CTVG

CONVENIENCE TECHNOLOGY
VISION GROUP

Retail Media Networks: More Than Meets the Eye

INCLUDES MEMBER UPDATES AND REFLECTIONS FROM PREVIOUS CTVG MEETINGS

FEATURED SPEAKERS

Doug Baker, Vice President of Industry Relations, FMI

Kevin Struthers, Chief Product Officer & Co-Founder, Axonet

VISION REPORT
JULY 2024

CTVG MEMBERS 2024

VGN VISION GROUP NETWORK — sharing today to shape tomorrow

FACILITATOR
Ed Collupy
Collupy System Solutions LLC

We are Convenience Technology Vision Group (CTVG), a group of invited leaders of the convenience industry who have 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 CTVG 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 Technology Vision Group is part of the Vision Group Network, whose mission is to gather the best minds in the industry, put them in a virtual room, and let the ideas and opinions develop

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

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

In The Room With CTVG 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.

The full presentation "The Path to Purchase: How Retail Media is Transforming Retail Experiences" is included and linked throughout the transcript for easy navigation.

We highly recommend that you read all three components.

The main topics in this CTVG Vision Report:

Retail Media Networks Overview

Customer Experience Matters

Can Small Operators Scale RMNs?

Resource Complexities

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Rovertown

For retailers looking to connect with their consumers in an always-on world, Rovertown's app platform provides the flexibility needed to deliver personalized, meaningful experiences. Unlike our competitors, Rovertown integrates with any technology vendor and goes the extra step to ensure our clients' success through best-in-class implementation and support.

Rovertown was originally founded in 2009 with the goal of helping cost-conscious college students across the United States to access the best discounts for local food and services. By eliminating the need to swipe an ID for discounts, the experience was brought to students' mobile devices in real-time with custom, localized deals.

Rovertown's business has since grown and evolved, but the humble beginnings taught the team the power of personalized experiences delivered through high-quality, branded apps. The Rovertown app platform now powers the mobile experiences of many leading regional convenience retailers.

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IMPACT 21
A W. Capra Company

Impact 21, a W. Capra Company, is a consulting firm that enables specialty retail, convenience, and energy clients to deliver seamless customer experiences. Our team of thought leaders and industry experts empower organizations to drive results through the alignment of people, systems, processes, and data.

With a focus on customer-first business transformation, we help clients create competitive differentiation through technologies that optimize the customer experience across all channels. Impact 21's solution-neutral approach ensures that our assessments and recommendations are of the highest integrity. Our unique combination of strategic vision, financial acumen and operational expertise sets us apart.

Impact 21 joined the W. Capra family of brands in April 2024. For both W. Capra and Impact 21, our people are at the core of everything we do, each retaining many of the foremost experts in the field. Together, with cultures and values aligned, our two firms form the premier end-to-end consulting and services business – comprised of an elite team of leading industry professionals – providing customer-first business transformation across the verticals we serve. From strategy and road mapping to implementation and delivery, our clients depend on W. Capra to execute their most vital technology and security initiatives across all phases of the project life cycle.

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ThinkSys offers a comprehensive range of IT services designed to meet your unique needs. Whether you need top-notch software development, robust cloud solutions, or expert infrastructure migration, we have the expertise and experience to deliver exceptional results. Our team works closely with you to understand your specific requirements and provide tailored solutions that propel your business forward.

Founded in 2012, this award-winning company is fully CMMI Level-3 and ISO 27001 certified for advanced organizational systems and processes. ThinkSys is known for deep expertise in its Quality Assurance Maturity Model and DevSecOps, offering unique development and technology management services such as CloudForestX and FractionalQA℠.

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GK Software breaks down the barriers to unified commerce with its open CLOUD4RETAIL platform and a broad portfolio based on it, like OmniPOS for point of sale, self-checkout, mobile POS, GK Drive for forecourt control, mobile customer engagement and a full range of store/back-office solutions. The company is a recognized leader in omnichannel retail, offering a single, global software platform for all retail formats and touchpoints. Ten of the Top 50 retailers worldwide rely on GK, and GK is the fastest growing global POS provider in new installations over the last three years.

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You may know us as Gilbarco Veeder-Root, but it's time to get to know Invenco by GVR. In 2023, Gilbarco's well-established Retail Solutions division merged with Invenco, a global frontrunner in the payments and convenience store sectors. Our combined expertise is set to revolutionize the convenience retail space, offering cutting-edge, flexible technology solutions designed to boost efficiency and enhance customer engagement.

Invenco by GVR has a global footprint with industry-leading point-of-sale systems, payment solutions, site automations, workflows, and cloud services. These solutions will be integrated into the ground-breaking iNFX retail operating system to enable digital agility and rapidly deploy new capabilities to our customers. Invenco by GVR Solutions can be found in nearly 165,000 connected devices across 50,000 convenience stores in more than 50 countries. We are redefining convenience, together.

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With over 15 years of experience in the convenience store industry, Abierto understands the challenges retailers face in engaging consumers with on-premise messaging. Leveraging cutting-edge technology and dedicated in-house software development and design teams, we create custom, innovative, and integrated digital consumer engagement and messaging solutions tailored for multi-site convenience store retailers.

Headquartered in York, Maine, Abierto powers displays for leading industry retailers nationwide. Our advanced cloud-based platform, OPEN., is a robust yet user-friendly tool that automates digital content distribution and remote device management tasks across store networks. OPEN. also provides detailed content distribution analytics, enabling retailers to optimize their in-store messaging.

In 2020, we introduced OPEN.LED, a groundbreaking line of transparent, adhesive window displays designed to increase in-store traffic by dynamically engaging consumers in the forecourt and parking areas of convenience stores and travel plazas. Today, these displays sport stunning high resolution and brightness for an "impossible to ignore" messaging experience.

Abierto's team of seasoned designers, engineers, developers, and implementation experts work together to help clients execute their vision with precision and creativity. Execute your Vision with Abierto!

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CTVG VIEWS

A CONVENIENCE TECHNOLOGY VISION GROUP DISCUSSION

This meeting of the Convenience Technology Vision Group (CTVG) focused on retail media networks, featuring a presentation by Kevin Struthers of Axonet and Doug Baker of the Food Marketing Institute. After the presentation, CTVG members shared their experiences and perspectives.

Retail Media Networks

The June 14, 2024, CTVG quarterly meeting was facilitated by **Ed Collupy** and featured guest speakers **Kevin Struthers**, chief product officer and co-founder at Axonet and **Doug Baker**, vice president of industry relations at FMI (Food Marketing Institute). Their presentation, "The Path to Purchase: How Retail Media is Transforming Retail Experiences," provided an overview of retail media networks (RMNs) and considerations and challenges for operating such programs.

Collupy introduced retail media networks as an intersection of marketing, supplier collaboration, technology, and new revenue sources. As background, he referenced existing convenience channel RMNs such as 7-Eleven's Gulp Media Network and Wawa's Goose Media Network, as well as those in adjacent chains Walmart and Kroger. He posed the question, "Is there real value for all stakeholders or is it only for the big guys?" For such a big investment, Collupy encouraged members to consider the cost of implementation and the desired outcome to decide the applicability to their respective companies.

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Struthers defined retail media networks as "**digital advertising** published on **retailer owned touch points** or **off-site**, targeted with **retailer first-party data** on the consumer's **path to purchase** to support specific advertiser outcomes that are validated with **closed-loop measurements**."

He specifically pointed out that RMNs are digital platforms that are meant to support advertiser outcomes, not those of the retailers. CPGs (consumer packaged goods) view their involvement as "share growth," while retailers look for "share shift" in revenue from competitors.

Citing profitable retail examples like Amazon and Walmart, Struthers also explained how important first-party data is in the world of retail media because it facilitates closed-loop analysis. "If you don't own the touch point, you most likely don't own the data," he said, circling back to the intertwined ecosystem.

According to Struthers, the building blocks necessary for a successful retail media strategy are understanding the audience; leveraging digital surfaces and experiences; engaging in media sales; onboarding specialized talent; and utilizing appropriate technology operating on clean data. He further emphasized the importance of data governance and privacy. Essentially, retailers must ensure a seamless consumer experience, which also includes ad frequency limits to avoid overwhelming consumers.

Addressing the catalyst for this surge in retail media, Struthers identified "signal loss" from factors like device providers locking down operating systems, crack downs on marketer favorites like web cookies, and a proliferation of privacy concerns. These changes in policies have resulted in the need and opportunity for retailers to capitalize on first-party data that they have available. As a consequence, retailers need to adapt quickly to remain competitive, especially given the projected $60 billion flow into total retail media this year in the U.S. alone, delivering potentially 70-80 percent profit margins

Shifting to retailer applicability, Doug Baker shared his perspective on RMNs referencing his role at FMI leading the Technology Executive Committee working with CPG representatives and retailers. Aside from "the big five" grocers, he declared RMN rollouts to be a "white hot mess" whereby the entire process could not be more muddled in terms of interests and professional capabilities. He shared "speed bumps" in initiating retail media networks, such as the intricacies of the buying process, fragmentation, data accessibility, technology standardization, and fee management.

In the presentation, **Kevin Struthers** shared the Mars United Commerce "C-Store Retail Media Review" report, published in April 2024. The report reviews how effectively c-stores, such as Gulp Media by 7-Eleven, Casey's and Circle K, are leveraging their differences to offer unique, robust solutions for brand partners for the retail media ecosystem.

Read the full report:
https://www.marsunited.com/c-store-retail-media-review/

> "Your retail store has an audience that comes to it and brands need to access that audience. And when you think about the convenience space, the path to purchase is very short."
>
> ***Kevin Struthers**, Chief Product Officer and Co-Founder, Axonet*

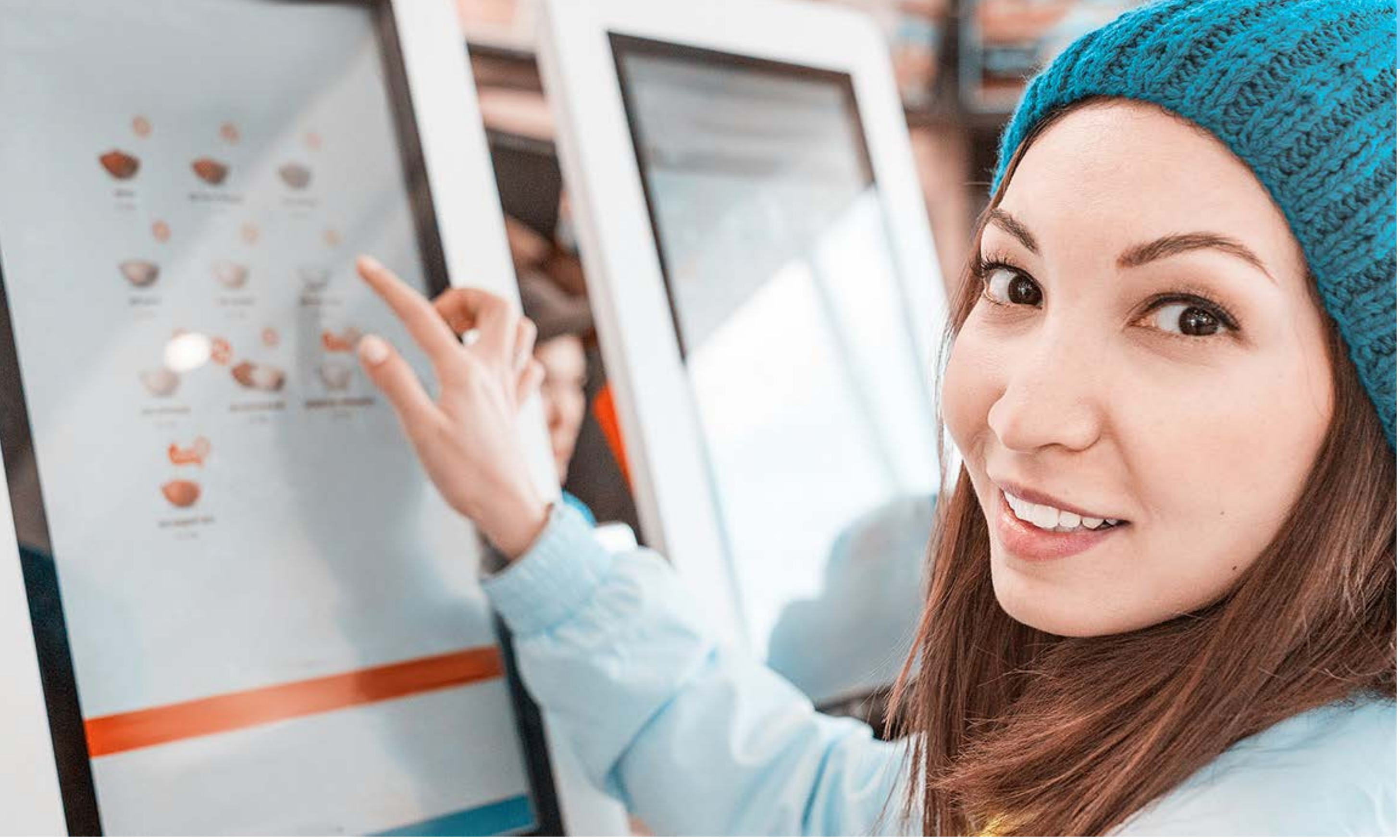
> “We’ve got ad agencies popping up left and right. Again, outside of the big five, they struggle with a lot of the same things that several of you were thinking about. It’s about creating scale. How do I get my customer first-party data large enough in order for it to be enticing and attractive to a CPG company?
>
> ***Doug Baker**, Vice President of Industry Relations, FMI*

For retailers to get started, Baker highlighted that the management process requires a complete organizational mindset shift from traditional ad buying to selling digital touchpoints to CPG companies. If taken in-house, marketing departments and category managers who once needed to convince CPGs to assist with promotions would now be tasked with convincing them to buy advertising on their platforms.

Baker further emphasized the importance of creating value for customers, unifying in-store and online data, and developing partnerships without causing disconnection. Whether retailers use a specialized agency to organize their network or operate it in-house, he outlined several factors to carefully consider including scale, efficiency, standardization, obvious and hidden fees, analysis of shared data, and internal training and capabilities.

Struthers concluded by emphasizing the critical steps for getting started. He strongly advocated for having a comprehensive strategy, including a retail media business plan and a robust data strategy. He underscored the importance of recruiting new talent and understanding diverse types of data, the need for storage in a “data clean room environment,” how it can be accessed, and how it can be consolidated to gain a thorough understanding of the audience.

Overall, any strategy must secure executive alignment and funding with a realistic financing plan to avoid over-investment.



Customer Experience Matters

One thread of the RMN customer journey conversation that CTVG members focused on was the value of advertising relevance.

Larry Bowden, director of sales and retail solutions at Invenco by GVR, is familiar with pump media solutions. He commented that for years, third-party advertisers dominated media at the pump and in the forecourt, but more recently retailers began to prefer managing their own content to better control their brand image. Practically, however, he addressed the effectiveness of various promotional methods, wondering whether digital media, social media, or in-store signage worked best, or if a collaborative approach was necessary.

Adding that CPG brands particularly value digital offers that drive consumer activation, Struthers agreed with Bowden and shared an anecdote about Pepsi's interest in pump advertising, a medium they could not access through other advertising channels. A noteworthy caveat was that activation, rather than mere advertising, is crucial for brands, highlighting the need for proof-of-play in programmatic advertising to ensure ads are seen and tracked.

Several members, including Eastern Petroleum Corporation's VP of Technology **Bill Ridge**, mentioned that issues like broken or outdated ads could detract from the customer experience. For example, he added that even simple things like volume could affect customer opinion.

Likewise, **Jeffry Harrison**, app provider Rovertown's co-founder and president, emphasized the importance of personalized advertising and criticized generic promotions with a hypothetical example of beef jerky being promoted to a vegetarian. He emphasized that retail media networks must deliver relevant, targeted ads to maintain consumer engagement and loyalty.

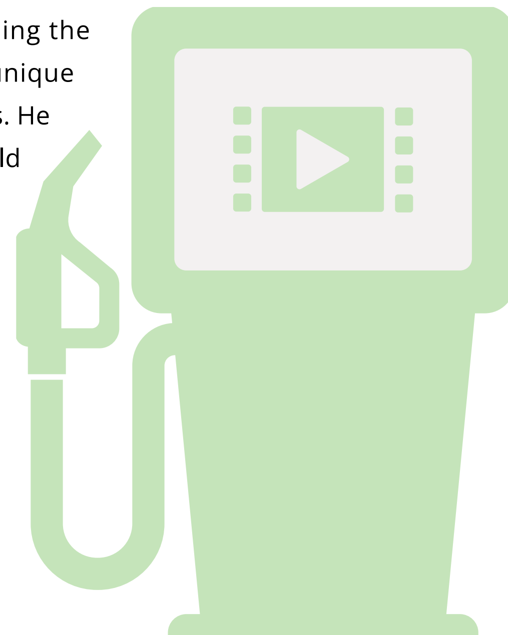
Scott Smith, senior director of IT at Parker's, agreed. "The one-to-one marketing that is relevant to our consumers is the next generation of retail media." Similarly, **Roy Austin**, former director of IT solution delivery for global retail at Parkland Corporation which operates sites in 25 countries, explained how advertising approaches must be tailored to specific behaviors and preferences, especially in geographically diverse operations.

Vice President of IT for Campbell Oil Company **Nick Peters** addressed his apprehension of CPGs bypassing retailers to reach consumers directly, stressing the importance of protecting unique connections with customers. He wondered how retailers could balance marketing costs and maintain margins while maintaining integrity.

Can Small Operators Scale RMNs?

A critical issue for how independent and smaller retailers can take advantage of retail media was raised by **Roy Strasburger**, CEO of StrasGlobal, president of Compliance Safe, and Vision Group Network co-founder. Questioning the practicality for businesses with few stores, he suggested that small retailers could form a cooperative to leverage retail media effectively.

Struthers elaborated on this challenge of achieving scale in the convenience industry, noting that even major players like 7-Eleven with 8 million mobile app users falls short of the scale that CPG brands desire. He and Baker proposed that the entire convenience industry could collaborate to compete effectively within the channel and against giants like Walmart and Amazon and offer a compelling value proposition to CPG brands. This collective approach could allow the pooling of resources and data, making the entire channel more attractive to CPG companies.



Smaller company retailers Ridge and **Donnie Rhoads**, director of business development for The Convenience Group, LLC, were equally skeptical about RMN application on scale and might instead defer to third party providers, though both expressed some mistrust in doing so. Ridge says, "It scares me a little bit about letting our vendor take that advertising and allowing them to kind of do something where I'm more worried about our branding and possibly getting that rolling with our media."

Erin Graziosi, president of 37-store Robinson Oil Corporation, added that their previous attempts at implementing digital advertising on pumps and in-store had mixed results with more customer complaints than positive feedback. She affirmed that technological advancement drives their continued experimentation to find the right solutions.

Resource Complexities

CTVG members also grappled with the potential resource constraints for personnel to manage retail media effectively. Referencing marketing and IT systems departments, **Robert Hampton**, Jacksons Food Stores vice president of technology services and innovation, cited the potential need for dedicated marketing personnel to manage content and coordinate promotions in order to take the burden off IT. Additionally, **Chris Egan**, chief information officer for United Dairy Farmers pointed out the necessity for advanced systems to handle personalization and relevant content delivery. Impact 21's Chief Operating Officer **Scott Burchfield** agreed, emphasizing that successful implementation requires a strategic, cross-functional approach involving both marketing and IT departments.

Speaking from experience, Abierto's President **Rick Sales** stressed the necessity for a clear strategy to implement retail media, advocating for a comprehensive approach that integrates brand messaging and consumer experience. He also suggested leveraging AI to handle non-strategic complexities, freeing up resources for more valuable tasks. He joked, somewhat seriously, that "AI is like having a thousand interns. They don't know much, but they can do a lot of work."

A significant challenge will be data integration, with Harrison mentioning the need to unite data from loyalty programs, mobile payments, and other services to deliver a cohesive customer experience. When asked if clients are asking about RMN, **Nick Franco**, senior vice president for sales and customer success for ThinkSys, commented that he RMN "is kind of a fairly new topic for me. So I would say not really, other than the ancillary integration work that needs to be done around it, but not specifically about retail media, no.

Speaking of bringing it all together, **Bill Miller**, vice president and head of sales at GK Americas, applauded the successful use of media networks like Hy-Vee's Red Media because of the importance of managing various data sources and technologies in addition to collecting important customer metrics. He mentioned how Hy-Vee built a short, one-question survey into the POS to gather customer feedback which they use to measure satisfaction and share with CPG partners.

As it relates to using third party vendors or outside agencies, Graziosi and Rhoads shared their experiences with mixed results from previous technology implementations, stressing the importance of balancing partnerships and internal integration. Ridge also expressed caution about vendor-managed advertising, personally preferring a gradual, controlled approach to agency adoption rather than ceding a program all at once.

> "What I've found personally is it's not so much a technology issue and it's not so much a CPG or somebody wanting to buy the space. It's do you have the person in marketing, the intermediary, to manage all of this for you and to make sure you've got proof-of-play, data getting out, that you've got the right things running at the right time. So that's kind of where we struggle.
>
> ***Robert Hampton,*** *Vice President of Technology Services and Innovation, Jacksons Food Stores.*

Final Reflection

While there is significant potential and interest to pursue retail media networks to generate revenue and enhance customer engagement, there are many dauntingly large factors to consider.

CTVG members acknowledged that they must address the challenges of resource allocation, technology integration, and strategic management to fully realize the benefits of RMNs. The consensus is that large retailers are most apt to realize the benefits of a complete retail media network and that agencies or conglomerates will be a path forward for those smaller companies unable to work in-house. The robust discussion underscored the importance of strategic and financial planning, data integration, and ensuring customer relevance in creating effective retail media networks.

LIGHTNING ROUND Review

During a fast-paced lightning round in the June 14th meeting, CTVG members reflected on happenings within their companies, competitors, and adjacent channels since their last few meetings.

Several members spoke about the application and practicality of AI. **Bill Miller** noted AI's specific applications like price optimization and personalization at POS, adding that vast potential exists for AI to solve industry problems. **Nick Peters** discussed the ongoing challenges and struggles integrating AI into business strategies, such as where IT should be positioned in the overall business strategy and how his team can lead more as business analysts driving decisions rather than being just tech support.

Also reflecting on the varying interpretations of AI, **Robert Hampton** noted that many current uses are more about advanced analytics than true artificial intelligence. Yet, he says some companies are benefiting from using AI to summarize content that rolls up data across multiple stores. **Bill Ridge** identified personalized marketing on apps, using Apple Intelligence for example, as a major driver, even likening some AI offers to an "old science fair" with new and interesting things to see, but not quite sure how it's all going to work or fit.

Rick Sales shared that his software company uses AI to enhance products, but he avoids emphasizing AI to clients because it "scares them and it brings some uncertainty to what is it that you're bringing to the table," citing skepticism for other companies' vague AI claims.

Some members talked about the functional need for clean data. **Donnie Rhoads** emphasized the foundational importance of data management, advocating for the creation of a "data lake" and never a "data swamp" to ensure high-quality data input and output. He also shared their philosophy of creating community space for attracting customers to the physical store.

Scott Burchfield concurred, emphasizing that while technology investments are crucial, the process and commitment to data integrity are equally important and that change management is integral to achieving that structure.

Roy Austin spoke about Parkland's efforts to integrate their global operations into a single ERP (Enterprise Resource Planning) system and the importance of data lakes and data analysis in pricing and customer offers, even in markets with controlled pricing.

Download these previous CTVG Reports that were referenced in this Lightning Round Review:

Fighting for Tomorrow's Customers, April 2024

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

From a smaller retailer's practical perspective, **Erin Graziosi** addressed the challenges she faces in sifting through the "shiny new objects" and having the workforce available to implement and sustain these innovations.

As an app provider, **Jeffry Harrison** indicated the importance of making convenience store apps more social and engaging, moving beyond mere transactions to create unique and edgy content that keeps users interested.

Additionally, keeping up with the competition remains critical and top of mind. **Roy Strasburger** spoke about the fierce competition fighting for customers, particularly from QSRs, and the need for convenience stores to create meaningful customer interactions to remain competitive. He underscored the importance of converting fuel customers into in-store customers.

With the same goal of getting inside foot traffic, **Scott Smith** talked about efforts to reposition convenience stores as destinations for fresh food, highlighting the role technology plays in supporting these business changes. Likewise, **Chris Egan** is placing his bets on moving from legacy to modern architecture to enhance foodservice and customer experience offers.

Rance Wells, vice president of IT at Toot'n Totum, also referenced the competitive tactics used by QSRs, such as with exclusive app-based offers and stated the need to prove the ROI before proceeding. Hampton reiterated the need to compete directly with QSRs and learn from their technology use, also stressing the untapped potential in improving retail fuel conversion rates.

The consensus was that convenience stores must continue to strive for strategic innovation to stay ahead of the competition.

NOTABLE AND QUOTABLE

We've tried stuff on the pumps. We actually got more complaints than people liked. We tried stuff in the store. So I just struggle to find the right solution on it...

Erin Graziosi, *President, Robinson Oil Corp*

We have this technological roadmap that feels a little heady for an eight-store chain, but it does involve connecting those different pieces of loyalty and personalization and a physical, at least, retail media network. And it's all very fresh. So we're just starting to iterate on these things.

Donnie Rhoads, *Director of Business Development, The Convenience Group, LLC*

You guys were making references on the CPG trying to work with retailers to gain access to the customers. One of the challenges I think the c-store industry has seen over recent years is there have been active campaigns from the CPGs to work around retailers to go direct to consumer. So I think there's a prioritization and a sensitivity from the retailer standpoint to say, just like Amazon went to brick and mortar with things like Whole Foods and all that to get to the last mile, I think that we're in a situation where we want to protect that last mile because we know that those organizations don't have connection like we do to the customer.

Nick Peters, *Vice President, IT, Campbell Oil Company*

It's the most important part if you're going to consider this, but it's part of the overarching strategy for the process. This can't be a marketing effort. This can't be an IT project. This has to be a strategic decision that all of the relevant players ensure you have, not just the accurate data, but the plan and the execution is there.

Scott Burchfield, *Chief Operating Officer, Impact 21*

NOTABLE AND QUOTABLE

“I think that the early focus is on the strategy. How are you going to approach this? How are you going to capitalize on the data that your organization has? How are you going to set the investment level and how are you going to execute that level?

Kevin Struthers, *Chief Product Officer and Co-Founder, Axonet*

“So it starts with strategy and data strategy is a big part of that. And then you have to build these insights and collaboration capability. This was brought up in the Lightning Round too – the ability to understand the data. So you have to be able to ingest the data, cleanse the data, enrich the data. This will require new talent like data engineers, data scientists. You have to be able to build the ability to visualize that data, share the insights. And it may include, as we shared earlier, hosting a data clean room environment where you can share this data with brands and other advertisers in a privacy-safe way. And the others we’ve touched on already. But I think that the early focus is on the strategy. How are you going to approach this? How are you going to capitalize on the data that your organization has? How are you going to set the investment level and how are you going to execute that level?

Doug Baker, *Vice President of Industry Relations, FMI*

“What’s most effective in terms of what gets presented to the guest in the store? Is it something in the forecourt? Is it digital things or social media? Is it signage inside the store? What works the best or is it a collaborative effort among all of them?

Larry Bowden, *Director of Sales, Retail Solutions, Invenco by GVR*

“We certainly want to personalize more than we are, not that there’s zero personalization today, but there’s great opportunity in the future to personalize them more.

Christopher Egan, *Chief Information Officer, United Dairy Farmers*

VALUABLE RESOURCES

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

Ed Collupy, Facilitator

Throughout the presentation on retail media networks and in the discussion that followed, we heard that relevance and strategy were of utmost importance. The grocery industry came up several times, as well, and that reminded me of a former grocery colleague of mine, Barry Horwitz, who has been doing strategy work for a number of years. He shares his thoughts in newsletters, many of which have been compiled in his new book, The Strategy Game. In the essay that leads off the book he asks, ***"Is Strategy Still Relevant?"*** and says, "Strategy is about determining your purpose: who you serve and what you offer them." In a more recent newsletter essay, ***"One Strategy, Many Coordinated Plans,"*** Barry reflects on a question I asked him about the need for departmental strategies, which we heard during our CTVG meeting that the engagement of cross-functional leaders and teams is an important part of executing an RMN. He answers this by saying, "The strategy needs to be both comprehensive and coordinated, with all parts of the organization pulling in the same direction."

Myra Kressner, Vision Group Network Co-Founder

CTVG has previously talked about fighting for tomorrow's customers. Since RMNs include role reversals for retailers and CPG suppliers, will the potential ubiquity of retail media networks mean fighting with airlines, banks and fitness centers for a piece of the pie for CPG advertiser dollars? Here are several examples from the Path to Purchase Institute.

United Airlines has launched ***Kinective Media***, its advertising business that uses insights from travel behaviors to serve customers personalized ads on its in-flight screens and mobile app.

JPMorgan's Chase Bank has also launched a digital media platform to power transaction-based marketing campaigns that connect brands directly with the financial institution's 80 million customers.

Fitness center franchiser and operator Planet Fitness in January debuted the ***PF Media Network***, its multi-channel advertising solution available to agency and CPG marketers.

Roy Strasburger, Vision Group Network Co-Founder

Retail media networks are going to have a growing impact on what consumers spend their dollars on. The main difference in this type of advertising is that it will allow consumer product goods companies to target their ads to specific customer demographics and measure the results. It is the latest effort to combat the old adage of "half of my advertising dollars have an impact – I just don't know which half." This Forbes article, ***The Growing Potential Of Retail Media Networks*** gives a good overview of the RMN strategy and its projected impact.

Bill Miller, GK Americas

Greg Buzek always knocks it out of the park, and his insights [at the previous CTVG meeting at which he presented] on AI in the retail industry were a home run. Another retail savant is Gary Hawkins. He ran his family grocery store for years and was an early adopter of technology and a data driven loyalty program. He started writing books and consulting and is now recognized for his crystal ball into the future of retail. The impact of AI is discussed in-depth in his most recent publication, ***Retail 4.0: The Age of Metamorphosis***. Hawkins builds upon a key theme he attributes to Ray Kurzweil in *The Singularity is Near.* He says, "The future will be far more surprising than most people realize, because few observers have truly internalized the implications of the fact that the rate of change itself is accelerating." The content available in Hawkins' publication provides a wealth of information and tools to help retail leaders understand and act for success on the rapid changes impacting our industry.

Ed Collupy
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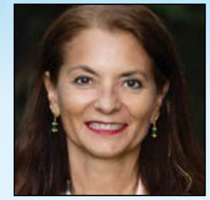

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Scott Burchfield
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Jason Collins
Director of IT, Englefield Oil Company

Christopher Egan
Chief Information Officer, United Dairy Farmers

Steve Evans
Chief Technology Officer, Haffner's/Energy North Group

Janeth Falcon
Vice President North America Technology, Circle K

Nick Franco
Senior Vice President Sales and Customer Success, ThinkSys, Inc.

Erin Graziosi
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Robert Hampton
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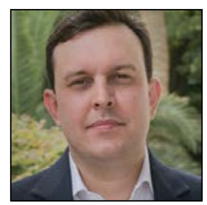
Rick Sales
President, Abierto



Scott Smith
Senior Director of IT, Parker's

Cheryl Szczesniak
Executive Vice President of Human Resources, The Spinx Company

Rance Wells
Vice President of IT, Toot'n Totum

CTVG Views | In The Room with CTVG | RMN: The Path to Purchase

IN THE ROOM WITH CTVG:

Retail Media Networks: More Than Meets the Eye

Convenience Technology Vision Group (CTVG) invites you to join us **In The Room** to experience our meeting on June 14, 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.

CONVENIENCE TECHNOLOGY
VISION GROUP

Agenda

Topic Reference Key

CTVG'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.

- Foodservice
- Leadership
  - Strategy
  - ROI
- Marketing
  - Advertising
  - Community Involvement
  - Customer Behavior
  - Customer Engagement
  - Data Analysis
  - Digital Advertising
  - Merchandising
  - Personalized Marketing
- Technology
  - AI
  - Technology Standards
- Workforce
  - Staffing

CONVENIENCE TECHNOLOGY
VISION GROUP

Welcome, Introductions, Meeting Rules

Ed Collupy

Welcome everybody. Ed Collupy here, and thanks for joining our latest Convenience Technology Vision Group meeting. Today's main topic is going to be retail media networks, and our speakers will provide us a primer and thoughts on the why and how, along with some back-and-forth color, on the experiences across the have and have nots they're seeing in this emerging business opportunity for the convenience retail energy industry. As always, this afternoon we'll provide each of you with the time and opportunity to share your insights. Roy or Myra, if you could put up the screenshot so that we can have a reminder of the anti-trust statement.

This screenshot [antitrust statement is shown on the screen] outlines the anti-trust statement and publication acknowledgement that every member and our guests have signed. And we are recording this discussion. Here are a few reminders. Please use your camera and keep it on as much as possible. And remember to keep your audio on mute unless you are speaking so we're not disturbed by any activity around you.

Also, to ensure there is frank and diverse discussion, if anyone wants to make an off-the-record comment, just let us know that what you're going to say or what you have just said is off the record. And we always miss our members who had other things come up. They've sent along their hellos and regrets about having to miss today's discussion. I'd also like to send along a thanks to Patrick Raycroft from W. Capra for his participation as an Ally Supporter for the past year. But we're glad to have Scott Burchfield from Impact 21, now a W. Capra Company, remain as a great supporter. Myra, would you take a minute to introduce our new Ally Supporter and long-term friend and important solution provider to me many years ago. And, also, I know you have some thanks to pass along.

Myra Kressner

Thanks Ed. And that is Rick Sales with Abierto. Certainly, on behalf of Ed and the CTVG and all of our members, welcome and thank you. We're delighted that you are our newest Ally Supporter. So I think I did tell you, Rick, that we were going to ask you to introduce yourself briefly, talk about yourself and Abierto.

Rick Sales

Yes, thank you. I'm a very shy person, so I had to prepare and Myra gave me a heads-up that I have to speak. We are very excited to join this group. I've known Ed and Myra and many folks around this table for a good number of years, and I won't quantify that to protect the innocent.

It's been some time. And you know the community, the industry is a great space and I was told a long time ago that when you come in you'll never leave. And those were very true words and I have no desire to leave. So very happy to be here, very happy to participate. For those of you who we have not met, I am Rick Sales. I am the president and founder of Abierto, which is a digital signage and consumer engagement software company that focuses exclusively in the convenience store industry. We have some clients around the table here today and others that we really enjoy working with. And again, thank you for having us and I'm excited to participate.

Myra Kressner Thank you. And also we do have our other Ally Supporters, Jeffry Harrison with Rovertown, welcome, and Bill Miller with GK. So good to see you. And Larry Bowden with Invenco and I'm sure Nick Franco of ThinkSys will be joining us momentarily. But thank you all. And Ed, back to you.

Ed Collupy OK, thanks Myra. So let me also introduce our guest speakers. Kevin Struthers is the co-founder and chief product officer of Axonet, a recent entrant into the retail media network space. They have created an aggregated first party shopper data and media platform that connects convenience retailers and consumer product goods companies to create better consumer experiences and drive loyalty for both. Kevin brings with him experience from a POS provider where his innovation capabilities were recognized by the award of several patents. And most recently, Kevin was on the W. Capra consulting team and had the opportunity to interact with both large and small retailers.

And Doug Baker has been with the Food Marketing Institute for the last 10 years and currently is serving as a vice president of industry relations. His diversified retail industry experience spans operations, CPG (consumer packaged goods) manufacturing, private brand development and marketing. Doug has been recognized for developing strategies to meet the needs of suppliers, customers, and consumers. Through those interactions, he has been participating in many discussions with grocery retailers on retail media networks as that retail segment leads the way in yet another emerging aspect of retailing. And guys, we'll come back to you in just a few minutes.

For our members and everyone, as a reminder as we get underway, please use the raise hand icon as often as possible for conversation flow unless members are clearly in a back-and-forth discussion. And if you need to leave the meeting for any reason, you can either write a short note in the chat, or just leave and return when you're able to.

So, let's get started. We looked ahead and discussed the future with Tim Tang during our last CTVG meeting in March. Recently, I've seen a commitment to store growth in many of our Vision Group companies as one of the hallmarks of what at least the immediate future will bring.

Circle K announced plans for 60 stores in the next three years. Parker's Kitchen has plans to make a $200 million investment and create 500 new jobs with Parker's Kitchen entry into the Augusta, Georgia Metro Area. And Haffner's recent opening of a store in New Hampshire where they've expanded their fuel offering with non-ethanol gasoline - perfect for "lake life" as they've put it.

Tim, however, went way beyond the near term and discussed many other things, among them c-stores becoming community hubs, and that leveraging and analyzing mountains of data to understand consumer behavior and optimize operations will be key to the future. And later in the context of the wider competitive landscape of the industry, he begged the question, if the convenience store industry is going to fight directly with the QSR industry, what kind of data competencies is the convenience store industry going to have?

Our Vision Report, "Fighting for Tomorrow's Customers", captured the great discussion and insights each of you shared and it really brought about more dialogue and conversations at conferences and throughout social media channels. And we appreciate you spreading the word. Perhaps with any outlook into the future, we are left wondering and asking what really will be next? What steps should I and my company be taking and how can I be sure we're not going to be left behind? So is the data at the heart of it, as Steve Evans commented in the last meeting when he contemplated "it really is about the data, right?" Are you looking at the emergence of EV charging, cloud POS solutions, and AI as changes that as Nick Peters commented during our last meeting, that it will change how drivers will shop and what they're seeking at stores, opening the door for new products and services, and is it a disruption that demands attention was your question.

Lightning Round Review

So let's do our Lightning Round on your thoughts and any actions you took away from our March meeting on the future. Let me start by asking some of you some questions I've been thinking about since our meeting. And please, others who were on the future outlook call, please feel free to chime in for a minute or so as well. And we'll also go around the room. But first, Nick Peters, I'm wondering because of some conversation you and I exchanged in e-mails over the last couple of weeks regarding the people side of IT, how do you see organizations needing to evolve to meet the future that Tim was talking about?

Nick Peters

Strategy

Data Analysis

Thanks Ed, appreciate that. When it comes to our conversations, just to kind of enlighten everybody, one of the things that I'm really trying to understand as the landscape kind of evolves is we're still trying to figure out **what IT's role is** in things. And obviously we're way past the point in IT of just being break-fix or just generic technology services. It's really trying to close the gap going from necessarily not just a support operation, but actually feed the front-end from a marketing front and really start to drive those decisions rather than just presenting the analytical data.

Candidly, we're still at a point where we hear the buzz phrase AI, and we enjoy that conversation. We're starting to explore that. We still haven't holistically wrapped our head around it though as to how it's going to benefit our business other than just **data aggregation and deep-seated analysis**. So the question is what to point that power towards. Do you point that power towards traditional data? Is it the granular metadata? Is it our loyalty information? And most importantly, how to combine all those complex datasets and really aggregate all of it into one great big analysis.

Staffing

So a lot of that conversation kind of transpired last time and I've gotten further down the road in the sense that a lot of other people are having these same challenges. And then on top of it, we're currently going through the exercise of trying to determine as our business analysts work with the business, do those **business analysts** belong to the IT world or do they belong necessarily to the business units themselves? And I think there's been a functional shift where at one point in time IT may have owned them, but now it's starting to slide back to the business units themselves. So made it a little bit further down the road, still have a lot of question. Again, enjoying the call and all the leaders on this call that I've kind of chatted with about this. But those are just some kind of high-level thoughts that I've had about it.

Digital Advertising

Ed Collupy

Customer Engagement

Excellent. Thanks Nick. So Jeffry, I listened to your team's webinar on **push notifications** earlier this week. Clearly it's a finding more for the near term that I took away from it and it's something that you've uncovered in your analysis of what sounded like mountains of data in terms of consumer reactions and then ultimately their **engagement** resulting from push messages. But in thinking about today's meeting, what's next for apps? What comes next?

Jeffry Harrison

Good question. There's a lot to unpack there. First, thank you for the shout-out. We did our first webinar as a company at Rovertown three days ago. We analyzed 78 million push notifications sent on our platform and we figured out what the best time of day to send, how many to send a week, what kind of emojis to use. Everything you can kind of think about, which is important because you want to **engage your users**, you want to communicate with them in the right way. So that is just the tip. We're doing a similar thing in a month analyzing mobile coupons, which ones are driving people from the pump into the store as everyone's goal is with margins being so thin right now, how do you get them into the store? Right? But yeah, I mean, I'll show it here first. A CTVG special if you will.

Basically what we cooked up in the kitchen recently, if you guys see my phone here [holds up phone] ––I'll just show you for 20 seconds. This was not planned, but we added the ability to do reels and stories into our app. So this is a BeatBox thing. You've got Bud Light for the draft. We're making our apps much more social right now, which is very important because these CPGs are doing more than just giving a dollar off a bag of Jack Links. They are creating very unique and edgy content that keeps people engaged. Because if our mobile apps for convenience stores are only going to be limited to transactions, there's only so much upside and so much usage we're going to see.

Customer Engagement

But if we can become a place of entertainment, a place of excitement, something funny, all of us do so many things in the community, whether it's charity work or sponsoring local festivals and stuff, and [we're] trying to create that into one ecosystem where it's not transactional, it's more of an **engagement tool**. So that's kind of what we're working on right now, Ed.

Ed Collupy Super. Thanks. And Robert, you had some time before returning to your role as CIO once again to look at what's out there that's truly innovative. Did you find anything that will move the industry forward or was it more just hype?

Robert Hampton Yes, Ed, we've talked about this, there's a lot of things called AI and I think people are finding that i**t's really just analytics** or it's not necessarily the true use of artificial intelligence or machine learning. So we've seen a lot of that out there, certainly with ChatGPT and things like that. That was the rage 12 months ago, 16 months ago, whenever it was. And that's kind of died down. But we are seeing some uses of it, like to **summarize content** or summarize things that you've seen and you're starting to see this even on Facebook and some of those things when you see a comment, a bunch of comments, it'll summarize it for you. I know folks like InStore.ai, they're doing a similar kind of thing where they're doing a summary of summaries to roll things up of what you're seeing at a bunch of stores into a high level summary for somebody to look at. So seeing some of that, that's kind of what I've been seeing lately mostly.

AI

Ed Collupy Okay, thanks. How about anybody else from any takeaways from our discussion with Tim? Either raise a hand or we'll shoot around the room. Go ahead Scott.

Data Analysis

Scott Burchfield

I think one of the things that we are seeing, and as Robert said, look, everybody's kind of talking and we've heard a lot about AI and people are exploring and one of the things that we are seeing from the consulting side is **data's the data**, right? And you've got the nuts and bolts. Is it connecting? Is it feeding? The process of the operator, who's doing the work, that creates the data is still a big challenge as to where it may be laid out and structured and built into a form or something to that effect. But if the process of the activity, that somebody's entering or how they're pulling that data, isn't really managed and moved along with the same desire and commitment that we are in keeping data clean, once it's in the system, it's garbage in and garbage out. And we're still seeing a lot of opportunity with people spending the investment in the technology, spending the investment in the implementation, but not necessarily spending it in the change management required to make sure it's right going in right from the get go.

Ed Collupy

Very good. Rick, I saw your hand up there.

Rick Sales

Yes, thank you. I was not here at the last meeting, but I did read the notes and the presentation, which I really enjoyed. And I had just a couple of quick comments for the Lightning Round. First of all, I laughed a little bit when Tim talked about betting on the future. We are an investment, so we've had the same experience. Some bets have been disasters. We've lost a lot of money on those bets and other bets have been fantastic. So trying to visualize the future is always very challenging. And I thought that when you look at that and you talk about AI, we've had very different experiences than other people because we are a vendor. So we recently have decided not necessarily to talk a lot about AI with our customers because we find that for some people it scares them and it brings some uncertainty to what it is that you're bringing to the table.

AI

And at the end of the day, we are a software company. We're using **AI to create content**, to write software, and ultimately to deliver a better product, which is really what matters to our client. And so I relate with all of you about people talking to you about AI and it being an empty promise or something that's not well-defined. I went to the NRF show in January and spoke to 20 or 25 companies that talked about having AI and I said, okay, well, tell me how it works. And most of them couldn't explain how it worked. But ultimately you look at us from the other side being an investment. And in every single conversation that we have with capital markets people, we talk about AI because those people are looking to invest in Abierto and get 20X from their returns. So they're trying to see if they believe our view of the future and do we understand enough of the future to use what's out there.

So we're not Nvidia, we're not making AI things, we're using other people's AI things to solve a problem. And our goal has been to understand the problem and apply the technology to either make the solution better or make the process shorter or address some inherent issue that the customer has. So I thought it was really an excellent conversation, but the view of going in there and analyzing and finding all these things that you didn't know, respectfully, I've never been a huge believer in that. I think clients really know their issues and they're very good about articulating them.

Data Analysis

And what I find when I get into the data discussion with clients and they'll say, okay, I want to know this. And we go back to the data and say, you don't have that data or you don't have relationships to that data. So when we talk to the retailers, we find there perhaps is a lower **understanding of data management**, data strategy. And Scott, you talk about the commitment to the quality of the data. Some people don't even understand how the data makes it in there and their relationships required to answer a question. So we are really out there in the desert with many conferences that point to many directions. But it's an exciting time and I hope that you are all using these tools to solve your problems as well. So thank you for letting me comment on this.

Ed Collupy Thanks. Thanks, Rick. Roy Strasburger.

Roy Strasburger Good afternoon, everyone. I think one of the big messages that Tim was emphasizing, and what we ended up titling the Vision Report, is fighting for your customers - it's all about how to get out there and make an impression. Where do you insert yourself into the decision-making process that the customer is going through? **How do we compete** against other people who are fighting for the same customers, whether they be QSRs, or other types of retailers, and how to really work on converting those fuel customers into in-store customers. Over the last couple of weeks, it seems to me like the competition for that customer is getting fiercer as the QSRs are starting to reintroduce low price value menus. It's really about how can we draw the people in the store and track and learn from them? And I think it ultimately comes down to **creating that interaction and that relationship with your customer base** so that you become the destination decision of choice.

Strategy

Ed Collupy And I wonder, Scott Smith, how does that resonate with you? I mean, you guys have clearly set yourself up for the future by kind of the rebranding to adding kitchen into the name in the last couple of years, but how does what Roy is saying...

Scott Smith I mean I think it comes down to we want to not just be a convenience store anymore. We want to offer fresh food and we want people to **think of us differently**. We still have a hard time with people thinking that I don't want to eat at a gas station. And so changing that dynamic around a little bit has helped. But then also we go back to **what does technology and our role in all of this [mean]**, and it's kind of leading some of these charges with technology and how that can help

Strategy

Technology

the business. So you have business partners all around these offices that can help you set that strategy and then come on top with the technology that helps them. So I think it's a two-pronged answer, but it's how technology and what we're doing is helping us grow as fast as we grow.

Ed Collupy

Thanks Scott. And Chris again, I've been thinking about your knowing that you folks have made some recent investments in transition to some new systems throughout the organization, kind of moving away from legacy to new. Was it really a result of thinking about the future or just time to do it?

Chris Egan

It is a combination of both. Certainly, for some of the systems it was just time to do, they were becoming a challenge of support, but a lot of people talk about food, self-checkout, there's a lot of things that our old platforms couldn't support. We're going to put in a new modern architecture so that we can be more nimble.

Ed Collupy

Very good. I'm just going to go around the room real quick. Let's see. Rance, any thoughts from the last meeting and the future of what the future holds for you folks?

Rance Wells

Foodservice

AI

One of the things Roy said about these **QSR vendors** coming into the space. I mean lately all this summer you're seeing these QSRs messaging to people that have the app downloaded who are getting early to market, limited time things that other people aren't getting. They're getting cost pricing throughout the day. They're getting happy hour pricing that others aren't. That's big stuff. That's big stuff that people want. They want to be the person that got the exclusive Taco Bell, giant Cheese It Tostada thing. They want those things. Along that vein, there's that. And then along Nick's vein of business analysts, I think every one of us on this call are hoping that **AI basically takes the business analyst's job away**.

They're doing the things that person's doing day in and day out and giving us bang for the buck there. And then at the end of the day, the things that the business analyst isn't catching, they're doing cleanup on. They're going, hey, you're selling Snickers and Cokes, but if you offered this together, it'd be this synergistic approach. I mean, that's the magic bullet everybody's looking for with AI. We'll spend whatever we want on it if there's value. But that's the biggest thing all of us I think are struggling with is AI, it's a great buzzword. It's out there, it's doing things, but you've got to have that return on investment or what's the point?

Ed Collupy

Got it. Bill Ridge, I saw your hand up.

Bill Ridge

AI

Technology

I just have a couple of things to say. Just as a smaller retailer, someone said it to me the other day and it made a lot of sense and they think of AI right now **as kind of that old science fair**. So you go see all these nice little things and you just don't really know exactly how it pertains to you yet. These are kind of the building blocks. There's some new things out there, but we do know there has been AI and things for a long time and ChatGPT has kind of changed all that. But I do think one bigger thing did happen this week, and I do think that came from Apple on Monday, their **Apple Intelligence** (https//developer.apple.com/apple-intelligence/) and where it's going. And one of the big things I got out of that is how they're going to provide hooks into apps and how apps are going to provide information back to the phone, which is the main thing that your customer is interacting with.

Personalized Marketing

And it's going to be in a private way. So they're going to be able to mine all this data and also take actions or allow these apps to take **actions based on the consumer**. So I'm not sure exactly how it fits and I don't think we're going to really know for a year because it's not all been built yet. But I think that's going to be a major thing because people aren't going to be going, oh, I'm going to Chat GPT to make it do something or find something, or I'm going to some other app to do it. This is going to be a...it's going to bring all that kind of into one place. So that's the way I see it.

Ed Collupy

Good observations. Thank you, Bill. Donnie, I saw you nodding your head, especially when Bill was talking about smaller retailers. So what was the nod for?

Donnie Rhoads

Yes, I wasn't at the last meeting, but I did read the report and the future of convenience as it relates to technology or not is such a broad topic. And then you introduced topics like AI. And I don't know, for us, and I think for a lot of other people, it's a really heady topic and sometimes the tail feels like it's wagging the dog. What Rick was talking about earlier with **managing your data** and customers and retailers, suppliers wanting certain insights now. And it turns out you don't even have the right data. You're not capturing the right things in the first place.

Data Analysis

I think what's important for us is if we're looking at the future, you got to make sure that you set up a strong foundation like **create a data lake**, not a data swamp; good in, good out, that kind of thing.

Community Involvement

And as it relates to our physical space, I can't forget that at the end of the day, as a retailer, obviously the most important thing is that a customer walks through that door. So we don't want to alienate or get distracted from that goal. I love the idea of **stores as community spaces**. That's kind of our philosophy in our community. So that's definitely priority number one for us moving forward.

Ed Collupy

Excellent. Thanks. And relative to small stores, I had an opportunity a week or so ago to visit one of Erin's stores out in Los Gatos, California. Small but well-maintained unit. And I was excited to see the assistant manager using an iPad to get things done, Erin, and to remind them of what's important. And I wondered how a company like yours makes those decisions about what future technologies to bring forth and how those things come about.

Erin Graziosi

I think, to kind of tack onto the comments of a smaller retailer, I think it's really hard to weed through all the possible options that are out there and the shiny new objects and go, "Is this really cool? Is this actually going to help us? Could it help us, but do we not have the manpower to really, or the bandwidth to actually implement it well?"

Staffing

And I think with all this out there, our struggle has been more on that **manpower side**, on the office level to say that, "Hey, this is something that could work. This is how it has to tie into everything else we have. And then operations, this is how we're going to use it well."

So for us to make decisions, a lot of it comes from talking to other retailers, talking to our partners, going to shows and seeing something and then saying, "Hey, someone has a champion in here."

And I think that's the hardest part, is kind of weeding through it and then really figuring out how to implement it. And then that continual use too. I mean, we've had plenty of stuff that we put out there and then it just dies over time because someone doesn't have that long-term championing of it.

Ed Collupy

Got it. Thank you. Thanks for a nice visit. Roy Austin round us out here. You were also on the call last time. Just wondering about your thoughts coming out of that meeting.

Roy Austin

Yes, ours is still like some of the others. We're also working toward a **next-gen ERP (Enterprise Resource Planning) system** that's going to house our entire enterprise in it. Right now we're split up amongst the 25 countries and different systems. But as we go into the one, we're also **building data lakes** for all the data to come in.

Technology

Data Analysis

And like Robert said, they're summarizing summaries. We're almost over-analyzing existing analysis with pricing. We already have pricing partnerships, but we're building things that export the data from our pricing tools to go see, are we really pricing right, are we doing it at the right time, and all that kind of stuff.

So it **really is the data**. In most markets, I mean, there's some Caribbean markets where we don't control pricing and stuff like that happens, but you can still watch your customers come in and out and try to give them the best offer on stuff that they can get in the store even when the government has control of the price outside the store. But it's really just putting everything into a data lake and gobbling it up and getting new analysis out of it.

Ed Collupy Very good. Robert, your hand's up and then we're going to go to Bill Miller to round us out. Sorry, Bill.

Robert Hampton Yes, sorry. Just a couple of fleeting thoughts from Tim's presentation. He points out that we're going to eventually go **head-to-head with the QSRs**. I think I kind of feel like we're already there.

Foodservice

As I understood from, it was either his presentation or the [NACS] State of the Industry, that we do 25% of all fast food in the country. So I think we're already doing that. We're already competing with them head-to-head. I think we should **learn from them**.

Somebody mentioned, I think it was Rance mentioned Taco Bell. Taco Bell's a great QSR and they do a ton of technology. They say NFL's a copycat league. We need to be looking at what Taco Bell's doing and trying to learn from them.

Somebody else mentioned, now you see all these different companies going with these cheap meals. Maybe that's where we go back and really start breaking out the low-price meals to get people in.

Customer Behavior

And then just the last thing I'll mention is r**etail fuel conversion is at 30%**. And again, this was either from Tim's presentation or State of the Industry and it's been steady for the last 20 years.

I mean, that's shocking to me that as an industry we haven't figured out how to make that better. I mean, that's a **huge opportunity**. I mean, we're doing 90%, we have 90% of the sales in the nicotine category and we can't figure out a way to get more people to come inside.

We do 35% of packaged beverages in this country. We've got to figure out a way to crack that nut on 30% of getting more conversions. It's got to be a 50 or 60% conversion rate. So I think that's something that we need to work on that'll help us compete better with the QSRs.

Ed Collupy Thank you. Bill Miller, go ahead.

Bill Miller

AI

Well, thanks. I wasn't on your last meeting, so I'm glad you asked for me last so I could listen to what everyone else was talking about. So anyway, I guess, I'll **focus in the future and AI** because that's an area we're somewhat familiar with.

At GK our core business is around point of sale, but a lot of people don't know, we do have some AI with very specific applications though, things like price optimization, personalization, product recommendations.

So we're using AI and we're **focused on very specific use cases** that are complementary to what we do in the POS world. But I do see that the sky's the limit. There's going to be so many things that can be done with it to solve problems for retailers and vendors alike.

The Presentation

Ed Collupy

Digital Advertising

Excellent. Well, thank you all. I'm really excited for the future of the convenience retail energy industry based on what you are predicting will be on your plates.

Let's move on to today's topic. Many retailers have their own names to describe their **retail media networks**. Walmart Connect and Kroger Precision Marketing being among the leaders in this new world where marketing, supplier collaboration, technology, and new revenue sources meet. In the c-store space, a couple of the retail media networks draw on their branding, 7-Eleven's Gulp Network and the Goose Media Network at Wawa.

Today, we're going to hear from Kevin and Doug not only on how they define and are thinking about retail media networks, but also about capturing an addressable audience that are but a part of the complex web of a successful network. Listen into Kevin and Doug's insights for the disruptions being made related to people, their skill sets and roles.

Also, listen for the transition and diversification of dollars occurring between CPGs and retailers and the continued maturity of those who ventured into RMN some time ago.

There are any number of considerations in pulling together an effective and revenue producing RMN. What are those investment considerations and alternatives? Even with online retail consolidator Instacart reporting that 30% of their revenue is currently coming from their RMN, is there real value for all stakeholders or is it only for the big guys, since that's what we hear about most? Kevin and Doug, please get us started with your perspectives.

Kevin Struthers

Strategy

Digital Advertising

Strategy

Thanks, Ed. I will share the deck. SLIDE 1 and SLIDE 2 So for our discussion today, Doug and I are going to cover these seven topics in rather quick order because we have our 20-minute time constraint. I could talk on this for days, and so it's great to have a limit.

So we're going to start with what is retail media? Why? Why now? We'll talk quickly about some building blocks. Doug will take us through some speed bumps and considerations, and then we'll finish up with kind of our view on where to start and what to focus on. This is obviously for your benefit, so please feel free to jump in. And as you know, Ed will do a Q&A at the end as well.

So we want to **start with a definition** of what is retail media. And I think this is probably one of the most critical things to do is land on the right definition. So I present this definition to you and I phrased it in a very particular way to give you **six anchors to base your strategy and thinking on**.

So it goes, "**Digital advertising** published on retailer owned touch points or off-site, targeted with retailer first-party data on the consumer's path to purchase to support specific advertiser outcomes that are validated with closed-loop measurements."

So these six anchor points are really important. It's digital. If I posted this definition on LinkedIn, I would probably get some trolling hate because they'll talk about retail media has been around for a long time and there's non-digital. But if you look at the EMARKETER Insider Intelligence, they'll say that **99.5% of retail media is digital advertising**.

So I think we can settle in on digital advertising as the source of revenue, and it's really critical for the last anchor point, which is closed loop measurement, but it's on retailer owned touch points. This is a very critical anchor point because our view is **you need to own the touch point**.

I heard some of banter on the future, the last presentation, about the ownership of data. If you don't own the touch point, you most likely don't own the data, which is the third anchor, retailer first-party data. This is absolutely critical and this is what is driving the move to retail media and it's on the path to purchase.

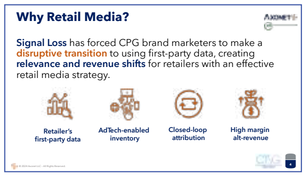
So where you'll see a lot of the revenue in retail media is when the consumer has expressed intent. So if you would get your phone out right now and go to Amazon and/or to Kroger and search for something like chocolate, most likely you would see a bunch of sponsored product, which is the retail media ads.

Strategy

The fifth anchor, which is probably the hardest one for retailers to come to terms with, is it's focused on advertiser outcomes, not retailer outcomes. **Brands are looking for a share growth, not a share shift**. Most retailers are looking at, "How do I grow my share within the market and shift it from someone else?" Brands are looking for share growth.

And then as I alluded to earlier, the last pillar is closed-loop measurement. Brands want to know that their advertising is working.

Data Analysis



And so we look at, why retail media? There's a lot of changing in data availability, which kind of gets rolled up under signal loss.

So we've had data privacy, we've had cookie deprecation, we've had OS policy changes on data collection like the iOS's ATT (App Tracking Transparency), advertiser IDs, all those are going away. And this forced this **disruptive transition to using first-party data**.

And for retailers that come prepared, this results in a tremendous revenue shift. And so this all goes back to about 2012 when Amazon really launched their advertising business and around 2015 they started breaking out the results from that and the rest of retail, general retail were shocked at the money that they were gathering.

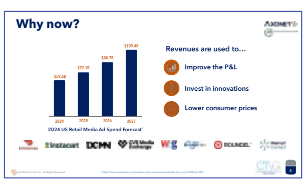
Data Analysis

And that has brought everyone else into the mix from the big guys that Ed was talking about in terms of Walmart, Target with their Roundel, Kroger and that. But there were some other drivers in this. AdTech (software designed to help companies and agencies create, run and manage advertising campaigns) was becoming developed and made available. So you had technology solutions.

ROI

Advertising

And then as I said on the first slide, one of the big drivers is **closed-loop attribution**. The brand can actually see what advertising is working. John Wanamaker has the famous quote that, "50% of my ads work. My only problem is I don't know which 50%."



And so closed-loop attribution is really driving this shift. And then also there's the availability of high margins, right? On the Lightning Round there were several comments about tight margins. Retail media when done right can see **margins of 70 and 80%**.

So the big question is, why now? And it is a disruptive shift. There's a tremendous amount of money that has moved from other sources into retail media. It's projected that this year in the U.S. it'll almost be **$60 billion dollars that are flowing into retail media**.

To put that in perspective, search is around $90 billion, social is around $86 billion. So the explosive growth in this media channel requires a retailer's attention. And it also takes time.

Walmart Connect, as Ed pointed out, was an early adopter of this. They are projected to do **$5 billion in retail media** this year, and they think they're only in the walk stage of a crawl, walk, run model. It takes time.

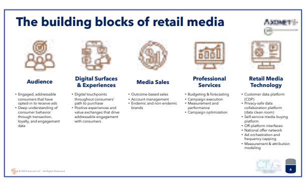
There were several comments in the Lightning Round about data. It takes time to get the data in the position. And as you talked about competing with QSRs, several of these logos on the bottom of this page are also competing for that same customer visit.

Strategy

Pepviz, the data arm of Pepsi, pointed out the growth in some of these other retail channels of same-day consumption visits. And so these organizations are generating a large amount of money and you need to look at what they're using this money for. Some of the money goes to improving the P&L, some of it goes into investing and innovation, and also lower consumer prices in that. And so the **c-store space needs to avail themselves of those three benefits as well**, because if you don't, I think you're going to be at a competitive disadvantage.

Ed pointed out like Instacart, 30% of their revenue. Dollar General is very interesting because when they look at the path to purchase, they serve a very unique audience and that's a rural audience. And so as they're selling their retail media, a network to the brands, they point out that advantage of who comes to Dollar General, how they're normally not caught up in national media buys, and it generates a significant amount of money for them.

Strategy



As you look at Kroger, as Ed mentioned, $1. 2 billion in operational profit from retail media. Target, 1.5 billion. So there's a tremendous amount of money, and like I said, the time that it takes to stand one of these networks up and actually do it is a challenge.

So if we look at the actual building blocks of retail media, some of these topics were caught up in the Lightning Round as well. The first building block is **audience**. That is what you're actually pitching to the brand.

Your retail store has an audience that comes to it and brands need to access that audience. And when you think about the convenience space, our path to purchase is very short.

NACS shares the stat that the selection time period in the store averages 71 seconds. It's not like general retail or even grocery where someone is planning a visit, right? A lot of our visits are when the impulse strikes or, "I need to stop and

Customer Engagement

Strategy

Digital Advertising

get food." And so this audience is what you'll be selling back to the brand and as the conversation earlier was on data, you **have to have a deep understanding of the consumer behavior through transaction loyalty and engagement data**. And that's the fundamental building block and that's the fundamental product of the retail media network, is the audience.

The second building block is digital surfaces and experiences. This is where you are engaging, and as Jeffry was pointing out, there's a challenge. Our industry has not enjoyed the level of **digital engagement**. I think that's another key when Taco Bell was brought up. Taco Bell has put a lot into their app, and as Jeffry was pointing out, to make the app something where there's additional value over just a transaction type environment. And the digital surface is where you gain that audience attraction and build that audience.

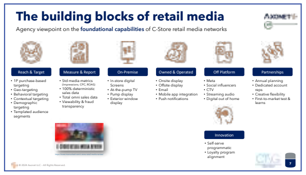
The next building block is where this starts deviating from the typical retail environment, is media sales. **You're selling this access to your audience** and your digital properties to the brand and it requires account management. The typical retail media network is working with upwards of a thousand organizations because there's both what is known as endemic, which would be the CPG brands, but there's also non-endemic brands. So you can think of credit card companies, car insurance, car companies themselves, hospitals, colleges. There's many **opportunities for sales**.

The next building block is professional services. This is where we get into budgeting, forecasting, actually executing campaigns, optimizing campaigns. This is another area that is kind of outside of the core competencies of a typical retail operation.

And the last building block is the actual **retail media technology**. And this was brought up in the Lightning Round as well, right, having some sort of data lake or data platform, data governance. Another big area is a privacy, safe data collaboration, like a data clean room because the trust of your consumer will be very important. (Data clean room is a secure collaborative environment where organizations can collect data from multiple sources and combine it with retailer first party data. It allows retailers to leverage large, aggregated databases to provide consumer insights and media activation. It ensures strict data governance and access limitations ensuring trust and security.)

And then another big hurdle, and Doug will touch on this when we get into the speed bumps, is that **brands are typically looking for a self-service media buying platform**. And this is where they can cover all of the **media opportunities that you as a retailer have** and purchase them in one place and then see the results. And then there's also some other capabilities in terms of ad orchestration and frequency capping.

You don't want to overload. The **ad side of things can't overwhelm the consumer**. The consumer experience still needs to be the focus on what's being done. So those are the five building blocks.

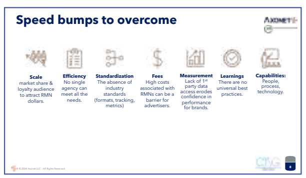


And then we give you this view. This is from Mars United Commerce. They're an agency. I would really recommend that you look at their materials. They do a retail media scorecard that breaks down what all of the large retailers are doing, and they most recently, in March or April, published a c-store retail media review. And the link is in the slide and in the report (www.marsunited.com/c-store-retail-media.review/).

But if you search on that, I included the cover here so you can see what it looks like [cover of the report is shown on the slide]. They reviewed 7-Eleven, Casey's, and Circle K and provided their viewpoint of foundational capabilities and they broke it down into these seven categories and they consider these foundational capabilities. So there's a lot to do here, and that's why on that earlier slide we talked about why now there's a lot to build here.

Some of these capabilities you may already have, like with Jeffry, if you have a Rovertown app, the push notifications, the ability to integrate with the app. You may have displays, but all of that has to be brought together into an orchestrated environment so the brand can take advantage and reach your audience.

I won't go through and read all of these because like I said, I really recommend that you look at this. Now, one interesting thing, I'll point out, the difference between their evaluation of c-store versus the rest of retail media.



They gave c-stores a pass in terms of the audience. Doug will talk about scale here in a minute, but they said the foundational audience was 3 million mobile app users or digital users that could be reached.

When you look at their scorecard on general retail media networks, they'll talk about 6 million. And as we've talked to brands, they're really looking north of 10 million digital users.

And so it brings up a problem of scale. But these are great resources and we wanted to give you a viewpoint from an agency. Next, I'll turn it over to Doug and he can walk you through some of the speed bumps.

Doug Baker

Thank you, Kevin. Appreciate it. It was a pleasure to meet every one of you, and I appreciate it, Doug, having the opportunity to participate in the previous conversation.

It's pretty reminiscent. The one thing I think we can all agree with in grocers, food at home is extremely important to them. And anywhere food's not eaten at home is a competitive disadvantage to them. So from a QSR standpoint, fast casual, fine dining, we have some similarities.

Digital Advertising

Strategy

Retail media. So with FMI just a little bit of context. We are a vertically integrated trade association. So we have both the pleasure and sometimes the challenge of representing both retailers and CPG companies.

One of my roles there is to lead a technology leadership council, and within that council we have two subcommittees. One is a retail wholesale digital commerce committee, and the other one is a CPG digital commerce committee.

From an organizational structure, when I'm speaking to the CPG folks, it's very clear that those folks are responsible for day-to-day activities around retail media. But when you're talking to retailers, those digital folks are heavily focused on loyalty and e-commerce, less focused on retail media. That's pretty much sitting in the marketing department as of today.

And I'll sort of talk a little bit about some of the **complexities that retail media is starting to create** for businesses. So all of those building blocks that Kevin talked about, those are right on.

The unfortunate thing is they're a little bit of a step away from reality. And if I was to say retail media in the grocery industry outside of the big five is a red-hot mess, I'd be understating it. It's a white-hot mess. And that's really because of several of the things that you're seeing on this slide.

Complexity in the buying process, over two thirds of ad buyers, so CPG companies – and I'm going to be talking out of both sides of the desk here – they cite the complexity of the buying process as significant growth challenge. So the more you put into the gain, the more challenging it gets.

We've got ad agencies popping up left and right. Again, outside of the big five, they struggle with a lot of the same things that several of you were thinking about. It's about creating scale. "How do I get my customer first-party data large enough in order for it to be enticing and attractive to a CPG company?"

So many of them are **working with agencies** in order to be able to accomplish that versus doing it in-house. The problem with that is that you can't use one agency to accomplish everything that you need as a retailer.

Every one of those agencies has different core competency or somewhere where they excel, and that would be a lot thinking about on-prem versus off-prem and being able to create sort of a seamless strategy.

Fragmentation, as I mentioned, is complex. Data accessibility – first –-party data is extremely important, and retailers use it with agencies in order to drive promotion. The CPG companies are actually struggling to get access to it and get visibility to it. So as a result of that, it's really sort of eroding some of that confidence in the investment.

Strategy

And it's actually **pushing CPG companies towards more organic growth, more organic media rather than paid media** because it doesn't, obviously, it doesn't require significant investment.

Technology standardization, a lot of standards across the board. It's relatively easy to manage when you've got one, two, or three companies in them, but the more retail touch points you get into the situation changes.

Now, CPG companies are having to manage various nomenclature form, function, and there's no standardization. So to the best of your ability that you guys could **start looking for non-competing opportunities** to bring data together, and Kevin mentioned a clean room, those really drive additional value and make it easier for the CPG company.

Fees. There's another one, and this was relatively new information for me after a digital commerce committee call. Each one of those agencies has a various set of fees that they charge, and the CPG company ends up paying those, but the retailer has the ability to negotiate them.

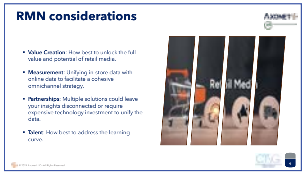
So as you're looking at those agencies, **pay real close attention to the fees** that they're charging. Also, take a real close look at the digital asset. If they don't have the best looking digital asset or the most complete digital asset platform, then CPG companies could look elsewhere. It could keep them from actually engaging with that particular agency. So pay close attention to that as you're having that conversation.

Change management capabilities with inside your organization. Struggling in the grocery industry, right? Grocers are buyers, and you guys are going to experience the same thing. It's about how can you buy those things that you're selling at the most cost-efficient price so that you can turn... even though a thin margin, you can turn a margin.

Now, you're asking these individuals to be sellers and to sell to CPG companies space on their digital touch points. So it's talking about how do you, without creating silos inside of your organization, **get the right frame of skills and mindset focused on the sell versus the buy**?

And today those individuals are having to take one hat off, put another hat on, and it's creating some challenges. And then one that's not really talked about on here, but supply chain pressure. We have trained the consumer that you can get something in 30 minutes. And if you're touching these individuals on their path to purchase, that really puts additional pressure on the supply chain and being able to fulfill that. So several of those speed bumps that the industry is still trying to overcome. And as you add more players into it, those speed bumps become more and more apparent.

Strategy



SLIDE 9 So a few things to think about here around considerations as you're thinking through this. And then Kevin's going talk about how do you get going. But some of the things that I'd like to just raise is **how best to unlock the full value and potential of retail media**. How do you create that value for the consumer in order to get them to participate more? I heard conversations around how do you make it experiential, how do you personalize, how do you talk to the individual? So really think about, think through that. Measurement, **unifying in-store data with online data**, that closed loop activity, it's important, but it's not as easy because of what you all talked about. Data sits in various places and how do you unify that data? I would tell you, if you look back to Amazon's path to where they're at today, they didn't actually put their data in a data lake.

Strategy

What they did is they **utilized the APIs (Application Programming Interfaces) just to unify their silos**. So anytime there's a data adjustment in one of the silos, it automatically makes it in other silos. So don't automatically think you've got to put it in a lake or unify it. Think about the potential of making sure that there's interoperability and you can use APIs for those to happen. **Partnerships**, again, multiple. Here's the challenge. As a retailer, you need to consider using multiple RMNs in the grocery industry, but having multiple partnerships could leave your insights disconnected. And if they're disconnected for yourself, they're even more disconnected for the CPG company. They're having to lean heavily on second-party data because they're not getting a significant amount of access to first-party data.

Staffing

And so then they're also having to look across RMN agencies in order to be able to pull all that data together and it just creates a challenge of really understanding. And then again, I mentioned **talent**. Consider **how best to structure** the organization in order for the individuals to really focus in on the fact that they're going to be now positioning their organization as an opportunity to, potentially, companies that they were just last week negotiating a lower cost of goods. Back to you, Kevin.

Ed Collupy Hey, Doug, before you go, I think when we were chatting last week, you made a great comment about the **role of the category manager** and I think you said along the lines of, "Category managers may be looking to go out to lunch with their supplier partner, but guess who's paying now?" Right?

Doug Baker And it's challenging, right? Because some of those conversations are somewhat tenuous with your trading partner and now you need to flip the script and now you need to sell them on why they should be using your digital touchpoints. So it really creates a difficult opportunity for that individual. But the other challenge is if you separate it so much, you create another silo in the organization. So there's got to be some way that you're able to accomplish it so that those individuals are still connected, but maybe they do have separate roles.

Kevin Struthers

Yes, Ed, the line actually comes from a fellow named Colin Lewis, which is someone good to follow on LinkedIn for retail media. He asks the question, "who buys lunch?" Because now that the brand has moved from being a supplier to a customer and you get into this awkward situation. It's changing the dynamic and Colin holds the idea that that's probably the most disruptive part of retail media is this change in relationship. And how do you manage that? How do you make the decision on **how you divide responsibilities** between organizations? Some have chosen, like Kroger, to treat it as a separate business that is tightly, as Doug was talking about, it's tightly bound to the main business. But if you look at their annual report, you'll see how they treat it as a separate business with data and information moving from the big box into the little box, which is their alt revenue box. And then that gets monetized and then funding and data and insights go back into the big box. And so that is a big challenge.

Strategy

Data Analysis

So we want to finish up by looking at where do you start and what do you focus on? And as we said before, there's a lot to do if you're going to tackle this, but we strongly believe that the beginning of this, the where to start is strategy. You have to **come up with a retail media business strategy**. Are you going to tackle this? How are you going to organize for it? And a part of that, as was called out in the Lightning Round, is this **data strategy**. The CPGs are, as Doug pointed out, are desperate for data and there's a lot of data. There's personal data, names, behavioral data, identity data, demographic data, attitudinal data, engagement data like Jeffrey was pointing out in terms of responsiveness to messaging. Where is that data? Do you have access to that data? Where are you storing it? How do you bring it all together to share this understanding of the audience that trades with your store?

ROI

And then once those strategies are created, then you can get into an execution plan, work to get executive alignment and an investment schedule. Someone had brought up **return on investment** earlier. The investment schedule is an important part of this because if you go back to the comments on the path to purchase, what works for an Amazon or even a Kroger or Walmart is not the solution that'll work in convenience. And so as you put the strategy together, it's got to be right sized and the investment schedule, the crawl, walk, run, has to be set up where your investment is reasonable so that you do get a payback. There are some in our industry that haven't shared it publicly, but at a trade show, if you meet and talk to the right people, they'll tell you that they over-invested, they thought that they were going to get a bigger return earlier on, and it creates a problem for the organization because the money is misspent and then executives become disenchanted with the program. So that's a critical part.

Strategy

So it **starts with strategy** and data strategy is a big part of that. And then you have to build these insights and collaboration capability. This was brought up in the Lightning Round too – the ability to understand the data. So you have to be able to ingest the data, cleanse the data, enrich the data. This will require new talent like data engineers, data scientists. You have to be able to build the ability to visualize that data, share the insights. And it may include, as we shared earlier, hosting a data clean room environment where you can share this data with brands and other advertisers in a privacy-safe way. And the others we've touched on already. But I think that the early focus is on the strategy. How are you going to approach this? How are you going to capitalize on the data that your organization has? How are you going to set the investment level and how are you going to execute that level? I think we'll call it there and pass it back to Ed.

The Discussion

Ed Collupy

Well thank you so much Kevin and Doug. Thank you for the education, your thoughts and the experiences and your own work. They're useful takeaways for all of us, but I'm left with the thought that came up, Kevin, in your recent remarks that this almost needs to be thought of as a whole new business segment for retailers. And also that the recent investments many convenience retailers have made, including some of you, our members, in updated or replacement apps, loyalty programs and digital touch points that our Ally Supporters represent are only a couple of the strands in that RMN web. So CTVG members. What do you think? Are retail media networks the path to return on investment to consumer experiences that have been hard to quantify?

Where are you headed on the RMN journey and what thoughts and questions do you have for the group? Let's hear from you. Feel free to pose questions to our guests or one another. And one thought I had as a way to start is Larry Bowden. I'm thinking as we went through things today that one of those on-premise touch points or digital surfaces that's been around a long time are the digital screens at the pumps. And wonder how you are thinking about those relative to this whole new concept to the industry of retail media networks.

Larry Bowden

Advertising

Ed, thanks. Boy, that's a great question. And in the evolution of our business, initially **media at the pump** or in the forecourt, it was something that maybe the retailer didn't own. There were third party advertisers where the retailer didn't have a whole lot of input in terms of what the content was going to be. Probably a few years ago. The shift started where wait a minute, I've got a brand, I'm a retailer, I don't really want a third party over which I've got no control putting stuff on my real estate. **I want to have control** of that. And the challenge was that as retailers moved into that, did they have the resources to actually build that content and maintain that content and keep that content fresh?

And today more and more folks seem to be embracing it quite vigorously. One of the observations I had, which I guess leads to a question is for the presenters, **what's most effective** in terms of what gets presented to the guest in the store? Is it something in the forecourt? Is it digital things or social media? Is it signage inside the store? What works the best or is it a collaborative effort among all of them?

Kevin Struthers

I would say all the above, Larry. The big thing that we get from brands is **brands want offers**. They've learned that as we've worked with, especially like Package Bev, that they want an actual digital offer that they can track pushing someone inside because the offer is what gets the attention of the consumer more so than just a brand advertisement. And it is also media that the brand can't get to. So we work with Pepsi and got all excited when we had a meeting with the global media manager for Pepsi, and she started the meeting by saying, "I'll never buy advertising from you," which was a great way to start a meeting when you sell advertising and that, but the key was she had access to media at rates because of how Pepsi buys, but what she will buy is pump TV because that's media that she can't get to.

Advertising

And **in-store signage** like Rick's company [Abierto] provides, that's something that they're interested in, especially in the convenience environment because again, this idea of the path to purchase, which I like to say in the convenience world is really the path to consumption. So much of what this industry sells is consumed within an hour of leaving the store. I usually crack my Coke Zero and rip open my bag before I put my car in drive. But it's about **activation**. That's what the brands want. And so it's items that drive activation of that consumer and where it's measured. And so that's been one of the challenges with pump TVs as you were talking about some of the older technology is proof of play. So if you get into programmatic advertising where someone's wanting to buy something programmatic, that there has to be a return message that the ad was shown and who it was shown to. And if that can't make it back in time, they won't buy. They'll consider the system as being unusable.

Doug Baker

I'll give you a quick example just so we can move on. I see other hands up. Hy-Vee, they have an actual food network channel that you can stream and they're talking about recipes. So within the last month, and it might even be the last timeframe, over 7 million people searched a recipe, what to eat today, what am I going to make? And so that really unlocks a lot of those digital touchpoints that actually direct you to a location to buy the products that you're seeing or from the retail store that actually is that digital touchpoint. And Hy-Vee's had a lot of success with that activity, but to Kevin's point, it's that you've got to touch them all along their journey. But a couple of examples there, I'm a huge fan of the pump TV, because I'm the guy sitting there staring at it. I love it.

I like watching the commercials and I immediately ask these guys, where are you going with that? Because that could be a great opportunity for me when I've got to grab something. And even if it can be, I can order it while I'm at the pump and it actually goes into my total sale and I either run in or somebody runs it out to me. I mean, you want to talk about some real efficiency in customer service. As a customer of fuel pumps, that would be entertaining and inviting to me.

Jeffry Harrison

But the flaw with – I like GSTV as much as the next guy don't get me wrong – but when I'm watching an advertisement for Beef Jerky and I'm a vegetarian, which everyone in this room knows I'm not a vegetarian, it's not, right? But it doesn't make sense. So that's where our layer of having the app data and knowing everything about the consumer and everything they purchase over the last two years, I'm able to use the retail media network and **give them the right advertisement at the right time**. And that's the key because these millennials and these Gen Z's are so used to saying, if I'm going to give you my PII (personally identifiable information), if I'm going to give you my data, I need to be customized and get value out of that.

Personalized Marketing

That's the trade, that's the deal. And if I give my data and I sign up for whatever c-store rewards program and it's just sending me generic 25 cents off a king-size Snickers bar for the next three months, that's not personalized to me. You just failed on your promise c-store, you're gone. You're done. Right? So that's where the retail media network really needs to make sure it communicates **the right value at the right time for the right consumer**. And if it doesn't, you're going to get deleted and you're going to get blacklisted basically. So that's the caution I have from what I've seen from our side.

Kevin Struthers

Spot on. **Relevance is the key word** there. It has to be relevant because that's what you're selling to the CPG as well, that I know that Jeffry is not a vegan and so it's the ad or the contact with Jeffry. I'm selling my understanding of Jeffry as a customer back to the brand and presenting the right media to Jeffry and different from Doug or Ed or someone else. Spot on Jeffry.

Ed Collupy So Roy Strasburger, you're up. And then Rick and then Nick.

Roy Strasburger Thank you, gentlemen, for the presentation. Very, very interesting. One of the missions of the Vision Group Network is to provide information to all retailers. And while everything we're talking about is very interesting, what is the context for the small retailer? I mean, what is the breakpoint where somebody can get involved in this? If I have one store, five stores, 20 stores, 30 stores, how do I take advantage of this? Is there a way for me to play? Is there an opportunity to leverage this to my advantage? How does a smaller retailer get involved in this?

Doug Baker Another thing about FMI, we represent single store retailers up to including Amazon and Walmart. So I spend the majority of my time in that mid and small range because Walmart and Amazon, Kroger, they've got the resource at the time, everything they need. And that's where I was talking about non-competing companies who are actually having conversations about how do they **work together in order to create that scale** utilizing a consistent agency amongst them in order to be able to provide that activity, that is including single store retailers. So if you start thinking about originally retail media was really about eyeballs. It is now not only about eyeballs, because brand awareness is just as important to a CPG company, but it's really about the data that comes back about that individual. And so if you have the opportunity to fill gaps in information that that CPG company's already receiving, then that's important information to them.

Strategy

And I would venture to say that that consumer who is visiting a convenience store is a very different consumer that's going into a grocery store. There probably is still some convenience in the grocery store, but nine times out of 10, they're going to walk out with a basket a little bit bigger than what they'd be walking away from the convenience store. And I've had a conversation with the digital, the CPG guys on this, and I said, what is it? And it came back to the same exact conversation that we have for grocery – **build scale and fill gaps**.

Roy Strasburger And I understand that. But I would posit that a single grocery store, a single well run grocery store, is probably the equivalent of four or five convenience stores from a turnover point of view and from a business and customer count context. So if we're talking to convenience stores and gasoline owners – I understand people talking and working together in a non-competing way – is there any existing organization that an individual retailer can plug into now rather than having to talk to other businesses to create that synergy? Is there a co-op? Is there something equivalent that allows small retailers to get together?

Kevin Struthers That's what Axonet is, Roy.

Roy Strasburger There you go. I'm giving you a plug.

Kevin Struthers Thank you for setting that up. That was brilliant, Roy.

Roy Strasburger So if I owned one store, I can come to you and you hook me into the system?

Kevin Struthers No, the scale in our industry, it's the thing when you talk about someone the size of Walmart. If you look at Kroger, Kroger is merging with Albertsons to get the scale to compete with Amazon. The **scale that we're talking about is just on a whole other level**. It's not a single store. Even someone with a thousand stores doesn't have the scale to bring the right program together to compete when a CPG is looking. Because they're resource constrained just like any other business is. I'll be at the Retail Media Summit in Chicago in 10 days, and as you walk around, you'll see some of the name tags that say, I'm the Amazon customer success manager, I'm the Walmart. You won't see any c-stores even 7-Eleven. Because if you look at 7-Eleven in that Mars United Commerce document, they claim 8 million mobile app users.

Strategy

If you look at the Wakefield Study of Brands, 67% of them want more than 11 million digital users. So even 7-Eleven is not at the scale that a brand really wants to operate on. They're the largest in our industry. So they get attention and so scale. It's not the single store, it's **the whole range of our industry needs to band together in a co-op type environment to present the right value proposition to brands**. Because 7-Eleven at the NACS Show talked about how they don't get every shop. There's so many convenience stores. When I decide I want my Coke Zero, if I'm near my favorite brand, I will go, but if I'm thirsty and I'm traveling or whatever, I'm just pulling in anywhere. Because the offering across convenience stores when it comes to packaged goods like this is pretty universal.

And I talked to one VP of marketing at a large like 1,800 store chain, and their standard was six out of 10 shops. And to Doug's point, that consumer's shopping elsewhere. So to give the right picture of the audience, several chains need to come together in that kind of co-op environment and present a value proposition to the brands. That's our take as a company and that's why we've started our organization.

Ed Collupy Rick Sales, go ahead. And then Nick Peters, I haven't forgotten about you.

Rick Sales Thank you, Ed. So just a couple of potentially disconnected comments coming back to the original questions that were raised by Ed after the presentation. Kevin, first of all, you're so right about starting in the strategy and how many times I've had the conversation where people want us to enable something and there's no strategy behind that. It's very difficult to come back and help them either create value or understand what they're doing without a strategy in place to inform and direct what may be happening on premise. And we are very much on-premise people. We don't do apps. We are part of the path to purchase and biasedly, we believe we are the most important part because we are at the point of purchase and we know the data shows that a lot of decisions are made at that point of purchase. So we spend a lot of time on the forecourt because the forecourt is part of the path to purchase.

Digital Advertising

You're there and you're trying to decide whether you're going to go in or not. We have a product called **OPEN.LED, which markets to the forecourt** and goes in the windows is very unique large format presentation, and in many ways competes with the **TV at the pump**, which we are not a fan of. And I can give you an experience with a large retailer where we were putting up this film in the windows to advertise their burger and what was running on the pump was a Wendy's ad for the Wendy's across the street because they were not paying for the media feed and all sorts of other historical reasons of content on the pump, the content and the pump was really encouraging people to fuel up and leave, not to come into the store. So when you look at the experience in the store, there's a number of things that come together.

Customer Behavior

And I know this conversation is very narrow in retail media network and monetizing that and creating value and the CPG perspective. But the outside of our house, when we talk to the retailer, a big element of the experience is the brand message, which has nothing to do with CPG and it's very difficult to measure and quantify, but it's the secret sauce that people come back to. So none of this lives in a vacuum. The **experience on site**, the brand message that calls out to the consumer in addition to the offer at the right time and all these other things create the buying experience and cannot be dissected without a strategy for the retail media and a strategy for the brand. Very difficult to get to any value. With strategy you create an amazing experience that people want to revisit. So that's been our experience on premise, what we see happening, trying to get people from the pump inside and trying to get them to do something that they weren't planning to do.

Ed Collupy Go ahead, Nick Peters.

Nick Peters So really quickly, by the way, Doug, Kevin, thank you for the good presentation. I enjoyed a lot of it and I did have several takeaways, a couple of things I wanted to call out and I wanted to end with a question. One of the things that was interesting was that you guys were making references to the CPG trying to work with retailers to gain access to the customers. One of the challenges I think the c-store industry has seen over recent years is there have been active campaigns from the CPGs to work around retailers to go direct to consumer. So I think there's a prioritization and a sensitivity from the retailer standpoint to say, just like Amazon went to brick and mortar with things like Whole Foods and all that to get to the last mile, I think that we're in a situation where we want to protect that last mile because we know that those organizations don't have connection like we do to the customer.

And so that's the one data point that I think that we're super interested in protecting as a retailer. So I just wanted to call that out and bring that to light. One of the things that I wanted to end with was you made references to media campaign purchasers and things like that. These bigger organizations have decoupled it that's great, in medium to smaller retailers like Roy was calling out, the marketing department as part of their negotiations and techniques to have CMAs (cooperative merchandising agreements) with these CPGs, rebate programs are baked in with media campaigns and things like that. So when you start talking about things like decoupling all that, you start impacting my margin. And so how do organizations reconcile with that? Well, you're going to take a hit on the margin side, but this other side, this other entity without being too siloed is going to benefit too. How do the bigger companies figure out a way to play nice with each other's pond on that?

Doug Baker You want to go first, Kevin?

Kevin Struthers No. You can, because you're going to have to step out here.

Doug Baker Yes. So the one thing I would say to that is that really depends on where the revenue is, **where the money's coming from in order to support the activity**. There is a strong belief, I'm actually now getting a little bit pessimistic about it, that this money is new, right? At the end of the day, there's only so much money in the bucket. It's just where is it being spent? And some of the things that we're starting to experience now as a result of the inflationary pressures and now a push to reduce prices is that the **consumer money and the trade money is at odds**.

Marketing

And I'll give you an example of how that's happening. So you have Instacart, we talked about them. Instacart has a tendency to drive people to a specific retailer, right? So if I spent money on Instacart to drive awareness around a brand, around an item, but yet, on my trade media with that retailer, I spent money to reduce the price of that item in that Instacart platform, which one actually did the work? Which one actually got the customer to convert and buy that item? And those discussions, I should say debates and sometimes arguments, are actually happening now because we're starting to see some battles for those monies as the money's actually sort of being held back. And part of that is, again, because CPGs can't get enough first party data in order to be able to quantify the success of their marketing campaign. So it really goes back to **where the bucket of money is sitting** in my opinion. Kevin?

Data Analysis

Strategy

Marketing

Kevin Struthers

Yes, you're spot on. Nick, those were great questions and there were holes in my presentation. So when I talk about access to consumers, it's absolutely imperative. We're not talking about handing Jeffry's details to the brand, it's **access to motivate Jeffry**. And that's where the data clean room comes in because the data clean room, the best way I have to describe it, it's you play Go Fish. And that's basically where Pepsi would say, "Do you have any Jeffrys?" And only if that matches does Pepsi get the data on Jeffry's behavior. And it never gets Jeffry's actual details in that. So it gets complicated.

But absolutely insist, this is not about handing [data] over, you're not sending data anywhere. That's absolutely critical in all of this, that it's the access to activate a consumer, not the actual data.

Now, I'll say this, all of the brands are pushing for direct access. There's loyalty programs like Gatorade iD (a free and personalized membership platform) where they're doing things to incentivize consumers. That's, I think, the danger in the 8112 coupons (digital, single-use coupons that can be used with mobile devices and are validated in real-time) that's getting a lot of push. That's a tool where the brand will be able to send a coupon directly to a consumer and that.

And so, your concerns are spot on. And I think that's where the strategy comes in. You have to have **a strategy of how we gain access to this money**. Doug is also spot on that there are **multiple buckets of money**. Now, what's happening with digital disruption is some of those buckets are collapsing. So typically, you talk about national dollars, trade dollars and shopper marketing dollars. And this is where the disruption's occurring with brands because **what budget does the money come from**? If I'm the head of trade marketing dollars, I'm not the one to give my money to Rick over in shopper marketing. But the brands are reorganizing and some of these buckets are getting collapsed because it's the performance nature of retail media, which is driving all this money.

So I would say that what you have to be thinking about, Nick, is the money that's coming through my category management program today, how do I maintain it? How do I not lose it to competitive organizations that are delivering the sales to these brands by working the program. I think you have to be thinking about that. The shift may not be this year, but that shift is beginning to happen.

And what we're really trying to focus with retail media is ensuring that your strategy is such that you **get access to incremental dollars from the national budget**. So linear TV, the investment in linear TV is dropping. **Retail media will**

Marketing

pass linear TV this year. If the estimates work out, it'll eclipse linear TV this year.

And you have an opportunity because you have this asset in these customer transactions and relationships, your loyalty program, and this becomes your way to access that money.

If you look at Morgan Stanley's just released report on the future of retail, they're talking about **200 basis points of net margin coming from retail media**. We talked early on about the hype on AI. Morgan Stanley is saying 25 basis points from AI.

Ed Collupy I just want to also capture something that Scott Smith from Parker's passed along before he had to leave us, but he went back to a comment that Jeffry made and said, "Great point by Jeffry. **The one-to-one marketing that is relevant to our consumers is the next generation of retail media**." So that was his viewpoint.

Nick Franco, I know that you joined us late. Thank you for joining in. And I wonder, with all the clients that you have throughout various industries, whether or not folks are coming to you or talking to you about retail media networks.

Nick Franco It is kind of a fairly new topic for me. So I would say not really, other than the ancillary integration work that needs to be done around it, but not specifically about retail media, no.

Ed Collupy Okay. Very good. And Roy Austin, you have that international thing going on at Parkland, certainly, stores up in Canada, stores in Caribbean and Latin America and all over this part of the world. But I wonder, is that entering at all into considerations as you think about your work with CPGs or even contemplating how to deal with retail media networks?

Digital Advertising

Personalized Marketing

Roy Austin Yes. Yes, we are actually integrating with a company called **Avida in Canada that is doing digital signage and actual POS interaction** where it's **customer-focused ads** will pop up on the customer-facing display, but it's also throughout the store too, so they're able to do just a CPG-funded advertisement or a **customer-directed coupon** there at the counter. And in the US, we've worked with Rick, we've got Abierto in quite a few stores across the US. And the Caribbean, we've got pretty much just basic media player thing, so nothing that's really focusing on specific customer needs, it's more advertising than it is targeting.

Ed Collupy And does it differ in different parts internationally based on consumers or what drives the differences?

Roy Austin The consumers, the currency you use because a lot of the Caribbean is cash market, so you're not advertising a lot of stuff that has to do with stuff at a gas pump. It's going to be your food program or your coffee or something like that. Versus the U.S., you can target your customer anyway you can as long as you're not fighting with the major oil in between all of the other fun stuff that happens when you've got that interaction happening.

Ed Collupy Chris Egan. Again, just because I often receive UDF push messages, I wonder if they're targeted to me in any particular way. I can't imagine because I'm not a consumer there. But have you moved to personalizing those messages at all?

Chris Egan I think it's a continuum. And certainly, Jeffry's a key partner and a provider of this, but **we certainly want to personalize** more than we are, not that there's zero personalization today, but there's great opportunity in the future to personalize them more.

Personalized Marketing

Jeffry Harrison I think it's a combo too, as you know, Chris, between the loyalty company that is powering some of the data and the app. So it's about kind of matching all of that. And then, layering things like mobile pay and carwash subscriptions and mobile ordering. So there's just all these **layers that need to be tied together** and I think that's kind of the complex part.

Data Analysis

When I say all this exciting stuff, it's not that we have everything figured out yet because we clearly, definitely don't, but we know what we need to do to **piece all the data together** and that's kind of what we're working on actively.

Kevin Struthers And I would add, Jeffry, that that is the key. There is an organization called CreLytics (workflow automation and AI powered analytics), you can find them on LinkedIn. Their CEO publishes some interesting things.

Personalized Marketing

And your comments, Jeffry, about personalization, I like to use the word **relevance, is the key** to revenue in this. If you look at Google's ad revenue, Google used to be two little ads on the side of your search. Now ads are the entire top of fold. If you look at Amazon, Amazon now when you do your search, it's all ads. Go to walmart.com. The leaders in this generate a lot of ads and they do that because of relevance. The consumer doesn't mind the ad, to your point, Jeffry, as long as it's relevant to them and the experience is managed.

Jeffry Harrison It's funny, just, sorry, one more thing to add, but I have been noticing the same thing too, Kevin. And I'll search something on Amazon, search something on Google, and it used to be the phrase, "If you're not on the first page of Google, you're nobody," but the first page of Google is now all ads and the second page is actually the content you're trying to search for. So it's funny, I think.

Kevin Struthers It's the valuable attention of the consumer that the retailer is pushing at that point, is to get a product in the space. Kroger talks about doing two trillion product recommendations a year as a part of their online ordering for groceries, two trillion because people don't search by brand, they search by generic category and that's where the opportunity comes in.

Personalized Marketing

And so, Nick, that's where it's the **access to the consumer**, it's access to their attention, not giving the details of that consumer away. But relevance is the key and there's a lot of work in our industry to do, but that should be the goal of a retailer to be able to generate the relevance and have a great customer experience and control the value exchange.

Ed Collupy Erin, and then, Donnie, I'm wondering how this is resonating with you kind of on the smaller end. And Erin, I know we've had conversations about how technology finds its way into Robinson Oil. Go ahead.

Erin Graziosi I guess it's similar to what I said earlier. I guess on some level it's kind of like where do you start with some of this and what's the touch point? We've tried some of this in the past and we saw little to no success in, I guess, the partnership that we had and kind of the feedback from customers.

I think the technology is advanced from where we were before, but I just really wonder if we truly know where consumers are going to end up looking. You know what I mean? Does that make sense? But I mean, we've tried stuff on the pumps. We actually got more complaints than people liked. We tried stuff in the store. So I just struggle to find the right solution on it, I guess.

Ed Collupy Got it. Donnie, how about you?

Donnie Rhoads Yes, just to key in on Erin's word, **partnership**, there, it's like anything else that we are doing when we're working with a supplier. And we work with a lot of suppliers on stuff like this because medium, smaller chains, they might not have the resources, capital or otherwise, to build out their own ecosystem for this stuff.

Strategy

So we are looking at it and it's about moving forward with the right people. So we do have a partner that we are moving forward with in putting up some **digital touchpoints in store**. And the goal is going to be to create integrations where we can with the rest of the customer experience and our digital infrastructure. So **we have this technological roadmap** that feels a little heady for an eight-store chain, but it does involve connecting those different pieces of loyalty and personalization and a physical, at least, retail media network. And it's all very fresh. So we're just starting to iterate on these things.

But on the onset it's been exciting so far. It's just nice to have a medium in store that is really flexible in terms of what you can do with it, what you can put on there and draws eyes. And if **we're not selling screens to brands right away, we can at least use them to drive adoption for loyalty or provide new offers to our customers**.

So back to what I said at the very beginning, I think it's super important for anything you do, especially as a small company, but any company is... we want to get our feet underneath us and move slowly, but purposefully, with this stuff.

Ed Collupy Bill, how about you on the small side? Any even discussion about this?

Bill Ridge We've talked about it for a long time, even to the point of electronic shelf tags, doing displays in store, working with our vendors to put their advertising there, getting discount on product, things like that. Not to the extent that we're talking about today.

And I'll agree with the person that mentioned that some of our customers complained about the advertising at the pump, "It's too loud. It is broken. Oh, we aren't having that special anymore." Things like that. So it's not easy as a smaller retailer to make sure it's working all the time. And that could be an early adopter thing that we did years ago and it could be a lot better right now.

Strategy

I think going forward, it was mentioned, also that it scares me a little bit, about letting our vendor take that advertising and allowing them to kind of do something, where I'm more worried about our branding and possibly getting that rolling with our media, and then, possibly, bringing in the vendor later, because we're not even doing that yet. So let's just **set something up for us** and push what we want to push, and then, get it to the point that it's so good, that technology has progressed to the point that it's easy for us and it's some kind of brokered situation that we allow our vendors in and then they can buy certain programming per se for certain data.

So when we get to that point, it's a lot easier if I'm buying. Make it as easy as if I'm telling you all my touchpoints and if they're compatible and there's an API to talk to those touchpoints and my POS, align me with some cloud situation where I can go let my vendors buy advertising. Make it that easy. Maybe not that big. But as a smaller retailer, it's going to have to get to that point for me to want to do something that's really going to have rewards to it. So that's just kind of where I am.

Ed Collupy	Good enough. Robert, you're on the completely opposite end in my view anyhow, of these other folks like Bill and Erin and Donnie. How are you looking at it being a larger player in the industry?
Robert Hampton	Yes, it's definitely something we've looked at. And I'm trying to remember who brought it up. I think it was Larry, actually, who mentioned, **do retailers have the resources** to create the content and manage it? And I think we struggle with that a little bit. Yes, we've got the ability to do that. We've got a number of dispensers with the displays. But it **takes somebody in marketing to manage** this. It needs to coordinate with things we have going on inside. We are turning over our promotions every six or eight weeks. And so, to somebody else's point is, "Hey, it's running the wrong thing out at the dispenser, that's an issue."

Staffing

So what I've found personally is it's not so much a technology issue and it's not so much a CPG or somebody wanting to buy the space, it's **do you have the person in marketing**, the intermediary to manage all of this for you and to make sure you've got the proof of play, data getting out, that you've got the right things running at the right time. So that's kind of of where we struggle.

Merchandising

I think certainly with **ESL, the [electronic] shelf labels, I think there's a huge opportunity** there. Ed, you and I, with the study group, we went somewhere in Seattle like six or seven years ago and saw all that. And it was running a Tony the Tiger ad and you see an uplift in sales for Frosted Flakes, right? So I think there's certainly opportunity to do that and to make an impact, but can you manage it effectively?

Ed Collupy	Very good. Chris Egan, go ahead.
Chris Egan	Yes, I think there's more **work to do on the technology front** too. Not that there isn't work on the marketing front, but we have dispenser media at all our stores, we've got a loyalty program. So we can have the option for me to say, "Show me weather and not news, and you know my purchase behavior."

Technology

But it's not a marketing person only to create that relevant content, it's how **do we have the systems** in place to manage all of that and effectively show me the right infotainment and the right offer? So I think it's both, but I think there's a lot, at least on our front, from the technology front, to be developed to take full advantage of personalization.

Ed Collupy	Got it. Thanks Chris. Scott Burchfield?

Scott Burchfield Yes, I thought to raise my hand, Chris, as you said that, and kind of go back to one of the things Kevin was emphasizing, and I think, Nick, that you brought up with the first question in the Lightning Round is strategy. It's the most important part if you're going to consider this, but it's part of the overarching strategy for the process.

Strategy

And then, Nick, I think it was Nick, IT is no longer break-fix, it's how you're engaging in the entire process, the innovation. And one of the things from Impact and Capra that we really try to stress is that **cross-functional dialogue** in this. This can't be a marketing effort, this can't be an IT project. This has to be a strategic **decision of all the relevant players** to ensure you have, not just the accurate data, but the plan and the execution is there. And I think that's a big point, Robert, even you're saying the resources, right? Is there the right resource as a strategy of the organization? Are you going to commit to this to actually do it? Are you going to commit to it to dangle your toes? And that's a big challenge in any size organization.

Ed Collupy Very good. Thanks Scott. Rick, I'll get to you in a minute. I just want to call on Bill Miller. Bill, you've heard all this. What are you hearing from your convenience customers or even your grocery customers, who we have a lot of, relative to what GK needs to do to help in the area of retail media networks?

Bill Miller Well, Doug mentioned one of our customers earlier, Hy-Vee, and they're both a grocery and convenience store retailer, so we get to see those different perspectives. And they've created their own media network called **RedMedia**, and they're having a lot of success with it. And there's a lot of data sources for it.

Digital Advertising

One of the unique things they're doing, that not a lot of retailers are, is they've also partnered with another company called True Rating that has a very simple survey approach where it's one simple question with one-click at the payment device or dispenser. And those **questions can be customized by a loyalty ID**. They can be generic for all customers. They can be triggered based on what's in the basket.

Personalized Marketing

And so, they're using this, not only to improve the customer experience and feeding that data mainly to store operations, but then, they're also monetizing that data combined with all the other information they have with the CPG companies to generate revenue. So it's an interesting twist.

But I do see the complexity here in a lot of ways. And I think, what Axonet is doing for the convenience store industry is very good because it will be a challenge for most convenience retailers to create this themselves.

And then, along the lines of what Robert said, I mean, it's the managing it aspect that is going to be a challenge for a lot of retailers. And then, there's going to be technology execution because with the retailers on this call, I wouldn't be surprised if they have various point of sale in different other technologies in their stores. So being able to manage all that, it's much easier for those super-size chains like the Krogers of the world that have a common technology across all of their stores. So there's tremendous opportunity, but there's big challenges here too.

Ed Collupy Thanks, Bill. Rick, we're almost at the top of the hour, so just keep it short if you will, and go right ahead. Thanks.

Rick Sales Yes, well, Captain, I'll keep it short. I just want to reinforce again the comment of strategy that a couple of people have made. And I think if you look at the strategy to come back to the complexity question and bring it full circle to AI. When you look at the strategy, I think you're going to find that some of the complexity in the process is not strategic and it doesn't bring you value.

AI

And we look at AI, I heard a comment a long time ago that AI was **like having a thousand interns, that they don't know much, but they can do a lot of work**. And we've really focused that on all of the processes that are required for you to execute that really don't bring any strategic value to what you're doing, but really are complexities that will bring you to your knees. AI, all these interns that do what you tell them, electronic interns really can change the dynamic of your execution by, first of all, having a strategy and identifying what's strategically valuable and important that you must do, everything else, potentially, is noise.

Closing Thoughts

Ed Collupy Very good. Thank you, Rick, and thank you to everybody. Certainly, there's a lot to learn and consider ahead of executing a plan for retail media networks. And hopefully, today has helped at least you on part of the early journey that I think is ahead for all of us on this.

Technology Standards

Just as a heads-up, our next quarterly meeting will be on Friday, September the 13th. We have engaged folks from **GS1, the standards body** that's heavily involved with driving the Sunrise 2027 initiative, to join us. The effort will take the current **UPC barcode** to a new level with a two-dimensional barcode that they say will create, quote, "endless possibilities," end quote.

There was some discussion of this at the Conexxus Annual Conference, and Myra and I sat in on that and thought, wow, there's a lot to be learned and a lot to consider on the technology front and how people are preparing for this both on the retailer side and on the supplier side. So we've invited the GS1 folks to join us.

We are thinking that there may be room for some additional discussion, so if there's another topic that you think is relevant and important, maybe even adjacent to the whole idea of moving to a 2D barcode, please pass that along to me or Myra, Eva or Roy. We're happy to take your suggestions. And thank you for all of your input.

Roy, maybe like a two-minute comment because I know you had an announcement to make as well and just wrap us up.

Roy Strasburger Great. Thank you everybody for participating today and for a great presentation.

Really quickly, we're excited to announce that the Vision Group Network has launched, or relaunched, its website. We'd love for you all to go visit. It is TVGSolutions.com. We have revamped it. We have made it more robust to give us more flexibility as we continue to grow. So we're very excited about it and we would like for you to have a look at it. And obviously, you can get all the Vision Reports and information about what we're doing at that location.

And just very, very briefly, Myra and I had the chance to go to the NACS Convenience Summit Europe last week in Barcelona. There were a lot of good conversations. We are planning to get more information to share with the VGN groups, but the meeting touched on topics such as loyalty cards, AI, and the emergence of other types of retail in the European markets.

Thanks, everybody, for joining. And Ed, thanks for moderating today.

Ed Collupy Thank you, Roy. Thank you very much, Roy Austin, it's great that you checked out the website already. Thank you for doing that.

Myra Kressner Yes, thank you.

Ed Collupy Thanks for the positive comments. Yes, go Celtics. Rick Sales, tonight could be the night. Thank you. Kevin Struthers, big thank you to you and also to Doug Baker. Thank you so much for joining us. I know you've got to get onto your next business call, so thank you again for taking time with the Technology Vision Group. Really important to have that message today. Thank you. Thank you all for joining us. Our team continues to work to get the Vision Report out as quickly as possible. We've got the 4th of July kind of smack in the middle of our prep work to get that done, but we'll work to get that out and let you know about that and really look forward to you being with us in September. But in between time, lots of appreciation to each of you for being with us today and as well enjoy all the summer days that are ahead. Thanks.

Myra Kressner Thank you everyone.

The Path to Purchase

How Retail Media is Transforming Retail Experiences

June 14, 2024

Presented to

CTVG
CONVENIENCE TECHNOLOGY VISION GROUP

Discussion Guide

1. What is Retail Media?
2. Why Retail Media?
3. Why now?
4. Building blocks of Retail Media
5. Speed bumps to overcome
6. Retail Media considerations
7. Where to start and what to focus on

What is Retail Media?

“ ***Digital advertising*** published on ***retailer-owned touchpoints*** or ***off-site***, targeted with ***retailer first-party data*** on the consumer’s ***path to purchase*** to support specific ***advertiser outcomes*** validated with ***closed-loop measurement***.

3

BACK TO DISCUSSION

Why Retail Media?

AXONET

FMI THE FOOD INDUSTRY ASSOCIATION

Signal Loss has forced CPG brand marketers to make a **disruptive transition** to using first-party data, creating **relevance and revenue shifts** for retailers with an effective retail media strategy.

Retailer's first-party data

AdTech-enabled inventory

Closed-loop attribution

High margin alt-revenue

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BACK TO DISCUSSION

Why now?

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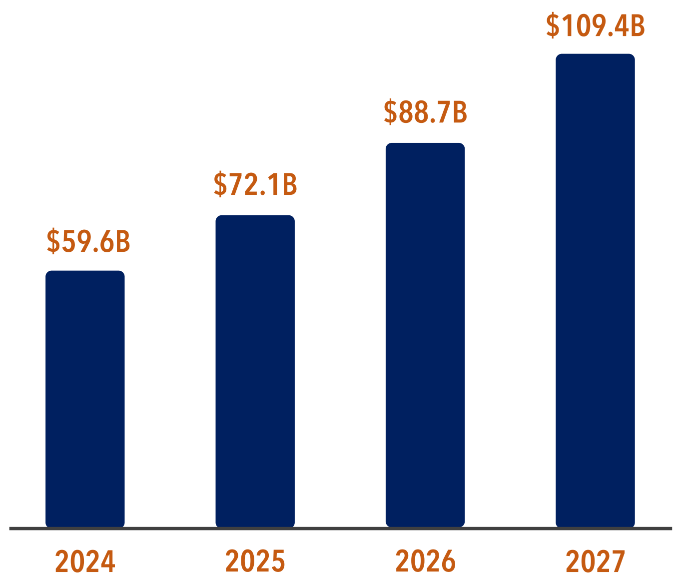

2024 US Retail Media Ad Spend Forecast[1]

Revenues are used to…

- Improve the P&L
- Invest in innovations
- Lower consumer prices

DOORDASH · instacart · DGMN · CVS Media Exchange · Wag · Kroger Precision Marketing 84.51° · ROUNDEL™ · Walmart Connect

1 https://www.emarketer.com/content/retail-media-ad-spend-will-reach-over-100b-by-2027

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BACK TO DISCUSSION

The building blocks of retail media

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Audience

- Engaged, addressable consumers that have opted-in to receive ads
- Deep understanding of consumer behavior through transaction, loyalty, and engagement data

Digital Surfaces & Experiences

- Digital touchpoints throughout consumers' path to purchase
- Positive experiences and value exchanges that drive addressable engagement with consumers

Media Sales

- Outcome-based sales
- Account management
- Endemic and non-endemic brands

Professional Services

- Budgeting & forecasting
- Campaign execution
- Measurement and performance
- Campaign optimization

Retail Media Technology

- Customer data platform (CDP)
- Privacy-safe data collaboration platform (data clean room)
- Self-service media buying platform
- Off-platform interfaces
- National offer network
- Ad orchestration and frequency capping
- Measurement & attribution modeling

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BACK TO DISCUSSION

The building blocks of retail media

Agency viewpoint on the **foundational capabilities** of C-Store retail media networks

Reach & Target

- 1P purchase-based targeting
- Geo-targeting
- Behavioral targeting
- Contextual targeting
- Demographic targeting
- Templated audience segments

Measure & Report

- Std media metrics (Impressions, CPC, ROAS)
- 100% deterministic sales data
- Total omni sales data
- Viewability & fraud transparency

On-Premise

- In-store digital Screens
- At-the-pump TV
- Pump display
- Exterior window display

Owned & Operated

- Onsite display
- Offsite display
- Email
- Mobile app integration
- Push notifications

Off Platform

- Meta
- Social influencers
- CTV
- Streaming audio
- Digital out of home

Partnerships

- Annual planning
- Dedicated account reps
- Creative flexibility
- First-to-market test & learns

Innovation

- Self-serve programmatic
- Loyalty program alignment

https://www.marsunited.com/c-store-retail-media-review/

BACK TO DISCUSSION

CTVG Views | In The Room with CTVG | RMN: The Path to Purchase

Speed bumps to overcome

Scale
market share & loyalty audience to attract RMN dollars.

Efficiency
No single agency can meet all the needs.

Standardization
The absence of industry standards (formats, tracking, metrics)

Fees
High costs associated with RMNs can be a barrier for advertisers.

Measurement
Lack of 1st party data access erodes confidence in performance for brands.

Learnings
There are no universal best practices.

Capabilities:
People, process, technology.

BACK TO DISCUSSION

RMN considerations

- **Value Creation**: How best to unlock the full value and potential of retail media.
- **Measurement**: Unifying in-store data with online data to facilitate a cohesive omnichannel strategy.
- **Partnerships**: Multiple solutions could leave your insights disconnected or require expensive technology investment to unify the data.
- **Talent**: How best to address the learning curve.

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BACK TO DISCUSSION

Where to start and what to focus on

Strategy

- Retail media business strategy
- Data strategy
- Execution plan
- Executive alignment
- Investment schedule

Data Insights & Collaboration

- Ingest, cleanse, and enrich data
- Develop report, visualization, segment, and measurement templates
- Host data clean room environment

Digital Engagement

- Terms and conditions for marketing messages
- Relevant customer experience and value exchange for consumer opt-ins
- Analytics to track consumer behaviors

Sales & Service

- Target list of CPG brands from data insights
- Target list of non-endemic brands
- Sales and outreach plan
- Customer success program

In-Store Media

- Evaluate in-store audio and video platforms
- Complete test & learns
- Develop creative and brand safety specifications
- Develop measurement plan
- Deploy chosen platforms
- Self-serve portal to submit orders and creative

Offsite Media

- Prioritize connectivity to social media, CTV, and DOOH platforms
- Develop measurement plan
- Deploy chosen platforms
- Self-serve portal to submit orders and creative

BACK TO DISCUSSION

Thank you

to continue the conversation…

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Presented to

CTVG CONVENIENCE TECHNOLOGY VISION GROUP

The Convenience Technology Vision Group (CTVG) brings together convenience technology leaders for quarterly virtual meetings. The group addresses trends, challenges and disruptions and solutions in AI, computer vision, alternative payments, robotics, IoT, blockchain, cybersecurity, data analysis, EVs, food tech, frictionless checkout, digital experiences, workforce management and more. The group is committed to sharing its views and perspectives to advance the convenience retailing and mobility industry. CTVG operates under the Vision Group Network, which gathers the collective knowledge and ideas of its members to create a legacy of sharing within the retail community. For more information and to sign up for future Vision Reports, visit our website: **tvgsolutions.com/vision-reports**

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A Balancing Act for Sustainability vs. ROI, the 80/20 Rule and Customer Opinion, telling the Sustainability Story and Greenwashing

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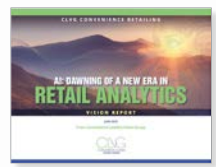
Expanding the persuadable applicant pool; onboarding, engagement, and training; cleaning up industry image; recruitment and retention; strategies; mental health support and kindness campaigns

AI: Predictive Fuel and Dynamic In-Store Pricing
December 2023
Examining AI fuel and product pricing potential.



AI: Dawning of a New Era in Retail Analytics
June 2023
The dawning of a new era in analytics as generative AI evolves, generative AI in simple terms; how AI is quickening the pace of business today; A micro perspective of AI at TXB stores; personalization through AI

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

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