

AVANTI

March/April 2011

THE VOICE OF 7-ELEVEN FRANCHISEES

Taking Back The Cigarette Category

Questions Arise With Realignment Plan

Gross Profit Dollars And Percent

Independent Contractor... Reality Or Fantasy?

FM Billing Issues

Tracking Money Order Payments

Focus On Customer Service

For The Love Of Beer!

What Workplace Employee Injuries Cost You



National Coalition 36th Annual Convention and Trade Show

July 17-21, 2011

Paris Las Vegas Hotel and Casino
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Juggling System Changes



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2011
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How To Remain King Of The Ice
A Look At Frozen Beverage Trends

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MAXIMIZE YOUR SLURPEE® SALES WITH FANTA FLAVORS

MAY



"AKA" Fanta Lime Vanilla Cream Sorbet
Through 5/31/11

UIN #556290 2.5 Gallon BIB
SLIN #130662 2.5 Gallon BIB

JUNE



Berry Blaster
T.O.D. 5/23/11

UIN # Coming Soon.
SLIN # Coming Soon.

Order both Fanta Flavors from McLane
or your Local Distributor Today!



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Try
NEW

MAGNUM

For pleasure seekers



ALMOND
ICE CREAM BAR



UPC: 77567 - 13281

CLASSIC
ICE CREAM BAR



UPC: 77567 - 13280

Double CARAMEL
ICE CREAM BAR



UPC: 77567 - 13282



Kellogg's

SPRUCE UP YOUR SALES WITH TWO UPCOMING PROMOTIONS!

MIX OR MATCH



2/\$1.79

Kellogg's® Rice Krispies Treats® Big Bar Single Serving Size on PromoMaster

2/\$1.79

Cheez-It® Baked Snack Crackers 3 oz. on PromoMaster



MIX OR MATCH

Order Now!

Promotion Ends 5/31/11



SLIN 300760 McLane UIN 125005



SLIN 301093 McLane UIN 192724



SLIN 300092 McLane UIN 493452



SLIN 302088 McLane UIN 766533



SLIN 300877 McLane UIN 207167

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\$3 OFF
MCLANE INVOICE
April 11 - June 10, 2011



SWEETS

Get more from your Sweets cigar sales with White Owl FoilFresh™ Sweets and new Green Sweets!



NEW!



60 Count Box
UIN# 306357



3 for Price of 2 Pouch
UIN# 306506
SUN# 321462



60 Count Box
UIN# 369397



3 for Price of 2 Pouch
UIN# 369116
SUN# 320369



Signed. SEALED. DELIVERED.

FOR MORE INFORMATION, CONTACT YOUR SWEDISH MATCH REPRESENTATIVE. 800-367-3677 CUSTOMER.SERVICE@SMNA.COM

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Every Storeowner Has A Chance To Win One of Three Harley-Davidson Sportster Motorcycles!

To Enter One Or Both Drawings:

- 1 Increase sales of 7UP, Sunkist, Canada Dry, A&W and Welch's brands by 10% over last year! You will be automatically entered to win one of two Harley-Davidson® Sportster® Forty-Eight™ Motorcycles! All pack sizes are eligible, including 20 oz., 12 pack, 2 liter and 1 liter. Growth will be measured by 7-Exchange store scan data.
- 2 Add 7UP, Diet Dr Pepper, Sunkist Orange or Hawaiian Punch to your fountain, and send in your first receipt as proof of purchase. You will be entered to win one Harley-Davidson® Sportster® Forty-Eight™ Motorcycles and will get a \$75 check just for installing!



Three Winners Will Be Chosen By Drawing At The National Coalition Convention and Trade Show, July 17-21, 2011.

Contest Runs From January 1, 2011 to May 31 2011

CUT HERE

To qualify for the fountain portion of this contest, please fill out and mail this coupon, along with a copy of your first fountain product invoice, to: 2011 DPSG New Availability Program c/o FulfillPlus, Inc., 5670 Cahn Rd., Suite 200, Houston, TX 77040; or E-mail to: DPSGrebates@fulfillplus.com Subject: 2011 DPSG New Availability Program c/o FulfillPlus, Inc. Franchisee Name

Franchisee Name _____

Brand Replaced _____

Dr Pepper Brand Ordered _____ Store Number _____

Address _____

City _____ State _____ Zip _____

Store Phone Number _____

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HARLEY-DAVIDSON® SPORTSTER® FORTY-EIGHT™ Harley-Davidson Motor Company is not endorsing, sponsoring, or otherwise affiliated with this promotion.



Non-colas are outperforming Colas YTD at 7-Eleven!
Fountain Carbonated Soft Drinks on average deliver 80% gross margin!



DR PEPPER SNAPPLE GROUP



Ben & Jerry's **is** the #1 selling packaged ice cream at 7 Eleven.

Ben & Jerry's has **6** of the top **10** selling packaged ice cream skus, including the **TOP 3**

- Half Baked
- Chocolate Chip Cookie Dough
- Chocolate Fudge Brownie

**still
16 oz.**



Source: IRI - 7-Eleven frozen treat dollar sales 52 weeks ending 1-9-11

©2011 eBen & Jerry's Homemade, Inc. 2011 Cows ©Woody Jackson 1997

Our 2/\$2 is a Win-Win!

Retailers Profit. Shoppers Save.



- Nestlé Waters Regional Spring Water Brands 2/\$2 1-Liter promotion grew unit sales 80% vs. previous year.*
- Regional Spring Water Brands 1-Liter sales averaged 14.1 units, per store, per day when promoted 2/\$2 last year.*
- Single-serve water sales grew +12.6% at 7-Eleven vs. +3.7% in total U.S. C-Stores in 2010 due in part to promotions just like this.*

best value

1-Liter Promotional Period:
April 1, 2011 to September 30, 2011

Born Better.

Only from carefully selected natural springs.



Arrowhead 1-Liter
SKU# 0241300



Deer Park 1-Liter
SKU# 0241746



Ice Mountain 1-Liter
SKU# 0242214



Ozarka 1-Liter
SKU# 0240170



Poland Spring 1-Liter Depot
SKU# 0242193



Zephyrhills 1-Liter
SKU# 0241490

*Source: 7-Eleven 2010, Nielsen Total U.S. © 2010 Nestlé Waters

Poland Spring 1-Liter Non-Depot
SKU# 0242280

NEW

SLIN# 140743



SLIN# 140779



SLIN# 140834



SLIN# 140810



SLIN# 140803

Add TRIDENT VITALITY™ and STRIDE SPARK™ to Your Gum Category!

TRIDENT VITALITY™ and STRIDE SPARK™ have high purchase intent and uniqueness scores¹.

TRIDENT VITALITY is available in three delicious flavors: **VIGORATE™**, **REJUVE™** and **AWAKEN™**

STRIDE SPARK is available in two electrifying flavors, with vitamins B₆ and B₁₂: **KINETIC MINT™** and **KINETIC FRUIT™**

Contact your Kraft representative today.



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Source: IRI/CS Store 52, Wk. ending 9.5.10

HALLS

Sour Patch

Swedish Fish

Sublimity

Denby

Stride

Trident

Satisfy Your Craving for Healthy Sales Growth!



Fastest Growing Protein Bar Brand*

- 6 highly popular and delicious flavor varieties
- A healthy and nutritious snack alternative for fitness-conscious consumers
- A higher ring and better gross profit than typical candy bars

“Supreme Protein’s been one of our top sellers since the day we first stocked it.”

—Iris Yost, 7-Eleven Franchisee, SNFOA, V.P., Las Vegas



6 39372 02299 2 Supreme Protein - Carb Conscious 96g Peanut Butter & Jelly SUN: 30258 UIN: 45652 12 ct. Box	6 39372 02222 0 Supreme Protein - Carb Conscious 96g Peanut Butter Pretzel Twist SUN: 30164 UIN: 32597 12 ct. Box	6 39372 02020 2 Supreme Protein - Carb Conscious 96g Caramel Nut Chocolate SUN: 30241 UIN: 37569 12 ct. Box	6 39372 02121 6 Supreme Protein - Carb Conscious 96g Peanut Butter Crunch SUN: 30238 UIN: 62615 12 ct. Box	6 39372 02161 2 Supreme Protein - Carb Conscious 96g Cookies 'n Cream SUN: 30195 UIN: 14256 12 ct. Box	6 39372 02173 5 Supreme Protein - Carb Conscious 96g Rocky Road Brownie SUN: 30184 UIN: 52694 12 ct. Box
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supremeprotein.com

* Source: IRI Bars_CStore_52_Wk_ending_9.5.10
High protein bars with sales over \$5 million

The POWER_{of} ONE.

When it comes to driving traffic to your store, singles are one SKU to focus on. They're not only the most profitable beer SKU, but their share is also growing.² And when it comes to leveraging *profitable beer brands* and *innovative tools*, you can count on one beer brewer—MillerCoors.

Drive Your Singles Business With MillerCoors

- Right single SKUs
- Right expertise
- Right tools



¹C-Store Channel Margin Analysis.
²Nielsen Total U.S. Convenience YTD through 9/11/10.

MillerCoors[®] Advantage

GREAT BEER
GREAT RESPONSIBILITY

©2011 MILLERCOORS LLC, CHICAGO, ILLINOIS

COLD AS THE
ROCKIES

Choices in your vault
means money
in your pocket.



SLIN: 90021

SLIN: 90024

SLIN: 90023

Full line of indulgence. Full line of fun.



SLIN: 190230

SLIN: 190216

SLIN: 190247

Want to put more money in your pocket?
Contact your local Nestlé DSD distribution team
and start growing your category!

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Nestlé
Good Food. Good Life.

Are you...
Simple, Sweet
 or **BOLD?**

20 stores will be
 awarded **\$1,000!**

Timing: June 1 - August 31, 2011

FOA stores ordering these top 20 POG General Mills items will qualify and be entered into a drawing for \$1,000 prize*

©2011 General Mills



PRODUCT	SLIN	UIN
Bugles® Original 3oz 	301291	184374
Bugles® Nacho 3oz 	300079	185124
Chex Mix® Traditional 3.75oz 	300882	429167
Chex Mix® Cheddar 3.75oz 	302038	428953
Chex Mix® Bold 3.75oz 	302910	428938
Chex Mix® Muddy Buddies® 4.5oz 	302898	292474
Garden of Eatin'® Original 5.5oz 	302038	542951
Nature Valley® Granola Bar Oat 'n Honey 1.5oz 	301097	530386
Nature Valley® Granola Bar Peanut Butter 1.5oz 	301027	530489
Nature Valley® Chewy Trail Mix Fruit & Nut 1.2oz 	301082	565739

PRODUCT	SLIN	UIN
Fiber One® Oats 'n Chocolate Bar 1.4oz 	300180	304964
Lucky Charm® Treats Bar 1.7oz 	302873	482398
Golden Grahams® Treats Chocolate Marshmallow 2.1oz 	301018	678714
Cinnamon Toast Crunch® Treats Bar 2.1oz 	300933	705582
Honey Nut Cheerios® Cup Cereal 1.8oz 	210191	305862
Cinnamon Toast Crunch® Cup Cereal 2.1oz 	210376	305730
Lucky Charms® Cup Cereal 1.7oz 	210822	305854
Cheerios® Cup Cereal 1.3oz 	210503	304279
Honey Nut Cheerios® Box Cereal 12.25oz 	210150	592550
Cinnamon Toast Crunch® Box Cereal 12.8oz 	210153	602011

*McLane purchases will be used to qualify stores. NO PURCHASE NECESSARY. To enter without purchase, send a 3x5 card with your store name, contact name & telephone to Simple, Sweet, Bold Sweepstakes, P.O. Box 43066, Atlanta, GA 30336. Limit 1 entry person. Entries must be postmarked by August 31, 2011. Limit one entry per store, regardless of the method of entry.



YOUR VIP ACCESS PASS TO PROFITS, MUSIC & MORE!

66% of total beer category volume IS SOLD THROUGH CONVENIENCE.*



Capture the tech-savvy and in-and-out shopper with on-pack JAGTAG technology.

On a unit basis, CONVENIENCE IS THE LEADING CHANNEL FOR IMPORT SALES.*

AMPLIFY YOUR SALES with 360° media support. Heineken media support/spend up 35% in summer 2011.

GIVE YOUR SHOPPERS AN EXCITING OPPORTUNITY TO WIN VIP MUSIC EXPERIENCES AND INSTANT MUSIC REWARDS.

For more information about Heineken Summer, contact 1-888-HEINEKEN (1-888-434-63536) or email heineken@qualitycustomercare.com.

Please visit: EnjoyHeinekenResponsibly.com

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MARCH/APRIL 2011



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www.ncasef.com

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BY TOM BURKEMPER, SR. DIRECTOR TRADE MARKETING & CATEGORY MANAGEMENT, ANHEUSER-BUSCH INBEV

AVANTI is published by the National Coalition of Associations of 7-Eleven Franchisees for all independent franchisees, corporate store managers, area licensees and interested parties. National Coalition offices are located at 3561 East Sunrise Drive, Suite 113, Tucson, AZ 85718. For membership information, call 520-577-8711, e-mail nationaloffice@ncasef.com or fax to 520-577-4688. AVANTI Editorial and Advertising Offices are located at 116 Bellevue Ave., Suite 304, Langhorne, Pennsylvania 19047. For advertising information, call Sheldon Smith at 215 750-0178 or fax to 215 750-0399; on-line, send messages to sheldon.smith5@verizon.net.



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Member News

7-Eleven/National Coalition/Vendor Fundraising Campaigns Benefit Hire Heroes USA

The National Coalition has partnered with SEI and some of their top suppliers to raise money for Hire Heroes USA (HHUSA), a nonprofit organization that offers transition, job search and job placement assistance and services for returning veterans of Operations Iraqi Freedom and Enduring Freedom, particularly those who have been wounded or disabled during their military service.



The Coalition has teamed with SEI and vendors to support Hire Heroes USA.

Customers can support the effort by purchasing specially marked products during April and May at participating 7-Eleven stores. A portion from the sale of each item will be donated to HHUSA. Tags designating the donation amounts will be featured prominently throughout the store along with a special display of participating products. Among companies joining in the effort are Nestle USA, Anheuser-Busch InBev, Miller-Coors, E&J Gallow Winery, Dr Pepper Snapple Group, Tropicana Products Inc., Mars, Inc., Kellogg's and Kraft Foods, Inc. To encourage participation, many of the products are being offered at special prices during the two-month campaign. Franchisees can support this effort by ordering participating products during the campaign period, April and May.

The National Coalition has pledged its support to HHUSA and will donate the proceeds from its Joe Saraceno Charity Golf Tournament this July during the 36th Annual Convention and Trade Show in Las Vegas. Last year, the National Coalition raised \$100,000 for Hire Heroes through the golf event, and plans to

beat that amount this year. SEI has pledged to fill at least two field consultant positions with qualified vets where available, and company representatives will participate in military-base workshops to discuss employment and franchising opportunities.

7-Eleven TV Rolls Out Nationwide

SEI has begun nationwide deployment of 7-Eleven TV, which provides 24/7 programming featuring national and local entertainment, news, weather, and advertising highlighting 7-Eleven proprietary brands, in-store and out-of-store brands, as well as special 7-Eleven promotions. Before the national rollout, 7-Eleven TV was operating in 500 stores in some of the top DMAs and highest traffic volume 7-Eleven stores in the U.S., including New York, Los Angeles and Chicago. When fully deployed, it will be carried in 6,200 stores—reaching more

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AVANTI

The Voice of 7-Eleven Franchisees
March/April 2011

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Outstanding Value – 53% Margin! 2 For \$1 Fresh to Go Pepperoni Pizza Sticks



Pepperoni & Cheese
is the No.1 Flavor!

Get a 53 percent margin at 2 for \$1

- Great for Meals or On-The-Go Snacking.
- Outstanding Value Encourages 2 for \$1 Purchases.
- Merchandised in the Fresh Food Case.
- Easy microwave heating.

Available through McLane today.

UIN 368340
SLIN 174161
SRP 2 FOR \$1.00
MARGIN 53 PERCENT

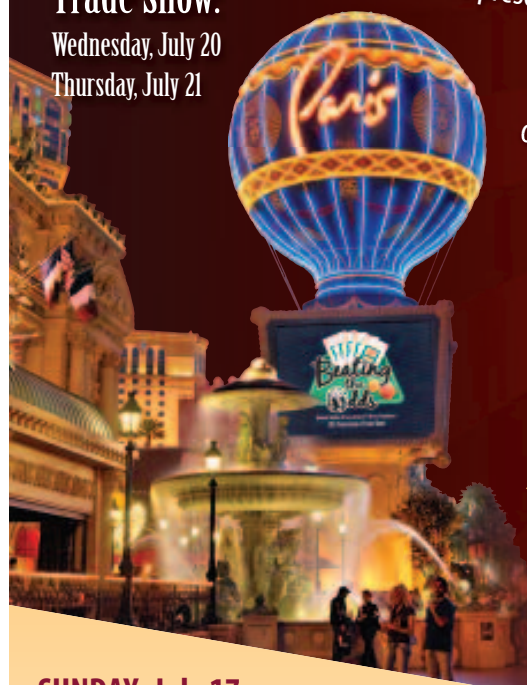


Member News

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July 17-21, 2011

Trade Show:
Wednesday, July 20
Thursday, July 21



You can't beat these odds:
Five days packed with business-building seminars and presentations, a two-day trade show, top-notch entertainment, and loads of family-friendly activities! Check out the Schedule of Events below to see what awaits you at the show!



National Coalition Of Associations Of 7-Eleven Franchisees
2011 Convention & Trade Show

Celebrate 7-Eleven's Winning Streak!

At The 36th Annual Convention & Trade Show
In The Center Of Las Vegas!

Schedule of Events

SUNDAY, July 17

12:00 p.m. – 5:00 p.m.
Franchisee and Vendor Registration
7:00 p.m. – 9:00 p.m.
Welcome Reception Featuring Singer Diane Lewis

MONDAY, July 18

8:00 a.m. – 4:00 p.m.
Franchisee and Vendor Registration
7:00 a.m. – 8:00 a.m.
Wake Up & Exercise
8:00 a.m. – 9:00 a.m.
Continental Breakfast
9:00 a.m. – 10:30 a.m.
"State Of The Coalition" with Chairman Bruce Maples and the NCASEF Officers
10:30 a.m. – 12:00 p.m.
Accounting Seminar with SEI VP and Controller John Ehrie and Senior Director of Inventory Accounting Anne Bond
12:30 p.m. – 2:30 p.m.
"Beating The Odds" Luncheon—
Entertainment & Prizes
Entertainment By Comedian Mark Kornhauser

2:00 p.m. – 3:00 p.m.
Franchisee and Vendor Registration
7:00 p.m. – 10:00 p.m.
See Any Harrah's Show With \$100 Voucher

TUESDAY, July 19

Golf and Tour Las Vegas Day!
6:45 a.m.
Joe Saraceno Charity Golf Tournament Benefiting Hire Heroes (buses depart)
7:30 a.m.
Joe Saraceno Charity Golf Tournament Shotgun Start
7:00 a.m. – 8:00 a.m.
Wake Up & Exercise
8:00 a.m. – 4:00 p.m.
Franchisee and Vendor Registration (Registration closed noon to 1 p.m.)

WEDNESDAY, July 20

8:00 a.m. – 1:00 p.m.
Franchisee and Vendor Registration
7:00 a.m. – 8:00 a.m.
Wake Up & Exercise
8:00 a.m. – 9:00 a.m.
Continental Breakfast
9:00 a.m. – 10:30 a.m.
Motivational Speaker—Robert Stevenson
10:30 a.m. – 11:30 a.m.
Speaker—Amber MacArthur
12:00 p.m. – 4:00 p.m.
"BEATING THE ODDS" TRADESHOW EXTRAVAGANZA
7:00 p.m.
Charity Silent Auction
International Buffet Dinner & Dancing
Live Music and DJ

THURSDAY, July 21

9:00 a.m. – 1:00 p.m.
Franchisee and Vendor Registration
7:00 a.m. – 8:00 a.m.
Wake Up & Exercise
8:00 a.m. – 9:00 a.m.
Continental Breakfast
9:00 a.m. – 10:00 a.m.
Legal Seminar With Arnold Hauptman
10:00 a.m. – 11:00 a.m.
Speaker—Football Great Drew Pearson
11:00 a.m. – 3:00 p.m.
"BEATING THE ODDS" TRADESHOW EXTRAVAGANZA
5:30 p.m. – 6:30 p.m.
"2011 Celebration" Cocktail Reception
6:00 p.m. – 10:00 p.m.
Children's Banquet
6:30 -10:30 p.m.
"Beating The Odds" Grand Banquet
Entertainment: Comedian Dan Nainan

To register, go to www.ncasef.com

Six Qualifying Shippers and 26 Qualifying SKUs

Be One Of 75 Franchisees To Win \$500!

Kraft's First Half Franchisee Sales Growth Incentive Contest!

Earn Points Three Ways For A Chance To Win!

CONTEST RUNS JANUARY 1, 2011 TO JUNE 30, 2011

1. Stock 12-20 Qualifying SKUs

2. Order 1-3 Qualifying Shippers

3. Increase sales of Qualifying SKUs 3-10% over last year

QUALIFYING SKUs

ITEM	SLIN	UIN
TUBE NUTS		
Planters Tube Salted Peanuts 1.75 oz.	302504	069930
Planters Tube Honey Roasted Peanuts 1.75 oz.	302503	070276
Planters Tube Heat Peanuts 1.75 oz.	302523	070433
Planters Smoked Almond 1.5 oz.	302211	790089
Planters Dry Roasted Pistachios 1.75 oz.	301905	521823
Planters Flavor Grove Pistachio Jalapeno	303307	260174
Planters Flavor Grove Pistachio Salt & Pepper	N/A	260182
Planters Deluxe Mixed Nuts	303385	401562
Planters Deluxe Jumbo Cashews	N/A	401570
Planters Trail Mix 1.7 oz.	302016	011726
Planters Tube Honey Roasted Cashews 1.5 oz.	301996	896225
Planters Tube Salted Cashews 1.5 oz.	302127	070854
Planters Flavor Grove Sea Salt & Olive Oil 1.5 oz.	300999	260182
BAG NUTS		
Planters Dry Roasted Peanuts 6 oz.	303383	397935
Planters Dry Roasted Peanuts 5 Alarm Chili 6 oz.	303384	398024
Planters Salted Peanuts 6 oz.	301889	497321
Planters Honey Roasted Peanuts 6 oz.	301891	497131
Planters Honey Roasted Cashews 3 oz.	303219	346551
Planters Salted Cashews 3 oz.	300314	346510
TRAIL MIX		
Planters Trail Mix Fruit & Nut 6 oz.	301863	037747
Planters Trail Mix Nut & Chocolate 6 oz.	301864	045013
Planters Trail Mix Nuts Seeds Raisins 6 oz.	NEW!	316794
Planters Trail Mix Nuts, Seeds, Raisins 6 oz.	303386	316794
CORN NUTS		
Corn Nuts Original 4 oz.	300256	428219
Corn Nuts Ranch 4 oz.	303199	427856
Corn Nuts Chile Picante 4 oz.	301014	428110
Corn Nuts BBQ 4 oz.	300252	428300

QUALIFYING SHIPPERS

- NCAA March Madness Shipper, Available Jan. 3, 2011
IRC tearpad: 3 free tubes w/Bud purchase, buy 2 tubes, get 2 free, \$.55 off 2 tubes (CA only)
- Official Nut Bud Bowl Shipper, Available Feb. 15, 2011
IRC tearpad: \$.75 off Coke 20 oz. & 1 tube nuts
- Roasted In To Bring Flavor Out Shipper, Available April 1, 2011
IRC tearpad: FREE Almond w/Pistachio tube
- Grab a Crunchy Hearty Handful Shipper, Available May 2, 2011
Trail Mix 2 for \$4.00, Fully funded Promomaster
IRC Tearpad: \$.50 off any beverage
- Not Your Ordinary Combo Shipper, Available May 30, 2011
Coke 20 oz. & Corn Nuts for \$2.00, Fully funded Promomaster
- Grab A 1-2 Crunch Combination Shipper, Available May 30, 2011
Coke 20 oz. & Corn Nuts for \$2.00, Fully funded Promomaster



How Points Are Awarded

	1 point	2 points	3 points
Number Qualifying SKUs Sold	12-15	16-19	20-plus
Percent Unit Sales Increase vs. Prior Year	3 to 6%	7 to 9%	10%+ plus
Number Shippers Purchased	1	2	3

Quarter 1 and Quarter 2 scored separately, and points to both will be combined! 75 Stores with the highest number points win \$500!!

Scoring and Eligibility: 7-Exchange data will be used to capture number of SKUs sold and percent sales increase. McLane purchase data will be used to capture number of shippers purchased. Stores in operation for 12 months by January 1, 2011 are eligible to participate. Winning stores will be confirmed and approved by the National Coalition. Payment will be made through the National Coalition. All products not shown. *In the event of a tie, winners will be chosen by drawing.

Milky Way
Simply Caramel® '2 To Go'
Is NOW Available in KING SIZE!



Get A Free Fill
On Your First Box Purchased
From April 18 through May 15!

2.84 oz.
24 Count Box
SLIN 140868

Available through McLane NOW!



Introducing The Newly Re-Vamped National Coalition Website!

- Register for the National Coalition's annual convention and trade show online.
- Download convention brochures and forms.
- Find information about the Vendor Affiliate Program and download a form to join.
- Visit the Legislative Affairs section for information on pending and enacted legislation that may affect your business.
- Get the latest Retail and Legislative News from the News Center.
- Read the latest Avanti columns from National Coalition officers.
- Download a pdf version of Avanti Magazine.
- Find contact information for local FOAs.
- Find dates for upcoming National Coalition Board meetings or FOA events nationwide.

More features will be implemented in the coming months.



The National Coalition's website, www.ncasef.com, has undergone a complete makeover and now features a myriad of exciting new features that provide essential information for 7-Eleven franchisees and the vendor community alike.

than 200 million shoppers monthly. Based on an analysis of various Nielsen ratings data, the GRPU (gross rating point units) of 7-Eleven TV will make it the fourth largest broadcast TV network when fully deployed.

The company is working with Harris Corporation and Digital Display Networks, Inc. on the deployment under a 10-year agreement valued at \$75 million. Harris is providing its Digital Out-of-Home hardware and software, InfoCast-

er and Punctuate, in addition to its Managed Services offering to Digital Display Networks, which is providing turnkey services, as well as managing content production and advertising sales for 7-Eleven TV. To maximize viewing, each store features two strategically placed LCD high-definition TV monitors and directional audio to attract consumers, and display promotions and products that shoppers can take advantage of in-store.

Seven & I Projects Profit Drop Following Earthquake

SEI parent company Seven & I Holdings announced that it expects its earnings to drop 22 percent this fiscal year as Japan's natural disasters and nuclear crisis hinder consumer spending and boost company costs, reported the *Wall Street Journal*. The company said it also expects

continued on page 25

Easy as 123



Shelve all 3 and **Win Big**



If all 3 are shelved, as instructed by the Spring/Summer 2011 POG, you are entered to win one of five \$1000 gift cards



Stores will automatically be entered into the contest when a PVM retail rep verifies items are shelved properly in the May/June time frame. If a PVM retail rep does not visit your store, please send in your receipts to be entered into the contest with all three items purchased to Perfetti Van Melle Attn: Angela Snow, 3645 Turfway Rd., Erlanger, KY 41018. Five stores will be randomly selected that meet the criteria

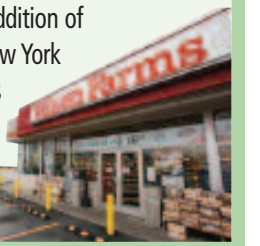


Contact your local representative or customer service at 1-800-283-5988



SEI Buys Wilson Farms NY Stores

7-Eleven, Inc. announced that it has signed an agreement to purchase Wilson Farms, a Buffalo-based convenience store chain with 188 outlets in New York state, with an expected closing in the second quarter. Terms of the deal were not disclosed. The addition of Wilson Farms significantly increases 7-Eleven's presence in the western New York area. Post closing, 7-Eleven will assume responsibility for all Wilson Farms locations and personnel from the WFI Group, which is led by Bruckmann, Rosser, Sherrill & Co., a private-equity firm, and the Nanula Family, which together have managed the stores since 2005.



revenue to fall 10 percent this fiscal year, and further anticipates to record a special loss of ¥26 billion to reflect costs for earthquake-damaged stores. Approximately 600 of Seven & I's 13,200 Japan 7-Eleven stores closed after the earthquake, many of which have since reopened. The company said 100 of its 170 York-Benimaru grocery stores closed temporarily, and five or six of the ten centers that produce fast-food items for all the stores in the region were inundated by the tsunami. Seven & I had previously reported earnings more than doubled for the fiscal year ended in February 2011, and revenue edged up 0.2 percent.

7-Eleven Launches Global Campaign For Japan Disaster Relief

The global chain of 7-Eleven launched an in-store collection canister and fundraising campaign in close to 39,000 store locations worldwide to assist organizations providing relief for the victims of Japan's devastating March 11 earthquake and tsunami, SEI announced in a released statement. The funds collected



by the campaign, which ran until April 30, will go to organizations in Japan providing rescue and recovery, safety, and rebuilding services. Besides 7-Eleven's U.S. and Canada operations, stores in Japan, Thailand, Taiwan, South Korea, Mexico, Hong Kong, Malaysia, Philippines, Singapore, and Indonesia also participated in the global effort. Additionally, 15 third-party bakery operations that make fresh donuts, bagels, croissants and similar items for about 6,000 U.S. and Canadian 7-Eleven stores pledged a contribution to a disaster-relief organization in Japan.

bers, Bernanke said the delay was necessary because the huge number of comments submitted by retailers and banking industry players on the issue require more time to fully examine, as they provide important information for assessing the effects of debit card swipe fee reform

Franchisees Visit Lawmakers On Swipe Fee Reform

As part of the larger three-month movement to counteract proposed legislation to repeal or delay swipe fee reform, 7-Eleven franchisees from across the country once again took time away from their businesses to go to Washington, D.C. and hold their representatives accountable for the swipe fee reform passed last year.

Implementation of debit card swipe fee reform has been delayed until July 21.

7-Eleven franchisees from across Maryland and Virginia met with Senators, Congressmen and their staff on March 30 to ask them to protect and implement the critical swipe fee reforms passed by Congress and signed into law by President Obama last year. The day prior to their visit, Senator Jon Tester (D-Montana) introduced an amendment to a small business bill that would delay swipe fee reform for two years—a measure that would cost small businesses \$33 million

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Play The Name Game!

Look carefully at each page in this issue. Somewhere in this magazine a line is hidden that contains the words \$Name Game Winner + person's name + city\$. If you find this line, and if it contains your name, call AVANTI's Offices at 215 750-0178 before the next magazine is published, and win this issue's total. Uncollected money is automatically added to the next issue's total. NCASEF Members only. This issue's total: \$100.



Swipe Fee Reform Delayed Until July

New rules governing debit card swipe fees—originally slated to be revealed by the Federal Reserve on April 21—have been postponed until July. Federal Reserve chairman Ben Bernanke announced the delay on March 29 in letters to the leaders of the Senate Banking and House Financial Services committees. Bernanke said the Fed will have the rules ready by July 21, the same day they are scheduled to be enacted. In the letters to committee mem-



Latest Tobacco Legislation News

Below are the latest bills introduced in state legislatures that could have a profound affect on tobacco retailers:

- California—S 330—Would increase the excise tax on cigarettes by \$1.50 per pack (from 87 cents to \$2.37 per pack). Would be effective immediately.
- Florida—H 1207—Would place an NPM equity fee of 52 cents per pack on all cigarettes manufactured by non-settling manufacturers. Would be effective July 1, 2011.
- Illinois—H 3265—Would ban the sale of cigar wraps to minors and lists penalties for doing so. Would be effective upon becoming law.

Legislation to increase tobacco excise taxes has been proposed in California, Massachusetts, and Texas.

- Massachusetts—H 2358—Would provide that no person under age 18 shall smoke, possess, or use any tobacco products; adds penalties of 20 hours of community service and enrollment in a tobacco education program. No effective date given.
- Massachusetts—S 1417—Would increase the excise tax on large cigars to 80 percent (from 30 percent). Would increase the excise tax on all smoking tobacco to 90 percent (from 30 percent). Would be effective July 1, 2011.
- Massachusetts—S 888—Would provide that no person under age 18 shall possess a cigarette, chewing tobacco, snuff, or any other tobacco product not given to that person by a parent or guardian; adds penalties of a fine between \$10 and \$25. No effective date given.
- Nevada—AB 165—Would increase the excise tax on moist snuff to 58 cents per ounce

(from 30 percent per item). Would be effective July 1, 2011.

- Texas—H 1810—Would increase the excise tax on cigarettes by 12 cents per pack (from \$1.41 to \$1.53 per pack). Would be effective September 1, 2011.
- Texas—S 1052—Would increase the excise tax on cigarettes by \$1.00 per pack (from \$1.41 to \$2.41 per pack). Would be effective September 1, 2011.
- Texas—H 2085—Would place an NPM equity fee of 43 cents per pack on all cigarettes manufactured by non-settling manufacturers, to be increased by 3 percent each year. Would be effective September 1, 2011.
- Texas—H 2602—Would increase the excise tax on cigarettes by \$1.05 per pack (from \$1.41 to \$2.46 per pack). Would be effective Sept. 1, 2011.
- Texas—H 2547—Defines little cigars and would apply the same excise tax per thousand on little cigars as is imposed per thousand on cigarettes. Would be effective September 1, 2011.
- Texas—H 2599—Defines chewing tobacco for purposes of the excise tax imposed on cigars and other tobacco products. Would be effective September 1, 2011.
- Utah—S 262—Passed. Signed by governor on March 22, 2011. Modifies the excise tax on little cigars to the rate of a pack of cigarettes (from 86 percent to \$1.70 per pack). Effective July 1, 2011.

State Cigarette Excise Tax Rates

As of January 1, 2011 (Dollars Per 20-Pack)

State	Tax Rate	Rank
Alabama	\$0.425	46
Alaska	\$2.00	11
Arizona	\$2.00	11
Arkansas	\$1.15	28
California	\$0.87	32
Colorado	\$0.84	33

Connecticut	\$3.00	4
Delaware	\$1.60	20
Florida	\$1.339	25
Georgia	\$0.37	47
Hawaii (b)	\$3.00	4
Idaho	\$0.57	41
Illinois	\$0.98	31
Indiana	\$0.995	30
Iowa	\$1.36	24
Kansas	\$0.79	35
Kentucky	\$0.60	39
Louisiana	\$0.36	48
Maine	\$2.00	11
Maryland	\$2.00	11
Massachusetts	\$2.51	8
Michigan	\$2.00	11
Minnesota	\$2.46	9
Mississippi	\$0.68	36
Missouri	\$0.17	50
Montana	\$1.70	17
Nebraska	\$0.64	37
Nevada	\$0.80	34
New Hampshire	\$1.78	16
New Jersey	\$2.70	6
New Mexico	\$1.66	19
New York	\$4.35	1
North Carolina	\$0.45	44
North Dakota	\$0.44	45
Ohio	\$1.25	26
Oklahoma	\$1.03	29
Oregon	\$1.18	27
Pennsylvania	\$1.60	20
Rhode Island	\$3.46	2
South Carolina	\$0.57	41
South Dakota	\$1.53	22
Tennessee	\$0.62	38
Texas	\$1.41	23
Utah	\$1.70	17
Vermont	\$2.24	10
Virginia	\$0.30	49
Washington	\$3.025	3
West Virginia	\$0.55	43
Wisconsin	\$2.52	7
Wyoming	\$0.60	39
D.C.	\$2.50	—

(a) The federal excise tax of \$1.0066 per pack and local taxes are not included.
 (b) Hawaii's cigarette excise tax will increase to \$3.20 on July 1, 2011
 Source: Tax Foundation

SHAKE IT UP!TM ENERGIZE YOUR SALES THIS SUMMER



Tic Tac® Fruit Flavors Are a Splash!

peach fusion - Delivers a mouth-watering tropical peach flavor sure to please.

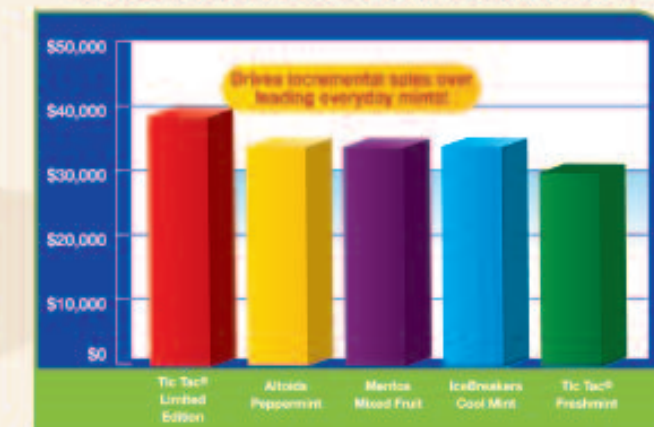
wild cherry - Cherry lovers will go wild for the fruity flavor experience!

Fun, attractive display brightens stores and promotes impulse buys.

Available to ship April 2011



Tic Tac® Summer Flavors* are top mint sellers in Convenience Stores across the U.S.



IRI Total US Convenience - Latest 12 weeks ending July 25, 2010

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Skinny Cow In the Candy Aisle!



Skinny Cow Dreamy Clusters Milk Chocolate Singles

Packed 12 per case, 1 oz. singles

Skinny Cow Heavenly Crisp Milk Chocolate Singles

Packed 12 per case, .77 oz. clusters



You are welcome Ladies!

Highly popular among female consumers

Heavy consumer media advertising for initial launch and throughout the summer

SKINNY COW outperformed 8 of 10 new chocolate products in consumer testing

SKINNY COW consumers chose chocolate candy as a top brand extension opportunity

Available
NOW
from McLane

72-count
Side Kick Available
SLIN 142657
Net Gross Profit
55 percent



Bits & Pieces

A bill introduced in Congress to regulate and tax Internet gambling will also allow lottery tickets to be purchased online, according to NACS, who warns that HR 1174 will take money away from retailers that depend on lottery ticket sales for a significant portion of their revenues and to generate substantial traffic. • New Hampshire lawmakers recently voted to lower the state's cigarette tax by a dime, from \$1.78 a pack to \$1.68, the *Union Leader* reported. State legislators believe the tax cut will trigger more sales of cigarettes, convenience store items, liquor and lottery tickets, and attract more out-of-state visitors. • Nutrition bar company Forward Foods, LLC, the maker of the Detour bar, has

continued on page 30

per day and \$1 billion per month, according to FZs for Fairness, the 7-Eleven project that organized the event.

The project unites more than 3,000 7-Eleven franchisees across the U.S. fighting for fair debit and credit card swipe fees.

NBLC Updates Committee Co-Chairs

The National Business Leadership Council recently released an updated list of its Zone Leader committee co-chair assignments. The new assignments are as follows:

- Guest Experience—Tim Donegan, Team Canada; Larry Hughes, Pacific Northwest (Washington and Oregon)
- Retailer Initiative—Dan Soper, Greater LA; Tom Brennan, Liberty (Northern Virginia, Maryland and Delaware)
- Food Service—Kate Keillor, South Florida Coast; Brian Trout, Heartland (Illinois, Michigan and Missouri)

- Business Processes—Jason Heffelfinger, Rocky Mountain (Colorado and Utah); Chris Harkness, Patriot (Southern Virginia)
- Distribution Systems—Cindy Richardson, Lone Star (Texas); Dan Kaepernik, North Atlantic (New York, Massachusetts, and Connecticut)
- Business Infrastructure—Norm Hower, North Cal/ Nevada (Northern); Ben Tison, North Florida
- Servant Leadership/Teamwork—Tom Lesser, Pacific Desert (San Diego area, Arizona, Southern Nevada); Greg Franks, PennJersey (Pennsylvania and New Jersey)

C-Store Sales Experience Strong Growth In 2010

Convenience store in-store sales grew 4.4 percent in 2010, reaching a record

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Andretti Indy 500 Car To Sport National Coalition Logo

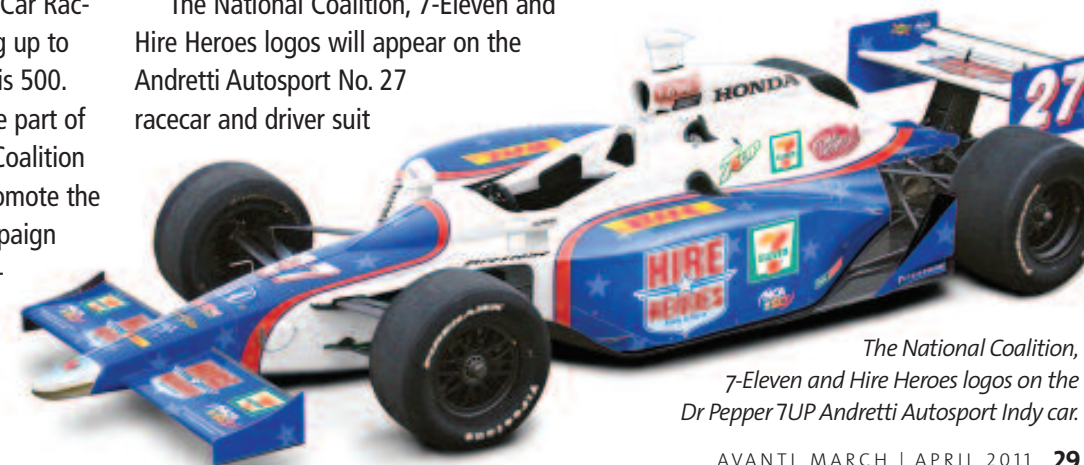


Thanks to Dr Pepper Snapple Group, the National Coalition, 7-Eleven and Hire Heroes USA logos will be featured on Andretti Autosport driver Mike Conway's racecar and uniform during the IndyCar Racing events in May leading up to the 100th Anniversary Indianapolis 500. The racecar and uniform logos are part of the Dr Pepper Snapple, National Coalition and 7-Eleven initiative to help promote the Hire Heroes USA fundraising campaign running in 7-Eleven stores nationwide during the month of May. As part of the program, Andretti Autosport will actively promote

Hire Heroes to its network of corporate partners and their respective human resource departments, as well as actively support Hire Heroes and fundraising efforts through PR, social media, at-track integration, and other promotional channels.

The National Coalition, 7-Eleven and Hire Heroes logos will appear on the Andretti Autosport No. 27 racecar and driver suit

by the opening day of Indy 500 practice on May 14. The Indy 500 race will take place on May 29. Driver Mike Conway recently won the Toyota Grand Prix on April 17 at Long Beach, California.



The National Coalition, 7-Eleven and Hire Heroes logos on the Dr Pepper 7UP Andretti Autosport Indy car.



Member News

\$190.4 billion, according to figures released by NACS. Combined with \$328.7 billion in motor fuels sales, total c-store sales in 2010 were \$575.6 billion, or one out of every 25 dollars of the overall \$14.624 trillion U.S. gross domestic product. The 4.4 percent growth rate of c-store in-store sales surpassed the growth rates of other competing channels, including warehouse stores/clubs (4.0 percent), restaurants (3.4 percent), drug stores (2.4 percent) and grocery stores (2.3 percent), based on U.S. Department of Commerce numbers.

According to NACS, nearly three-quarters of in-store sales are from the top five categories: Cigarettes (35.8 percent); Packaged Beverages (14.2 percent); Foodservice (12.9 percent); Beer (8.3 percent); and Other Tobacco Products (4.0 percent).

NACS further revealed that more than two-thirds of in-store gross margin dollars are from the top five categories: Foodservice (21.9 percent); Cigarettes (18.4 percent); Packaged beverages (17.7 percent); Beer (5.4 percent); and Candy (4.8 percent).

SEI Undergoes Realignment

SEI is in the midst of a system-wide reorganization designed to streamline operations, provide better service, and accelerate growth, the company informed franchisees. The realignment involves:

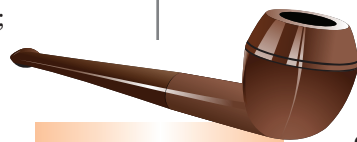
- Restructuring the eight regional Divisions into 14 Zones
- Moving field merchandising to the Store Support Center in Dallas
- Combining Franchise, Real Estate, and Construction into one function—Development
- Centralizing administrative, financial planning, and HR processing

- Establishing dedicated merchandise space planning, strategic pricing, and cost-of-good analysis capabilities

The company expects these organizational changes to be implemented over 60 days, but said some of the changes may be phased in over a longer period of time.

New Survey Shines Light On C-Store Tobacco Sales

Cigarettes account for 80 percent of tobacco revenue in c-stores and 51 percent in tobacco shops, according to a new survey by the National Association of Tobacco Outlets (NATO) and CSP magazine. The study, sponsored by Swedish Match, also reveals that tobacco shops generally carry 238 SKUs of cigarettes, while c-stores carry 182. In terms of cigars, c-stores generate 7 percent of their tobacco revenue from the category carrying an average of 59 SKUs, while tobacco shops make 23 percent with 430 SKUs. More tobacco insight provided by the survey includes: pipe tobacco accounts for 1 percent of c-store tobacco revenues (average number of SKUs—4) and 7 percent for tobacco shops (average number of SKUs—31 standard and 14 hookah); moist smokeless tobacco accounts for 9 percent of tobacco revenues in c-stores (37 SKUs) and 6 percent in tobacco shops (47 SKUs).



Cigarettes account for 80 percent of tobacco revenue in c-stores.

The Philip Morris MLP Controversy

Philip Morris USA recently introduced a new promotional contract that has caused a ruckus among tobacco retailers because it sets price ceilings on what operators could charge, reported *CSP Daily*

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Bits & Pieces...continued from page 29

teamed up with Body Temple, Europe's leading sports and nutrition distributor, to sell protein bars in more than 25 European countries. • **Subway has officially taken the top spot from McDonald's** as the world's largest restaurant chain in terms of units, reported the *Wall Street Journal*. At the end of 2010, Subway had **33,749 restaurants worldwide**, compared to McDonald's 32,737. • Seven-Eleven Japan announced plans to **switch its in-store and signboard lights to power-saving, light-emitting diode lighting** at 5,000 locations. The goal of the program—which also includes the installation of solar panels at 1,000 stores—is to **cut electricity consumption by 25 percent** from July through September. • PepsiCo has unveiled a completely plant-based, 100 percent biodegradable bottle for its sodas,

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National Coalition Offices In Tucson

National Coalition offices are located in Tucson, Arizona. All queries and requests for information should be directed to the address below:

National Coalition of Associations of 7-Eleven Franchisees

3561 East Sunrise Drive, Suite 113
Tucson, AZ 85718
Office 520-577-8711
Fax 520-577-4688
E-mail: nationaloffice@ncasef.com



National Coalition of Associations of 7-Eleven Franchisees

Coffee-mate Drinkers Are Extremely Loyal.

Don't Miss The Coffee-mate Opportunity To Serve Your Customers. Order Coffee-mate As An SSI through McLane in All Divisions.

Coffee-mate is available through McLane. You may have to contact your McLane customer service representative to have Coffee-mate added to your next order.



COFFEE-MATE CAN BUILD TRAFFIC

45% of Coffee-mate users buy Coffee-mate exclusively.

48% of all coffee drinkers say that the availability of at least one flavor of Coffee-mate would make them more likely to order coffee.

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Time To Focus On Customer Service

KEVIN NIJJAR

VICE PRESIDENT, FOA GREATER LA



With nearly 5,000 franchised stores in the U.S. that generate about \$12 billion in annual sales, 7-Eleven is the leader in the convenience store industry. However, the c-store industry is presently in a flux, with competition coming not only from other c-store chains, but also from big box retailers like Wal-mart and Target building small-format stores, value supermarkets like Safeway growing in popularity with cash-strapped consumers, and dollar stores and pharmacy chains expanding their grocery offerings.

Additionally, there are now three trends defining the business: cigarettes are in permanent decline, fresh food on the go is increasing, and our customers are looking for value. In order to remain competitive in this retail environment, our objective should be to give our customers more value, as well as more compelling reasons to visit our stores more often.

We can begin by keeping our stores well stocked 24 hours a day, and by maintaining a clean and inviting shopping environment. Our well-groomed sales associates should welcome our customers with a smile and assist them with their shopping needs. We should offer our customers convenience and fast, friendly service. We should also train our staff to thank our customers and invite them back to our stores when they leave. We must realize that gone are the days when a simple "Hello" and "Thank you" were enough to run a successful business. Today, we must make hospitality a part of our business.

Our loyal customer base is aging, and although we are very grateful for their business, we should begin focusing on the repeat customers in the younger set. To accomplish this, we need to put emphasis on our sales associates first, because they are the face of our business. We need to hire energetic, polite, and self-motivated people, and we should take into consideration our store profile when we hire our staff. Our customers feel more comfortable when our sales associates are knowledgeable and there is no language barrier between them. It's also time to train and coach our sales associates on how to plus-sell to our customers. In my opinion, empowering store staff is key for sales growth. When we empower our staff, they take pride and ownership in our business.

Customers have many different choices before they walk into our stores. It should be our goal to provide them with a superb shopping experience in a clean and well-merchandised store. As fresh and hot foods are growing popular with consumers, we should also concentrate on making our stores a food service destination. Our sanden cases should be well-stocked with fresh sandwiches and appealing fresh fruit snacks for a healthier option. Hot food grills should be appealing to our customers with fresh products served at the right temperature.

We must send a strong message to our customers that the old 7-Eleven standard is changing, and we can fill most of their shopping needs in a clean, friendly environment.

Bits&Pieces...continued from page 30

reported All Headline News. The "green bottle" is made from switch grass, pine bark and corn husks, and will be available next year. • In order to give its residents a break during the current economic slump, the West Virginia Legislature recently approved lowering the state's food tax by one percent effective January 1, 2012, the Charleston Daily Mail reported. • The governor of Colorado signed a law that bans the sale of electronic cigarettes in the state to minors, reported BusinessWeek. The new law characterizes e-cigarettes as a tobacco product. • Jack Link's Beef Jerky will serve as presenting sponsor of the 2011 New Belgium Brewing Urban Assault Ride. Jack Link's brand will be heavily integrated into each of the 10 Urban Assault Ride events across the country. • Health Canada has released larger and more graphic health warnings for cigarette packages as part of draft regulations that would require labels and warnings to be included on the inside and outside of packs, reported the Montreal Gazette. The new images will cover 75 percent of the outside of cigarette packs, and health messages will appear in the inside in full color. • Burger King and its franchisees have agreed to put an end to litigation over the company's right to dictate value menu pricing, reported the Miami Herald. As a condition of settling the litigation, Burger King agreed to a new policy that allows for more input from franchisees in deciding what items will be placed on the value menu and at what pricing. • Walgreen Co. reported a 17.6 percent increase in diluted earnings per share for the second quarter of fiscal 2011. The company also said second quarter sales increased 8.9 percent to a record \$18.5 billion. • Kwik Trip has installed free electric car charging stations at 70 of its locations in Wisconsin, Iowa and Minnesota, report-

continued on page 34

Finding bad apples has never been easier.



Gulfcoast's Loss Prevention Software Suite saves time, saves money, and saves your sanity.

Gulfcoast Storekeeper's™ customizable, flexible and versatile Loss Prevention Suite uncovers cash register fraud and undesirable activity immediately, instead of hours, days or weeks later.

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Member News

CONTINUED FROM PAGE 32

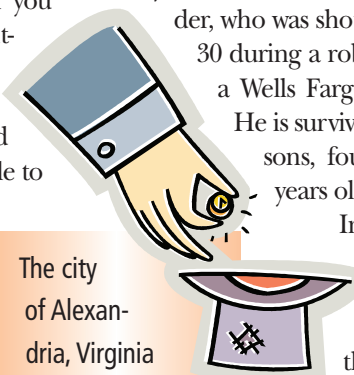
News. The company's Marlboro Leadership Price (MLP) Option also provides incentives to remedy potential margin losses, but many retailers interviewed by the c-store industry publication remained critical of the contract. 7-Eleven franchisees across the country have also voiced opposition to the terms.

"We feel philosophically when a supplier tries to dictate how much you can sell a product for, it's inherently not a good policy," Steve Loehr, vice president of operations support at Kwik Trip, told *CSP Daily News*. "It's not acceptable to us. We're not going to go with the program," he added.

Officials of Philip Morris parent company Altria explained that the MLP option is available to retailers who have level three, four and five contracts with the cigarette manufacturer, and retailers can opt not to sign up for the program. The company further explained that the MLP option was developed to address concerns from consumers affected by the country's economic slump, and it rewards retailers that participate with incentives that include off-invoice pricing, merchandising, off-invoice allowances, special price promotions and product promotions.

VA City Removes 7-Eleven RedBox Machines

Alexandria, Virginia officials recently required the removal of RedBox DVD rental kiosks stationed outside 7-Eleven stores in the city, reported DelRayPatch.com. The city's deputy planning director told the website the machines were operating in violation of existing special use permits, which stipulate that all operations at 7-Eleven stores must take place inside. By running a chord outside to power a RedBox machine, the permits



The city of Alexandria, Virginia forced stores there to remove outdoor RedBox kiosks.

were violated and the kiosks had to be removed.

Donation Fund Created For Family Of Las Vegas Franchisee

The Southern Nevada/Las Vegas FOA has created a donation fund for the family of franchisee Amanpreet Singh Mander, who was shot and killed on March 30 during a robbery attempt outside a Wells Fargo bank in Las Vegas. He is survived by his wife and two sons, four years old and two years old.

In a message to franchisees, Southern Nevada/Las Vegas FOA Jay Singh said that a benevolent account has been set up to help support Mr. Mander's children. FOAs and franchisees interested in making a donation can write a check payable to "The Mander Family Donation Fund," account number 153754823174. Checks can be mailed to:

Mander Family Donation Fund
5544 Grand Rapids St.
N. Las Vegas, NV-89031-8100

PepsiCo Dream Machine Deployed At Prima 7-Elevens

7-Eleven licensee Prima Marketing LLC has partnered with PepsiCo to make Dream Machine recycling kiosks available at all 13 Charleston, West Virginia Prima Marketing 7-Eleven locations, reported *CSP Daily News*. The Dream Machine kiosks are computerized receptacles that include a personal reward system—powered by Greenopolis LLC—that allows consumers to earn points for every bottle or can they recycle in the kiosk. Those points can then be redeemed for local discounts on entertainment, dining and trav-

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Bits&Pieces...continued from page 32

ed 300mpg.org. The 120 volt-chargers provide about four miles of electric 'fuel' for each hour spent charging, but the company said it plans to upgrade to more powerful outlets in the future. • **Online sales of cigarettes have dropped sharply** as a result of a 2005 voluntary federal ban on the use of credit cards to purchase cigarettes online and a **ban on commercial shipping** of online cigarette purchases, reported *U.S. News & World Report*. The bans were implemented to address the widespread nonpayment of cigarette taxes with online purchases. • **Walmart has signed a definitive agreement to acquire Kosmix**, a Mountain View, California-based company that has developed a social media technology platform that filters and organizes content in social networks to connect people with real-time information. • **Wrigley recently launched a first-ever custom-packaging program, called MyExtra**, that allows consumers to create and purchase personalized Extra sugar-free gum packs featuring their **photos and designs**. • Doughnut maker Krispy Kreme has posted its first profitable year since 2004 — net income for the fiscal year ended January 30, 2011 was \$7.6 million, compared to a loss of \$200,000 in fiscal 2010. • **Procter & Gamble is selling its Pringles potato chips business to Diamond Foods Inc** for \$1.5 billion in stock, creating a new snack foods giant and freeing the consumer products company to focus on cosmetics and healthcare products, reported Reuters. • **The number of drive-offs at gasoline stations appears to be increasing nationwide** as the price of fuel continues to climb, reported KARE.com. Some gasoline retailers are experiencing up to three drive-offs a day. • **McDonald's is launching new McSpicy products in India** as part of its plan to **develop innovative products for the Indian marketplace**, reported NACS Online. McDonald's latest India menu

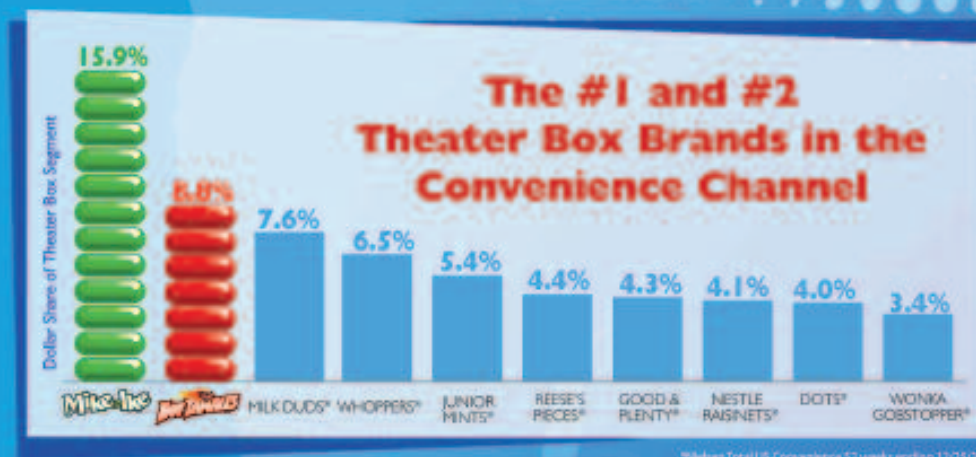
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From the National Office



TAKING BACK THE CIGARETTE CATEGORY

By Bruce Maples, Chairman

National Coalition of Associations of 7-Eleven Franchisees

L

ooking back at the cigarette category, one begins to realize how drastically it has changed over the last 10 years. Besides an eroding unit count and diminishing profit margins, we have lost all control over a category that system-wide represents 23 percent of our sales and a good percentage of our stores' gross profit dollars. Price increases, tax hikes and cigarette contracts that restrict the way we can do business have left our stores at the mercy of the government and a small handful of tobacco companies.

The new Altria contract, also known as the Marlboro Leadership Price Option, goes beyond dictating signing, merchandising and ordering requirements, to now restricting the maximum selling price stores are allowed to charge for a single pack of Marlboro cigarettes. As more tobacco manufacturers adopt this practice, our cigarette business will change. The brands we carry, how and when they are ordered, where they are merchandised, what POP we are required to have in place, and what price we sell them for will all be controlled by a select few cigarette companies.

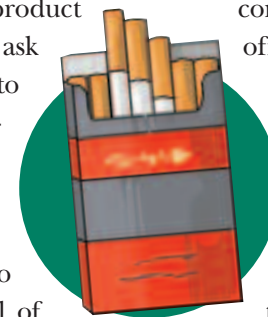
Every other category in the store allows franchisees to merchandise the products our customers want and to control our inventory, product mix, and selling price. We ask all of our vendor partners to participate in Retailer Initiative, to bring innovative merchandising and marketing ideas to our stores, and to tailor programs to our customers' needs—all of which allows us to grow our sales and gross profits.

We need to require the tobacco companies to do the same. We need to focus on category growth and stop giving the tobacco companies complete control over our stores. The cigarette contract requirements we are forced to adhere to limit our ability to provide our customers with the products they want, but at a price that allows us to make appropriate profit for our stores.

In today's economy our customer has become more budget conscious than ever, so it is imperative that we as storeowners have the ability to focus on the growth areas within the cigarette category. Our premium cigarette

units have continued to decline. Value-priced cigarettes have become a bigger part of our business and will continue to grow. Our ability to offer our customers value brands at the right price is critical to stop the downward trend in unit sales.

How important cigarettes are to our stores has been widely debated over the years. How to replace lost cigarette unit sales has been an even more difficult debate. To its credit, SEI for the first time has recognized the problem and is working on a solution. However, the fact remains that six of the top ten market basket purchases include cigarettes, and cigarettes have and always will (for the foreseeable future) play an important role in our stores' profitability. Replacing lost cigarette sales and gross profit dollars will take time and will not be easy. How dependent we are on cigarette income can be compared to our country's dependence on foreign oil. There is much debate on the issue, but no short-term solution. Increased profitability in the center of the store and our fresh foods initiatives are beginning



"The new Altria contract goes beyond dictating signing, merchandising and ordering requirements, to now restricting the maximum selling price stores are allowed to charge."

continued on page 38

BRUCE MAPLES CAN BE REACHED AT
520.577.8711 OR
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to make a difference and can soften our dependence on cigarettes, but not eliminate it.

How we react to the new proposed changes in the cigarette contracts has yet to be completely determined and will take time. What impact on the category these changes will have ultimately will be determined by the customer. What approach we take to regaining control over the category has already started. Franchisees and SEI together have taken a bold and painful first step in the

“The time has come for SEI, franchisees and our cigarette vendor partners to come together and work on a solution that puts the customer first.”

process. How it plays out in the end and what impact it will have on our stores will only be determined over time. As a retailer our goal is to be a destination for the cigarette customer. Letting the cigarette companies decide our product selection and price is true Retailer Initiative. Working together with our vendor partners is the only long-term viable solution.

All stakeholders in this matter have a lot on the line. The time has

come for SEI, franchisees and our cigarette vendor partners to come together and work on a solution that puts the customer first. Each region, market and store needs to take a hard look at what is right for individual stores. Together we need to find a solution that ultimately grows the category. Being in stock with the right products at the right price is only part of the solution for long-term category growth. Our customers have told us loud and clear that what we are doing is not working, so business as usual is not an option. It is time for all stakeholders to sit down together and start listening to our customers. ■

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	12024	CVP 16 oz. Foam Cups	1	10 ct.	\$0.52	\$1.29	57.20%	\$0.74
	12170	Double S Foods Ketchup	1	20 oz.	\$1.39	\$2.99	50.70%	\$1.52
	12172	Double S Squeeze Mustard	1	9 oz.	\$0.97	\$1.99	48.20%	\$0.96
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Business Issues



MANY QUESTIONS ARISE WITH REALIGNMENT PLAN

By Joe Galea, Executive Vice Chairman
National Coalition of Associations of 7-Eleven Franchisees

W

e have recently been notified that 7-Eleven is undergoing a dramatic reorganization—dubbed Project E by the higher-ups at corporate—in order to streamline operations and make the system more efficient. As part of this project, everything will eventually be run out of one central location—the corporate headquarters in Dallas. In a way, it makes a lot of sense to have all business conducted out of our main office. However, franchisees have raised many questions during recent local FOA and National Coalition board meetings about the accounting and merchandising sides of this realignment.

One of the accounting concerns involves licenses, which are renewed annually. The licenses were previously sent to local market offices, then passed on to franchisees. Now the licenses will be sent to Dallas, and franchisees fear they will be responsible for notifying the company when licenses are due. There is a feeling among storeowners that, since SEI headquarters is so far away, there needs to be a policy in place to ensure these licenses are being

processed in a timely manner.

For many years franchisees have recommended to SEI that any mail pertaining to a particular store should be sent directly to that store, and not to the Dallas address to be forwarded to the franchisee later. This could be very stressful for storeowners, especially if they have mail that is time sensitive, like an unemployment claim. There have been times when stores received their unemployment paperwork after the fact and then had the claims denied because the deadline was not met.

“Given all the changes coming with SEI’s reorganization, it is even more important now that market managers take an active role with local FOA groups, as they are going to be our direct link to corporate.”

As the reorganization project begins, now may be a good time to review this process, because I believe, as most franchisees do, that any mail pertaining to an individual store should be sent directly to that store, as ultimately the franchisee is responsible.

Another accounting issue that has franchisees concerned is communication with the Accounting Department, which many believe will suffer. As it currently stands we have to file accounting cases online, and there’s a feeling that with the corporate realign-

ment the communication gap is going to grow even wider and we’re going to be further separated from having actual live conversations with our accounting representatives.



On the merchandising side, the feeling in the franchise community is that consolidating all the buyers in Dallas will limit opportunities for new vendors to approach SEI. It appears only those vendors within the BT and CDC circle, as well as our recommended vendors, will be able to have direct contact with SEI in Dallas. One way to get around this is for FOAs to aggressively reach out to local vendors, invite them to their board meetings, work with them to introduce their items and test them in the FOA member stores, and then send the results to SEI in order to give that vendor an opportunity to become a recommended vendor. This route has proven successful, but it does take some effort.

Merchandising is our key and our backbone, and we have always been very fortunate to have regional vendors that supply us with products we need. This opportunity needs to

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exist, because geographically, every store is not set up the same, and many are out of delivery areas for CDCs.

I have always been adamant that clear and open communication is essential to the success of our business. Given all the changes coming with SEI's reorganization, communication is even more important, now that market managers are taking an active role with local FOA groups. Market Managers are going to be our direct link

to corporate, and our questions and concerns will be voiced to them so they can bring us back answers. My FOA has invited our market manager to board meetings, and it has worked out well. We have been able to talk about our issues, and he has been able to come back to us with answers. I believe this needs to continue with all our FOAs, because without active communication, it's going to be tough for SEI and franchisees to get on the same page moving forward. ■

"I believe—as most franchisees do—that any mail pertaining to an individual store should be sent directly to that store, as ultimately the franchisee is responsible."

Bits&Pieces...continued from page 34

items include the McSpicy Chicken Burger, McSpicy Paneer Burger, McSpicy Chicken Wrap and McSpicy Paneer Wrap. • More stores are offering the option of "paperless receipts" for environmentally conscious consumers who don't mind giving out their e-mail addresses, reported the *Boston Herald*. Major retailers like **Apple, Anthropologie, Urban Outfitters and Nordstrom already give customers the option to go digital**, while the Container Store, Best Buy and Whole Foods are participating in pilot programs. • Minnesota's state House is presently considering a so-called "Cheeseburger Bill," which would give the

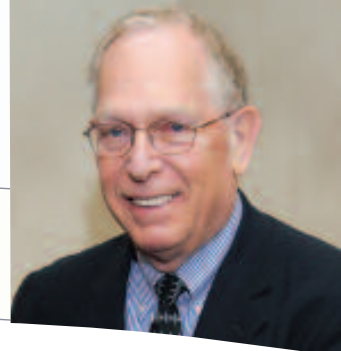
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Legal Issues

INDEPENDENT CONTRACTOR... REALITY OR FANTASY?

By Arnold J. Hauptman, Esq.

National Coalition of Associations of 7-Eleven Franchisees



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arely does a week go by that I do not hear from a franchisee, "Can they do that? I'm an independent contractor!"

Typically the answer is a resounding yes, they can, despite the legal definition of an "independent contractor" and the language in paragraph 2 of your store agreement, which states, in part: "You agree: a) to hold yourself out to the public as an independent contractor; b) to control the manner and means of the operation of your Store; and c) to exercise complete control over and responsibility for all labor relations and the conduct of your agents and employees."

Independent Contractor status has been forever defined as a relationship in which the contractor is hired or contracted to perform a task that can be performed in any manner the contractor deems appropriate. The contractor's obligation is to timely deliver the final product or service without interference by anyone. In our case, the ultimate job is to maximize sales and profits.

So far, so good. But if that is the case, why are you under the heavy

thumb of your franchisor, who directs your every step in the management of your business—from what you buy, who you buy from, to what you sell, and how you maintain your store? As every franchisor, SEI has a simple goal: quality and consistency of products and services that most often trump the right of a franchisee to exercise his or her own discretion in the operation of a franchised business, for better or worse.

The courts of every state have consistently upheld a franchisor's right to promote a uniform method of operating a franchised business because that is the very definition of a franchise.

As stated in paragraph 1 of your store agreement: "You recognize that a uniform presentation of a high quality 7-Eleven image is critical to the customer's perception of the 7-Eleven System, and that you agree to contribute to that perception by operating your store in compliance with this Agreement and the 7-Eleven System."

So what's in it for SEI or any other franchise system that creates, or at least attempts to create, an independent contractor relationship with its

franchisees? Undoubtedly, the purpose is to avoid liability for the acts of its franchisees, while at the same time directly or indirectly playing a major role in every aspect of the franchisee's business.

For SEI, this legal relationship usually works well in a court of law. Generally, if there is a slip and fall in your store or a customer is slugged by one of your clerks, SEI will be named along with the franchisee as a defendant. Invariably, SEI will arrive at the courthouse, armed with what is known by lawyer-types as a motion for summary judgment. This motion asks that the lawsuit be dismissed against SEI because you are an independent contractor and, moreover, SEI has nothing to do with the operation of your business and therefore has no liability to a person injured in your store.

This tactic by SEI generally works well and it is usually released from any liability. But not always. This past June, a customer slipped and fell inside a Queens, New York, 7-Eleven store because Slurpee was allegedly leaking on the floor. There was also a question of a mat placed over a cracked tile, but essentially SEI was sued along with the

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"As every franchisor, SEI has a simple goal: quality and consistency of products and services that most often trump the right of a franchisee to exercise his or her own discretion in the operation of a franchised business."

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franchisee for personal injury, prompting SEI to make the motion declaring the franchisee to be an independent contractor and therefore solely responsible for any monetary damages to the customer.

The motion was denied, an unusual decision. In refusing to dismiss the lawsuit against SEI, the court relied upon that part of paragraph 8, which gives SEI the right, at its option, to remove or replace any of the 7-Eleven equipment which it leases to the franchisee, or add new equipment and to replace certain equipment if damaged. The court went on to cite other contract provisions that precludes the franchisee from adding or discontinuing the use of any store equipment without obtaining written consent,

and which gives SEI the right to enter the store to conduct inspections.

Based upon the above language, the court refused to let SEI off the hook at that phase of the lawsuit and left the question of SEI's liability to be determined by a judge or jury. It held:

"Whether 7-Eleven maintained the right to direct and control the manner and degree to which its franchisees could respond to the Slurpee machines oozing discharge, and the use of the mat which covered the broken floor over which the mat was placed are issues which the trier of the fact must resolve."

"Undoubtedly, the purpose is to avoid liability for the acts of its franchisees, while at the same time directly or indirectly playing a major role in every aspect of the franchisee's business."

How ironic that the very language in the agreement that SEI heavily-handedly uses to threaten material breaches if so much as a small display rack is placed in the store without consent, was used as a kick in its legal derriere in this case.

I call this poetic justice. ■



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¹ Datassentials Market Sizing Study, August 2008
² Datassentials Custom Coffee Study, July 2010

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Gross Profit Dollars And Percentage

Jatinder Singh
VICE CHAIRMAN, NATIONAL COALITION

Gross profit dollars and total gross profit percent (GP%) of merchandise sales play a very significant role from the moment we first franchise a store. The franchise fee, for one, is based on total GP dollars, using different percentages for different brackets of gross profit dollars. The day-to-day operation of the store and product assortment are also based on these two important factors. It is a hard task to maintain a proper balance of product mix based on different levels of GP% for the same type of product manufactured by different companies under different brand names, while also keeping in view what our guests want. An average store has to deal with different categories with different brands and variable gross profit percentages.

Stores in certain parts of the country enjoy a comfortable gross profit margin ranging from 36 to 42 percent, based on their product mix and SRPs versus the variety of products and prices offered by their competitors. 7-Elevens in other parts of the country, however, are not as fortunate to have the same margin due to the merchandising strategy adopted by their competition.

For instance, in my hometown of Henderson, Nevada, just outside of Las Vegas, some stores are lucky if they have 34 percent GP. This is because two main competitors and other small chains have designed their GP strategy on discount pricing and make up their lost GP dollars from gaming revenues, the whole of which they get to keep. 7-Eleven franchisees have to split their gaming revenues with slot route operators and space rent paid

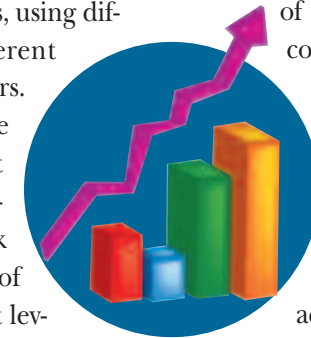
to SEI. And lately, gaming revenues have taken a big hit due to new anti-smoking laws and the bad economy.

GP dollars and percentage have taken a dip of 2 to 4 percent in many parts of the country. I had a chance to talk to many FOA presidents about this, and the reasons for it vary from one part of the country to the other, but one common cause seems to be our cost of goods. Cost of goods is negotiated solely by SEI and franchisees have to accept those terms and conditions. The franchise agreement clearly states in 15 (g) Vendor Requirements:

1. You agree to purchase your inventory and other products and services only from Bona Fide Suppliers. Except for shares in publicly traded companies, you agree not to have or maintain any ownership or voting interest from which your store purchases inventory, unless we otherwise consent in writing.
2. You agree to at all times during the term to purchase at least eighty five percent (85 percent) of your total purchases and, separately, (85 percent) of your cigarette purchases, both computed monthly at cost, from recommended vendors in compliance with the Recommended Vendor Purchase Requirement, which is further defined in Exhibit E.

Section 15 (J) of the agreement is more interesting. Here are a few selective clauses (Our

JATINDER SINGH CAN BE REACHED AT
702-249-3001 CELL OR jksingh2003@yahoo.com



"GP dollars and GP% have dipped 2 to 4 percent in many parts of the country, and the one common cause seems to be our cost of goods."

VICE
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continued on page 49



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Gross Profit Dollars And Percentage continued from page 47

Vendor Negotiating Practices and Treatment of Discounts and Allowances):

1. In negotiating our contracts with recommended vendors and manufacturers (in either case “vendor”) for products and services sold in 7-Eleven stores, we will take the following steps:

(i) We agree to make a commercially reasonable effort to obtain the lowest cost for products and services from such vendor to 7-Eleven stores on a Market basket basis by identifying all available discounts and other opportunities for price adjustments.

(iii) If cooperative advertising allowances are available from the vendor and the vendor advises us that it will not lower the cost of its products and services to 7-Eleven stores in lieu of providing such cooperative advertising allowance, then we will accept and use such cooperative allowances as designated by the vendor.

Practices and procedures to obtain lower cost of goods and allowances are controlled by SEI, as well as national footprint and different schematics to have the proper product mix in

“Even though best practices, new programs, the 85 percent purchase requirement, and proper SRPs are being followed by the majority of franchisees, gross profit dollars and percentage are still declining.”

our stores. Even though all these best practices, new programs, the 85 percent purchase requirement, and proper SRPs are being followed by the majority of franchisees, gross profit dollars and percentage are still declining. This is becoming a serious issue for a significant number of stores across the country.

During the month of February 2011, due to the untimely reporting of proper documents by at least 12 vendors, bill-back allowances were not reflected properly in store financials. This resulted in a steep decrease in gross profit dollars. In my area alone, 100 stores out of 160 went below equity, and they now have to come up with money.

As SEI has sole control over negotiating cost of goods and other related allowances through the majority of our recommended vendors, it becomes their sole responsibility to provide us a proper GP margin and percentage, at least enough to keep stores afloat throughout the year. ■



Tracking Money Order Payments

Roger St. George
VICE CHAIRMAN, NATIONAL COALITION

Almost six months ago, SEI instituted a policy that drastically altered the payment method to vendors and affected every franchise store. This policy came about when the Accounting Department made the strategic decision to reduce its number of employees as a cost cutting measure.

To accomplish this downsizing, franchisees and vendors were notified that SEI would no

longer process invoices. Vendors who desired to continue delivering to 7-Eleven stores had to submit the invoices in an electronic format utilizing Electronic Data Interchange (EDI) or via a third party processor, Transcepta. 7-

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ROGER ST. GEORGE CAN BE REACHED AT
360-500-1248 OR RDSAINT@COMCAST.NET

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Tracking Money Order Payments

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Eleven suppliers who were unwilling, or even unable, to do so could no longer receive payment from SEI. The Accounting Department went so far as to declare suppliers who did not comply would be changed from recommended status to non-recommended status.

Vendors were subsequently told to contact franchisees for payment, and franchisees were given three options to use to pay these “uncooperative” vendors. In essence, storeowners were forced to negotiate their own terms of payment with their suppliers. It seemed SEI had distanced itself from its contractual role of establishing the value of a store’s daily book inventory.

The three payment methods now available to franchisees for their non-

recommended vendors who meet SEI’s new paradigm to receive payment:

- Franchisees can pay them with cash from the daily deposit.
- Franchisees can write their own check and reimburse themselves from the daily deposit.
- Franchisees can print a money order.

All three methods require storeowners to spend more time preparing cash reports in order to properly extend the retail and cost of every single item on an invoice, and enter the information into the In-Store Processor (ISP).

It may come as no surprise that even the best-laid plans often go awry. For instance, there are times when the vendor does not receive—or even loses—the check or

money order, and requires to be paid again. If a check has been issued, the franchisee must follow banking protocol to stop payment on a check, many times resulting in a fee of \$20

“The three payment methods now available to franchisees for non-recommended vendors require storeowners to spend more time preparing cash reports to properly extend the retail and cost of every single item on an invoice, and enter the information into the In Store Processor.”

or more. If the franchisee printed a money order in the store, a \$15 fee is required to stop payment and to receive a replacement money order. Additionally, it usually takes weeks to receive a new money order.

However, there is a little known procedure to trace a money order, stop payment and get a replacement at no cost to the store. Since the franchisee is both the seller and purchaser of the money order, there is an alternative to the standard process our customers must follow.

The first step is to call Western Union at 720-332-4104 and speak with Mona. This is her direct phone number. Tell her that you are re-

questing a “Fraud Watch” be placed of the missing money order. She will need the six-digit agent number printed on the money order, the serial number, and the dollar amount. The franchisee will then be given a case number.

Next, the franchisee must print a replacement money order that can be given to the vendor. This will result in a cash shortage on that day’s cash report.

Third, the franchisee needs to call SEI Accounting Customer Service and speak with the 7-Eleven representative. Explain the issue and give the case number received from Western Union. The franchisee will be told the lost money order will be

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Bits&Pieces...continued from page 42

food industry immunity from lawsuits from people who eat too much unhealthy food and get fat, reported the *Pioneer Press*. • **Japan’s convenience store industry experienced a same-store sales increase of 5.1 percent in January** compared to the prior year, reaching \$7.27 billion US, reported *People’s Daily Online*. Additionally, customer count rose 0.7 percent to top one billion people. • **Dunkin’ Donuts recently announced the opening of its 3,000th restaurant outside the United States.** The location, a new Dunkin’ Donuts restaurant in Shanghai, China, is the company’s 71st restaurant in Greater China. • **Walgreens said it is working with NRG Energy to install high-powered, rapid-charging, electronic-vehicle eVgasm Freedom Stations** at 18 of its pharmacy loca-

continued on page 56

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0 71007 14317 5	0 71007 14246 8	0 71007 54116 2	0 71007 03113 7

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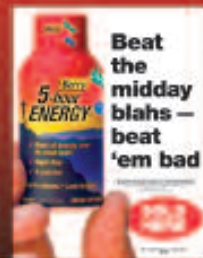


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Tracking Money Order Payments *continued from page 51*

cancelled and its value processed as a cash adjustment for the day the original money order was printed. If the original purchase date was in a previous month, the cash adjustment will be applied to the first day of the current month. This cash correction may be tracked on the ISP via the “Cash Report Corrections”

icon. The adjustment should be completed in three business days. ■

“There is a little known procedure to trace a money order, stop payment and get a replacement at no cost to the store. The first step is to call Western Union...”



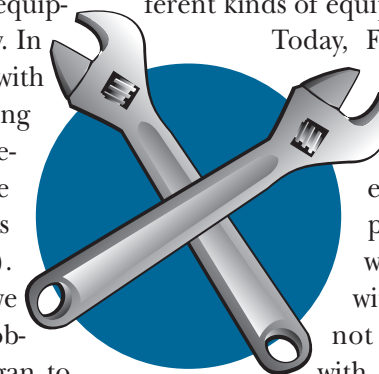
FM Billing Issues

Jivtesh Gill
VICE CHAIRMAN, NATIONAL COALITION

Facilities and maintenance are an important function of our business, because equipment is directly related to sales. We need to have all of our revenue-generating equipment properly running 24 hours a day. In the recent past we’ve had challenges with facilities and maintenance—like keeping the equipment up, lackluster repair response times, and problems with the maintenance contractors (skill levels and procurement of parts, particularly). After the last franchisee survey, when we realized facilities and maintenance problems were a system-wide issue, we began to focus on the fix, and we’ve made some recent strides to improve.

Years ago, the cost of maintenance was not an issue. Competition in our industry was not as intense, the economy was strong and customer counts were higher. In the current business climate, every aspect of running the store is being scrutinized for updating and cost savings. About 18 months or so ago, when SEI decided to have a new national company, Facility Maintenance (FM), handle the upkeep of our stores, response levels went down and franchisees developed a lot of issues with service and procedures. To be fair, even for a national company like FM, there is a large learning

curve at 7-Eleven. Our stores employ a lot of equipment, and perhaps some service technicians were not prepared for all of the different kinds of equipment we use.



Today, FM has come up to speed, and response times—as well as the uptime of our equipment—have improved. Occasionally we still have challenges with the contractors

not having parts with them, but I do believe that FM is working hard to have all commonly needed equipment parts kept in stock. However, maintenance is like a garden that needs constant tending, and lately franchisees have had issues with FM on invoicing, coding of work performed, and the process by which we can get credit for charges in dispute, especially franchisees being billed for maintenance calls as either non-contract or

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“Lately, franchisees have had issues with FM on invoicing, coding of work performed, and the process for getting credits.”

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¹Source: American Wholesaler Marketers Association.
²Top-performing products are determined using the McLane Item and Sales Analyzer (formerly MPulse).
³Max of \$150 per year in Snack MVE incentives.
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FM Billing Issues continued from page 53

nuisance calls.

When an FM technician performs maintenance in a store and the franchisee is not present, store associates busy or otherwise occupied with customers often sign off on invoices without knowledge of what work was done, parts ordered, or the time involved in fixing the equipment. The technician makes notes on the work order, and automatic coding at FM takes over and ends up classifying the work as a nuisance call. The franchisee finds out after the fact that his or her open account has been billed for the call.

“FM has instituted a call checking system that involves four layers of accounting people to review coding and ensure that franchisees are being billed correctly.”

On April 25, National Coalition officers met with SEI and FM managers in Dallas in an effort to talk through these problems. We pointed out that when a maintenance call is placed to FM and it is auto-coded, the human element we used to have is missing, causing a lot of these auto-coded calls to be billed to franchisees. Even if the franchisee disputes the charge and it is reversed, the credit for the invoice may not be credited back to the franchisee’s open account for many months. The storeowner also will

have problems fighting it because the clerk signed off on the job.

The last thing franchisees want to do is take valuable time away from customers and other activities of running a store to retrieve maintenance call credits. It seems like FM has realized the issue and has made a commitment to thoroughly review any invoice that is getting uploaded to franchisee financials. FM officials told us they have instituted a call checking system that involves four layers of people in their accounting department to review the coding and ensure that franchisees are being billed correctly. Since this new procedure has just been implemented, we will monitor the situation carefully to see if it is effective.

We are cautiously optimistic about the future for improving maintenance because franchisees in the past have been promised many things from maintenance that haven’t materialized. We are anxious to see FM deliver on their promises and free franchisees from the frustration of pursuing maintenance charges. We want to focus on selling Slurpees and hotdogs. ■

Join The National Coalition Of Associations Of 7-Eleven Franchisees

The strength of an independent trade association lies in its ability to promote, protect and advance the best interests of its members, something no single member or advisory group can achieve. The independent trade association can create a better understanding between its members and those with whom it deals. Call 520-577-8711 for more information.

Bits&Pieces...continued from page 51

tions across the Dallas/Fort Worth Metroplex. • The Florida Senate has passed a bill that would block municipalities from creating laws **banning toys in fast-food restaurants’ children’s meals**, the *Orlando Sentinel* reported. • The FDA said it will regulate e-cigarettes as tobacco products and not as drug delivery devices, as it initially planned. The agency’s announcement came after the U.S. Court of Appeals for the D.C. Circuit **ruled that e-cigarettes “are not drugs/devices unless they are marketed for therapeutic purposes.”** • **Credit card swipe fees are coming under scrutiny in France.** The country’s Finance Minister has asked lawmakers to look into the fees, and is seeking ways to improve the transparency of those fees, identify when the fees are **unusually high**, and increase competition in an effort to lower the fees, reported the *Wall Street Journal*. • **Pharmacy chain CVS recently introduced its Just the Basics private-label product line**, which offers customers household, baby, groceries and personal care products. • **More than 50 percent of smartphone owners use their phones for help while shopping on-site**, according to a report from Chadwick Martin Bailey and iModerate Research Technologies. • The worldwide **smokeless-tobacco market has been expanding at a rate of about 2-3 percent per year** since 2003 while the cigarette market has been contracting over the same period, according to a report by Hong Kong-based World Street Fundamentals. The report states smoking bans have moved tobacco companies to market smokeless tobacco as an alternative to cigarettes in situations where adult tobacco users cannot, or choose not to, smoke. • **Starbucks plans to open 1,500 stores in China by 2015**, by expanding its store presence to smaller markets outside the major cities, reported *China Daily*. • **Beer sales in convenience stores may be banned in Utah** if a state official gets his way, reported ABC 4 News. A state Department of Alcoholic Beverage Control commissioner has made

continued on page 90



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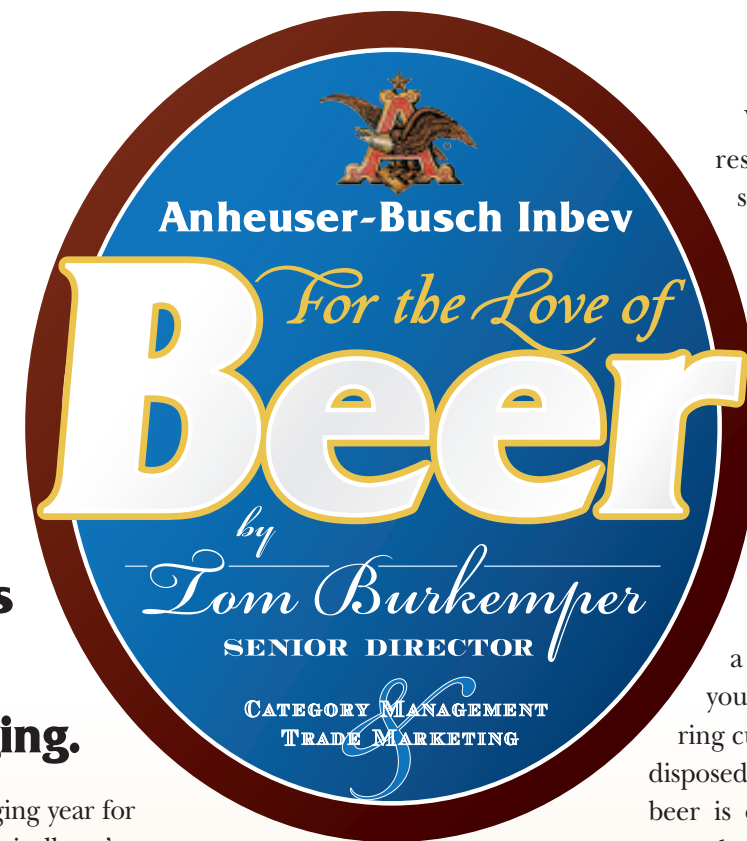
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One of the great things about the beer business is that it is always changing.

While 2010 was a challenging year for the industry as a whole, ironically we're finding the more things change...the more things stay the same. Successful convenience store operators continue to drive profitable sales growth for their businesses by investing in the beer category. The key investments they are making center around the fundamentals: the ability to align assortment, merchandising, and promotional activity to meet the needs of targeted core shoppers.

According to IRI, the beer category on average contributes over 12 percent of total convenience store sales. It's the second largest category in most c-stores and a critical driver of traffic and trans-



actions for the operator. As an example of the beer category's importance, if you separated beer into three major segments (Premium American Lagers, Value Priced Brands, and High End Specialty, Imports, & Crafts), each segment individually would rank as the 4th, 7th, and 11th largest categories in the total store. This is amazing and reinforces the importance a healthy beer category can have on an operator's overall business.

"One study found that cross promotional programs such as co-promoting chips, nuts, or other salty snacks with beer drove 10-20 percent improvements in sales during the promotional period."

While the beer category represents a significant revenue source for c-store operators, it is also a strong driver of basket ring. Recent studies have shown that when beer is in the basket, the average c-store ring is over 33 percent higher than when beer is not in the basket. On top of this, nearly 50 percent of the time ... beer is the "primary" reason a beer shopper chooses to visit a convenience store. So if you're looking to attract higher ring customers who are already pre-disposed to shopping in your channel, beer is one of those categories you may want to use as a driver.

When looking at purchase behavior, one of the interesting dynamics that emerges is that over 70 percent of c-store beer shoppers preplan their pur-

"Recent studies have shown that when beer is in the basket, the average c-store ring is over 33 percent higher."

chases down to both the brand and package size level. For the most part, when they walk into the store, beer shoppers know exactly what they want and exactly where to get it in the cold vault. However, this doesn't mean there isn't an opportunity to influence their purchase decisions in-store. Nearly 30 percent of the time, a beer shopper's purchase behavior can be altered by an in-store stimulus such as hitting a key price point, building a small display,

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and/or persuasive merchandising of complementary product categories. For example, one study found that cross promotional programs such as co-promoting chips, nuts, or other salty snacks with beer drove

10-20 percent improvements in sales during the promotional period. Offers that encourage multiple purchases and/or trade up in brand and/or pack size also produced similar results.

Finally, beer shoppers who shop convenience stores tend to purchase beer either for replenishment, quick refreshment, and/or parties or social occasions. Retailers who align their merchandising and promotional efforts around these occasions tend to have greater success in driving total category sales and appealing to core beer consumer needs.

So what are some the best practices that successful retailers are doing to drive their beer category performance?

Ironically, it all goes back to the fundamentals. First, aligning assortment and space allocations to consumer demand at the store level is key. Each store has unique characteristics and shopper make-up. The ability to opti-

mize and tailor your product offering to each location has proven to be one of the key contributors to successful beer category management.

Category trends tend to ebb and flow, but core items often drive a bulk of total category sales. In fact, in most beer categories about 20 percent of the

“Aligning assortment and space allocations to consumer demand at the store level is key.”

items drive 80 percent of the sales. Given that it costs retailers about \$.08 in electricity per day to cool a case of beer, slow-turning items in the cooler can erode margins quickly for the operator. It is critical that operators balance the need for variety with what sells. An item turning one case per week in the cooler costs operators nearly \$.50 more in margin dollars than one that turns one case a day.

“When confronted with an out-of-stock on their preferred package, about half the time beer shoppers will leave the store and purchase somewhere else.”

In addition, beer consumers are sensitive to out-of-stocks. When confronted with an OOS on their preferred package, about half the time beer shoppers will leave the store and purchase somewhere else. Once this occurs three times, they will often not return to that store. Proper assortment and space allocation across all segments of the beer category is critical for an operator. Analytical tools and approaches that help

to identify items truly incremental to the category (not simply share shift between packages) are helping to provide operators with better insight into the right assortment for their stores. In addition, approaches such as power sets (adding days of supply to only your top selling items) and perpetual planogramming (ongoing adjustments to planograms versus once or twice a year re-sets) are being used more frequently to drive better performance.

When it comes to displays, merchandising, and promotions, operators are seeing improved success with high quality, themed displays and offers that are simple to execute and link closely with today’s tech savvy consumer. These displays, merchandising elements, and promotions focus on creating points of interruption for the consumer through the use of compelling price points, cross merchandising (linking complementary products like salty snacks, ice, food pairings), and integrated technology to capture shopper attention pre-, during and post store experience. Successful operators are building relationships with beer customers...not simply selling them beer.

While new products, unique store formats, and innovative designs are important and tend to receive a lot of attention in the press, investing in beer category fundamentals such as assortment, space, displays, merchandising and promotion can provide the foundation for a great return on investment in this critical category for c-store operators. ■

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How To Remain King Of The Ice: A Look At Frozen Beverage Trends

By Bob Sweeney, Director National Sales, and Libby Goldschmid, Director National Business Systems, Coca-Cola Refreshments



Dive into the icy depths of frozen beverage research and one fact shines as clear as a crystal of ice: 7-Eleven is the preferred consumer destination to purchase these tasty treats.* In an era of channel blurring and heated competition in the convenience retail industry, Slurpee rules. No other business comes close to 7-Eleven's market position.

Since first introducing the concept in 1967, it only seems fair that the popular drink has become an icon closely associated with the company's stores. But in the 44 years since, the emergence and popularity of additional forms of icy drinks—frozen coffees and smoothies, as well as that old standby, milkshakes—has created new competition among this class of beverages. It's time to take a closer look at recent data and trends.

The Coca-Cola Company has done just that. In 2010 we commissioned a propri-

etary study to examine the state of the frozen beverage category. "Coca-Cola Frozen Category Awareness and Usage Convenience Retail Study" was conducted by an independent, third-party research firm and is the source of all information contained in this article.* This is the first time we are sharing results in a customer's publication.

"Frozen beverage incidence in the total convenience retail channel has remained flat since 2006 at 5.2. With its Slurpee brand, 7-Eleven has nearly three times that figure, at 14.6."

Among other topics, the report takes a close look at performance in c-stores. The data provides insights about the frozen beverage consumer for 7-Eleven franchisees to help the company retain category leadership.

Slurpee: A Fine State Of Affairs

Among convenience retail shoppers who purchase frozen carbonated or uncarbonated beverages, the c-store channel dominates the category. For example, 79 percent typically purchase

their frozen beverage in c-stores versus other locations, and the c-store is the preferred place to buy among 61 percent. Two-thirds (64 percent) are "extremely" or "very" satisfied with frozen beverages available in c-stores.

Frozen beverage incidence in the total convenience retail channel has remained flat since 2006 at 5.2. With its Slurpee brand, 7-Eleven has nearly three times that figure, at 14.6. However, incidence has declined slightly from 14.9 five years ago, perhaps due to competition from those aforementioned frozen coffees and smoothies. Yet, the company still reigns supreme compared to other c-stores. Incidence at the nearest competitor is 7.8.

Who Makes The Cash Register Ring?

The consumer profile of those who drink these beverages may surprise some. Please note that survey participants were between the ages of 13 and 79. There is a slight female skew, comprising 54 percent of category consumers. Although the average age is 40, teens and young adults 13-29 are most likely to be heavy purchasers of frozen beverages. Seventy-eight percent of purchasers have completed at least some college, with 64 percent working full- or part-time. Some 69 percent are married or living together, and 74 percent have children under 18 in the household.

Loyal Slurpee sippers are typically thought of as much younger, and that is still true. Millennials, ages 18-29, are core 7-Eleven customers

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WHY CONSUMERS DRINK FROZEN CARBONATED/UNCARBONATED BEVERAGES

86%
want to cool down



80%
want to quench a thirst



78%
want to reward or treat themselves



75%
want to take a break



Source: Coca-Cola Frozen Category Awareness and Usage Convenience Retail, 2010





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and a crucial component of the shopper base. While 15.1 percent of total channel trips were made by this age group, they account for 21.2 percent of total 7-Eleven visits. And, while they comprise 14.6 percent of spend in the total channel, in 7-Eleven stores they are responsible for more than a quarter at 25.1 percent! In addition, millennial shoppers are more committed to the 7-Eleven brand, meaning they are less likely to change preferred retailers in the near term. And finally, more than any other c-store, 7-Eleven's frozen beverage category resonates with the Millennial age group. Keeping this target audience happy is essential to retaining category leadership.

Heavy users make up better than half (52 percent) of category consumers. How often do they buy? Some 8 percent buy daily, 9 percent two to six times a week, 14 percent once a week and 21 percent two to three times a month. These fans are more likely to pair their frozen beverage with food, or even other beverages.

Diving Deep Into The Data

Why do consumers drink Frozen Carbonated/Uncarbonated Beverages? What's their identified need or product benefit?

- 86 percent want to cool down
- 80 percent want to quench a thirst
- 78 percent want to reward or treat themselves
- 75 percent want to take a break

Most users view these beverages as an indulgent treat that they consume with or as a snack, or while they are running errands. Nearly two-thirds of purchases (62 percent) are made between lunch and dinner; another 17 percent make a purchase after dinner or in the evening. The majority of the time (66 percent), they drink their frosty concoction in the car. Other spots include at home (48 percent), at the location where it was purchased (22 percent) and walking around town (16 percent). Interestingly, 41 percent

of the time, the buyer consumes it in the company of a child.

Frozen beverages are often a treat unto themselves. Almost half the time (47 percent) they are consumed with nothing else. When paired with other items, 32 percent consume salty snacks, 30 percent combine them with prepared meals, and 11 percent choose sweet snacks such as cookies, donuts and pastries.

What are the most important attributes of these delightful drinks? The flavor lasts until the very end (83 percent) and the product is refreshing (81 percent). Speaking of flavor, this characteristic is extremely or very important to nearly all (92 percent) consumers. Coca-Cola is viewed as the most-desired, best-tasting flavor. When asked to rank the top three flavors, the following favorites emerged: Coca-Cola, cherry, Coca-Cola Cherry, Mountain Dew, strawberry (particularly among light users), wild cherry, blue raspberry, watermelon, piña colada and unbranded cola. Switching flavors is a practice 33 percent of these drinkers engage in very or fairly often; 41 percent do it occasionally. Some 22 percent of respondents indicated that a greater variety of available flavors would potentially motivate them to consume these beverages more often.

of respondents indicated that a greater variety of available flavors would potentially motivate them to consume these beverages more often.

Opportunity Knocks

Clearly, Slurpee is essential to the 7-Eleven brand and a key item for core shoppers. These findings present some interesting opportunities and The Coca-Cola Company has specific recommendations for franchisees.

- Ensure you have enough barrels dedicated to Slurpee. Eight is the number we suggest, but regardless of the quantity you offer, more is better because variety is important to these consumers.
- When considering what flavors to add, you should know that Coca-Cola brands

capture 78 percent of total Slurpee gallons and the top five items are all from The Coca-Cola Company. Coca-Cola and Fanta Cherry comprise 48.6 percent of total Slurpee volume; Fanta Blue Raspberry, Fanta Piña Colada and Fanta Banana round out the top five.

- To increase average ticket size, consider enhancing the snack occasion by pairing Slurpees with salty snacks.
- Afternoon is "happy hour" for frozen beverages. Promotions to bring consumers to your location versus competitors' could pay off.
- Since 41 percent of shoppers consume these drinks in the presence of a child, consider promotions and combos that pair Slurpees with appropriate selections for adults to purchase for children.
- Consider researching what errands shoppers are running in conjunction with their stop at c-stores. If the store also could address those needs, there is an opportunity to increase sales.

Since introducing frozen beverages almost a half-century ago, 7-Eleven has remained the key player in the market. While there is no imminent danger of skating on thin ice, understanding current trends and capitalizing on existing opportunities positions the company for continued long-term success.

Research Details

*The Coca-Cola Company collected data for the Coca-Cola Frozen Category Awareness and Usage Convenience Retail Study between May and June 2010 via a 35-minute online survey. Some 1,555 convenience retail consumers participated, indicating they had ordered and consumed food or beverages from a c-store in the past week. Of that number, 500 were defined as frozen carbonated/frozen uncarbonated

beverage users, purchasing such an item at least once every two to three months. Others were classified as smoothie, milkshake or frozen coffee beverage drinkers. Where relevant, we also provided insights for this article from the Landmark/Shopper 360 Study. ■

"Although the average age is 40, teens and young adults 13-29 are most likely to be heavy purchasers of frozen beverages."

"Nearly two-thirds of frozen beverage purchases (62 percent) are made between lunch and dinner."

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- Swiss Premium Tea volume grew 8 times more than the category at 72%
- Swiss Premium Tea has no high fructose corn syrup and no preservatives for the homebrewed taste your shopper craves

Source: IRI Grocery All Scan 52 weeks ending 5/16/2010



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What Workplace Employee Injuries Cost You

By John Harp, CSP, ARM

Assistant Vice President Loss Control, Mitsui Sumitomo Insurance Group

Injuries to employees can be a significant cost to your business and to the entire 7-Eleven enterprise. If your store is one of the fortunate ones to have never experienced an employee on-the-job injury, congratulations for successfully managing your risk. However, for those stores where injuries have occurred, you should realize such occurrences are not a necessary element of operating a c-store and can generally be prevented.

Mitsui Sumitomo Insurance Group (MSIG) provides the worker's compensation insurance for almost 3,000 7-Eleven franchised stores throughout the U.S. The 7-Eleven injury experience presented here is based on the stores insured by MSIG. With a broad geographic spread of stores, it is felt the results are representative of the entire franchise network.

Significance

Annually, almost 4,500 employees in the U.S. die from workplace injuries. Another 3.3 million suffer workplace injuries and illness. In the c-store industry over 3,000 suffer injuries, with numerous fatalities each year.

The cost of these injuries is enormous. According to the 2010 Liberty Mutual Workplace Safety Index, the cost of the most disabling workplace injuries amounted to \$53.42 billion in direct worker's compensation costs. Most importantly, these employees and their families suffered pain, disability or

hardship. How does this affect you, the small business owner?

Types of Injuries

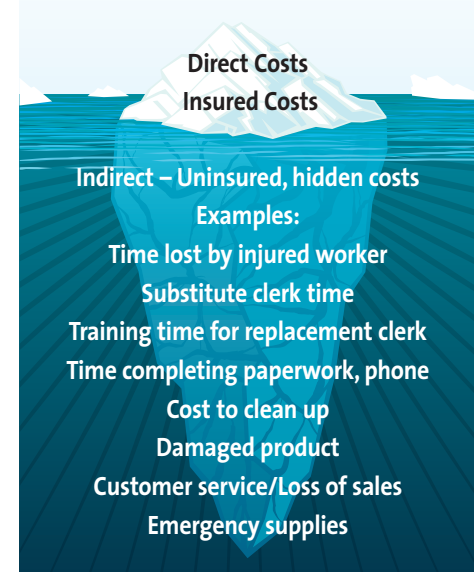
In the c-store industry, the most commonly reported claims are overexertion, cuts, and slip-and-fall-type injuries. The most costly claims involve injuries to the back, usually from overexertion from handling items like bag-in-box or soda. In the chart below we can see the type of injuries and current costs experienced in the 7-Eleven MSIG program from 2005-2009.

Direct Costs of Injuries

Our experience shows that from 2005-2009, the total direct costs for injuries is \$30.8 million. Overexertion-type injuries were the

"In the c-store industry, the most commonly reported claims are overexertion, cuts, and slip-and-fall-type injuries."

most costly at \$9.59 million in current costs. Back injuries average the highest cost at \$20,180 per claim. These direct injury costs go into premium calculations that influence your store and convenience store insurance rates. (The costs are called incurred costs, which equals the paid and reserve amounts



for medical bills, lost wages and possible other costs, such as rehabilitation benefits.)

Indirect Cost of Injuries

Direct costs are just the tip of the iceberg. When an employee is injured on the job there are many other possible costs to your business that are not included in worker's compensation coverage. These indirect costs include such things as lost time seeking medical care, time training a new or substitute employee, time spent reporting the injury, taking phone calls and filing paperwork, damage to product, cost to clean up, and possibly damage to the store's reputation.

Indirect costs can range from 1 to 4 times the direct costs of the injury. Example: a simple laceration with stitches at a typical cost of \$750 with 2 times the indirect costs would equal \$1,875. Considering a profit margin of 3 percent, \$62,500 in sales would be required to cover the costs. Much like an iceberg, the hidden costs can be significant.

Controlling Costs—Prevention

This is the most effective way to control your direct and indirect costs of employee injuries. Prevention entails things like good housekeeping, spill clean up, proper step stools, safe handling of case goods, training, and most importantly, how you as the owner

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Top Three 7-Eleven Incurred Injury Costs 2005-2009

TYPE OF INJURY	NO. OF CLAIMS	COST
OVEREXERTION/STRAIN	670	\$9,592,145
CUTS	527	\$1,979,135
SLIP/FALL	379	\$5,494,510

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Chairman Bruce Maples and Vice Chairmen Jivtesh Gill and Roger St. George during opening comments on day one.

The NCASEF Board convened February 1-2 for an Affiliate Member meeting and February 2-5 for its full Board of Directors meeting. At the Affiliate portion of the meeting over 80 vendor companies and 120 company representatives gathered for updates on franchisee programs and issues, break-out sessions and a special presentation by SEI Senior VP Jesus Delgado Jenkins. The Board meeting included an in-depth presentation and Q&A session with SEI Controller John Ehrie, Senior Dir. Inventory Accounting Anne Bond, and Senior Dir. Revenue Accounting Brian Padgett. The Board talked about many topics at the three-day meeting, including the CMR plan, maintenance, AQIP, narrowing national brands, gas strategy, hot foods, coffee, security, electronic payments, scan audits, magazines, cleanliness, flat fees and the running of the Coalition.

CAL-NEVA FOA Richard Rose, President

2010 was a year full of major events for the Cal-Neva FOA, which includes accomplishing "an advertising first" for any local FOA in the country and becoming a significant helping hand for our community. As we mentioned in the previous President's Report, we had our traditional events in 2010—like the MDA Lasagna Feed at South Lake Tahoe and the Lou Magnotti Golf Classic, which benefits the MDA Camp, Batten's Disease and the Boys and Girls Club of Gardnerville. Last year we also became the first

local FOA to produce its own TV commercial. We are planning to have two different commercials and more advertising this year. Our Market joined in with a radio campaign in December, and has teamed up with us again for a February campaign this year. November was filled with the spirit of giving to the needy of our area. LeAnne DeWeese and Field Consultant Dorothy Loeffler-Weatherman started our effort for the Evelyn Mount Food Drive. Their hard work and that of many volunteers helped feed hundreds. Financially this year, our Market had a 0.12 percent decrease in Merchandise Sales at \$115,359, along

with a loss of GP% of 0.25 at 35.92 percent. These decreases resulted in our Gross Profit Dollars being down 0.80 percent. Couple this with the changes in the credit card fee and gasoline policies, and the franchisees in our area had to work extra hard to make ends meet. The category that showed the most promise was Fresh Food, with a \$29 per sales day increase. Other areas of increase are Grill (up \$8), Coffee (up \$6), and Candy (up \$7). The areas of concern are Alcoholic Beverages (down \$22), Cigarettes (down \$31), and Fountain/Slurpee (down \$12). Gasoline pricing in the Reno-Tahoe Market has been a mystery. Our prices are matched with the

Shells and Chevrons of our area, a fact that the Gasoline Department has agreed is wrong. However, as of today nothing has been done to correct the situation. I do believe there is enough positive progression to make the turn and have a good year. Let's keep working to make this a profitable year!

ROCKY MOUNTAIN FOA

Wayne Mathews, President

Colorado is facing a few challenges this first quarter of 2011: declining T-counts, cigarettes, accounting issues and an inconsistent approach with the RedBox and Blockbuster programs. SEI, in an attempt to address the decline in T-counts, has gone back to the well and increased our two-pack premium cigarette discount, and along with it lowered gross profit in our largest category. Some franchisees have not participated, choosing to protect their GP. A few have split February with two weeks on the old promo and two at the new discount. Franchisees need to evaluate the impact of the discount to their financials. I am not in favor of

associates to do to protect our GP. Accounting issues continue as usual, the most recent being outstanding Bon Appetit invoices dating back 90-120 days. The vendor transmitted DSD invoices and the Trancepta system used for EDI kicked them back. Working with SEI Vice President and Controller John Erhie and NCASEF Chairman Bruce Maples, we will have a one-time exception for these invoices. The vendor submitted a one-time 90-day exception request and we have agreed—since we did receive the product, the vendor will be paid. This means our franchisees will be seeing late invoices hit their merchandise reports. The situation going forward will be if the vendor sub-



Cal-Neva FOA President Rich Rose described the making of the first TV commercial by a local FOA.

SEI VP Jesus Delgado Jenkins described Consolidated Market Rollout, a program to update stores by market, and support them with advertising.

create confusion and frustration with our customers. Given RedBox's attitude, I feel strongly that we should give RedBox the boot and go 100 percent Blockbuster in our state. We need to be united on this issue. Blockbuster provides better commissions, and I hope we can team up with them system wide. Blockbuster would also provide a point of difference from RedBox and would bring our customers back to our stores versus those with RedBox.



Joe Saraceno FOA Vice President Matt Mattu suggested opening discussion on gas commission.

UTAH FOA Zachary Weatherman, President

I feel like I keep repeating myself, but many franchisees in Utah continue to struggle just to make ends meet. For many of us it has been a very hard winter. We are looking forward to spring, when sales generally go up. I do not have any financial information available to me at this time. As an FOA we are doing quite well—our membership is slowly growing and we are building strong relationships with vendors and our community. We will be holding our first golf tournament for MDA on May 14. I would like to thank Stu Wallace for organizing vendor spon-

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sorship and managing the tournament. I would also like to thank Linda Smekens and Lani Roberts for organizing our summer BBQ—it should be the best one yet!

**WASHINGTON, D.C.
FOA**

**Mark Chiochankitmun,
President**

Our former Chesapeake Division has been identified as an area of better opportunities for SEI's Fresh Food and Hot Food Programs. Six Markets, including Washington, D.C., have been selected to be involved in SEI's biggest and most expensive marketing test ever. SEI's Concentrated Market Rollout will include: full AQIP program, Hot Food equipment, thermal coffee equipment replacement on the brand new coffee bar for all stores, and media support will begin July in full tilt through October. It is imperative that our franchisees and their teams are ready in all areas for our "guests" (customers). SEI and franchisees have been working together tirelessly to accomplish our common goal.

Project "E" is one of the concerns we have. It is so new yet so old, some of us who has been in the system as long as I have (over four decades) would know that we have been down this road before. Still, many of us ask: What is Project E? Why and what are we hoping to gain? Why will market

managers and field consultants no longer be involved in franchisee or real estate selection? How will it affect our encroachment concerns?

Washington, D.C. is still dancing around a 7 percent sales increase, with GP well over 40 percent.

BALTIMORE FOA

Linda Haddaway, President

Baltimore represents almost 200 stores between the two markets. We are in the middle of what is called the Concentrated Market Rollout. This will affect about 80 percent of the stores in our area. The stores will be getting different levels of face-lifts. Many stores will only be getting a new coffee bar, while others will have the full gamut of AQIP along with the new coffee bar and hot foods program. We will finally get some of the advertising that we have paid dearly for over the past seven years.

"It is the intent of the National Coalition to consistently emphasize the needs of low-volume stores."
—Bruce Maples, Chairman

Baltimore is still in expansion mode, with 15 new stores and BCPs planned already this year and plans for more growth. I would rather every store be completely remodeled instead of building beautiful new stores

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"We are skeptical about the new Consolidated Market Rollout plan, but we definitely want to give it a chance."

—Matt Mattu, VP, Joe Saraceno FOA

that compete with our older, worn down stores that have band aids.

Sales so far this year are up 3 percent. We still have constant issues with FM charging franchisees bogus non-contract fees that have been impossible to resolve. We recently met with FM and are waiting to see if they hold their promise to fix our concerns. BlueBox will be moving into our area stores since RedBox is not placing any new units in the marketplace.

We are holding our trade show on May 26th at Martins West in Baltimore, together with the Suburban Washington and Washington, D.C. FOAs.

SAN DIEGO FOA

Jim Nunnally, President

In the three San Diego Markets, merchandise sales compared to the prior year are down or flat across the board. There were 31 stores AQIPed

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Simply Orange announced the names of \$1000 winners in its 2010 second half store sweepstakes.



Suburban Washington FOA President Elias Waldu said Consolidated Market Rollout has started in Chesapeake.



National Coalition Counsel Arnie Hauptman spoke about the gas policy in his legal report to the Board.

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- Beef Instant Lunch UIN #536011 / SLIN #210156
- Chicken Instant Lunch UIN #536003 / SLIN #210233
- Ramen Souper 6-Pack UIN #526459 / SLIN #210315
- Teriyaki Beef Yakisoba UIN #713438 / SLIN #210625
- Chicken Yakisoba UIN #713008 / SLIN #210624
- Lime Chili Shrimp IL UIN #471813 / SLIN #210733

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America's Favorite Ramen Noodle Soup!

continued from page 70

in 2010 in all three markets, with none officially scheduled yet for 2011.

RedBox is up and running at 132 store locations, with average commission at \$16.50 per store per day. Five stores are over \$31/day in commission, with the highest store at \$37/day commission. There are 51 Blockbuster kiosks in stores in the Division, with the top 10 locations aver-

and the Item Setup screen allows us to set up an item as a cost of goods item, but the rejection comes back stating that the "system does not support non-retail items as SSI items." This must be changed.

DSD vendor items that are not recommended are creating issues for stores as well. When we bring in a new item from a DSD vendor, it is often-times rejected because Dallas doesn't have that particular UPC item on a list there, so they automatically reject it for setup, even though the local DSD vendor is correct in our system.

More and more, franchisees are being restricted on what we



Southern California FOA President Karam Dhaliwal said BT is still a work in progress.

aging \$330 per store week in rental sales, or \$6.12 per store per day in commissions. Approximately 250 more sites are being evaluated for potential Blockbuster kiosks in 2011.

The Hot Foods program is currently in 42 stores, with no announcements for expansion to the other stores in 2011, as of yet.

The December software download has greatly hindered store operators' ability to stay in stock. Many items are not available as "orderable" through the system now, making it necessary for store operators to call McLane each week to have items added to their orders. No cost of goods items are available to stores now unless they are recommended items. COG items are at McLane,



Central Florida FOA Treasurer Roger Van Sluis described problems with invoices from FM.

are able to bring into our stores through the recommended vendors and the recommended ordering system. It is apparent that the system design will force franchisees to "tire" of always having to remember to call McLane or a DSD vendor to "add" something to their order, and eventually will only have what SEI wants in every store.

The San Diego FOA partnered with the FOA of Greater LA on January 19, 2011, for a joint trade show at

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the Pechanga Casino and Resort in Temecula, California. The event was a great success. Several hundred franchisees from all four Franchise Owners Associations in Southern California were in attendance, and more than 60 vendors were there offering franchisees some great deals to kick off the new year. A golf outing followed the next day for interested golfers at Pechanga's premier course, Journey.

SEI's San Diego office is being dismantled with the recent corporate re-organization, and nearly all staff there should be relocated by mid-June. As for Business Transformation coming to San Diego in the future, no information is being made available at this point, as I'm being told by SEI that results in the "test" markets are still being analyzed.

VIRGINIA FOA
Waqar Sheikh,
President

New Senior Vice President for Marketing and Logistics Jesus Jenkins was in town and explained SEI's new initiative, Concentrated Market Rollout, which is a phenomenon where every store should look the same. So if one store has one system of coffee, the other store should have the same system of coffee, and if one store has the hot food program, the other store should also have the hot food program. In essence, all stores—for the most part—will have the same layout, the same equipment, and carry the same items. This will create consistency throughout our stores and make it easier for our customers to find what they want, regardless of

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SEI VP Jenkins also described Convenience Quick-Serve, a merging of the c-store and quick-serve channels that emphasizes hot and fresh foods.

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CIGAR WRAPS-MELON BURST 1 CARTON-25 TWO PACKS SLIN 321444 - UIN 555102 7 84762 07205 4	CIGAR WRAPS-PEACH FRENZY 1 CARTON-25 TWO PACKS SLIN 321443 - UIN 555201 7 84762 07203 0	CIGAR WRAPS-PURPLE THUNDER 1 CARTON-25 TWO PACKS SLIN 321442 - UIN 555383 7 84762 07200 9	CIGAR WRAPS-STRAWBERRY DASH 1 CARTON-25 TWO PACKS SLIN 321477 - UIN 74120 7 84762 07207 8	CIGAR WRAPS-STRAIGHT UP 1 CARTON-25 TWO PACKS SLIN 321478 - UIN 74633 7 84762 07208 5
CIGAR WRAPS-BLUEBERRY 1 CARTON-25 TWO PACKS SLIN 321446 - UIN 554600 7 84762 07201 6	CIGAR WRAPS-APPLE BLITZ 1 CARTON-25 TWO PACKS SLIN 321447 - UIN 553826 7 84762 07202 3	CIGAR WRAPS-CHERRY RUSH 1 CARTON-25 TWO PACKS SLIN 321445 - UIN 554634 7 84762 07204 7	CIGAR WRAPS-MANGO A-GO-GO 1 CARTON-25 TWO PACKS SLIN 321476 - UIN 74021 7 84762 07206 1	ZIG-ZAG CIGAR BLEND TOBACCO 1 CARTON-6 POUCHES SLIN 320238 - UIN 555631 7 84762 07175 0

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CIGARETTE PAPERS



CIGARETTE PAPERS-WHITE 1 CARTON-24 BOOKLETS SLIN 320643 - UIN 504308 0 08660 00702 5	CIGARETTE PAPERS-ORANGE 1 CARTON-24 BOOKLETS SLIN 320288 - UIN 504902 0 08660 00724 7
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Vice Chairman Jivtesh Gill emphasized the importance of checking the coding on maintenance calls.



Nestle Professional's Susan Davis said that CoffeeMate was derecommended but still available in all areas.



Phoenix FOA President Jerry Sahn spoke about heavy competition from c-store oversaturation in his area.



Living Essentials Dempsy Garrett announced a new rack system for popular 5-Hour Energy.



UFOLI President Tariq Khan reported success in stopping the tobacco license increases in Long Island.



New York Spring Water's Frank Natale presented Vblast, a vitamin-enhanced water that sold extremely well in testing.

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which store they visit. This is just one aspect of the Concentrated Market Rollout.

The other is, as he explained, to attract customers to our stores with great sales and deals and then capitalize on their visit. For instance, in Chesapeake, we are selling cigarettes at the minimum state-allowed price we can sell. That way we can bring the customers in and then they will buy coffee, soda, drinks, phone cards, and other known value items.

As part of Concentrated Market Rollout, SEI is making a huge investment in stores from New York to West Virginia. Each store will be AQIPed and will have hot foods and the same coffee island. This is a great initiative and franchisees are excited, although many are a little concerned that they will lose some gross profit dollars. I can attest, however, that the pricing strategy has worked in my store. We have been offering value priced items for a year, and looking at the numbers, the GP went down but the dollar amount went up. Our gross profit went from 40 to 38, but my gross profit dollar went up. That is the philosophy—to bring more dollars in and offer customers value, and it appears to be working.

Concentrated Market Rollout will also include more advertising. Under the program, the advertising budget in this region will increase 141 percent (I think) from last year. So definitely, I believe we will all benefit from this Concentrated Market Rollout. Already, our stores are starting to look modern with all the upgrades that come as part of the new initiative. Years ago, they looked ancient, old and historic. But now,



Anne Bond, John Ehrie and Brian Padgett from SEI Accounting answered questions regarding new accounting changes.

they look great with the new coffee and hot foods programs. There are also several TVs in the stores show-

“More and more, franchisees are being restricted on what we are able to bring into our stores, even through the recommended vendors.”

“Items not ‘orderable’ through the system make it necessary for franchisees to call McLane each week to have items added to their orders.”

ing headline news and weather, and highlighting our in-store sales. We are the number one leader in the convenience store industry, and we will remain number one if we continue with innovative programs like Concentrated Market Rollout.

Our association is having its third trade show on April 21, 2011. Our guest speaker is 7-Eleven CEO Joe DePinto.

SOUTH FLORIDA FOA Zahid Anwar, President

The acquisition of 183 ExxonMobil locations was finalized in December 2010. Beginning in April, SEI will take over these stations and convert them to 7-Elevens. This deal brings many unknowns and challenges for Florida franchisees, and not enough answers. There are many ExxonMobils located less than half a mile from current 7-Eleven stores, or right across the street.

In an interview on Bloomberg News, Sean Duffy, 7-Eleven's vice president of mergers and acquisitions, said “7-Eleven plans to spend \$250,000 to \$500,000 a store to remodel the Exxon locations in Florida during the next two years” Most will be switched to 7-Eleven signs and interior displays, taking advantage of the company's marketing and distribution for its 610 Florida stores, he said. All will keep selling Mobil gasoline and let customers use the ExxonMobil credit card.

At this time 7-Eleven has no plans to remodel current stores, while the Exxon/Mobil sites will be upgraded. There are no plans to compete against other gas stations with a gasoline strategy either, even if they are primary or secondary competition.

“There's a great opportunity in the industry now that goes with our aggressive approach to mergers and acquisitions,” Duffy said. “We have access to a lot of capital and lending rates are extremely favorable now. Our debt is close to being extinguished.”

What about current franchisees who will have new competition from these upgraded ExxonMobils turned 7-Elevens, while they are struck with an old box with no AQIP in sight? Why are there no plans in place or pro-active approaches before these franchisees get affected? Would this deal bring opportunities or hardship for existing franchisees? Would this deal bring more debt or extinguish the

debt of franchisees? Why are there so many questions from franchisees and not enough answers from 7-Eleven corporate?

PACIFIC NORTHWEST FOA Maninder Walia, President

Merchandise sales for the month ending February 2011 were up by 4.5 percent; net income was down by 7.5 percent. Cigarette unit sales have declined by 10 percent since Washington State increased the excise duty last year. Lack of local advertising is a huge cause of concern for franchisees.

official looks at the store through their own perspective, which is not consistent with SEI guidelines. Numerous stores in our two markets fell below the required 70 percent score, including some corporate stores. Breaches are being issued to franchisees for falling below the expected 70 percent score in CEC inspections, causing more stress.

Our second trade show was held on March 24 at the Embassy Suites, Tukwila. About 60 vendors participated in the event, which was attended by 150 stores. Grand prizes were raffled at the end of the trade show, which included three iPads,

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“ALL franchisees need security systems that are updated to industry standards, not just new stores. SEI must take action now.”

—Jivtesh Gill, Vice Chairman, National Coalition

Unauthorized charges by Facilities Maintenance are on the rise in both markets. Four new stores have been opened in 2011 and have not been franchised yet, as it has become harder for an existing franchisee to qualify for multiple stores based on the new multiple criteria guidelines. Forty new stores are planned in Washington State by the end of 2012.

CEC inspections are still a nuisance for franchisees. Every CEC



San Francisco/Monterey Bay Board Member Ann Sekhon criticized fax machine responses from Accounting.

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three \$500 gift cards, five \$250 gift cards, and more. Our FOA will be hosting our annual Charity Golf Tournament on August 10 at the prestigious Newcastle Golf Club, in Newcastle, Washington.

NEW ENGLAND FOA

Dennis Lane, President

Winter started in New England with the first storm of the season on December 27 and it continued snowing almost weekly up until April 1, with many areas getting almost 80 inches of snow. This was one of the worst winters in the history of New England, where we are often hit with two snowstorms a week. The impact on stores and sales was significant. Franchisees spent hundreds, if not thousands, of dollars removing snow from their parking lots and trying to keep their floors clean. A lot of stores lost power, and delivery delays were not uncommon. Customers in New England who are not normally both-

ered by weather just stopped making all of those extra trips to our stores that we depend on. As we moved into March and early April the weather remained cold and wet. Sales in New England are flat to slightly up, as we struggle to overcome really strong sales from last year's early spring and warm weather. I would like to think that winter is over and that we have had the last snowstorm of the season ... but here in New England, you never know.

DELAWARE VALLEY FOA

M. Al Haffar, President

Sales in Pennsylvania have been negative 3 percent due to inclement weather. The last few weeks the temperatures ranged from 20 to 30 degrees, compared to the much warmer temperatures during the same period last year. We have also had many rainy days.

Our last FOA meeting was very well attended. We hosted five ven-

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"In 2010 we became the first FOA to produce its own TV commercial. We are planning two more for 2011."

—Richard Rose, President, Cal-Neva FOA

dors, who each gave a quick presentation. The two market managers who cover our area were also present. A very productive discussion took place emphasizing the importance of trust building with the franchise community for a better relationship going forward.

Maintenance complaints are still high when it comes to fixing our Slurpee machines. Lighting has improved after switching to Sylvania.

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Pacific Northwest FOA President Maninder Walia said unauthorized charges by FM were on the rise in both local markets.



Central Valley FOA Vice President Sukhi Sandhu praised departing Division Vice President Larry Hughes.



Columbia Pacific FOA President Bill Huffman said a review of cleaning processes helped area franchisees.



San Diego President Jim Nunnally said franchisees must respond to changes being made as a result of BT.



Delaware Valley FOA President Al Hafar said trust is a big issue for franchisees in dealing with corporate.



UFOLI Vice President Phil Castaldo said store growth in Long Island is both an opportunity and a problem.

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Store building conditions can still be improved. The plastic bag tax was defeated in Philadelphia. There are some talks about a soda tax increase. Franchisees applaud the company's decision not to participate in Philip Morris' new promotion program.

SOUTHERN CALIFORNIA FOA

Karam Dhaliwal, President

Last year was a difficult one for us in this Division, except for February and November, when sales were up. Southwest Division sales were down by 1.8 percent for the entire year and margin was down 38.43 percent, 32 basis points from the year before. Franchisee net income before G&A was down 0.3 percent through December 2010 over year-to-date December 2009.

Thirty-six new stores were opened—21 traditional franchise stores and 15 BCP stores. Due to the location of some BCP stores to existing stores, the sales of the existing stores were affected by the new BCP store openings.

Business Transformation remains a "work in progress." At the last BT accounting meeting, SEI declared that the stores already in BT had a 10 percent increase in their income. The franchisees involved in the program that I have talked to say their labor costs have increased and they

Store employees may have a 2 percent payroll tax deduction in 2011 because payroll taxes have gone down.

are not making any money. SEI has decided not to compare the income of BT stores to Control stores in the Division.

Audits are of great concern to us. In our Division we asked the previous audit company to monitor the audits in our stores. They checked the tapes while the audits were conducted and



New England FOA President Dennis Lane described the status of the Swipe Fee Reform Bill now in Congress.

corrected any mistakes before submitting to Accounting. The report shows that from July to December 2010 the total of mistakes discovered and corrected before transmitting to SEI Accounting amounted to \$276,664.19, an average of \$2,538.20. In the BT stores, scan audits have been implemented. Franchisees are upset because in this format the auditors do not provide a printout for every three-foot section.

Franchisees are concerned about the new structuring of SEI and feel that communication will be lost with several departments in the future, since many departments will now work out of Dallas.

SAN FRANCISCO/MONTEREY BAY FOA

Joe Galea, President

The San Francisco/Monterey Bay FOA had its annual planning meeting in January in Scotts Valley. The Board met for two days and outlined

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our agenda, our events, our plans, and our goals for 2011.

We have our trade show scheduled for June 11, 2011 at the Marriott Hotel in Santa Clara. It should be the largest trade show in the history of our association. Our charity golf tournament is on July 11, 2011. The name of the tournament has been changed to the Dick Newmark Charity Golf Classic. We are also planning a day at Great America



Vice Chairman Jay Singh spoke about a GP dip of 2-4 percent in several parts of the country.

"Franchisees desire an updated security system for all stores, but not the big-brother system that watches everything we do."

Amusement Park. The date has not been determined.

Sales were relatively flat in our area. We've had an unusual amount of rain, which has hampered our sales. I think the market was slightly up, but the amount of rain we received has really affected our sales. During the planning meeting we talked about the organizational change within the company, and

continued on page 80

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PRESIDENTS' REPORTS

“Board members questioned how NBLC members who don't attend local FOA or National Coalition meetings can represent franchisees.”



General Mills' Randy Ayers announced a new franchisee contest and multiple new cereal products.



Central Florida FOA Vice President Fari Ishani reported solid growth in both Florida FOAs.



Kellogg's Mark Gramlich presented the SEI/Vendor/Coalition cause-equity program to benefit Hire Heroes USA.



FOA Chicago President Joe Rossi said a tiered rebate program would encourage franchisees to buy from the CDC.

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there is some concern about the efficiency and how it will filter down to the store level.

Our association is going to take a more pro-active approach to local legislative laws that are being proposed. We are seeing a lot more tobacco and cigarette restrictions being adopted and proposed.

We have a new market manager in Market 2367 who has been attending the majority of our meetings, and the communication and feedback regarding our issues is being accomplished in a timely and efficient manner. It's a great asset for both sides to be able to discuss our common concerns and grow our business.

7-ELEVEN FOAC

Joe Rossi, President

FOAC members came together to kill the proposed \$1 a pack cigarette tax hike. It was incredible to see our franchisees pull together, jump to action, and call the state senators. We have also worked diligently on credit card reform, and we are keeping the pressure on our officials to not repeal all that we have accomplished.

The FOAC Committee Chairs have been extremely busy trying to fix such problems as gas commissions, and are doing everything possible to get this number to a point where stores are not losing money on each and every gallon of gas. It is also their objective to make sure that 7-Eleven gas prices are equally competitive as their gas station counterparts.

One of my goals as we move forward is to have the FOAC join forces with other top retailers—including McDonald's, Subway and Dunkin' Donuts—to tackle government affairs issues as a group. Along this same vein, I have reached out to management and other 7-Eleven FOAs in the Great Lakes Division in

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hopes of working together, so we can concentrate as a collective team to build our sales and create more income for all franchisees.

Our FOAC is excited for our upcoming annual Charity Golf Outing on Wednesday, August 24th. This year's golf outing will be held at the Gleneagles Country Club and we are anticipating another record year. Our FOAC is a proud sponsor of Children's Memorial Hospital and Gift of Hope: Organ and Tissue Network. I personally extend an invitation to anyone who would like to join us for a round of golf, lunch and dinner on a hot, sunny Chicago day. For further details, you may visit our website at www.7-eleven-foac.com.

COLUMBIA PACIFIC FOA

Bill Huffman, President

The first quarter of 2011 has produced sales increases of about 1 percent for Oregon. A 10-cent minimum wage hike, increasing credit/debit card fees, and a winter that was even soggier than normal for the northwest made it difficult for franchisees to operate their stores with positive financial results.

Billbacks for fountain and Slurpee syrups were not paid in January and February for the stores that purchased syrup from local Pepsi distributors. Charge-backs of Maintenance items continue. The good news is if stores contest the billbacks, they are usually reversed. Magazine sales have slowed enough that many stores are removing the magazine rack and only carrying the titles that sell from the sales counter. Reaction

continued on page 82

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New Image Global, Inc offers the best quality in products when it comes to Cigar Wraps and Cigarillos.

For over a decade, New Image Global, Inc, has continually been the leading company in cigar wraps with stay fresh packaging to last longer (freshness), offer tantalizing flavors (variety), and on-going quality control (customer focused).

(for a detailed description of these products look in this issue's "Vendor Focus")



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Ballers Choice Cigarillos

7-11 SLIN# 320836
MCL UIN# 277012
Wet Mango BC 2pk Cigarillos



7-11 SLIN# 320790
MCL UIN# 276915
KUSH BC 2pk Cigarillos



7-11 SLIN# 320761
MCL UIN# 276477
Blu Magic BC 2pk Cigarillos



EZ Roll Flav-R-Less

7-11 SLIN# 321185
MCL UIN# 353789
Flav-R-Less EZ Roll Single



2XXL Cigar Wraps

7-11 SLIN# 321197
MCL UIN# 376178
Purple Grape 2XXL Cigar Wrap



7-11 SLIN# 321198
MCL UIN# 376285
Krush 2XXL Cigar Wrap



7-11 SLIN# 320222
MCL UIN# 376186
Wet Mango 2XXL Cigar Wrap



MCL UIN# 563205
Naked 2XXL Cigar Wrap



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to the consolidation of 7-Eleven support staff to Dallas has been strong among franchisees. Many franchisees question how "Central Planning" from Dallas and "Retailer Initiative" will work once all buyers are in Dallas.

On a positive note, most everyone likes the new backroom scanners. Merchandise reports are much more current with the scanners. As I write this report, the Marlboro price promotion has just begun. It is my hope that this attempt by Philip Morris to control and regulate cigarette pricing fails. If it does not, all franchisees will be in for some very difficult times.

CENTRAL VALLEY FOA

Sukhi Sandhu, Vice President

While ending the first quarter with less than stellar numbers, we have jumped into Spring much stronger—starting off the second quarter with double digit sales increases. Margin continues to hold strong, even in this tough economic environment. Weather was definitely not our friend in the first quarter, but even with the rainy and cold days and lower T-counts, it helps to be ready by focusing on in-stock opportunities, suggestive selling and focus items.

We continue to focus on fresh Foods, de-cluttering/cleanliness, and guest service. These were some of the topics covered during our local USE this year. It's always nice to see old friends, share ideas, and hear about new trends. One powerful take

away at our USE was the Power of One—or getting our guests to pick up one more item than they intended to purchase, thus increasing our bottom line. They also talked how 1 degree in temperature can make a difference between just hot water and boiling water that can power a locomotive with the steam. Another big focus at our USE was treating our guests RIGHT, specifically when it comes to greeting, appearance, suggestive selling, and inviting back. We all have our strengths and weaknesses when it comes to these points, but if we don't step up our game our



Swedish Match's Aaron Choate told franchisees that OTP is the number one growth sales driver.



Chairman Bruce Maples questioned how putting ordering and pricing in the hands of employees would not cause problems.

One major change on the sales floor was moving the energy shots into the first position of HABA. This energy shot trend seems to be taking over the nutritional bar craze of the past, and is supplementing our lucrative energy drink sales.

Spring/Summer brings a lot of exciting promotions inside of the store. We encourage all franchisees

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to take advantage of the fully funded items or first-fill-free items. The vault seems to be buzzing with "2 for" and "3 for" deals that our guests are loving. Also, in fresh foods we are pulsing in different focus items at .99 cents or bundling items together that make for an easy sell to our guests.

There are big changes coming from Dallas as several departments are being re-located to headquarters and Divisions are being re-aligned to Zones. Our beloved NorthPac Division led by Larry Hughes will now turn into the Northern Cal/Reno Zone headed by Norm Hower. While we are excited to work with Norm, we are grateful for the brief opportunity we had to work with

Larry and wish him the best of luck as he stays in the Oregon/Washington Zone. We know there will be bumps along this road of change, but we hope that it is for the betterment of the system. At the end of the day what matters most is getting our guests what they want, when they want it, and as much as they want of it! Happy selling!

SUBURBAN WASHINGTON FOA

Elias Woldu, President

The Chesapeake Division is in high gear to launch the Concentrated Market Rollout (CMR) in four markets: 2541, 2543, 2544 and 2546. In January the Division held Town Hall meetings—hosted by Jesus Delgado-Jenkins, SVP Merchandising

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STRAWKIWI	24	9
ACAI BERRY	22	8
CITRUS/ORANGE	13	8
GREENTEA	12	7

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FOA of Greater Los Angeles Vice President Kevin Nijjar said to wait for the BT financial update to find out if BT is viable.



Diageo Guinness presented the new Jeremiah Weed Malt Beverage available in three flavors.

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and Logistics, and Bill Engen, VP Chesapeake Division—in each market to introduce the plan, which includes a merchandising strategy, installation plans (AQIP), training, and marketing support.

In these sessions, we learned that stores in those markets will have the same look, the new coffee bar, the hot foods program, and a clean and friendly environment. As part of the marketing strategy, SEI will introduce Known Value Items (KVIs), that is, discounting a few value items to attract new and current customers more often to our stores. Following the town hall meetings, SEI conducted market strategy training sessions in each market to assist in-store team preparation.

According to SEI, in the summer of 2011, those four markets will roll

John Ehrie told board members that accounting will only process credits and overages for up to 90 days.

out the new image, as well as the new coffee and hot foods programs. Most importantly, the company intends to inform the public at large about our new and better 7-Elevens with full-fledged advertising in the local mass media. Hooray! This is an action that we waited forever to occur.

For so long, franchisees have asked SEI to revamp our stores in order to lift the image, and to advertise our goods and services to attract new customers. We take this move very positively, as it will expand our customer base and grow our business. ■

Workplace Injuries...

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emphasize the safety and well being of your employees and customers.

No one wants to think their employee could strain their back from lifting a bag-in-a-box, fall off a milk crate used as a step stool, or be injured from a robbery attempt, but these can and do happen. We must learn from the accidents and work harder on prevention.

Despite our best efforts, an injury can occur. In this case, controlling costs involves reporting the injury to your insurance carrier within 24 hours and working closely with the claims adjuster to maintain good communication.

There are many tools and resources to help you maintain a high level of safety in your store. We'll talk about these and other cost control techniques in an upcoming article. Lastly, consider the risk control expertise from your insurance carrier, broker and SEI Loss Prevention to help you prevent injuries and accidents. ■

MITSUI LOSS CONTROL MANAGER
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Member News



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el by visiting www.greenopolis.com. Additionally, the more bottles and cans people recycle in Dream Machines, the more support PepsiCo provides to the Entrepreneurship Bootcamp for Veterans with Disabilities (EBV), a national program of offering free, experiential training in entrepreneurship and small business management to post-9/11 U.S. veterans with disabilities.

Victory Petroleum Acquires 47 Florida 7-Eleven Mobil Locations

Miami-based Victory Petroleum Inc. recently signed a definitive purchase agreement to acquire from SEI the real-estate interests in 38 Mobil-branded gas stations and distribution rights to nine dealer-owned sites, reported *CSP Daily News*. All the stores are located in Broward and Palm Beach counties in Florida. Victory Petroleum will retain the Mobil brand at the stations purchased.

Maryland Raises Alcohol Sales Tax

Maryland lawmakers recently voted to increase the sales tax on alcohol 3 percent, to 9 percent, beginning July 1, the *Washington Post* reported. The alcohol tax increase is expected to raise an estimated \$85 million a year, with about \$47 million going to school construction in the first year and \$15 million set aside to help the developmentally disabled. Governor Martin O'Malley said he would sign it.

States Consider Lowering Cigarette Taxes

New Hampshire, New Jersey and Rhode Island are going against the national trend of hiking cigarette taxes and

are considering lowering them, instead, reported the Associated Press. The states hope that by reducing their cigarette taxes they will attract smokers from other states and increase revenue. The New Hampshire state House recently passed a bill that would cut the tax rate 10 cents to \$1.68 per pack, while Rhode Island introduced a bill that would cut its tax by \$1, to \$2.46 per pack. New Jersey last year considered reducing its cigarette tax 30 cents, to \$2.40 per pack, but has not followed through on it. A University of Illinois at Chicago economics professor told the newswire service that it is very unusual for states to lower their cigarette tax, since the increase in sales is not enough to offset the drop in state tax revenue.

Colorado Beer Bill Defeated

The Colorado House defeated an attempt to let the state's grocery stores and convenience stores sell full-strength beer, reported the *Durango Herald*. Although House Bill 1284 failed by a wide margin, it was the furthest any bill to allow food stores to sell beer has made it in the Legislature in four years of trying. However, a similar bill is still alive in the Senate—Senate Bill 194 would let convenience stores, but not grocery stores, sell beer. It is scheduled to be heard on the Senate floor.

New York C-Stores Win Tobacco Fee Rollback Battle

After more than two years of court battles, New York convenience store operators have managed to defeat an astronomical tobacco registration fee hike enacted in 2009, reported NACS Online.

In the new state budget recently adopted by Governor Cuomo and the state Legislature, the fee has been rolled back to \$300 per store per year.

The tobacco registration fee was initially raised from \$100 per store per year to either \$1,000, \$2,500 or \$5,000 (depending on total gross sales) in an effort by public health advocates to force 40 percent of the state's tobacco retailers out of the tobacco trade. But the New York Association of Convenience Stores (NYACS) and three other retail associations—including the 7-Eleven United Franchise Owners of Long Island—filed a legal challenge, obtaining a court order temporarily freezing the fee

at \$100 pending a final decision. With so much at stake, NYACS and its allies then decided to pursue legislative action rolling back the fee rather than risk losing the case.

Walmart Banks On Smaller Stores

Walmart is planning to add hundreds of small stores to its chain after previously forecasting a conservative launch of just 30 to 40 such outlets, reported the *Wall Street Journal*. The company's new small stores, to be called Walmart Express, will have a 15,000-square-foot format—a fraction of the size of the company's Supercenters. The mini Walmarts will begin to open in the second quarter of this year in urban and rural locations, including some near the company's headquarters in Bentonville, Arkansas. The company plans to test different mixes of products in the initial stores as it fine-tunes the new convenience-style formula. ■

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SEI News

7-Eleven's Worldwide Store Count Passes 40,000

Some 40,871 7-Eleven stores are operating around the world as of the end of March 2011, an increase of 2,865 net stores over March 2010, according to data released by SEI. The confirmed store number data also shows that 7-Eleven opened 803 net new stores worldwide in the first quarter of 2011.

As revealed by the data, the total number of North American stores stands at 8,454 as of the end of March, broken down as follows:

7-Eleven, Inc.—Franchise and Corporate	5,906
7-Eleven, Inc.—Canada	465
7-Eleven, Inc.—White Hen	7
7-Eleven, Inc.—BCP Stores	258
7-Eleven, Inc.—Sub Total	6,636
Licensed—U.S.	578
Licensed—Mexico JV	1,240

Internationally licensed 7-Eleven stores total 32,417. Japan has the most at 13,233, Thailand is second with 5,962 stores, and Taiwan comes in third with 4,753. The rest of the list includes:

South Korea	3,404
China	1,714
Malaysia	1,235
Philippines	577
Singapore	550
Australia	441
Sweden	186
Norway	172
Denmark	163
Indonesia	27

In a released statement commemorating the milestone number of stores, SEI said approximately 10 to 11 full-

and part-time store associates are employed by each store in the U.S. and overseas, infusing dollars into the local economy. In total, more than 30,000 new jobs and business opportunities are created each year as a result. 7-Eleven has 500,000 store associates around the world and global sales of \$62.7 billion. This contribution to local economies has been recognized through numerous awards and honors given to 7-Eleven for the positive impact on the communities served.

SEI Chooses Lend Lease's Multi-Site Business For Store Growth

7-Eleven, Inc. has chosen Lend Lease's Multi-Site Group to be its construction service provider of their new construction portfolio across the United States and Canada. SEI plans to add at least 500 stores in the U.S. and Canada this year through traditional growth (individual store leases-purchases), business conversions and acquisitions. The Multi-Site Group's three-year agreement with SEI calls for the company to immediately assume responsibility for service delivery for 7-Eleven's new-store construction, which is spread across the U.S. and Canada. SEI said its outsourcing agreement with Lend Lease provides several benefits, including an increased pipeline to achieve annual store-development targets, end-to-end process improvements, streamlined methods and geographic flexibility.

Illinois Tollway Oases Converted To 7-Elevens

Conversion of 7 Chicago-area Illinois Tollway oases fuel stations from Exxon Mobil's On the Run to the 7-Eleven brand were completed in April, according to Tollway officials. The conversion required that the fuel stations and c-stores be closed briefly to allow for system integration and the verification of 7-Eleven's new software infrastructure. Fuel stations have retained the Mobil gasoline brand, allowing customers to continue to purchase Mobil-brand fuel and use the ExxonMobil credit card at the gas pumps and inside the stores. In addition, the convenience stores now offer consumers 7-Eleven's signature products, such as Slurpee and Big Gulp beverages, fresh foods, self-serve coffee and a wide variety of cold drinks, along with standard convenience store items.



"7-Eleven's world-wide store count reached 40,871 as of March 31, 2011."

DDN Signs ABC Regional Sports For 7-Eleven TV

Digital Display Networks, Inc., creator and operator of the fast-growing 7-Eleven TV, has signed ABC Regional Sports and Entertainment Sales as the exclusive advertising sales representative for the digital out-of-home network expected to reach 200 million shoppers monthly by June 2012. The agreement,

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Source: IRI, Total US Convenience Store 52 weeks ending December 26, 2010

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SEI News

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effective immediately, covers a wide array of advertising opportunities available as 7-Eleven TV expands its current 24/7 operations in 1,100 convenience stores to more than 6,200 locations next year. At scale, 7-Eleven TV will become one of the largest digital out-of-home television networks in the United States.

7-Eleven TV programming is customized for demographics, locations and day parts, with content that includes national and local weather, plus news and entertainment. Up to 20 ads run hourly, in 7-to-15 second formats, promoting in-store and out-of-store brands. Each store features two strategically placed LCD HDTV monitors and directional audio to attract customers to the network.

"7-Eleven TV will become one of the largest digital out-of-home TV networks in the U.S."

Thor Thunders Into 7-Eleven

7-Eleven stores recently kicked off the Slurpee high season with a special promotion tied to the upcoming Marvel Studios movie, Thor. Running throughout the month of April, the Thor in-store promotion featured 10 different collectible cups created by 7-Eleven for its Slurpee and Big Gulp beverages, including two limited edition molded plastic mugs featuring Thor and the Destroyer, one of the villains in the movie. Exclusive spoon-straws featuring four movie characters—Thor, Destroyer, Loki and Sif—in action-figure form were also created for the promotion, selling for a suggested retail price of \$1.99 each. The

special Slurpee flavor developed for the occasion was aptly named Blue Lightning Blast, a thunderous blend of raspberry and tangerine flavors made by Dr Pepper. Thor marks the eighth time in as many years that 7-Eleven has partnered with Marvel on a movie featuring one of their larger-than-life Super Heroes.

A Year After 'Undercover Boss'

SEI president and CEO Joe DePinto never imagined his participation in a pilot for a new reality TV show a year ago would have such a huge impact on him and 7-Eleven. In an interview with the *Dallas Morning News* recently, DePinto said one of the effects of his going undercover for the show is that he is still trying to figure out how to get more unused food into the hands of the needy. Additionally, SEI has created a program that identifies people who are ready for advancement and pinpoints the ones who need extra training, and there is now a greater emphasis on maintaining and servicing the stores—a big issue for franchisees.

Catching up with the employees who trained Joe DePinto on "Undercover Boss":

- Igor Finkler, the overnight deliveryman in North Texas who emigrated from Kazakhstan with only \$50 in his pocket, has his own 7-Eleven.
- Dolores Bisagni, coffee queen of the 7-Eleven in Shirley, N.Y., is recuperating from a kidney transplant.
- Waqas Nabi, who threw out the doughnuts in New York, was promoted to a guest/customer experience consultant



Bits&Pieces...continued from page 56

it clear that he is **against the sale of beer at gas stations and c-stores because he believes it encourages drinking and driving.** The report states that the official has been actively working to get the ban passed. • Seventy percent of U.S. diners say they want **more information about the sourcing and nutritional value of their meals when dining out,** with nearly two-thirds (64 percent) agreeing they would choose healthier meals if more information was provided, according to Unilever Food Solutions' new World Menu Report, "What's in Your Food?" ■

for 7-Eleven in Florida.

- Phil Shearin, who did his best to train DePinto at 7-Eleven's Bakery Express Mid-Atlantic, is selling some of his artwork commercially, thanks to DePinto's encouragement.

SEI Names New VP

SEI has named Scott McCombs vice president of merchandising operations. His new responsibilities include strategic pricing, vendor cost-of-goods management, space planning and optimization, as well as operations, logistics and merchandise intelligence. McCombs joined 7-Eleven in 1996 as a Senior Financial Analyst, advancing into the roles of Manager of Budgeting and Forecasting, Retail Operations Manager, Manager of Strategy and Efficiency, Director of Merchandise Planning, Senior Director of Pricing, Merchandise Intelligence and Consumer Research and Senior Director of Analytics. ■

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Navajo Item #	UPC Number	Description	Total Qty	UPC	Suggested Retail
24536	02491-24536-0	Hottips LED key chain	2	[Barcode]	\$ 1.99
24544	02491-24544-5	Hottips Lazer Key Chain	2	[Barcode]	\$ 1.99
24321	02491-24321-2	Hottips 150 Watt Power Inverter	2	[Barcode]	\$ 19.99
24506	02491-24506-3	Hottips Twin Socket	2	[Barcode]	\$ 9.99
24503	02491-24503-2	Hottips AC/DC Adaptor	2	[Barcode]	\$ 9.99
24600	02491-24600-5	Hottips 4GB Micro SD card (3pc Universal Fit)	2	[Barcode]	\$ 12.99
24539	02491-24539-1	Hottips 4GB Flash Drive	2	[Barcode]	\$ 12.99
24576	02491-24577-6	Hottips Solar Battery (1200 mAh)	2	[Barcode]	\$ 19.99
24577	02491-24577-3	Hottips Solar Battery (600 mAh)	2	[Barcode]	\$ 15.99
24535	02491-24535-3	Hottips 3 LED Push Light	2	[Barcode]	\$ 4.99
24538	02491-24538-4	Hottips 9 LED Flash Light	2	[Barcode]	\$ 5.99
24545	02491-24545-2	Hottips High Quality Earbud w/Mic	2	[Barcode]	\$ 9.99
24546	02491-24546-9	Hottips HQ Earbud w/ Interchangeable Shell	2	[Barcode]	\$ 9.99
24547	02491-24547-6	Hottips Over the Ear Head Phone	2	[Barcode]	\$ 12.99
24405	02491-24405-9	Hottips Bluetooth Headset	2	[Barcode]	\$ 19.99
DATE:		STORE OPERATOR:	55% GP		
MARKET #		ADDRESS:			
STORE #		CITY/STATE/ZIP:			

VBLAST! READY TO TAKE 7-ELEVEN BY STORM

VBlas! Vitamins & Spring Water by New York Springs has tested well in 9 Virginia 7-Eleven stores, which are averaging sales of two cases per day! Unlike other vitamin enhanced water, VBlas! Vitamins & Spring Water is sugar free and has no calories, no carbs, and no caffeine. What makes the newly recommended VBlas! truly unique is the vitamins, botanicals, and other beneficial ingredients placed into a special reservoir in the patented cap. When a customer decides to drink VBlas!, they twist the cap to activate the benefits of 100 percent potent vitamins. By storing the liquid concentrated solu-

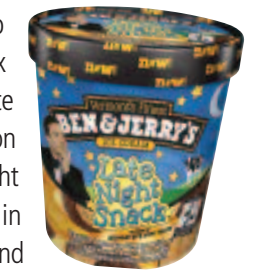


7-Eleven test stores in Virginia are selling two cases of VBlas! a day.

tion in the cap, it remains fresh much longer than when it is diluted in water (up to a year). Available May 2, in Strawberry Kiwi, Wild Berry, Orange, Grape, Pomegranate-Cherry, Peach Tea, and Acai & Berry, VBlas! also uses pure spring water bottled at the source in upstate New York.

BEN & JERRY'S ANNOUNCES JIMMY FALLON-INSPIRED FLAVOR

Ice cream company Ben & Jerry's has teamed with NBCUniversal Television Consumer Products Group and "Late Night with Jimmy Fallon" to introduce the new flavor entitled "Late Night Snack." The unique new flavor features a rich vanilla bean ice cream with a salty caramel swirl and crunchy fudge-covered potato chip clusters—the perfect mix of salty and sweet for a late night snack. The concoction was inspired by a "Late Night with Jimmy Fallon" skit in which Fallon and house band The Roots performed an original song, "Ladysmith Snack Mambazo," about Ben & Jerry's ice cream.



Ben & Jerry's teamed with Jimmy Fallon for a new Late Night Snack.

INTERNATIONAL DELIGHT COFFEEHOUSE INSPIRATIONS PC CREAMER

The #1 creamer brand in 7-Eleven now comes in a new shelf-stable half & half portion control cup. International Delight CoffeeHouse Inspirations is a real dairy half & half creamer that provides an upscale option for the coffee bar guest. This new half & half will replace the current Land O Lakes half & half with a FOD of May 9. Availability will be through both the CDC (SLIN: 230240) and McLane (SLIN: 230239).



New CoffeeHouse Inspirations half & half creamer.

Coffee bar consumers report that creamer is critically important, second only to the coffee itself. In a poll, 72 percent of consumers rated the "ability to customize" most appealing. Also, the portion control delivery option is preferred 2 to 1 over other methods, as it is viewed most sanitary. Additionally, 78 percent of consumers preferred unflavored creamers and nearly 50 percent of those insist on real dairy.

International Delight CoffeeHouse Inspirations half & half is shelf stable and requires no refrigeration or ice. This benefit meets important consumer safety needs and addresses local health department requirements. With 88 percent brand awareness nationally, International Delight CoffeeHouse Inspirations will help attract new coffee consumers.

DETOUR LAUNCHES LEAN MUSCLE HIGH PROTEIN SHAKE

Nutrition bar company Forward Foods, LLC, the maker of the award-winning Detour bar, recently announced the addition of the Detour Lean Muscle high protein shake to its existing line of Detour protein bars. With 32 grams of high quality protein, the Detour Lean Muscle shake is designed to help athletes build and maintain lean muscle. Detour's Lean Muscle shake is fortified with 26 vitamins and minerals.



Detour Lean Muscle shakes in Milk Chocolate and Vanilla Bean flavors.

New products and services for 7-Eleven Franchisees

VENDOR FOCUS

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mins and minerals and provides 1,000 mg of healthy Omega 3s per serving. The Detour Lean Muscle high protein shake will launch in two flavors, Milk Chocolate and Vanilla Bean. Each shake contains 260 calories and is lactose free.

PEEPS EXPLORES A NEW CHOCOLATE FRONTIER

Peeps are going where no Peeps have gone before to offer fans an unsurpassed chocolate experience. Mixed with, or dipped in, rich milk or dark chocolate, new Peeps Peepsters and Peeps Chocolate Dipped Chicks are sure to be a big hit with customers.

Peeps Peepsters offer a high quality chocolate experience with layers of quality milk or dark chocolate enveloping a marshmallow-flavored crème center. Individually wrapped to create a unique and delicious bite-sized indulgence, Peepsters are available in 11 oz. bags of milk or dark chocolate.



Peeps Peepsters and Peeps Chocolate Dipped Chicks capitalize on the popularity of the Peeps brand.

Peeps Chocolate Dipped Chicks give a wonderful new look and taste to the iconic yellow chick that has been around for over 56 years. Just Born has taken the beloved and classic Peeps Chick shape, taste and texture and dipped it in creamy milk chocolate or rich dark

chocolate. Peeps Chocolate Dipped Chicks will allow fans to connect with their past while experiencing the newest Peeps treat. Each package contains three Peeps Chocolate Dipped Chicks.

SNACK CLUB'S NEW CHEDDAR SNACK MIX AND POG OPTIONS

Snak Club is offering a new product and two new POG options designed to increase snack sales.

The company's latest introduction to the "Dry Salty Mix" category is Cheddar Snack Mix. This item will be available in 6-pack open stock cases, but only the display shipper will have an intro promotional allowance, which runs from May 1 to June 30, 2011. Cheddar Snack Mix will be line-priced the same as all the other Snak Club Best Value item offerings, and will be available via McLane. These bags are not pre-priced.



Snak Club has new Cheddar Snack Mix and two POG options.



Snak Club's two new POG options will create incremental sales and GP for your store! The POGs occupy minimum space under the front checkout stand slat wall, and could maximize profit dollars. Snak Club's bags are only 4.5 inches wide, uniform in size, and all top sellers! POG

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PIT BULL ENERGY BARS LAUNCH IN FLORIDA 7-ELEVEN STORES

Energy Lane, Inc. recently announced that its Pit Bull Energy Bar will launch in Florida exclusively in 7-Eleven stores (available in the Florida 7 Eleven MIP May of 2011). Pit Bull Energy Bar provides 4 to 8 hours of energy compared to 2 cups of coffee, energy drinks and energy shots. What sets this bar apart from the everyday energy product is that it is also a meal replacement and consumers will not experience a crash. Available in Double Mocha Crisp and Pomegranate Raspberry, Pit Bull Energy



Pit Bull Energy Bar will be available in Florida exclusively to 7-Eleven stores.

Bar is the only bar on the market with caffeine, ginseng, guarana, taurine, protein, fiber and vitamins in a modest 2oz/56g size.

As part of the launch, Energy Lane is offering one free sleeve to franchisees on their initial order. The product launch will be supported by an extensive advertising campaign throughout the Florida region featuring billboards, bus posters, in-store ads, radio ads and promotions—all tagged with the 7 Eleven logo so customers will be directed to purchase at their local 7 Eleven for \$1.99, the exclusive MSRP for 7-Eleven Florida.

INCREASING YOUR BOTTOM LINE.

NOW WITH 8.5% ALC/VOL



THE COMPLETE PACKAGE!



GRAPE MANGO CHERRY LIME GREEN APPLE RAZ LEMONADE



23.5OZ CANS!
12.0%
ALC/VOL

CONTACT YOUR REPRESENTATIVE TODAY TO JOOSE UP PROFITS
1.855.JOOSE-UP
(566-7387)

WWW.DRINKJOOSE.COM

VENDOR FOCUS

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Option #1 contains 11 items—Salted Pistachios, Salted Cashews, Raw Almonds, Salted Mix Nuts, Energizer Trail Mix, Tropical Trail Mix, Yogurt Nut Mix, Fancy Trail Mix, Toffee Peanuts, Hot & Spicy Peanuts, and Oriental Mix. POG Option #2 has 14 items—Salted Pistachios, Salted Cashews, Unsalted Cashews, Raw Almonds, Salted Mix Nuts, Energizer Trail Mix, Tropical Trail Mix, Yogurt Nut Mix, Fancy Trail Mix, Cajon Savory Mix, Toffee Peanuts, Hot & Spicy Peanuts, French Burnt Peanuts, and Oriental Mix.

All items can be ordered through McLane. For more information, please call Snak Club National Marketing Director David Paganucci at 916-804-8500.

INTRODUCING A 'TANGY TWIST' FROM WELCH'S FRUIT SNACKS

The makers of Welch's Fruit Snacks are adding a new twist to their lineup of Fruit Snacks varieties with the launch of Tangy Fruits. Available through McLane, Welch's Tangy Fruits Fruit Snacks offer a combination of deliciously tangy, burst-in-your-mouth flavors—

Smokey Mountain announced that SEI has reduced the cost of its Snuff Classic and Wintergreen flavors to \$2.99 per can every day! Additionally, Smokey Mountain is offering \$0.50-per buy-down promotions later this summer and fall. Look for promotion announcements in Avanti, and e-mail blasts thru FOAs and SEI. The company further announced that its national spokesperson and NFL Hall of Famer Randy White will be attending the National Coalition convention and trade show in Las Vegas in July!

Tangerine, Lemon, Pink Grapefruit, Cran-Grape, Cherry and Green Apple (SRP \$2.99 for 10-count box). Like all Welch's Fruit Snacks, new Tangy Fruits is made with real fruit and fruit juices, contains 100 percent of your daily value of Vitamin C, and 25 percent of Vitamins A and E. All Welch's Fruit Snacks are fat free, gluten-free and contain no preservatives. Welch's Fruit Snacks are produced, marketed and distributed by The Promotion In Motion Companies, Inc., a leading manufacturer and marketer of fruit snacks, confections and other quality foods for 30 years. For more information visit www.welchfruitsnacks.com.



Burst in your mouth Welch's Tangy Fruits Fruit Snacks.

HIGH GROSS PROFIT ON SALADO SALES SUMMER PRODUCTS

Salado Sales is now offering high-quality summer products that deliver up to 55 percent gross profit margins and will keep your customers coming back for more: **Charcoal, Lighter Fluid, Condiments and Dips, Foam, Paper and Plastic Plates, Plastic Forks and Spoons, Plastic Cups, Plastic Bowls, Beef Jerky.**

Salado Sales, a subsidiary of McLane, researches, develops and distributes quality control label products to retailers. The cost to you is low, so you can offer attractive prices to your customers while keeping gross margins and penny profits high. To learn more, visit www.saladosales.com.



Salado Sales Summer products generate up to 55 percent gross profit margins.

MARUCHAN UNVEILS RAMEN SOUPER 6-PACK

Maruchan has made it easy to stock one of the most commonly purchased U.S. grocery items with the development of the Ramen Souper 6-Pack. Packaged in a convenient container, it's the perfect "grab and go" item for both families and individuals. Maruchan Chicken Flavor Ramen noodle soup typically ranks



Versatile and popular Maruchan Ramen Souper 6-Pack.

continued on page 98

NEW JEREMIAH WEED

OPEN A CAN OF WEED

NOW AVAILABLE IN 23.5-OZ CANS AND 12-OZ 6-PACKS

Mr. Jeremiah Weed, the legendary Southern Gentleman, has proudly built on his bourbon liqueur heritage to create a line of male-credible, ready-to-serve malt beverages that brings new consumers to the category.

INTRODUCING Jeremiah Weed® Premium Malt Beverages. Not too sweet. Not too carbonated. Perfectly refreshing tasting, with a SOUTHERN BITE DONE RIGHT. Available in Lightning Lemonade®, Spiked Cola™ and Roadhouse Tea™ flavors. These Premium Malt Beverages are available wherever beer is sold.

Contact Dave Castle at 714-414-2527 for more information!

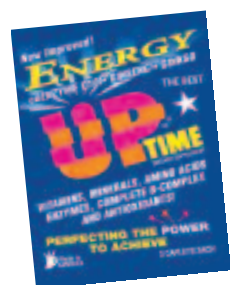
PLEASE ENJOY JEREMIAH WEED PREMIUM MALT BEVERAGE RESPONSIBLY.

JEREMIAH WEED Premium Flavored Malt Beverage. ©2011 The Jeremiah Weed Company, Norwalk, CT.

VENDOR FOCUS

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in the top 20 of most commonly sold grocery items in America, regardless of seasonality, and Maruchan is America's top selling ramen noodle soup brand. All Maruchan Ramen, Instant Lunch cups, and Yakisoba products are made in the U.S.A. with the finest of ingredients. Maruchan Chicken Flavor Ramen is also a very versatile product that can be a delicious meal in itself or a tasty ingredient for a world of delicious recipes. Available through McLane. For more information on the 6-Pack program, contact Aria Bishop at (512) 437-4826 or visit www.maruchan.com.



Energize your customers and your profits with Uptime.

BOOST YOUR SALES WITH UPTIME

Uptime Energy Pills are the leading energy pills in America, and have been #1 with consumers for over 18 years. With gas prices soaring and consumers watching how they spend their money, Uptime Energy Pills offer the best price for the same long-lasting energy found in any 2-oz. shot—and are also nutritional. Uptime Energy Pills can be merchandised in a convenient counter display or pegged in your HBA set. SRP is \$1.49.

KRETEK'S NEW LAGUNAS PREMIUM CIGARETTES



New Lagunas premium imported cigarettes by Djarum.

Kretek International, Inc. has announced the U.S. launch of Lagunas brand premium imported cigarettes by Djarum. The Lagunas blend was developed by an international team from Djarum and Kretek over a two-year period. Lagunas' taste is characterized by a truly unique combination of tobaccos from the U.S., Brazil, Indonesia, Turkey, and

FREEDOM SMOKELESS E-CIGARETTES

Freedom Smokeless—a U.S.-based manufacturer of premium brand electronic cigarettes—has introduced its Elite series rechargeable starter kits with new attractive packaging the size of a pack of cigarettes. This product was designed specifically for the convenience store industry with a suggested retail price of only \$24.99. It carries a full 6-month factory warranty and is available in tobacco and menthol flavors. Refill



Freedom Smokeless Elite series rechargeable starter kits were designed specifically for the c-store industry.

cartridge packs, the recurring revenue stream for the retailer, are priced at \$9.99 per pack and

each is equal to approximately 4 packs of traditional tobacco cigarettes. Freedom Smokeless also provides Health and Safety Code compliant high quality acrylic locking display cabinets, overhead signs, and window posters as promotional collateral for each new store installation.

Freedom Smokeless' line of e-cigarettes and cartridge products are made in the USA. For further information, contact Glenn Kassel or Brad Milinski at Freedom Smokeless 800-918-5271 or email at info@freedomsmokeless.com.



Greece, blended for smoothness, enriched taste, and unique accents and characteristics. Lagunas is available in two styles—Smooth Select and Menthol Select—and comes in a wide European style 20-stick flip-top box with double bundled sections of 10-sticks each, and 10 boxes per carton. The new brand is priced at a slight premium to major brand cigarettes, but slightly below specialty brands.

Lagunas premium cigarettes comply with all LIP/FSC regulations in applicable states, with proper FSC markings on packs, cartons, and cases. The FTC has reviewed the brand and has given its approval for the Surgeon General Warnings (SGW) rotation plan. Required FDA ingredient submissions for new or modified products

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A full line of trash bags exclusively designed for 7-Eleven Franchisees

Clear color bags

Large 2 ft COFFEE BAR liner Bags per roll: 225



SLIN: 530340
UIN: 482620



42x34, 40-gal

Black color bags

KING KAN "Square" outside Bags per roll: 100

SLIN: 530471
UIN: 482331

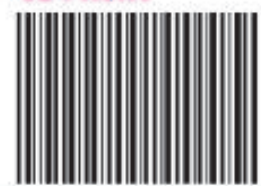


50.5x46, 50-gal



Small 1 ft BEVERAGE BAR liner Bags per roll: 300

SLIN: 530207
UIN: 482414



32x34, 30-gal



65-gallon can Bags per roll: 75

SLIN: 530173
UIN: 048231



52x49, 65-gal

COFFEE BAR & ROUND OUTSIDE Bags per roll: 110

SLIN: 530072
UIN: 018853



30x46, 32-gal



ROUND OUTSIDE Bags per roll: 125

SLIN: 530044
UIN: 482380



37x46, 44-gal



CASH REGISTER & RESTROOM AREA Bags per roll: 225

SLIN: 530472
UIN: 482497



32x46, 32-gal



Custom designed for the Franchisee



1.800.373.9410
www.lonestarplastics.com

VENDOR FOCUS

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have also been made. For more information on Lagunas premium cigarettes, call your Phillips & King representative or 1-800-53-cigar.

IN ZONE BRANDS WOWS WITH NEW PRODUCT PACKAGING

In Zone Brands—makers of BellyWashers, TummyTickler, and TummyTickler Tots children's beverages—recently unveiled new product packaging that is sure to “wow” customers.

One new packaging feature is a transition of the TummyTickler brand from an 8 oz. bottle to a 6 oz. bottle. As recommended by the American Academy of Pediatrics (AAP), the serving size will better serve the beverage needs of preschool children, ages 3-5. In addition, the TummyTickler package shape now matches



New packaging for BellyWashers, TummyTickler, and TummyTickler Tots children's beverages.

that of the contoured BellyWashers and Tummy Tickler Tots bottles, which is a perfect grip shape and size for children's small hands.

Bottle graphics of the three brands have also been revised to clearly identify and communicate brand product attributes—healthy 100 percent juice, flavor identification, no spill, and in the case of TummyTickler Tots, 40 percent less sugar. These changes instantly speak to mom, letting her know that she is choosing a healthy beverage, with the fun and flavor her kids love. All products are available in singles and multi-packs.



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JACK LINK'S NEW SASQUATCH BIG STEAK

Jack Link's Beef Jerky recently extended its popular Sasquatch Big Snacks line with the new Sasquatch Big Steak. At over 16 inches in length, the Sasquatch Big Steak is 20 percent larger than the next largest beef steak product on the market. An excellent source of protein, the portable Sasquatch Big Steak is available in two flavors—Angry (original) and Zen (teriyaki). Steaks are currently the third largest segment within the meat snacks category. Jack Link's Sasquatch Big Steak was developed to meet consumer needs for a portable, convenient jerky high in protein and more substantial than most other salty snacks. Each bold- and brightly-colored package includes an image of the elusive Sasquatch, star of Jack Link's now iconic Messin' With Sasquatch advertising campaign.

Jack Link's has also expanded its existing line of Sasquatch Big Sticks to include “Furious,” a new, hot and spicy-flavored stick that, at 18.25 inches in length, also

towers over the competition. A flavorful new option, hot and spicy profiles are the best-selling flavor in the sticks segment of the meat snack category. Launched in 2010, Sasquatch Big Sticks are available in Angry (original) and Happy (mild).

Jack Link's currently offers retailers a variety of display options, including a 12-count caddy, a 24-count countertop mug display in the shape of Sasquatch's oversized fist, a 48-count countertop display unit and an award-winning 38-count Sasquatch floor display. Sasquatch Big Sticks are also available in a 24-count caddy, 48-count caddy penny tray in the shape of Sasquatch's foot and an award-winning 72-count Sasquatch floor display.

Sasquatch Big Steaks retail for \$2.99 per 2.4-ounce steak (SRP). Sasquatch Big Sticks retail for \$2.49 per 2.2-ounce stick (SRP). For more on the entire Jack Link's product line, visit JackLinks.com.



Buy 2 sleeves of any Borden 2oz variety, get a free sleeve of Borden String Cheese!



Program runs May 1-30, 2011

Promotion available Off Invoice through McLane only

VENDOR FOCUS

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P&G STEPS UP ITS C-STORE OFFERINGS

Procter & Gamble has introduced new three new products for the c-store channel designed to lift your health and beauty category sales.

Head & Shoulders 6.8 oz—Head & Shoulders is the #2 brand in shampoo and the leading anti-dandruff shampoo. Get your fair share of the hair category by stocking this new convenience size in both SKUs: Head & Shoulders Classic Clean (UPC 3700051439) and Head & Shoulders 2N1 Smooth &

Silky (UPC 3700051440). Unit cost for each SKU is \$2.20, and SRP is \$3.99. Head & Shoulders 6.8 oz will return a higher penny profit than lower priced competitive brands. First Ship Date is May 09, 2011.



Pepto Bismol Cherry Chewable Tablets 30 count—Another on-the-go option in a great cherry flavor for those who find it difficult to swallow pills. Pepto-Bismol chewable tablets with cherry flavor relieve heartburn, indigestion, upset stomach, nausea, and diarrhea.

Pepto has an 18.7 share of the stomach remedy category, and Pepto Bismol is 7-Eleven's #1 antacid. SRP is \$5.29.

Tampax Plastic Pearl Regular Unscented 20 count—Tampax enjoys a 48.6 share of the feminine care category, and Tampax Pearl is the #1 item within this category. SRP is \$6.99.



FRESH TO GO PIZZA STICK 2/\$1 DEAL

Heat up your fresh food sales with Nestle Professional's new Fresh To Go Pizza Stick 2 for \$1 value deal! With a 53 percent margin, this offer will get customers into your store. Pizza Stick is available in Pepperoni and Cheese—the no.1 flavor—and is customized for portability to satisfy a wide range of consumers. It also has easy heating instructions for microwaves, and is a great meal at a value



Fresh To Go Pizza Stick 2/\$1 value opportunity.

price that encourages 2-for purchases. Order through McLane today and attract customers looking for a value meal!

SKINNY COW INTRODUCES CHOCOLATE CANDIES

Skinny Cow moves to the candy aisle with the introduction of two new chocolate candies—Dreamy Clusters and Heavenly Crisp. Consumers, especially women, love Skinny Cow ice cream products, and their sales are through the roof. Skinny Cow loyalists chose chocolate



Skinny Cow Dreamy Clusters and Heavenly Crisp hit the candy aisle in May.

candy as a top brand extension opportunity. Dreamy Clusters and Heavenly Crisp outperformed 80 percent of chocolate initiatives tested by BASES on key metrics including overall liking, repurchase intent, and performance versus expectations. Available in 72-count side kicks (SLIN—142657), Dreamy Clusters and Heavenly Crisp have a cost of \$35.28 and SRP of \$78.48, generating GP\$ of \$43.20, Net GP% of 55 percent.

COCA-COLA HEATS UP SUMMER WITH NEW FANTA SLURPEE FLAVOR

Coca-Cola recently introduced Fanta Lime Vanilla Cream Sorbet as the Fanta flavor behind Summertime Lime. Slurpee rules among frozen beverages, and Coca-Cola flavors are the most desired, so drive sales and margins on the number one fruit flavored beverage, Fanta. Deliver high consumption incidence with a powerful teen recruitment brand that has high appeal to Hispanics (21 percent of the Fanta Orange incidence; number one preference). Order today through McLane (UIN 556290, SLIN 130662)! ■



Coca-Cola's Fanta Lime Vanilla Cream Sorbet.

Introducing **DETOUR LEAN MUSCLE**, the new taste in protein

READY FOR BETTER?



First we revolutionized the taste of protein in a bar. Now we've done the same in a shake. And it's the only ready-to-drink protein shake that combines Omega-3's with essential vitamins and minerals. Detour—Better nutrition, better taste.

Available in Vanilla Bean or Milk Chocolate. 14 fl. oz. bottles.

Follow us:
www.detourbar.com/LeanMuscle
www.facebook.com/DetourBars
www.twitter.com/DetourBar



Vanilla Bean UIN# 399279
 Milk Chocolate UIN# 399220

Franchise Owner's Association Events

Franchisees and vendors are invited to participate in FOA activities.

San Diego FOA Charity Golf Tournament

(Location and exact date to be announced)
May 2011
Phone: 619-291-1809

7-Eleven FOAC 2011 Trade Show

Odeum Expo Center
Villa Park, Illinois
May 4, 2011
Phone: 312-501-4337

So. Nevada/Las Vegas FOA Trade Show

Sierra Gold Tavern
Las Vegas, Nevada
May 12, 2011
Phone: 702-769-2301

Greater Bay FOA Annual Trade Show

Embassy Suites Seaside
Monterey, California
May 14, 2011
Phone: 510-589-2575

FOA Of Greater Los Angeles 14th Annual Golf Tournament

Monarch Beach Golf Club
Dana Point, California
May 18, 2011
Phone: 951-766-7490

TriState FOSE Association Trade Show

Martins West
Baltimore, Maryland
May 26, 2011
Phone: 301-572-6811

Arizona FOA 20th Annual Golf Tournament

Ritz Carlton at Dove Mountain
Marana, Arizona
June 10, 2011
Phones: 520-906-8691
602-703-0711

San Francisco/Monterey Bay FOA The Guardian Trade Show

Santa Clara Marriott
Santa Clara, California
June 11, 2011
Phone: 510-657-0672

Greater Bay FOA Charity Golf Tournament

Hiddenbrooke Golf Club
Vallejo, California
June 13, 2011
Phone: 510-589-2575

Metro New Jersey FOA Summer Picnic

Merrill Park, New Jersey
June 25, 2011
Phone: 732-500-8194

Metro New Jersey FOA Golf Outing

Colts Neck Golf Club
Colts Neck, New Jersey
June 30, 2011
Phone: 732-500-8194

San Francisco/Monterey Bay FOA Charity Golf Tournament

(Location to be announced)
July 11, 2011
Phone: 650-906-7936

Columbia Pacific FOA John Wilkerson Memorial Golf Tournament

McNary Country Club
Keiser, Oregon
August 5, 2011
Phone: 541-290-0331

Pacific Northwest FOA Charity Golf Tournament

The Club At Newcastle
Newcastle, Washington
August 10, 2011
Phone: 253-861-6737

7-Eleven FOAC Charity Golf Outing

Gleneagles Country Club
Lemont, Illinois
August 24, 2011
Phone: 312-501-4337

TriState FOSE Association Charity Golf Tournament

(Location to be announced)
September 14, 2011
Phone: 301-572-6811

So. Nevada/Las Vegas FOA 12th Annual Golf Tournament

Sierra Gold Tavern
Las Vegas, Nevada
September 23, 2011
Phone: 702-769-2301

Greater Hampton Roads FOA Trade Show

(Location to be announced)
October 13, 2011
Phone 757-870-6709

Metro New Jersey FOA Trade Show

Borgota Hotel and Casino
Atlantic City, New Jersey
October 20, 2011
Phone: 732-500-8194

7-Eleven FOAC Holiday Trade Show & Party

Holiday Inn Skokie
Skokie, Illinois
November 10, 2011
Phone: 312-501-4337

So. Nevada/Las Vegas FOA Table Top Trade Show

Sierra Gold Tavern
Las Vegas, Nevada
November 11, 2011
Phone: 702-769-2301

Metro New Jersey FOA Holiday Party

(Location and exact date to be announced)
December 2011
Phone: 732-500-8194

Columbia Pacific FOA Annual Holiday Party

Embassy Suites, Portland Airport
Portland, Oregon
December 2, 2011
Phone: 541-290-0331

San Francisco/Monterey Bay FOA Holiday Party

Santa Clara Marriott
Santa Clara, California
December 9, 2011
Phone: 510-657-0672

Want your FOA event listed here?
Send it to AVANTI at
avantimag@verizon.net
or call 215 750-0178

Greater Hampton Roads FOA Holiday Party

(Location to be announced)
December 9, 2011
Phone 757-870-6709

Suburban Washington FOA Holiday Party

(Location to be announced)
December 10, 2011
Phone: 301-572-6811

So. Nevada/Las Vegas FOA Holiday Celebration

Sierra Gold Tavern
Las Vegas, Nevada
December 16, 2011
Phone: 702-769-2301

National Coalition Board Meetings

Join the National Coalition Board of Directors at a meeting in your area. Member Franchisees are welcome to attend Board Meetings as observers. Call 520-577-8711 for exact times, meeting location and hotel phone number.

National Coalition Board Of Directors Meeting

Chicago Marriott Downtown Magnificent Mile
Chicago, Illinois
May 5-7, 2011

National Coalition Board Of Directors Meeting

Paris Resort and Casino
Las Vegas, Nevada
July 15-17, 2011

National Coalition 2011 Convention And Trade Show

Paris Resort and Casino
Las Vegas, Nevada
July 17-21, 2011

National Coalition Affiliate Meeting

Disney's Grand Californian
Anaheim, California
October 25 & 26, 2011

National Coalition Board Of Directors Meeting

Disney's Grand Californian
Anaheim, California
October 27-29, 2011

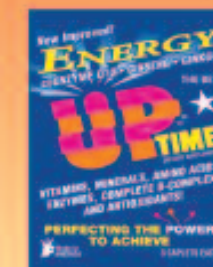


UIN# 300616

Uptime is the most trusted energy product in America and is now being rediscovered by young consumers across the country. It has been produced and packaged in America for over 25 years. Enjoy and Share!

Maximum Strength
Uptime is the most Effective Natural Energy pill on the market!
Uptime is the number one selling energy pill in America

- ✓ Lowest priced energy product on the market.
- ✓ Strong, stable sales in any economy.
- ✓ Over 25 years of consumer acceptance.



UIN# 241174



UIN# 086355



UIN# 815779

Our sale guarantee really means Uptime will be there for you!

© 2011 Uptime Sports Nutrition



Franchise Owner's Association Regional Board Meeting Dates

The following dates show planned regional FOA meetings. All franchisees and vendors are invited. To attend, please call or e-mail ahead to verify meeting dates, times and locations.



7-Eleven FOAC

Phone: 847-971-9457

- May 26, 2011—Board Meeting
- June 9, 2011—General Meeting
- June 30, 2011—Board Meeting
- July 28, 2011—Board Meeting
- August 18, 2011—Board Meeting
- September 8, 2011—General Meeting
- September 22, 2011—Board Meeting
- October 20, 2011—Board Meeting
- November 17, 2011—Board Meeting
- December 15, 2011—Board Meeting

Greater Hampton Roads FOA

Phone: 757-870-6709

- June 16, 2011
- August 18, 2011
- September 19, 2011—Vendor Luncheon
- October 20, 2011

Southern California FOA

Phone: 818-357-5985

- May 19, 2011
- June 16, 2011
- August 18, 2011
- September 15, 2011
- October 20, 2011
- November 19, 2011
- December 15, 2011

Suburban Washington FOA

Phone: 301-572-6811

- June 30, 2011
- September 29, 2011

So. Nevada/Las Vegas FOA

Phone: 702-324-0828

- May 26, 2011—Meet & Greet
- June 9, 2011—Board Meeting
- June 23, 2011—Meet & Greet
- August 11, 2011—Board Meeting
- August 25, 2011—General Meeting
- September 8, 2011—Board Meeting
- October 6, 2011—Board Meeting
- October 20, 2011—Board/Planning Meeting

Columbia Pacific FOA

Phone: 541-944-0170

- June 17, 2011

San Francisco/Monterey Bay FOA

Phone: 650-996-9479

- May 10, 2011
- June 14, 2011
- July 12, 2011
- August 9, 2011
- September 13, 2011
- October 11, 2011
- November 8, 2011

Greater Bay FOA

Phone: 510-589-2575

- May 10, 2011
- June 14, 2011
- July 12, 2011
- August 9, 2011
- September 13, 2011
- October 11, 2011
- November 8, 2011

FOA Of Greater Los Angeles

Phone: 951-766-7490

- May 17, 2011
- June 21, 2011
- July 19, 2011
- August 16, 2011
- September 20, 2011
- October 18, 2011
- November 15, 2011

Phoenix FOA

Phone: 602-703-0711

- May 11, 2011
- June 8, 2011
- July 13, 2011
- August 10, 2011
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- October 12, 2011
- November 9, 2011
- December 14, 2011

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UIN #208611



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Juicy Secret**
UIN #208702



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Orbit Strawberry Remix
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