GHRA In Action

OUR MEMBERS ARE OUR MISSION!

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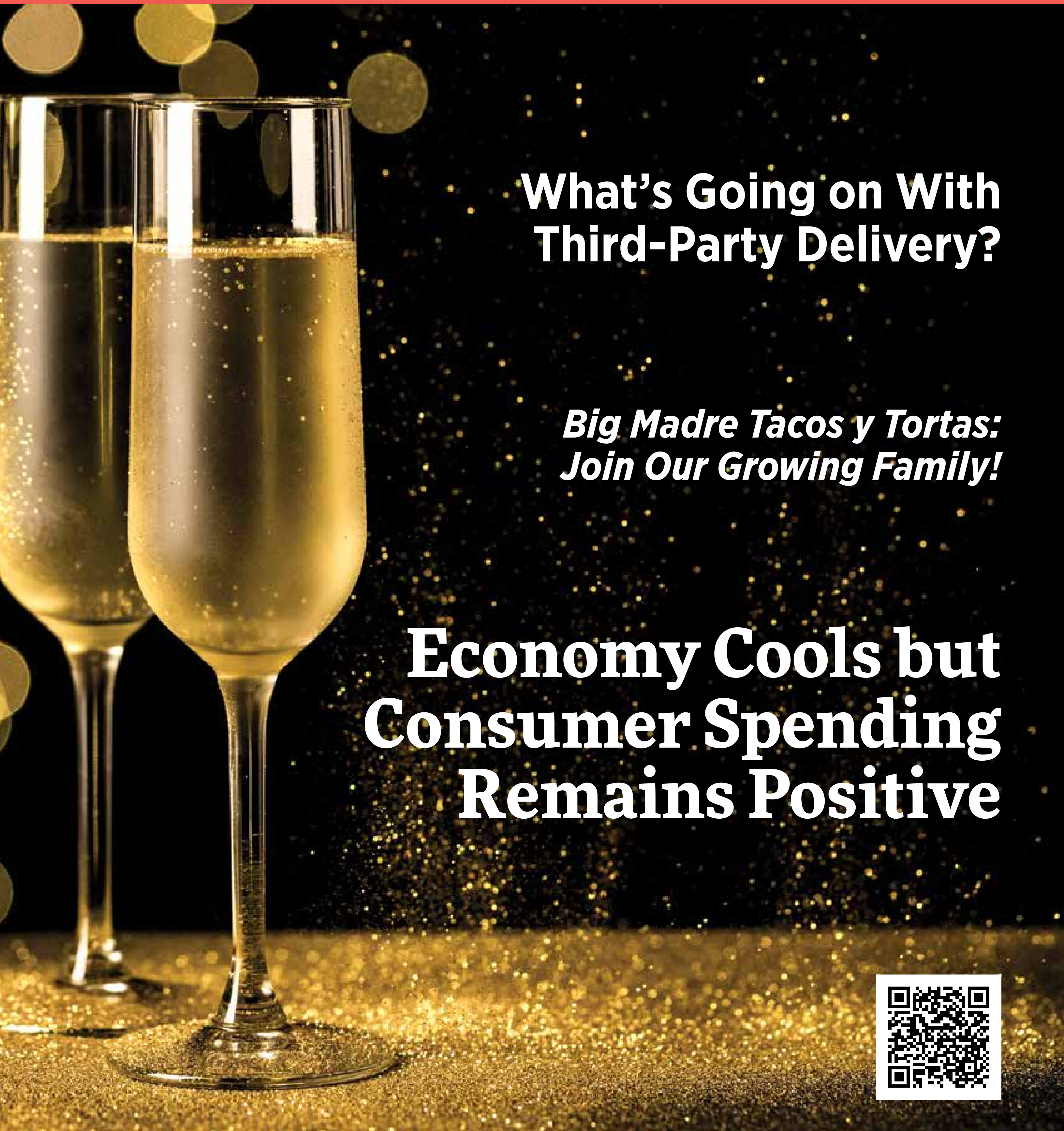


What's Going on With Third-Party Delivery?

Big Madre Tacos y Tortas: Join Our Growing Family!

Economy Cools but Consumer Spending Remains Positive

A NOTE FROM THE CEO

BRIAN TROUT, CEO

Greetings Members, and welcome to 2023. Happy New Year! I hope everyone had a wonderful holiday season and was able to spend time with family and friends.

2022 was quite a year. We have experienced unprecedented inflation across most areas of the economy, two-quarters of negative GDP growth, and very low unemployment causing challenges with hiring, the stock market has been down all year versus 2021, and the supply chain has improved, but challenges still exist. GHRA has navigated through these changing times well, and 2023 is shaping up to be a momentous year of change for GHRA.

In 2023, we will be expanding our capability across the organization. First, Information Technology is advancing at a rapid pace, and GHRA must keep up with the times. Investments in IT infrastructure upgrading our technology platform will be significant and underpin everything we do. Further, we will be making investments in our warehouse truck fleet, expanding our Big Madre concept and menu offerings, activation of our KUDOS brand offering, and the continued growth of GHRA Fuels. Each of these endeavors are strategic imperatives for GHRA to increase the value of your membership in GHRA.

GHRA has established a very strong cooler vault program with detailed planograms to help you stock the products customers want, and we have brought Coca-Cola back into the set. We will discuss these matters with you at the Townhall scheduled for January 11, 2023. Please make arrangements to attend.

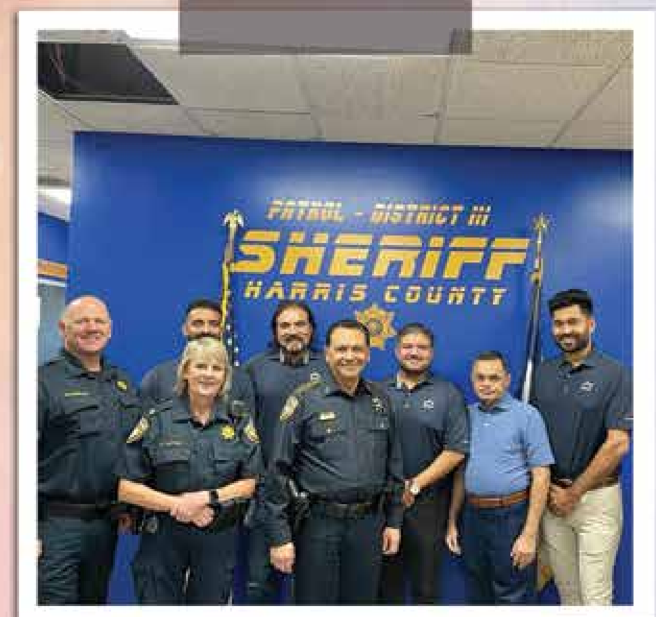
Finally, I want to say thank you for your support of GHRA, thank you for allowing us to serve you, and thank you for your trust and membership in GHRA.

Sincerely,

Brian Trout

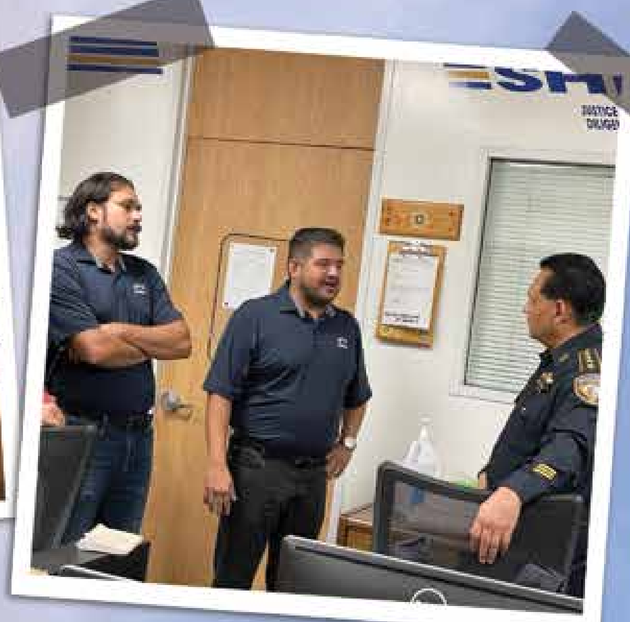
OUR MEMBERS ARE OUR MISSION!

Sharing Hoildays

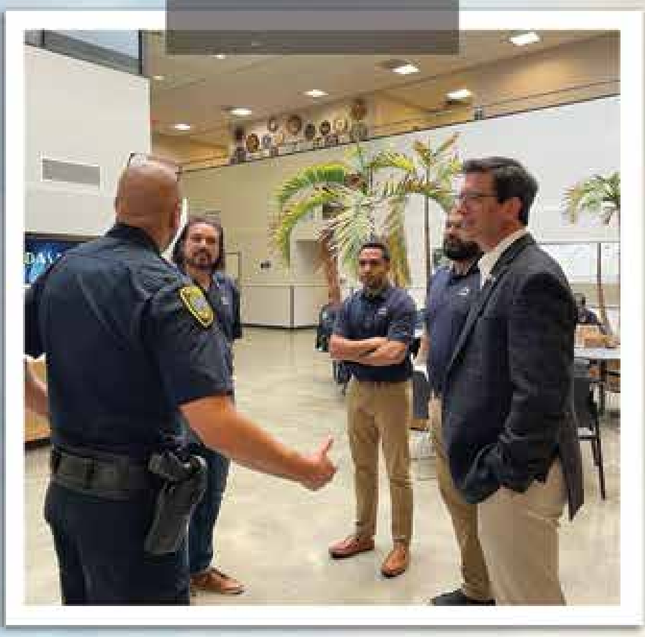


On November 29th, 2022 Harris County Sheriff Ed Gonzalez joined the Greater Houston Retailers Charitable Foundation (GHRCF) for a traditional Holiday Lunch at the Harris County Sheriff's Office Wallisville Substation.

Present on the occasion were GHRA President Imran Ali, GHRCF Chairman Riyazali Momin, GHRCF Vice Chair Muhammad Saeed Sheikh, GHRA Directors Norain Momin & Navid Karedia.

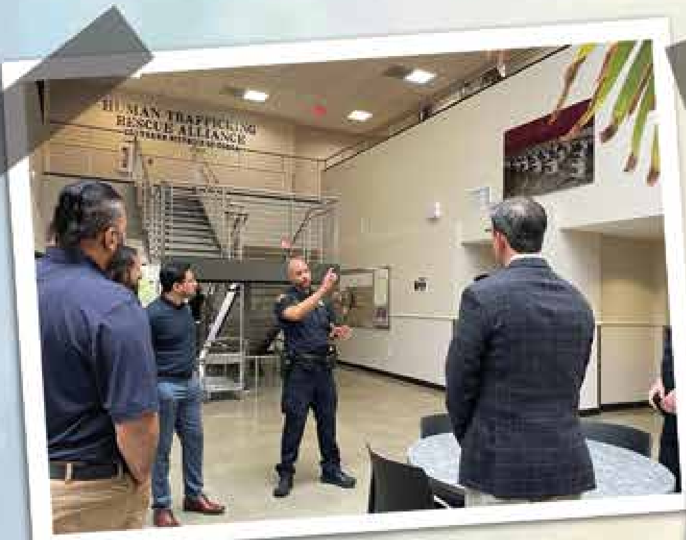


Sharing Hoildays



On December 14th, 2022 Harris County Police Department joined the Greater Houston Retailers Charitable Foundation (GHRCF) for a traditional Holiday Lunch at the Houston Police Department - Midwest Station.

Present on the occasion were GHRCF Chairman Riyazali Momin, GHRCF Vice Chair Muhammad Saeed Sheikh, GHRA Directors Tanvir Ali & Firdous Ali, GHRA CEO Brian Trout & GHRA VP of Supply Chain Anees Burhani.



The Future of C-Stores

Convenience retailers must create a fresh story and brand that customers can connect with.

By Convenience Store News

The elevated experience and higher-quality food at today's best convenience stores can be traced to a seemingly unrelated phenomenon: plunging cigarette sales.

To understand the connection, consider the magnitude of the behavior change. According to the American Lung Association, cigarette sales nosedived by 68 percent among American adults from 1965 to 2018. A huge driver of traffic and sales — the average customer's regular need to pick up another pack of cigs — drifted away like a puff of smoke.

Fortunately, innovators like ampm, Sheetz and Wawa managed to find a new draw. Their success led to today's nearly industrywide focus on higher-quality foodservice, a better in-store experience and, in recent years, mobile apps that encourage return visits.

But how will c-stores pivot if another massive profit center — their annual sales of about 133 billion gallons of gas — drives off into the sunset?

Change Is Coming, But Slowly

In 1970, the idea that cigarettes could nearly disappear from American life would have seemed quite a stretch to people who were accustomed to puffing away on airplanes, at indoor restaurants, at the movies, in their offices, you name it.

Today, because of climate change and the rapid evolution of electric vehicles (EVs), it's possible to imagine a year in, say, 2040 or 2050 when gas pumps have gone the way of filter-less Camels — i.e., they're still around, but no longer mainstream.

As with smoking, it will take a long time for Americans to ditch fossil fuels, but convenience store decision-makers need to be clear-eyed about the reality of the gradual shift.

As noted in a webinar by architecture and engineering firm HFA, some states already are poised to require installation of EV chargers in the parking lots of new and redeveloped commercial and residential buildings. California's CALGreen Building Code is leading the way at a time when the federal government has earmarked $7.5 billion for EV charging and enhancing the electric grid.

"What's coming out of California is a bellwether," HFA's Scott West, a Fort Worth, Texas-based mechanical engineer and energy team lead, noted during the webinar. "We're already seeing parts of it being replicated in other codes currently under development."

Owners of older buildings could eventually be required to install EV chargers as well.

To be sure, many c-stores will replace fuel pumps with EV chargers in the decades ahead. But they need to envision a long-term future in which EV charging is available all over the place — in the parking lots of commercial and multi-tenant residential buildings, in the garages of millions of single-family homes, and even from companies like SparkCharge that come to you to charge your car, right in your driveway or office parking lot.

Clearly, EV charging may not be enough to replace the traffic historically generated by fuel pumps. Here are two quick tips for adjusting to the coming shift:

Stick to Your Roots

Decision-makers in convenience retail should be skeptical of suggestions that they will need to completely reinvent their stores to keep attracting customers. Would-be innovators have tried this many times over the years, attempting to fuse c-stores or chain drugstores with nontraditional uses.

Convenience retail is about meeting the immediate needs of people on the go. If you forget this, it can lead to odd mismatches. Nobody wants to go to a yoga studio infused with the aroma of signature fried chicken cooking next door (unless I'm missing something and "fried chicken yoga" is already a thing). And, no, your corner c-store will not be the second coming of WeWork (much to the relief of your investors).

Ultimately, the question should be: What makes life more convenient for people who are on the go? The mode of transportation matters only to the extent that it helps you better understand who your customers are. For example, a c-store along a central commuter route for cyclists in Paris or Copenhagen certainly could have a wide range of products that make life easier for cyclists.

Be Original

That same European c-store could also sport signage, memorabilia, graphics and storytelling related to cycling and sustainability. It could have a high-def flatscreen displaying content by or about local activists, civic associations and athletes. But convenience would still be the name of the game.

Moving forward, it will be even more important for c-stores to stand out via distinctive branding and design. When you have an emotional connection to a place, you have a stronger reason to go there. Today there's a growing risk that too many convenience retailers, including smaller independents, will copycat the likes of Wawa, Sheetz and ampm in ways that feel generic and lifeless.

As c-stores explore cannabis sales and other possible traffic-drivers, they should simultaneously prioritize taking original and inspired approaches to branding, design and messaging.

But none of this is to suggest that offering elevated foodservice should be avoided or that it will play a diminished role in the future. While other product categories (including cannabis) may find a place in the overall mix, the mainstays of convenience and foodservice will reign for years and decades to come.

Simply put, modern life is modern life — balancing work, home and play will continue be a huge challenge for consumers. Our job is to help them find that balance by being nimble and innovative enough to meet their ever-changing needs in engaging ways.

How to plan for the future? Ask questions about your customers, how you can improve their lives today and where you're heading tomorrow. Use those answers to shape your entire approach to marketing, product selection and brand identity.

Inspiration isn't the same thing as imitation. Strive to be as good as Wawa and Sheetz on foodservice and the in-store experience, but carve out your own identity.

Don't be afraid to look outside the industry for standouts. If you're selling artisan doughnuts, maybe an explosion of color along the lines of Sugarfina or Candylicious stores could be the right move. If you're all about local roots, take a look at photos of corner stores from bygone eras right in your own community.

Give your on-the-go customers the products — and the stories— they crave, and you'll have a competitive edge with or without regular unleaded. ■

Safety Is No Accident: 7 Safety Training Topics for Your Restaurant

Providing a safe working environment is especially important in the restaurant business where accidents of all kinds are just waiting to happen. The well-being of your employees should be your main concern, but the impact of an on-the-job accident goes far beyond the person who is injured. Operating with one less staff member will take its toll on the whole team, and worker's compensation claims can pose a serious financial burden to your restaurant.

By Ready Training Online

Top Safety Training Topics for Restaurant Employees

The good news is that most accidents can be prevented with the right safety training. Make sure your employees are well-trained in these important topics.

1. **Slips and falls:** Train all your restaurant employees to avoid slips and falls by paying attention and practicing good housekeeping. Not only will this training help you prevent workplace accidents, it will protect your customers as well.
2. **Knife safety:** Cuts and lacerations are some of the most common food service injuries. Your knife safety training should include basic safety guidelines as well as how to clean, dry, and store knives.
3. **Box cutter safety:** Sharp box cutters can do just as much damage as knives. All employees should know how to safely use box cutters, as well as replace dull or broken blades.
4. **First aid:** Whether it's a simple cut or abrasion, or an emergency, your employees should be prepared for any situation with basic first aid training.
5. **Safe lifting:** Back injuries are often the result of improper lifting. Knowing how to properly lift large and heavy objects will help reduce the risk of workplace accidents.
6. **Heat illness:** Kitchens always run hot, but during the summer months that heat can cause serious injury to your back-of-house employees. Make sure your employees are well-trained in how to prevent heat illness and recognize the symptoms in themselves and others.
7. **Handling bodily fluids:** It's not pleasant to think about, but exposure to bodily fluids – either from a co-worker or a customer – can happen in your restaurant. In order to prevent exposure to potentially serious or life-threatening illnesses, train your employees how to properly handle blood or other bodily fluids. ■

NRF: Economy Cools but Consumer Spending Remains Positive

Federal officials take action to stave off the impending rail strike, which had the potential to "plunge" the U.S. into a recession.

By Convenience Store News

WASHINGTON, D.C. — While gross domestic product (GDP) isn't likely to grow as much in the final months of 2022 as it did during the third quarter, consumer spending should remain strong even though its rapid pace is continuing to slow.

"The third quarter's results clearly dispelled the notion that the U.S. economy is in a recession, and the silver lining was the ongoing resiliency in consumption," wrote National Retail Federation (NRF) Chief Economist Jack Kleinhenz in the December issue of NRF's *Monthly Economic Review*.

"Nonetheless, the economy is cooling and interest-sensitive sectors, in particular, have seen a significant pullback.

"GDP is expected to grow very gradually in the closing months of 2022, at best about half of what was recorded in the third quarter," he continued. "Consumers are stepping back to a degree and changing how they allocate their resources."

According to the *Monthly Economic Review*, GDP rose by 2.6 percent in the third quarter following declines of 1.6 percent

in the first quarter of 2022 and 6 percent in the second quarter of the year.

Higher interest rates adopted by the Federal Reserve to slow inflation have driven up the cost of mortgages, making new homes unaffordable for many would-be buyers, the report said. Additionally, spending on services is continuing to bounce back from the pandemic, causing a shift away from spending on retail goods.

Even with inflation, however, "the willingness to spend has been stable," the report said. Retail sales for the first 10 months of the year increased 7.5 percent year over year, on track to meet NRF's forecasts that 2022's overall retail sales and November-December holiday sales will both grow between 6 percent and 8 percent, respectively, over 2021. While the pace slowed to 6.5 percent in October, that was largely due to the comparison against strong early holiday shopping in 2021.

Year-over-year inflation as measured by the Consumer Price Index dropped from 8.2 percent in September to 7.7 percent in October, the lowest level since January. Average hourly earnings growth also slowed — to 4.7 percent year over year in October vs. 5 percent in September, reducing pressure on employers to raise prices.

An additional 261,000 workers were added to payrolls in October after the number of job openings rose to 10.7 million in September, up from 10.3 million in August.

Heading into 2023, Kleinhenz acknowledged that "there will be economic hardships," and some consumers may feel like they're in a recession. "But for those who have jobs and feel secure about their employment, spending will continue," he noted.

Rail Strike Averted

On Dec. 2, President Joe Biden signed a bill to avert a freight rail strike that he said could have "plunged" the U.S. into recession, The Associated Press reported.

Biden is expected to sign the measure, which the U.S. Senate passed on Dec. 1 and the U.S. House of Representatives passed on Nov. 30. It binds rail companies and workers to a proposed settlement that was reached between the rail companies and union leaders in September.

Members in four of the 12 unions involved rejected the proposed contract, creating the risk of a strike beginning Dec. 9 that the government has likely staved off with the bill signing, AP reported. A freight rail strike also would potentially have a large impact on passenger rail, with Amtrak and many commuter railroads relying on tracks owned by the freight railroads.

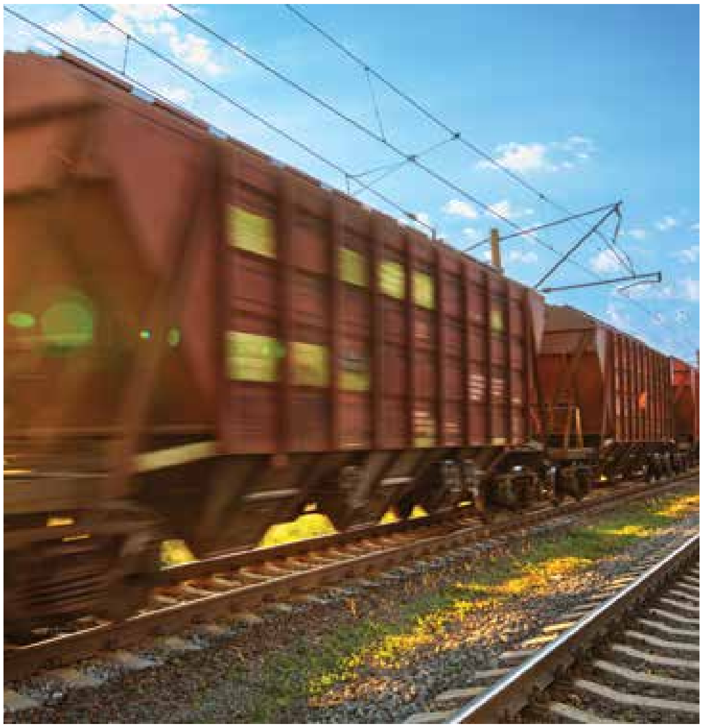
According to Biden, a strike would have sunk the U.S. economy, causing roughly 750,000 job losses as the work stoppage ruptured supply chains for basic goods, food and the chemicals needed to ensure clean drinking water.

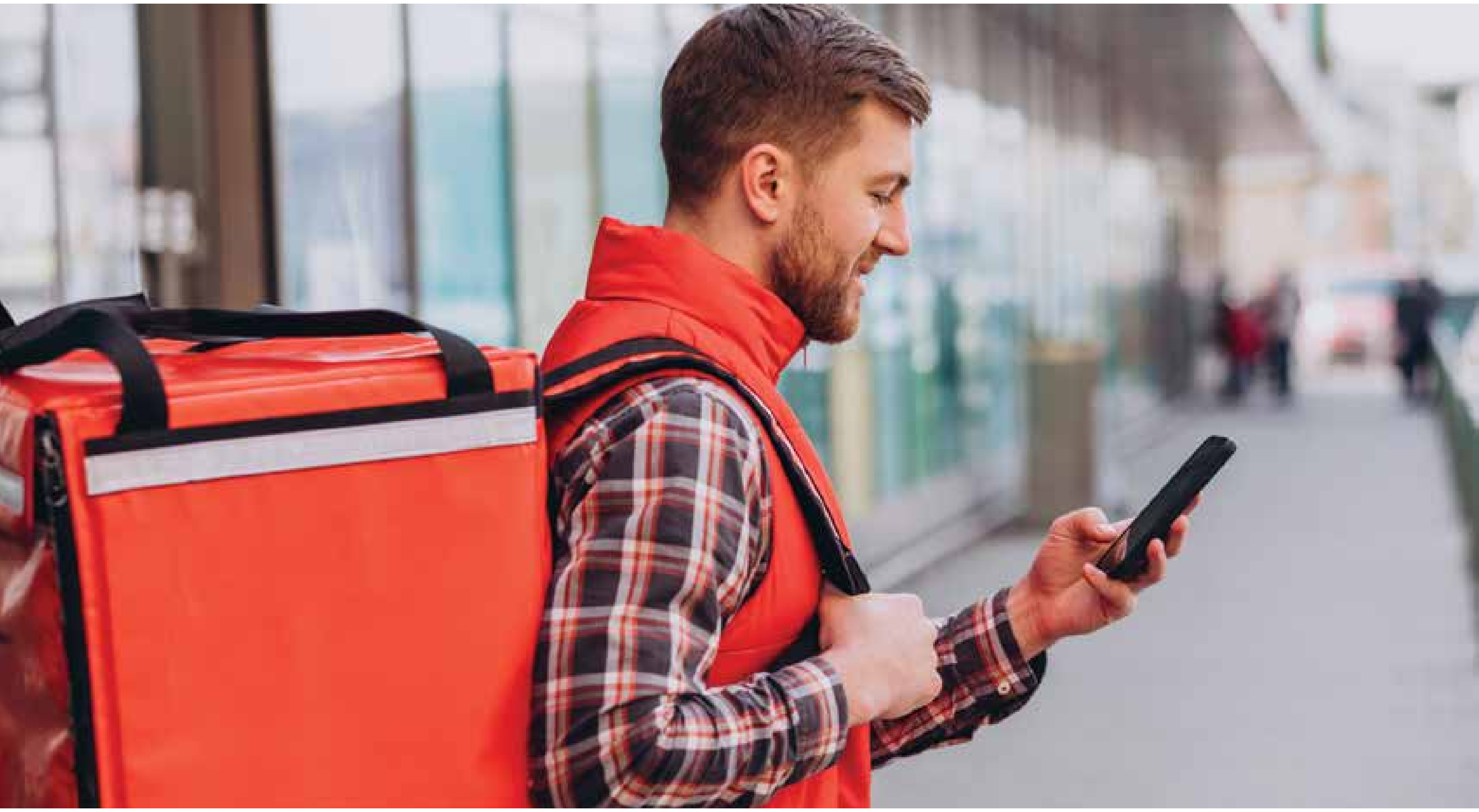
NRF commended the Senate's passage of H.J. Res. 100, or the Tentative Agreement.

"The freight and commuter rail systems are essential partners to America's retailers, moving goods throughout the country every day. A nationwide rail strike at this juncture would have had devastating consequences for our economy, and exacerbated inflation for American families," said NRF President and CEO Matthew Shay.

"We are grateful for the swift action in Congress this week to implement the Tentative Agreement, and we look forward to President Biden's immediate signature to safeguard smooth and stable rail operations," he concluded.

Washington, D.C.-based NRF is the world's largest retail trade association. ■





What's Going on With Third-Party Delivery?

As the pandemic wanes, grocery and food delivery startups face mounting expenses, sluggish investor interest and layoffs.

By NACS

ALEXANDRIA, Va.—By now you've likely seen the headlines that on November 30, DoorDash reduced its corporate headcount by about 1,250 people. CEO Tony Xu explained the factors that lead to the decision, including a post-pandemic bust.

"Prior to COVID-19, DoorDash was actually undersized as a company. The pandemic presented sudden and unprecedented opportunities to serve the evolving needs of merchants, consumers and Dashers. We sped up our hiring to catch up with our growth and started many new businesses in response to feedback from our audiences," he said.

Quick growth led to higher operating expenses that, "if left unabating—would continue to outgrow our revenue," said Xu, adding that DoorDash was "not as rigorous as we should have been in managing our team growth. That's on me. As a result, operating expenses grew quickly."

Post-Pandemic Problems

Many third-party delivery startups were just getting started when the pandemic hit, going from a nice-to-have to a necessity. That type of growth is tough to sustain without investor backing.

In "The Speedy Downfall of Rapid Delivery Startups," WIRED magazine writes that the downfall "of superfast delivery reflects the sobering mood of 2022. In the last two years venture capitalists sunk nearly $8 billion into the six rapid delivery startups competing in New York City, encouraging fast growth and a land grab. Now, investors are increasingly demanding profitability."

Thomas Eisenmann, a professor at Harvard Business School, told WIRED that the struggles grocery delivery apps are experiencing are "reminiscent of the 2000 dotcom crash, when buzzy startups like Kozmo—which promised one-hour delivery of groceries and DVDs—folded just a few years" of securing millions from venture capitalists. "With these new businesses, what's changed? … It didn't work then and it's not working now," he said.

(In memoriam for those who don't remember the rise and fall of Kozmo…)

The Atlantic article "Of Course Instant Groceries Don't Work" lists three headwinds failing startups are grappling with: space, time and reality.

"For basically all of the startups in question, the elevator pitch is convenience," notes the article, adding that pandemic or not, "delivering highly perishable goods to millions of people, often with the promise that those goods will arrive in as little as 15 minutes, has proved a very tricky business: The unit economics are bad, the margins are bad, and the logistics infrastructure necessary to make the actual service function, even unprofitably, is extraordinarily complicated (bad)."

During the past seven years, Gopuff has amassed a network of more than 250 micro-fulfillment centers that service 650-plus U.S. cities in 41 states and Washington, D.C., and it recently acquired 161 BevMo! Stores. Amid its growth, Bloomberg writes that Gopuff is also trying to solve the issue of time and money: "Can an e-commerce company whisk products to your house in under an hour? And more important: Can it actually make money doing so?"

In "The Fantasy of Instant Delivery Is Imploding," Bloomberg suggests that post-pandemic consumer behavior has essentially "interrupted the party" for Gopuff, adding that "Once-wary shoppers have returned to stores looking for discounts, inflation is back, and the economy has floundered."

According to Bloomberg, in recent months Gopuff has "laid off almost 2,000 employees, withdrawn from parts of Europe, shelved grandiose plans for new categories, raised fees on customers, and halted a planned initial public offering as its valuation has plummeted."

Down Under Delivery Falters

This year the Australian market has seen several third-party grocery delivery apps fall by the wayside. Send collapsed in May, U.K.-based Deliveroo ceased its Australian operations in November and Voly abruptly shut down following a slew of layoffs.

Inside Retail reports that all three companies lacked diversification and scale, according to Mal Chia, director and cofounder of Ecom Nation. "When you contrast [these businesses] to Uber, for instance, Uber has multiple facets to their business—it does food delivery, but they also do ride sharing, as well as couriers, and they do freight in the United States," Chia said.

Delivery times proved to be a factor. Steve Fanale, founder

and CEO of last-mile delivery firm Drive Yello, told Inside Retail that the 10–15-minute delivery windows are difficult to achieve without access to capital.

"Voly and Send tried, and Milkrun is trying, to compete directly with major corporations such as Woolworths and Coles; however, their key differentiator of delivery in 10-15 minutes isn't sustainable," said Fanale, adding that these companies also suffered from not having a viable economic model from the start.

"They had a lot of costs … and tried to solve the problem by throwing cash at growth; however, their growth was never going to be fast enough to counter the burn needed to sustain the business," Fanale said.

Don't Let History Repeat

Michael Davis, vice president of member services at NACS, agrees that delivery startups played an important role during the pandemic. Today, however, some of these companies are realizing that a lack of a profitable business model and unrealistic delivery time promises caused their brands to suffer—both in reputation and product quality and consistency.

Davis suggests that retailers around the globe pose some serious questions:

- Are current delivery/quick convenience models still viable?
- Will third-party players continue to consolidate, and if so, which ones will be the winners?
- How should retailers adapt, compete or cooperate going forward, and how should they invest?

"The disrupters have been disrupted by the lack of profitable business models, disgruntled investors, inflation, labor shortages and a bad economy," said Davis.

At the upcoming NACS Convenience Summit Asia in Bangkok, Davis said that attendees will hear from industry leaders on the future last-mile delivery and the financial challenges companies like Grab, Gojek, Foodpanda and others have been facing. "It's an opportunity to assess where convenience operators in Asia need to focus and invest," he said. ■

How Consumer Demographics Shape Your Business

By Ready Training Online

Every business is affected by consumer demographics, some more than other and some in different ways than others. Let's take a look at a few general consumer demographics nationwide:

Age & Generation

As the population ages, the buying influence of different generations changes. The baby boomers generation, which includes those born in the post-WWII baby boom, has shrunk to 70.4. Generation X now comes in at about 65.2 million. The most-talked about generation from a consumer demographics perspective is the largest — millennials come in at about 73.2 million. And don't forget about those 86 million Gen Zs whose buying power comes from about 67.8 young people as of 2021. That sounds like a lot of people, and it is, but keep this in mind as well – the overall rate of population growth is declining and is expected to continue to do so. Fewer people means fewer customers in the long run.

Family Status

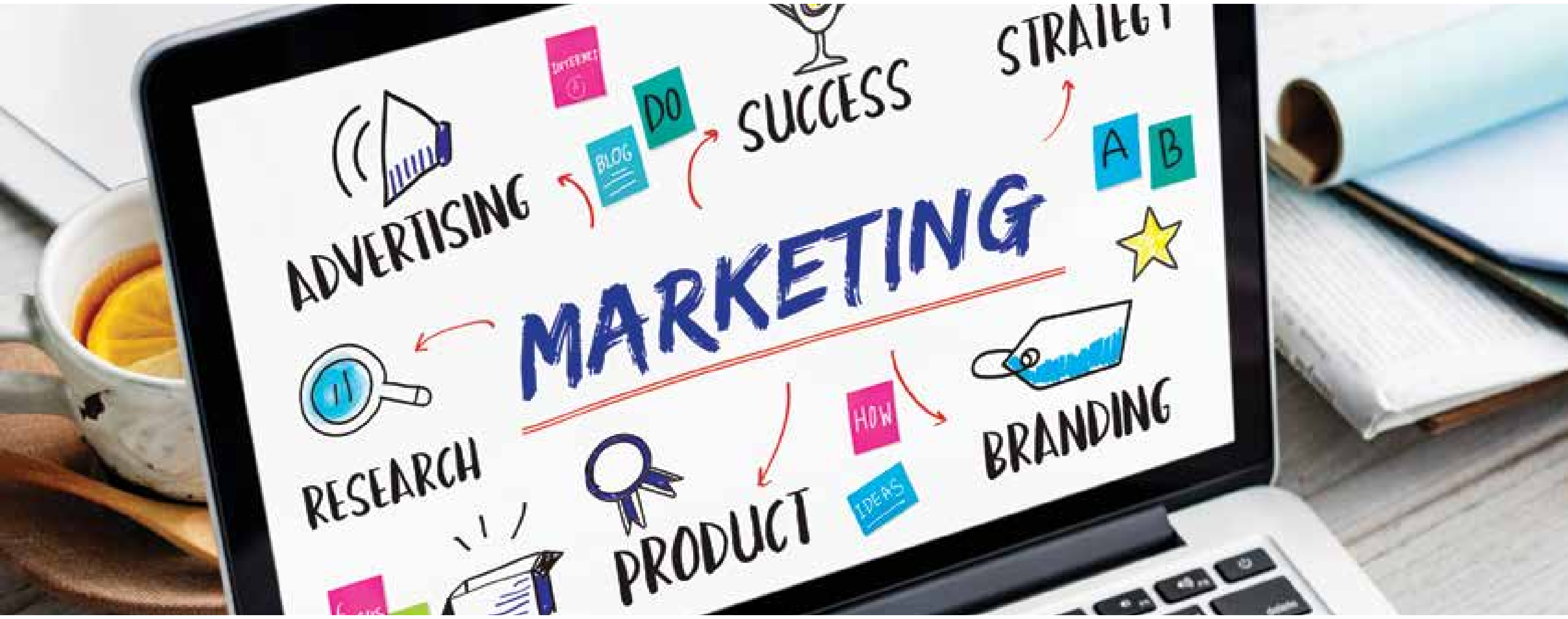
Family dynamics are also changing. Families with two working parents are the most common family unit, followed by single parent families. This consumer demographic may seem a little boring, but it gets more interesting as you dig deeper. Research also shows that about one in five Americans live in a multi-generational household and one in ten children lives with a grandparent. With birth rates in decline and pet ownership increasing, households with dogs far outnumber those with children.

Gender

Consumer demographics are predictably split by gender, but that half-and-half rule does not apply to purchasing power. Spending research suggests women influence the vast majority of consumer spending in the U.S.

What Do Consumer Demographics Mean for Convenience Stores?

As a convenience store owner or manager, you will view general demographic information differently than a clothing retailer or an online store. Trends in national consumer demographics are important, but what you see happening in your own town and neighborhood will have the most impact on your marketing decisions. Knowing your customers — especially your loyal customers — goes far beyond what you read about consumer demographics. It means understanding what customers expect from you and your staff and what they want from the companies they do business with. ■



Basic Marketing Concepts Every Convenience Store Manager Should Know

By Ready Training Online

Marketing, put quite simply, is what you do to generate sales. Every industry, and every business within an industry, has its own marketing strategy based on its unique customer makeup. As a convenience store manager, you may not control every element of your store's marketing strategy, but you are an integral component of its success. Start by understanding these basic marketing concepts.

Gaining New Customers Vs. Creating Repeat Traffic

You already know the difference between new customers and repeat customers, but have you given much thought to how you market to each of these groups? You should. Basic marketing research suggests that it costs up to five times more to gain a new customer than to retain a customer you already have. From a convenience store manager's perspective, this is good news. Strategies that build customer loyalty are often more within your control than those that help you gain new customers.

External Vs. Internal Marketing

External marketing is what you do to get customers to choose your store. Externally, this might include advertised loyalty programs, EDLP products, co-branding efforts, and product specials. Internal marketing is what you do to suggestively sell to the customers who walk in your door or pull up to your pump. This includes optimizing non-fuel purchases, merchandising efforts, planogram implementation, and store care.

Traditional Vs. Digital Marketing

Traditional marketing includes things like newspaper ads, TV commercials, and roadside billboards. These marketing strategies offer one-way communication from your business to new customers. Digital marketing is everything you do electronically to reach out to customers, such as through your website, a loyalty app, social media, and email. Many digital marketing strategies give you more of an opportunity to connect with customers and impact repeat visits.

Over-Promising Vs. Over-Delivering

The risk of over-promising on a promotion is a marketing concept that many managers, especially new convenience store managers, fail to grasp. This happens when you launch a promotion and then are not prepared for the response it receives. A shiny new loyalty program, for example, won't mean a thing if your employees don't know how to recommend it and sign people up. Convenience store training is key to ensuring you exceed customer expectations by over-delivering on a promotion, instead of disappointing them by advertising promises your staff can't keep. ■

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