	4.0	2.0	3.0	5.0	4.0	4.0	1.0
4. Channel Performance Analytics:		0.3	0.5	0.4	0.3	0.2	0.5	0.3	0.3
	- Cross Channel Customer Performance (Lifetime Value)	2.0	4.0	2.0	2.0	2.0	5.0	2.0	1.0
	- Cross Channel Operations Performance	2.0	4.0	2.0	2.0	2.0	5.0	2.0	1.0
	- Multi-LOB (Line of Business) Store Performance Analytics	3.0	5.0	2.0	4.0	2.0	2.0	4.0	4.0
	- Multi-LOB (Line of Business) Labor Utilization Analytics	2.0	4.0	5.0	3.0	1.0	5.0	2.0	4.0

Up to 400 retail use cases defined

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HARD DATA, SMART DECISIONS

BACK TO DISCUSSION

Data Enablers

Identify Data Gaps – If fixed, how many other things open up

1. **For instance, if we merge and clean online and store customer data – which use cases are enabled?**
2. **If we add a field to this record, it opens up this-sized opportunity**
   - ie. If we clean item management data it unleashes XXX$ of opportunities for AI enhancements

HARD DATA, SMART DECISIONS

BACK TO DISCUSSION

Culture is Key

AI is an opportunity or a threat – depending on how confident people feel in their jobs.

Communication/Trust

HARD DATA, SMART DECISIONS

Sample - C-stores and Restaurants Only

BACK TO DISCUSSION

Max Benefit

Jobs need to be seen as series of tasks

1. **The more you can define a job in tasks, the more likely AI and agentic AI can be used to do that job.**
   1. Can be used to create the task – visualization, imitation tools
2. **Start with most unpleasant tasks in any job first**
3. **Communicate AI use is meant to eliminate the boredom of their job, so they can provide higher level support to more, not take their job**
4. **Demonstrate AI tools in a way so that employees see it helps do those things everyone hates to do (expense reports, timesheets, incident reports, taking notes, etc.)**

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BACK TO DISCUSSION

AI/ML – Where are the best results?

% positive seeing Significant Positive Results	
Production or Delivery Accuracy	87%
Pricing / Promotions	62%
Customer Service/Support	52%
HR / WFM / App Dev / Cust Ser	50%
Sales & Marketing	42%
Loss Prevention	39%
Order Fulfillment	32%
Merchandising/Allocation	29%
Demand Planning	24%
Business Intelligence / Analytics	11%
Supply Chain/WMS	9%
OMS	8%

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Sample - C-stores and Restaurants Only

BACK TO DISCUSSION

GenAI – Where are the best results?

% Positive seeing Significant Positive Results	
Personalization	52%
Dynamic Pricing	31%
Predictive / Prescriptive Analytics	28%
Customer Service Chatbots	27%
Customer Segmentation / Profiling	27%
Loss Prevention Activities	15%
Data Cleansing / Accuracy	15%
Product Search/Merch Support	13%
Task Automation	0%
Employee Chatbots	0%

HARD DATA, SMART DECISIONS

BACK TO DISCUSSION

Some case studies

1. **Tapestry** increased sales on average 3-5% using generative AI for personalization, using AI and computer vision to determine store design.
2. **McDonalds** – computer vision for store design, traffic flow, personalization, menu recommendations, supply chain optimization.
3. **Walmart** created employee chatbot for over 500,000 associates to use, **saving 3% on store fixtures while having Generative AI negotiate terms**, route optimization, catalog management, product search and many others.
4. **Wendy's** drive-thru AI is multi-lingual and has shown 22 second improvement in order fulfillment. **Taco Bell** doing similar AI in drive-thru.
5. **Dominos** uses Visual AI computer vision to validate that pizza toppings are correct.
6. **Lowe's** has built 1700 digital twins models of store layouts to track customer experiences, preference, and buying patterns.
7. **Chick-fil-A** savings 10,000 hours a day using AI robotics to squeeze lemons, using computer vision to check that team members wash hands long enough after handling raw chicken.
8. **Cubby's** using AI powered voice analytics to analyze conversations between customers and employees to alert managers to problems.

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HARD DATA, SMART DECISIONS

BACK TO DISCUSSION

Consolidated Results

- Researcher pulled retail case study results from a variety of reports from research companies and consultants. No names mentioned
- Topics included:
  - Personalization
  - Content Systems
  - Predictive Analytics for Inventory Management
  - Customer Service Architecture
  - Customer Sentiment Analysis
  - Storage/Security

IHL HARD DATA, SMART DECISIONS

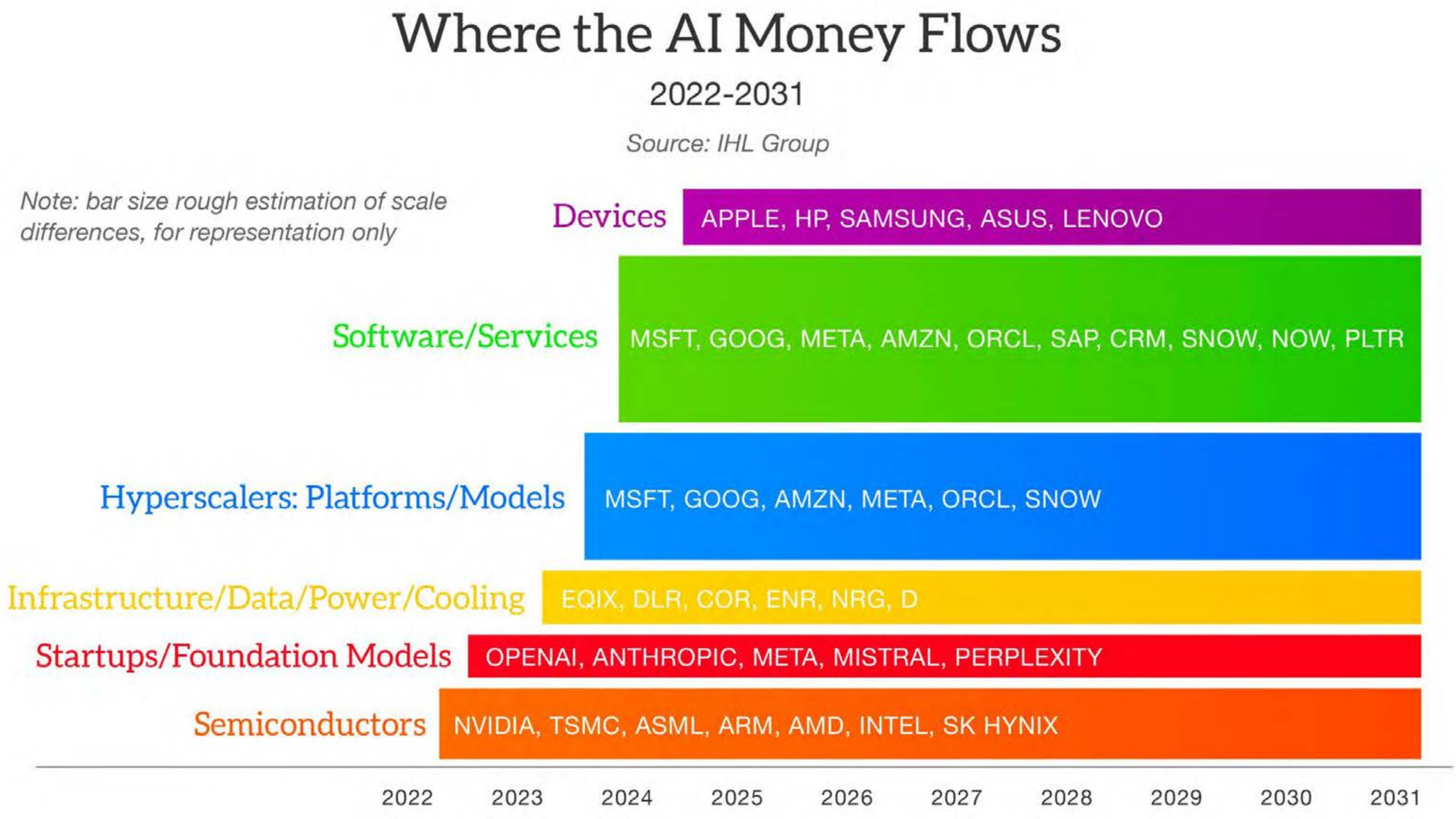
https://www.ihlservices.com/wp-content/uploads/2025/01/Retail-AI-Results.pdf

What about Deepseek?

https://www.bbc.com/news/articles/czepw096wy4o

Try on Perplexity, Microsoft and Cerebras

BACK TO DISCUSSION



BACK TO DISCUSSION

ClearSight AI

YOUR BLUEPRINT FOR MAXIMUM PROFITABILITY

ClearSight AI is your Blueprint for maximizing AI success based on where you are; not what others say you should do

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BACK TO DISCUSSION

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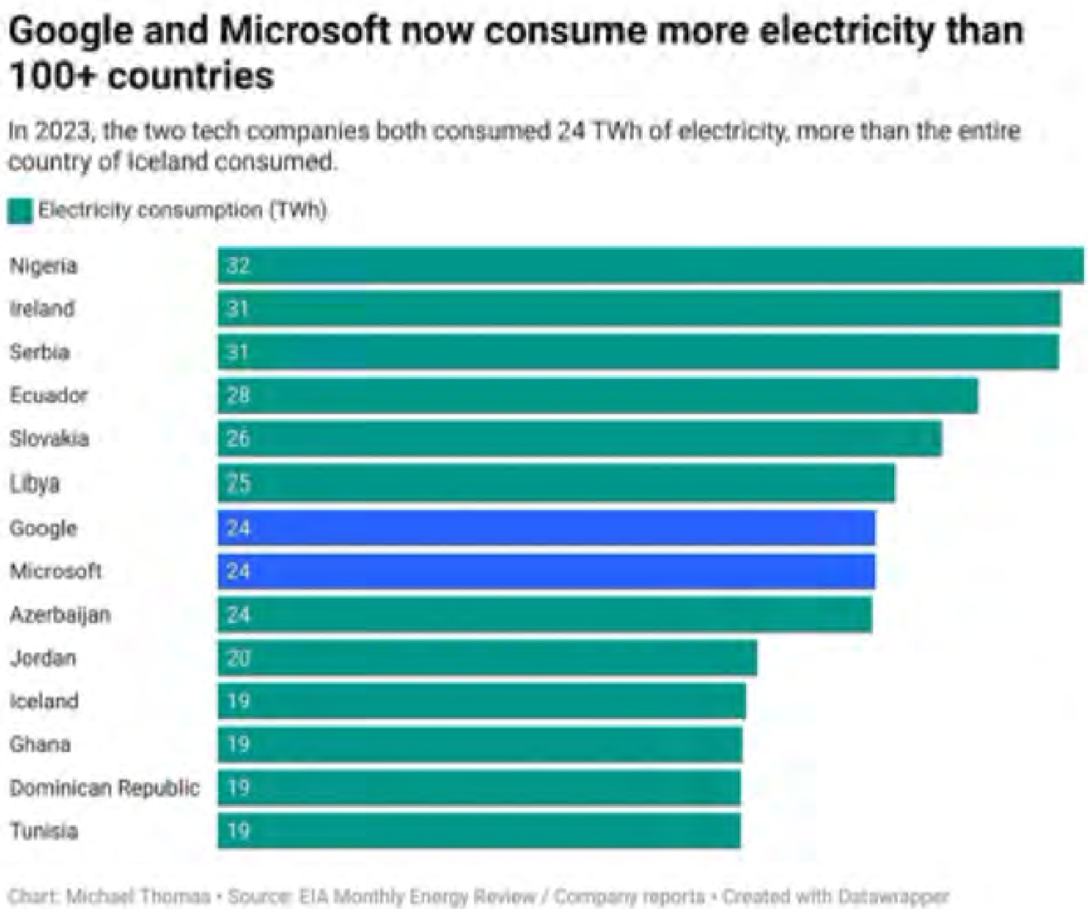
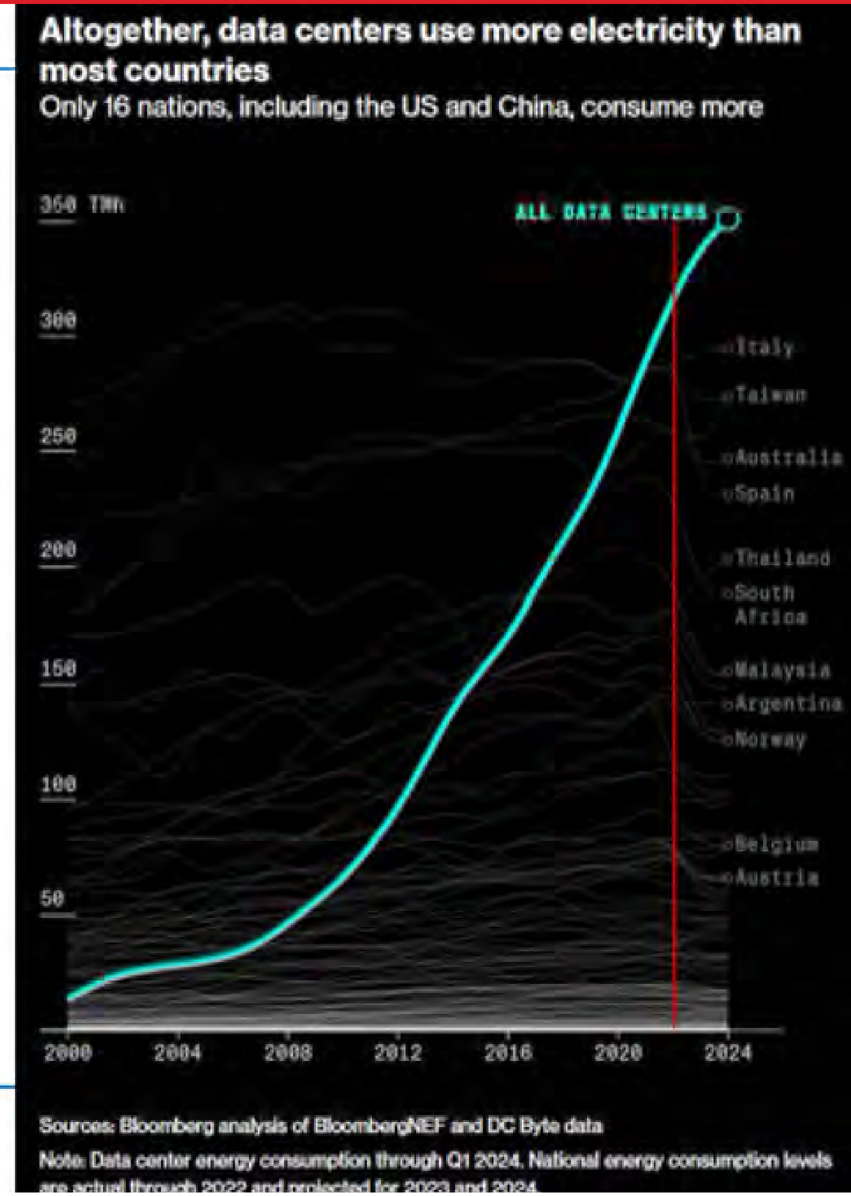
C-Suite Gameplan for AI Implementation

Greg Buzek
President and Chief AI Officer – IHL Group
greg@ihlservices.com

BACK TO DISCUSSION

CLVG Views | In The Room With CLVG | Presentation





BACK TO DISCUSSION

The 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 and is part of 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: **vgnsharing.com/vision-report-library**

CLVG

CONVENIENCE LEADERS

A part of Vision Group Network

For more information about Vision Group Network email us:

Myra Kressner
myra.kressner@vgnsharing.com

Eva Strasburger
eva.strasburger@vgnsharing.com

Roy Strasburger
roy.strasburger@vgnsharing.com

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sharing **today** to shape **tomorrow**

CONVENIENCE FOODSERVICE VISION GROUP

The Power of Sensory Science in Convenience Retail
February 2025
Creating a multisensory brand experience on a budget; ensuring food quality in an omnichannel world; creating a cohesive sensory experience; overcoming blind spots in customer experience; and contains small operator sensory guide

CONVENIENCE LEADERS VISION GROUP

Expecting the Unexpected: Foreseeing Potential Disruptions
November 2024
Challenges facing the convenience retailing industry including emergency preparedness, cybersecurity, preparing for unrest, supply chain disruption and the next pandemic, appetite-suppressive drugs

CLVG Near and Far: Looking at Global Convenience Retailing
August 2024
Trends and innovation in global convenience retailing and mobility

Envisioning Sustainability in Convenience Store Design
May 2024
A Balancing Act for Sustainability vs. ROI, the 80/20 Rule and Customer Opinion, telling the Sustainability Story and Greenwashing

Making the Convenience Industry an Employer of Choice
February 2024
Expanding the persuadable applicant pool; onboarding, engagement, and training; cleaning up industry image; recruitment and retention; strategies; mental health support and kindness campaigns

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

CONVENIENCE TECHNOLOGY VISION GROUP

Cybersecurity: Evolving Trends and Pitfalls
January 2025
Human risk management and training, vendor and third-party risks, industry-specific challenges and solutions, open source code, small operator challenge

CTVG Technology ABC & D's: AI, Barcodes, Convenience & Data
October 2024
Overviews of Sunrise 2027, the transition from UPC to 2D barcodes, results from a retail executive survey on AI

Retail Media Networks: More Than Meets the Eye
July 2024
Customer experience matters, small operators considerations, resource complexities

Fighting for Tomorrow's Customers
April 2024
What it means to fight for customers, reflecting on winning the "fuel" customer, reliance on 3rd party technology, data analytics, loyalty, and payments

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

evVG Windows for EV Adoption – Opening or Closing
January 2025
The ripple effect of U.S. elections on EV sector growth, The Musk factor, state and local Umbridge, EV tax credits, NEVI and infrastructure investment incentives, balancing public and private investment

THE VISION GROUP
disruptive solutions

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

CONEXXUS VISION GROUP
PART OF VISION GROUP NETWORK

Third-Party Delivery: A Double-Edged Sword?
March 2025
Exploring third-party delivery, consumer appeal, marketing and loyalty strategies

Envisioning Technology Innovation in the Convenience Store Future
January 2025
Conexxus, IRC and CxVG, data management, AI, employees, electric vehicle charging

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