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Testimony
of
Greg Ehrlich, President
Beck Suppliers, Inc.
Senate Select Committee on Gaming

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Chairman Schuring, Vice Chair Manning and members of the Senate Select Committee on Gaming, thank you for the opportunity to testify today.

My name is Greg Ehrlich. I am the president of Fremont, Ohio-based Beck Suppliers, Inc. We are a 4th generation, 70-year old, family-owned business. We operate 27 FriendShip Kitchen convenience stores and fueling facilities in Northern and Central Ohio and we also supply an additional 250 independent retail petroleum and convenience store operators throughout the Buckeye State. Beck Suppliers and FriendShip stores employ over 400 Ohioans.

Additionally, I currently serve as Vice Chairman of the Board of Directors of the Ohio Petroleum Marketers and Convenience Stores (OPMCA), a statewide association representing hundreds of independent, small businesses in the petroleum and convenience industry. OPMCA members own and operate nearly 5,000 retail convenience stores selling motor fuel across Ohio and employ nearly 85,000 Ohioans. Most OPMCA member companies sell lottery products and have since the Ohio Lottery was created nearly half a century ago in 1974.

Convenience stores continue to suffer due to COVID-19. When the pandemic hit, unemployment went up, traveling to work went down, gas purchases went down, in-store foot traffic went down, online shopping for household goods went up — all seriously injuring convenience stores.

When Ohio's Stay at Home Order went into effect, Ohio's convenience retailers experienced an immediate 50-55% decline in fuel sales. Sales inside convenience stores fell 15-20%. As traffic ground to a halt, convenience retailers were forced to reduce store hours or close some 24-hour locations permanently.

Convenience stores were wrestling with how to combat increases in e-commerce like other retailers before the pandemic hit. E-commerce has already surpassed

levels not expected until 2025 due to COVID-19. The dramatic rise in direct-to-consumer (D2C) and e-commerce channels to purchase consumer-packaged goods is no less crippling for convenience stores than it has been for other businesses.

Even so, retail convenience stores stepped up and played a critical role during the health crisis. Retailers' store managers and customer service associates did not envision wearing masks and shields eight hours a day and working behind plastic screens as an essential front-line, service to the community during a health pandemic. Their efforts in serving local communities across the nation are often overshadowed by the health care industry, but are in the reality of human needs, no less important.

Lottery is big business for convenience stores, and convenience stores are vital to the lottery and the success of its games. Half of all lottery ticket sold in the U.S. come from convenience stores. Lottery ticket sales generate substantial in-store foot traffic and sales. Lottery customers purchase additional items when they purchase their lottery tickets that are essential to the health of convenience stores. According to the National Association of Convenience Stores, 95% of lottery customers purchase at least one additional item inside the store.

Recently, the Ohio Lottery Commission testified about innovations and initiatives that could attract new players. We understand the Lottery's concerns about a changing demographic of lottery-product purchasers. We recognize that typical lottery customers tend to be older and that this aging customer base has begun to diminish. We understand the Lottery's difficulties with engaging younger demographics. We face similar challenges bringing the younger demographic targeted by Ohio Lottery into our own convenience stores. But, a move toward iLottery and implementation of other new ideas to capture a younger audience to purchase lottery products in Ohio would lead to overwhelming lost revenue for Ohio-based small businesses trying to rebound from the global pandemic.

We have also heard some interests talking about sports betting as though it can only occur in a casino and on a mobile app. That would be terribly unfortunate given the many ways in which retail convenience stores could participate in sport betting let alone the revenue convenience stores could generate for Ohio schools.

During a time when convenience stores—brick and mortar small businesses in communities across Ohio—are agonizing trying to keep their stores open for business, we respectfully ask that policymakers do not make matters worse for the

retail convenience industry. We respectfully ask that policymakers refrain from cutting out convenience retailers when it comes to sports betting.

Our message is simple. Please do not make convenience retailers' economic struggle worse by adding mobile lottery options that will effectively strip retailers of a long-time, profitable partnership in support of Ohio schools. Additionally, please do not lock convenience stores out of what could be an opportunity for them to recover from the pandemic, save their small businesses and perhaps even grow as a direct result of the increased in-store foot traffic and ancillary sales that would be generated by sports betting.

Thank you again for your time and the opportunity to provide our comments on this issue. I would be happy to answer any questions you may have.