

Contract workers improve the efficiency, flexibility, and quality of merchandising

trax[®]

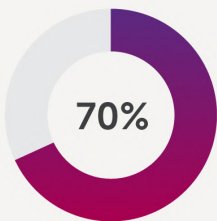
Introduction

The return of shoppers to brick and mortar stores around the United States is coinciding with retail labor shortages that are affecting retailers' ability to handle renewed demand.

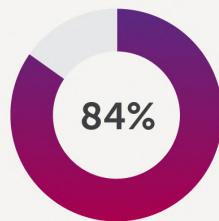
Though the COVID-19 pandemic accelerated e-commerce, as the US economy starts opening up again, many consumers are ready to take their shopping offline and get back to in-person shopping experiences. One survey by Nielsen¹ showed that 84% of consumers shopped for groceries at a physical store in June 2021, up from 70% in April 2020. Another report's findings² from July 2021 showed that consumers plan to shop more often in a grocery store this year by a 4:1 ratio.

While consumers returning to in-store shopping is good news for retailers across the country, this also makes solving the widespread issue of labor shortages even more urgent. The labor crisis is recognized as a "huge problem" for the retail industry³ in particular, which has about 965,000 open jobs — the most in the past two years — as estimated by the US Department of Labor.

1. <https://www.nielsen.com/us/en/insights/article/2021/covid-19-elevated-convenience-to-a-new-level-and-thats-how-it-will-stay/>
2. <https://www.supermarketnews.com/consumer-trends/more-grocery-shoppers-look-return-stores>
3. <https://www.forbes.com/sites/walterloeb/2021/07/07/another-crisis-in-retail-labor-shortage-will-get-worse/?sh=24af7a4d6a86>



of consumers shopped for groceries at a physical store in April 2020



of consumers shopped for groceries at a physical store in June 2021





In one example, due to competition for labor⁴ among retailers, supermarket giant Walmart increased the hourly wage of workers⁵, in particular staff who stock stores and fulfill online orders. Other retailers are turning to self-checkout, larger end-of-year bonuses, and offering additional benefits to address the growing labor shortage⁶.

Retailers are also turning to autonomous solutions to relieve staff of the need to perform tedious in-store tasks. Trax's Retail Watch solution – which combines computer vision with Internet of Things devices to measure and improve on-shelf availability – is one such solution that's in demand by retailers.

Still, with customers returning to stores for in-person shopping, experts fear the labor shortage could make it hard for retailers to cope with correlating surges. One way for retailers to deal with the labor shortage is to engage an external labor provider to take care of merchandising.

In traditional merchandising models, retailers and CPGs rely on the services of fixed merchandising reps through agencies and brokers. But in the ever-evolving retail industry and digital age, the fixed-model merchandising solution has quickly become outdated. There's a superior and more agile alternative – Trax Dynamic Merchandising.

4. <https://www.businessinsider.com/walmart-pay-minimum-wage-associate-digital-stocking-workers-retail-staff-2021-3>

5. <https://www.cbsnews.com/news/costco-minimum-wage-16-dollars-hour/>

6. <https://www.forbes.com/sites/walterloeb/2021/07/07/another-crisis-in-retail-labor-shortage-will-get-worse>

Contents

| | |
|-----------------------------------------------------------------------|-----|
| Trax Dynamic Merchandising brings merchandising into the 21st century | 4 |
| Should 1099 contractors or W-2 employees comprise a field workforce? | 5 |
| The 1099 contractor advantage | 6-8 |
| Your vist, your rep | 7 |
| The power of on-demand workers and AI-driven analytics | 8 |
| Conclusion | 9 |
| Find out more | |

Trax Dynamic Merchandising brings merchandising into the 21st century

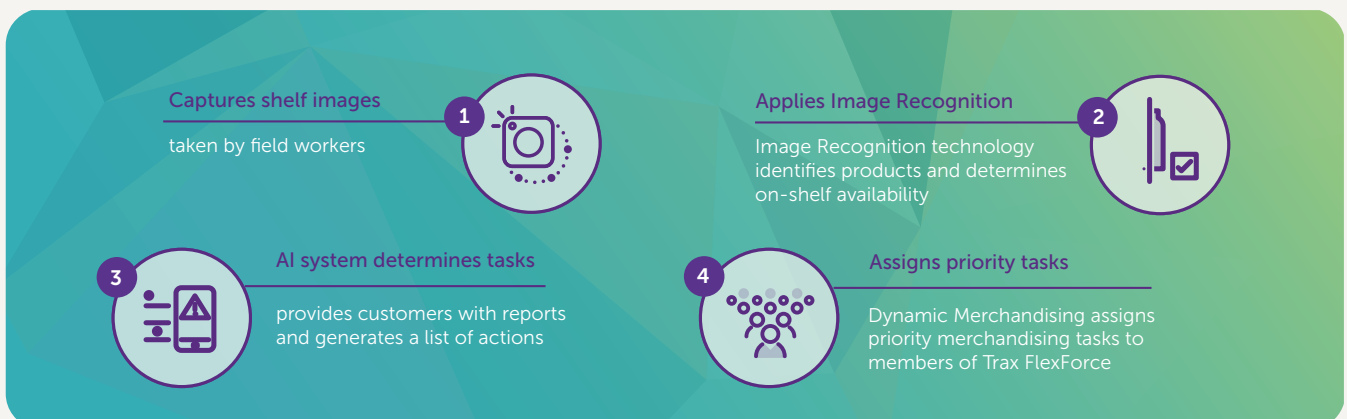
Trax Dynamic Merchandising provides an on-demand, localized workforce with world-class technology to solve merchandising problems in a fundamentally different way.

Dynamic Merchandising starts by capturing shelf images taken by field workers. It then applies Image Recognition technology to identify products and determine on-shelf availability and compliance more generally. Customers are provided with reports that help them make better category or merchandising decisions. The system also generates a list of actions to be taken to bring the shelves back into compliance.

But Trax doesn't just identify merchandising issues and then leave it to store employees or agencies to resolve them. Dynamic Merchandising assigns priority merchandising tasks to members of Trax FlexForce, the company's on-demand, flexible merchandising workforce that covers more retail stores in the US faster than on-the-clock, fixed merchandising reps.

Dynamic Merchandising task allocation considers the skills, experience, location, existing workload, and more in order to assign each task to the most suitable FlexForce worker. That's in marked contrast to traditional approaches that merely allocate tasks to whichever worker happens to carry out the next scheduled store visit.

Each worker receives a list of stores to visit, along with the exact tasks they are required to perform. That can be as simple as restocking a single SKU, or as complex as building a display, implementing a new planogram, or promoting a new product. More importantly, each worker's task list is dynamic and reflects the latest available data at the time they reach the store in question. Furthermore, Dynamic Merchandising takes into account a brand's priorities and plans, so the most important merchandising tasks are promptly carried out at the highest-priority stores.



Should 1099 contractors or W-2 employees comprise a field workforce?

In this context, there are some important behavioral differences between independent contractors (often referred to as 1099 contractors after the 1099 tax form used to report their earnings) and full- and part-time employees (or W-2 employees, again after the relevant tax form).

FlexForce mostly uses 1099 contractors while traditional agencies and brokers usually engage W-2 employees.

While this is common practice, by primarily employing W-2 workers, traditional agencies limit their ability to serve low-density areas around the country where there isn't enough work to justify a worker's salary. As their staff work fixed hours, these companies also can't respond quickly to changing circumstances, meaning it typically takes weeks to organize a surge project.

At the individual level, fixed merchandising reps generally work full time, are paid a minimum wage, and don't regularly receive performance feedback. Typically, only 3–5% of the tasks they perform are quality checked. So not only does poor work performance go uncorrected, but all of these factors combined mean that fixed employees are rarely motivated to improve their performance.

Disadvantages of W-2 employees



fixed full-time schedule, no flexibility, minimum wage



can't respond quickly to changing circumstances



low motivation to improve performance



no regular performance feedback



only 3–5% of tasks are quality checked

The 1099 contractor advantage

By comparison, there are several advantages to FlexForce's use of skilled, flexible 1099 contractors.

First, contractors are paid for completing the tasks they are assigned, not for the hours they work. They have an entrepreneurial mindset – much like Uber drivers – and realize that to earn more money, they need to complete more tasks. And the key to getting more work is to do a good job every time.

The independent FlexForce contractors know that they will be rated and reviewed by Trax's machine-learning human-driven Quality Assurance Program each time they work. This includes tracking workers' location so that visit completion can be confirmed. The use of "before and after" photos prove that the right tasks were properly performed, so clients are assured they got what they paid for.

FlexForce can turn potential issues into positives. For example, if a course of action isn't delivering the expected results, the agility of Trax's service allows pivoting mid-project. Furthermore, FlexForce workers receive continuous feedback so their performance and experience improves over time.

Another advantage of crowdsourced labor is that Trax Dynamic Merchandising has flexible workers across the US, even in remote, rural locations. This means FlexForce can respond quickly when requirements change, even in the middle of a project. This flexibility also allows FlexForce to start a new project in a matter of days rather than in the three or four

weeks required by traditional providers. Plus, Dynamic Merchandising frees up a brand's own field staff, who can prioritize high-value activities like improving communication with store management.

Advantages of 1099 contractor



flexible workforce across US, even in remote locations



quick response time; start new projects within days



paid for completing assigned tasks



store visits dedicated to one client



on-demand visits



identify and fix shelf issues quickly



quantifiable results



100% quality control

Your visit, your rep

Each store visit is dedicated to one client. So, unlike a fixed traditional model, you don't have to wait until enough clients need something done in a store to make it worth the agency's while to send their rep to that location. And since the FlexForce worker exclusively represents a single client during each visit, they can wear a branded shirt or other garment if required.

A related benefit of each visit being performed on an on-demand basis is that there is no risk of being charged by the agency just because their reps were working on a fixed schedule even though there wasn't any work relating to your brand. Eliminating such wasted time per visit improves your ROI.

Gaming and entertainment gift cards — in-store execution program

A leading provider of gift card programs and solutions asked us to execute a Gift Card conversion for a major gaming company. The program was executed in stores that their current providers could/would not do.



14,764

stores included



3

week
agreed-upon
period



60

banners included
in convenience
stores and
independent
grocery stores



93%

of all stores
executed

The power of on-demand workers and AI-driven analytics

Trax Dynamic Merchandising’s advantages don’t only come from using 1099 contractors rather than W-2 employees. Trax also brings to bear its market-leading computer vision technology.

Real-time shelf measurement performed by the Trax Image Recognition app used by the FlexForce worker upon arrival at a store identifies what needs to be done on each visit. This means issues can be fixed even before a traditional agency realizes they exist.

Trax’s Computer Vision also translates “before and after” photos of shelves into data to measure execution improvement with unparalleled accuracy. Comparatively, traditional fixed agencies typically don’t have data or shelf measurement to target the stores, shelves, and tasks with the best ROI.

Convenience store void closure project – program results

Execute brand activation visits to convenience store locations. The goal was to address voids on the shelf to increase sales in these locations.

Actions



1,409 total visits, **274** visited 2x, **212** visited 3x, **101** visited 4x

*store coverage was determined by execution data



1,065 total SKUs activated, **669** (47%) total stores activated, **1.6** SKUs per store in **1.9** visits on average



Forecasted revenue increased **\$337K** overall in new revenue across 5 SKUs – **4x ROI**

*at normal run rate activated over 52 weeks

Results

Identified underperforming stores/products

Targeted store visits

Sell in missing SKUs

Stock shelves

Increase sales

ROI analysis

Conclusion

Retail success requires speed and agility. The combination of motivated, crowdsourced labor with leading-edge technology means Trax can respond to changing requirements with flexibility, ensure that the most important tasks are performed on each visit (thus eliminating wasted time), and provide 100% quality control.

Unlike traditional outsourced merchandisers, Trax Dynamic Merchandising sends the right rep to the right store at the right time to do the right actions – then checks that those actions were properly performed, and subsequently measures the results.

This combination of automated shelf measurement and on-demand merchandisers means Dynamic Merchandising can identify and fix shelf issues before traditional agencies even realize a problem exists.

Retail has changed, so why are you still using merchandising methods from the last century? Trax Dynamic Merchandising is built for modern retail.



Find out more

Challenge Trax with your most difficult project and see how we've helped 500 consumer goods companies deliver results like 4x ROI, execute in 3,700 stores within 72 hours, and gain coverage through 70,000 new doors. Contact our team today.

To learn more about how Trax can be your always-on partner, book a meeting with our sales team at www.traxretail.com/contact/.



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