



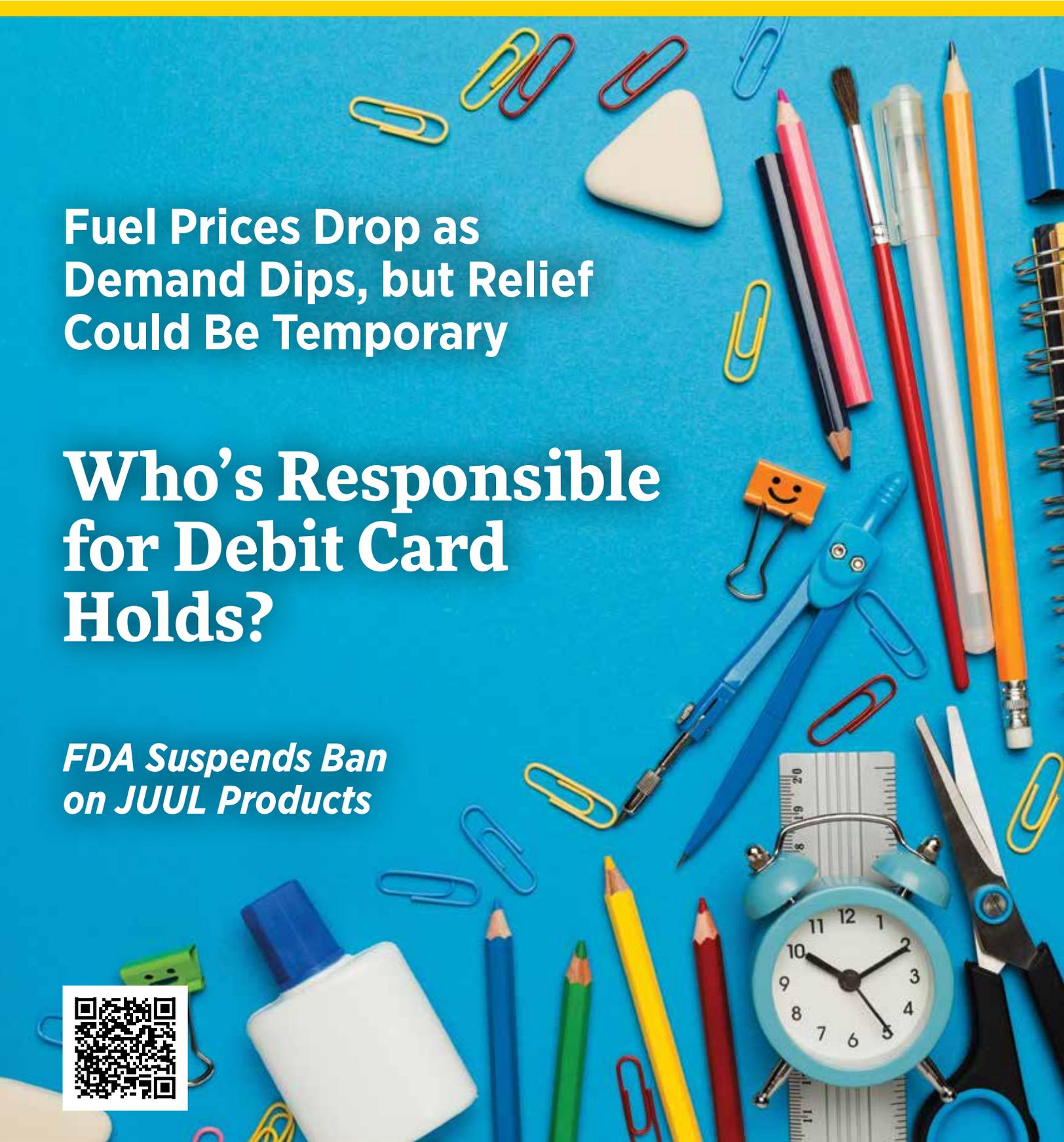
GHRA In Action

OUR MEMBERS ARE OUR MISSION! VOL. 9 | AUGUST 2022

Fuel Prices Drop as Demand Dips, but Relief Could Be Temporary

Who's Responsible for Debit Card Holds?

FDA Suspends Ban on JUUL Products





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A NOTE FROM THE CEO

BRIAN TROUT, CEO

Greetings Members, and I hope you all are enjoying the summer!

If you have read the news lately, you know that inflation, which is up 10% vs last year, is continuing to be a challenge, and the market has been in a state of flux with energy and food price volatility. GDP production is falling, threatening an economic recession, but corporate earnings are beating estimates. We have recently seen reports of gasoline demand destruction driven by the high fuel prices and a very strong push from the federal government for clean energy adoption. The market dynamics are difficult to read as the signals are mixed, and the Federal Reserve is threatening another rate hike. The good news is consumers are still frequenting convenience stores and very high rate, and the prognosis for c-store operators is solid.

Over the last couple of months, the GHRA staff have been making changes to the warehouse operations to better serve you and to make it easier to do business with GHRA. It is my honor to share with you some of the changes we have made and will make in the near future. First, we have a new updated warehouse ordering app for both IOS and Android. This app has many improvements and is far easier to use than the previous version, and we continue to make changes every couple of weeks to keep improving the functionality and ease of use. We will be decommissioning the older version soon, so please update your GHRA ordering app. Scan the QR code below, and start experiencing the benefits.

We recently made changes to our order/delivery schedule windows for our members and implemented next-day delivery schedules. Additionally, the warehouse team has separated the delivery of frozen products from the ambient (room temperature) products, and we have been delivering up to two pallets of water at a time to members who want them. And in the spirit of continuous improvement, we have upgraded our customer service focus and are taking a significant step forward starting August 1st as we will be going live with the GHRA Call Center in the warehouse staffed with people dedicated to only answering the calls and addressing the concerns of our members.

GHRA will continue to put the needs of the members front and center of our strategy as we evolve to provide the greatest support level possible for all our members.

Thank you for your trust and your continued support and as always, continued blessings!

Sincerely,

Brian Trout



OUR MEMBERS ARE OUR MISSION!



Who's Responsible for Debit Card Holds?

Is it the banking and credit card industry, or the retailer?
The answer is obvious.

By NACS

Debit card holds placed on fuel purchases are back in the news. These temporary holds of up to \$175 (previously \$125) are placed on a customer's bank account when they purchase fuel, regardless of the amount of the fill-up. As the coverage has amped up, so has the misinformation.

Let's start by addressing the most important question: Who is responsible for the hold? Is it the banking and credit card industry, which has your money and writes and polices the hundreds of pages of rules that dictate credit and debit card usage without much government oversight? Or is it the retailer?

The answer is obvious, but first let's go through a bit more detail on why holds exist.

What Are Holds?

In most retail circumstances, the payment amount is known at the time of checkout. At the grocery store, a customer pays after all items have been scanned and bagged. It's the same process at most other retail outlets, whether you are paying for a meal, clothes or some other item either in a store or online.

But there are exceptions. Holds are placed on card purchases when the final amount of the purchase is unknown at the time of card authorization. One situation where that applies is at the pump.

Holds are intended to represent the largest possible fill-up that could occur, and because of higher gas prices, Visa and

Mastercard upped the holds to \$175 in April 2022, which became the de facto standard at most retail stations in June.

Holds are placed on both credit and debit cards, but because at times people have low balances in their bank accounts, holds on debit cards can have significant ramifications.

Holds also are placed when you check in at a hotel or rent a car. It's increasingly rare to find a hotel or car rental service company that accepts debit cards at check-in because holds can be \$500 or more.

One more point of clarification. There are two charges that hit your account when you purchase gas. One is an "authorization" charge, typically for \$1. This charge isn't permanent and is later removed. Its purpose is to make sure that the card being used is a valid one. The second charge is the "hold," which is required to make sure you have money to cover the transaction.

How Holds Are Set

If the banks guaranteed that the gas station would get paid, holds wouldn't be an issue at the pump. But that's not the case. Both Visa and Mastercard say that if there isn't a hold placed on the consumer's bank account, the retailer might not get paid. Cards are used for approximately 80% of payments at the pump, or more than 30 million times every day. So, rolling the dice on losing 80% of sales isn't a realistic option—at least for retail fueling locations that want to stay in business.

The amount of the hold is determined by the contract between the retail station and its bank. The amount also represents the maximum fill-up. That means that you can't pump one drop above the amount of the hold, whether you paid by credit or debit card. If a station sets a limit too low, your pump might shut off before you complete your fill-up, which is frustrating, especially with higher gas prices.

While online banking statements look like the hold has



been placed by the retailer, the retailer is only responsible for setting the amount of the hold—a decision highly influenced by credit card rules that could later deny payments for some transactions.

Most important, the gas station doesn't hold the money; it's held by the bank. Why would a station want your money tied up in your bank? They want you to have sufficient funds in your account so you can buy things.

So, who benefits from holds, especially long ones? The bank that has your money.

Anyone who remembers waiting for a paper check to clear knows how this works: The longer a bank can hold onto your money and make it "work" for them, the better it is for that bank.

What You Can Do About Holds

The retail operator is not responsible for the length of the hold; it is determined by your bank. It should not stay more than a few days, and that's important to know. If you're on a long trip and fill up multiple times in a day or two, you could find yourself with a lot of money tied up in holds.

Multiple holds, or even one unexpected debit hold, can begin a cascade of overdraft fees or cause you to be locked out of making other purchases. So, what can you do to avoid these situations?

The length of a hold is affected by how the card is used. PIN-debit transactions are real-time transactions, and holds should be released within minutes, as opposed to hours or days. If there is no PIN-pad at the pump, you can use the one inside the store at checkout, which is not as convenient, but it reduces the length of your hold. Meanwhile, so-called signature-based debit transactions—those where customers do not use a PIN—are processed like a credit card transaction and have longer hold times that could take days to clear.

Signature-based debit transactions holds, like the holds on credit cards that can affect a customer's spending limit, can remain for 48 to 72 hours, since the processing times are slower. It shouldn't take that long, but the banks and credit card companies don't have the incentives or competition to push them to make the system faster.

If you are concerned, you should ask your bank about its policy regarding the length of debit holds. If the hold lasts longer than a few minutes for PIN-based transactions, or longer than a couple days for signature-based debit transactions, you should talk to your bank to learn why the holds are lasting so long.

Unfortunately, the way the debit card system works isn't likely to change anytime soon. The banking industry that issues cards isn't motivated to improve its customer service. And that just adds to the frustration we face today at the pump. ■



Fuel Prices Drop as Demand Dips, but Relief Could Be Temporary

Drivers may fill up more as the summer driving season gets in full swing.

By Convenience Store News

WASHINGTON, D.C. — U.S. drivers experienced some relief from high fuel prices over the last week, as the national average for a gallon of regular gas fell eight cents to \$4.80. The primary cause was a drop in demand, as fewer drivers fueled up in the past two weeks.

However, experts cautioned the summer driving season kicking off in earnest could drive gas prices back up.

“Domestic gasoline demand dipped recently, which took some of the pressure off of pump prices. About 80 percent of stations are now selling regular for under \$5 a gallon,” said Andrew Gross, AAA spokesperson. “But July is typically the heaviest month for demand as more Americans hit the road, so this trend of easing prices could be short-lived.”

The current national average is 4 cents less than a month ago and \$1.67 more than a year ago, according to AAA.

Per the most recent data from the U.S. Energy Information Administration (EIA), gas demand sits at 8.93 million barrels per day, which is lower than the rate of 9.11 million barrels per day reported at the end of June 2021. Conversely, total domestic gasoline stocks increased by 2.6 million barrels to 221.6 million barrels.

Decreasing crude oil prices have combined with this supply and demand dynamics to push prices at the pump down. Drivers are likely to continue to see relief at the pump if these trends continue, AAA reported.

The top 10 largest weekly decreases in the United States took place in Texas (13 cents per gallon), Delaware (13 cents), Arizona (12 cents), Illinois (12 cents), Indiana (12

cents), Ohio (12 cents), South Carolina (11 cents), Florida (11 cents), Virginia (11 cents) and Maryland (10 cents).

The nation’s top 10 least expensive markets are South Carolina (\$4.29 per gallon), Georgia (\$4.30), Mississippi (\$4.31), Louisiana (\$4.35), Arkansas (\$4.35), Texas (\$4.39), Alabama (\$4.39), Tennessee (\$4.41), North Carolina (\$4.43) and Oklahoma (\$4.50).

At the close of the formal trading session on July 1, West Texas Intermediate increased by \$2.67 to \$108.43 as the price of crude oil increased based on market optimism that demand will stay robust all summer.

At the same time, crude oil prices faced strong resistance amid broad market concern about the possibility that economic growth may slow or stall due to rising interest rates and inflation. If market concerns persist, this could send crude oil prices lower; a lower-than-expected economic growth rate could cause crude demand to decline, leading prices to follow suit, AAA stated.

The EIA also reported that total domestic crude stocks decreased by 2.7 million barrels to 415.6 million barrels over the last week, dropping to nearly 37 million barrels lower than at the end of June 2021.

As government officials continue to seek ways to give drivers relief, several states have enacted temporary measures. Last month, New York State temporarily suspended its excise tax and state sales tax on gasoline and diesel, reducing the tax burden on a gallon of motor fuel by 16 cents. ■



FDA Suspends Ban on JUUL Products

The agency administratively stayed its marketing denial order of the Juul Labs premarket tobacco applications.

By Convenience Store News

SILVER SPRING, Md. — The Food and Drug Administration (FDA) is taking another look at the premarket tobacco applications (PMTAs) Juul Labs submitted for its vapor products.

On Tuesday, the agency put its marketing denial orders (MDOs) for the applications on hold. The decision came less than two weeks after the FDA issued the MDOs and ordered all the vapor company's products removed from the market.

"On July 5, 2022, FDA administratively stayed the marketing denial order. The agency has determined that there are scientific issues unique to the JUUL application that warrant additional review," the FDA posted on Twitter.

The FDA's administrative stay also follows a decision by the U.S. Court of Appeal for the District of Columbia Circuit to grant Juul Labs an emergency administrative stay while the company fights the FDA's denial of its PMTAs.

With the court's decision and the FDA's administrative stay, JUUL products remain on the market.

On June 23, the FDA announced its MDOs for all JUUL products: the JUUL device and four types of JUUL pods: Virginia tobacco flavored pods at nicotine concentrations of 5.0 percent and 3.0 percent, and menthol flavored pods at nicotine concentrations of 5.0 percent and 3.0 percent.

The MDOs only pertain to the commercial distribution, importation and retail sales of these products, and do not restrict individual consumer possession or use.

After reviewing the company's PMTAs, the agency determined that the applications lacked sufficient evidence regarding the toxicological profile of the products to

demonstrate that marketing of the products would be appropriate for the protection of the public health.

According to the FDA, some of the company's study findings raised concerns due to insufficient and conflicting data — including regarding genotoxicity and potentially harmful chemicals leaching from the company's proprietary e-liquid pods — that have not been adequately addressed and precluded the FDA from completing a full toxicological risk assessment of the products named in the company's applications.

In response, Joe Murillo, chief regulatory officer at Juul Labs, said the company "respectfully disagree with the FDA's findings and decision and continue to believe we have provided sufficient information and data based on high-quality research to address all issues raised by the agency.

"In our applications, which we submitted over two years ago, we believe that we appropriately characterized the toxicological profile of JUUL products, including comparisons to combustible cigarettes and other vapor products, and believe this data, along with the totality of the evidence, meets the statutory standard of being 'appropriate for the protection of the public health,'" Murillo added.

Late last week NACS threw its support behind Juul Labs' bid to remain on the market when it filed an amicus brief in the U.S. Court of Appeal for the District of Columbia Circuit.

"If allowed to take effect, the order threatens NACS members with harm independent of the harm JUUL describes in its stay application," NACS wrote in the brief. "The order saddles retailers and distributors with inventory they cannot sell and contracts they cannot fulfill, waylaying a substantial portion of their business practically overnight." ■



Consumers' Snacking Preferences Go Beyond Flavor

The top values driving purchasing decisions include companies' attention to sustainability practices, community impact around food access, and treatment of employees.

By Convenience Store News

PLANO, Texas — When it comes to the snacks they eat, consumers' preferences are shifting beyond flavor as they place a greater priority on the companies they choose to purchase from.

According to the latest U.S. Trend Index from Frito-Lay, 90 percent of consumers who snack daily care deeply about the companies whose snacks they're eating. Snack companies' attention to sustainability practices (77 percent), community impact around food access (78 percent), and treatment of employees (87 percent) are among the top values driving purchasing decisions.

This is particularly true for younger generations. More than half of consumers ages 18 to 34 noted they consider a brand's ethics and sustainability practices when purchasing.

However, while younger consumers are more likely than consumers older than 35 to be interested in sustainable production and packaging, ingredient integrity and flavor exploration has more influence over food and snack choice for both demographics. In fact, if they had to choose one snack element, 42 percent of consumers within each demographic stated they would choose flavor combinations such as sweet and spicy, or tangy and salty over familiar, regional flavors (21 percent), texture (21 percent), and international flavors (15 percent).

Thirty-five percent of consumers say that innovative flavors are most likely to influence what they select, more than recommendations (28 percent), brand recognition (21 percent), packaging (9 percent), or sustainability efforts (7 percent). They also aren't afraid to try new things: 40



Summer snacking

- More than two in five parents will buy or create individually packaged snacks in advance before traveling this summer.
- Parents are more likely than non-parents to replace meals with snacks several times per week or more (52 percent).
- Sixty percent of consumers are most excited to snack at outdoor gatherings with family and friends now that pandemic restrictions have lifted.

The recipe for a perfect snack

- Americans prioritize a salty/sweet snack combination (42 percent) over texture, international or local flavors.
- Almost half of all respondents (44 percent) said trying new snack flavors led them to try more foods with those same flavors, while more than half (58 percent) of 18- to 34-year-old consumers have eaten more foods featuring a flavor that they had initially experienced in a snack.
- Given the choice, consumers are selecting innovative flavor combinations most often (59 percent), including sweet and salty, spicy and sweet and tangy and salty.

The U.S. Trend Index poll was conducted online and surveyed more than 2,000 consumers ages 18 to 34.

Plano-based Frito-Lay North America is the \$19 billion convenient foods division of Purchase, N.Y.-based PepsiCo Inc. ■



percent are most excited to find a snack with a flavor they love but have never had in a snack product before.

“During the summer, people explore new activities, new places and enjoy new flavors of snacks as they attend more outdoor gatherings,” said Mike Del Pozzo, chief customer officer, Frito-Lay North America. “While flavor continues to drive consumers’ food-purchasing behaviors, we know how a company behaves matters and that’s why I’m proud of Frito-Lay’s commitment to sustainability and community impact.”

Additional insights include:

What’s on the inside counts

- Roughly two-thirds of consumers are more likely to purchase products that invest in local communities.
- Sixty-six percent of consumers say purchasing sustainable food products is important.
- Seventy-four percent of adults are more interested in naturally sourced ingredients than production-related factors like recycled packaging, compostable packaging, or products made with recycled water.

Shifts in long-term eating habits

- While nearly everyone surveyed enjoys the social aspect of snacking (81 percent), Generation Z and millennials are more likely to prefer to eat in solitude (45 percent).
- Millennials (19 percent), Gen Zers (20 percent) and parents (20 percent) are slightly more likely than average to snack on-the-go.



Time Management Tips to Beat Stress

Stressed out? Who isn't?! In today's busy world, and especially for convenience store managers, it's impossible not to feel like you're being pulled in a million different directions. The best way to minimize stress in your life is to get a better handle on how time management throughout the day. Here are some tips for how to boost your own productivity... and your operation's profitability.

By Ready Training Online

Prioritize your "to do" list. Wait, back up. You do have a to-do list, don't you? A manager really can't expect to be productive without one. Each day should have a list of tasks, rated by their importance. When you find yourself off-task or off your schedule, ask yourself if the item that's taking your time is one that is a priority to you. If it's not, finish it up or delegate it to someone else. And if you don't like lists, search for an app that accomplishes the same thing.

Spend time planning and organizing. It's tempting to handle tasks as they're given to you, but failing to plan ahead and organize your tasks make you much less productive. Instead, organize in a way that makes sense to you. Allocate certain sections of your day for tasks you need to accomplish.

Streamline what you can. The expression "if you always do what you've always done, you'll always get what you've always got" is very true in the convenience store business. Technology offers many tools to help you automate tasks, such as learning management and inventory control.

Don't shortcut quality. In our efforts to save time, we often become victims of the greatest time-waster — repeating the same job. Instead of rushing to get things done, do things right the first time. Effectiveness will always result in efficiency.

Be realistic. In this business, you have to allow time for interruptions and distractions. Many time management experts suggest planning for just 50 percent of your time. Then, you'll have the flexibility you need to handle interruptions while still meeting your goals.

Know yourself. Are you a night owl? A morning person? Whenever you are at your most alert, schedule the majority of your tasks.

Keep an activity log. If you can't figure out where your day goes, fill out an activity log for a week and record every task you do in 15-minute blocks. Then, analyze that report at the end of the week. You'll find that there are many tasks you can eliminate to make your day more productive. ■



Consumers Want Convenience Throughout Their Shopping Journey

New research shows customers want options to avoid lines plus fuel discounts based on loyalty.

By Convenience Store News

SAN FRANCISCO — Whether it's inside the store or at the fuel pump, today's consumers demand convenience at all points of their shopping trip, according to research from

ghraonline.com

Bluedot, a customer arrival platform that empowers brands to provide real-time interactions and pickup solutions.

Its inaugural "Convenience Experience Report" explores consumer sentiment and the customer experience at convenience stores and gas stations.

The benchmark study delves into how consumers think about these locations and what drives their behavior, preferences and loyalty, offering a glimpse at the current customer experience as well as consumer demand and expectations in the future.

Study results indicate that consumers are putting c-stores on par with fast food restaurants, as nearly six in 10 consider purchasing a meal from a convenience store when stopping for fast food. There is also significant demand for mobile ordering, drive-thru and curbside pickup, with 61 percent of consumers stating they would visit a c-store more often if all these options were available.

Customers are also less willing to tolerate lines — even relatively short ones. Nearly half of survey respondents say they will walk out of a c-store if one or two people are in line at the register, and one in three say they will drive away from a gas station if there is just one car ahead of them at the pump.

In the future, c-store brands may want to consider keeping customers in stores longer by adding electric vehicle (EV) charging stations at their locations, according to Bluedot. The vast majority of EV owners (74 percent) want to charge next to c-stores.

At the fuel pump, price overwhelmingly impacts where consumers choose to fill up their gas tanks, according to nine out of 10 consumers, and gas discounts rank as the top reason why consumers would download and keep c-store and gas station mobile apps.

Notably, there is a significant gap between consumers who join loyalty programs for gas discounts (74 percent) and loyalty members who actually receive discounted gas (44 percent). Additionally, consumers are split down the middle on whether there is a quality difference between generic gas and branded gas.

Most consumers are also under the impression that they can only receive gas discounts through gas credit cards. More than half of survey respondents (54 percent) assume they have to sign up for a credit card to receive gas discounts, and 76 percent report that they would join a gas loyalty program — but it has to be free. Nearly six in 10 would join a loyalty program without a credit card.

"The data supports what industry leaders have been saying for some time — c-stores are now competing head-to-head with QSRs. Clearly, the investments c-store brands have been making into foodservice initiatives are paying off," said Emil Davityan, Bluedot co-founder and CEO. ■



C-Store Foodservice Is Poised for Growth

Prepared food led the way to recovery in 2021, NACS SOI data indicate.

By NACS

ALEXANDRIA, Va.—Convenience-store foodservice sales took a big hit during the pandemic and lockdowns of 2020, but the unprecedented situation also gave the industry an opportunity.

“We were an essential business, and if you needed anything, you could come to us, fuel up and grab a bite,” said Matt High, senior category sales manager for made to order, Sheetz. “We’ve had a wonderful opportunity to have people who’ve never eaten at a convenience store to come through our doors.”

Fortunately, monthly sales of prepared c-store foods rebounded to above pre-pandemic levels in 2021, according to Jayme Gough, research manager, NACS. “This is a function of workers going back into the office, waning concerns around COVID-19 and an increasingly ‘back to normal’ way of life for many people,” she said.

In 2021, prepared food accounted for 13.78% of in-store sales, which was 1.43 points higher than 2020, and brought in \$302,346 in average sales per store, up 21.3% from 2020, according to the NACS State of the Industry Report of 2021 Data (slated for release in June). Prepared food contributed 69.5% of foodservice category sales in 2021.

Everyone was forced to adapt to the changes brought about by the pandemic. Last year, many c-store operators pared down their foodservice selections to make menus more manageable. But recently, they are beefing up options once again.

“We made significant cuts to focus on our core menu and execution,” said Ben Hoffmeyer, vice president, marketing

and merchandising, TXB Stores. “This year, we’ve returned to our limited time offer schedule. We’ve introduced several new items, including Chicken Poppers—original or spicy. We use our current chicken tenders and cut them to create a snacking option that leverages our new packaging. It’s a great way of taking an existing item, re-imagining it and still retain operational execution.”

The Texas-based chain also uses chicken tenders in its enchiladas, available hot or as a take-and-heat option. “Not only does the customer get a great tasting product, but TXB can lower waste and increase profitability,” Hoffmeyer said. “And the enchilada plates in the cold case are SNAP EBT eligible, which allows us to hit another customer segment.”

Early this year, Ankeny, Iowa-based Casey’s rolled out the Toastwich, a hand-held sandwich of made-from-scratch pizza dough and traditional breakfast fixings, such as eggs, bacon, sausage and cheese. “It’s highly craveable, it’s highly portable, it’s value priced and it’s something unique that you can’t get anywhere else,” said Darren Rebelez, president and CEO, Casey’s. Along with the Loaded Breakfast Bowl and Loaded Breakfast Burrito, which the chain added last year, the Toastwich has revived interest in Casey’s morning menu. In March, Casey’s announced that breakfast daypart same-store sales were up 17% from the same period a year ago.

As more guests return to their daily commutes and outside-the-home activities, traffic for convenience stores will only grow,” said Richard Guidry, director, food and beverage, Casey’s. “We’re on the doorstep of the strong, summer season. Curbside and third-party delivery offerings only add to the convenient options for our guests to get Casey’s delicious food.” ■



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