



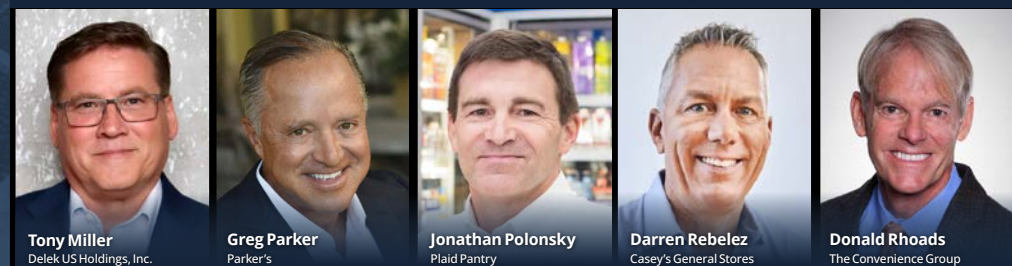
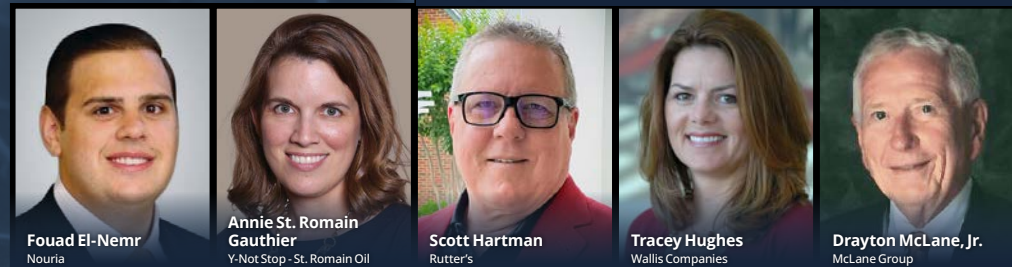
Expecting the Unexpected: Foreseeing Potential Disruptions

FACILITATOR



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

VISION REPORT NOVEMBER 2024



CLVG
MEMBERS
2024

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 funded by 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 two 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.

We highly recommend that you read both components.

The main topics in this CLVG Vision Report:

Emergency Preparedness

Cybersecurity

Preparing for Unrest

Supply Chain Disruption

"Disease X"

Appetite-Suppressive Drugs



CLVG VIEWS

A CONVENIENCE LEADERS VISION GROUP DISCUSSION

This meeting of the Convenience Leaders Vision Group (CLVG) shared lessons learned and proactive best practices for natural, cyber, and societal disruptions.

The CLVG quarterly meeting on October 1, 2024, was facilitated by **Myra Kressner**, president of Kressner Strategy Group and Vision Group Network co-founder. For this meeting, CLVG members discussed potential disruption from cyber threats, social unrest, supply chain disruption, the next global health crisis, and the rise of appetite suppressant drugs.



Weathering the Storm(s)

Given the devastation caused by Hurricane Helene just a few days prior, Kressner kicked off the meeting with a discussion on the impact of natural disasters and the need for emergency preparedness.

Dale Shafer, director of health, safety and environment for Parkland USA and guest of CLVG member Parkland USA's President **Donna Sanker**, shared insights from Parkland's operations in Houston and Florida. The approach Parkland has taken is to "build from the ground up." He highlighted their creation of an emergency action plan, which employees are orientated and trained on at a "very high level." They also created hurricane and emergency response plans which ensure their teams are well-prepared and know exactly what to do when faced with a storm. Shafer emphasized that these procedures were put into action during Hurricane Helene and proved to be effective.

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Parkland's Vice President of Retail **Troy Dickson**, also a guest of Sanker, addressed the importance of comprehensive emergency response planning for different environmental threats, including hurricanes, fires, and floods. Parkland's development of a comprehensive emergency response plan was initially focused on their refinery in British Columbia, Canada, due to its proximity to the ocean and frequent exposure to environmental threats like fires and floods. After experiencing a flood that damaged a major pipeline, they expanded their plan to address multiple types of disasters, including hurricanes, with the help of Shafer and his team. Their emergency response system is highly organized, involving all levels of the company, from store

managers to senior leadership. Dickson highlighted a specific case in Panguitch, Utah, where the team proactively prepared for a potential dam failure (at the time of publication the dam had not failed). Parkland's approach ensures they are ready for disasters well in advance.

Annie Gauthier, CFO/co-CEO for Y-Not Stop - St. Romain Oil, shared that her company, which is located in Louisiana, has developed a well-structured hurricane response plan, which they also adapted for the "ice-pocalypse of '21." They begin to stage their response plan as soon as a named storm is projected to impact their area. Emergency generators have been installed in about 40% of their stores, particularly those on major evacuation routes and newer, high-volume locations. This has helped minimize downtime after hurricanes, ensuring they can quickly reopen and meet the increased demand from surrounding communities that are more severely affected. "We've got to just try to do what we can to protect property, protect product, and then be ready to open back up after the fact because that's when the demand really hits," she said. Gauthier clarified that their generator program is a private initiative, without external assistance from the state or FEMA.

Speaking directly about the impact of Hurricane Helene, **Greg Parker**, founder and CEO of Parker's, shared that the category 4 storm caused significant disruptions at 48 of Parker's stores. Despite their preparations, Parker said they were surprised by the extent of supply interruptions and damage. "We did not expect to have the supply interruptions we've had and the damage that we've had. It's been shocking because I've been through a whole lot of hurricanes, but we didn't expect it," he said. Heavy rainfall from a previous hurricane compounded the situation, and "with this, we just weren't prepared."

To address disasters, Parker's team had already installed natural gas-powered generators at stores along evacuation routes, which prevented power loss at those locations. However, Parker said he needed a plan for his other stores. He recommended a combination of solutions, including permanent generators, mobile generator units on trailers, and subscription services that guarantee generator delivery within 24 hours. Parker said they need to evaluate their disaster response, and they are planning to meet and assess what worked and what needs improvement for future storms.

“When it's time to start getting ready, we aren't really guessing at what needs to happen. We've thought through what needs to happen based upon past experience.

***Dale Shafer**, Director of Health,
Safety and Environment, Parkland USA*

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Cybersecurity Preparedness

Kressner set the stage for the next topic, referencing the CrowdStrike cybersecurity debacle that occurred in July. This was a global event that caused an unprecedented outage affecting approximately 8.5 million Windows devices worldwide. The defect stemmed from a content update to CrowdStrike's software on Microsoft Windows, creating a massive disruption of services across various industries such as airlines, hospitals, manufacturing, stock markets, and governmental services such as emergency websites. The financial damage has been estimated to reach a staggering \$10 billion.

Though a fix was released within hours, manual restoration was necessary for many systems, which extended the duration of service disruptions. Kressner wanted to explore the effect on convenience retailers and subsequent cybersecurity practices.

Chris Thomsen, CIO for The Wills Group and guest of CLVG member **Mark Samuels**, executive vice president, convenience retailing at Dash In/The Wills Group, shared that his company was fortunately not impacted by the CrowdStrike outage, as they do not use CrowdStrike's technology. However, Thomsen highlighted how a single error can have devastating effects if the right preventative controls are not in place. "CrowdStrike is by far one of the best companies out there in this space. It just goes to show what one human error can do when you don't have proper controls in place," he said. Thomsen emphasized that conversations among fellow CIOs largely center on how to improve internal cyber defense and respond to incidents when they occur. In terms of business continuity planning, Thomsen talked about the necessity of preparing for outages by ensuring that systems remain functional even when networks go down. His team uses cellular backup systems that allow payment processing to continue, though this system does not extend to customer loyalty components, which also play a role in customer experience.

His advice to a company that leverages services like CrowdStrike is to do some form of regression test before deploying an update across an entire chain. While the updates occur without much control on the client's end, he advised reviewing the release notes ahead of time to be prepared in the event that something were to happen. He also noted that if a company does experience a cyber-attack, every state has

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In The Room With CLVG

different requirements for notifying customers who are impacted, and he said legal counsel or similar advisories are a must.

Samuels said that Dash In experienced an unrelated outage where all of its tunnel car washes weren't on backup for payment. He said this incident led them to review their system architecture and add backup capabilities for all tunnel car washes that were previously offline during payment processing failures. Samuels highlighted the importance of constant updates and maintaining software patches in a timely manner. His team tests every update in their office lab before deployment.

Their bandwidth concerns also came to light, with Samuels commenting on how architectural improvements like partitioning the network helped separate non-payment traffic from sensitive payment processing. These operational adjustments improved speed and reliability.

Thomsen then elaborated on how the organization transitioned to a "zero trust" architecture, which is a system that automatically protects and secures devices without requiring user input. The human element remains the greatest vulnerability in cybersecurity, he said, mentioning a recent phishing exercise where eight employees fell for a scam, though security measures blocked the breach. He also emphasized the cost-efficiency that comes from

investing in proactive defenses and third-party audits. Interestingly, The Wills Group also gamifies cybersecurity education to keep it engaging for employees.

Roy Strasburger, CEO of StrasGlobal, president of Compliance Safe, and Vision Group Network co-founder, asked how The Wills Group handles repeat offenders in phishing exercises. Thomsen explained that while the initial mistake is handled through a phone call from their security team, repeat offenses escalate to involve management. The goal is education rather than punishment, he said.

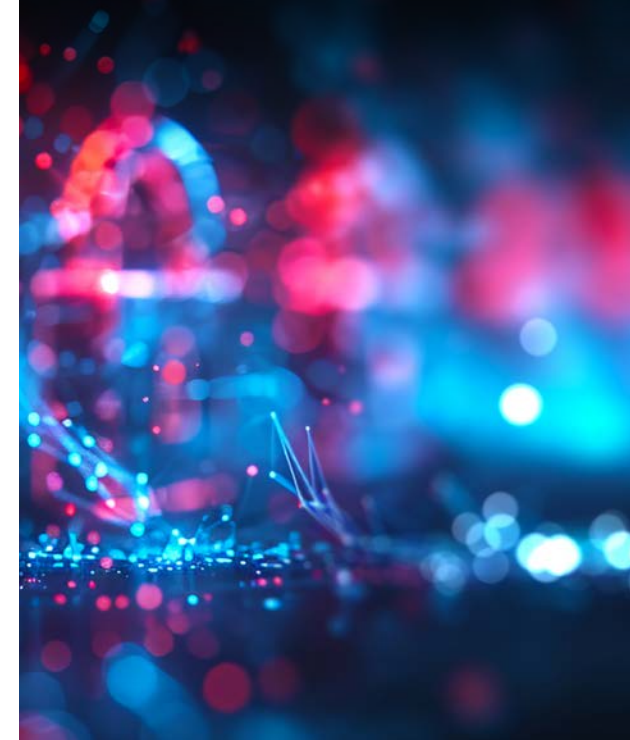
This led to a broader discussion on multifactor authentication (MFA) and its necessity in mitigating fraud. Samuels shared more about employees falling for phishing scams that resulted in their payroll being redirected to criminals. After implementing MFA, the problem was significantly reduced.

"Especially if you don't have a lot of controls in place, stepping up security with that second-factor authentication will stop a lot of that from happening," Samuels noted. Though MFA adds extra steps, it has proven to be effective in protecting against increasingly frequent hacking attempts, he said.

The discussion also touched on examples from other

“ I think the biggest impact though is making sure that your disaster recovery, your incident response plans, evolve into more of the business continuity aspects of it and what do you do from an operational perspective when you don't have X and then fill in X, whether that's the computer or the network.

Chris Thomsen, CIO, The Wills Group



businesses, including a well-known restaurant in New York City that was hacked, resulting in a shutdown due to lost payroll. Multiple attendees pointed out the importance of continuous learning and shared best practices in dealing with cybersecurity incidents, including Dickson. Parkland experienced a cyber incident a few years ago and he said the lesson learned was that the company should have taken a more proactive approach than they had at the time.

Gauthier shared a story of a colleague from a different company who lost years of financial data due to a ransomware attack, with backup data infected with viruses, also. The ransomware was delayed in execution, which meant that there were copies of the virus in the backup data. Therefore, when the virus was eventually triggered, it also blocked access to the backup data that would normally be used to restore the system. In order to proactively protect their own company's security, Gauth-

ier's company implemented additional layers of backup, including more frequent offsite backups. "We were already doing physical and daily cloud backups, but they recommended a monthly backup and a quarterly backup that was kept off site," Gauthier explained, noting that this practice could prevent significant data loss in the future.

Aside from the functional disruptions, **Jonathan Polonsky**, CEO of Plaid Pantry, emphasized training and mental preparation. "Thankfully, we haven't had any issues, but I also know that even with all that preparation, all the money we spent, it can still happen. And so you just have to be mentally prepared for it, and not think that just because you did X and Y, you're good. You just have to constantly check yourself and challenge yourself," he said.

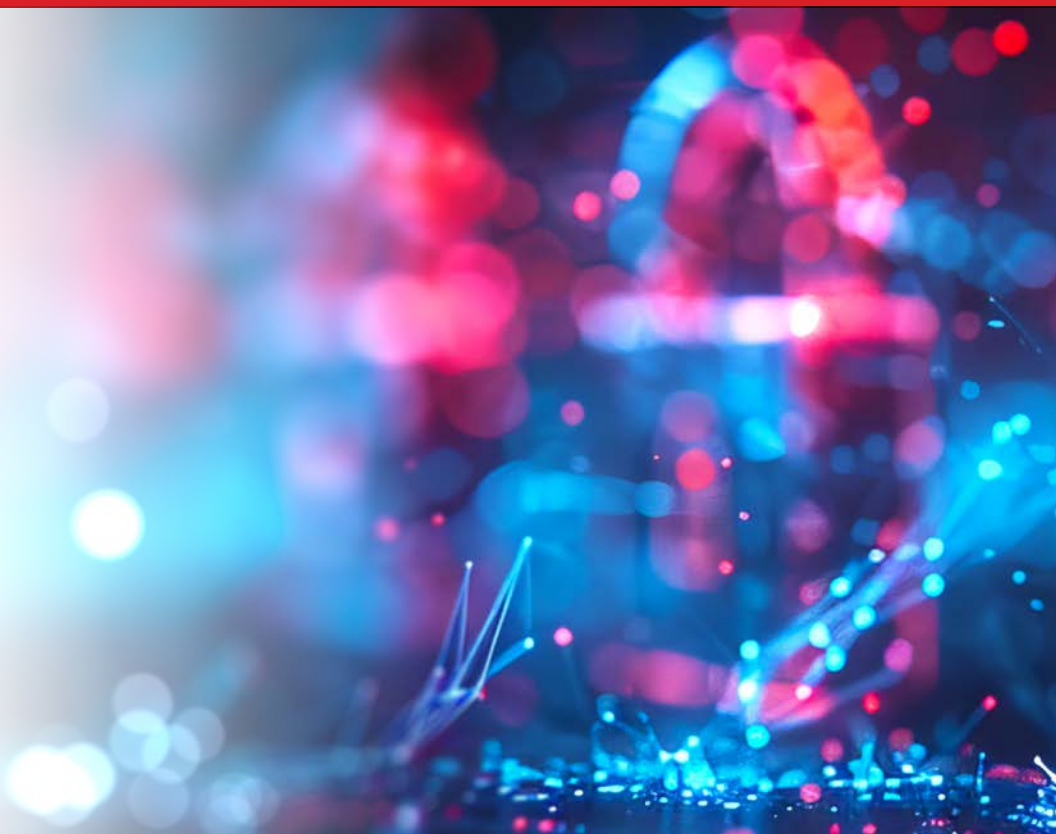
The conversation shifted toward cybersecurity insurance and how the market for such coverage has evolved. Thomsen mentioned

how The Wills Group had reduced the cost of its cybersecurity insurance by investing in third-party audits and regular security assessments. He also noted that this was despite cyber insurance costs rising by about 16% industry-wide, making it critical for businesses to weigh the value of coverage carefully. He pointed out that kidnapping and ransom (K&R) policies can sometimes cover ransomware attacks providing additional financial protection. Thomsen reiterated the importance of preparedness and risk management.

Tracey Hughes, CEO at Wallis Companies, added their insurance costs were coming down for those who adopted protective policies like multi-factor authentication and used third parties to test their systems, making it a viable option for many businesses. In the recent past, insurance prices were often deemed too high to invest, but those costs have dropped. "If you haven't checked [insurance] out lately, it was a more difficult decision this year for us to

pass on the coverage than it had been in the past,” she said. Hughes also emphasized the importance of investing in IT infrastructure, despite potential resistance to such financial commitments. She explained that IT security should not be viewed as solely the responsibility of the IT department but as a shared priority across the entire organization. Wallis Companies has implemented an “escalation awareness” system, where the board of directors, CFO, CEO, and other leadership are immediately informed about any security incidents or attempts and when they are successful at thwarting them. This ensures that the whole organization understands the gravity of cyber risks. And this shared accountability makes it easier to justify major investments in infrastructure when necessary as it helps decision-makers who aren’t involved in day-to-day operations to fully grasp the risks.

One of the key themes that emerged from the discussion was the importance of information sharing and collaboration among industry peers. **Don Rhoads**, president/CEO of The Convenience Group, and Dickson both emphasized how they lean on third-party contractors and other companies to help navigate cybersecurity challenges. Rhoads also noted that sharing information within industry groups has been a valuable practice, especially during uncertain times like the COVID-19 pandemic. “This is really key, having a group discuss a really important issue, one that obviously affects much of what you do day in and day out, and find a common theme here that we can all use as a best practice,” said Rhoads.



“ It’s not just the IT department that owns it... it’s the whole organization. When it’s time for us to make a large investment... it’s an easier sell for everyone to understand.

Tracey Hughes, CEO, Wallis Companies



“ Everyone’s talked about training, but all the trainings in the world, it never feels like enough. But we just keep increasing the frequency of our training too, whether it’s the crisis training or the de-escalation training and just trying to stay on top of it.

Laura Aufleger, *President, OnCue*

Preparing for Unrest

Kressner turned the conversation to navigating challenges around social unrest and the emotional and safety concerns faced by store employees as tensions rise, particularly with the 2024 election in mind. Most participants emphasized the importance of preparation through employee training with a strong focus on de-escalation techniques and crisis management. Shafer pointed out that while de-escalation training can have mixed results, it’s crucial to develop those skills. “It’s not easy to de-escalate when someone gets in your face and threatens or acts aggressively,” he said.

Additionally, the importance of crisis communication came up repeatedly with many companies using real-time communication platforms to

keep employees informed during high-risk situations. Dickson shared that Parkland uses text messaging to alert employees.

Participants stressed the importance of listening to the insights and concerns of frontline workers who often understand the specific challenges they face better than management does. Hughes brought up her experience during the 2014 Ferguson, Missouri unrest and shared how listening to employees allowed her team to create solutions that fostered both safety and comfort.

Many companies have turned to technology to increase both safety and operational efficiency. Samuels talked about panic alarms and mag locks to prevent unauthorized store access, explaining how these

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systems offer a sense of control to employees during chaotic situations. He also stressed the importance of investing in high-quality, cloud-based camera systems and also having good relationships with law enforcement. "We have just had a tremendous amount of success working with law enforcement to actually catch the people that have had theft rings and robberies and caused damage on their facilities through those relationships," he said. Samuels noted that law enforcement prioritizes businesses that provide them with useful information, such as security footage.

Strasburger acknowledged that these precautions made employees feel safer but asked, "How do you handle employee morale if you're starting to put mag locks on the doors?" as the locks indicate that the store is in a dangerous area. This question opened up a conversation on the balance between ensuring safety and maintaining employee morale, especially in areas with high crime rates.

An alarming theme that arose was the increase in robberies, with companies reporting record numbers this year. **Kevin Smartt**, CEO of TXB Stores, shared his experience of how robberies have affected his workforce: "We have had

more robberies this year than we've had probably in any other year. We actually had a fatality this year in one of the robberies." Despite these incidents, Smartt emphasized that the company's training on handling violent situations hasn't deterred employees; rather, it's been well-received, underscoring the critical role of preparedness.

Laura Aufleger, president of OnCue, added that working with the local authorities and even being active in the legislature locally has really helped on trying to keep employee safety at the forefront of everyone's minds. She said that it seems as if every day is more challenging, and the trajectory of negative customer behavior feels like it's on an incline. "I know everyone's talked about training, but all the training in the world never feels like enough. But we just keep increasing the frequency of our training, too, whether it's the crisis training or the de-escalation training, and just trying to stay on top of it," she said.

An interesting approach to bridging the gap between law enforcement and store employees was brought up by Strasburger,

who worked with the city of Dallas on a test program to reduce crime at convenience stores. The program was highly effective in reducing police call-outs at a problem location which had previously seen up to six incidents a week. According to Strasburger, after cleaning up the site and improving visibility and lighting, the number of incidents dropped to just one every two months. The next step was to set up a "Cop in the Shop" program - an initiative to build empathy by having police officers spend time in stores learning firsthand about the challenges faced by store workers.



The conversation frequently returned to the broader context of social unrest and the role that convenience stores play in serving their communities during such periods. Hughes highlighted how her team had kept stores open during the Ferguson unrest, ensuring that the community had access to essential resources while prioritizing employee safety. This balance between serving the community and ensuring safety became a recurrent theme, with many

attendees recognizing the importance of their role as community hubs during crises.

Wallis Companies brought in storage containers of street clothes that employees could put on over their uniform when they switched shifts because it was unsafe to leave the parking lot with their uniform shirts on. “That just gave them a level of comfort and security that we never would’ve anticipated,” she said. She also mentioned thinking about

what’s going on outside of the store as they didn’t anticipate the delays in fuel trucks trying to deliver fuel with highway shutdowns.

Employee retention in the face of such dangers remains a challenge, as the threat of violence can cause anxiety among workers. To combat this, companies have implemented extensive support systems such as Employee Assistance Programs (EAPs) to offer psychological counseling. Samuels shared how his

company encourages open conversations about incidents and provides simulations to help employees prepare for violent situations. “Not only do we do training, but there’s actually simulations that the store managers do in case something happens so they can actually practice what to do if someone comes in. We’re very lucky. We don’t even have people resign after we have an incident on location, and we don’t not talk about it. We figure it’s better to get it all out in the open and say, ‘If this happens, this is what you do,’” he said.

As the 2024 election and transition unfolds, many companies are preparing for potential social unrest and considering the impact it may have on their operations. Smartt emphasized that during times of heightened unrest, his company would consider closing stores entirely rather than putting employees at risk. Additionally, the company has “invested heavily” in security cameras and working with local authorities. This proactive stance highlights the difficult decisions many companies will have to make in the coming months, balancing the need to continue operations with the imperative of ensuring employee safety.



Supply Chain Disruption:

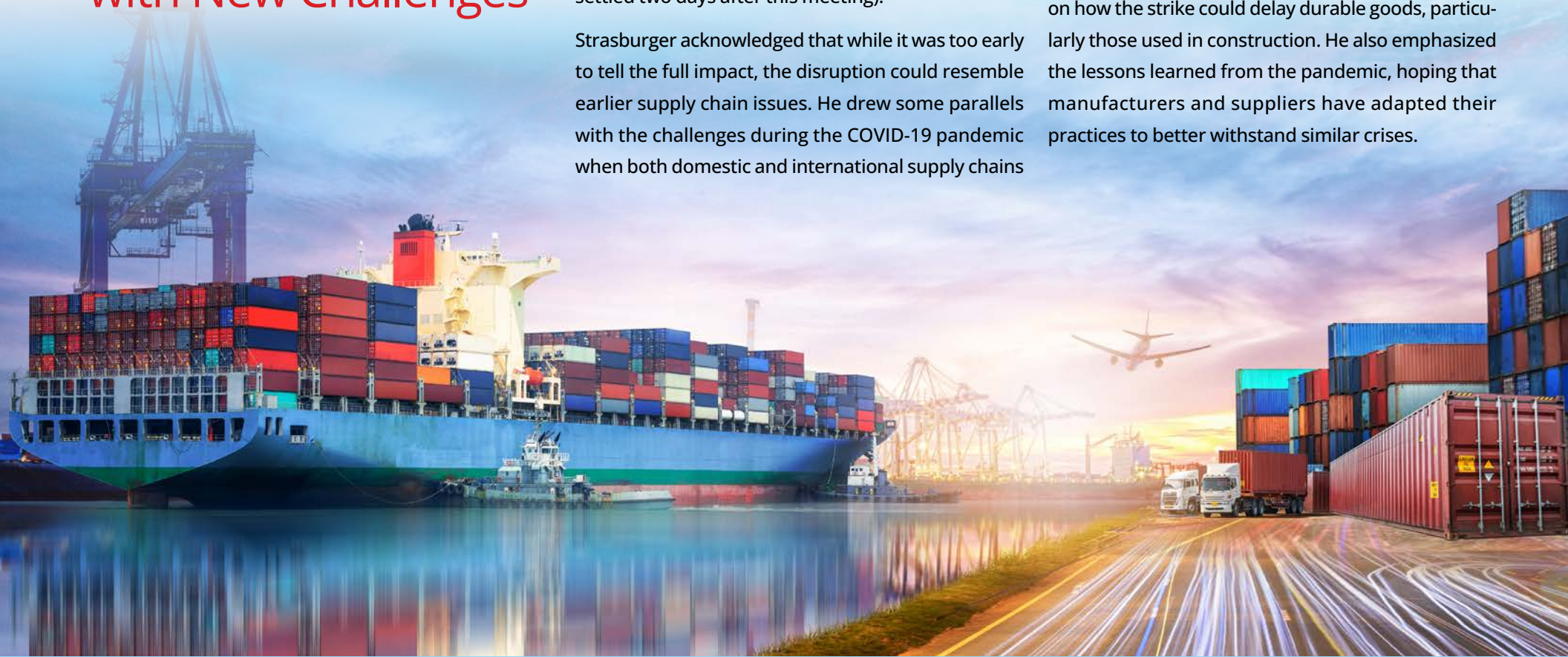
A Familiar Crisis with New Challenges

Kressner shifted the conversation to a familiar topic that has plagued the U.S. economy recently—supply chain disruption. She mentioned the concerns about the 2024 East Coast and the Gulf of Mexico port strike that began the morning of the meeting, which was potentially significant because it affects half of the nation's ocean shipping. (This particular strike was settled two days after this meeting).

Strasburger acknowledged that while it was too early to tell the full impact, the disruption could resemble earlier supply chain issues. He drew some parallels with the challenges during the COVID-19 pandemic when both domestic and international supply chains

came to a halt. He pointed out that even now, many businesses are facing out-of-stock issues, particularly with non-self-distributing stores. Strasburger believes there are still lingering supply issues, mostly due to driver shortages and logistical bottlenecks.

Smartt said he is less concerned about the supply chain's impact on store products and more focused on how the strike could delay durable goods, particularly those used in construction. He also emphasized the lessons learned from the pandemic, hoping that manufacturers and suppliers have adapted their practices to better withstand similar crises.



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"Disease X"

The conversation turned to the topic of a potential future pandemic, which has been dubbed "Disease X" by a medical press newsletter, and the preparedness needed to handle such an event. Kressner mentioned the concept of "One Health," which stresses the interconnectedness of human health, animal health, and environmental sustainability. She explained that the growing complexity of these relationships, coupled with factors like climate change and increased human encroachment on wildlife habitats, is creating new opportunities for pandemics to arise.

Strasburger added, "If we have another pandemic issue, we're going to be in a world of trouble." He underscored that the public's trust in health authorities and institutions has eroded since the COVID-19 pandemic, making it more challenging to mount an effective response in the future. His concern is primarily focused on the growing polarization in public attitudes toward health governance, which could hinder efforts to manage another outbreak. **Barbara Stoyko**, senior vice president at Shell USA, shared that her company focuses operationally on maintaining services during emergencies, whether it's a pandemic or a natural disaster, because "[convenience stores] are a really important lifeline and a frontline emergency response to our communities."

Members also reflected on the lessons learned from COVID-19 and discussed whether companies are better prepared today than they were before the pandemic. Smartt said TXB Stores had to rapidly adjust during the early days of COVID with crisis calls happening at 6:00 a.m. each day. He said they navigated complex and inconsistent regulations from city to city and county to county, ensuring fuel deliveries complied with ever-changing guidelines. He noted that preparedness plans should be revisited regularly, but warns that even then, anticipating every potential threat can feel like "a dart throw."

Gauthier shared a similar view, stating that her company was not prepared for COVID-19 initially but quickly adapted by drawing from shared industry resources and fine-tuning their response to local requirements. She mentioned the emotional toll of reviewing their pandemic response plans and admitted that while her team might fall back on those plans if another crisis arises, they will still have to adapt to the specific circumstances of the new threat.

Overall, attendees expressed a desire to be better prepared for future crises but also acknowledged that no one can fully anticipate what's coming next. Smartt mentioned: "What would it be and what would be the need to protect your people and/or your guests? I don't know." This sentiment was echoed throughout the conversation, with participants expressing a sense of both readiness and uncertainty.

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Shifting Cravings



“We’re in an industry which is around snacking and around fast food. How are people preparing for how that might change?”

Eva Strasburger, President, StrasGlobal, CEO, Compliance Safe, and Vision Group Network co-founder

The final topic of discussion revolved around the potential impacts of GLP-1 drugs, including semaglutides such as Ozempic and Wegovy, on industries, healthcare, and consumer behaviors. **Eva Strasburger**, president of StrasGlobal, CEO of Compliance Safe and Vision Group Network co-founder, opened the conversation, noting how GLP-1 drugs are expected to improve public health, particularly by reducing cardiovascular diseases and diabetes. She highlighted the possibility of long-term economic benefits, such as increasing GDP due to individuals returning to the workforce. In Europe, these drugs are being considered potential game-changers for national healthcare systems, potentially saving costs by reducing the burden of treating chronic diseases in aging populations. “These drugs might save the [UK’s] national healthcare because 85% of the cost of their care is for the older, sicker generation,” she said.

However, these appetite-suppressing drugs are expected to disrupt industries like convenience stores, fast food and restaurants. Consumers might have a reduction in cravings for unhealthy or indulgent snacks, leading to a decrease in the consumption of traditional

high-calorie, high-sugar products. “It’s not that people will take the drug and make healthier choices. They’re just not going to buy as much of the unhealthy stuff. They just won’t need it or crave it,” Strasburger said.

Stoyko said she is interested in the potential overlap between the use of these drugs and the customer demographics of convenience stores. However, she noted that these drugs are still largely inaccessible to the broader population due to their current costs. This dynamic may change if oral forms of the drugs are developed and become covered by insurance, making them more mainstream. Roy Strasburger underscored that the convenience and food retail sectors may need to rethink their product offerings, particularly if the drugs lead to fewer people buying snacks, sweets, and even alcohol. Major companies like Nestlé are already responding, developing smaller, high-protein meals for consumers on these medications.

Samuels mentioned that businesses should wait for clear trends before making significant changes to their offerings. He compared the situation to the “Beyond Meat fad,” which initially seemed promising but failed to gain

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widespread adoption. “Until you start seeing the trends and behaviors shift, it’s a risk. It’s a risk not to do something, but it’s a risk also to jump on too early,” he said.

Participants, including Dickson and Gauthier, acknowledged the insightful nature of the discussion. Gauthier mentioned how people in her social circles are experimenting with the drugs and finding them effective. However, there are concerns about potential side effects, such as cancer risks. “The long-term impact of it...and potential for side effects from the drugs...are something to be mindful of,” she said.

Expanding Scope

As the meeting concluded, the Vision Group Network leadership shared a number of announcements. Four new Vision Groups have formed: Connexus Vision Group (CxVG), Electric Vehicles Vision Group (eVG), Global Convenience Vision Group (GCVG) and Convenience Foodservice Vision Group (CFVG). Each group will meet quarterly and Vision Reports will be published to share the findings.

Final Reflection

Overall, the discussion highlighted the necessity for organizations to remain adaptable and prepared for evolving challenges. Members stressed how critical it is to keep these potential disruptions front and center for the industry, including sharing best practices. Embracing a proactive mindset and fostering continuous learning will be vital as businesses navigate these complexities in the future.

Emergency preparedness remains a critical focus for businesses facing the realities of natural disasters. The emphasis on comprehensive emergency action plans, thorough employee training, and the installation of emergency generators stood out as essential strategies for minimizing damage and maintaining operational continuity.

The lessons learned from recent IT system outages serve as a stark reminder that even industry leaders can face significant challenges with cybersecurity. Implementing robust

business continuity plans and preventative measures like multifactor authentication is crucial for mitigating risks and ensuring organizations’ resilience in the face of potential cyber threats.

The discussions also highlighted the safety challenges convenience store workers face amid social unrest. Key strategies include extensive employee training in de-escalation techniques and crisis management, alongside proactive communication and listening to frontline staff. Balancing employee safety with community service is vital, as stores remain essential resources during crises.

Additionally, the impact of weight-loss/appetite-suppressant drugs such as Ozempic and Wegovy on consumer behavior and public health emerged as potentially a transformative topic. These medications have the potential to alter eating habits and disrupt traditional consumption patterns in the convenience store, grocery, and fast food industries. This shift might signal the need to reevaluate product offerings to align with changing consumer preferences and health outcomes.



NOTABLE AND QUOTABLE

On Emergency Preparedness...

“ It’s nothing like having something like this go on when you can really have a chance to say, what did we do right and what did we do wrong? What do we need to improve for the next one? There’s a few ways to do it. One is put in the generator and have it installed when you build a store. Another one is to be able to plug it in and have generators that can move around on trailers. And a third way is they have companies that you can hire that have a subscription service and then they will bring in a generator and their guarantee is they’ll have you a generator within 24 hours of the event.

Greg Parker, Founder and CEO, Parker’s

“ At the end of the day, it’s a risk trade-off, and we’re asking to spend money that could be spent to generate revenue. So how do we preserve the revenue?

Chris Thomsen, CIO, The Wills Group

“ We always look at ourselves. It doesn’t matter if it’s a pandemic or if it’s a hurricane or what the emergency situation is, we are a really important lifeline and a frontline emergency response to our communities. So that would be...where most of our focus will go. And then of course, supporting the employee base as well. **Barbara Stoyko**, Senior Vice President, Shell USA

“ If you don’t have a lot of controls in place, stepping up the security with that second-factor authentication will stop a lot of that from happening. And I know it takes more time and it’s really a pain to deal with, especially when you’re going into multiple applications several times a day, but it does really help. And it’s amazing how many attempts that we get as far as getting hacked. And it’s happening more and more, and we’ve had to be a lot more proactive to protect ourselves in the organization from loss, because the risk is out there for sure. **Mark Samuels**, Executive Vice President, Convenience Retailing, Dash In/The Wills Group

On Cybersecurity Preparedness...

“ It’s the thing that keeps me up at night and it’s something we’ve made major investments in. And thankfully we haven’t had any issues, but I also know that even with all that preparation, all the money we spent, it can still happen. And so you just have to be, I think, mentally prepared for it. And not think that just because you did X and Y, you’re good. So you just have to constantly check yourself and challenge yourself. **Jonathan Polonsky**, CEO, Plaid Pantry

“ We’re a smaller company on the wholesale side and just 14 stores. But a larger colleague of ours was hacked and was down for a few months and lost years and years of financial data. They recommended a best practice. We were already doing physical and daily cloud backups, but they recommended a monthly backup and a quarterly backup that was kept off site.

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

“ Part of the challenge is changing the dynamic of the conversation. There’s nothing at the end of the day that we can do that can give 100% assurance that it will never happen. The better question is, how well are we prepared to react and respond? As part of our annual testing, and we did a phish the other week, we had eight people that fell for the phish, but Zscaler blocked it. And so that’s an example where trying to combine our employee education with putting tools in place to prevent a person from making a mistake, is really where the focus has been. I’ve been a firm believer that if you maintain and patch your environment, your biggest risk will always be your people. **Chris Thomsen**, CIO, The Wills Group

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Preparing for Social Unrest

“ Our folks need to protect themselves first. They need to protect our assets second, and then they need to try to provide the best customer service they can after that. **Roy Strasburger**, CEO, StrasGlobal, President, Compliance Safe, and Vision Group Network Co-Founder

“ We have panic alarms that everybody wears at the store. So if anything happens, they immediately, no matter where they're at, they have wristbands, they just click that and it immediately calls 911. **Mark Samuels**, Executive Vice President, Convenience Retailing, Dash In/The Wills Group

“ We centralized all of our communication through what we call Gateway. And so if any employee is unsure of how to act or react or what the next steps might be based off any incident for that matter, we'll communicate through Gateway and they know to either look at their text or look at Gateway where possible. So that's been a key thing for us to make sure that the communication is there. **Troy Dickson**, Vice President of Retail, Parkland USA

“ Everyone's talked about training, but all the trainings in the world, it never feels like enough. But we just keep increasing the frequency of our training too, whether it's the crisis training or the de-escalation training and just trying to stay on top of it. **Laura Aufleger**, President, OnCue

“ Make sure your locations are lit up. I think light is one of the big deterrents when it comes to crime. So the more light you have, exterior light, you have light inside, that's really a proactive approach to making sure that you're mitigating some of this. **Don Rhoads**, President/CEO, The Convenience Group

“ You have to be clear about what your policies are during those timeframes as well because people will come up with their own solutions. You need to be controlling and leading the dialogue. **Tracey Hughes**, CEO, Wallis Companies

“ Semaglutide is an appetite suppressant first of all, but also they've come up with some recent research that it also reduces addictive behaviors. So, if you're a smoker or a drinker, it can reduce that aspect of it. It takes aim right at our core categories, other than gasoline. Snacks, sweets, smokes, alcohol. And I think from the research I've been seeing, a lot of the supermarket companies are trying to figure out how to address this. And we were wondering whether or not anybody's really thinking about it in the convenience sector. **Roy Strasburger**, CEO, StrasGlobal, President, Compliance Safe, and Vision Group Network Co-Founder

On Appetite-Suppressive Drug Disruption...

“ It's affecting restaurants in New York, they're already saying, "We're thinking of asking and charging a minimum amount for dinners because people are coming in, they're not getting three courses, they're leaving what they're buying." There's talk of "women who lunch" who are walking instead of going to eat. And here we are, we're in an industry which is around snacking and around fast food. And how are people, is the question, preparing for how that might change? **Eva Strasburger**, President, StrasGlobal, CEO, Compliance Safe, and Vision Group Network Co-Founder

“ At this point, outside of insured people that are getting it for a really medical need like diabetes, it's potentially still a bit out of reach for some of the population that might overlay better with our average demographic. That's just maybe an initial thought. But then, it's kind of like the EV customer, right? It's somebody different right now than it will be down the road where it'll get a little bit more into the mainstream. So, that could be interesting to look at from a data standpoint. **Barbara Stoyko**, Senior Vice President, Shell USA

CLVG Views

In The Room With CLVG

On “Disease X”...

“ When COVID happened, there was no preparation, there was no thought for it, and everything was just a scramble. So one of our questions is, are we doing things differently now knowing what that experience was like? **Myra Kressner**, President, Kressner Strategy Group and Vision Group Network Co-Founder

“ Those who had a COVID plan, would you just take what you had in place such as protecting your older employees and not having them come in, having alternatives to use for disinfection protection and gloves, really emphasizing the need for hand washing and putting out disinfectant? Do you have a policy that you had at the end of COVID that you’d just pull out and say, we’re going to do this again? **Eva Strasburger**, President, StrasGlobal, CEO, Compliance Safe, and Vision Group Network Co-Founder

“ We weren’t prepared at all for COVID, and I was proud of how quickly we were able to rally, and thanks in large part to the resources that Roy and Eva generously shared early on with the industry. That became the foundation of a lot of our response, but we tweaked that to our local municipalities and operating parishes and memorialized all that. And I felt like I had a little bit of PTSD reviewing back through some of it recently, looking for something, but it’s all there. So, I think we’d probably start back to that, fall back into that and respond to whatever the next thing is because I don’t think we can 100% prepare for it. **Annie Gauthier**, CFO/Co-CEO, Y-Not Stop - St. Romain Oil

“ There were some key learnings for us in COVID, and I think some of those things we would fall right back into immediately. We were having 6:00 AM crisis calls every morning. Our team was good at that. We had a very succinct order navigating the different municipalities. And in the state of Texas, every city, county had different guidelines, rules. So we were having to figure out how to drive a transport to this county, to this county, to this county to deliver fuel. And they all had three different compliance things that they had to fall into. I mean, I think there’s a lot of things we learned there. In terms of supplies, gosh, I mean, that’s the million-dollar question. What would it be and what would be the need to protect your people and/or your guests? I don’t know. And you even think about how the pandemic started.

We were talking about this just the other day, not thinking about preparing for it, but just thinking about the uncertainty when the pandemic started, because the CDC initially said you didn’t even need a mask, right? And then they changed their mind. So, I mean, just sitting here trying to think about what you might need if something was to occur again, not knowing what the risk would be that’s hitting the public, I think, is like a dart throw. But I think having good preparedness plans, like we started off talking about in case of a disaster, I think is really critical. And probably brushing off and keeping those up-to-date would be important. **Kevin Smartt**, CEO, TXB Stores

CLVG Views

In The Room With CLVG

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.



Myra Kressner, Vision Group Network Co-Founder

Aligned with VGN's mission of Sharing Today to Shape Tomorrow, several CLVG members commented during our meeting on the importance of the convenience leaders

having these discussions and sharing best practices in order to be prepared for disruption from climate change/natural disasters, cyber threats, social unrest, the next health crisis. In response to the topics that CLVG has addressed, and the issues of store security, safety and loss prevention becoming more top of mind to retailers, NACS is hosting the first **Loss Prevention and Safety Symposium**. The event will take place December 3 and 4 in Dallas, Texas.



Eva Strasburger, Vision Group Network Co-Founder

Semaglutide, the active ingredient in the diabetes and weight loss drugs Ozempic and Wegovy, is impacting the economy - and will continue to do so unless some terribly negative side effects are discovered. In particular,

the convenience industry which sells processed foods that are high in fat, sugar, and salt as well as addictive substances like alcohol and tobacco will be affected. Read this article, **How Ozempic Affects Food Sales** by Tilly Distribution to find out more.

To quote: "So, how is Ozempic affecting food sales? Several major food and beverage retailers have proven that Ozempic has caused consumers to purchase less food, especially sweet food, beverages, and snacks. Many manufacturers are taking note and adjusting their future approach to meeting the market.

"In October 2023, Walmart became one of the first retailers to correlate Ozempic, food sales, and changing habits. Using internal pharmacy and grocery data, the study found that Ozempic is negatively affecting Walmart's food sales. Measuring per-unit sales and calories, the retail giant confirmed a long-held belief that patients on GLP-1 drugs buy less food, particularly within the sweets and snack food categories.

"Morgan Stanley also released its take on Ozempic's economic impact, forecasting a 4% decline in soft drink, alcohol, and salty snack consumption over the next decade. That's based on the wider use in the US, with as much as 9% of the population taking some kind of GLP-1 medication by 2035.

"Importantly, food and beverage manufacturers are accelerating their plans to implement low—or zero-sugar product lines, smaller packaging sizes, and a shift to emerging markets, where GLP-1 drugs aren't expected to see widespread use for decades."

Other impacts of semaglutide as highlighted in this article in The Guardian, **"From fashion to the food industry: 11 ways that weight-loss drugs have changed the world,"** including: higher labor productivity, longer life expectancy, reduced medical costs, less spending on food, more spending on fitness and lifestyle and reduced desire for alcohol, tobacco, and opioids."



Roy Strasburger, Vision Group Network Co-Founder

One of the disrupters that the group talked about was another pandemic. At the moment there are several epidemics around the world (Marburg, Mpox, Avian flu, among others) that could grow into a pandemic. With the U.S. still suffering from "COVID fatigue," what will happen if there is another pandemic in the U.S.? In this Harvard School of Public Health article, **The next pandemic: not if, but when**, the assembled experts discuss how well the U.S. is prepared. Looking through different lenses (such as our current infrastructure, public policy, and societal issues, to name a few) they give an overview as to where we currently are in preparing for the next pandemic.



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CONVENIENCE LEADERS
VISION GROUP

MEMBERS

VISION GROUP NETWORK CO-FOUNDERS



Myra Kressner
President, Kressner
Strategy Group;
CLVG Facilitator



Eva Strasburger
President, StrasGlobal;
CEO, Compliance Safe



Roy Strasburger
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Hal Adams
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Laura Aufleger
President, OnCue



Lisa Dell'Alba
President and CEO,
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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



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
Chief Executive Officer,
Casey's General
Stores, Inc.



Donald Rhoads
President/CEO,
The Convenience
Group, LLC



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



Donna Sanker
President, Parkland
USA



Joe Sheetz
Executive Vice
Chairman, Sheetz, Inc



Kevin Smartt
CEO,
TXB Stores



Barbara Stoyko
SVP Mobility Americas,
Shell USA

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In The Room With CLVG

IN THE ROOM WITH CLVG:

*Expecting the Unexpected:
Foreseeing Potential Disruptions*



Convenience Leaders Vision Group (CLVG) invites you to join us **In The Room** to experience our meeting on October 1, 2024. We are providing you with the entire conversation so that you can be “in the room” with us, rather than simply reading polished sound bites.



CLVG Views

In The Room With CLVG

Agenda

23 Topic Reference Key

24 Welcome, Introductions, Meeting Rules

26 Emergency Preparedness

29 Cybersecurity Preparedness

37 Preparing for Unrest

45 Supply Chain Disruptions
and “Disease X”

50 Appetite-Suppressive Drugs

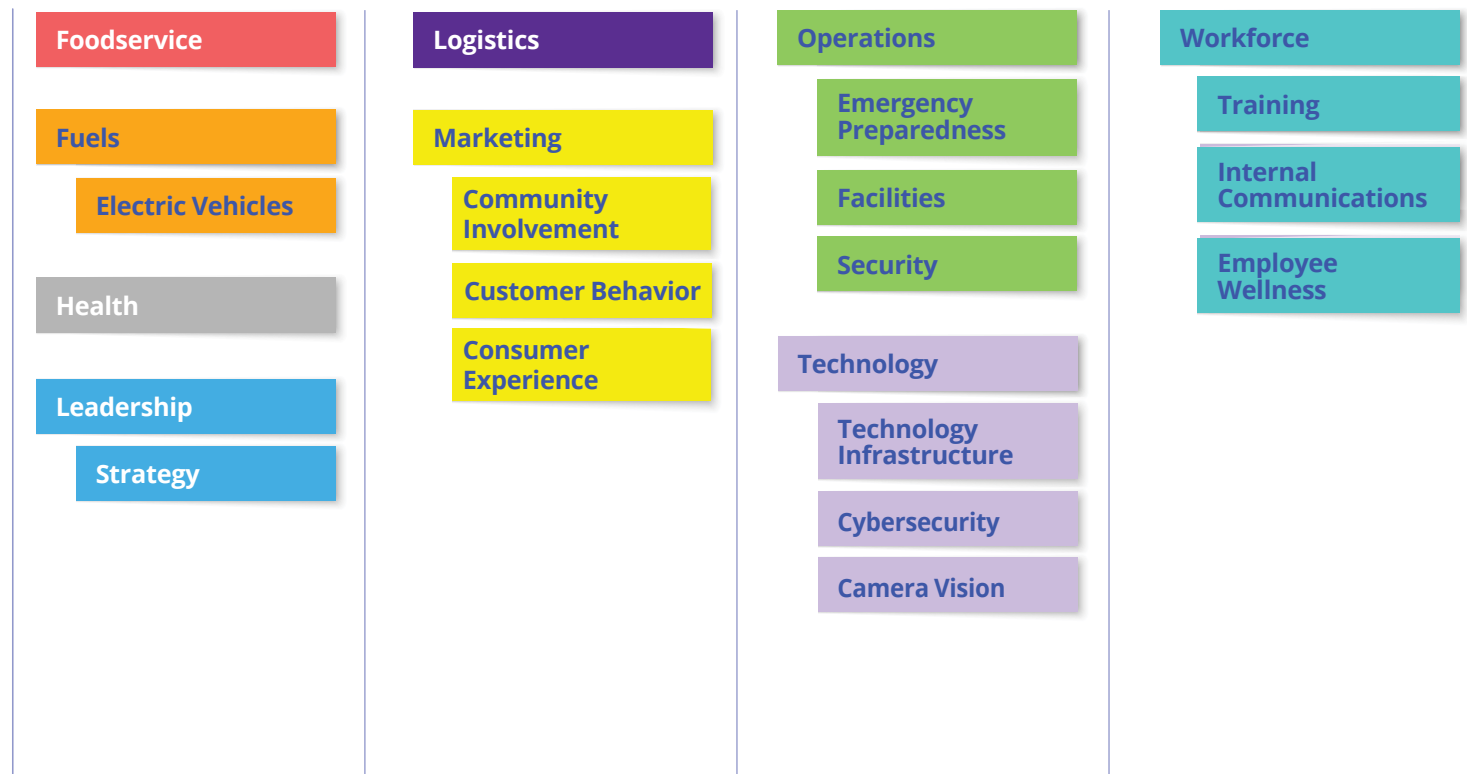
55 Closing Thoughts

CLVG Views

In The Room With CLVG

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.



CLVG Views

In The Room With CLVG



Myra Kressner

Welcome, Introductions, Meeting Rules

Hello everyone. For folks who haven't met me, I am Myra Kressner, and on behalf of my fellow CLVG co-founders also on the call, Eva Strasburger and Roy Strasburger and I are pleased to see you on this meeting that promises to generate stimulating discussion on a range of important topics. We are pleased to be welcoming three new members and a couple of guests whom I'll introduce in a few moments.

We don't have any guest presenters today. Instead, our CLVG members' own subject matter experts will join the discussions on potential disruption from cyber threats and hacking, social unrest, supply chain disruption, the next health crisis, and given the devastation caused by Hurricane Helene, I think we should spend a few minutes talking about the impact of natural disasters.

Time permitting, we'd like to bring up the potential disruption from GLP-1 Ozempic-like drugs. In fact, our original, The Vision Group, discussed this at our September 6th meeting. And folks like Lonnie McQuirter said he sees fewer units being replaced by higher rings and profits going up.

This screenshot [antitrust statement is shown on the screen] reminds everyone of the antitrust statement and publication acknowledgement that every member and meeting participant has signed.

What we're going to do on this call today is essentially talk about what you are doing to protect your business, your people, your assets and data, and what you're doing to stay in business to keep your customers.

Just some housekeeping. We are recording this discussion and please use your camera and keep it on as much as possible. Conversely, please keep your audio on mute unless you're speaking, to 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, you can either 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 off-the-record comments, just let us know that what you're about to say or have said is off the record.

At this time, I am delighted to welcome our newest CLVG members and several other member guests who will be participating in this meeting.

CLVG Views

In The Room With CLVG



Jonathan Polonsky

Jonathan Polonsky with Plaid Pantry, would you take just a minute or two to introduce yourself?

Hello, my name's Jonathan. I'm the CEO for Plaid Pantry. Plaid is a 60-year-old chain, mostly in Portland, Oregon. We do have one store up in Seattle, a couple over the river in Vancouver, Washington, and then a few down in the Salem market, which is 30 miles south of Portland. We run small, usually 2,400 square foot stores. We do have some bigger stores that have gas. Eight stores have gas. We don't have foodservice, so we're kind of unique in that way. Something we're always looking at, but just have never been able to get it to work in our older physical plants with any real success.

Good topic today, I think. I feel like I've been through all of these things, so it's not like I have the playbook, but I think it's always good for us all to be thinking about the unexpected. So I'm looking forward to hearing what everybody else's experience has been along these lines. Thank you.



Myra Kressner

Thank you, Jonathan. Laura, please introduce yourself.

Laura Aufleger

Hello, I'm Laura Aufleger, the president at OnCue. We are, I guess, 58 years old. I'm third generation in the business. We are based in Stillwater, Oklahoma. Most of our stores, I think we have about 70 stores right now, are in Oklahoma and then one in Houston, Texas.



Myra Kressner

Tracey Hughes

And Tracey Hughes. Welcome, Tracey. Would you please introduce yourself with Wallis Companies as CEO.

Yes. As Myra said, I'm with Wallis Companies. We operate in the St. Louis area. We have two different retail chains that we operate. On the Run as a franchisee, it's actually a regional franchise developer for Circle K. And then we also have a group of smoke shop, liquor stores that operate under the brand name of Dirt Cheap. And then we have a tunnel car wash chain that we also operate. We are a family-owned business. I am not a family member. I am the second non-family member CEO. The family is still very active in the business at the board level and aligning with our strategies, but for the most part our leadership is homegrown in our organization. Very important to us to promote from within and I'm a product of that philosophy. Happy to be here. Long time friends with Myra. Grew up in the industry with her, so excited to be a part of this group.

Myra Kressner

Thank you. And we are very pleased that you've joined us Tracey. Troy Dickson, we're glad that you're back sitting in for Donna Sanker. Thank you so much for taking the time to do that. And we're pleased that you are joined by Dale Shafer, Director of HSE (Health, Safety, Environment). Dale, would you take a moment to introduce yourself?

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Dale Shafer

Emergency Preparedness

Strategy

Myra Kressner



Chris Thomsen

Emergency Preparedness

Myra Kressner

Strategy

Training

Dale Shafer

Sure. I'm Dale Shafer, I'm the director of HSE for Parkland USA. Most of my background is in mining, oil and gas and electrical utilities transmission, but relatively new to retail, and certainly commercial fuels, but I've been with Parkland since April of last year. And our approach on **emergency preparedness** and business continuity is pretty much trying to anticipate what could go wrong and **get programs, processes and plans in place to manage**. Happy to be here and happy to share.

Thank you. And Mark Samuels, good you're with us. And you've asked your colleague Chris Thomsen, Wills Group CIO to participate. Chris, would you introduce yourself?

Sure, Myra. Chris Thomsen. Again, I'm the CIO for the Wills Group, which Dash In is part of. And work with Mark quite a bit. Have been here for just over two years. So relatively new to the industry, quite a bit of retail background in other industries, but new to this industry.

Emergency Preparedness

Good. Well thank you everyone. Let's get started. Disruption from natural disasters was not specifically included in our agenda, but should we take a few moments to talk about the devastation caused by Hurricane Helene? Are there any personal comments that people want to make or can anyone talk about any **new process or practice** that you've established in the last two years?

Yes, I don't know if I can give comments specific to the hurricane, but we do operate in Houston. We did have the hurricane come through earlier this year and we have extensive operations in Florida. The approach that we've taken is to **build from the ground up**, including creating emergency action plan, which is required by OSHA that **we train and orientate** all of our employees to during their onboarding. It's a very high level. In case of fire, in case of a spill, in case of a theft. Generalized, here's your quick action response that's required and all that's backed up and supported by more comprehensive emergency response plan.

For something like a hurricane, we **did create hurricane preparedness and response plans** for all of our retail and commercial operations. When it's time to start getting ready, we aren't really guessing at what needs to happen. We've thought through what needs to happen based upon past experience. We push that out to all of our various branch or district managers who take the accountability for assuring that the stores are as ready as they can be when

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Myra Kressner

Eva Strasburger

Dale Shafer



Troy Dickson

Strategy

Emergency Preparedness



Eva Strasburger

Roy Strasburger



Annie Gauthier

Strategy

something like that happens. I can pause right there, but I got lots more to share on it if you're interested. I don't want to over-speak either.

No, that's good. Thank you, Dale. Is there anyone else that's in hurricane country? Yes?

I had a question for Dale. Dale, have you had to use the plan and was it effective? Were you pleased with it?

Helene did have impact to Florida. Our commercial operation is a little further north than Miami, I'll put it that way, I think it had a higher impact. But we did see high winds and heavy rains that we were prepared for. That was about the worst that we experienced so far this season. Knock on wood.

Several years ago **we built out a plan from our refinery** in British Columbia because it sits basically right at the side of the ocean. And in western Canada we had every year, every second year we'd get some significant fires. We had a flood that actually wiped up the whole pipeline up the Okanagan and up the valley. So there's a lot of environmental issues that could have happened. And basically what we did is we built out the emergency response plan through fire, flood, and then incorporated what Dale and his team worked on for the hurricane. It's all interrelated, the process that you want. There's parts that you have to worry about with the event for sure, but then the process in place.

And so anyway, he and his team built out the **hurricane preparedness**. Now all of our store managers, district managers, have **access to the emergency response plans**. We had an issue in Panguitch, Utah where a dam potentially was cracking and was potentially going to burst. What the team did is proactively started through their emergency response initiative and just started, got prepared. So what he's been able to do is when we see something coming, we're days ready and we're talking from basically right from our store level, right to our senior management team. It's been quite effective and it's a tool that we all use and we've all gone through as an organization, gone through the training.

Congratulations.

Annie, you're in Louisiana. I assume you have plans in place as well, right?

We do. We've developed and fine-tuned a **hurricane response plan**, which we also modified some for the ice-pocalypse of '21. We tend to **start staging things** as soon as there's a named storm that's on track to hit us. With Francine we got already and fortunately it dodged the other way and for the most part fell apart.

CLVG Views

In The Room With CLVG

Facilities

Roy Strasburger

Annie Gauthier

Strategy

Roy Strasburger

Annie Gauthier

Roy Strasburger

Myra Kressner

Greg Parker



Logistics

Facilities

Strategy

Facilities

Do you use **emergency generators** to stay in business?

Yes, so we **have them at about 40% of our stores** at this point, regionally. All of our newer builds, our larger volume that are on major evacuation routes, we've been able to minimize downtime, especially in the aftermath of a hurricane. The nice thing about hurricane as a natural disaster, especially being a little bit inland like we are about three hours from the coast, is we can brace for impact and by and large keep people safe. But we've got to **just try to do what we can to protect property, protect product**, and then be ready to open back up after the fact because that's when the demand really hits. And a lot of times we've seen surrounding communities severely impacted and so we are the frontier of what's still got something like normal infrastructure. So we try to just make sure we're ready to respond on the back side.

One more question. Was the generator program a private initiative or is it something that you worked with the state or with FEMA? Did you just decide to do it yourself?

It's been private. Yes. We've done it ourselves.

Thank you.

Greg?

We've had huge impacts from Helene and we had 48 stores down and it's kind of shocking - the best laid plans, we did not expect to have the **supply interruptions** we've had and the damage that we've had. It's been shocking because I've been through a whole lot of hurricanes, but we didn't expect it. Just as I'm sure Asheville didn't expect to get what they got.

But we had twenty-something inches of rain just a few weeks ago with another hurricane. And with this we just weren't prepared. And we identified stores that would be in evacuation corridors and in those areas we **put in generators** hooked up to natural gas so that could take care of what was going to happen. Every store where we had a generator did not lose power.

The best way to do this is to have a **fleet of generators with a fleet of trailers** so that you can pull them and when you're building your new stores - and we're opening 20 stores this year - so that you can just plug it in and you're ready to go. We ended up needing one of the generators for our own internal systems in our office, which we didn't anticipate either. I lost power in my house Thursday night and got it back Monday morning. Some people don't have power still today. I think 69,000 people in Chatham County still don't have power.

CLVG Views

In The Room With CLVG

There's **a few ways to do it**. One is put in the generator and **have it installed when you build** a store. Another one is to be able to plug it in and **have generators that can move around** on trailers. And a third way is they have companies that you can hire that have a **subscription service** and then they will bring in a generator and their guarantee is they'll have you a generator within 24 hours of the event. We had a store in Aiken yesterday that we had to get five loads of gas, five tank wagons of gas, and it's going to be over 40,000 gallons sold in a day.

Like I said, we had 48 stores down. Today we have two down of those 48. We only have two left. But I think maybe **having a hybrid program** if somebody's preparing for things like this, just like I say, the permanent generators we had not one of them was in use. Bad luck. Or good luck, I guess. But we're going to have a meeting about this on Thursday. It's nothing like having something like this go on when you can really have a chance to say, what did we do right and what did we do wrong? What do we need to improve for the next one?

Cybersecurity Preparedness

Myra Kressner

Thank you, Greg. Anyone else want to talk about their process or changes that they've made or changes they think they need to make?

Okay. Well, thank you. I know that that was not part of our original agenda, but we thought it was important to bring this up now. Let's go to what we're expecting to talk about. So the CrowdStrike **cybersecurity debacle** occurred this past July. That global computer outage affected airports, banks, and other businesses, which stemmed, at least partly, from a defect found in a single content update of its software on Microsoft Windows. As a result, roughly 8.5 million systems crashed and were unable to properly restart in what has been called the largest outage in the history of information technology and historic in scale.

The outage disrupted daily life, businesses, and governments around the world. Many industries were affected. Airlines, airports, banks, hotels, hospitals, manufacturing, stock markets, broadcasting, gas stations, retail stores, as were governmental services such as emergency services and websites. The worldwide financial damage has been estimated to be at least \$10 billion. Within hours, the error was discovered and a fix was released. But, because many affected computers had to be fixed manually, outages continued to linger on many services. So let's open this up. What does this

mean to your companies? What would you do? What did you do? Was your response any different than it would've been three years ago?

Chris, should I assume that Mark invited you perhaps mostly for this topic? Do you mind if I put the two of you on the spot and ask you to comment on this?

Chris Thomsen

Cybersecurity

Strategy

Technology
Infrastructure

Strategy

Yes, Myra, I can certainly provide some context. For us at the Wills Group and Dash In, we were not impacted by it. So we do not leverage CrowdStrike. I will tell you from past experience, CrowdStrike is by far one of the best companies out there in this space. It just goes to show what one human error can do when you don't have proper controls in place. The forums and network groups that I'm part of, the majority of the conversations with CIOs really is around **how do you learn from the lesson** in terms of maturing your **cyber internal defense** posture, and then more importantly, how does that then translate into both incident response and business continuity?

From a business continuity plan perspective, in the event that systems are down, how do you operate? We talked a minute ago about generators. And the beauty of having mobile generators is you don't have the capital outlay at each of the facilities. The downside is you got to be able to get the generators to the site if the power goes down. When you think about what's occurred like in North Carolina, the ability to get the tractor trailers there would be impeded. You still have to have the business continuity plan in terms of how do you handle that.

Now the reality is, when you lose the power in that example, that changes dynamics considerably. And so for us, when I equate it back to **how are we securing and posturing ourselves?** We have our regular ISP or internet service provider and we have Cybera, which offers a cellular backup. And so if we lose the ISP, we've got a **cellular backup** to process payments. The challenge with that type of an **architecture design** is that that is only at the payment terminal. When you are driving a better customer experience through loyalty and those things, the customer intimacy gets impacted because the loyalty components are upstream from the payment processor.

What we are looking at for this year as part of hardening that process is **putting a cellular backup at the front end of the ISP**. How all of that equates back to CrowdStrike is – when you look at what fundamentally happened, a release was put out. With a lot of the MSP and ISPs that are out there, they will apply those patches and there was not a quick and easy way to reverse that back out, and you got the proverbial blue screen of death, which meant that you had to rebuild it.

CLVG Views

In The Room With CLVG

Myra Kressner



Mark Samuels

Chris Thomsen

From a company perspective, my personal opinion would be just because you leverage a CrowdStrike, which again is one of the top tier companies out there, you still have to do some form of **regression test before you deploy it** across your entire chain. The challenge with that is you're paying them to ultimately manage it just like you are with Microsoft Office 365. Those updates just occur, but you've got to make sure that you're reviewing those release notes ahead of time so that you are prepared in the event that something were to happen. For us, fortunately we were not impacted by CrowdStrike. I think the biggest impact though is making sure that your disaster recovery, your incident response plans, evolve into more of the **business continuity aspects** of it and what do you do from an operational perspective when you don't have X and then fill in X, whether that's the computer or the network, et cetera. I can't speak specific to the CrowdStrike. Again, we fortunately were not impacted by it, but from the chair that I sit in, that's how I look at it.

Thanks, Chris. And before I go to you, Mark, we want to frame this not necessarily specifically as you said about CrowdStrike, but we've talked about cybersecurity and hacking and other nefarious things that might happen. That's really the bigger picture about how you would be addressing that. Mark, anything that you to add to Chris's comments?

Yes, I'll just add that one of the things we learned, we had a widespread outage recently, and realized that all of our tunnel car washes weren't on backup for payment. We were actually down for a period of time at those locations. So what do we say? Well, we got to get them on backup so this doesn't happen again. Only affected a handful of locations.

But Chris, since he's come on board, has done a really nice job of **upgrading our infrastructure**. We are current on all of our software. We put our patches out whenever, on a timely basis. We have labs set up in our office, so **everything is tested before they're deployed**. And they've put, again, together a comprehensive schedule to **keep us current** so we don't go out of date on any of the support that is required to keep all of our systems up and running. Chris, you want to talk a little bit about when things go through the firewall or not go through the firewall and how to create additional bandwidth in the stores? That's something that we've been dealing with too, to try to make sure that we have **enough bandwidth** in the locations to keep us going even though we have quite a few things within the firewall that slows everything down.

Yes. What Mark's referring to is at the store level, again, Cybera is a great product. Don't take what I'm going to say contrary to that. The challenge though is the throughput of it is minimized. It's only 30 meg. And so regardless of what network you've got coming in and out of the site, it's compressed down to 30. When I joined the organization, I heard quite a few complaints about bandwidth and speed. And the challenge with that was it was not understood the way that Cybera was architected. And at the time we had 100% of our network traffic at all of our stores going through Cybera.

Technology
Infrastructure

Strategy

Cybersecurity

Training

Roy Strasburger

Chris Thomsen

Cybersecurity

Training

What we've done since then is **partition the network and non-payment transactions are routed** outside of Cybera. Cybera is only handling the payment portion. If you think about...we leverage Verkada cameras, for example. The amount of pull that those have when you're watching live videos, that's straining the same network at the time that was competing against the payment processing. Taking the time just to **further architect it** has been a key area from an operational stabilization perspective. Thinking more broadly than that, for our corporate employees, we have migrated from a VPN model to a zero trust.

And so there is no action taken by the person. The devices immediately are protected and secured. And so I'm sure most of the organizations represented here, they do annual testing, whether it's penetration testing or regular **phishing exercises**. We deployed Zscaler (cloud-based services to protect enterprise networks and data) in the last 12 to 18 months. And part of the reason behind that is not just the zero trust, but it also adds a layer of security to block things. And so as part of our annual testing, and we did a phish the other week, we had eight people that fell for the phish, but Zscaler blocked it. And so that's an example where trying to combine our **employee education** with putting tools in place to prevent a person from making a mistake, is really where the focus has been. I've been a firm believer that if you maintain and patch your environment, your biggest risk will always be your people.

And speaking of that, what did you tell those eight people that went for the phishing expedition?

So what we do is the first time you fall for it, it's just a little phone call from our security team, which is one person, and they **educate them** on how they should have realized it was a phish. When we have repeat offenders, it is a more formal process that will include their management team from an awareness perspective. We are at the point where we've got a couple of repeat offenders from the activity last week, and so we'll be testing that process out right now, Roy. But that is the plan. The first step is just to educate them.

You don't want to always hit them with a stick you want to teach. And so part of what we've done is try to help do that. And earlier today, we recognized birthdays and anniversaries at the company, but we also did **a game around cybersecurity** and just to generate a little bit more excitement around it. Because I mean, look, no one wants to deal with it. If you spend too much time in cybersecurity, it's a bad place to be. It's all doom and gloom. There's nothing exciting about it. And so it's about finding the right balance for us. But that's what we've done, Roy, is that first time it's an education. The second time it does come with notification to their manager. And then what we also do for **broad-based exercises** is, we'll send the email back out and we'll explain to them here are the telltale signs that it was not legit.

CLVG Views

In The Room With CLVG

Strategy

Mark Samuels

Another thing I'll add is that we had an attack with our payroll provider, and there were messages being sent to store employees to log in here, update their credentials. We had several employees fall for that, and unfortunately, their pay went to somebody else. So we implemented a second step validation.

Chris Thomsen

Multifactor.

Mark Samuels

Yes, **multifactor authentication**. Until recently, we were able to go on single sign-on and have that, so we eliminated the need for that. But I guess the thing that I would just share is that especially if you don't have a lot of controls in place, stepping up the security with that second-factor authentication will stop a lot of that from happening. And I know it takes more time and it's really a pain to deal with, especially when you're going into multiple applications several times a day, but it does really help. And it's amazing how many attempts that we get as far as getting hacked. And it's happening more and more, and we've **had to be a lot more proactive** to protect ourselves in the organization from loss, because the risk is out there for sure.

Myra Kressner

Yes. Mark, there's a very well-known restaurant up in New York City. I don't know if anyone heard about this, but this was about maybe six or eight months ago. I want to say Gotham Bar and Grill, but I'm not sure that that's it. But it's one of the very famous restaurants. And their payroll was hacked. And they had to shut the restaurant down. Because it was just one restaurant and they couldn't recoup it and they couldn't keep their people and they couldn't recoup. I think they've since got back up, but for a certain period of time, they had no employees.

Anyone else either have similar experience or similar securities in place?

Troy Dickson

Strategy

Well, we had a cyber incident about three years ago. And so I know we know Zscaler, Cybera, multifactor authentication very, very well. I think our lesson learned was we **should have taken probably a more proactive approach** than we were at the time, and it affects the employees significantly. So anyways, our lesson learned was we are definitely taking a more proactive approach now, that's for sure.

Eva Strasburger

I was just going to say, so have you taken out insurance, cybersecurity insurance, or is that too expensive?

Chris Thomsen

I can answer that, Eva. We do have **cybersecurity insurance** at this company. We've been fortunate that through the investments that we've made, including having not just ourselves do a self-audit, but having **third-party review and audit**, we've successfully lowered the cost of it the last two years without significantly impacting the dollar thresholds in there. So it can be done, but as an industry, I think this last year, I think as an industry, the report I saw, I think it



Myra Kressner

Don Rhoads

Strategy

increased on average 16%. And that's the challenge with cybersecurity is it's constantly increasing. It has gotten a little bit better in terms of the carve-outs. It used to be a much more difficult process to prove that you had coverage. So it is a challenging area.

The other thing just to keep in mind, and I can speak to this from a company that I was at that had a breach. If you have a K&R policy, kidnap and ransom policy, you can also review that. And ransom is not necessarily a physical person all the time. And we were able to leverage that as part of our ransomware event. So there's a couple different carve-outs that are out there, but it is a constant changing area, and it's more the business disruption and how you calculate the loss of business disruption as part of that. So just perspective for what it's worth from past experience.

Thank you. Well, Don, do you mind if I ask you, are there any experiences from your stores that you want to share?

Well, we're a smaller chain, and so we really **lean on third-party contractors** to help us navigate much of what we're talking about. We do have a cellular backup for our stores as well. And this is probably a better question for Donnie to be honest with you, but we use online support and they're very proactive regarding making sure that we have everything in place, it's current, and we have the protectionary measures needed to operate our stores. We do **carry insurance** as well. We haven't really had much of an issue today, to be honest with you. And I'm knocking on wood here, but again, I think it's really good to have, just as a test, a third party take a look at what you're doing and make sure that you're not missing anything.

And the other thing I'll say is this is really important that we're doing today, and I'll go back to COVID and during that, and I'll say two years, we had a swath of time where there was a lot of uncertainty and decisions made based on internal best practices. But the **sharing of information** really did get us over the hump. And I'll go back to NACS, and our state association, we had 70-plus meetings over two years. This is really key. Having a group discuss a really important issue, one that obviously affects much of what you do day in and day out and find a common theme here that we can all use as a best practice.

Myra Kressner

Annie Gauthier

Well, thank you, Don. And that's why we're doing it. So Annie?

So like Don, we're a smaller company on the wholesale side and just 14 stores. But a larger colleague of ours was hacked and was down for a few months and lost years and years of financial data. They recommended a best practice. We were already doing physical and daily cloud backups, but they recommended a **monthly backup and a quarterly backup that was kept off site**, because in their experience, it was ransomware, but it was delayed. So it was deployed and then

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In The Room With CLVG

two or three weeks went by to where all their backups were overwritten and then it triggered. So every backup they had was affected and they would've been delighted to have only lost two or three months of data by having a longer, I guess, resource or a cleaner backup. So that is one thing that we've implemented in the past year.

Myra Kressner

Good. Thank you. Oh, Tracey. Yes.

Strategy

Tracey Hughes

Thank you, Myra. Just one comment on the insurance coverage. **We self-insure for cyber**, and many of the things that Don and Chris and others have mentioned we are also doing. But at our renewal this year, we did learn that the prices are coming down substantially on cyber. And our broker and carrier indicated that's because so many people have put **multifactor in place** and that it is much more difficult to penetrate. So the combination of having some of those tools and using third parties to test your system can make the insurance very affordable. So if you haven't checked it out lately, it was a more difficult decision this year for us to pass on the coverage than it had been in the past.

Technology
Infrastructure

And the only other tidbit that I'll share is that this investment in IT is something that can be argued that we should delay it or postpone it or not make the investment. So we put an **escalation awareness** in place so that specific escalations go to the CFO, the CEO, and to the board of directors, so that we know when attempts are made and when we're successful at thwarting them. And then we can have the autopsy of what happened. **So it's not just the IT department that owns it, not just the IT leader that owns it, but it's the whole organization.** And then it makes the conversation a lot easier when it's time for us to make a large **investment in our infrastructure** and protecting the one thing that's the most valuable to us, our data, then it's an easier sell for everyone to understand because for folks that aren't in the business every day and are making these decisions about major capital investments and our infrastructure, it can be challenging if they're not aware of the risks.

Myra Kressner

Yes. So Laura, Jonathan, any similar experience? Anything that you want to share about this?

Strategy

Jonathan Polonsky

Nothing really, other than **preparation and training**. As people who already talked about, I think it's the thing that keeps me up at night and it's something we've made major investments in. And thankfully we haven't had any issues, but I also know that even with all that preparation, all the money we spent, it can still happen. And so you just have to be, I think, mentally prepared for it. And not think that just because you did X and Y, you're good. So you just have to constantly check yourself and challenge yourself.

Myra Kressner

Thank you. Roy, you've got your hand up.

CLVG Views

In The Room With CLVG

Roy Strasburger

Tracey and Chris and everyone, thank you for sharing your information. I have a question directed to two comments that you made. When you're talking about making the investment in IT, how do you decide what the right investment is? I mean, there's so many people who come to retailers and say, "you need this, you need that." How do you decide what is the most effective way of spending your money and how do you judge what that investment needs to be?

Myra Kressner

Great question.

Strategy

Chris Thomsen

Roy, I can provide perspective on that from my lens. A couple of things. So again, I **leverage a third party** to come in and do an audit and maturity assessment of us, to help identify based on NIST (National Institute of Standards and Technology) and CIS (Center for Internet Security) standards, where are we ahead of the curve and behind the curve? But the other reason why I leverage a third party is this is what they do. And so within the cyberspace, **you can't protect only off of what you know**, you've got to understand what are the emerging trends and what are the things out there that they're starting to see new ways of doing it. And so when we look at where we're recommending investments, it's based on the external maturity assessment, and it's based on where we believe we have our greatest risk because at the end of the day, it's a risk trade-off and we're asking to spend money that could be spent to generate revenue. So how do we preserve the revenue?

I think part of the challenge is changing the dynamic of the conversation. There's nothing at the end of the day that we can do that can give 100% assurance that it will never happen. The better question is, how well are we prepared to react and respond?

Technology
Infrastructure

And so I think it was Annie that was talking about **backup and recovery**. If you're not looking at Rubrik (a data security company), that would be a good tool to look at it because it's immutable, it's completely off and it's not exposed at all. And so there are technologies. The problem is those **technologies are added every single day** and it's on both ends of it. And so it's really a risk-based decision that we try to leverage for that.

I would say for us, the business teams have been very supportive, and part of that is the commitment of making sure that we improve the stabilization efforts. And so that's how we've thought about it. It's really a combination of what is the trend that we're seeing out in the marketplace in terms of risk to the industry? What are we seeing in the broader cyber area? And then where are we at from an overall protection perspective? Because in some years, we are going to have to leverage more of our spin towards just upgrading maintenance as opposed to the new technologies, new capabilities. But it's a **risk-based analysis** is the short answer.

Strategy

CLVG Views

In The Room With CLVG

Emergency
Preparedness

Workforce

Strategy

Myra Kressner

Roy Strasburger

Workforce

Community
Involvement

Myra Kressner

Tracey Hughes

The other thing that I would add, and I don't want to assume the group knows this, but if you are hit by it, every state has different requirements for notification. And so some states it's based on the number of people potentially impacted. Some states don't care how many people are impacted. And navigating that, that is an expertise that you would want to have, whether it's part of your cyber policy or just through some type of legal support. You'd want someone who clearly understands how to navigate that because it is very complex, particularly in some states.

Preparing for Unrest

Thank you. Unless if anyone else has a comment or a question on this, we'll move on to our next subject.

So **social unrest**. As the election approaches, and without taking any political sides, there is a real possibility for **tension and additional stress** that our **frontline workers** may face in our stores and our communities. How will you be training and communicating with your workers? Roy?

The only thing I can do is go back to what we were doing during the pandemic. And if we were still working with stores, it would be **do whatever you need to do to not get hurt** while dealing with people. Because certainly during COVID, and at a lot of our stores in Texas, we have very aggressive people who believed what was right and what was not right, and what their personal freedoms were. But I think ultimately at the end of the day, what we did was stress that it's our **folks need to protect themselves first**. They need to protect our assets second, and then they need to try to provide the best customer service they can after that. So I hope it doesn't come to that, but I think that's an interesting question.

Anyone else? Yes, Tracey, please go ahead.

I can talk a little bit about what happened during Ferguson (2014 unrest in Ferguson, Missouri after the fatal shooting of Michael Brown) that was completely unexpected. And we had a few locations that were in the heart of where all of the controversy was happening, and **their safety was our most important factor**, but **staying open for the community** was also important because the community was losing a lot of resources during that time. So we actually brought in containers, storage containers of sweatshirts and just clothes that they could put on over their uniform because when we shifted out, when employees switched shifts, it wasn't good for them to leave the parking lot with that uniform shirt on. One of our key competitors, their store was set on fire and they had a lot of damage at their facility, both inside and outside.

CLVG Views

In The Room With CLVG

Strategy

Security

Internal Communications

Training

Myra Kressner

Dale Shafer

Security

And so, in an effort to stay open and serve the community, but make sure that our employees were protected, we came up with a program with the store. So we had a **team meeting** at those locations and we said, what are you comfortable doing? How can we make you feel more comfortable here? Whether it was bringing in **outside security**, which we did, and modifying start times of shifts so that it wasn't so well known by the community, what time people would be coming and leaving, putting extra staff on shifts, all those types of things. But the thing that really stands out in my mind is how we literally had a **whole new uniform set** for them that was just street clothes and made sure that they entered and exited the store in those street clothes. And that just gave them a level of comfort and security that we never would've anticipated.

So my message is, **talk to the folks on the front line**. They know more about what's going on than you do, and they can offer you solutions that are very easy to implement and very simple to stay safe in that environment.

And I would also say, think about things outside of the store. So we didn't anticipate what might happen with our trucks, for example, that were on the road trying to deliver fuel when a highway was shut down or something like that – that happens in an instant, and they're driving right into it. And so **outfitting them with some training**, outfitting them with things that make them, again, feel safe, but don't violate our company policies, no weapons or anything like that. So you have to be clear about what your policies are during those timeframes as well, because people, if you're not communicating with them, will come up with their own solutions. And so you need to be controlling the dialogue and leading the dialogue.

Thank you, Tracey. Dale?

[Training] So a couple of things. We've undertaken some **de-escalation training** for our employees to try to better understand how to react in the situation with a customer who may be aggressive. I think we've had some mixed results on that. We have had instances where the training's been applied and people have successfully de-escalated, and others were not so much. But it is a learned tactic, a learned behavior. It's not easy to de-escalate when someone gets in your face and threatens or acts aggressively. Also, we are fairly fortunate. We have a **security and loss prevention dedicated resource** on our retail team, and he conducts those environmental scans to get a sense for what's happening in the various markets that we operate and can provide us the alerts for trouble that might be brewing. We have had instances where roving gangs of motorcycle riders or dirt bike riders in Florida will encircle one of our retail stores and cause some mischief. And really the message for the store managers and the sales associates is don't try to solve the problem yourself. We have a network of people behind you that can help to interact and de-escalate those kinds of situations or give guidance on what to do. And really it's just trying to make sure that those people feel supported.

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In The Room With CLVG

Internal Communications

Myra Kressner

Troy Dickson

Troy? Yes, please.

So Roy summed it up really well as far as taking care of the persons and so forth. I think that's obviously priority one. A couple of things that we've done is, one is we actually have a **text group**, believe it or not, with all of our site managers and so forth. And basically, they can't go back and forth, but we can push notifications out to the team through obviously cell phones and so forth. So that actually has served quite useful because it keeps them in the loop and they tend to have that. The other thing that we've done is **centralized all of our communication** through what we call Gateway. And so if any employee is unsure of how to act or react or what the next steps might be based off any incident for that matter, we'll communicate through Gateway and they know to either look at their text or look at Gateway where possible. So that's been a key thing for us to make sure that the communication is there.

Myra Kressner

Thanks. Mark?

Mark Samuels

Being around the D.C. Metro area, we have quite a bit of activity pertaining to just...I'll call them bad actors. And the one thing that we know is that if someone wants to do something to your facility, there's really not much you can do to prevent it. It's really just how you deal with it.

Security

And I think the one thing that we have done that has provided some comfort to the store associates is that, well, two things. Number one is that we have **panic alarms** that everybody wears at the store. So if anything happens, they immediately, no matter where they're at, they have wristbands, they just click that and it immediately calls 911.

Now, if the police are not reacting, or we went through that period of the police aren't enforcing any type of crimes in the locations, we started putting **mag locks on the doors** in areas. I don't know if everyone knows what that is, but it's basically a button that they have at the register where if they see some activity that's coming toward the store, they can click that button and it'll lock the doors and prevent anyone from accessing the facility. Now, of course, they could break windows and things like that, but usually these type of people will, they'll go where it's the path of least resistance, and if they could just walk in somewhere that's better than breaking windows and things like that. That has worked really, really well. And it makes the employees feel more safe knowing that it's in their control and that they can stop people from coming in if it doesn't feel safe.

CLVG Views

In The Room With CLVG

Camera Vision

Strategy

And then the last thing I'll say is investing in really good **cloud-based camera system**, inside and outside the facility. And have really **good relationships with law enforcement**. We actually hired a loss prevention manager for our stores. His sole job is to watch videos, meet with all of the law enforcement in all the jurisdictions where we operate, sharing videos of incidents that happened. We actually **help the police** when they're looking for something where someone may have come on our site that did something bad somewhere else. We cooperate with them. And we have just had a tremendous amount of success working with law enforcement to actually catch the people that have had theft rings and robberies and caused damage on their facilities through those relationships.

So I think it's a combination of all of that will help not only make the employees feel safer, but actually work to help get these bad actors off the street.

Myra Kressner

Troy, yes.

Troy Dickson

Hey, Mark. Are your PSDs (personal security devices in reference to panic alarms Mark mentioned), do they put them on their belt? Do they put them on their neck? Do they have them at the till?

Mark Samuels

They're wristbands.

Troy Dickson

I haven't even seen those. Okay. That's cool. Okay. Interesting.

Myra Kressner

Roy.

Roy Strasburger

So Mark, I know Wills Group wins awards for being the best employer and a great place to work. How do you handle employee morale if you're starting to put mag locks on the doors? I know you said that they feel safer and they feel more in control, but obviously that action is indicating that there's a reason they need to feel safer in those areas. So how do you work with people in your group that are in troubled areas to keep showing up for work, keep them involved and making them feel like they are part of the system?

Training

Mark Samuels

So we do a lot of **training on the front end on how to handle certain situations** like this. And I have to say, I mean we have had a rash of robberies through our area in the past six months. When I say rash, I mean I'm talking like our 60 stores, we've probably had 30 robberies in the last 6 months. Anywhere from people driving through the facility and putting a chain around the ATM to drag it out of the stores, to snatch-and-grabs with cartons of cigarettes, trash bags, and ripping the cash register drawers out. We've actually done things like put trackers on money packs and cigarettes. That actually caught a theft ring earlier this year.

CLVG Views

In The Room With CLVG

Employee Wellness

Training

Internal Communications

Roy Strasburger

Eva Strasburger

Troy Dickson

Eva Strasburger

We've had a look at all this stuff because law enforcement is overrun right now and they are not able to keep up with the amount of issues that are happening. And those that cooperate with them and give them information, they're going to prioritize them because that's quicker arrest, less time for them to have to investigate them. If you get robbed or you have an incident and you don't provide them really any information, they're not going to do anything about it. They have nowhere to start.

So as far as the employees go and the **morale** and everything, we have an EAP (Employee Assistant Program) line. So if anyone feels like they need to talk to somebody about an incident that happened, they can call third party **psychologist** for free and get whatever type of mental health conversations that they need to have.

And on the front end, not only do we do training, but there's actually simulations that the store managers do in case something happens so they can actually practice what to do if someone comes in. We're very lucky. We don't even have people resign after we have an incident on location and we don't not talk about it. We figure it's better to get it all out in the open and say, "If this happens, this is what you do." So **everyone has a playbook** to go by if it does happen. It's unfortunate that it happens, but it's happening more and more and we're just trying to do everything we can to not really prevent, because like I said, you can't prevent someone from doing a bad act. It's really how you deal with it and address it. And hopefully, we can catch those people that are doing it so it doesn't become a repeat because usually when there's a ring out there, they will just do it over and over again until they get caught. That's been our experience.

Thank you.

Myra, if I could, I have a question for Troy. Troy, you mentioned contacting your team members through WhatsApp or chats. When we looked into doing that during COVID, we were warned off because they said you can't contact them out of hours if they weren't working. Do you only use work phones or how do you manage that?

Yes. So we give our store managers a stipend for the phones, and in regular course of business, we do only **communicate during work hours**, but in emergencies and so forth, **we'll push it** and we'll send it out. We just think it's in everybody's best interest to have that communication. And again, if the employee chooses not to use their phone and wants to go onto the Gateway, that's why we've got that as a backup and they can access gateway from almost anywhere.

Thank you.

CLVG Views

In The Room With CLVG

Myra Kressner



Kevin Smartt

Training

Strategy

Camera Vision

Strategy

So I do want to just take a moment now to say hi, Barbara. Welcome. We really appreciate you coming on for the last hour. So thank you. And you obviously know what we're talking about now. Feel free to jump in on this subject. I was going to call on Kevin to ask what you're doing, what approach you're taking, what training you're doing or experiences that you've had?

In listening to the group. I'm not sure I can add a lot to what's been said. I will say **we're doing all of the training** that's been talked about. We do de-escalation training, we do active shooter training. And I think the comment was made earlier, and I agree. I'm not sure if it helps in the heat of the situation, but we have had more robberies this year than we've had probably in any other year. We actually had a fatality this year in one of the robberies. So we were worried about really some of the training we're doing scaring off employees from the active shooter training, different things. It has not. We actually have gotten a favorable feedback from our employees for doing the training with them. So I would say we highly prioritize our employee safety.

So if there is any area or event of social unrest, if we were to decide to keep the store open, we would probably **staff up the store** way more with way more employees than we would typically have just for a sense of safety. Either that or we would close the store and let the store unfortunately have whatever event the store asset would have, but we just don't want to put our employees in harm's way if at all possible. We've invested heavily in **camera systems**. So I think all of our units now have very high quality camera systems.

We do a lot of **work with local authorities**. When we put in the systems, we found that to be beneficial because at one point in time we get feedback from them of them not liking the type of system that we put in place or not being compatible or some stuff like that. So we try to work with local authorities now when we do this and we have found that beneficial. And I would say we're also a transport company, so we **make sure that our truck yards are secure** and anybody that accesses those truck yards has to have security going in and out, especially in times of unrest, I think that can be important as well.

Myra Kressner

Thanks, Kevin. So Barbara, just because you're so good at this, I'll come back to you. We are talking about social unrest. I think you had come in to hear that that's what we're talking about. So are there any policies or procedures or changes that you've made more recently or anticipation for potential unrest, particularly due to the upcoming election?

CLVG Views

In The Room With CLVG



Barbara Stoyko

I don't have any. I don't have a lot of insights to add at this point. It's certainly something I could talk to the team about in more detail to see if we started to think about that. I think one of the challenges of being an integrated oil company is that you do end up with a lot of opinions about what you're doing and they all do show up at the retail sites. So if you're doing deep water drilling, that shows up at a retail site sometimes. Whatever positions you might take, whatever investments you're making. So it's something that we have a heightened awareness of, and we really just try to prepare the staff for understanding how to, I think some of the things that the team has said already, de-escalate, knowing who to call, how to get help. But other than that, we haven't done a whole lot on it in recent months for sure.

Myra Kressner

Thanks. Okay. Anyone else? Laura, anything that you want to comment on?

Laura Aufleger

Strategy

Training

I really don't have anything to add in addition to what's been said, but I will say, yes, the **camera systems and working with the local authorities and even being active in the legislature** locally has really helped on trying to keep employee safety at the forefront of everyone's minds. Every day is more challenging and the trajectory right now of customers behaving badly just feels like it's on an incline, unfortunately. But yes, our **crisis communication team** has also been really helpful in navigating and helping us to respond better. And I know everyone's talked about **training**, but all the training in the world, it never feels like enough. But we just keep increasing the frequency of our training too, whether it's the crisis training or the de-escalation training and just trying to stay on top of it.

Myra Kressner

Thank you, Laura. Roy?

Roy Strasburger

What I was going to say is that I've been doing some work with the city of Dallas to try to help them with some of their criminal nuisance issues. And one of the things that we found really effective was **training and education**, both for the retailer that we were working with, but also the law enforcement and code enforcement people as well. We were actually putting together what we were calling a "**Cop in the Shop**" program where we were having police officers spend some time behind the counter, so they could see how complicated running a convenience store is.

Strategy

The idea was try to **build empathy between the retailer and the police**, and the code enforcement people so they could understand why the city was doing their job, but also between the city and the retailer so they could understand that it's not an easy job that people are trying to do. It's not just standing behind a counter and selling cokes and smokes. It's very similar to what NACS has done in the past with politicians working behind the counter to try to get their industry issues front of the legislature. We've done the same thing to try to increase **the awareness at the city and the local**

CLVG Views

In The Room With CLVG

Facilities

Eva Strasburger

law enforcement levels as well, so they have a better understanding that these are just really people who are trying to make a living, and we need to help each other to solve the problems because crime hurts the retailer as much as it hurts the community.

Roy Strasburger

I think you should also mention the results because you've dropped the call-outs.

Well, yes. We worked with one specific site where they were having up to five or six police call-outs a week for incidents that were happening on their property. Due to **cleaning up the site**, increasing visibility in the site, increasing **lighting**, and putting in what we called a soundscape or **external music system**, we got that number down to about one every two months. So the city was really pleased with the results and we are working together on how the police interact with the retailers themselves.

Internal Communications

Myra Kressner

Yes. Dale, you're up.

Dale Shafer

So one of the things that we've done, and I feel it's quite impactful as well, is we call it a monthly **serious incident review meeting**. So really the premise is that we're trying to **create a learning organization mindset**. So any instance that we feel hit a certain threshold or that we might share with our broader organization, basically the store manager or district manager where the incident happened, shares the storyline of, well, here's what happened, here's why it happened, and here's what we're doing to try to prevent it from happening again. Our full scope of the meeting covers everything from security and loss prevention, to food safety, to occupational safety and emergency response.

Training

And one of the things I think that's most powerful about it, because it allows us to go from, "Well, here's what we trained you in," the **basic training package** that we complete to our store leaders, our frontline leaders, hearing their managers speak in an affirmative way. It's like, "Yeah, this is actually what we really want you to do is this thing here. We didn't just complete the training to check the box and move on. This is the expectations that we have." And it's a two-way dialogue that we're getting to now where the people are able to reflect back. It's like, "Well, the challenge we have with doing X is Y," and then we can spin out from there and start to dive in a little bit deeper to understand some of those challenges operationally that we have.

But it's a really interesting meeting. Well, I'll say it's a good meeting because I facilitate it, but what's good about it is it's very participative. We get people from all across the business talking, sharing, learning, and we've created this non-threatening environment. Initially it was tough. It was really tough to get people talking and not feel like, "Oh my gosh, I'm going to

CLVG Views

In The Room With CLVG

“speak now and get in trouble for telling you what I just told you.” And that’s just a natural fear of public speaking, I think. But we’re getting to the point where the **sharing is good** and the cross-pollination is evident. So we’re quite pleased with how that’s going for us.

Myra Kressner

Thanks, Dale. Does anyone else’s organization have something like their monthly serious incidents review meeting?

Strategy

Don Rhoads

[Strategy] Myra, this is Don. Just two things. We do have an **organized group of community businesses** that we work together in a certain area, specifically on crime and the impacts. And we’ve had success really with our security with word-of-mouth working with our customers. We can find many of these folks because I think someone said earlier, they’re recurring offenders. They really are. So if you can cut the head of the snake off, then you’re really sending a message to the rest of the support team that’s working with them. And the other one is, and Kevin, you’ll like this because we were sitting in a setting a couple of years ago when a friend of ours said, **light it up**. I mean, make sure your locations are lit up. I think **light is one of the big deterrents** when it comes to crime. So the more light you have, exterior light, you have light inside, that’s really a proactive approach to making sure that you’re mitigating some of this.

Facilities

Supply Chain Disruptions and “Disease X”

Logistics

Myra Kressner

Thank you. Okay. Anything else on this subject, or should we move on to **supply chain disruption**? Another favorite subject. Okay. Then let’s do that. I’m sure everyone knows that as of this morning, the **port strike** on the East Coast, Gulf of Mexico, is going ahead as of this morning, which handles about half of the Nation’s ocean shipping, causing delays and disruption. So will this be different from COVID-induced supply chain disruption? I mean, this was, I think the biggest strike they said since 1977. Is this different than other strikes or other supply chain disruption that we’ve recently experienced, or do we just not know? And Roy is laughing or smiling, does that mean you’re thinking of an answer?

Roy Strasburger

Well, I think we just don’t know. The big problem with COVID was that during the pandemic things were shut down for a very long period of time, and not only shut down on our side, but shut down for people sending things from overseas. So right now, these ships that are coming in with cargo are going to be sitting off the ports waiting to come in and be unloaded. I think it’s going to be purely **a question of what the duration of the strike is**. Although, I will say that with the stores that I have worked with recently, there’s **still a tinge of supply issues** that are going on for those people who are not self-distributing. A lot of it tends to be based on not having enough drivers or enough trucks to get around. We

CLVG Views

In The Room With CLVG

Logistics

Myra Kressner

Kevin Smartt

still are having out of stocks on items that we didn't have out of stocks on four or five years ago. So I think there's a little bit of that still going on, and whether this is going to increase that or not, I don't know.

Thanks, Roy. Kevin?

I may be a little naive. I don't know that I'm as concerned about **product supply issues** in the stores right now as I am about **durable goods** or things that might affect the construction industry. I think some of that may be locked up in ports or slow to get through ports. I would hope some of our supplier friends learned some lessons in the pandemic and changed some of their procedures and how they're producing products. So I'm a little hopeful that product supply wise, it won't be as bad.

Myra Kressner

Thanks, Kevin. Anyone else? Is this a non-issue at this point?

Mark Samuels

We're going to see. We don't know. I mean, it depends on how long it is, and I can imagine that if this goes on for weeks, it's going to take...I mean, what did they say on housing? The financial crisis set us back 10 to 15 years on being able to have enough housing to fulfill demand now. So the longer this goes on, and the more shortages we have, the longer it's going to take to recover. So it could be a really big deal. We just don't know yet.

Health

Myra Kressner

Okay. Thanks, Mark, Roy, Kevin. Anyone else? Okay. Let's then move on. So here is the headline from yesterday's medical press newsletter. It says, "**What pathogen might spark the next pandemic?** How scientists are preparing for Disease X." And then they talk about the unknown unknown compared to Donald Rumsfeld's famous known unknowns. So "Disease X" is an unknown pathogen with potential to trigger a severe global pandemic. To prepare for this, according to medical press, we need to adopt new forms of surveillance, specifically looking at where new pathogens might emerge.

In recent years, there's been an increasing recognition that we need to take a broader view of health beyond only thinking about human health, but also animals and the environment. This concept is known as "one health," and considers issues such as climate change, intensive agricultural practices, trade in exotic animals, increased human encroachment into wildlife habitats, changing international travel and urbanization. So what does this mean? Does anyone want to start us off on the potential risk? Roy?

Roy Strasburger

I'll jump in.

Myra Kressner

You always do. Thank you.

CLVG Views

In The Room With CLVG

Health

Roy Strasburger

I think that **if we have another pandemic issue, we're going to be in a world of trouble**. I think at the moment, in the United States, there is so much division, and there's a lot of **people who don't trust our health system** and don't trust the overall governance of health crises in this country. People who are for the CDC, people who are against the CDC, people questioning how the CDC handled the COVID pandemic. And I have a feeling that if it gets to the point where it's about monitoring and testing, it's going to be about whether actions are infringing on personal liberties. I think that we're in a very vulnerable spot at the moment. Because, whereas at the beginning of the pandemic, there was more of a care about the community as a whole, it became very individualistic towards the end. And I don't think we have had enough distance from that time period to be able to monitor a major disease outbreak and manage it. That is my personal belief, and not a political statement. I just think that's where I think the system is at the moment.

Eva Strasburger

And the solution?

Roy Strasburger

I have no solutions. Don't get sick.

Eva Strasburger

Barbara, you're so international, what are you seeing or what is Shell doing?

Barbara Stoyko

This is an interesting one. We really haven't been discussing it at all. To be totally honest, it's not an area that's really popped up yet as a key focus area. Are others focusing on it? I mean, I think for us, we're just thinking really operationally about just like we did last time, you have a lot of unknown unknowns. One thing we know is that we always look at ourselves whether it doesn't matter if it's a pandemic or if it's a hurricane or what the emergency situation is, **we are a really important lifeline and a frontline emergency response to our communities**. So that would be my guess is where most of our focus will go. And then of course, supporting the employee base as well.

Leadership

Roy Strasburger

We were just looking the other day at the COVID supplies that we had stocked up to send out to stores. We had **emergency response kits**, we had things that we would send out on a regular basis to the stores during the pandemic. And we're looking at them and wondering whether or not we need to be renewing them or topping them up or throwing them out. And it goes back to, I think what Chris was talking about, the **risk reward factor**. What do you think your risk benefit analysis is on doing these things? But if something happens and there's a shortage combined with a port strike and you can't get things in, are you prepared for it? Should we be prepared for it? For Mpox or whatever else is going to be coming around.

Emergency Preparedness

CLVG Views

In The Room With CLVG

Myra Kressner

Yes. I think one of the reasons why we brought this subject up is when COVID happened, there was no preparation, there was no thought for it, and everything was just a scramble. So one of our questions is, are we doing things differently now or would we do things differently? Can we do anything differently knowing what that experience was like?

Eva Strasburger

Those who had a COVID plan, would you just take what you had in place such as protecting your older employees and not having them come in, having alternatives to use for disinfection protection and gloves, really emphasizing the need for hand washing and putting out disinfectant? Do you have a policy that you had at the end of COVID that you'd just pull out and say, we're going to do this again?

Strategy

Kevin Smartt

Yes. I was going to say, I think there were some **key learnings for us in COVID**, and I think some of those things **we would fall right back into** immediately. I mean, we were having 6:00 AM crisis calls every morning. Our team was good at that. We had a very succinct order navigating the different municipalities. And in the state of Texas, every city, county had different guidelines, rules. So we were having to figure out how to drive a transport to this county, to this county, to this county to deliver fuel. And they all had three different compliance things that they had to fall into. I mean, I think there's a lot of things we learned there. In terms of supplies, gosh, I mean, that's the million-dollar question. What would it be and what would be the need to protect your people and/or your guests? I don't know. And you even think about how the pandemic started.

Emergency Preparedness

We were talking about this just the other day, not thinking about preparing for it, but just thinking about the uncertainty when the pandemic started, because the CDC initially said you didn't even need a mask, right? And then they changed their mind. So, I mean, just sitting here trying to think about what you might need if something was to occur again, not knowing what the risk would be that's hitting the public, I think, is like a dart throw. But I think **having good preparedness plans**, like we started off talking about in case of a disaster, I think is really critical. And probably brushing off and keeping those up-to-date would be important.

I found a document, it was in the study group...I think Greg got off the call, he's been in the study group a long time. There was somebody who used to be in our study group who went through a lot of effort to create a preparedness plan back in the early 2000s for the bird flu. And so, I still had the documentation, he gave it to the study group, right? And it was really interesting to go back and brush it off and look at it after the pandemic of some things being applicable and some things not being applicable at all.

CLVG Views

In The Room With CLVG

Myra Kressner

Annie, anything that you're doing or you would do differently or agree with what's been said that you want to go back to the plan that you put in place when COVID started?

Annie Gauthier

I would think the sentiments expressed so far, we weren't prepared at all for COVID, and I was proud of how quickly we were able to rally, and thanks in large part to the resources that Roy and Eva generously shared early on with the industry. That became **the foundation of a lot of our response**, but we tweaked that, as Kevin said, to our local municipalities and operating parishes and memorialized all that.

And I felt like I had a little bit of PTSD reviewing back through some of it recently, looking for something, but it's all there. So, I think we'd probably start back to that, fall back into that and respond to whatever the next thing is because I don't think we can 100% prepare for it.

Myra Kressner

Thanks, Annie. I guess, we're saying we are better prepared and the preparation is to keep going back and see if it does need to be updated. And be proactive in that rather than waiting perhaps a little bit too long.

Well good, thank you. Are there any other comments on this before we have one other subject to talk about? And then we'll do closing comments, but anything else on this subject?

Okay. So, you may have seen, or I hope that you did see, or listened to, rather, the "Convenience Matters" podcast that was moderated by Jeff Lenard with the guests our very own Roy Strasburger and Barbara Stoyko, talking about global convenience. Actually, Jeff reached out to CLVG right after seeing our last meeting in July on global convenience retailing, and he said, "Oh, this would be a great podcast." So, he reached out to us, and Roy reached out to Barbara and they did a terrific podcast.

So, we can just bring up to the group if there are any more thoughts on that, like the definition of convenience being redefined. Or, Barbara, you talked about, I think you said Shell's largest site in the world is in China with over 250 EV chargers. Correct me if I'm wrong.

Barbara Stoyko

Yes.

Myra Kressner

So, is there anything that either Roy or Barbara wants to add, that you thought was really cool from the podcast or the subject that we talked about last time that anyone else wants to talk about?

Barbara Stoyko

I'm trying to think. Because we kind of pulled actually from this conversation that we've had over the last couple of times, there were some pieces out of the EV conversation that we had a while back, and then, the last one where we had some external speakers as well and some of the insights that came out of there. So, anything else that we covered that we didn't talk about with this team?

Roy Strasburger

No. I think that what was really interesting was that Jeff Lenard mentioned, and I've gotten a few comments since the podcast, about how much people appreciate the information that we're sharing and everybody's different perspectives, because that's really what we're trying to do with the Vision Group Network and with this group specifically, is help everybody become better retailers at the end of the day.

Barbara was fantastic on the podcast. If you haven't listened to it, I highly recommend it. I think we did a nice job of recapping what people had talked about during our CLVG meetings and what Mark Wohltmann had talked about in his presentation to us about global trends. The main thing being that, at end of the day, it's up to your customer to decide what convenience is, and you can pick up new ideas and hints from outside your market and from outside our industry as to how to better serve your customer. And I think that's where we ended up at the end of the day. So, we appreciate everybody's participation in getting us to that point. And Barbara, thank you again for being on the podcast.

Barbara Stoyko

My pleasure.

Appetite-Suppressive Drugs

Health

Eva Strasburger

We did want to just have a quick touch on the **GLP-1 drugs**.

Myra Kressner

Oh, yes. Thank you. We do have time for that. So yes, would you talk about that?

Eva Strasburger

We're hearing more and more, and we've brought this up a couple of times before, about how the GLP-1 drugs that suppress people's appetites are affecting the food industry. Whether it's Europe seeing millions being wiped off food companies' values or the reduction in appetite affecting restaurants. We're talking about semaglutides, the Ozempics, the Wegovys of the world. I think that the latest estimate was something like **30 million Americans** could be taking GLP-1 drugs by 2030. They think in the next 10 years the GDP of America might actually increase by 1% because of the people coming back into the workforce who are not able to work at the moment because of diabetes and obesity. Also, that the drugs can reduce cardiovascular diseases by 20%.

Customer Behavior

CLVG Views

In The Room With CLVG

Customer Behavior

Strategy

Myra Kressner

Barbara Stoyko

I was recently at a dinner in London with a renowned research doctor. She was saying that these drugs might save the national healthcare, because 85% of the cost of care is for the older, sicker generation and these drugs might reduce it. They're thinking that it will affect domestic abuse because it will reduce addictions to alcohol. I was at another event where there was an eye doctor who runs an eye hospital, where 85% of his patients' operations are for diabetes induced eye issues and cataracts. He was saying as that reduces, they think their whole system will have to reimagine itself as to who their clients are.

And talking to some charities as well in Europe who are saying, "We think that our customers, the clients we have, are going to change because of the way that **people will be smoking less, drinking less and snacking less.**" It's affecting restaurants in New York, they're already saying, "We're thinking of asking and charging a minimum amount for dinners because people are coming in, but they're not getting three courses, they're leaving what they're buying." There's talk of "women who lunch" who are walking instead of going to eat. And here we are, we're in an industry which is around snacking and around fast food. And how are people, is the question, preparing for how that might change?

We had this discussion with The Vision Group, as Myra mentioned at the beginning, and what we heard a couple of members are doing is they're **going to much more healthier products** which cost more and bring in more money, and they're reducing inventory on the snacking unhealthier items. A question is whether that's a reaction to the health industry or is that to do with appetite suppressants? We'd like to hear if GLP-1 drugs are on anyone's radar and what you might be doing about it?

Thank you, Eva.

I hadn't thought about that at all, to be honest, but that's very interesting and I wonder if there's any data in terms of demographics that could be overlaid with the CR (convenience retail) store customer.

I think at this point, outside of insured people that are getting it for a real medical need like diabetes, it's potentially still a bit out of reach for some of the population that might overlay better with our average demographic. That's just maybe an initial thought. But then, it's kind of like the EV customer, right? It's somebody different right now than it will be down the road where it'll get a little bit more into the mainstream. So, that could be interesting to look at from a data standpoint.

CLVG Views

In The Room With CLVG

Eva Strasburger

You're correct, Barbara, about it being more the affluent person that can afford the drugs at the moment. But I think there's a pharmaceutical company that's already saying it's very close to developing the oral version in pill form as opposed to needing a shot. And so, they're thinking that governments and eventually the insurance companies will be shown the facts that say, "You really should be supplying this because it's going to just save you so much money as people aren't as sick as they used to be."

Health

Roy Strasburger

And for those of you who aren't familiar with it, **semaglutide is an appetite suppressant**, but they've also come up with some recent research that it **reduces addictive behaviors** as well. So, if you're a smoker or a drinker, it can help reduce it.

Customer Behavior

Eva Strasburger

You just don't feel the need to have a drink. You don't like the taste. And it's not just suppressing your appetite, it's how your body uses its sugar. So, there is more to it. And then, because of the **longer-term health benefits** of reducing cardiovascular diseases by 20%, they're thinking doctors will start recommending people stay on it at a maintenance dose, which means that it's not just a short-term weight loss, it's going to be our customers being on it for longer.

Roy Strasburger

The reason we thought it was an interesting topic is because it **takes aim right at our core categories**, other than gasoline – snacks, sweets, smokes, alcohol. And I think from the research I've been seeing, a lot of the supermarket companies are trying to figure out how to address this issue. And we were wondering whether or not anybody's really thinking about it in the convenience sector?

Foodservice

Eva Strasburger

So, companies like Nestle's are already creating, I think they just announced, **ready-made meals**, about 25 different ones, which are much **smaller sizes**, targeted at the people who are eating less. And, I think they've just launched a separate website. And high protein, because one of the side effects is muscle loss, so it's high-protein snacks that are going to be doing very well, that have a certain taste for those who are affected by how the drugs affect your tasting ability.

Health

So, it's fascinating speaking to the doctors who are in this industry, how they think this will disrupt our lives. Of course, not all the side effects are known, but it's a different world we will be looking at. And I've heard quite a few say, "This might be **one of the biggest disruptions in health that you'll see come along.**"

Mark Samuels

Eva, I have a question for you. Do they believe that doctors will start prescribing this as a lifetime drug?

CLVG Views

In The Room With CLVG

Eva Strasburger

Consumer
Experience

A lifetime maintenance drug. You'd probably be surprised how many people you know, but don't realize they are taking it until you see them looking much thinner, who are already taking it. In something like **a year, 12, 14 months, you'll lose potentially up to 25% of your weight**. That will come back on fairly quickly in the next year or so unless you continue on the maintenance dose. So, that's going to affect those who are interested in maintaining their weight loss.

Studies show that the people who are losing weight feel healthier and feel better, and therefore, a maintenance dose will be something they continue on. Unlike some of the other diets where you had to either eat a lot of non-carbs or lots of protein, this one allows you, in a sense, to be able to eat what you want because you're just not eating that much of it, because you don't want to. So, it's actually given people who've been doing a lot of fad diets a certain sense of freedom because they now know they're just not going to want to eat more than they should. But we still need to discover how it's affecting the pancreas, the organs of the body, when it's taking and using the sugar in a different way and the associated health risks. Also how it's affecting, as Roy said, addictions, is going to affect the core part of our business. So, it's great news in many ways, but it will require some adaptation potentially.

Mark Samuels

Customer Behavior

I could respond just to your question about impact to the business and how we would be looking at something like this. The first thing is about when I talk about cigarettes, I think the last thing I've seen was like 10.2% of the adult population smokes right now. And that's down, what, from over 50% from 50 years ago? So, **cigarettes are going to be declining anyway**.

And then, a lot of the **younger people are doing all the new stuff**, right? Like the nicotine pouches and the vaping and all that kind of stuff. And they're probably not the person that's going to be taking these drugs. It's probably the older, unhealthy people. I mean, not all of them, but by and large we'll probably have an older population doing that.

In **our food menu**, we have healthful items and we have indulgent items and everything in between. We **have not seen any trend that suggests that people are shifting more to healthy**. And I would say, 9 out of 10 items that we sell are things that are really, really bad for you. A lot of fat, a lot of calories, taste really, really good. And that's what the guests seem to continue to want.

I'm in the camp of **when we start seeing things shift, then we'll produce more and more items to cater to that population**. I mean, look at what happened with the Beyond Meat fad, right? People were like, "Oh, you got to jump on this." Well, it never really took off and now it's pretty much dead. There's a lot of things that are going to come up that are

Foodservice

Customer Behavior

Strategy

CLVG Views

In The Room With CLVG

Customer Behavior

Eva Strasburger

the next best thing. But until you start seeing the trends and the behaviors shift, it's a risk. It's a risk not to do something, but it's a risk also to jump on too early. So, I kind of believe that a **conservative approach**, waiting and see, letting the numbers and the data dictate the trends and then we react accordingly. I don't know how everyone else feels, but...

Sorry, I probably didn't make it clear. It's not that people will take the drug and make healthier choices. They're just **not going to buy as much of the unhealthy stuff**. They just won't need it or crave it. So, it's reducing the craving. It doesn't mean they suddenly become healthy and fitter. So, that's the thing that you might see an effect with. But anyway, that's something coming that could be disruptive at least until they find it has a really bad side effect, and nobody will touch it.

Myra Kressner

Thanks, Eva. Thanks, Mark. Anyone else have an opinion? Has it been rumbling in your communities?

Troy Dickson

I would just like to thank Eva for providing that insight. That was very informative for me. I agree with Mark around how we're going to look at it too. But that was super insightful and frankly, I just appreciate the fact that you brought it up and that level of detail because honestly, it makes me want to think about this. This is not an easy answer and I'm going to do some research. So, I appreciate the commentary and the insight. Thank you very much.

Myra Kressner

Thank you, Troy. Thank you. Eva.

Annie Gauthier

I would echo that. I'm aware personally of several people. My peer group seems to be at least part of the target market for these types of drugs. So, I'm aware of several friends and/or family members, cousins, aunts that are experimenting with these drugs and finding, I guess, results and reduced cravings. But I hadn't actually made the leap to connect that to our business. So, thanks for fostering this conversation.

I think, like Mark said, about the long-term impact of it and what Eva said about the potential for side effects from the drugs. There's been a few people I know locally who've had some perceived side effects from that, including a cancer diagnosis that may be linked to it. I don't know. So, until that kind of sorts out, I don't know what it does, but it's definitely something to be mindful of. So, thanks.

CLVG Views

In The Room With CLVG

Closing Thoughts

Myra Kressner

Thanks, Annie. Anyone else? Good. Well again, thank you Eva for bringing this up.

So, Eva, Roy and I thank you again for helping the Vision Group Network fulfill our mission of “sharing today to shape tomorrow.” Don’t know if you’ve recently been to our website, we redesigned our website and have made it easy for everyone to also automatically receive all of our Vision Reports, and in fact, we have a new URL, which is vgnsharing.com. So, you’ll see that in our communications moving forward.

And we think that this site and our Vision Reports represent you and our Vision Groups very well. I’ll ask Eva and Roy to give some really big news in a moment. But just also do want to say that, in fact, the Vision Report from our most recent Convenience Technology Vision Group focused on Sunrise 2027 barcodes and Cornell School of Business Research on AI will be available in just a couple of weeks. So, now I’m going to turn it over to Eva and Roy to share some exciting news from Vision Group Network.

Roy Strasburger

Technology

Thank you, Myra. And to echo what Myra was saying, I want to thank everybody for helping us with our mission of “sharing today to shape tomorrow,” because it’s all about sharing information. And we are really excited to announce that we’ve got some new Vision Groups coming on board. We’ve talked about them in the past, but you may have seen that we announced at the beginning of this week that we’re putting together a group with Conexus. **The Conexus Vision Group** will be getting started in November. We’re working with Conexus to help them expand and amplify their program and their goals by getting more information out and getting more people involved.

Electric Vehicles

And we’ll also be starting an **Electric Vehicles Vision Group** in November, which is going to be very interesting because we’re taking a holistic approach to the EV industry, not just talking to retailers, but also talking to hospitality providers, grid infrastructure people, car manufacturers, and battery manufacturers, to get an overall view of what the EV industry is about and what the challenges are that they’re facing. And...

Eva Strasburger

And first of all, I wanted to say that you may not read the reports that come out, but we are increasingly coming across people who say to us, and we don’t even know them, “You would not believe what a fan we are of the Vision Reports.” Myra, when she’s attending her conferences, or when Roy and I are out and about, we will have people come up and say, “We download them as soon as we know they’re out and we share them with all our office.” And they range from big companies

CLVG Views

In The Room With CLVG

Leadership

Foodservice

Roy Strasburger

Kevin Smartt

Myra Kressner

Eva Strasburger

Roy Strasburger

to the smaller person that says, "I don't have that interaction with people at this level. I don't attend conferences, but I'm downloading your reports. I follow this person because they're from this geography and they have the same number of stores as I do." Or, "I love what this person says because I understand the nuances of their geography, and I have a similar size company."

And also, journalists are saying that they love to be able to get some direct quotes and hear from the mouths of retailers about challenges and opportunities and what the solutions are. So, that really fulfills our motto and it's really gratifying. And every time someone comes up and tells us this, I wish that you were there in the room to hear them say this, because it is because of your contributions that they're reading this and they're getting excited.

But what I'm going to add is that to the two groups that Roy just mentioned, Myra, Roy and I were in Zurich recently and at a meeting with Christian Warning, and he is going to be a facilitator, in an initiative we're doing with The Retail Marketeers to do a **Global Convenience Vision Group**. The focus will initially be on Europe. And then, we also have Richard Poye who again, like Christian, approached us, and he is with Food Trends Think Tank, and he's going to facilitate a **Convenience Foodservice Vision Group**, which will be focused initially in the United States. So, those are four new Vision Groups and there is some overlap with different companies who, like Barbara, thank you very much, just recommended someone for the Electric Vehicles Vision Group. And we look forward to continuing to share the knowledge of all the best minds in the industry. So, thank you.

Thank you.

Well, congratulations.

Thanks. Any closing comments or questions?

Well, good. Again, we thank you. We wouldn't be doing this without you. So, we understand that it's a commitment that you're making to give us your two hours once a quarter, and we appreciate that and the rest of the industry appreciates that. And so, it seems as if you all are both giving and receiving value from doing this. So, thank you.

See you at NACS, some of you.

Hope to see you next week at NACS, for those who are going.

CLVG Views

In The Room With CLVG

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 funded by 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



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