

# Retailer Webinar Hosted by TruAge

# Agenda

- ▶ Housekeeping
- ▶ About Connexus
- ▶ TruAge Presentation
- ▶ Q&A

# Housekeeping

This webinar is being recorded and will be made available on [Conexus365.org](https://Conexus365.org)

## Participants

- ▶ Ask questions via webinar interface
- ▶ Please, no vendor specific questions
- ▶ Our webinars may be used toward PCI continuing education credits. Please contact [365@conexus.org](mailto:365@conexus.org) for questions regarding a certificate of webinar attendance for qualifying live events.

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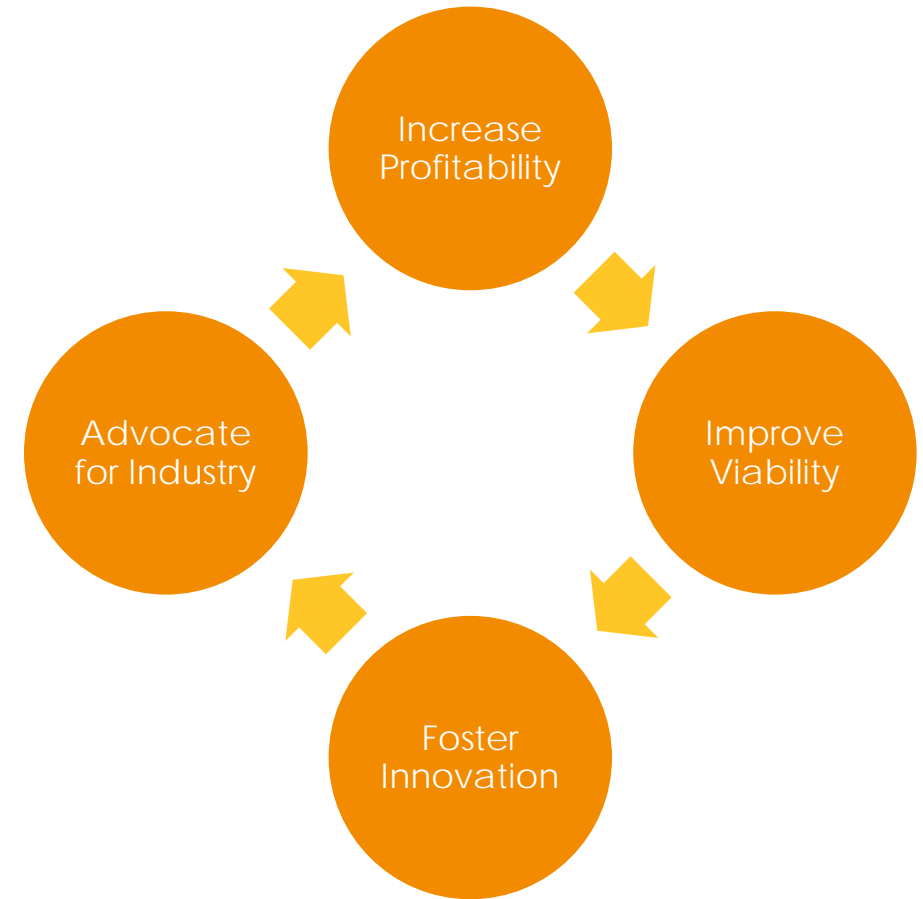
By hosting this webinar, Conexus is not providing any legal advice; if you have any questions about legal issues raised or discussed, you should seek the assistance of attorneys who are competent in that area.

# Thank you to our 2022 Diamond Sponsors!



# About Connexus

- ▶ We are an independent, non-profit, member driven technology organization
- ▶ We set standards...
  - ▶ Data exchange
  - ▶ Security
  - ▶ Mobile commerce
- ▶ We provide vision
  - ▶ Identify emerging tech/trends
- ▶ We advocate for our industry
  - ▶ Technology is policy



# Connect with Conexxus



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[@conexxus.org](https://www.linkedin.com/company/conexxus)



TruAge™

RETAILER WEBINAR

DECEMBER 15, 2022



## WHAT YOU WILL LEARN TODAY

- What's TruAge & why do we need it?
- What did consumers & retailers think during test markets?
- When will TruAge be ready for your stores?
- What do retailers need to do next?
- Q&A

# OUR MISSION



TruAge<sup>TM</sup>

TruAge is committed to  
safely and simply keeping  
age-restricted products out  
of the hands of minors

TRUAGE IS SUPPORTED BY SOME OF THE LARGEST NAMES IN THE INDUSTRY, EITHER VIA SPONSORSHIP OR A SEAT ON EXECUTIVE BOARD



**Altria**  
Altria Group  
Distribution Company



**Juul Labs**



CONVENIENCE STORES PROCESS 54 MILLION AGE-RESTRICTED TRANSACTIONS EVERY DAY

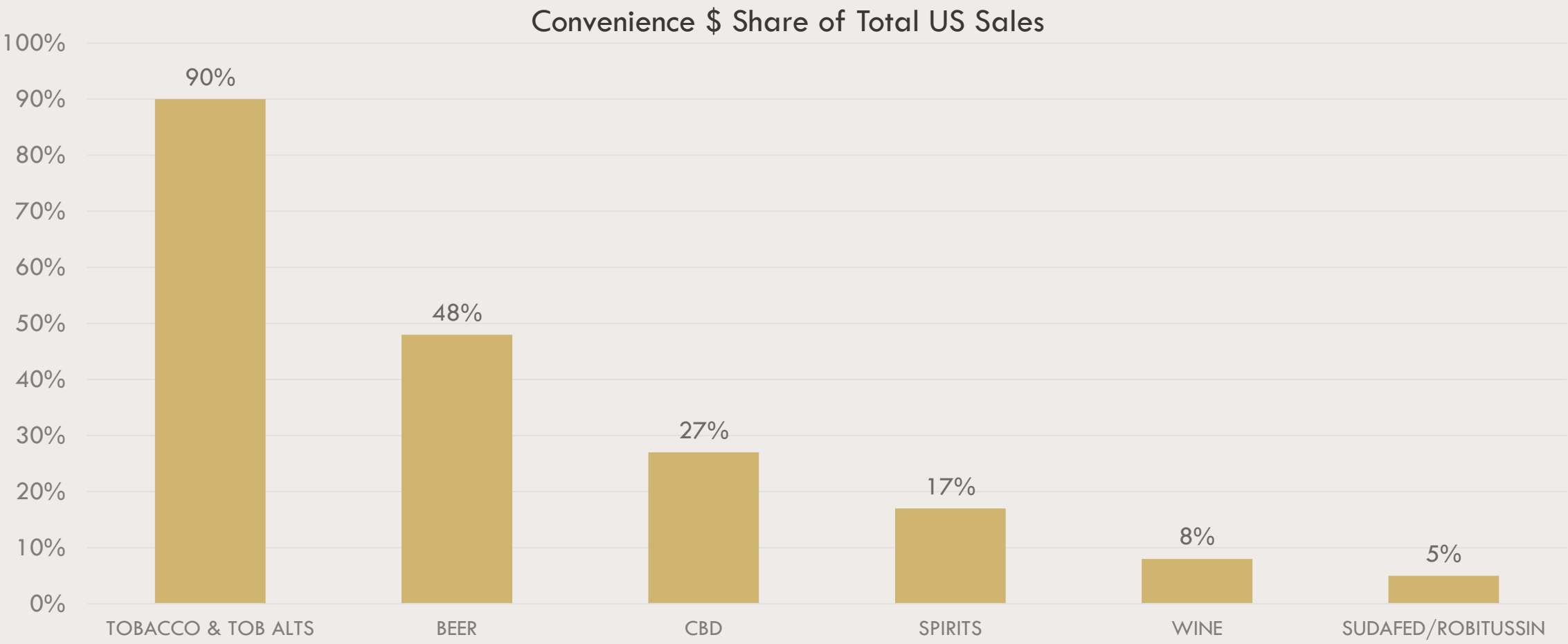


54 MILLION



= 1 MILLION

C-STORES ARE THE SINGLE LARGEST CHANNEL FOR BOTH TOBACCO AND BEER SALES



- Source: Nielsen AOD ((Latest 52 Weeks Ending 7/30/2022) – does NOT include Lottery Tickets
- Markets: xAOC + Conv (Tobacco + Tobacco Alternatives, Beer, Wine, Spirits, CBD, Dextromethorphan); xAOC + Conv + Liquor Plus + Military Exchanges (Beer/FMB/Cider, Wine, Spirits)

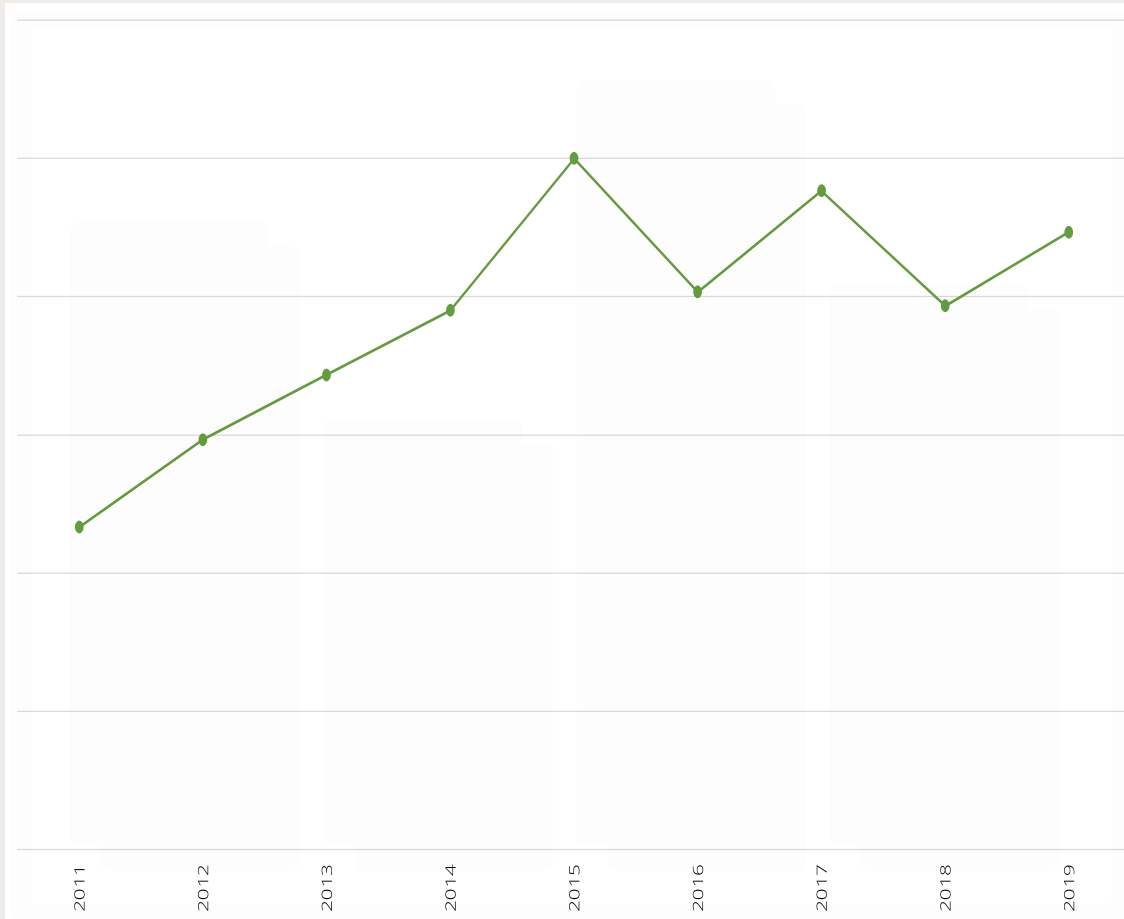
# PRODUCT LANDSCAPE INCREASINGLY COMPLEX; INCONSISTENT RETAIL VERIFICATION CAPABILITIES CREATE HIGH RISK FOR HUMAN ERROR



# THE FDA CONTINUES TO STEP UP ITS PRESSURE ON UNDERAGE PRODUCT SALES, RESULTING IN ADDITIONAL NEGATIVE BRAND IMPRESSIONS

## Retailer FDA Failure Rates Since 2011

*Incl involvement of minors only*



**The  
New York  
Times**

***F.D.A. Criticizes Walgreens  
and Other Retailers for Selling  
Tobacco Products to Minors***

**FDA threatens to fine Walmart, Kroger  
and convenience store chains for  
selling tobacco to minors**

PUBLISHED FRI, APR 12 2019 • 5:50 PM EDT



**TIME**

**FDA Announces Crackdown on  
Walgreens, 14 other National Retailers  
Selling E-Cigarettes to Kids**

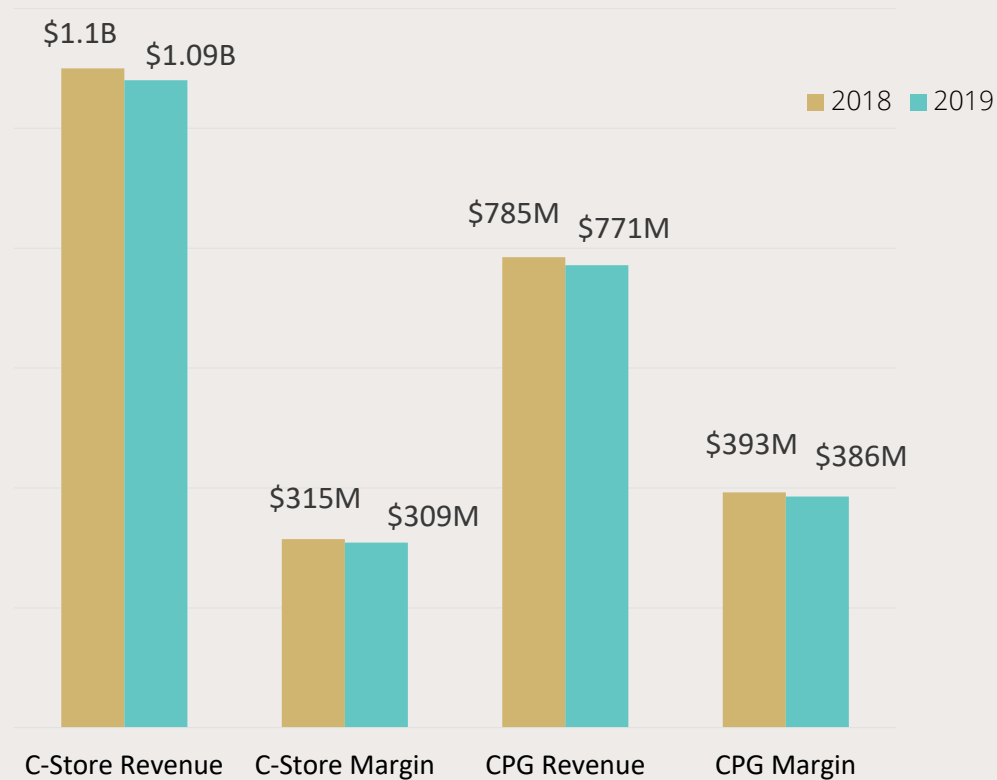
**Inconvenient Problem: One in  
Four 7-Eleven stores caught  
selling tobacco to kids**

**KGW8**

PRODUCT BANS ARE CUTTING INTO TOP AND BOTTOM LINES. BANS IN EFFECT ACROSS 3 STATES COULD RESULT IN A LOSS OF ~\$1.3B\* IN REVENUE AND ~\$360M\* IN MARGIN ANNUALLY

### A Flavor Ban in a Single State is Financially Significant

#### Sales of All Flavored Tobacco & OTP in CA



### With More States Implementing Similar Bans

#### C-Store Effect of Menthol Ban in NY and NJ

New York **-34%**

Lost Revenue 1<sup>st</sup> 5 wks: \$13M  
Est. Lost Annual Rev: \$135M

New Jersey **-32%**

Lost Revenue 1st 5 weeks: \$3.3M  
Est. Lost Annual Revenue: \$34.3M

\*Assumes sales consistent with 2019; margin uses weighted average of 28.6%



## NEW ENTRANTS TO AGE VERIFICATION EYEING A SWIPE FEE-LIKE MODEL

Credit Card Swipe Fees

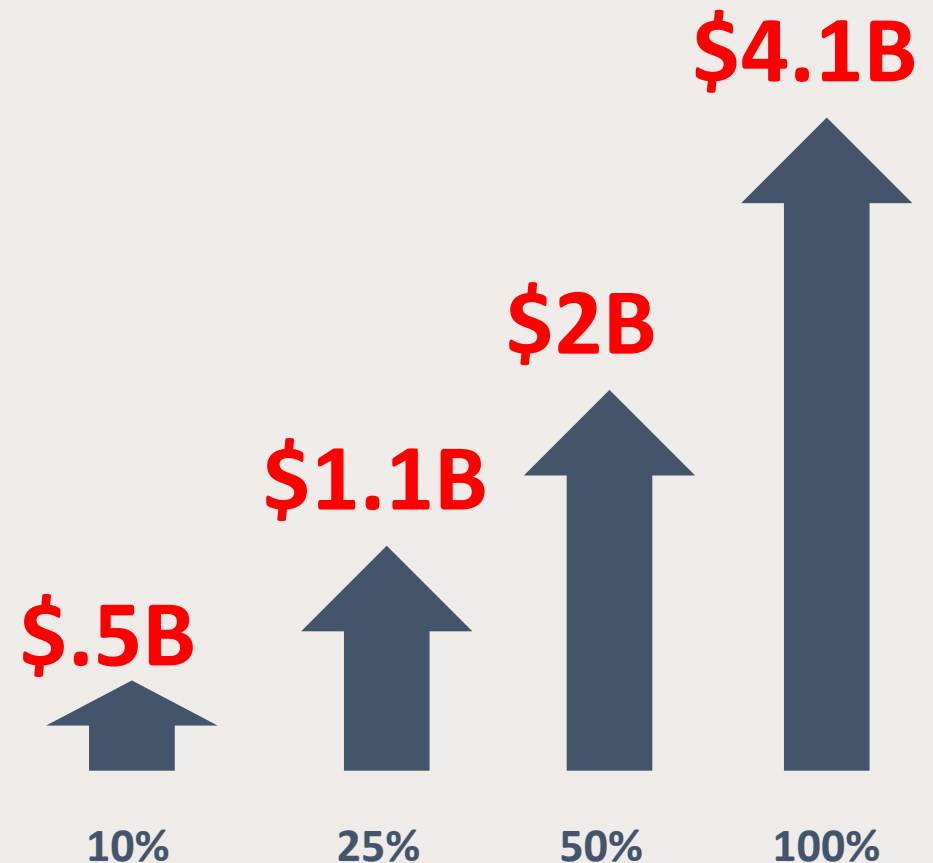
**\$14B**

Annual cost of swipe fees paid by c-stores

**20**

# of years c-stores have been fighting fees

Potential Cost of “Age” Swipe Fees  
(based on carding rate)



## WHY NACS & WHY NOW?

### Why NACS?

- ✓ We understand age-restricted sales compliance
- ✓ Unique ability to provide industry-wide solution
- ✓ Well-established relationships with suppliers & government agencies
- ✓ We **understand** and **support** our retailers
- ✓

### Why Now?

- ✓ Complex new products
- ✓ Increased product bans
- ✓ Technology acceptance
- ✓ Mobile Driver's Licenses on horizon
- ✓ Avoid "age" swipe fees
- ✓ Consumer readiness



# CORE TENANTS OF THE TRUAGE PRODUCT OFFERING

## CHANNEL UBIQUITY

Available to all retail channels—convenience, grocery, mass, club & more

Works across brick & mortar, delivery and online

## ID AUTHENTICITY

Each ID, upon its first scan, creates a unique, tokenized and encrypted “persona”. If any aspect of an existing persona appears duplicated in subsequent scans, the sale is denied and original persona locked.

## PRIVACY

TruAge captures only four pieces of information:

- DL issuer
- DL number
- Date of Birth
- Expiration date

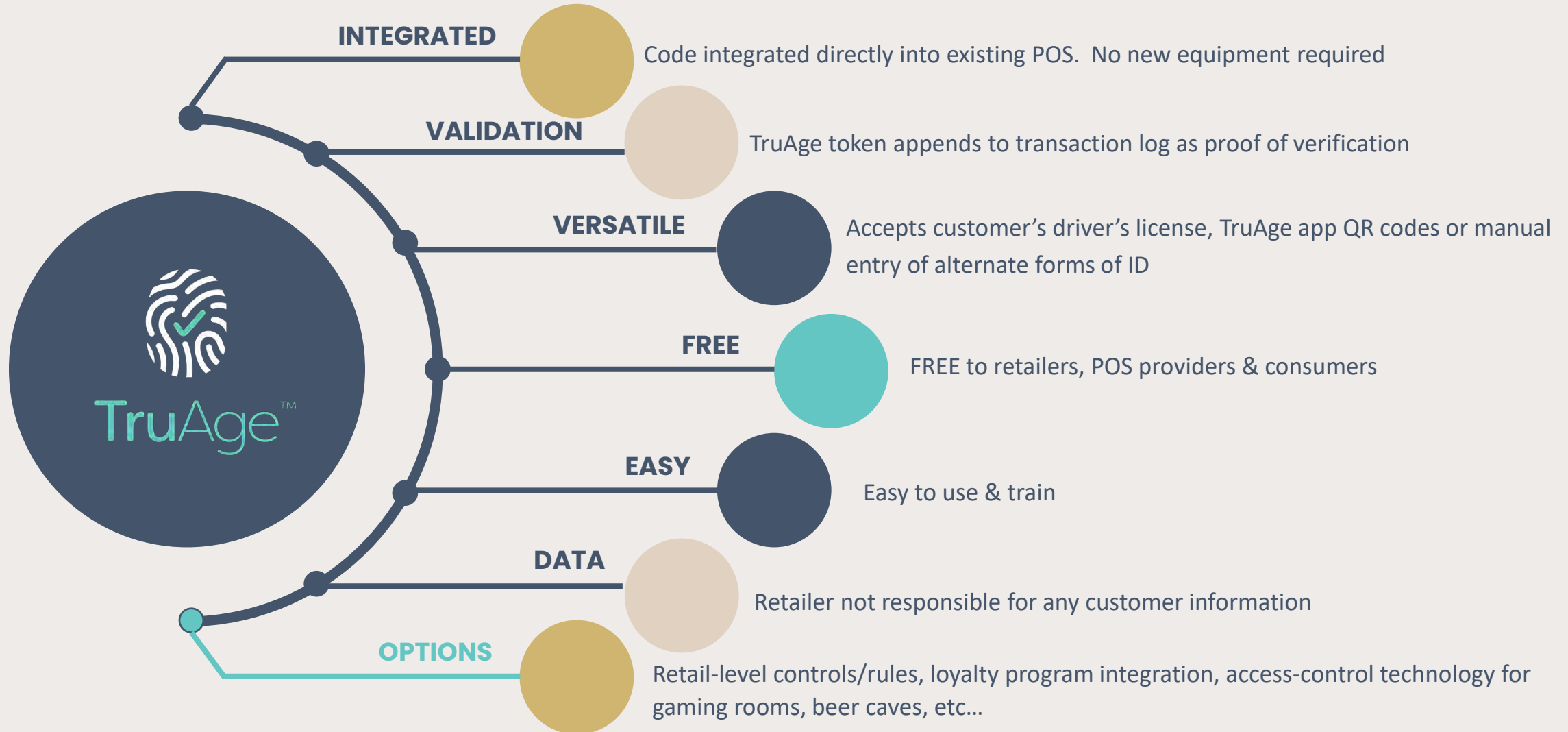
## SYSTEMIC VOLUME LIMITATIONS

TruAge has the ability to set volume limitations at the product & category levels, both within and across transactions in a given time period

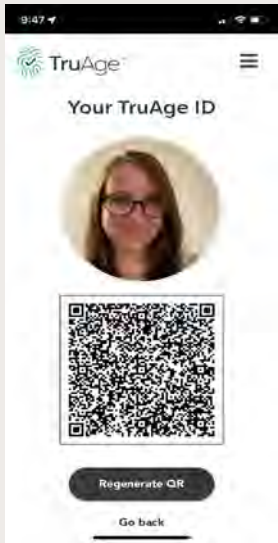
## FREE

To ensure ubiquity of installation and adoption TruAge is FREE to retailers, POS providers and consumers. This expedites market penetration, encourages POS integration and prevents imposition of fees that would reduce retailer usage/acceptance

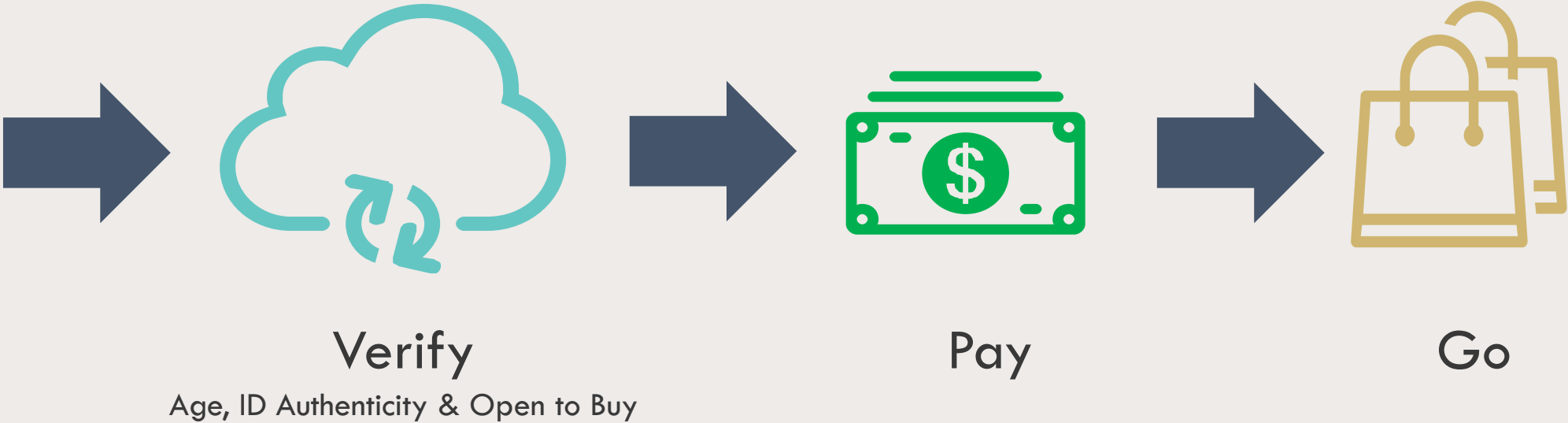
## TRUAGE BASICS & OPTIONS



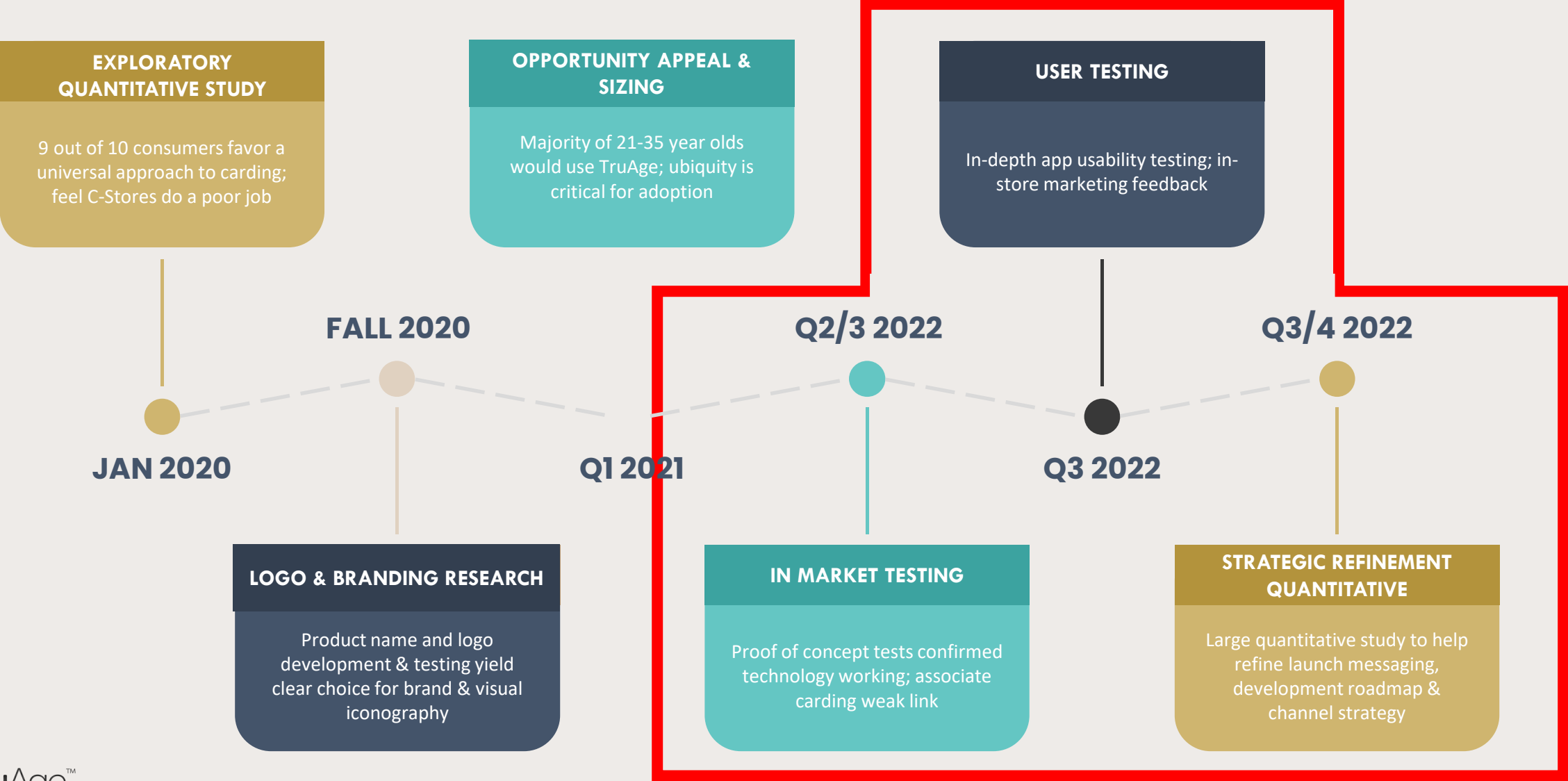
# HOW DOES TRUAGE WORK?



Scan



# LEARNING CHRONOLOGY



# PROOF OF CONCEPT BACKGROUND

## Proof of Concept Specs:

- March – August 2022
- 10 stores across 2 markets—Greater Austin, TX area and downtown Los Angeles
- Operating systems
  - Full POS integration with Tenderfoot in LA
  - TruAge Dash unit add-on to Verifone POS in TX
- Phased Testing
  - Phase 1: Driver's License scans
  - Phase 2: DL and TruAge app scans
- Recruited ~40 consumers aged 21-40 who purchase tobacco, alcohol or vape at least once a month at C-Stores for detailed TruAge app testing
- Recruited consumers participated in a 2-month long online community and had in-store tasks to complete
- In-store marketing present in all stores

## Test Objectives:

- Ensure the technology is working properly
- Assess and improve the in-store experience
- Gain reactions to in-store marketing
- Optimize the experience of obtaining and using the TruAge app

## Key Metrics & Feedback Channels:

- Carding rates
  - How often are cashiers bypassing and why?
- Age-Restricted Sales Volumes
- Bi-Weekly check ins with store managers & leadership



# KEY IN STORE LEARNINGS

## TECHNOLOGY

- LA's fully integrated system worked seamlessly with few easily addressed issues
- TruAge Dash encountered a number of issues throughout pilot due to complexity & connectivity
- TruAge system as designed working properly

## SALES

- No measurable change in sales volumes of age restricted products vs same week prior year or prior period during testing
- No concerns from retail partners of lost sales due to carding/scanning practices

## STAFF

- Overall carding rates lower than anticipated by retailer
- Liked ability to blame system or policy vs perception they made decision to card or not
- Staff comfort with accepting app critical to consumer confidence
- Training will be important

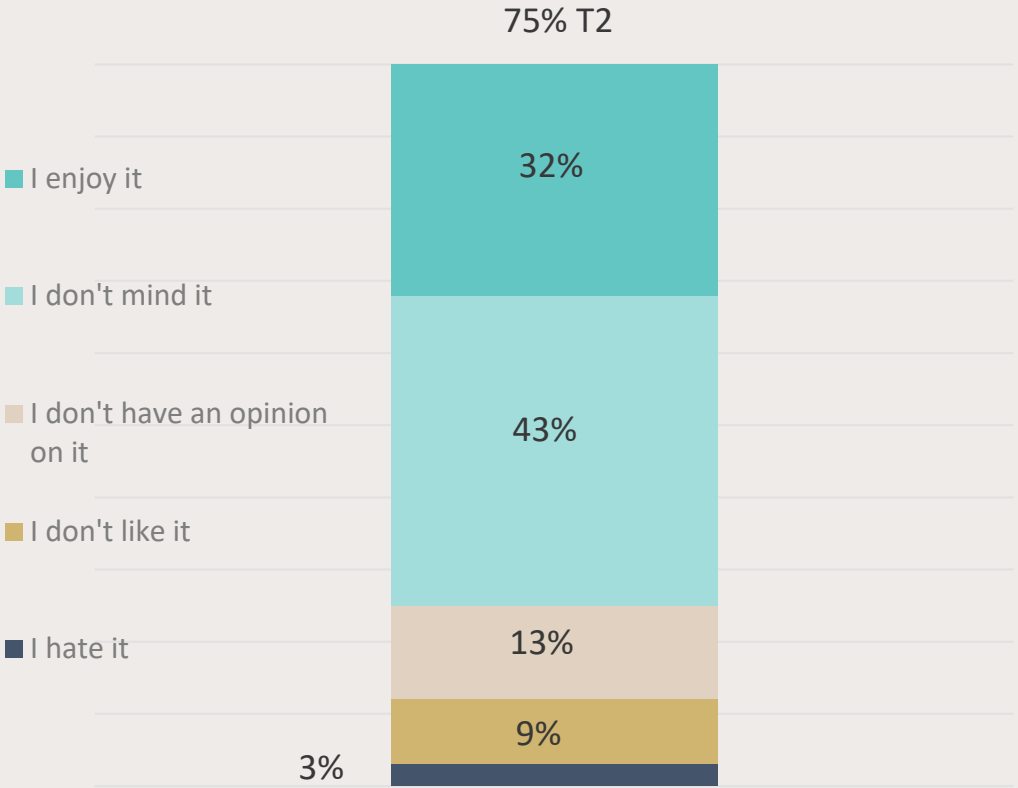
## CONSUMER

- Encountered no resistance to scanning ID or carding
- Positive reaction and brand halo when understood why carding
- Reassurance no personal information was being captured was key
- Inability to read Mexican DLs was pain point

# MOST CONSUMERS ARE COMFORTABLE BEING CARDED AND VIEW RETAILERS VERY FAVORABLY WHEN THEY DO SO

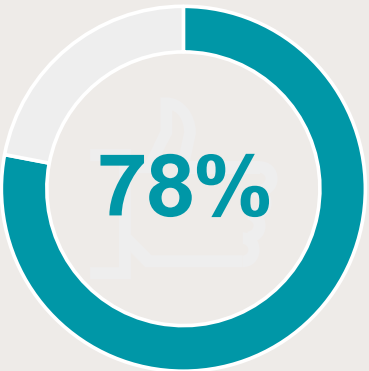
## Carded Reaction When Purchasing Products

Among Total (n=998)

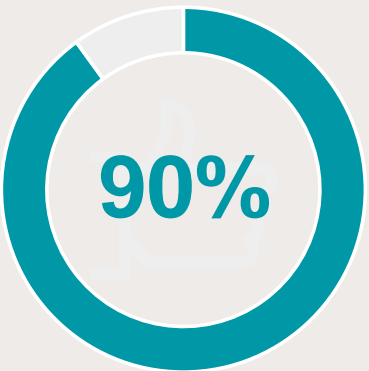


## Carded Agreements (Summary of Agree / Strongly Agree)

Among Total (n=998)



**I prefer to shop at stores that card people** who are buying alcohol, tobacco, or vape products

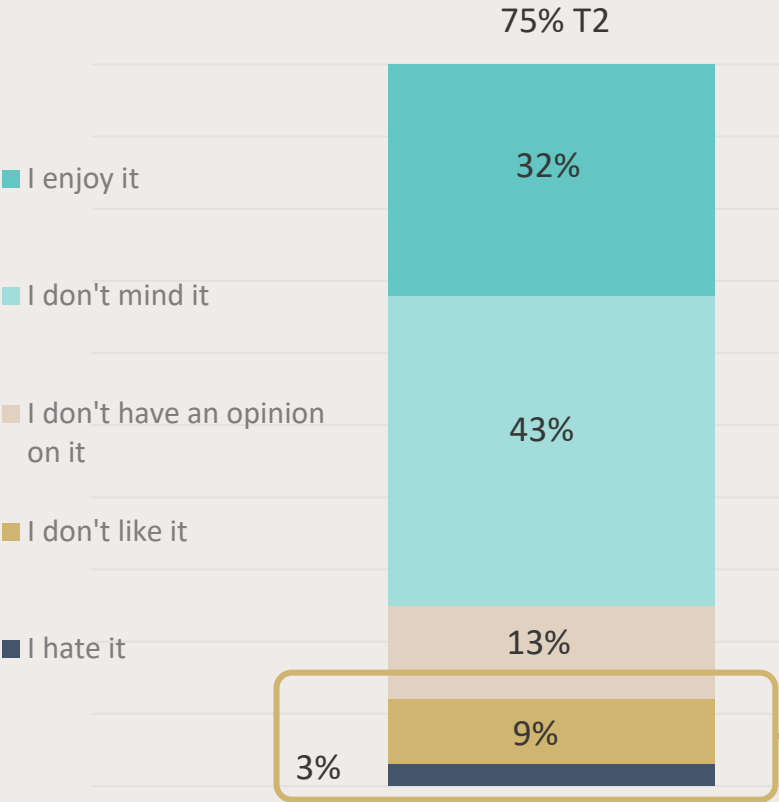


**Stores that card everyone** buying alcohol, tobacco, or vape products (regardless of how old they look) are **responsible retailers**

# A SMALL PORTION STRONGLY DISLIKE BEING CARDED, BUT DUE TO FACTORS TRUAGE ADDRESSES

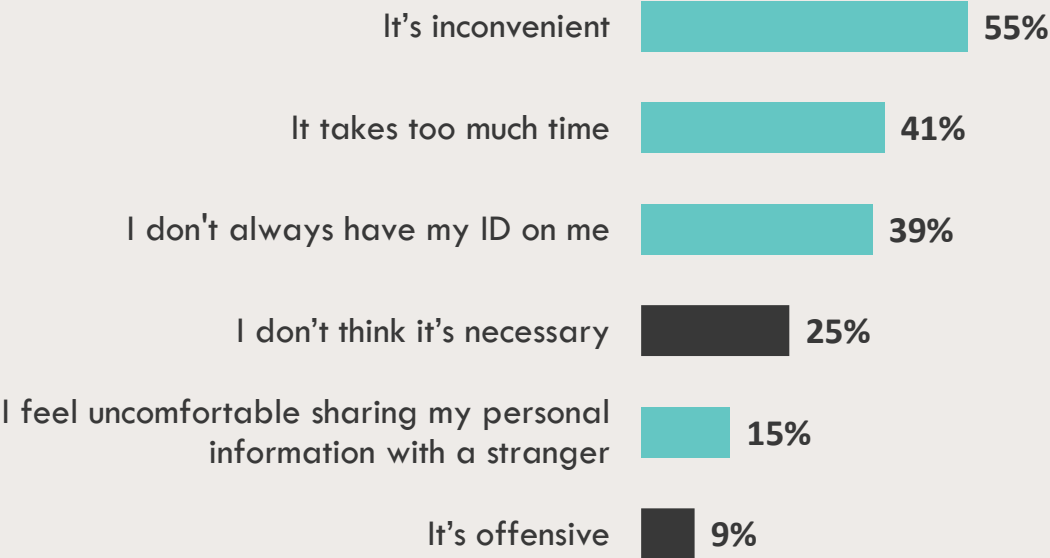
## Carded Reaction When Purchasing Products

Among Total (n=998)



Among the **12%** who don't like / hate being carded...  
(n=116)

### Reasons for Disliking Being Carded



# CONSUMERS SEE TRUAGE APP AS A RELIABLE, INNOVATIVE AND EASY TO USE TOOL

Consumers see TruAge as the expected next iteration of digital technology.

Consumers see many potential future uses for TruAge once it is universally available, such as concerts/festivals, bars/clubs, or grocery stores.



"It is an easy to on-board app and simple to add onto my phone...It can come in handy if universally accepted as ID." – Los Angeles



"It's convenient as a backup, and if it becomes available at more locations it will definitely be worth downloading." – Los Angeles



"They are a reliable, handy, and simple person. Not a lot of gratuitous, or circuitous chit chat - knows exactly what to say exactly when it needs to be said. Reasons for these descriptions: The app is a no-frills, concise, reliable and useful phone application." – Austin



# CONSUMERS WOULD USE TRUAGE APP ONCE LAUNCHED DUE TO ITS CONVENIENCE, EASE OF USE AND POTENTIAL FUTURE USE CASES

9 out of 10 consumers are likely to use TruAge again



"I love convenience! Whether it's getting food delivered, having my boarding pass on my phone when I travel, using Apple Pay, etc. Anything that can make my day to day easier, more convenient, and enjoyable, I am for." – Los Angeles

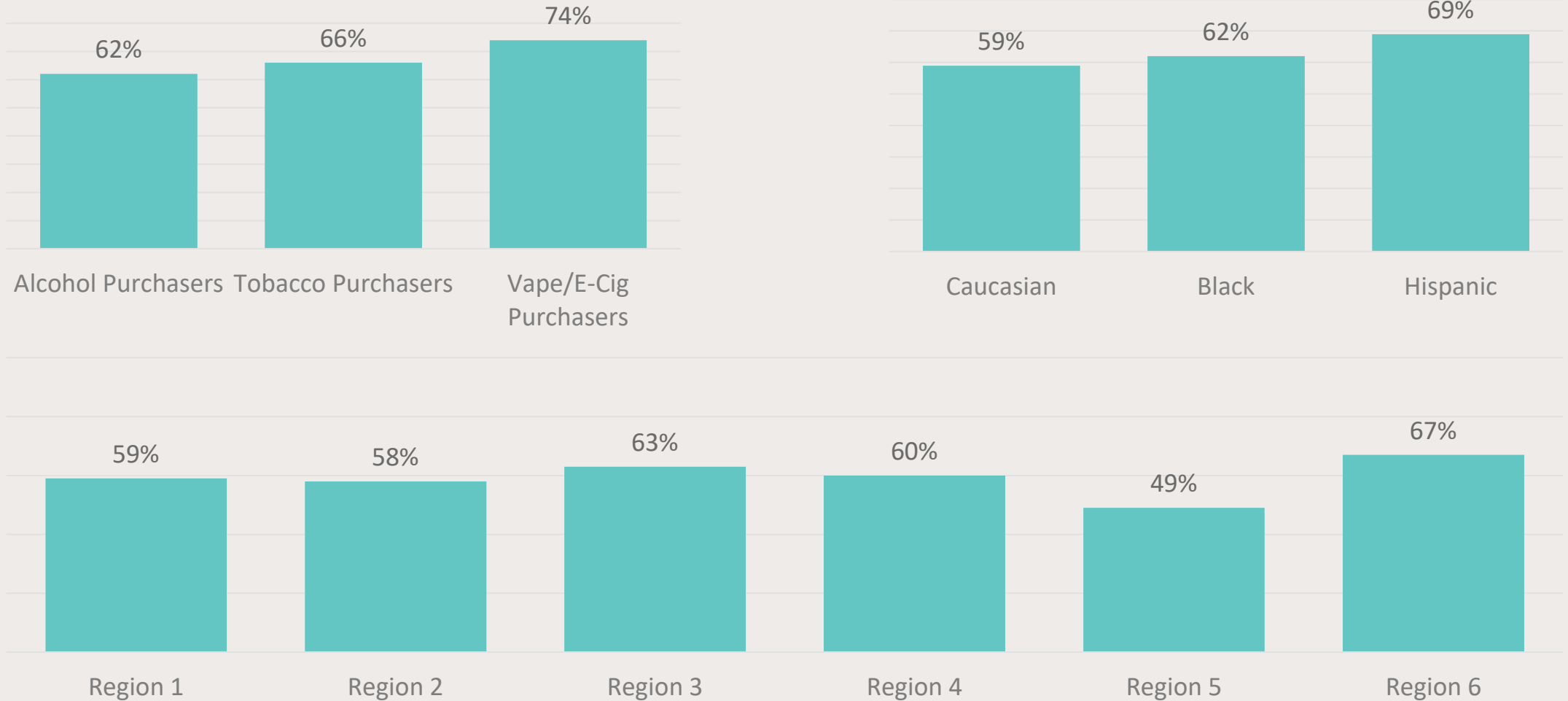


"I enjoy embracing new technologies and I am used to doing so many different tasks through my phone. I find this as a natural addition to using my phone for everyday tasks and transactions. I would also feel inclined to use the TruAge app when I am traveling or any time or I am afraid of losing my wallet and do not want to run that risk." – Austin

# INTEREST IN TRUAGE IS STRONG ACROSS THE BOARD

## TruAge Usage Interest (Very / Extremely Interested)

Among Total (n=998)



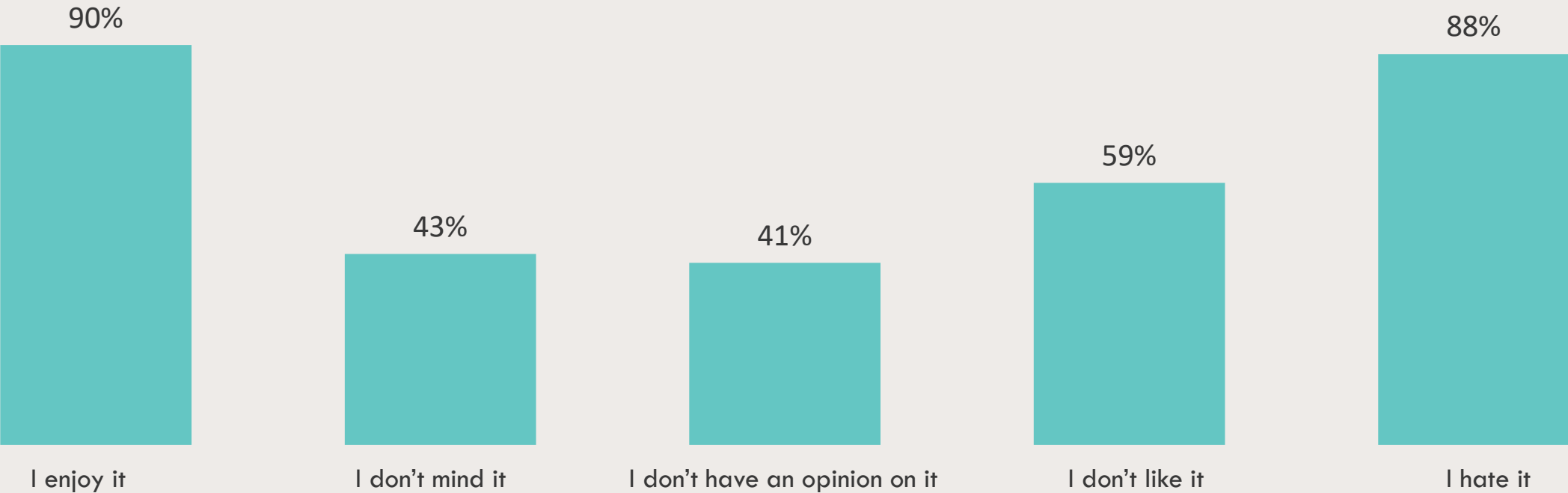
TruAge™

M4\_UsageInterest: How interested would you be in using a product like this?

CONSUMERS ON BOTH ENDS OF THE CARDING SPECTRUM ARE HIGHLY INTERESTED IN TRUAGE

TruAge Usage Interest (Very / Extremely Interested) by Reaction to Carding

Among Total (n=998)



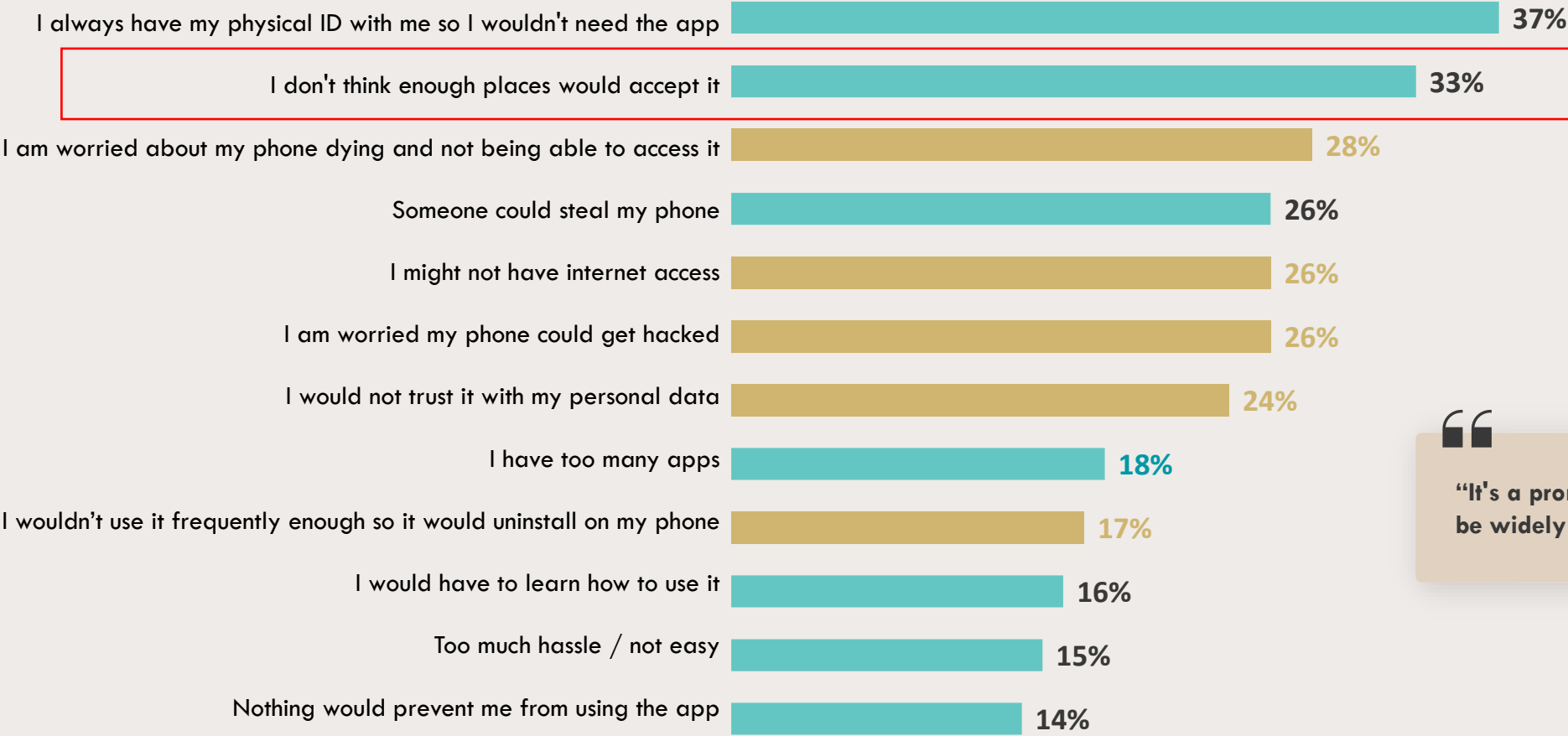
TruAge™

M4\_UsageInterest: How interested would you be in using a product like this?

# THE SINGLE LARGEST BARRIER TO ADOPTION WILL BE UBIQUITY; FAQs CAN EASILY ADDRESS TECHNOLOGY & PRIVACY CONCERNS

## Barriers to Using TruAge

Among Total (n=998)



“It's a promising technology but it needs to be widely available and stable.” – Austin





TRUAGE IS SUPPORTED BY SOME OF THE LARGEST NAMES IN THE INDUSTRY, EITHER VIA SPONSORSHIP OR A SEAT ON EXECUTIVE BOARD



**Altria**  
Altria Group  
Distribution Company



**Juul Labs**



## LAUNCH TIMELINE & POS ROLLOUT



1H '23

Verifone®



2H '23



TBD

- If Verifone is your POS provider, HOORAY!
  - We will let you know when Verifone has completed all testing and is ready for you!
- If Verifone is not your POS provider:
  - Reach out to your POS provider and request they implement TruAge faster!

# RETAILER READINESS & EXPECTATIONS

**Today:** Go to [www.convenience.org/TruAge](http://www.convenience.org/TruAge) and SIGN UP for launch updates & product news

## **Getting Ready:**

- Sign merchant agreement
- Establish your account via the online portal at [www.mytruage.org](http://www.mytruage.org)
- Set aside time and resources needed in your lab to test TruAge functionality once it is available from your POS provider
- Select an administrator for your account who will be the main point of contact for all things TruAge
  - Assign team members to key roles within the portal as needed

## **Launch:**

- TruAge In Store marketing materials will need to be displayed in each of your stores
- Store managers and associates will need to complete a short training exercise
- You will need to select a press and marketing contact capable of fielding questions from media regarding TruAge

# IN STORE LAUNCH MARKETING KIT

Front door  
cling

TruAge™

Checkout faster,  
safer, smarter

[mytruage.org](https://mytruage.org)

TruAge™



We card the  
safer, smarter,  
faster way.

TruAge only captures four data  
points from your ID, keeping  
the rest of your information  
private and secure.



Visit [mytruage.org](https://mytruage.org)  
to learn more

Shelf talkers

TruAge™

We card the safer,  
smarter, faster way.

Feel confident at checkout with the  
most secure way to scan ID.



Visit [mytruage.org](https://mytruage.org)  
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Checkout  
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Feel confident at  
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employee to review or  
enter your information.

## Secure your info

TruAge never stores or  
shares your personal  
information, so you stay  
anonymous through  
every checkout.

## Protect your privacy

At checkout, TruAge  
confirms you're old enough  
to make the purchase  
without revealing personal  
information like your name  
or address.

Counter table tents and ceiling posters



Q & A