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DOE Will Allocate \$96M to Support EV Infrastructure, Technology Development

The U.S. Department of Energy (DOE) will support transportation sector decarbonization efforts with \$96 million in funding, it announced Thursday.

The department plans to provide funds to applicants who address one of three areas in electric vehicle (EV) transportation: charging stations; creating cleaner non-road vehicles through the use of electrification; and alternative fuel use and EV technologies that increase efficiency or reduce the cost of materials.

"To strengthen our transportation sector to support our growing economy, DOE is investing in clean mobility options that will eliminate harmful emissions, reduce our reliance on volatile fossil fuels, and cut energy costs," said Energy Secretary Jennifer Granholm in a statement. "Achieving President Biden's climate goals will require expanding accessibility to electric vehicles for all drivers and modernizing vehicles that power the agricultural and construction industries."

Biden has set a goal to make EVs half of all automotive sales by 2030, and the DOE hopes to support the increased demand in EVs with the requisite charging stations to keep the vehicles powered while away from home power supplies.

It also wants to support the electrification of non-road vehicles. While cars and trucks have received a great deal of attention from EV developers, strong potential remains to electrify other vehicles involved in construction, agriculture and water and air transport.

Grants will also be made available to engineers who hope to continue to improve EV technology. DOE identified developments in battery technology, fuel cells and material use as promising areas that could improve EV efficiency and reliability.

Applicants for fiscal year 2022 grants must submit a concept paper by Aug. 25. The deadline for complete applications is Nov. 10. Applications can be transmitted through the DOE's website.

--Reporting by Henry Kronk

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US Electric Vehicle Charging Infrastructure Inadequate: JD Power

The "remarkable" growth in electric vehicle (EV) sales last year has added stress to an already beleaguered public vehicle charging infrastructure in the U.S., consumer research firm J.D. Power said in a study released Wednesday.

It said owners in high EV volume markets such as California, Texas and Washington are finding the charging infrastructure inadequate and plagued with non-functioning stations.

"Public charging continues to provide challenges to overall EV adoption and current EV owners alike," Brent Gruber, executive director of global automotive at J.D. Power, said in a news release. "Not only is the availability of public charging still an obstacle, but EV owners continue to be faced with charging station equipment that is inoperable."

The 2022 U.S. Electric Vehicle Experience (EVX) Public Charging Study was conducted in collaboration with EV PlugShare, an EV app maker and research firm, J.D. Power said.

It surveyed 11,554 owners of battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) from January through June 2022, the firm said.

J. D. Power said the participants were drivers who visited charging locations but did not charge their vehicles. They were asked why they decided not to charge.

The study measured EV owners' satisfaction with two types of public charge point operators: Level 2 charging stations and direct current (DC) fast charger stations.

Customer satisfaction with Level 2 charging declined 10 points from last year, dropping to 633 from 643 on a 1,000-point scale, J.D. Power said. Satisfaction with the speedier DC segment remained flat at 674, it said.

"This lack of progress points to the need for improvement as EVs gain wider consumer acceptance because the shortage of public charging availability is the No. 1 reason vehicle shoppers reject EVs," J.D. Power said in the release.

--Reporting by Abdul Latheef

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Charged Up

While only one in 10 convenience store customers currently owns an electric vehicle, more are considering making the switch, especially amid the record-high gas prices of late. The 2022 Convenience Store News Realities of the Aisle Study, which surveyed 1,500-plus consumers who shop a c-store at least once a month, showed an increase in the percentage of c-store shoppers who say they're extremely/very likely to consider purchasing an electric vehicle within the next two to three years, as well an increase among those who say they're somewhat likely.

US Trucking Wages Up 'Significantly' in 2021: ATA

Wages for truckers in the U.S. rose "significantly" last year, as transportation companies competed for scarce commercial drivers, according to a new survey from the American Trucking Associations (ATA) released Wednesday.

"The driver shortage, coupled with increased demand for goods in the post-pandemic economy, really drove driver

salaries," said ATA Chief Economist Bob Costello. "Pay increases were broad-based across the industry. For example, between salary increases and bonuses, the average truckload driver saw a wage increase of 10.9% last year."

More than 90% of truckload fleets increased pay last year, the trade group found in its 2022 ATA Driver Compensation Study. The median truckload driver earned more than \$69,000 in 2021, up 18% from the prior survey conducted in 2020. Ninety-six percent of fleets offered referral bonuses for new drivers, and 54% offered sign-on bonuses.

All fleets delivering less than truckloads increased pay last year, and the median wage hit \$73,000, ATA found. The median salary for a driver at a private fleet was \$85,000.

Non-drayage owner-operators that responded to the survey saw estimated median gross revenues of \$235,000 in 2021, while owner-operators in the drayage sector saw median gross revenues of \$164,000.

--Reporting by Donna Harris

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Federal Court Blocks Enforcement of EEOC Sexual Orientation and Gender Identity Guidance

In June 2021, the U.S. Equal Employment Opportunity Commission (EEOC) issued resources on workplace protections for LGBTQ+ employees, including a technical assistance document entitled "Protections Against Employment Discrimination Based on Sexual Orientation or Gender Identity."

A federal district court has now blocked enforcement of that guidance. Among other things, the guidance took the following rather aggressive positions: employers cannot require a transgender employee to dress in accordance with the employee's sex assigned at birth; employers may not deny an employee equal access to a bathroom, locker room, or shower that corresponds to the employee's gender identity; and use of pronouns or names that are inconsistent with an individual's gender identity could be considered harassment.

In issuing the guidance, the EEOC asserted that it was explaining the Supreme Court's decision in *Bostock v. Clayton County*, which held that Title VII's protections against sex discrimination encompass sexual orientation and transgender status; however, the court found that the guidance extends far beyond the limited reach of the *Bostock* decision, in which the Supreme Court specifically "refused to decide whether 'sex-segregated bathrooms, locker rooms, and dress codes' violate Title VII."

NACS, Retail Associations Endorse Bipartisan Swipe Fee Legislation

New swipe fee legislation introduced in Congress that would create choice for the processing of credit card purchases is receiving support from multiple leading retail associations.

NACS, Retail Industry Leaders Association (RILA), the National Retail Federation (NRF) and the Merchants Payments Coalition (MPC) are rallying behind the Credit Card Competition Act, which seeks to bring long-overdue competition to the market and addresses the estimated more than \$138 billion in exorbitant swipe fees imposed on U.S. retailers.

The bill, introduced by Majority Whip Dick Durbin (D-Ill.) and Senator Roger Marshall (R-Kan.), would require the largest U.S. banks that issue Visa or Mastercard credit cards to allow transactions to be processed over at least two unaffiliated card payment networks — the same process that has been used for debit card transactions for more than a decade. According to payments consulting firm CMSPI, credit card routing competition would reduce swipe fees by \$11 billion or more annually.

The legislation proposes an open marketplace for credit card processing where retailers could choose which service provider to use to handle a transaction. Under the bill, one network on a credit card could be Visa or Mastercard, but the largest banks that issue credit cards would also have to include an unaffiliated competitor, such as another credit card network or one of the dozen card payment networks that process debit card transactions. Currently, independent networks equipped to route these transactions have been blocked from entering the market.

"Processing credit card transactions should not be limited to two companies when there are a dozen that can do the job just as well," NRF Vice President for Government Relations, Banking and Financial Services Leon Buck said. "Routing choice has saved retailers and their customers billions in the debit card market and can do even more in the much-larger credit card market. This is a giant step forward in bringing about the transparency and competition retailers have sought for years.

"Credit card swipe fees have been driving up prices paid by American consumers for decades but are particularly burdensome amid the near-record inflation families face today," he continued. "These fees are a percentage of the transaction, so they take even more out of retailers' and consumers' pockets as prices go up. They are a significant factor in inflation, but one that could be minimized if the card industry would compete the same as other businesses."

In the United States, banks that issue Visa and Mastercard credit cards charge a swipe fee that averages 2.25 percent of the purchase price when the cards are processed over Visa or Mastercard's networks, a rate that is significantly higher than in other countries. American businesses pay seven times more in swipe fees than businesses in Europe and five times more than businesses in China.

Austen Jensen, RILA executive vice president of government affairs, pointed out that in 2021, U.S. retailers paid \$138 billion to accept electronic payments, a significant increase from 2015 when merchants paid \$83 billion, and this past year's number of \$64 billion is more than double what the retail community paid in 2011.

Visa and Mastercard dominate the U.S. market and issue 83 percent of all credit cards. Without competition in the market, credit card swipe fees continue to rise year after year, and since they are a percentage of the transaction cost, they multiply with every cent of inflation.

Visa and Mastercard have repeatedly tried to inhibit debit card network competition. Foreseeing a similar issue by the networks, the bill seeks to prohibit interference with routing on credit cards, including a requirement that proprietary mechanisms owned by Visa or Mastercard not be used to block their competitors' transactions. The Department of Justice is currently investigating whether Visa has violated antitrust laws by limiting merchants' ability to route debit transactions, while the Federal Trade Commission is investigating both Visa and Mastercard.

Wawa to Pay \$8M in Settlement Over 2019 Data Breach of Payment Cards

Fuel and convenience chain Wawa Inc. will pay \$8 million as part of its settlement with six states and the District of Columbia related to a 2019 data breach that the New Jersey acting attorney general said on Tuesday compromised about 34 million payment cards used by consumers at the company's retail outlets.

The data breach "extracted consumer payment card data, including customers' card numbers, expiration dates and cardholder names," from transactions that took place between April 18 and Dec. 12, 2019, affecting stores in New Jersey, Pennsylvania, Florida, Delaware, Maryland, Virginia, as well as the District, acting state Attorney General Matthew Platkin said in a statement.

Under a legal agreement, New Jersey will receive about \$2.5 million of the overall Wawa settlement payout, Platkin said.

In addition to Wawa paying the \$8 million, the settlement requires that the company "take multiple steps going forward to strengthen its network protections and better safeguard consumer payment card data," Platkin said.

"As the settlement notes, Wawa responded promptly and followed all notice requirements with relevant authorities, in addition to cooperating fully with the attorneys general and all law enforcement officials to assist anyone impacted by the incident," Jennifer Wolf, a Wawa spokeswoman, told OPIS in an email statement. "From the outset, our focus has been to make this right for our customers and communities. We continue to take the necessary steps to safeguard our information security systems."

The data breach occurred "after hackers gained access to Wawa's computer network in 2019 by deploying malware that may have been opened by a company employee," Platkin said. "A few months later, the hackers deployed malware that allowed them to obtain magnetic stripe data from cards processed at Wawa's point-of-sale terminals inside the stores, as well as at the outside fuel pumps," he said.

"Specifically, the malware harvested Wawa customers' card numbers, expiration dates, cardholder names and other sensitive payment card data. It did not collect PIN numbers or credit card CVV2 codes. Payment cards using chip technology were not compromised," Platkin said.

"Wawa was unable to determine with specificity how many payment card transactions were compromised by the breach," he said. "However, in documents related to a private class action lawsuit over the breach, Wawa provided a breakdown of all consumer pay card transactions that took place at its stores during the nine-month period at issue."

In April, U.S. District Judge Gene Pratter signed off on a \$12 million settlement that resolved a class-action complaint about the 2019 Wawa breach.

The privately held company, based in Wawa, Pennsylvania, operates about 850 fuel and convenience outlets in the Northeast and Florida.

--Reporting by Frank Tang

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CITGO Warns Branded Stations of 'Innovative' Fuel Thieves

Elevated fuel prices have led "innovative" criminals to "aggressively" exploit features on fuel dispensers to steal fuel from gas stations, CITGO Petroleum Corp. told branded wholesalers in a letter Monday.

The company is urging marketers to put in place security measures recommended by equipment dispenser vendors Gilbarco Veeder-Root and Dover Fueling Systems. CITGO's letter provided links to best practices.

For example, Gilbarco says to periodically change the programming access (PIN) codes on the manager's keypad.

"This is the most effective method to prevent theft involving dispenser electronics," the vendor said. "Trusted station employees and the authorized service contractor (ASC) should be the only personnel with access to these codes. Keep access codes in a secure location known to all station management. As an added security measure, Gilbarco's Encore® 700 S dispenser requires POS authorization to access the dispenser programming."

Gilbarco also instructs stations to remove the manager's keypads from the dispensers and store them in a safe location accessible only to station management or ASCs. Use a sign-out system to track who last used the keypad.

Dover advises station operators to remove security jumpers used for stand-alone troubleshooting and maintenance.

"Criminals can use default passcodes to put the dispenser in an offline condition if the jumpers remain installed," the vendor said. "This allows fuel to be dispensed without payment, so be vigilant to make sure fueling points only go offline when there is scheduled maintenance."

Dover also said its device, DFS DX Wetstock can capture fuel loss or theft in real time and alert the station instantly when there's a rapid fuel loss. It can also detect short deliveries. The DFS DX Monitor can send customized alerts if a dispenser goes

offline, or there's been a door breach. It also can provide flow rate reports.

Gilbarco also has available special features that can alert station operators of a dispenser door breach.

"If you have not already done so, we encourage you and/or your retailers to implement these best practices as soon as possible and conform that security protocols are being followed," wrote Kevin Kinney, CITGO's general manager of brand equity development.

--Reporting by Donna Harris

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Leader of Theft Ring That Installed Skimmers at Texas Gas Stations Sentenced

The leader of a theft ring that used hundreds of skimming devices to steal payment card information from consumers at Texas gas stations has been sentenced to a seven-year prison term, Texas U.S. Attorney Jennifer Lowery announced Monday.

Durlan Garcia-Pupo, 31, a Cuban citizen who lived in Houston, pleaded guilty May 18, 2021, to one count of conspiracy to commit fraud in connection with access devices and one count of aggravated identity theft, according to Lowery's announcement.

U.S. District Judge Lee Rosenthal sentenced Garcia-Pupo on Monday to consecutive prison terms of 60 months for conspiracy and 24 months for aggravated identity theft. In determining the sentence, the judge considered the defendant's leadership role, the sophistication of the scheme and the volume of stolen personal information.

After serving his prison term, Garcia-Pupo is expected to face removal proceedings to determine if he should be deported, the U.S. attorney's office said.

"From 2017 through 2019, Garcia-Pupo directed other members of the scheme to install credit card skimmers at gas station pumps located around Harris and Montgomery counties to steal personal and banking information. Garcia-Pupo also used at least one of those stolen identities himself to purchase fuel," according to the announcement said.

Authorities searched his residence, finding a laptop loaded with up to 1,500 stolen credit card numbers, along with the materials used to make credit card skimmers, according to the announcement. Garcia-Pupo and accomplices would sell the data to criminals or use it to buy fuel and resell it for discounted prices, authorities said.

Two co-defendants, both residents of Houston, were previously sentenced. Lazaro Martinez-Garcia, 36, was sentenced to 33 months in prison, and Julio Cesar Blanco-Diaz, 41, was sentenced to a 24-month prison term, the announcement said.

--Reporting by Donna Harris

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FleetCor to Appeal Court Ruling Supporting US Government's Fraud Claims

FleetCor Technologies Inc. is appealing a Georgia federal court decision supporting the Federal Trade Commission's fraud allegations.

The U.S. District Court in Atlanta on Friday set a hearing for Oct. 20-21, ordering the FTC to propose injunctive relief and FleetCor to file a response to the proposal.

FleetCor "strongly disagrees with the ruling on liability," and the decision was "reached prematurely," the company said in a statement after the Aug. 9 ruling. The major fleet solutions provider also noted that the court denied the FTC's claim for monetary relief.

"FTC's accumulated evidence presented in this case is compelling and overwhelms FleetCor's evidentiary and legal defenses," the ruling said. The court said the commission presented "a broad and detailed array of hard, primary source evidence," including FleetCor's internal marketing studies and an "outpouring" of customer complaints supporting claims of "false representations and unfair conduct."

FleetCor provides fleet card solutions to businesses, government entities and nonprofits, including Fuelman cards for its proprietary Fuelman Network, MasterCard fuel cards where Mastercard is accepted, and co-branded cards in partnership with major fuel merchants such as BP, Speedway and Arco, the court noted.

The FTC sued FleetCor and its CEO, Ronald Clarke, in December 2019, claiming that the company had charged "hundreds of millions of dollars in hidden and undisclosed fees" to customers after making "false promises" that they could save on fuel costs. However, in 2021 the Supreme Court ruled that the FTC could not bypass administrative proceedings and seek financial relief from the federal courts.

In response to the high court's decision, the FTC filed a new administrative complaint for financial relief, alleging FleetCor and Clarke violated section 5 of the FTC Act. Section 5, which prohibits "unfair or deceptive" practices.

--Reporting by Donna Harris

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Analysis: Gross Rack-to-Retail Margins on Track for Record-Breaking Quarter

If July numbers hold for the remainder of the third quarter, then U.S. gross rack-to-retail margins will likely exceed the record set in the second quarter of 2020, according to an OPIS analysis.

Margins soared to an average of 41.9cts/gal in Q2 2020 as COVID-19 pandemic lockdowns led to significant gasoline demand destruction and a collapse in prices. West Texas Intermediate crude settled in the red on April 20, 2020.

While the current quarter has seen no pandemic related impacts, U.S. gasoline demand began to fall as retail prices approached and topped \$5/gal.

A year-on-year deficit for retail sales volumes began to show up in March and picked up steam in June and July, according to OPIS data.

U.S. gasoline demand in June was down by an average of 7.5% from the same month of 2021 and by July, consumption was off 8.6% year to year.

In addition to prices, demand soften over ongoing fears of a recession and coronavirus lockdowns in China.

Front-month RBOB futures since June 14 have fallen by roughly \$1.20/gal, declining from just about \$4/gal to less than \$2.80/gal at Thursday's NYMEX settlement. The average daily move over the past 36 sessions has been a decline of 3.24ct/gal.

While street prices have also moved lower since mid-June, they've fallen at a slower rate, leaving room for healthy margins over the past month.

Retail gasoline prices have fallen for more than 50 straight days according to AAA data, declining over that time about 96cts to an average of \$4.059/gal Monday.

The average daily decline over that period has been a rather wide 1.7cts, with the smallest move of 0.19ct seen on June 20 and the biggest decline coming on July 23, when average pump prices fell by 3.14cts/gal.

The trend should continue, with average U.S. retail prices likely to dip below \$4/gal this week.

This continues to set up third-quarter margins. Margins averaged 71.8cts/gal through Saturday, and there is no reason, at least in the short term, to believe they are going to deviate much from the current daily third-quarter range of 52.7-88cts/gal.

Over the past month, however, margins have been a bit more volatile with an average move of up just 0.13ct, with day-to-day moves ranging from plus 29.8cts to minus 14.8cts/gal.

Significant market backwardation is keeping that downtrend in futures, spot and retail prices moving. Backwardation occurs when an asset's current price is higher than futures prices.

The September-October RBOB backwardation is largely due to a shift in specifications, but there is some strong backwardation built into the spot markets in August.

There is, however, just some light backwardation for Gulf Coast CBOB over the next few cycles, while about 4-6cts separate now and late-month prices in the Chicago and Group 3 markets.

The most backward dated market east of the Rockies market is in New York Harbor, where there is roughly 30cts separating prompt and end-of-month RBOB values.

Although refiners in recent conference calls to discuss their second-quarter financial results have said they are maximizing distillate production mode, gasoline crack spreads remain fairly strong from a historical standpoint. Based on current prices, the Gulf Coast RBOB crack spread is still above \$21/bbl.

There are, of course, some risks to the forecast for a record-breaking third quarter for gross rack-to-retail margins.

A hurricane, for example, could target refinery rich the Gulf Coast, sidelining some production. And the U.S. National Oceanic and Atmospheric Administration last week reiterated its forecast for an above-average hurricane season.

An abrupt and swift turnaround in gasoline demand could also pressure margins. Falling retail prices in the last several weeks of the U.S. summer driving season could persuade more drivers to get on the roads.

In addition, the July U.S. jobs report, released on Friday was far above expectations. The unemployment rate dropped to 3.5% based and wages were also higher. With low unemployment, the Federal Reserve is expected to continue to efforts to tame inflation and a 75-basis point increase at its September meeting is expected to be on the table.

Natural gas is another factor to monitor through the remainder of 2022. Natural gas markets are typically volatile and European prices will be in focus.

Refinery executives in past conference calls have acknowledged that a \$1/MMBtu increase in natural gas costs can raise their operating costs by 20-30cts/bbl.

European natural gas prices are already high, but further upside could crimp refinery operations, tighten supply and lead to higher gasoline prices.

--Reporting by Denton Cinquegrana

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National Average Gas Price Falls Below \$4

Prices at the pump keep dipping lower and the continued decline may have some waiting to see how low they can go.

The national average for a gallon of regular gas fell 10 cents in the past week to \$3.95, due primarily to stable oil prices and fewer drivers than usual fueling up, according to AAA.

"Falling pump prices may eventually lead to more drivers hitting the road again," said Andrew Gross, AAA spokesperson. "But that hasn't happened yet. Instead, many drivers are waiting for prices to fall further before reverting to their typical driving habits."

AAA finds that drivers are making significant changes to cope with high pump prices. In a recent survey, almost two-thirds of U.S. adults have changed their driving habits or lifestyle since March. Drivers' top two changes to offset high gas prices are driving less and combining errands.

According to data from the Energy Information Administration (EIA), gas demand rose from 8.54 million barrels per day to 9.12 million barrels per day last week. However, the rate is 307,000 barrels per day lower than last year.

Also, total domestic gasoline stocks decreased by 5 million barrels to 220.3 million barrels. Although gasoline demand has risen and supplies have tightened, easing oil

prices have helped lower pump prices. If oil prices edge lower, drivers will likely see falling pump prices, AAA said.

Talk of Possible Iran Deal Pushes Petroleum Futures Sharply Lower

Crude and refined products futures were down sharply Monday morning on some weaker economic data and reports Iran may be close to reaching a nuclear deal with the U.S. that could allow the country to resume oil exports.

Iranian officials early Monday said they would respond later today to the European Union's unofficial deadline to accept the final draft of a 2015 nuclear deal.

Crude benchmarks were down by more than 5% as the U.S. workday got underway. The declines put Brent within reach of testing critical technical support. WTI has a bit more room, but it, too, was staggering thanks to the news out of Iran and weaker economic numbers from China.

September WTI was down \$5.01 to \$87.07/bbl shortly after 9 a.m. ET, while Brent was down \$5.15 to \$93/bbl.

Refined products saw double-digit losses, a decline that could lead to similar intraday drops in rack prices. September RBOB fell 13.5cts to \$2.9110/gal, while September ULSD fell 9.22cts to \$3.4266/gal.

The average U.S. retail gasoline price continued its more than two-month decline and was at \$3.956/gal on Monday.

--Reporting by Tom Kloza

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BofA Says Its Card Data Points to US Gasoline Demand Recovery Through Q4 '22

Bank of America said Monday that its consumer payment card data suggests that U.S. gasoline demand is rebounding as retail fuel prices have dropped from record highs in mid-June, and the bank forecasts gasoline consumption to further improve into the fourth quarter of 2022.

BofA said in a note Monday that its aggregate credit and debit card data suggests gasoline demand "points to a firm continued uplift" after a June bottom. The bank also said its card data shows the price elasticity of U.S. gasoline demand is "very high," meaning the drop of average U.S. retail gasoline price should trigger a more-than-proportional increase in fuel consumption.

BofA, which has nearly 4,000 bank branches, is the second-largest U.S. commercial bank by assets. Spending data from BofA's financial cards carries weight and could indicate important consumption trends including fuel purchases.

After U.S. gasoline demand contracted by 15% year over year to a low in June, BofA said fuel consumption has recovered by 0.85 million b/d, or 10% of total demand in recent weeks.

"We believe gasoline demand could still expand by about 0.35 million b/d, or 4%, into Q4 2022, lending support to both gasoline cracks and crude oil prices," the bank said.

Even though other analysts might not be as optimistic as BofA in its fuel demand forecasts amid recession worries, the sharp decline of average U.S. retail gasoline price has increased fuel consumption of late.

According to OPIS DemandPro data, which surveys around 35,000 gas stations in the U.S., average station gasoline volume narrowed its loss to minus 1% in July versus minus 1.7% on a month-to-month comparison. So far in August, gasoline demand is up 4% from July's level, according to DemandPro data.

OPIS and AAA data shows U.S. unleaded regular gasoline price averaged \$3.901/gal on Monday, down from an all-time high of \$5.016/gal on June 14.

As many Americans regularly spend a fixed amount at the gas pump, lower gasoline prices suggest that motorists should refill their tanks with more volume, according to BofA. With an estimated 279 million vehicles in circulation in the U.S., this aggregate increase in gas consumption should represent a major boost to fuel demand, the bank said.

In addition, BofA said its proprietary card data suggests that "higher income groups are driving less, perhaps as a result of remote work, a secular trend that could persist."

The bank's data shows price elasticity on gasoline purchases tends to be lower for individuals with gross household income of more than \$125,000 per year. In other words, as pump price decreases, less-affluent consumers are expected to spend relatively more on fuel compared to higher-income ones.

BofA said that its data could be subject to selection bias including income levels and geographies, and that its analysis is limited to debit and credit card spending from active U.S. households and does not include corporate cards, cash or checks and other payment methods.

The bank also cautions that its gas station sales data could include other items and services purchased at gas stations in addition to gasoline.

BofA forecasts NYMEX West Texas Intermediate crude futures to trade at \$100/bbl at the end of September and \$95/bbl at the end of December. On Monday, the most active October WTI traded at around \$89.50/bbl.

--Reporting by Frank Tang

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US Cash-Back App Upside Use Increases Almost One-Third in Last Three Months

Upside, which operates a mobile app that helps users earn cash back from fuel, grocery and restaurant purchases, reported a 32% increase in usage in the past 90 days amid record gas prices and rapidly rising inflation, CEO Alex Kinnier said.

In a Monday interview, Kinnier said while consumers in general drive less as higher fuel prices curb demand, the retail technology company has experienced user growth as people seek value on their everyday purchases.

"Inflation in general is impacting everybody. People feel out of control, and they are looking to find something in their life to give them control for the things that they buy most often," he said.

This is especially important as a 40-year high in U.S. inflation hurts consumer demand, creating "excess capacity" for Upside's participating merchants including fuel retailers, grocers and restaurants, he said.

"We fill excess capacity with profitable, incremental gallons for fuel," he said.

Upside, which claims to reach 30 million users, has profit-sharing arrangements with participating businesses. App users can earn cash back from 50,000 retail locations across the U.S. including Shell, BP, Marathon, Speedway, Circle K, Burger King and Sav A Lot Food Stores.

The company's API partners include Uber and Lyft, which allow drivers of the ride-sharing companies to access Upside offers directly in the driver app, as they can earn up to 25cts/gal off fuel purchases. API are mechanisms that enable two software programs to communicate with each other.

While some fuel marketers dislike sharing profits with Upside, Kinnier said the cash-back app serves to complement a merchant's existing loyalty programs by driving new customers and increasing engagement from existing loyalty members.

Kinnier said that Upside helps all participating retailers to maintain or grow their market share, whether the station is independent or company owned/operated. According to the company's analysis, Upside provides top-performing stations 4%-7% more volume than they would otherwise be getting.

"Because Upside evaluates the margin on every transaction, we ensure retailers never pay for 'stacked' loyalty discounts. They only pay when we drive gallons and profit above what their existing loyalty program is already delivering," Kinnier said.

Going forward, Kinnier said Upside is looking to expand its existing footprint by bringing on new retailers and introducing new categories, including pharmacy, home improvement and general retail.

Upside is also working to deepen its partnership with Uber to allow ride-sharing drivers to earn cash back directly for more purchases.

"Behind the scenes, we've been collaborating with Uber to roll out our offers for convenience stores and restaurants in the Uber Drive app nationally," Kinnier said.

--Reporting by Frank Tang

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Marathon Petroleum Announces Mystery Shopping Program

Marathon Petroleum Corp. (MPC) is turning to a new method of improving operations at its stores. The company

announced plans for Marathon Insight, a mystery shopping program that is designed to monitor and enhance the retail customer experience.

The move reflects the company's commitment to quality and reliability, according to John Rice, manager, brand marketing at Marathon Petroleum.

"Customers are central to everything we do including marketing our branded fuels," he said. "We aim to make visits to our retail stations as customer-centric as possible. To do that, it is vital that we have accurate and reliable feedback in order to know what we are doing right and what we can enhance."

To build the Marathon Insight program, MPC is partnering with Ipsos Channel Performance, a worldwide research company. Ipsos provides customer insights in the form of site evaluations, effective feedback and analytics.

"Ipsos Channel Performance is honored to be chosen as Marathon's retail customer experience and brand standards measurement partner," said Christopher Koetting, senior vice president at Ipsos channel performance. "As the largest provider of mystery shop and site audit solutions in the convenience and mobility space, Ipsos will leverage deep experience and expertise to ensure Marathon's stakeholders not only receive timely and critical insights to drive site-level action, but also the consultation and thought leadership to inform and support strategic decision making."

Consumers Look for Deals as Prices of Consumer Goods Continue to Rise

While gas prices have been dropping over the past few weeks, prices of food and beverages continue to rise.

July's data shows that prices of consumer goods remain elevated across categories. Prices for food at-home rose 1.2 percent from the end of June to the end of July, and 14.4 percent year-over-year as of July 31. In June, at-home food prices rose 1.2 percent vs. May, and 13.7 percent year-over-year as June 30, according to the Information Resources Inc. (IRI).

IRI, which recently merged with The NPD Group to create a global technology, analytics and data provider, released the new insights about food inflation and its impact on consumer shopping behavior. The insights leverage the latest point-of-sale data for July 2022 and include data covering all U.S. food channels, including e-commerce.

"Consumers are responding to rising prices by shopping promotions, prioritizing value options, and trading down to avoid going without," said Krishnakumar Davey, president of Thought Leadership for CPG and Retail at IRI. "We are advising our manufacturer clients to deploy all levers of strategic revenue management, prioritize strong in-market execution, and invest in retailer partnerships to ensure that the right products are available in the right places at the right times.

"Additionally, retailers must have the tools to quickly adjust to changes in consumer preferences to ensure they are offering the right assortment at price points that appeal to

price-sensitive shoppers as well as their most valuable customers," Davey said.

Key insights from July, according to IRI, include:

- *Persistent inflation.* Food and beverage inflation continues to persist on a sequential and year-over-year basis, despite recent price decreases in other areas of the economy such as gasoline. Categories with the five largest increases in prices include refrigerated eggs, frozen dinners and entrees, butter and margarine, frozen pizza and center store bread.
- *Limited relief for consumers.* While prices of certain food categories have begun to decline in recent weeks, they still tend to remain elevated year-over-year. Categories with the five largest decreases in price include fresh citrus fruit, bacon, ice cream and sherbet, beef and packaged lunch meat.
- *Promotional activity is on the rise.* Promotional activity — including weekly sales and coupons — in many food and beverage categories is returning to pre-pandemic levels as supply pressures ease and consumers increasingly look for the best deals. Recent data indicates that the top five food and beverage categories where promotion increased in the four weeks ending July 10 show close parallels to the same four weeks in 2019, before the pandemic, with nearly 50 percent of these top categories sales coming from promoted items, according to IRI.
- *Consumers are bargain hunting.* Consumers are responding when promotions are available. In some of the most-promoted categories within the grocery channel over the trailing four-week period ending July 10 percent of dollar sales and percent of sales volume lift have increased significantly.
- *Consumers are opting for value-oriented categories to preserve quantity.* Within food and beverage, overall volume and units have remained resilient despite price increases. However, data comparing the 13-week period ending July 10 vs. the previous 13-week period reveals consumers are purchasing greater value meal solutions, such as pasta, rice, frozen potatoes and canned soup.
- *Consumers are buying less in categories* such as sports drinks, ready-to-drink coffee/tea, frozen novelties, refrigerated entrées and frozen dinners/entrées.
- *Consumers are trading down to more affordable brands within a category.* Consumers are "trading down" or switching from a preferred brand or higher-priced product for one at a lower price point in many categories
- *Private label continues to grow in many food categories.* Consumers are transitioning away from national brands in categories where store brands are already well-known or in commodity categories. Premiumization continues in select categories despite the high inflation. Mirroring behavior from the Great Recession of 2008-2009, consumers are trading down to trade up on small luxuries, including both premium and super-premium imported beer, which saw combined

sales share increase 2.6 percentage points to 51.2 percent share of category sales in the same 13-week comparison.

- *Slower spending outside of food and beverage.* Consumers are purchasing less in categories such as foil pans, household cleaner cloths, toilet tissue, facial tissue, laundry detergents, and household cleaners.

Three Steps to Attract & Retain Hourly Employees

The pandemic-era trend known as the "Great Resignation," where favorable conditions encourage employees to quit their jobs in search of better and ample opportunities elsewhere, is showing signs of slowing down, according to Legion's 2022 State of the Hourly Workforce study.

Legion surveyed more than 1,000 hourly employees and 500 managers to find out what they want beyond pay and what would motivate them to take a new job. Findings show that more than half of hourly employees (58 percent) don't plan to leave their jobs in the next 12 months.

In today's workforce, the balance of power has shifted and hourly employees want more control. Eighty-six percent of survey respondents say it's "important" or "very important" to have control of their schedule.

"Because of the pandemic, employees have had to balance multiple jobs and coordinate when they're available, so they want input on their schedule," commented Anthony Ladd, vice president of products for Legion. "We know businesses need employees at specific times and employees know they're needed at specific times — there's no dispute there. But what they want is more control of when they work and have more input on their work/life balance."

In fact, when hourly employees were asked which top three incentives are most likely to persuade them to leave and take a new job, 97 percent cited schedule flexibility and control; 58 percent cited greater recognition and rewards; 35 percent cited employer investment in skills training and education; and 29 percent cited the ability to get paid early.

At a time when filling shifts may be troublesome for c-store retailers, and particularly, store managers, Generation Z is ready to step up.

While 75 percent of the cohort say they are likely to leave their current job in the next 12 months, providing early access to earnings could be the answer. Thirty-percent of 18- to 24-year-olds say they would be motivated to pick up extra shifts if they had the ability to get paid immediately after the shift.

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