



AVANTI

November/December 2011

THE VOICE OF 7-ELEVEN FRANCHISEES

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Developing The Path To Growth



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Caveat Emptor

Thanks For The Years

Meat Snacks Category Review

The BCP Store—Right For You?

Store Growth: A Double-Edged Sword

ENERGIZE YOUR SHELVES

AVAILABLE AT PARTICIPATING  STORES



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ICE CREAM BAR



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CLASSIC
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UPC: 77567 - 13280

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ICE CREAM BAR



UPC: 77567 - 13282





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Now an Ice Cream



SLIN 190019
Available Now!

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REESES SINGLE-PACK WILL HIT 7-ELEVEN STORE OWNERS EARLY SEPTEMBER. NEW POG WILL BECOME EFFECTIVE END OF SEPTEMBER.

REESE'S® PEANUT BUTTER ICE CREAM CUP
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0 41000 21489 9



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NUMBER ONE AT



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GUARANTEED FRESH

WHITE GRAPE



CIGARILLOS

2

FRESH CIGARILLOS

25-Count Upright
SLIN# 320416
UIN# 191098



0 31700 90138 0



2-Cigar Pouch Upright
SLIN# 321306
UIN# 653766



0 31700 90107 6

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- Are not satisfied by the taste of diet CSDs
- Know they need to make smarter choices

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Dr Pepper TEN 20oz

SLIN 0243678
Dr Pepper TEN 2L

SLIN 0243740
Dr Pepper TEN 12pk12oz

See Fall/Winter planograms for Dr Pepper product flow.

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Special



Shake Up Your Sales
in the New Year with the
Popular *Special K* Brand.

10g
protein

5g
fiber



ORDER NOW!

to take advantage of consumers looking to eat healthier post-holidays.

SINGLE SERVING SIZE	McLANE UIN #	SLIN #
Special K™ Protein Shake – Milk Chocolate	194886	245580
Special K™ Protein Shake – French Vanilla	194837	245581

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HÄAGEN-DAZS® Ice Cream Bars.
Made like no other.®



SLIN: 190046
#7 Item nationally
#1 Super Premium YTD
at 7-Eleven



SLIN: 190045
#11 Item nationally
#2 Super Premium YTD
at 7-Eleven



SLIN: 190306
#18 Item nationally
#3 Super Premium YTD
at 7-Eleven

Maximize your sales by selling the best.
Contact your local Nestlé DSD distribution team
and start growing your category!



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NESTLÉ® PURE LIFE® COULD HAVE YOU PACKING FOR HAWAII

INCREASE YOUR SINGLE-SERVE SALES OF NESTLÉ® PURE LIFE®, AND YOU COULD WIN!



National Coalition of Associations
of 7-Eleven Franchisees

WIN A TRIP FOR 2 TO THE 2012 NCA/SEE NATIONAL CONVENTION IN HAWAII

The top 7-Eleven store with the highest % increase** in dollar sales over the base months in the previous year for all Nestlé® Pure Life® Purified Water single-serve items* from October 2011-April 2012 wins

WIN AN ELECTRONIC TABLET



The top three 7-Eleven runner-up stores (2nd-4th), with the highest % increase** in dollar sales over the base months in the previous year for all Nestlé® Pure Life® single-serve items* from October 2011-April 2012 wins

WIN A \$300 GIFT CARD



The top 7-Eleven store within each of the 13 zones with the highest overall dollar sales of Nestlé® Pure Life® 1-Liter bottles from October 2011-April 2012 wins

Remember to use your
POS and execute promotions
to ensure success!

7-ELEVEN NESTLÉ® PURE LIFE® SALES INCENTIVE PROGRAM ABBREVIATED TERMS AND CONDITIONS:

THIS PROGRAM IS NOT OPEN TO THE GENERAL PUBLIC. Program only open to 7-Eleven Franchise-Owned Stores in the 50 United States and the District of Columbia who purchased a minimum of 10 cases per month of Nestlé® Pure Life® single-serve SKUs (20 oz., 700 mL and 1-Liter bottles) for the time period October 2010 through April 2011 ("Base Months"). Void where prohibited. Store eligibility and sales of single-serve SKUs will be determined by Sponsor in its sole discretion based on data pulled from 7-Exchange. Prize will be awarded to the 7-Eleven franchise owner of each winning store who must be at least 18 years of age at the time of prize award. Odds of winning a prize depend on the number of stores eligible to receive a prize and the sales of Nestlé® Pure Life® single-serve SKUs during October 1, 2011 through April 30, 2012. Look for full Terms and Conditions in your program materials or visit www.hawaii-salesincentive.com. SPONSOR: Nestlé Waters North America Inc., 900 Long Ridge Road, Stamford, CT 06902.

*Single-serve items include Nestlé® Pure Life®

20 oz., 700 mL and 1-Liter

**Increase determined from 7-Exchange for 10/1/10-4/30/11

NNA7665



20 oz.
Non Dep. SLIN# 0243346
Deposit SLIN# 0243348

700 mL
Non Dep. SLIN# 0242240
Deposit SLIN# 0242241

1-Liter®
Non Dep. SLIN# 0240441
Deposit SLIN# 0242249

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NEW

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Game-changing innovation comes to the beverage industry.

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Eye-catching, bold graphics.

McLane codes:

Black Cherry..... 221091

Green Thunder.....220984



REWARDS 2012

Quarter 1 Kraft Rewards Parameters:

Display MiO in three locations in your store, and have belVita products & Crackerfuls products in stock. Execute these three incentives by March 31, 2012, and you'll receive \$20 in Kraft Rewards!

1

Have MiO in Three Different Locations

MiO Energy Green Thunder
UPC# 43000-00063
McLane# 602094



MiO Energy Black Cherry
UPC# 43000-00067
McLane# 602086



Ritz Big Stuff Crackerfuls Colossal Cheddar
UPC# 44000-02837
McLane# 227892



2

Have Crackerfuls Plan-O-Grammed & In Stock

3

Have belVita Plan-O-Grammed & In Stock



belVita Golden Oat
UPC# 44000-02821 • McLane# 228189



belVita Blueberry
UPC# 44000-02828 • McLane# 228270



Retailer is responsible for executing all initiatives listed above. If this is accomplished, retailer will receive Kraft Rewards. Initiatives will change quarterly. Q1 initiatives must be completed by March 31, 2012 in order to receive rewards.

UNWRAP BIG PROFITS WITH A HOLIDAY STAR



3 OF HEINEKEN'S TOP VOLUME WEEKS OCCUR AT THANKSGIVING, CHRISTMAS, AND NEW YEAR'S.¹

120% CASE LIFT DURING THE LAST 2 WEEKS OF NOVEMBER²

150% CASE LIFT DURING THE LAST WEEK OF DECEMBER²

+19% INCREASE IN MEDIA PUSH IN Q4'11 VS. Q4'10

IN-STORE IRC AND MIR CONSUMER OFFERS AVAILABLE IN NOVEMBER AND DECEMBER (WHERE LEGAL). ASK YOUR REPRESENTATIVE FOR MORE DETAILS.



6-PACK BOTTLES
SLIN 0100015
UPC 0 72890 00011 8



12-PACK BOTTLES
SLIN 0101511
UPC 0 72890 00016 3

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EnjoyHeinekenResponsibly.com

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1. ACNielsen, Total FCD as of 9/15/11
2. ACNielsen, 8 weeks ending 12/31/10

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**2012 NCASEF Convention : Honolulu, Hawaii!
July 8-12**



Visit the National
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of 7-Eleven Franchisees

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CMR Coming To LA And San Diego Stores

SEI upper management recently announced it has selected the Greater Los Angeles and San Diego areas—which have 800-plus stores—for the second year of the

company's Concentrated Market Rollout (CMR) of store improvements. CMR is part of the company's campaign to present a consistent and fresh customer experience in every store. Each store in the program undergoes a remodel that includes re-vamped coffee bars, hot-foods equipment and, in some cases, updating stores' interiors with new walls, floors, ceilings, lighting and fixtures.

The company said the 2012 CMR areas were selected based on balancing various qualitative and quantitative measures, including size of opportunity, geography, ratibility of longer-term plan across the portfolio of entire store base, investment required, timing, readiness, etc. SEI said the strategy is to have not only a good portion of the store base on the East Coast completed after 2012, but also a combined package of CMR and BT stores on the West Coast as it considers future CMR investments.



Stores in the Greater LA and San Diego areas will get CMR in 2012.

(EPC) that claims retailers are not passing along the savings from debit card reform. In its report, the EPC—which NACS refers to as a coalition formed by the credit card industry to fight debit and credit swipe fee reform—claimed that in reviewing prices at 21 retail locations both before and after debit fee reform, 16 stores either maintained or increased items on the limited assortment of items that they selected. Therefore, the EPC stated, “at least 76 percent of retailers included in the research have not passed promised savings to consumers.”

NACS cited three broad instances of deceit:

- The report doesn't show that any store's overall prices went up. The EPC selected a handful of items at stores that carry upwards of 50,000 unique products, which “isn't even close to a representative market basket, or a representative look at retail.”
- The report doesn't even look at swipe fees—there is no mention if swipe fees went up or down at any of these stores.

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The Voice of 7-Eleven Franchisees
November/December 2011

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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 SKU¹, 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.



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2011 In The Rearview, 2012 Just Ahead

BY KEITH JONES, DIRECTOR OF GOVERNMENT AFFAIRS, 7-ELEVEN, INC.

7-Eleven enjoyed a successful year in state legislatures and in Washington, D.C., and a so-so year in city and county councils. Here are some highlights:

Early this year, over 100 franchisees flew to Washington, D.C. and had more than 300 meetings with their Senators and members of the U.S. House to oppose the credit card companies' massive attempt to repeal interchange reform. We won when the Senate rejected the big banks and stood with small business. Unfortunately, the Federal Reserve disappointed us by imposing a debit interchange rate of 21 percent, only a marginal improvement for our business. But it's not over yet—the National Association of Convenience Stores and several other retailers have filed suit against the Federal Reserve to try and get a fair lower rate. The suit will be decided in 2012.

In state legislatures, I'm happy to report that 7-Eleven suffered only a few

minor defeats. In Colorado, we failed to pass a bill allowing us to sell real beer in convenience stores rather than the 3.2 percent beer we sell now. A few states saw modest tobacco excise tax increases, while New Hampshire actually REDUCED its tax on tobacco. Overall, we escaped this year's state legislative sessions largely untouched.

In 2012, we'll keep up the beer fight in Colorado and possibly initiate another beer fight in Connecticut. In California, we'll have to fight a \$1 per pack cigarette tax increase that's on the June ballot. Be assured that we'll call on you for help.

Threats continued to grow from local governments in 2011. Cities and counties are more interested in regulating our business than ever before. California cities and counties are banning plastic bags, while cities in the

Northeast are interested in taxing beverages—energy drinks, sugared sodas, etc. by the ounce! Over the next year we will need your help to identify these threats and alert us so we can engage and oppose bad legislation. One of our first meetings on the agenda for 2012 is

"Cities and counties are more interested in regulating our business than ever before."

about the formation of a Political Action Committee (PAC) in California. We are working hard to make this happen.

Finally, in this holiday season, I'm grateful for the hard work all franchisees do every

day. Your work allows SEI to provide me and my family with a paycheck and a rewarding career representing franchisees. Thank you. ■

• No other costs are examined. There is no examination of wholesale cost changes or other business costs in any of the report's calculations.

Congress Passes Tax Credits For Employers Hiring Veterans

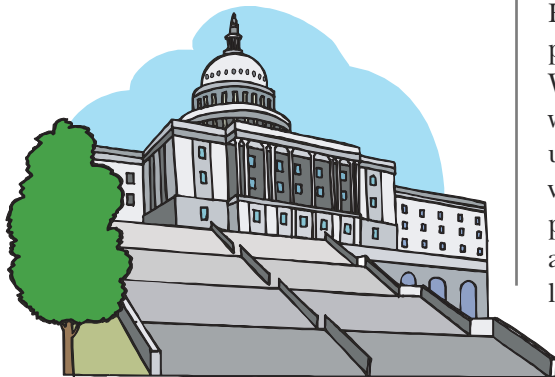
In a rare bipartisan move, the U.S. House and Senate overwhelmingly passed the Returning Heroes and Wounded Warriors tax credits, which will give businesses tax credits for hiring unemployed veterans and unemployed veterans with disabilities. The House passed the measure 422-0 and the Senate 95-0. President Obama signed the legislation into law on November 21.

The Returning Heroes Tax Credit will provide a credit of up to \$2,400

to employers who hire veterans who have been unemployed for at least four weeks and a credit of up to \$5,600 to employers who hire veterans who have been unemployed for longer than six months. The Wounded Warriors Tax Credit will give a new credit of up to \$9,600 to employers who hire veterans with service-connected disabilities who have been unemployed for more than six months, in addition to maintaining the current Work Opportunity Tax Credit.

As a strong supporter of veterans through its annual giving campaign to

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Mars Multi-Brand Flavor Offerings Will Multiply Your Sales! Capitalize On The Strength Of Favorite Brands!

Mint Dark Chocolate M&M's

The Cool in the Dark! The newest twist on everyone's favorite bite-sized candy with velvety dark chocolate and fresh mint flavor covered in a sweet candy shell.

Available through McLane Now!



Get A Free Fill On First Box
Purchased from 12-26-11 to 1-22-12!



Snickers 3x Chocolate 2 To Go!

3x the Chocolate Satisfaction! Roasted peanuts in a chewy chocolate caramel on top of chocolate nougat, covered in rich milk chocolate!



Snickers 3x Chocolate 2 To Go
24-count box • SLIN 140428



Mint Dark Chocolate M&M's
24-count box • SLIN 140411

GET READY

for Another Sweet Offer from



Showcase the top fruity flavors and drive volume with a money saving offer.

Featuring a coupon tearpad for customers to save!

SAVE 50¢

on any fountain drink with the purchase of any single 1 oz pack of Tic Tac® mints



Available to ship February 2012



Visit the National Coalition Website, www.ncasef.com

the Hire Heroes USA charity, the National Coalition supports these tax credits and encourages all store owners to consider hiring veterans. To learn more, franchisees can visit ADP, a business outsourcing provider that provides an excellent analysis of the credits: www.investquest.com/iq/a/adp/ne/news/es/adp112111b.htm

NACS Leads Lawsuit Over Fed's Swipe Fee Reform Rules

NACS and several retailers have filed a lawsuit in U.S. District Court in Washington, D.C. claiming that flawed debit card swipe fee reform regulations issued by the Federal Reserve have allowed big banks to continue charging unjustifiably high swipe fees and have discouraged price competition among credit card networks. According to the plaintiffs—NACS, Miller Oil Co., the Food Marketing Institute, the National Retail Federation and Boscov's Department Stores—the regulations, which took effect October 1, have led to an increase in debit card swipe fees in some cases.

As stipulated by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Fed in December 2010 determined that it costs banks an average of 4 cents to process a debit transaction, and proposed that the fees be capped at no more than 12 cents per transaction. After intense lobbying by the banks and card industry, however, final regulations released in July 2011 set the cap at more than five times the actual cost—21 cents plus 0.05 percent of the transaction and, in most cases, an additional 1 cent for fraud prevention.

While the Dodd-Frank law said the Fed could consider the incremental costs of acquiring, clearing and set-

ting each transaction and specifically prohibited any other expenses from being used to inflate those costs, the lawsuit alleges that the Fed—under pressure from the banks and card industry—included costs that were barred by the law.

CSP Reports SEI Working On 'Groundbreaking' New Strategy

SEI is developing a "groundbreaking" strategy to attract new customers, Senior Vice President of Merchandising, Marketing and Logistics Jesus Delgado-Jenkins revealed to *CSP Daily News* recently. Although he offered no specifics, Delgado-Jenkins said the strategy piggybacks on the company's already successful Concentrated Market Rollout program, and will likely debut in two to three years. The strategy will also evolve according to piloting and customer input. Using the words "fresh, pleasant, colorful, bistro-like, good value, premium products, innovative products" to describe the strategy, he added that the concept is "driven by the customer to more closely align the atmosphere they want to shop in with the product assortment we're offering. We're going to push the envelope."

D.C. Mayor Thanks 7-Eleven For Opening Stores

SEI recently opened two new franchises in Washington, D.C., and Mayor Vincent Gray was on hand to thank the company for hiring district residents, reported the Associated

Member News

CONTINUED FROM PAGE 16



Press. The stores, located in the northeast section of the district, employ 38 locals—18 associates and an assistant manager at each location. SEI joined the mayor's One City-One Hire initiative, under which the district government provides incentives to businesses that hire neighborhood residents.

7-Eleven Expects Mixed Impact From New Debit Card Rules

While executives from Walmart and McDonald's say new rules limiting debit card processing fees will not cut their costs as much as they hoped, and may actually boost their expenses, 7-Eleven, Inc. said it expects its gas stations and convenience stores will likely see a mixed impact from the capped fees, reported Reuters. SEI's Senior Director for Corporate Finance Richard Peck told the newswire service that the company's processing costs for gasoline purchases will likely drop, but costs



SEI plans to introduce a new strategy to attract more customers in two or three years.

will likely rise on the smaller purchases customers make inside their stores. "It's unclear, overall, whether we will benefit," Peck said. However, he added, the new, largely fixed price will make it easier to project future costs, and any savings on 7-Eleven fuel-related debit card purchases would be "rapidly passed through" to customers.

SEI Sues NY Town Over New Regulations

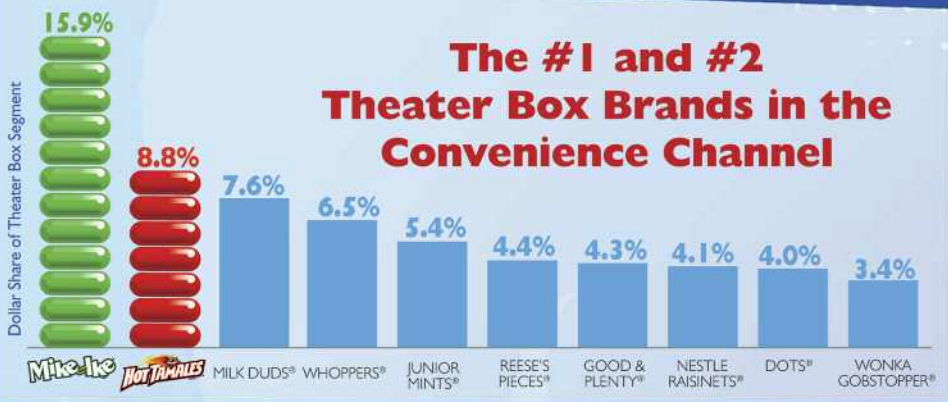
7-Eleven, Inc. has filed a lawsuit against the town of Huntington, NY over new regulations for freestanding

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PUMP UP YOUR SALES

with the Category Growth Leaders

**THE BRANDS
AT THE TOP
OF CONSUMER
DEMAND!**



JUST BORN® Brands account for 24.9% of total Theater Box Candy sales*

Just Born Theater Boxes are outpacing Total Candy growth 7.2% vs. 4.7%**

*Nielsen Total US Convenience 52 weeks ending 12/25/10
**Nielsen Total US Convenience 24 weeks ending 12/25/10

NEW THEATER BOXES	UIN	SLIN	BIG BOXES	UIN	SLIN
MIKE AND IKE® Original Fruits 6oz Theater Box 12 ct box	299198	141789	MIKE AND IKE® Original Fruits 9.5oz Theater Box 12 ct box	833822	141455
HOT TAMALES® Cinnamon 6oz Theater Box 12 ct box	591255	142072	HOT TAMALES® Cinnamon 9.5oz Theater Box 12 ct box	833756	141452
MIKE AND IKE® RED RAGEOUS!™ 6oz Theater Box 12 ct box	378521	142070			
MIKE AND IKE TROPICAL TYPHOON® 6oz Theater Box 12 ct box	299263	142067	COUNT GOODS		
MIKE AND IKE BERRY BLAST® 6oz Theater Box 12 ct box	298992	142065	MIKE AND IKE® Original Fruits Count Goods 24ct box	310755	141374
MIKE AND IKE ITALIAN ICE™ 4.2oz Theater Box 12 ct box	369124	142059	HOT TAMALES® Cinnamon Count Goods 24ct box	310763	140135
MIKE AND IKE LEMONADE BLENDS® 4.2oz Theater Box 12 ct box	478339	141781	PEANUT CHEWS® Original Count Goods 24ct box	348524	142271

Member News



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Building Your Business With Social Media

RAVINDER WARAICH,
Vice President, Columbia Pacific FOA

What is Social Media? Simply put, social media is a group of Internet-based applications that allow for interactive communication between individuals, communities, organizations, and others. Facebook, Twitter, Foursquare, blogs, etc., are all part of social media. For the general population social media is a means to stay connected to family and friends, and to keep up with the latest events. For 7-Eleven franchisees, social media is like an index to your business. If you are a business owner that hasn't embraced social media networking, it's time for you to hop on board.

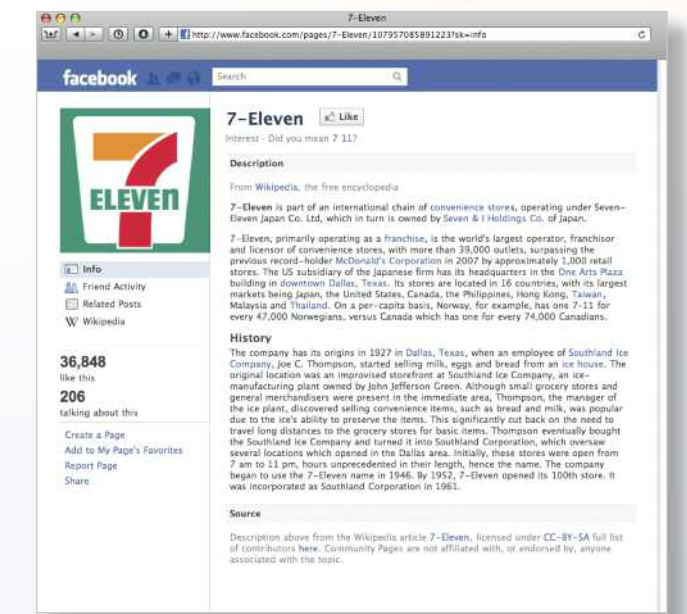
Facebook is a great place to start your journey into the far-reaching world of social media, mainly because it is the largest—Facebook boasts more than 800 million active users worldwide. Having a Facebook page for your store will help you build relationships with people in your community. It will also allow your business to invite audiences to get to know your store and the 7-Eleven brand in a way that traditional forms of marketing or advertising can't.

Before signing up for Facebook as a business, ask yourself basic questions like:

What are your business needs? What do you want to share with people online and with your community? What are you using the site for? Do you want to share daily/weekly/monthly deals with people? Do you want to increase your customer count and their awareness? Know your audience. With so many Facebook users out there, you will need to narrow your focus. Once you've answered these questions, you will need to find someone to manage your page.

We started our Facebook page several months ago for one of our stores and we now have more than 700 friends in our profile. These are friends in our local community. To test the results of our business Facebook page, we hosted a customer appreciation event and alerted our Facebook friends of the event. The outcome was amazing, especially for a rainy day. We had lines and lines of customers in our store to participate in the event.

Our Facebook page is managed on a daily basis. We post links and comments every day. We also post birthday wishes



"Having a Facebook page for your store will help you build relationships with people in your community."

to our Facebook friends and invite them to the store for a FREE cup of Slurpee. I would highly advise not to push sales, because they will simply ignore you. Instead, try to post funny videos, comments, ask questions about news or other topics in your community. Do fan competitions, and give out free Slurpees and fountain drinks to your fans on Facebook. Remember, people love free things—no matter how big or small the things are.

Social media is taking over the ad industry. It's an inexpensive and more effective form of advertisement for your business. We also have presence on Twitter, as well as on Foursquare. I will write about Foursquare next time, and how you can use it to build a loyal and effective customer count for your store.

We would be glad to help you set up your Fan Page and profile on Facebook. I can be reached by email at Waraich_ravinder@yahoo.com. ■

"Our Facebook page is managed on a daily basis. We post links and comments every day."



Member News

CONTINUED FROM PAGE 19

c-stores, reported the *Huntington Patch*. The suit challenges changes approved by the town in June after several community groups raised objections to plans for stores in their neighborhoods, and claims the new rules will "greatly impact 7-Eleven's ability to construct new freestanding stores within the town ... as such, 7-Eleven will now be subject to a more onerous zoning process with respect to freestanding convenience stores" in certain zoning categories. The suit also says, "as a result ... 7-Eleven's ability to locate new viable parcels, which can fully comply with the ordinance, will be significantly diminished, thereby preventing or hampering 7-Eleven from developing new stores within the town." Huntington officials, who said the new regulations were necessary to control noise and maintain safety and traffic flow, vowed to fight back against SEI's lawsuit.

chasing a Greyhound ticket with cash can go to www.greyhound.com to select a schedule and put a ticket on hold for up to 48 hours. Customers then print a payment barcode and take it to 7-Eleven stores, where they can purchase the ticket at the register. To make a reservation by phone, customers first go to any one of the 6,400 participating 7-Eleven stores nationwide to pick up a re-usable Greyhound card. After booking with an agent over the phone and giving the agent the unique card number, the customer's card is swiped at a 7-Eleven outlet's cash register, and the transaction is complete.



Greyhound's cash customers can now pay for bus tickets at a 7-Eleven store.

cash register, and the transaction is complete.

7-Eleven Buys ExxonMobil C-Stores In Dallas

SEI has snatched up 49 Dallas-area CORS convenience stores placed on the selling block by ExxonMobil, reported CSNews Online. The company has also purchased two unused parcels of land from the petroleum giant, which could later become c-stores. "This acquisition fits well with our aggressive growth strategy," Sean Duffy, 7-Eleven vice president of mergers and acquisitions, told the c-store trade publication. "In terms of sales growth, 2011 promises to be 7-Eleven's biggest year

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SEI/Greyhound New Bus Ticket Purchase Option

7-Eleven and Greyhound recently announced that customers nationwide can purchase bus tickets online or over the phone with cash, giving them access to special fares and offerings currently available only via the Internet with a credit or debit card. Through a new program in conjunction with 7-Eleven stores and PayNearMe, Greyhound's cash customers can now purchase online and pay for their bus tickets at 7-Eleven neighborhood stores, turning them into local "Greyhound ticketing offices."

Now consumers interested in pur-

Bits & Pieces

Circle K recently acquired 26 convenience stores in three states from Chico Enterprises Inc., adding to the 22 locations it operates from Erie, Pennsylvania south to Washington, reported the *Pittsburgh Tribune-Review*. • C-store chain **Casey's General Stores** said it plans to convert 150 more of its stores to a 24-hour format by the end of January. Casey's has already converted more than 70 locations. • Philip Morris USA is **extending and revising its controversial Marlboro Leadership Price** option for the first half of 2012, reported *CSP Daily News*. • Leading a national trend by companies offering enhanced work place benefits to improve employee health, Pennsylvania-based c-store chain **Sheetz announced it is building a new health and wellness center** at its distribution facility in Claysburg, PA. • **Arizona's lottery has netted near record sales** — despite rising unemployment and record home foreclosures — as a result of a new

continued on page 30

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.



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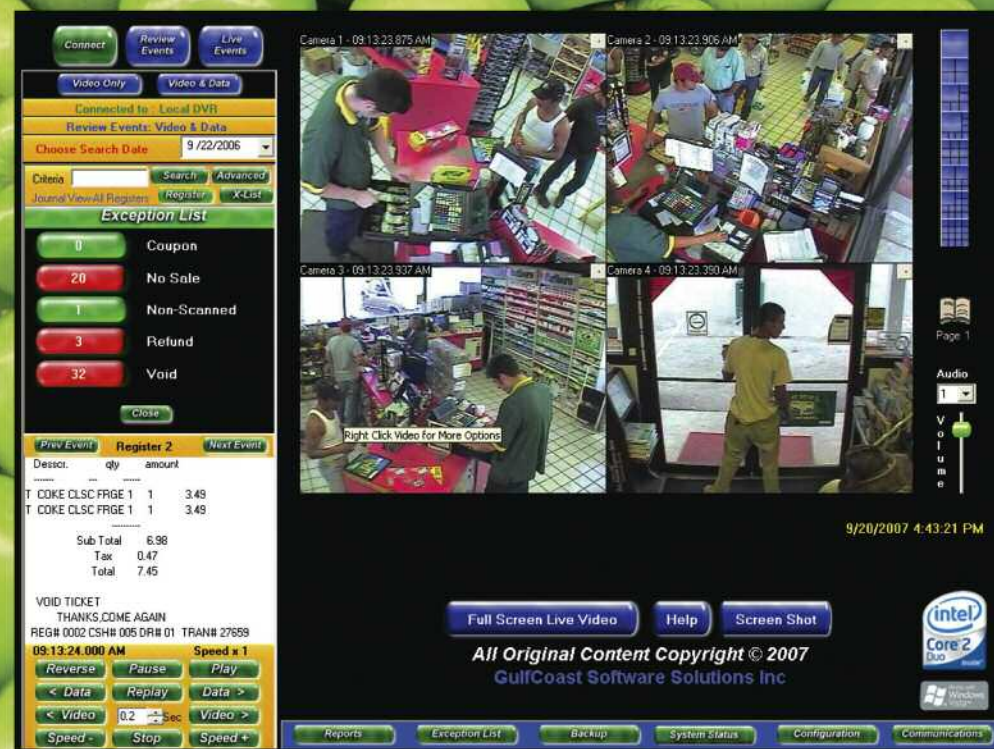


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since 1986 ... These high-volume locations complement our existing real estate portfolio in the Dallas/Fort Worth area. The combination of 7-Eleven and Exxon brands will make a compelling retail option for convenience-oriented consumers."

ExxonMobil recently closed on the sale of nearly 300 CORS c-stores in Texas, Louisiana and California as part of its plan to shed 2,200 of its c-stores. Couche-Tard's Circle K Stores purchased the most stores—33 stores in Louisiana and 72 in California. Landmark Industries, operator of Timewise Stores, bought 81 Houston-area CORS stores, while Speedy Stop operator C.L. Thomas Inc. purchased 61 stores in Austin and San Antonio.

7-Eleven And Pepsi Ask Consumers to Help Stop Hunger

7-Eleven partnered with Pepsi over the holiday season to ask consumers to help relieve domestic hunger by purchasing a Pepsi trademark product at participating 7-Eleven locations nationwide, with proceeds of up to \$250,000 going to the group Feeding America. Under the program, which ran from October through December 31, Pepsi donated five cents from each 20-ounce Pepsi product purchased at 7-Eleven locations, and customers were able to double their donations by checking in to 7-Eleven on Facebook. Pepsi and 7-Eleven also

had in-store and online promotional displays and advertising to drive deeper awareness, including case cards on Pepsi end-caps coupled with national and hyper-local advertising on Facebook and participating food bank websites. Feeding America provides emergency food assistance to 37 million Americans each year, including 14 million children and three million seniors.

C-Stores Turning Up The Heat On QSRs

As convenience stores continue offering busy consumers more options for meals and snacks, new research by Technomic finds consumers are tak-

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2012 NCASEF Convention July 8-12

Hilton Hawaiian Village, Waikiki Beach Resort, Honolulu, Hawaii!

Trade Show Dates: July 11-12



Start making plans to attend the National Coalition's 37th Annual Convention and Trade Show in the island paradise of Oahu, Hawaii. Mix business with pleasure as you participate in business-building events and relax at the wondrous Hilton Hawaiian Village Waikiki Beach Resort in Honolulu. The resort is spread across 22 lushly landscaped oceanfront acres on the widest stretch of famous Waikiki Beach, and offers a wide variety of fun activities for the entire family. More information to come!



Member News

CONTINUED FROM PAGE 25

ing advantage of the expanding foodservice options, many times at the expense of quick-service restaurants. Of consumers polled on their most recent c-store foodservice purchase for the Consumer C-Store Brand Metrics Shopper Insights Report, 27 percent indicated that if they had not bought their meal from the c-store in question, they would have purchased it from a fast-food restaurant. Interestingly, that number is nearly identical to those who said they would have ordered from another c-store.

Other interesting findings from the study include:

- Impulse buying plays a big role in c-store foodservice purchases. Thirty-one percent of c-store foodservice consumers said seeing an item that triggered a craving was the primary motivation for purchasing it.
- More than 1 in 4 consumers (27 percent) said they purchased an afternoon snack during their most recent visit, while 19 percent purchased lunch. A significant number (23 percent) also indicated they bought only a beverage.

SEI Doubles Store Growth In 2011

7-Eleven, Inc. opened 650 stores in 2011, more than double the number of new stores it opened in 2010, reported the *Dallas Business Journal*. 2011 was also the company's biggest year for store growth since 1986. In August, SEI acquired 51 North Texas ExxonMobil On the Run stores, which it says will be converted in January. The company also acquired 183

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Stellar Growth Projected For The Energy Shot Category In 2012

BY TOM KELLEY, LIVING ESSENTIALS

The shelf stable energy shot category has seen significant growth over the last four years and is on track to approach \$1 billion in sales for the 2012 calendar year. Energy Shots started experiencing a large rise in sales in 2004 and have become prevalent among both students and the older working class of 35-54 year olds. The ease of use for energy shots has helped propel the category to where it is today, and it is still growing. These shelf-stable products do not require refrigeration and can be

quire temperature control. Energy Shots outsell other popular convenience channel categories, including Bakery, Frozen Novelty, Doughnuts and Beef Jerky.

The category is driven by 5-hour ENERGY, which accounts for approximately 90 percent of category sales in the 1.7 to 4 ounce size and 8 of the top 10 selling items. Stacker 6 Hour Power, Red Bull (discontin-



is a blend of the regular strength and higher-priced extra strength brands. The profit percentage per bottle is 35 percent to 45 percent for these items that move between 30 to 60 bottles per week in convenience chains.

The energy shot category will move to the introduction of multi-packs in 2012. Multi-packs provide a larger ring and ensure consumers purchase more in-store and do not shop the competition, as energy shots are available in over 99 percent of convenience stores.

"The total convenience shelf-stable energy shot category is up 19 percent for the latest 52 weeks."

ued) and Worx are the next top contributing brands. One of the fastest growing segments, the total convenience shelf-stable energy shot category is up 19 percent for the latest 52 weeks, with 5-hour ENERGY up 24.9 percent (Source: IRI Convenience Allscan data 52 weeks ending October 30, 2011).

The top four energy shot brands sell for an average price of \$3.15 per bottle, which

kept at your desk or in your car for immediate use as opposed to traditional energy drinks, coffee or caffeinated drinks that re-



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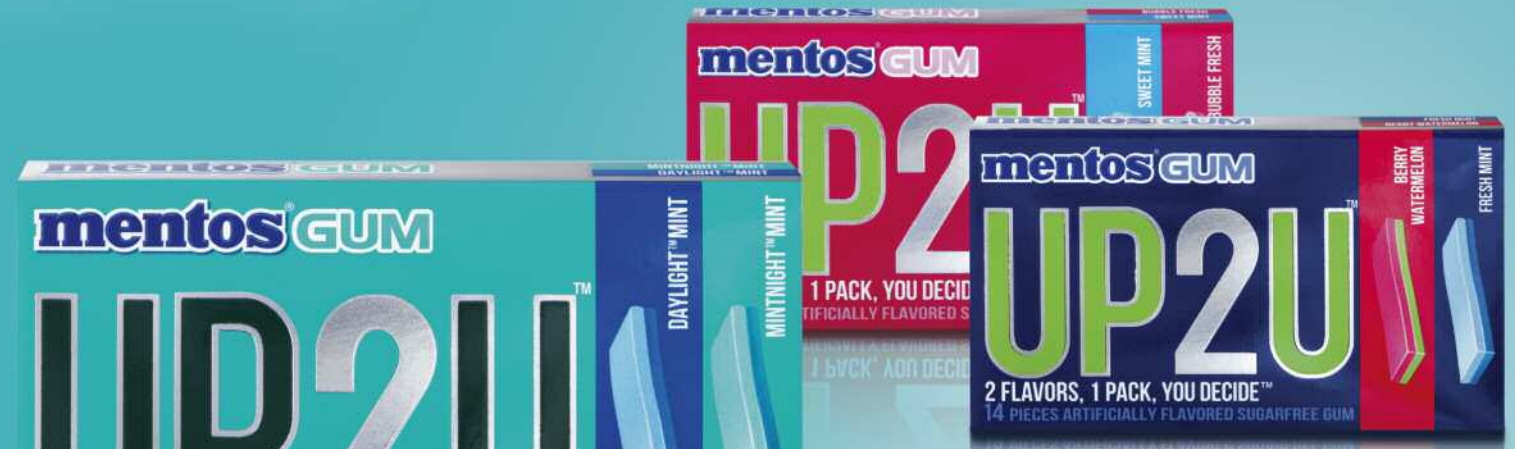
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Mentos Gum UP2U Berry Watermelon/Fresh Mint	141901/548305
Mentos Gum UP2U Bubble Fresh/Sweet Mint	548693
Mentos Roll - Mixed Fruit	0140704/386912
Mentos Roll - Mint	0140270/386904
Airheads - Checkstand Pack	0140424/480319
Xtremes - Rainbow Berry	0141760/664367
Xtremes - Bluest Raspberry	141800/741850



Contact your local **PERFETTI** representative or customer service at 1.800.283.5988





ExxonMobil stores in Florida and 188 Wilson Farms stores in New York, as well as 28 sites in California, Oregon, Washington and Colorado from Pacific Convenience & Fuels LLC in September.

Boston Board of Health Approves Regulating E-Cigarettes

Seeking to close a loophole on unregulated products like electronic cigarettes that deliver nicotine, the Boston Public Health Commission's Board of Health recently approved a proposal to treat e-cigarettes like tobacco products, including requiring retail establishments to obtain a permit to sell them, prohibiting their use in the workplace, and restricting their sale to adults only. Under the new regulations, retailers must apply for a permit through the Boston Public Health Commission's Tobacco Control office to sell any nicotine product that is not approved by the U.S. Food and Drug Administration as a nicotine replacement therapy. The new regulations further require that e-cigarettes be placed behind the store counter, like tobacco products, and that they not be sold to minors. E-cigarettes also will not be allowed in the workplace, which includes restaurant patios and decks, and loading docks.

Coke's White Holiday Cans Are Red Again

Coca-Cola switched its cans back to its time-honored red just one month after rolling out its flagship cola in a snow-white can for the holidays, re-

Legislative Update

By Keith Jones, Director of Government Affairs, 7-Eleven, Inc.

Beginning on January 1, franchisees in Los Angeles County, Long Beach, Calabasas, San Jose, Santa Clara County, and Marin County in California, as well as Bellingham, Washington, will no longer be allowed to provide free plastic bags to guests. However, they will be allowed to SELL paper bags to guests. Franchisees will keep all of the proceeds from the sale of bags. In most instances, franchisees will have to file quarterly reports that provide bag sales data.

Also on January 1, franchisees in Montgomery County, Maryland must charge guests 5 cents per bag. Franchisees will be required to remit 4 cents to the county and they will keep the leftover 1 cent. This new law is similar to the Washington, D.C. ordinance passed two years ago.

SEI is making the necessary systems and merchandising changes so franchisees can comply with

these new laws. Additional information will be provided to affected stores, and POP explaining the new bag situation to guests will be included in the January kit.

Hundreds of cities and counties are considering similar bans/fees. San Francisco has already passed a plastic bag ban/charge for paper ordinance. Other cities like Los Angeles, Austin, TX, Chicago, IL and Suffolk County, New York are expected to pass similar legislation soon. This trend will continue for the next several years.

In 2009, Seattle franchisees played an important part in the campaign that repealed Seattle's first plastic bag ban. 7-Eleven put campaign posters in stores and franchisees served as spokespeople opposing the ban. SEI provided financial support to the campaign. It was the first time in Seattle's history that an ordinance was overturned by a ballot referendum.



ported the *Wall Street Journal*.

While the company has frequently rung in the holiday with special can designs, this was the first time it put regular Coke in a white can, which also featured three polar bears. It was part of the company's campaign with the World Wildlife Fund to highlight the threat of global warming to polar bears' Arctic habitat.

Some consumers complained the white cans looked confusingly similar to Diet Coke's silver cans, and several retailers told the newspaper they had many customers return open white cans after realizing they weren't drinking Diet Coke. Others customers felt that regular Coke tasted different in the white cans. Coca-Cola said it be-

came aware of consumer complaints through Internet postings and some telephone calls to the company. It also stated it's happy with the campaign and that critics of the white can represent a minority.

Teamsters Protest In Front Of 7-Eleven Stores

Tankhaul drivers of Teamster local unions nationwide joined members of Local Union 986 in South El Monte, California as they hand-billed customers outside 7-Eleven stores in November to protest what they claim is KAG West's destruction of union jobs. Teamsters told customers the price they pay for fuel is too high. The

continued on page 30

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Same great flavors available in 16oz pints!



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tankhaul drivers of Teamsters Local Union have been negotiating a first contract with KAG West—a major bulk carrier on the West Coast that supplies gasoline to 7-Eleven stores—for over 14 months, and say the company continues to delay contract talks or show up unprepared to bargain.

Customer Satisfaction Stays High For Beverages, Cigarettes

Although U.S. merchandise sales continue to decline, three nondurable goods industries—soft drinks, beer and cigarettes—keep pleasing U.S. customers, according to a report released by the American Customer Satisfaction Index (ACSI). The

Customers still enjoy soft drinks, beer and cigarettes, despite spending less.

study reveals that, overall, consumers are upbeat about their favorite soft drink brands, (rated at 85 on a 0 to 100 scale) and identifies electronics (televisions and disc players) as the highest scoring among 47 measured industries.

The report further shows that customer satisfaction with breweries is stable at 82 for a second year. This is lower than soft drinks, but stays at a very high level. Lastly, customer satisfaction with tobacco products picks up for a second consecutive year, rising 2.6 percent to an ACSI score of 78. This year's

increase completes the cigarette industry's recovery from a sharp downturn in customer satisfaction reported two years ago by the ACSI, when new tobacco taxes drove up retail prices.

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Great Lakes FOA Participates In Fantasy Of Lights Parade

By Rita Turner, President, Great Lakes FOA

Great Lakes FOA members had the pleasure of teaming with our employees, family members and field consultants to build a float and participate in the recent Fantasy of Lights Parade in Howell, Michigan. The parade is a gift from local businesses to the community, and thousands of people come from all over Livingston County to see it. The Great Lakes gang—which included Larry Penzien, Linda Russ, myself, my husband, our families, staffs and Field Consultants Greg Milligan, John Walker and Pat Risk—built a giant Slurpee cup covered with Christmas lights. Our effort even garnered the team an award—Best First-Timer's Float. Market Manager Jeff Menna approved the purchase of over 5,000 Christmas lights for the float and 35 Christmas hats for those participating in the parade, while Market Manager Joan Davis provided coupons for distribution at the parade. As we walked along the parade route, attendees chanted, "We love Slurpee!" and the announcer said from personal experience, "It is never too cold for a Slurpee!" It was a very uplifting experience, and we hope to participate again in 2012.



Bits & Pieces...*continued from page 22*

strategy that includes introducing new games, upgrading the look of its tickets, recruiting new retailers, increasing jackpots, and raising its advertising budget by nearly 50 percent, reported Bloomberg. • **Philip Morris USA and Reynolds American Inc.** have announced they are raising their cigarette prices by five cents, while Lorillard Inc. is planning a six-cent hike. • Living Essentials plans to **invest over \$100 million in advertising** to keep customers thinking about 5-Hour Energy. • Anheuser-Busch InBev is planning to launch a Belgium bar concept—called "The Belgian Beer Café"—in the U.S., reported *Drinks Business Review*. **The first bar is set to open at Newark Airport in New Jersey** within the next few months, with 10 additional units planned over the next few years. • A Lil Mart convenience store in Odenville, Alabama offers **New York strip steaks** and pork chops from a refrigerated vending machine, HuffingtonPost.com reports. • A new report by the U.S. Department of Agriculture (USDA) reveals that **locally grown food generated \$4.8 billion in sales in 2008**, beating previous estimates. The USDA predicts local foods will reach \$7 billion in sales in 2011. • McDonald's is set to execute a \$2.9 billion capital expenditure plan in 2012, which calls for 1,300 new U.S. and international restaurants, and reimagining efforts at 2,400 existing locations. • Marketing solutions company **inStream has launched an e-receipt tool** that allows retailers and advertisers to deliver targeted ads to

continued on page 32

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Couche-Tard Reports Sales Increase

For its second quarter of fiscal 2012 financials, Canadian c-store retailer Couche-Tard announced net earnings of \$113.5 million, up 4.9 percent from the comparable period of last fiscal year. The company said its same-store merchandise sales increased 2.5 percent in the U.S. and 3.3 percent in Canada. Couche-Tard stated that in the U.S., "excluding tobacco products influenced by the deflationary effect of the price strategy of a cigarette manufacturer," the increase is 5.3 percent. Additionally, the company reported signing agreements for the acquisition of 201 company-operated stores, 261 stores operated by independent operators and 63 motor fuel supply agreements.

Tea Market Thrives Despite Tough Economy

The U.S. market for tea sold at retail will reach \$6.5 billion in 2011, up 5.2 percent over the last year, according to "Tea and Ready-to-Drink Tea in the U.S.," a recent report from market research firm Packaged Facts. Although supermarkets remain the top venue for leaf tea and ready-to-drink tea, tea sales have also been strong in alternative outlets such as convenience stores. Black tea remains the most popular type, but green tea is now firmly in sec-



Tea sales are strong in alternative outlets like c-stores.

ond place, with herbal tea, fruit/spice-flavored tea, and decaf tea following, in that order. Also attracting consumer interest are more specialized types of tea including chai tea and white tea—both at least sampled by 10 percent of tea drinkers, according to Packaged Facts survey data—along with oolong, rooibos, and mate.

Tea and Ready-to-Drink Tea in the U.S. also reports that sales of tea certified by Fair Trade USA increased 38 percent in the past year. Currently, over 90 tea companies offer Fair Trade certified products. Honest Tea, now wholly owned by Coca-Cola, announced in October 2010 that it was converting its entire line of 28 tea varieties to Fair Trade certification. Such certification seems to be ringing at the cash register, with Fair Trade Certified products growing by 24 percent in 2010, according to SPINScan sales data.

Dollar Stores Now Outnumber National Drug Store Chains

As of mid-year 2011, the combined store count of the four major dollar store chains has surpassed that of the three biggest national drugstore chains, according to a new study released by Colliers International. The white paper, "Dollar Days: How Dollar Stores are Growing in a Weak Economy," notes that the rapid expansion of this segment is part of the larger lesson learned by retailers during the recent recession: consumers are looking for value.

The four national chains—Dollar General, Dollar Tree, Family Dollar, and 99 Cents Only stores—now operate approximately 21,500 locations in

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Bits&Pieces...*continued from page 30*

shoppers via emailed transactional receipts. • Hess Corporation and OpenStore by GasBuddy recently announced the launch of the **Hess Express mobile app and redesigned website, HessExpress.com**, to provide busy people on the go with customized deals and coupons, real-time gas prices, and traffic information. • Global Partners LP has signed a definitive agreement to acquire 100 percent of the membership interests of Alliance Energy LLC—a gasoline distributor as well as a gasoline station and convenience store operator. **The deal adds 542 gasoline stations** in New England, New York, New Jersey and Pennsylvania to Global Partners' portfolio. • **Starbucks plans to open as many as seven stores that sell beer and wine in the Chicago area** by the end of 2012, reported the *Chicago Tribune*. • Getty Petroleum Marketing Inc. recently filed a voluntary petition for Chapter 11 reorganization in the U.S. Bankruptcy Court for the Southern District of New York. The company said it expects to continue operations as usual. • **ExxonMobil is divesting its 236 company-owned gas stations in New Jersey**, *CSP Daily News* reported. Those not purchased by dealers will be sold to PMG New Jersey II, Lehigh Gas, and NJ Energy. • **Georgia voters took to the polls on November 9 to approve Sunday alcohol retail sales** in 110 of the 127 cities and counties that held referendums on the issue, reported Reuters. • A new study by FairPlayUSA found that **the federal legalization of**

continued on page 39

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

From the National Office



BUSINESS TRANSFORMATION AND CMR

By Bruce Maples, Chairman

National Coalition of Associations of 7-Eleven Franchisees

7-

Eleven, Inc. announced in mid-November that the company will deploy its new distribution model, Business Transformation (BT), to the remainder of the stores in the Los Angeles area. Along with that announcement came the news that 7-Eleven has selected Los Angeles and San Diego as the next two areas for Concentrated Market Rollout (CMR).

The intent of CMR is to ensure that all stores in a geographic area are brought up to the current store standard, through AQIP and the addition of hot foods and the new coffee program, which allows for consistent advertising across all stores in a market. In the last year, 7-Eleven completed equipment improvements in over 1,000 stores, and did various interior and exterior upgrades in another 550 stores, as part of the initial East Coast CMR rollout. The majority of the California stores covered by the new deployment will each receive AQIP, hot foods and the new coffee program.

Our customers have told us our stores are in need of upgrading, and we are excited to see the process continue. Any opportunity to expand the CMR rollout and speed up the process of completing all the stores in the system will be welcomed

by franchisees and benefit everyone. Franchisees have been asking 7-Eleven for a long time to continue the process of remodeling stores that started in the mid 1990s, but stalled somewhere along the way.

Part of the CMR program is to include an advertising and media campaign that focuses on proprietary beverages, fresh and hot foods, and other promotional items, in the remodeled markets. This advertising is for our customers, to let them all know about our new look, as well as to announce our new products, promotions and services. After remodeling, each store in the CMR program area will have the same programs and equipment.

Since new programs tend to work best when the customer is the first consideration, and the franchisee is the connection to the customer, franchisee feedback and involvement is critical to the success of CMR and BT. Franchisees in these areas need to attend town hall meetings, and be prepared to ask questions and stay involved throughout the entire process.

As business partners, we need to take the emotion out of the equation. The building and the equipment belong to 7-Eleven, but the business belongs to us.

AQIP and CMR don't end with a remodel, they just begin. The physical plant needs to be right, the product mix needs to be right, and this can only be accomplished with a true partnership. Communicate with your customer every step of the way. Get them excited about the change.

Contact your local FOA if you need help or are unsure of what to do. The success of CMR will be determined after the contractors are gone and the work is done. The merchandising and marketing plan that is developed and executed by 7-Eleven and franchisees together is critical. Customer acceptance will be determined by increased sales and profits.

The existing BT consolidation center in Los Angeles will be closed and BT stores in the Los Angeles pilot will be transitioned to the McLane Company in the first quarter 2012. The transition target date for recently announced Los Angeles stores is second quarter 2012. (Just after 7-Eleven announced the BT pilot expansion in Los Angeles, the company announced a hybrid distribution model would be rolled out in the Lone Star and both Florida zones at some time in the near future.) McLane will deliver all prod-

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“SEI is rolling out BT to the rest of the stores in Los Angeles, and CMR in Los Angeles and San Diego.”

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CONTINUED FROM PAGE 35

ucts currently distributed by the consolidator, including heavy liquids.

Product assortment in Los Angeles BT pilot stores was challenging in the beginning, and continues to increase, but still needs improvement. 7-Eleven has committed to work with franchisees in Los Angeles to get the cost and product selection right, and franchisees are working with 7-Eleven to remove the obstacles that prevent franchisees from ordering the products their customers want.

“Franchisee feedback is critical to the success of CMR and BT. Franchisees in these areas need to attend town hall meetings, ask questions and stay involved.”

Franchisees in the Los Angeles market, the local FOAs and the National Coalition will continue to meet with 7-Eleven to address franchisees’ BT issues. The details for the Hybrid BT model still being developed will include many of the components of the Los Angeles model. Franchisees and 7-Eleven will partner with McLane and DSD vendors to pilot an alternative model for BT that provides stores with all the benefits of managed distribution and the inventory management system, while continuing to receive heavy liquids via the DSD channel. Existing DSD ven-

dors and bottlers will provide deliveries following the principles of managed distribution in the Hybrid model. Benefits like electronic check-in, self-billing and populating the “T” in the FMIO will all be part of the Hybrid model.

Some of the benefits of managed distribution are clear. Simplifying the ordering system and an improved check-in process provide franchisees with a better total inventory management tool to help control inventory variation. How quickly we overcome the remaining obstacles and learn from our experiences will determine the success of BT and CMR. One thing is clear: Franchisee have to be an integral part of the process every step along the way. ■

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Business Issues



THANKS FOR ALLOWING
ME TO SERVE YOU

By Joe Galea, Executive Vice Chairman

National Coalition of Associations of 7-Eleven Franchisees

T

his is my last article as executive vice chairman of the National Coalition. As quickly as time goes by, I still cannot believe I have served as executive vice chairman for four years and that I will not be serving franchisees in an official capacity at the national level next year.

Over the course of those four years, I met many wonderful franchisees throughout the country. We formed friendships, we united franchisees, and we increased the number of FOA groups in the National Coalition by approximately 16 during that time. We've done a lot of hard work, and the net result is that the National Coalition is

much larger and stronger now, and I believe we are getting to the point where we will be more unified.

On a personal note, it's tough to say I'm leaving. I want to say that franchisees from all over the country have touched my life with the friendship, the camaraderie, and the support you've given me. I want to thank you for opening up your homes and stores to me, and for the time we've spent together working on the issues. There have been stressful times, but looking back I have totally enjoyed the years I have spent as a National Coalition officer. I truly appreciate the

trust the National Board placed in me to work on your behalf.

I wish the National Coalition Executive Officers and Board members much success in the direction they're moving as they continue to represent franchisees nationwide. Chairmen are always driven to look out for the best interests of their franchisees. I believe that has been the case and that will continue to be the case.

It's a team effort.

All franchisees in the 7-Eleven system should continue to support the National Coalition and their regional group. Attend the quarterly meetings. Talk to your FOA's officers. Get involved. Continue to grow your local FOA, and always look to the National Coalition as an educational and advocacy organization that's there to support you.

I would like to thank you again for four wonderful years, and I wish franchisees and the National all success in the New Year and in years to come. ■

"Thanks for four wonderful years. I wish franchisees and the National all success in the New Year and in years to come."

Bits & Pieces...continued from page 32

online poker would not have deleterious effects on state lotteries because lotteries and poker are fundamentally different products, used by fundamentally different consumers. •

Pennsylvania-based c-store chain **Wawa plans to open its first Florida store** in July 2012, located across from SeaWorld in Orlando, reported the *Orlando Sentinel*. The company said four more Florida stores will open shortly thereafter. • **Walmart opened its smallest format stores yet in two malls in Southern California** during the 2011 holiday season, *In-Store Trends* reported. The two new test stores — one 1,000 square feet and the other 3,000 square feet — were designed to drive sales through Walmart.com and were opened from November 2 through December 31. • Pharmacy chain **Walgreens is in the process of consolidating its private-label lines** in order to pare some 75 brands down to just a few core lines, reported *Supermarket News*. • Sunoco recently announced the expansion of the Craft Beer Exchange at its APlus convenience stores in the Rochester and Buffa-

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Legal Issues

BCP STORE—IS IT RIGHT FOR YOU?

By Arnold J. Hauptman, Esq.

National Coalition of Associations of 7-Eleven Franchisees



A

According to my copies of SEI offering circulars, the Business Conversion Program (BCP) was rolled out by SEI in 2006. There are enormous differences in the business model between traditional stores and BCP stores, and you should be aware of these distinctions if you are thinking about investing in a BCP store.

The major differences are that you will not be obtaining a lease or sublease for your store from SEI, nor will you be getting a turnkey operation as you would with a traditional store. Instead, you are expected to either convert an existing c-store, which you own and operate to a 7-Eleven store or, as seems to be occurring frequently, locate a site which is acceptable to SEI and then purchase or lease it for the purposes of building a store from scratch.

If you do decide on a BCP Store, it will be you, and not SEI, who will be responsible to pay rent or mortgage payments, real estate taxes, and all other expenses associated with leasing or owning real estate. You will also be responsible for utilities and maintaining the physical structure of the store, including HVAC, landscaping, etc.

Of course, the biggest expense will be with respect to building the actual 7-Eleven model store. Depending on whether you are converting and remodeling an existing c-store with acceptable floors, ceilings, lighting, etc., or are actually fully constructing an essentially vacant ready-to-build site, the costs can range from a relatively small amount to several hundreds of thousands of dollars. Keep in mind you can't go shopping for your own contractors. Prior to the effective date, SEI will provide specifications and requirements that you must follow for the design and layout of the store, with the work to be performed by SEI contractors.

"The major difference in a BCP store is that you will not be obtaining a lease or sublease for your store from SEI, nor will you be getting a turnkey operation as you would with a traditional store."

SEI will lease to you any 7-Eleven equipment it deems necessary, as well as any fixtures and improvements, which may include counters and cabinets. A good deal for SEI; for a small investment, it gets another store with a 7-Eleven sign on it.

Here is the other side of the coin. Instead of paying a franchise fee of up to several hundred thousand dollars for a traditional store,

depending on its actual or projected gross profit for the prior 12 months, the current franchise fee for a BCP store is a flat \$25,000. Moreover, with a traditional store, the 7-Eleven charge can vary greatly, from as little as 48 percent to as much as 57 percent. In a BCP store, on the other hand, the charge ranges from 22 percent to 25 percent, depending upon the gross profit.

Whether or not to consider establishing a BCP store, especially one that is a totally new c-store location, is a huge business decision. The biggest risk, obviously, is that the prediction of the volume of business is just that—a prediction. If that prediction does not materialize, you will still have to pay the rent or mortgage installments, real estate taxes, and other costs. SEI will not bear this risk and, even if you are a corporation, it is more than likely that your landlord or mortgage lender will require you to personally guarantee the rent or mortgage debt.

So what if things don't turn out as planned? Get this. If you decide that you made a big mistake, and

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ARNOLD J. HAUPTMAN
CAN BE REACHED AT 516.541.7200

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you find yourself continually putting money into the store instead of taking out money and must give up the franchise, or if your agreement is terminated by SEI because of the many grounds for breaches, then you will have to pay to SEI what is known in legal circles as liquidated damages. Those damages range from a flat \$200,000

“Depending on its actual or projected gross profit for the prior 12 months, the current franchise fee for a BCP store is a flat \$25,000.”

if the termination occurs during the first two years, down to 40 percent of the prior 12 months 7-Eleven charge if the termination occurred 108 or more months after the effective date. Keep in mind that the entire agreement is only for a term of 10 years or 120 months. Of course, SEI also gets to remove the leased equipment.

Since the inception of the BCP Program, I have gained personal knowledge of some of these operations. For sure, many BCP stores have been very successful, even exceeding expectations, with both franchisor and franchisee being happy campers. However, I have also been contacted by BCP franchisees who have related horror stories to me. Those unfortunate franchisees found themselves with high rents and other related costs that could not be paid from disappointing revenue, and with other high expenses that continually put them under equity requiring a constant infusion of money. In one case, unanticipated store en-

croachment was the villain.

So what is a franchisee left with should disaster strike? More than likely, a private c-store requiring the replacement of the leased 7-Eleven equipment, removal of all 7-Eleven signs and design motif, and a liquidated damage payment of as much as \$200,000. Even that scenario may not be possible because of the agreement's non-compete clause, which prevents you—for 2 years—from operating that store as a c-store if it is located within a half-mile of any existing or intended 7-Eleven store.

Maybe even worse is the necessary total abandonment of the business and site. In that case, and in addition to the above issues, rents and/or mortgage payments and other expenses continue because of personal guarantees you have given—and without any income stream at all.

So, as you can well imagine, an unexpectedly poor BCP store can be infinitely worse

than a traditional store where you can just walk away with only the loss of your franchisee fee. That is bad, but better than years of debt and perhaps bankruptcy. The only answer is to minimize your risk, as best as possible, by doing due diligence and seeking the advice of a good business consultant. The rest is up to lady luck. ■

“An unexpectedly poor BCP store can be infinitely worse than a traditional store where you can just walk away with only the loss of your franchisee fee.”

Bits & Pieces...continued from page 39

to markets. **The Craft Beer Exchange offers craft beers sold in growlers on up to 12 taps**, as well as pre-packaged bottles and cans. • The Stop & Shop Supermarket Company recently announced the expanded availability of **SCAN IT!** Mobile—a grocery app that allows customers to use their personal mobile device to scan, tally, and bag their groceries while they shop. • A report by the Campaign for Tobacco-Free Kids, the American Cancer Society, and several other groups reveals that **states have slashed funding for smoking cessation programs by 12 percent in the past year**—and by 36 percent over the past four years—despite collecting a near-record \$25.6 billion in revenue from the 1998 state tobacco settlement and tobacco taxes. • The Australian government recently **approved SABMiller's bid to buy Foster's Group Ltd.** The Aus\$11.2-billion deal is part of SABMiller's plan to spread its business globally. • Sara Lee has sold a majority of its North American foodservice coffee and tea operations to The J.M. Smucker Co. for \$350 million. • **Pilot Flying J has entered into a deal to acquire seven Bosselman travel centers** located in Iowa, Kansas, South Dakota and Nebraska. • Through its Dream Machine recycling initiative, **PepsiCo, Inc. recently announced its second \$500,000 donation** to the Entrepreneurship Bootcamp for Veterans with Disabilities, a national program offering career

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Caveat Emptor

Roger St. George

VICE CHAIRMAN, NATIONAL COALITION

Let the buyer beware! Under the doctrine of caveat emptor, a buyer cannot recover from a seller for defects on property that render the property unfit for ordinary purposes. The only exception is if the seller actively conceals latent defects or otherwise makes material misrepresentations amounting to fraud.

Before statutory law, a buyer had no warranty on the quality of goods. In many jurisdictions now, the law requires that goods must be of "merchantable quality." However, this implied warranty can be difficult to enforce and may not apply to all products. Hence, buyers are still advised to be cautious.

What does this have to do with the 7-Eleven system?

For decades, a 7-Eleven franchise has been viewed as a ticket to financial success, so much so that prospective franchisees would line up to acquire an available store. In the article "South Asians Dominate U.S. C-Store Sector," which appeared in the March 15, 2007 edition of *CSP Daily News*, then NCASEF Chairman Tariq Khan stated:

... South Asians own more than 50 percent of the chain's franchised stores. In California alone, out of the 1,200 7-Eleven stores, around 600 to 700 stores are held by South Asians.

"I really think we are the backbone of the industry. With all the bankruptcies in

the '90s of convenience stores, I think Indians and Pakistanis are the reason the companies survived because we came in and bought those stores," Khan told the news service. "All those stores went belly up in the Midwest and when they were gobbled up, they were gobbled up by people like myself."

As to why South Asians are getting into the industry, he joked, "In this business you don't need experience—the prices are on the merchandise. You don't even have to know much English.

You can get by with 'Good morning' and 'Thank you' and 'Have a nice day.' This business is also recession-proof because every morning people need the newspaper, bread, milk, coffee, and cigarettes. If they don't have a job, they're likely to be still drinking coffee, perhaps having more cigarettes, and certainly reading the newspaper."

"Storeowners agree that the franchisee fee is becoming too expensive and the franchise agreement terms are decreasing the income they are earning from their stores."

"7-Eleven continues to rank high on various franchise ranking reports."

Despite the applicant's country of origin, the 7-Eleven franchise has always been viewed as a desirable business model. This has led to prospective franchisees gobbling up all

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Caveat Emptor *continued from page 45*

most any available store. Due to the seemingly inevitable profitability, many individuals bought stores without even reading the franchise agreement, let alone seeking legal advice before signing the contract.

Beginning in 2005, SEI realized the demand for 7-Eleven stores was greater than the supply. The company also realized it then had the opportunity to make three crucial changes: 1) increase the franchise fee; 2) make more money by franchising its corporate stores and collecting the franchise fee; 3) remove existing policies for credit/debit card expenses and change the gasoline commission. The aforementioned realization also led to SEI annually changing the franchise agreement to improve its profitability at the expense of the franchisee.

The most recent expense is the new additional gasoline franchise fee. Also, for the first time SEI has added a franchise renewal fee. Imagine, a successful franchisee that after ten years of building a store's sales and gross profits for himself and SEI, has to pay a fee to SEI to continue to earn money for SEI. This is in addition to the Graduated Gross Profit Split, where SEI takes a bigger slice of the gross profit from the franchisee as he grows sales and gross profits. This is also despite SEI making no additional investment from their side of the ledger, while the franchisee's expenses continue to increase with every transaction conducted.

Is there a point where a franchisee no longer wants to increase their sales because they will make less money? Surprisingly, there is still a plethora of applicants, including existing franchisees, for almost every available 7-Eleven store.

There are now complaints from store-

owners that the franchisee fee is becoming too expensive and the franchise agreement terms are decreasing the income they are earning from their stores. Franchisees are asking FOA leaders and the National Coalition to intervene to lower the franchise fee and improve the financial terms of the agreement. Franchisees are also asking the National Coalition to become involved in changing the wording of the franchise agreement. Unfortunately, SEI has no contractual obligation to do this. Only with a positive relationship and open two-way communication can the National Coalition affect the wording in the agreement.

“There is still a plethora of applicants, including existing franchisees, for almost every available 7-Eleven store.”

The only way SEI will reduce the franchise fee structure and improve the wording in the franchise agreement is when they can no longer franchise stores. It is now the rule of supply and demand, and the demand for 7-Eleven stores has never been greater. With the increasing pace of store acquisitions, the building of new stores, and continuing success of the Business Conversion Program, there is a seemingly never ending supply of stores to franchise. In fact, 7-Eleven continues to rank high on various franchise ranking reports.

About 17 states have “Fair Franchising” laws to help protect franchisees from onerous language in an agreement. Some states have stronger laws than others. There are other franchisee organizations that are trying to find support for every state to have fair franchising laws, or even national legislation. Perhaps it is time for local FOAs to become educated about these efforts to level the playing field with the franchisors.

Maybe then it will become Caveat Vendi-
tor. ■

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¹ Source: American Wholesaler Marketers Association.

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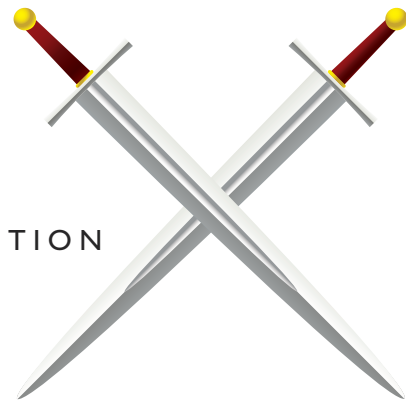
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Collective Store Growth— A Double-Edged Sword

Jivtesh Gill

VICE CHAIRMAN, NATIONAL COALITION



In recent times, through market meetings and zone meetings, various news reports from Dallas, or in articles in c-store trade publications, SEI has made it clear that store growth is a primary focus for the company. Store growth supports the long-term goal of developing concentrations of stores, and Business Transformation (BT), the Business Conversion Program (BCP), and Consolidated Market Roll-out (CMR) are all involved.

Franchisees understand that store growth brings us many things—the

opportunity to own more stores, synergy of scale, and prominence in specific markets. It makes better use of marketing and media initiatives. It provides better cost of goods spread over many more stores, concentrated delivery runs, and a more efficient execution of all initiatives. If we have more stores, we can have more local programs. Everything has a larger im-

“7-Eleven is planning to build, acquire or develop 500-700 stores in 2012.”

pact, and distribution per unit gets cheaper.

The number we have heard is 500-700 stores acquired, built, or developed in 2012. A lot of these stores will probably be built in already successful markets—Southern California, Chicago, New York,

and the rest of the East Coast. While we all want the system to grow and expand and provide additional opportunities for existing franchisees, we need to be cautious in how it's done and how it affects existing business.

For 7-Eleven, store growth comes through acquisitions, through the traditional building of new stores, and through the development of BCP stores. All franchisees now have a half-mile encroachment policy in their contracts, but that policy only applies to the building of new stores. So conceivably, an existing franchisee could wind up just down the street from a BCP store or an acquired store.

There are a number of examples where systems similar to ours have taken an aggressive growth path without regard for existing units, and Starbucks is the classic case. Starbucks stock hit a \$40 high in November

2006, fell to single digits by the end of 2008, and in January 2009 the company closed 600 stores. I think we can safely say that Starbucks suffered from a lack of due diligence on how saturating markets can actually cannibalize sales for existing stores. Too much of a good thing created diminishing returns for the chain.

At 7-Eleven, store location planners have to be even more careful, because unlike Starbucks, in a franchised system like ours, each unit is an independent business and the success of each store impacts individual families. For many of these families, the store represents their life's savings. Like Starbucks, 7-Eleven can afford to open stores rapidly, and many will

make the company more money, but we need to be cautious about the impact on the individual family.

Several things can be done to mediate this impact, and the first is to bring the existing storeowner along in the decision-making process. The second is to give the first right of refusal on the new store to the existing franchisee. The third is to make sure other stores in the area receive AQIP in order that they can compete with the new store.

As 7-Eleven grows, and we encounter the encroachment problem more and more, franchisees we need to be prepared. Franchisees should stay aware of any store activity around

“In a franchised system, each unit is an independent business, and the success of each store impacts individual families.”

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Collective Store Growth continued from page 51

their store, and talk to their market office and franchise director. The company, on the other hand, needs to do a much better job of communicating with franchisees. I think a lot of franchisees don't understand the multiple criteria, the components of multiple-criteria, or how operations get evaluated in a multiple-criteria situation. It is critical that any franchisee looking to expand get an understanding of this by sitting down with their field consultant and looking at how they can qualify for another store.

Encroachment has been a topic that we have long debated at National Coalition Board meetings. National Coalition officers are in constant conversation with 7-Eleven on the topic, and they assure us they are aware of our concerns and they have not taken any steps that have drastically affected existing stores. If your store is being negatively affected due to encroachment, you need to bring it to someone's attention.

We have always said it is easy for a 7-Eleven to compete with another convenience store, but when a 7-Eleven opens down the street with the same promotions and the same products, our customers have a second choice. ■

JIVTESH GILL CAN BE REACHED AT
209-481-7445 OR jjgill@aol.com

Bits&Pieces...continued from page 42

training, education and job creation for post-9/11 U.S. veterans with disabilities. • The non-profit organization **As You Sow**—in consultation with food companies including Kraft, McDonald's, Whole Foods, Yum! Brands, and Pepsi—has developed a first-of-its-kind framework to offer recommendations to food and food packaging companies on how to identify and evaluate nanomaterials in its food products, which are unregulated and untested for its impact on public health. • Four in ten families indicate they are **buying more organic products than they were a year ago**, according to a new study published by the Organic Trade Association. • Ethnic convenience store associations have grown dramatically over

continued on page 56

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ConAgra Foods' Meat Snacks Category Review



By Timothy Burke
ConAgra Foods, National Account Manager, Convenience

In the convenience channel, meat snacks are proving to be key players. Sales of meat snacks are the fourth largest snack category in convenience stores and are growing faster than total snacks.¹ As consumers are seeking a protein health edge, looking for more flavor adventures, and searching for convenience now more than ever, meat snacks and convenience stores make for a mutually beneficial relationship.

Meat snacks are high impulse purchases that sell on display at full margin. They are a perfect every-time-of-day snack, in addition to being the top sell-through items at check stands and providing last minute small-gifting ideas for several holidays. Whether it is a special occasion purchase or accompanying the purchase of a tank of gas, meat snacks are gaining ground in the convenience market.²

Over 65 percent of meat snacks sales occur in the Convenience Channel, making the channel a destination for meat snacks.³ As meat snacks make

strides forward, there are specific ways for convenience stores to take advantage of this growth. The first step towards this is recognizing that 77.1 percent of convenience channel meat snacks purchases are unplanned.⁴ Consumers who step into the store are not always looking to make a meat snack purchase, but often can be led to do so through effective marketing, placement, and assortment.



velocity.⁶ Despite rising costs, consumers continue to purchase meat snacks.

Since the purchase of meat snacks is so impulsive, convenience stores have the opportunity to build more full-margin impulse sales by displaying meat snacks in strategic locations, such as around or with chilled beverages. While 32 percent of meat snacks are purchased alone, the other 62 percent of purchases are made with a beverage.⁷ This strategy is effective because people

"77.1 percent of convenience channel meat snacks purchases are unplanned."

"While 32 percent of meat snacks are purchased alone, the other 62 percent of purchases are made with a beverage."

Convenience stores can leverage impulse purchases to convert fuel-up trips into in-store sales. As gas prices are currently rising to 2008 levels, this conversion is imperative.⁵ As consumers are spending more money on gas and expenses are adding up, they are more likely to eat out less, do more value buying, and use more coupons. However, meat snacks are exceptional for their resiliency to this spend-less trend. In 2008, it was observed that despite a 10 percent inflation increase in gas prices, there was less than a 1 percent decline in meat snack category

most often eat meat snacks throughout the day, primarily away from home—while traveling (30.1 percent), at work (18.1 percent), outdoors (7.0 percent) and at school (6.7 percent)⁸—and need a drink to accompany their snack.

What brings about more cross-merchandising opportunities with cold beverages is the expanding demographic for core category buyers to include older males. Displays that spark impulse sales at full margin also appeal to heavy-snacking households with teens of both genders: boys under 18 con-

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1. MATADOR Design Concept Testing, January 2010. 2. TNS Insc Consumption Tracker Q1 2011. 3. MATADOR Packaging Preference Study, March 2011. 4. Nielsen Data 52 w/e 5/14/11, Convenience Channel, Total \$ Sales by Brand / Segment. 5. IRI 52 w/e 9/15/10. All outlets combined.

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sume 23.2 percent of meat snacks; girls under 18 consume 16.7 percent.⁹ While adult males 18 and over are the biggest purchasers, a growing component is older males aged 25-34 who index at 217 on a scale where 100 is average.

Along with the expanding core category buyers is the overall trend of flavor expansion within the snack category. More flavor diversity and adventurous tastes are building new trial and growing the user base, trends which are being mimicked within ConAgra Foods' own meat snack line, Slim Jim. The ConAgra Foods' Slim Jim brand is America's #1 meat stick, with eight of the top 10 turning items¹⁰

der, flavorful American beef to those who take their meat snacks seriously.

Finally, ConAgra Foods offers a tool that takes the mystery out of meat snacks assortment and works to help grow the overall category. Because one size doesn't fit all in convenience sales, ConAgra Foods has developed "MEAT"—a proprietary tool based on the A.C. Nielsen Assortman Optimizer Tool. It is used to determine meat snack assortment priorities based on sales rate and incremental purchasing. The result is a personalized plan



"Boys under 18 consume 23.2 percent of meat snacks; girls under 18 consume 16.7 percent."

available in popular flavors such as Original, Tabasco, Nacho, and Honey BBQ. It has grown 21 percent versus a year ago—twice the category advance—and it commands a 62 percent category share.¹¹

Slim Jim is expanding its flavor platform to drive more consumer demand. These expansions include the introduction this past summer of DARE with three jerky flavors in escalating levels of spiciness—Kinda Hot Chili Pepper, Freakin' Hot Jalapeno and Really Freakin' Hot Habanero. Five more DARE offerings will appear in January 2012, extending this high-profile DARE platform of flavor innovation across jerky, giant size and monster sticks. Additionally, Slim Jim will offer new texture experience through its Slim Jim Steakhouse brand, which will start shipping in late December. Slim Jim Steakhouse shows an 80 percent purchase interest among consumers and nearly twice the uniqueness of a competing brand.¹² Steakhouse brings moist, ten-

der, flavorful American beef to those who take their meat snacks seriously. Finally, ConAgra Foods offers a tool that takes the mystery out of meat snacks assortment and works to help grow the overall category. Because one size doesn't fit all in convenience sales, ConAgra Foods has developed "MEAT"—a proprietary tool based on the A.C. Nielsen Assortman Optimizer Tool. It is used to determine meat snack assortment priorities based on sales rate and incremental purchasing. The result is a personalized plan for beefing up your meat snack sales. It recommends scaling back less incremental segments like stick bites, kippered, pickled, beef, and cheese, while expanding space for jerky, sticks, and nuggets. Total category space remains constant. Optimizing assortment with MEAT can grow your meat snacks category dollar sales an additional +8.4 percent per year.¹³ By taking advantage of the growing demand for meat snacks, their impulse-driven purchase nature, and utilizing the MEAT assortment tool, convenience mart can see growth in the overall category and sales. ■

FOOTNOTES:

- 1 Source: Symphony IRI Group All-Scan C-Store Reviews, 52 weeks ended March 27, 2011
- 2 Source: IRI Cross Channel Sales Analysis, 52 weeks ending April 3, 2011
- 3 Source: IRI S3 Panel 52 weeks ending December 28, 2010
- 4 Source: IRI S3 Panel 52 weeks ending December 28, 2010
- 5 Source: U.S. Energy Information Administration (<http://www.eia.doe.gov>)
- 6 Source: IRI All-Scan C-Store Reviews, U.S. Department of Energy

Bits&Pieces...continued from page 52

the past several years, and much more expansion is expected in the near future as more immigrants enter the c-store business, reported *CSNews Online*. • **Dos Equis was recently named "Beer Brand of The Year" by Market Watch.** Additionally, Dos Equis took home Impact Magazine's 2010 Hot Brand Award and Beverage Information Group's 2010 Growth Brand Award in the 'Fast Track' category. • **Cracker Barrel** recently unveiled its first electric vehicle charger, installed in its Lebanon, Tenn. location. The restaurant chain said it has plans to install a dozen Blink DC Fast Charging stations along major highways throughout Tennessee. • It is estimated that **more consumers (62 percent) used their mobile device to make a purchase this holiday season** than ever before, according to a joint national survey conducted by Sybase 365 and the Mobile Marketing Association. • **Connecticut lawmakers are considering requiring gas stations** to have generators after an October snowstorm knocked out power for days across the state, reported the *Hartford Courant*. • Pennsylvania's House Liquor Control Committee recently scrapped House Majority Leader Mike Turzai's wide-ranging bid to

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- 7 Source: The NPD Group, SnackTrack Database, Data for two years ending September 2009
- 8 ibid
- 9 ibid
- 10 Source: Symphony IRI Group, Convenience, 52 weeks ending June 12, 2011
- 11 ibid
- 12 Source: Buzzback concept evaluation, preliminary results March 16, 2011
- 13 Source: AC Nielsen Assortman Optimizer Tool—Total US Convenience



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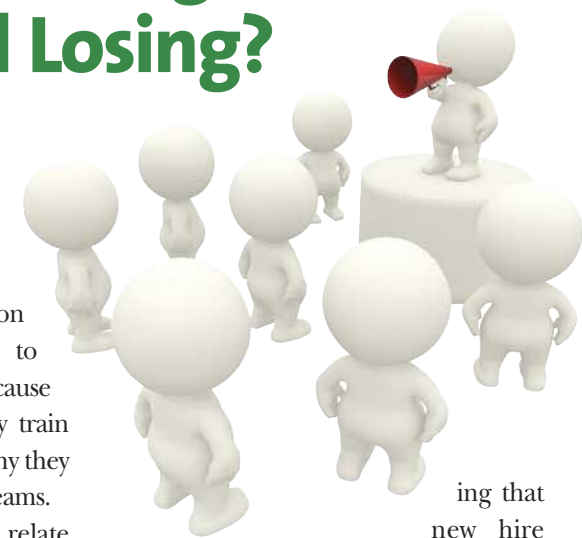
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Training And Retaining... Or Snoozing And Losing?

By Mike Rarus
Franchisee and Board Member, South Florida FOA



Valued and talented employees are the lifeblood of any retail business, and every retailer in the world is searching for them on a daily basis. Many times those valued employees, while seemingly not as talented as many would like, are already on the payroll—the business owner has simply failed to recognize the talent he/she has already hired, and in most cases, never properly trained to begin with.

Why does this happen, over and over again? I hear from many franchisees looking for employees each week, and invariably they always tell me they want trained people. This tells me only one thing: These folks are managers, not coaches.

A manager administers and runs things. A money market manager manages money. A baseball manager manages the team. An office manager manages the office. That is what they do and that is what they are good at, in most cases.

A coach is someone who can not only manage, but teach and train, as well. A coach is able to take the systems he/she knows and teach them—timely, properly, and repeatedly—to the folks that are on their particular team. Don Shula was a great football coach. Vince Lombardi was a great football coach. Connie Mack and Billy Martin were great baseball coaches, before they became great baseball managers. Red Auerbach and Phil Jackson were great basketball coaches. All are considered great because they taught, trained, developed, and retained raw talent, which eventually developed

into great teams of talented and motivated players.

On the other side of that equation are countless others who failed to achieve success at a high level because they simply could not successfully train and motivate their teams. This is why they are no longer in charge of those teams.

So how does this sports theme relate to you, the franchisee? Well, if you are a sports fan, an ex-player, or not, you must know and understand that in order to be successful over the years you must embrace the concept of “short-term pain,

“If you are having difficulties staffing your store(s) in an economy that is providing more qualified applicants than ever before, just ask yourself: Are you a manager or a coach?”

for long-term gain.” As a business owner, your biggest expense on a monthly basis is payroll-related. Many franchisees see the training period as an expense they cannot afford. Those are the managers. Some franchisees see the training period for what it was designed to be—an introductory learning experience to acclimate the new hire properly. These franchisees are coaches.

The coach spends 40-50 hours on underdeveloped talent, shaping and mold-

ing that new hire to fit his/her team, with a solid understanding of the 7-Eleven system. That coach realizes that the payroll expense he/she incurred for those training hours generally will be the last such expense for a LONG time, as they now have a motivated, properly trained employee who generally will stay on for some years. And that employee has become a valuable asset to the team, building relationships with guests and helping grow sales and profits.

The manager spends 2-3 hours on training time, if you can call it that, with their new hire. Just put them on the CBT, have them pass the Come of Age module, and off to the sales floor they are sent. No idea of what to do, how to do it, or why. The manager spends thousands of dollars every year searching for the “perfect” employee, never finding them. All because they never took the time to invest wisely upfront, and never realizing the gain they would have received long term if the hiring and training process had been done properly.

So, if you are having difficulties staffing your store(s) in an economy that is providing more qualified applicants than ever before, just ask yourself: Are you a manager or a coach? ■

PRESIDENTS' REPORTS



Over 120 affiliate member representatives and 70 NCASEF Board members heard presentations and attended breakouts at the Affiliate Meeting.

The National Coalition Board of Directors October meeting began with a two-day gathering of over 120 Affiliate Members and presentations from Chairman Bruce Maples, Executive Vice Chairman Joe Galea, and SEI Vice Presidents of Merchandising Alan Beach and Rob Chumley. After vendors departed, presidents and vice presidents from NCASEF's 39 FOA member organizations met for three days on topics raised by members, including: Business Transformation, CMR, legislative issues, maintenance, CDC, tobacco, encroachment, gross profit, audits, and store operations.

ROCKY MOUNTAIN FOA

Wayne Mathews, President

Looking back on 2011, I want to share some of my thoughts on the year—where we started, where we are now, and where I see us in 2012. As in every business, 2011 started a little slow, but the Rocky Mountain FOA board had some big ideas to improve communication to our members and our vendors.

We started by developing our affiliate membership programs for our vendors. Our vendor partners now have greater access to our members through our redesigned magazine and a new website.

We also wanted to improve our magazine for our members in 2011, and after research and deliberations we hired a new company to layout and produce the magazine. If you have taken time to review it, you will see our new magazine is second to none in quality and content. We want to say thank you to all of our advertisers that support our stores by being a part of the magazine. We also want to thank the members of the RMFOA board who have submitted articles and also

"Consistent, profitable growth is our goal in 2012."

—Alan Beach, Vice President, Merchandising, 7-Eleven, Inc.

invite our members to submit articles for publication. Special thanks to Scott Wohlman, who works on the magazine to ensure we provide you with something we can all be proud of.

We also felt the need to improve on our website in 2011, and as luck would have it the same company (Mixed Media LLC) that publishes our magazine was up to the task of producing the new website you see today. The new site has improved capabilities and gives our FOA the professional look and feel our members deserve.

The Rocky Mountain FOA hit new heights this year with our charitable giving and community support. We teamed up with Pumps 4 Pumpkins and raised \$5,000 for this worthy cause, which provides insulin pumps

for children with Type 1 Diabetes. In addition to the cash our stores raised, two visitors to our website read about Pumps 4 Pump-



Legal counsel Arnold Hauptman urged franchisees to do background checks on employees.

kins and we were able to connect them to the group's founders. As a result, the visitors each donated an insulin pump (\$5,000 per) and two more kids were able to get the much-needed insulin pumps to improve their daily quality of life.

We held our third annual charity golf event for the MDA—and our first annual trade show the following day—at the Broadmoor Resort in Colorado Springs. This year's gross income from our golf day set a new mark—we raised \$35,000 for the MDA summer camp for kids with this very difficult illness and we were invited to present a check to the MDA during the Labor Day Telethon.

In 2011 we also saw our greatest improvement in membership thanks to the efforts of our membership chairman, Dave Harper. Today there are 39 7-Eleven Franchise Owner's Associations spanning the United States, and we are now the tenth largest in the country with 130 members. With the current growth of both 7-Eleven and the RMFOA in Colorado, I am hopeful we will grow to 200 members in our organization by the end of 2012 through the addition of new franchisees and the

aggressive growth of multiple franchisees in our area.

This year the National Coalition of Associations of 7-Eleven Franchisees—made up of all the FOAs across the country—was able to put the CDC flat fee behind us so every store is on true cost of goods. This was a huge win, proving we can make a difference with one voice all united as franchisees.

This past summer, the annual National Coalition convention was held in Las Vegas, Nevada and we had a great turnout from our Colorado franchisees. If you didn't go, talk to your peers that did. It was a great opportunity to get together away from our stores, and meet and talk with vendors and 7-Eleven executives at the national level. Look for information to come about the 2012 convention to be held in July in Honolulu, Hawaii.



Executive Vice Chairman Joe Galea said the declining gross profit trend must be reversed.

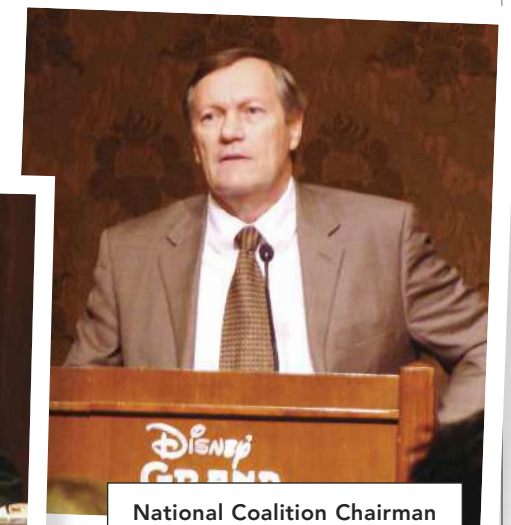
We will continue to provide the Rocky Mountain Review to all franchisees in Colorado, whether a member of the RMFOA or not, as we believe the information provided is valuable to all. If you want to know about the additional benefits of being a member of the RMFOA, please contact Dave Harper. All the info is on the web site at www.rmfoa.org and in our magazine, as

"Our request to SEI is to make encroachment part of the contract, not a policy."

—Bruce Maples, NCASEF Chairman

well. We have many wins in our markets supporting members in times of need and providing advice as needed from our board members and National Coalition attorney. We have also been able to provide our members with national support from our National Coalition Chairman, Bruce Maples, who was just re-elected for another two-year term. Bruce has done a lot to benefit the franchisees in our system during his first term, and his re-election was a well-deserved appointment.

In closing, I want to thank our board members who volunteer their time to improve our FOA and look out for the rights of our franchisees: Girma Molalegne, Mohammed Al-Najar, Shashi Sternberg, Mengesha



National Coalition Chairman Bruce Maples was re-elected for a two-year term.

Ambaw, Dave Wallace, Mark Whitmoyer, Scott Wohlman, and Ernest (Dave) Harper. I truly appreciate the support you all give daily.

UTAH FOA

Zachary Weatherman, President

We concluded our first elections for Vice President and Treasurer on November 15. I would like to congratulate Rich Learned on becoming our new Vice President, and Iani Roberts, who will continue to serve as Treasurer. I want to thank Paul Love for running for Vice President. Although he did not

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receive the nomination this time, we look forward to having him serve the FOA as a board member. The next elections in 2012 will be for the positions of President and Secretary.

Planning for 2012 is already in full swing. Our golf tournament for MDA will be held May 12 at the Mt. Ogden Golf Course. Our new Vice President Rich Learned has started putting together our first trade show, which will hopefully be held in June. During our next FOA meeting on January 17, we will be holding a seminar on how to increase gross profit. The coming year looks to be the best year yet for our FOA as we continue to learn and grow with each other.

SACRAMENTO VALLEY FOA

Jay Brar, President

The close encounters with WIS, the new audit service provider that replaced Quantum Services in September this year, turned out to be rather unpleasant for area franchisees. Although assistance was readily available from SEI staff, most franchisees had no clue about the monstrous differential either in shortages or in overages regarding the inventory of their stores. In some cases, it was posted between \$10,000 and \$16,000. To say the least, it caused such chaos among franchisees that they were going in circles to resolve their issues while contacting the Accounting Department, resched-



San Francisco/Monterey Bay Board Member Ann Sekhon said back rooms need updating and all wires need to be organized.

sandwiches, and fresh salads and fruits are making all the difference. For example, one store in our subgroup sells more than \$500 just in Maple Sausage Rollers in a week.

Area franchisees strongly oppose the influx of candy shippers they

uling with WIS, or minutely checking their Merchandise Reports. However, it was a great learning experience. From now on, franchisees realize they have to do most of the homework before the audit day. The more a franchisee prepares for the audit, the better results he or she may expect. To me, it's similar to how you would prepare before the flu season by getting the flu shot, washing your hands frequently, and taking all the other precautions that are necessary.

In the last few weeks, sales in the area have been from the flat, moderate, to high scales. Many stores are reaping much-deserved rewards from food service. The new grill items,

NOVEMBER ~ DECEMBER
2011
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"We are working to get better from the store level up and the Support Center down."

—Rob Chumley, Vice President, Merchandising, 7-Eleven, Inc.

claim they never ordered. There is no monitoring of pre-books, special deliveries, etc. Speaking of deliveries, the holiday pre-books arrive in the stores very late, sometimes two weeks before the event. As I write this report, I have not received the Christmas pre-books yet in any of my stores. The point is, it becomes a hard sell when a franchisee has to sell all the stuff in a week or two, apparently by marking it down at half—or even more—off the regular price.

The demise of the CDC flat fee on daily deliveries has given new life to franchisees. Although unconfirmed, franchisees feel they are paying more now on the items delivered to the stores, while some franchisees claim there has been a significant jump in the distribution fees. Many franchisees complain they do not receive the "New Items Packet" every week for unknown reasons. With the increase in prices almost every other week, it is definitely

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New Sacramento FOA President Jay Brar reported audit issues of over \$10,000 among members.



Nestle's Lori Appleton said health and wellness was driving Nestle Pure Life's 12 percent growth in 7-Eleven.



FOAC President Joe Rossi urged franchisees to take gas issues to their FOA representatives.

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important that franchisees receive these packets in order to get the retail adjustment. There are no more CDC Task Force Committees. Communication with the CDC leadership is at almost standstill.

In our area, new 7-Eleven stores are being opened almost every month. Yet, the existing stores are still hoping to have a facelift. When? Nobody knows. During our regular FOA meetings, franchisees

shown throughout the past two years. We raised more money for our exclusive charities than we could have ever imagined, donating \$55,000 to Children's Memorial Hospital alone! We are always looking for new ways to stay involved with the community, and even started an icon campaign with one of our exclusive charities for the month of August. We created an awareness of our partnership with Children's Memorial Hospital with the guests who visit our stores daily. We are hopeful this new program will become a tradition that will allow us to help the children year after year.

Secondly, we celebrated our third annual Holiday Trade Show on November 10th with dinner and entertainment festivities that followed. The FOAC welcomed over 34 vendors who

Cal/Neva President Richard Rose said the new items process still needs work.



express their disappointment on the progress of resolving issues—such as potholes in the parking lots, the multicolored tiles and the condition of the floors, and the poor condition of some of the equipment in the stores.

The Sacramento Valley FOA wishes a warm welcome to Bruce Maples, Jivtesh Gill, and Anas Abboud on their reelection as officers of the National Coalition.

7-ELEVEN FOAC

Joe Rossi, President

It seems that just yesterday the FOAC board was setting goals for 2011, and since then we have accomplished many unforgettable feats.

First, I'd like to personally congratulate the FOAC members, my 2010-2011 board, and the committees for the hard work and dedication they've

"To change the corporate culture we need all of our staff on board—FCs, MMs, and Zone Leaders."

—Ena Williams, Senior VP, West U.S. and Canada Operations, 7-Eleven, Inc.

showcased new products and exciting one-day holiday deals! Our franchisee community had a great time meeting with vendors and catching up with old friends. We look forward to celebrating and welcoming the New Year together in good health.

During our Holiday Trade Show and Party, the FOAC held our board elections for the coming year. First, thank you to those in our franchisee community who took the time to visit



National Coalition Vice Chair Jivtesh Gill was elected to Executive Vice Chairman.

NOVEMBER ~ DECEMBER 2011 PRESIDENTS' REPORTS

the trade show and who came to vote. I humbly accepted my nomination to the board and look forward to presiding as president for an additional two years. Thank you all for having faith in me and allowing me to represent the FOAC. I'd like to recognize and congratulate the following franchisees that will work alongside me on the 2012 board: Ken Patel, Vice President; Liaqat Ali, Treasurer; Sajid Ahmed; Jim Bayci; Rick Boone; Pura-bi Chowdhery; Parwaz Ekram; Morris Greenstein; Nizar Ladhani; Gary Loughridge; Hetal Patel; Janak Shah; Bob Strauss; and Hashim Syed. Congratulations, and I can't wait for another great year!

In order to start the New Year off right, let's reflect on a few things that we accomplished. We were able to fight for and keep the "Big Green Rack" that is currently in our stores. The FOAC has been working diligently with FM to make sure all Chicago and NW Indiana stores receive our PM refund and have the right contractors working in our stores. Our FOAC Gas Committee meets monthly, as we strive to boost commissions on the pennies per gallon. If you have a gasoline store, I strongly encourage each of you to consider taking this issue to your FOA and voicing your concerns. Let's find a way to make all of us more money!

I, along with my board, thank each of you for your continuous support and determination to run a successful store. Our board has set goals that we plan to achieve during 2012. I hope you too will get involved with your FOA and voice your opinions on what changes need to happen in the system. I extend an invitation to all of my fellow franchisees nationwide to visit us in Chicago during one of our board meetings, general meetings, or trade shows. I look forward to meeting you soon!

SAN DIEGO FOA

Jim Nunnally, President

Merchandise sales in the third quarter of 2011 for the three San Diego markets combined are up nearly \$300 average per store day, at \$4,312, compared to the same quarter in 2010 or 2009. While customer counts are flat in comparison to these two years for Q3, the increase in merchandise sales can be attributed primarily to the numerous suggested retail price increases stores have seen in recent months.

Merchandise GP\$ is up \$78 compared to the same Q3 last year, and up \$111 over the same period in 2009; fresh Food sales are up \$58 APSD; grill is relatively flat to previous years; sandwich sales are up \$16 APSD; bakery is up \$5 APSD; and non-alcoholic beverage is up \$73 APSD.

San Diego stores are currently undergoing the re-lamping of ceiling lights, with new LED fixtures on the sales floors. Backrooms and office ceiling light fixtures will not be changed at this time.

The San Diego FOA was pleased to have donated more than \$10,000 in 2011 to local charities, resulting from our Annual Charity Golf Tournament held this past spring. Our Holiday Party is the final event of the year, taking place December 10, and our Board of Directors will meet January 6, 2012, to elect the four executive officers for the 2012 calendar year.

WASHINGTON, D.C. FOA

Mark Chiochankitmun, President

The exclusion of Washington, D.C. from SEI's Half Mile Policy has created anxiety for all existing franchisees, who

"Plastic bag bills, bottle bills and tobacco taxes are all in the mix at the state level in 2012."

—Keith Jones, Government Affairs, 7-Eleven, Inc.

now have encroachment on their minds. Many new stores have been opened too close to existing stores, and we have no rights or protections like other franchisees throughout the country. Washington, D.C. area franchisees really feel that we have been discriminated against, and hope SEI would reconsider our request to reinstate the policy.

The Asset Protection Department has been actively auditing, charging back and serving breaches by market managers and the zone leader to our neighboring 7-Eleven stores in Maryland with beer and wine. We hope SEI would have an open mind and with our quite fair zone leader—who has already been educated quite nicely—would not jump into conclusions prior to taking into consideration the franchisee's reason, evidence, and support. The only concern is, what if franchisees do not have the means of support because our ISP does not retain information for as long as three years, which the charge backs call for. Is the SEI 90-days charge back policy still in effect?

Sales are up around 5 percent, with GP around 40 percent.

BALTIMORE FOA

Linda Haddaway, President

Baltimore has been enjoying milder than usual temperatures for this time of year. We are not complaining, as 60 degrees in November is just wonderful! Between the two markets, year-to-date sales are flat to a positive 1.4 percent. Gross profit percent is down 1 percent.

The term being used for next year's anticipated new store growth is "robust," which is very scary. We don't want to have to compete against another 7-Eleven in our neighborhood. Encroachment is a major concern to every franchisee.

Since Baltimore shows the highest pizza sales in the nation, a new pizza promo will launch for the next 10 weeks with advertising: a whole pizza for the crazy price of \$5.55. We are happy to have some type of advertising, but the profit margin is less than desired.

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Wash., DC FOA Pres. Mark Chiochankitmun wants to know why DC franchisees fall outside of encroachment guidelines.



So. Nevada/Las Vegas Vice President Iris Yost thanked the Board for their huge support of MDA in 2012.



Baltimore President Linda Haddaway asked for a more efficient and speedy new item process.



Northeast FOA Vice President Neal Shah said the company must make improvements to raise sales in Northeast stores.



Utah President Zach Weatherman said the FOA will hold a seminar on increasing gross profit for franchisees.

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able! Hopefully, it will bring some new customers to our stores.

Franchisees have been complaining about the pricing strategy on gasoline because we are no longer competitively priced. An insult price at the pump will not even bring the customers onto our lot or in our stores. Franchisee morale is at an all-time low.

This year we are having an "After Holiday Party" on January 25, 2012. Happy Holidays to all and wishes for a prosperous 2012!

Our Tristate FOSE Trade Show—which includes Baltimore, Suburban Washington and Washington, D.C. FOAs—will be held May 22, 2012 in Baltimore. Please mark your calendars!

FOA OF GREATER LOS ANGELES

Kathy York, President

The transition from the consolidator in our BT area is to begin in Janu-



SEI Senior VP Ena Williams and VP Development Shaun Duffy updated the Board and answered questions about store operations.

ary with 27 stores. There were lessons learned from the startup of BT over a year ago. It seems SEI is on top of it. Franchisees are included in the McLane delivery test to ensure a smooth delivery process. McLane is unable to deliver using a pallet system, so they are trying to figure out with SEI and franchisees the best and most efficient delivery system they can provide to us. The rest of the LA stores' rollout is scheduled for March-April. Since they are already using the computer system, the rollout should be easier. Ad-

ditionally, franchisees have the option of visiting any of the 400 stores already using this system. We are so looking forward to partnering again with McLane as our vendor and not using the pass through system that incurred additional charges. Happy 2012 to all!

NEW ENGLAND FOA

Dennis Lane, President

The weather in New England during the month of November has been remarkably warm, with temperatures often reaching into the sixties, contributing to strong sales in many of our stores.

Unfortunately, as the weather starts to change and we get ready for another long New England winter, franchisees continue to be concerned about the economy and its impact on sales. Consumers are not confident and they are being very careful with their disposable income. Many of our customers are looking for value offerings in our stores. We need to be ready to meet their needs. This is going to be a tough winter.

Cigarette sales continue to decline in our stores. Brand loyal customers are switching to lower-priced brands, and more and more customers are quitting. New England has always been a strong premium cigarette market. That is changing quickly.

Our last meeting of the year will be a Holiday Luncheon on December 15. The New England FOA wishes everyone

a Happy Holiday season and a profitable New Year!

ST. LOUIS FOA

Mike Foster, President

Sales continue to be flat with a continuing erosion of gross profit dollars. The upgraded lighting packages have been installed, with some stores having all ceiling tiles replaced. Because Missouri has the lowest tobacco

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"No matter how FCs and franchisees perform, if we don't have the products our guests want, it kills the guest experience."

—Mark Chiochankitmun,
President, Washington, DC FOA

taxes in the nation, there is fierce competition with off-brands that do not contribute to the Master Settlement Agreement that was part of the 1998 settlement between the major tobacco companies and the various state governments. With the recent reintroduction of EDLP pricing on certain national brands, our cigarette profitability has suffered.

After several years of uncertainty in our market manager position, SEI has promoted a seasoned veteran to the position. We welcome John Kincaid, along with his knowledge and enthusiasm for the business. After making the announcement, it was learned that we will become part of the Lone Star Zone. Off and on we have been affiliated with Chicago and Detroit since 1991.

I have been working closely with franchisees in Kansas City in getting their own association started. I stand ready to assist them in any way possible to meet that goal.

DELAWARE VALLEY FOA

M. Al Haffar, President

Sales were soft in November, up only 3.3 percent, and GP is averaging 31.5 percent. There has been a decline

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"Communication and mutual respect are most important in operating a successful store."

—Karam Dhaliwal, President, Southern CA FOA

SAVE A BUNDLE WITH OUR NEW BUNDLES.

With 14 Salado Sales bundle promotions available throughout the year, you can more easily stock your stores with high-quality products and generate an even greater bottom line.



- ◆ **First Half 2011 — "Wipe Up Profits"**
26% savings on CVP paper products
- ◆ **January — "Restore Your Profits"**
23% savings on CVP single- and multi-dose products
- ◆ **February — "Clean Up the Profits"**
35% savings on CVP laundry detergent
- ◆ **March — "March Madness Profits"**
48% savings on CVP condiment and picnic items
- ◆ **April — "Sweeten Your Profits"**
45% savings on CVP bagged candy
- ◆ **May — "Fire Up Your Profits"**
24% savings on CVP charcoal and lighter fluid
- ◆ **June — "Serve Up Your Savings"**
46% savings on CVP wipes and plastic ware
- ◆ **Second Half 2011 — "Drive Up Profits"**
18% savings on Road-Tech oils and wipes
- ◆ **July — "Bag Up Profits"**
35% savings on assorted CVP plastic bags
- ◆ **August — "Accelerate Your Profits"**
40% savings on Road-Tech wipes and air fresheners
- ◆ **September — "Bundle Up on Savings"**
14% savings on Road-Tech antifreeze and CVP firelogs
- ◆ **October — "Get a Grip on Savings"**
32% savings on Work Fare gloves
- ◆ **November — "Get Healthy Profits"**
33% savings on CVP cough and cold remedies
- ◆ **December — "Grow Your Profits"**
23% savings on baby products

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“FCs who walk in with a checklist and see tape on the window should pull the tape off rather than mark the franchisee down for cleanliness.”



Central California President Sunny Chauhan said AQIP would be welcomed by franchisees in Central California.



Redline representatives introduced Extreme Lemonade, 7-Hour Energy, Protein Rush, and Coco Fit.



FOA President Jim Nunnally reported San Diego stores are up over \$300 PSD compared to the same quarter in 2010.



Northern California President Raj Brar asked for more communications between franchisees, FCs, MMs, and Zone leaders.

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in cigarette sales, while coffee sales are running flat and fresh bakery experienced a slight increase. Our local zone meeting for three markets will take place December 8. Our next local FOA meeting will be held December 21. New lighting has been installed in many stores in the area, which seems to be a nice improvement to store image, while preventive maintenance is still lacking. We have experienced a rash of changeovers in recent weeks to stores under settlement agreement. Many cases for settlement are being created, some that are legitimate and some that are not—a clear change in company direction.

PACIFIC NORTHWEST FOA

Maninder Walia, President

We wish all franchisees a happy, healthy and prosperous 2012. Let's start the new year with a sense of optimism and hope that our franchisor will give fair consideration to the issues affecting our bottom-lines, and work on increasing GP percent and franchisee net income by bringing new products and exciting marketing ideas to grow merchandise sales.

Sales were down for the months of October and November. The \$1 menu promotions are helping sales and give our guests value for their dollar. Franchisees strongly believe SEI should have done aggressive media advertising for the Dollar Menu promotions to attract new guests in our stores.

Our second ZLC committee meeting, chaired by Zone Leader Larry Hughes, was held in Portland, Oregon on December 2. Franchisees from Washington and Oregon participated. Larry unveiled his plan for increasing guest counts by 12 per day and the average transaction by 12 cents in 2012. New stores being opened in close proximity to existing 7-Eleven stores is a huge concern

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for franchisees, and this was expressed at the meeting. Inadequate gasoline commission, the high cost of CDC products, and concerns regarding store image were also raised by franchisees.

The Pacific Northwest 7-Eleven FOA board extends their best wishes to the newly elected officers of the Na-



Board members Jerry Sahnan, Joe Rossi, and Bill Huffman oversaw the NCASEF elections for chairman, executive vice chairman and treasurer for two-year terms.

tional Coalition, and hope they will continue to work hard on the problems faced by franchisees every day. Our holiday party is on December 10, and about 250 members and vendors will participate in the night full of food, drinks, music and prizes. Our FOA's next annual trade show is scheduled for April 19, 2012.

SOUTHERN CALIFORNIA FOA

Karam Dhaliwal, President

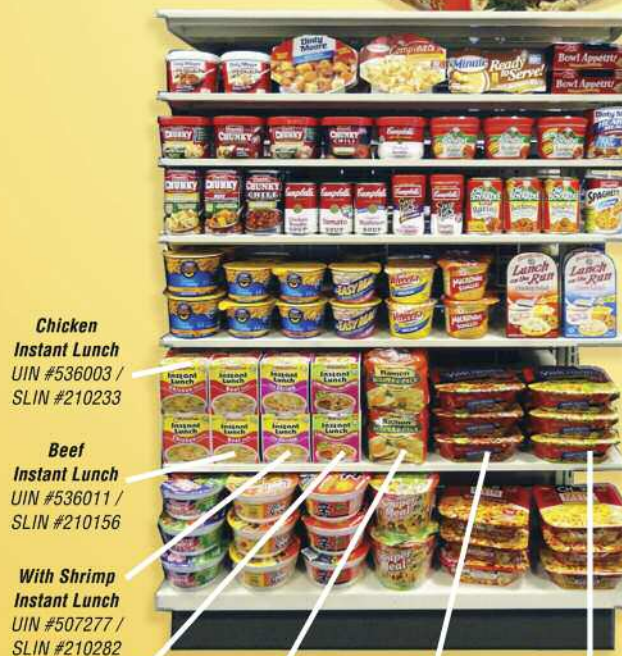
At the BT meeting on November 16 between franchisees, FOA presidents, local SEI management, and SEI people from Dallas, we discussed the future and expansion of BT in the Los Angeles markets. April 2012 is the target date for the three remaining Markets (2133, 2136, and 2173) to join the BT concept. SEI has started using McLane to deliver to a few stores in

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7-ELEVEN CORPORATE RECOMMENDS...



America's Top Selling Ramen Noodle Soup Brand!



Chicken Instant Lunch
UIN #536003 /
SLIN #210233

Beef Instant Lunch
UIN #536011 /
SLIN #210156

With Shrimp Instant Lunch
UIN #507277 /
SLIN #210282

Lime Chili Shrimp Instant Lunch
UIN #471813 /
SLIN #210733

Ramen Souper 6-Pack
UIN #526459 /
SLIN #210315

Teriyaki Beef Yakisoba
UIN #713438 /
SLIN #210625

Chicken Yakisoba
UIN #713008 /
SLIN #210624

Corporate Recommended Ramen Noodle Soup Section: Maruchan Cups replace Nissin for an increased GP from 67% to 71%!

Your customers recognize the Maruchan brand for consistent ramen noodle products. For over 15 years Maruchan has been America's top selling ramen noodle soup. Stock and display the 7-Eleven corporate suggested plan-o-gram and take get your share of a whole new source of incremental gross profits.

America's Favorite Ramen Noodle Soup!

MARUCHAN, INC.
15800 Laguna Canyon Road, Irvine, CA 92618



ADVANTAGE

continued from page 68

the BT markets. Two deliveries by McLane to the stores took 55 minutes to complete. SEI has a target of 30 minutes. We felt 45 minutes would be more in line. Franchisees feel comfortable with McLane drivers and how they bring product to the stores. This is a work in progress and will improve as time goes on.

I had the opportunity to visit a BT store while a delivery of beer was in progress. I observed the SA scanning the order and going through the rest of the procedure. I was impressed with the entire operation. This was a high volume store—there were two employees and a manager. I noticed that the amount of time it took to accept the delivery was no shorter than it takes in a non-BT store.

SEI has a target to open 20 more stores this year. I have visited two new stores and am concerned, as one store had only one AC working and no beer. I was told the AC situation was being worked on, and the reason that the store had no beer was because a local liquor store was protesting. The second

store also had no beer, and the parking light was not working. In order to hit their target, SEI is rushing incoming franchisees through the training. One franchisee did not make a Cash Report for the first four days. The manager of a corporate store came on the fifth day to do it and train the franchisee.

SEI plans to open 60 stores in 2012. There is a concern among the franchisee community that every store opened near their location will affect sales in their store.

Our last DLC meeting was like the old DAC. Our Zone Leader Dan Soper asked franchisees to bring items to the meeting that they had introduced as SSIs and were a hit. Several franchisees shared the items that were selling well, and we hope to share this in the near future. This will help the merchandising department. We wish all franchisees a happy and prosperous New Year.

"NBLC information should be communicated to the FOA leadership and all franchisees."

—Kathy York, President, FOA of Greater Los Angeles

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"It is apparent audit teams are under pressure to finish quickly. This is the wrong motivation."

—Jim Nunnally, President, San Diego FOA

CAL-NEVA FOA

Richard Rose, President

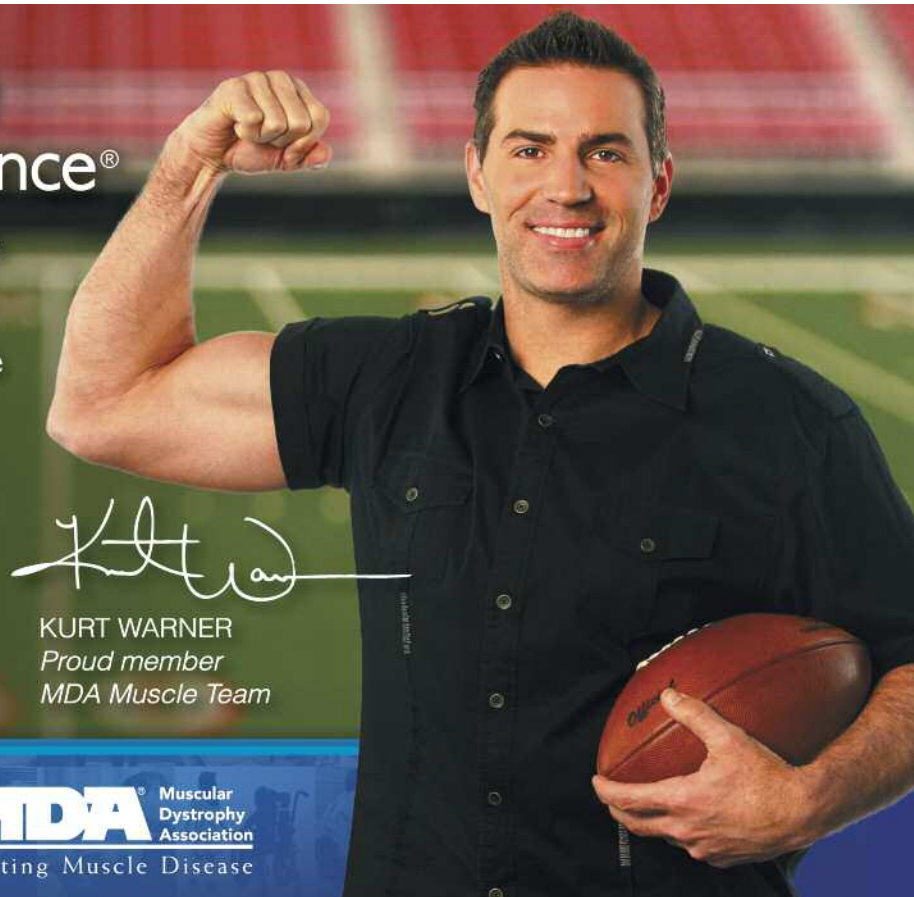
Throughout this year my President's Reports have focused on financial results, promos, and upcoming events. This report will be different in that I will

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Orange Fused Peach SLIN # 243967 0 50200 56200 6	Orange Carrot SLIN # 241436 0 50200 56500 7	Lemon Lime NEW FLAVOR 0 50200 57500 6	Raspberry Lemonade NEW FLAVOR 0 50200 57600 3

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focus on four people who make our Market successful, not in a financial manner, but in what makes us human—our willingness to help others.

The first person is a field



Breakout groups at the Affiliate Meeting included FOA presidents and vice presidents and vendors.

consultant named Carolina Gonzalas-Prats. Carolina is new to our Market and has developed a rapport with the franchisees in her sub-group. Carolina is a former Captain in the Army, serving in Iraq where she was in Logistics. She organized our Market participation in the Veterans Stand Down event.

The Stand Down is a community effort to bring our forgotten veterans to one location where the community can show support, give them food, coffee, and they can get medical attention. Carolina organized this event and pulled field consultants, franchisees, and store associates together to show that we appreciate our veterans' dedication to service for their country.

The second person is a long-time franchisee, LeAnne DeWeese. She has always been one to give to those in need and this Thanksgiving was no ex-

ception. LeAnne went to the local elementary school by her 7-Eleven store and talked to the principal to ask for the families who needed help. She took 20 names, than the work started. She collected money through her store canister, asked vendors for help, and when there was something short she paid out of her own pocket to provide Thanksgiving meals for these needy families. Our Market is lucky to have this 34-year veteran of 7-Eleven.

The last two people to write about for their good deeds are Rhonda and David St. Onge.

They saw a need in their community in Lake Tahoe, and our wristbands for "Saving the Ta-tas" was their avenue to support the fight against

Breast Cancer. For part of October they had their associates wear pink t-shirts that said "Save the Ta-tas." Not one of their associates refused to wear



NCASEF Treasurer Anas Abboud was re-elected for two years.

pink, including their male employees, and each one worked hard to help raise money for this worthwhile fundraiser. Their efforts paid off, with two stores collecting over \$3,000.

We are very proud of these invaluable and compassionate members of our Market. Thank you for your efforts.

"We are concerned that planograms do not meet specific store needs."

—M. Al Haffar, President, Delaware Valley FOA



SEI Director Asset Protection Mark Swinde agreed on an audit survey on the ISP or by phone.

low on July 21 at the Marriott in Santa Clara. During our planning meeting we will also schedule our vendor appreciation luncheon and our Great America get-together for franchisees and their families.

Sales currently are running about a ten percent increase. Gross profit has declined slightly, due mainly to the impact on cigarettes. With a big emphasis on roller grill management, the new Maple Sausage Roller has been successful. One of the areas our FOA is currently focusing on is working with 7-Eleven to try to get more realistic costs of goods from our CDC. We had a

continued next page

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"It is clear to franchisees today that 7-Eleven, Inc. wants a multiple franchise company."

—Elias Waldu, President, Suburban Washington FOA

SAN FRANCISCO/ MONTEREY BAY FOA

Joe Galea, President

Our planning meeting for 2012 is scheduled for January 13 and 14, during which we will be developing our agenda and scheduling events for 2012. Our tradeshow and golf tournament for 2012 will be a combination two-day event to benefit our vendor community and franchisees. To limit expenses, the golf tournament will be held on July 20 and our tradeshow will fol-

continued from previous page

meeting in November and will follow up with another meeting with 7-Eleven in January.

TEXAS FOA

Bob Price, President

As 2011 comes to an end and 2012 starts, we here in Texas have seen a lot of changes. Our economy is still challenging many franchisees' ability to stay above equity. We have always been in a heavily competitive area, but we have seen even more come to DFW. Our board had one member retire (John Roddy) and one new member come on board (Moe True). The FOA has grown to 123 members, with more franchisees becoming multiple operators. We held our trade show in October, and it had one of the best attendances by both our vendors and franchisees. We experienced another Board of Directors tour visit in November.

The Texas area is acquiring approximately 50 ExxonMobil On The Run stores, and franchising should start first quarter on 2012. We have a new Zone Manager (Cindy Richardson) and three new market managers in the DFW area. The last of the changes I have recently seen is a new commitment by local management in working with franchisees. As we go through 2012, hopefully these changes will be for the best of all.

GREATER BAY FOA

Ray Dhaliwal, President-Elect

The year 2011 has been filled with changes and has provided enormous challenges to 7-Eleven franchisees. The year started with gusto and zeal in Dallas at the USE, with the introduction of the upcoming changes by top-level management. New Zones were created, and a new reporting structure and physical movement of SEI personnel was embarked upon with tremendous expediency. Communication of these changes to the SEI community and to franchisees across the nation

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was quite a challenge. However, the implementation of new hardware and improvements in the message center made it easier to get the word out.

The introduction of scanning in February 2011 was a very successful change by SEI. It has reduced the lag time between merchandise delivered to a store to reporting on the Merchandise Report from 12 days to three days. It has also helped in controlling the inventory levels in real-time, and reporting errors are less

"We have made significant changes to the low volume store incentive."

—Frank Gambina, Vice President Franchise System, 7-Eleven, Inc.

than half a percent. I wish the implementation of physical audits in the stores was as professionally handled as the merchandise processing project. WIS started in Arizona and Southern California 20 months ago, and then moved on to Northern California three months ago. Based on the results in the Bay Area, it is obvious that SEI's North-Pac Asset Protection Department doesn't have a handle on what they're doing in contrast to John Ehrie's department because the overages/shortages are alarmingly excessive. One would hope that 20 months is a long enough learning curve to reach the desired results. Even though franchisees are getting the proper support from their market managers, the level of disappointment and financial hardship created by the audit process is uncalled for.

When Philip Morris dropped the MLP bomb in March, the joint venture

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Keith Jones, SEI Government Affairs, said franchisees from the Delaware Valley FOA rallied against cigarette POP restrictions.



Dave Johnson said Bazoooka Brands reaches 75 percent of their target consumer audience ten times per year.



Suburban Washington President Elias Waldu said FCs must work closer with franchisees to build profits.



SEI Senior VP Shaun Duffy agreed the company must do a better job of communicating operations changes to franchisees.

"We need to work on better relationships between FCs, Market Managers and franchisees."

—Mohamad Iskandar, President, Northeast FOA



Chairman Bruce Maples urged all FOAs to get involved in their area's asset realignment on the CDCs.

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response between Rob Chumley, the Zone staff and the franchise community speaks for itself. After months of financial performance, one can see that when we all work as a team and are on the same page, David can defeat Goliath.

I must say that FM has come a long way. However, they still have plenty of challenges ahead of them, such as eliminating the gray area of charges between the franchisee and FM and SEI. The cycle time for the review and correction of charges to Account 680 definitely needs improvement.

We in the Bay Area are basking in the sun compared to the rain of yesterday. This has led to higher sales, comparatively. The overall gross profit is lower than last year. We are eagerly waiting for the CMR program to come to Bay Area markets. The new lighting has definitely brightened the stores and customers are commenting.

Overall, the year 2011 has been an improvement over 2010, and rest assured that the resilient community of 7-Eleven franchisees is ready to take

on the challenges that come their way in 2012.

UFOLI

Tariq Khan, President

Market-wide, our margins are down from 37 percent to less than 35 percent. That is a huge concern for us. SSIs are still a problem, and product selection is limited. The coffee numbers are still down even after the CMR was done in our area. The AQIP makes the stores look beautiful, but the timers on the new coffee brewers are different and don't allow us to make a stronger pot.

The growth of new stores in our area has been met with mixed emotions. Some like it, but those franchisees that will be hurt by it obviously don't like it. We are saying don't grow at the expense of existing stores. New stores are being built like crazy in our area, but customer growth is limited. Currently we have 220 stores in Long Island. Norris recently sold our area CDC to Lufthansa.

We are concerned about the Health Department. If they visit your store and find one small infraction, you are given a \$600 fine automatically without the chance to rectify the situation.

The other big things happening in Long Island are the underage alcohol and cigarette stings. It used to be that they would send a minor in to buy cigarettes and if you asked them if they were under 19 years of age, they would have to answer truthfully. Now, they are allowed to lie and tell you they are not under 19. Some of our people

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have gotten caught in that situation and that is a huge issue for us.

The new auditing firm is a nightmare. When you call to schedule an audit, you just get an e-mail and no information. You can't get through to them. It took me two months before I could get a meeting with them. This is outrageous. We used to receive a phone call reminding us of the upcoming audit. Now, you just get an e-mail giving you the date. What if you're away at a board meeting? Well, like it or not, that is the audit date. The audit shortages are huge. EDI double billing is a concern, so you have to be on the lookout for this all the time.

License renewals are another big issue. It seems they are backed up in Dallas. I've mentioned before that the lack of support staff and the lack of timely information is leading to expired licenses.

Another issue we are battling is different towns in Long Island instituting a deposit on plastic shopping bags and garbage bags. We as an association, are opposing it. We have a hearing in South Hampton on December 22, 2011, where we will be testifying against it.

Our Christmas party is taking place on December 22, 2011. We have set our trade show date tentatively for April 5, 2012 or April 12, 2012. We have secured both of those dates with the Borgata Hotel in Atlantic City and will be finalizing the date shortly. ■



Pacific Northwest President Maninder Walia wants the company to work on gross profit margins and net income.



SEI Director Facilities Eric Nachtrab and FM's Treavor Law said the average response to determine credits is now 11 days.



Greater Los Angeles FOA Board member Bic Siddhu answered questions about Business Transformation stores.

SELL 3X MORE



Retailers who carry an additional style sell 3x as much Natural American Spirit volume overall.



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the United States, more than the combined stores of the three biggest drugstore chains—Walgreens, CVS, and Rite Aid. Typical dollar stores occupy an average footprint of 7,000 to 10,000 square feet, although some newer prototypes exceed 20,000 square feet. Long known for the value they provide with convenience positioning, edited assortments, and low prices, the report states dollar stores' strong earnings and aggressive store expansion/remodel programs have made them extremely popular with landlords and property investors.

More small businesses are using social media to engage their customers.

More Small Businesses Using Social Media Marketing

New survey data from Constant Contact, Inc. reveals that small businesses are becoming more comfortable with social media marketing and are using it more when engaging with customers.

tomers. The Fall 2011 Attitudes and Outlook Survey also reports that small businesses still rely heavily on in-person interactions and events in addition to email marketing and website marketing to reach their customers, while mobile adoption remains slow.

In just six months, the survey of small businesses using online marketing tools revealed a significant reduction in perceived barriers to adoption of social media marketing among small business survey participants. The survey found increased awareness that

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San Francisco-Monterey Bay FOA Holiday Party



The San Francisco/Monterey Bay 7-Eleven Franchise Owner's Association recently celebrated "Winter Extravaganza," an annual gala event of sumptuous dinner, heart pounding DJ music, and lots of fun. The event was held at the Santa Clara Marriott on December 9, 2011. The beautiful celebration was well attended by over 150 people, which included our dear FOA members, 7-Eleven Market Managers, our wonderful and supportive vendors, and their families and friends.

—Sue Kumar, SF/MB FOA Tradeshow and Special Events Chairperson



Meat Snacks Are The 4th Largest Snack Category In C-Stores!

Communicate HEAT With New Slim Jim DARE Jerky and Meat Sticks!

SLIM JIM GIANT DARE CHILI PEPPER
SLIM JIM GIANT DARE JALAPENO
SLIM JIM GIANT DARE HABANERO

REALLY FREAKIN' HOT HABANERO
KINDA HOT CHILI PEPPER
FREAKIN' HOT JALAPENO

Communicate FLAVOR With New Slim Jim Steakhouse Jerky Flavors!

AVAILABLE NOW THROUGH MCLANE!

BEEF UP YOUR PROFITS

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SLIM JIM DARE JALAPENO
SLIM JIM DARE KINDA HOT CHILI PEPPER BEEF JERKY 2.9 OZ.
SLIM JIM DARE FREAKIN' HOT JALAPENO BEEF JERKY 2.9 OZ.
SLIM JIM DARE REALLY FREAKIN' HOT HABANERO BEEF JERKY 2.9 OZ.
SLIM JIM STEAKHOUSE MESQUITE SEARED STRIPS 3.15 OZ.
SLIM JIM STEAKHOUSE KICKIN' CARNE ASADA SEARED STRIPS 3.15 OZ.



social media marketing need not be time-consuming or difficult—clear barriers to adoption reported in Constant Contact's Spring 2011 study. In fact, small businesses report allocating more time to social media marketing to engage their targets. A full 81 percent reported using social media to market their businesses, up from 73 percent in the spring of 2011. Of those using social media marketing, Facebook continues to be the tool of choice for small businesses with 96 percent reporting using the tool. Twitter is quickly gaining ground—usage surged in the last six months, from 60 percent in Spring 2011 to 76 percent in November.

Maryland Considers \$15 Gas Tax Hike

A Maryland commission created by the General Assembly and Governor Martin O'Malley recently proposed raising the state's gasoline tax by 15 cents per gallon—to one of the highest rates in the nation—in order to support a transportation trust fund that is failing to keep pace with billions in unfunded projects, reported the *Washington Post*. The gas tax hike—from 23.5 cents to 38.5 cents per gallon—would have Maryland households paying hundreds of dollars more a year, and would also boost bus and rail fares. The gas tax increase would be phased in, with five-cent increases in each of the next three years, but costs for titling, registering and inspecting cars, as well as riding on bus and rail lines, could increase all at once next summer. O'Malley has suggested he would support some hike in the gas tax, and has asked



lawmakers to begin debating the issue.

Seattle Puts Plastic Bag Ban On The Table

The Seattle City Council recently proposed a ban on plastic shopping bags that would target not just grocery stores, but convenience stores, drug stores, restaurants, department stores, home-improvement stores, food trucks and farmers markets, reported SeattlePi.com. The measure would also require customers to bring their own bags or buy a paper bag for 5 cents a piece. According to the article, the ordinance would go further than bag bans in many other cities, which mostly apply to groceries and sometimes drug stores. The bill is Seattle's second attempt to regulate plastic bags. In 2008, after the City Council adopted a 20-cent fee on the bags, the plastics industry spent \$1.4 million to crush the measure. Voters repealed the fee in 2009.

Starbucks Mobile Transactions Exceed 26 Million

Coffee chain Starbucks announced that its mobile payment program has generated 26 million transactions to date since January 2011. The program is centered on a smartphone application with a Starbucks Card stored within the app, providing a convenient and fast way

Seattle is considering a ban on plastic bags that would also target c-stores.

for customers to pay for Starbucks purchases. In the first 9 weeks of the program there were 3 million transactions, and for the 9-week period starting in October there were 6 million transactions, demonstrating a significant jump in customer adoption and use, the company said. During 2011, Starbucks also rolled out the Starbucks Card eGift feature and developed the Starbucks Cup Magic app to share augmented reality experiences in its stores and beyond.

CFA Fight For Fairness In Franchising

The Coalition of Franchisee Associations (CFA), which represents independent franchisee associations and lobbies Congress on their behalf, has been getting a lot of attention from franchisees and franchisors since it released a 12-point Universal Franchisee Bill of Rights over the summer, reported Entrepreneur.com. Among other recommendations, the document calls for giving franchisees the right to set prices and join independent associations, to renew or transfer their franchise, and to protect their territory from encroachment. It also stipulates how franchisors should handle a default. Since the document was finalized in June, more than a dozen franchisee associations representing 50,000 franchise units and 1.4 million employees have signed on. The Washington, D.C.-based association said the Bill of Rights is a starting point for dialogue and is not the basis for a legally binding document, but added that if franchisors are not open to discussing their contracts, then the fran-

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Top 5 Reasons to Scan

- 1) Space on the counter top: small foot print / high yield
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- 3) Brand recognition: Royal Blunts have been in the market for 14 years. We advertise nationally
- 4) Customer preference: "Customers prefer Royal Blunt products due to the outstanding taste in our flavors"
- 5) Getting your investment back: "Your products sell faster than candy"
(Quote from a satisfied store owner at a Distributors Show in Virginia Beach, VA.)

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).

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



SURGEON GENERAL WARNING: Smoking can be hazardous to your health

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
Kush 2XXL Cigar Wrap



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



MCL UIN# 563205
Naked 2XXL Cigar Wrap





chisee community may consider introducing elements of the Bill of Rights as legislation.

Judge Blocks Graphic Cigarette Warnings

A federal judge recently blocked a U.S. rule requiring tobacco companies to display graphic images on cigarette packs, reported Reuters. U.S. District Judge Richard Leon sided with tobacco companies and granted a temporary injunction, saying they would likely prevail in their lawsuit challenging the requirement as unconstitutional because it compels speech in violation of the First Amendment.

After legislation passed in 2009 making the Food and Drug Administration responsible for regulating tobacco products, Congress instructed the FDA to impose new cigarette warning labels. In June 2011, the agency released nine new warnings to go into effect in September of 2012 containing color graphics depicting the health consequences of smoking, including diseased lungs, dead bodies, and rotting teeth. Tobacco manufacturers R.J. Reynolds, Lorillard, Liggett Group LLC and Commonwealth Brands responded by filing a lawsuit in August 2011, arguing that the new warning labels—which must cover the top half of the front and back of cigarette packs and 20 percent of printed advertisements—force them to "engage in anti-smoking advocacy" on the government's



behalf, breaching their right to free speech.

7-Eleven Takes Top Ten Spot In 2012 Franchise 500 List

7-Eleven is ranked #3 on Entrepreneur Magazine's 33rd annual Franchise 500 list, which showcases this year's most successful players in the franchising world. Maintaining its number one ranking for the second consecutive year is Hampton Hotels, followed by Subway.

About 7-Eleven, the magazine said: "With more than 43,700 stores worldwide—making it the largest retail outlet on earth—you'd think 7-Eleven had no more room for growth. Nope. In 2011, the company added more than 3,700 global locations, while in the U.S. it continued an aggressive strategy to convert existing convenience stores—including ExxonMobil, Shell and regional chains—to its brand.

7-Eleven landed the number 3 spot on the 2012 Franchise 500 list.



"But the chain's strategy is not just about numbers. In the U.S., 2011 was also about improving existing stores, with interior renovations on 1,000 East Coast units and new exteriors and parking lots at 550 others. What's more, the introduction of a massive number of store-branded products, including batteries, potato chips and candy—even proprietary wine—has added an extra boost to franchisees' bottom lines and is helping to fuel the company's continued global domination."

Despite the recession, the companies in the Franchise 500 added 13,725 units between 2010 and 2011, indicating a 16 percent improvement from the previous year's growth. Fran-

chises also provided more than 9.1 million jobs and contributed \$468 billion in GDP to the U.S. economy, according to the latest data from the U.S. Census Bureau. The rankings for all 500 companies are determined using an exclusive formula that takes into account objective and quantifiable factors. The most important factors include financial strength and stability, growth rate and size of the system.

Washington State Privatizes Liquor Sales

Voters in Washington state recently approved a ballot initiative strongly backed by wholesale retailer Costco to close state-run liquor stores and allow sales of hard spirits in supermarkets and big-box retail outlets, reported Reuters. The measure known as Initiative 1183, approved on November 9, allows Washington, which currently has

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Bits & Pieces...continued from page 56

eliminate the state Liquor Control Board and privatize the current state-owned system and instead passed a radically different bill that would let the state's 1,200 beer distributors sell wine to the public while the liquor stores continue to operate, reported the *Pittsburgh Post-Gazette*. • **Retail sales of coffee reached \$7.3 billion in 2011, an increase of nearly 17 percent over 2010**, according to Coffee and Ready-to-Drink Coffee in the U.S., a just-released report from market research firm Packaged Facts.

Remember The Free Tylenol and Motrin Delivered To Your Store Last November?

IT'S TIME TO REORDER!

Maximize Your Sales And Profits By Stocking These Top-Selling Brands!
All are High-Ring, High Margin Items!

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GPM 47%
SLIN 221286



Tylenol PM
GPM 40%
SLIN 221381



Motrin IB
GPM 50%
SLIN 220040



Motrin PM
GPM 40%
SLIN 221446



Available through McLane today!



SEI News

New Breakfast Roller Combines Two A.M. Favorites

A new breakfast item rolled into 7-Eleven stores in December—the Maple Pancake Sausage Roller, a maple-flavored pancake wrapped around a pork sausage link, served hot off the roller grill. Combining two of the most popular breakfast foods into one unique product, the Maple Sausage Breakfast Roller was created exclusively for 7-Eleven by Kraft Foods. Customers who tried the new breakfast item at test stores in New York, Austin and San Francisco gave it positive reviews. An easy-to-eat option for breakfast on the run, the new Breakfast Roller is a value at an introductory price of just \$1 each.

Considered "the most important meal of the day" by most, breakfast is still skipped daily by 10 percent of Americans, according to a recent study. That number is even higher for men ages 18 to 34, 7-Eleven's target demographic, at 28 percent. "Breakfast may be the most important meal of the day, but for many, morning is also the most hectic time of the day. Our morning customers are in a hurry and looking for convenience, value and quality. The Maple Sausage Breakfast

Roller is a winner on all three counts," said Jesus Delgado-Jenkins, SEI senior vice president of merchandising, marketing and logistics.



Protecting Polar Bears' Arctic Home



7-Eleven and Coca-Cola joined forces this holiday season to give customers a chance to have some chilly fun for a great cause. The initiative was part of The Coca-Cola Company's "Arctic Home" campaign, which supports World Wildlife Fund's (WWF) conservation efforts

to protect the polar bear Arctic habitat. The partnership came to life through the interactive Snowball Effect app for iPhone, iPad and iPod touch, in-store promotions, and a limited-time Sprite Snowball Blast Slurpee flavor.

The app encouraged users to gain points by challenging friends to virtual snowball fights, entering codes on specially marked peel away stickers found on Coke packaging, Slurpee and Big Gulp cups, and by checking-in at 7-Eleven stores. The more active a user was with the app, the more friends were introduced to the polar bear's needs, and the more chances a user had to earn points and chances to win. Each week during the nine-week promotion, 7-Eleven

awarded an iPad to eight winners based on the highest cumulative scores posted. At the end of the promotion, an iPad was awarded at random to eight more users. The Snowball Effect grand prize—a trip for two to the Arctic—will be awarded to the user with the highest cumulative number of points.

The app also helped raise funds for WWF's efforts by directing users to ArcticHome.com, where they could enter package codes from specially-marked Coca-Cola products to trigger an individual \$1 donation. Coca-Cola will match all donations made with a package code by March 15, 2012, up to a total of \$1 million.

Military Members Get Free Slurpees On Veteran's Day

7-Eleven celebrated active, veteran and retired U.S. military personnel and their families on Veteran's Day with free, small Slurpee drinks. On November 11, qualifying customers just needed to present proof of current or former U.S. military service to receive a free Slurpee. Accompanying family members also received the free beverage. The Slurpee salute was the centerpiece of the month's "Operation: Thank You" campaign, which enlisted 7-Eleven customers to show their support for U.S. troops by adding a \$1 donation to the USO (United Service Organizations) when they checked out at participating 7-Eleven stores. Donated funds will go toward USO care packages given to U.S. troops serving overseas. Each care package includes products like beef jerky, trail mix, toiletries, and an AT&T phone card.

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MAPLE PANCAKE SAUSAGE ROLLER
Everything you love about morning in one delicious roller. Try the new Maple Pancake Sausage Roller for just \$1.
[Learn More](#)



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Introducing NONGSHIM's Improved Line of Bowl Noodle Soup!

- NO MSG added
- 0g Trans Fat

www.nongshimUSA.com



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SEI News

SEI Adapts Boom Mobile Money Service

7-Eleven, powered by PayNearMe, has joined m-Via's new Boom Mobile Money service, which allows consumers to use their mobile phones to make money transfers of any size from \$5 to \$1,000, as well as make purchases and withdrawals at participating Boom Merchants and Boom ATMs. m-Via has built an extensive partner network for Boom where members

can load money, withdraw money, and make purchases from their Boom accounts. "The beauty of m-Via's solution is that while it is complex behind the curtain, it's incredibly simple for consumers to use," said Jesus Delgado-Jenkins, 7-Eleven's senior vice president of merchandising, marketing and logistics. "This service with m-Via is another first—and a very convenient way for our customers to share money using any cell phone."

New Loss Prevention Solution

SEI has signed up to use Sysrepublic's Secure point-of-sale loss prevention and systems integrations solutions at all 6,800 U.S. stores. Sysrepublic's Secure loss prevention software, which allows retailers to identify theft and significantly reduce shrink, is used at more than 22,000 retail outlets worldwide, monitoring one billion transactions per day. ■

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about 330 liquor shops run by the state and contracted vendors, to open the

door for about 1,100 additional outlets to sell liquor. The state-run stores would be closed or sold to private own-

ers. The initiative also changed Washington's wine distribution laws, regulated alcohol advertising, created new franchise protections for liquor distributors, allowed grocery stores to sell liquor, and imposed a 17 percent tax on gross revenues from hard liquor sales.

FOAC Holiday Trade Show and Party



Franchisees Nick Patel and Bhupinder Bawa (left), with Market Manager Tim Hale (second from right).

Field Consultant Anthony Bartoli, Board member Bob Strauss and Heartland Zone Mgr. Brian Trout.



Left to right: Rick Boone, Liaqat Ali, Rashid Siddiqui, Parwaz Ekram, Jim Bayci, Hashim Syed, Bhupinder Bawa, Joe Rossi, Neal Sheikh, Janak Shah, Gary Loughridge, Bob Strauss, Sajid Ahmed.

7-Eleven Negotiates Pilot With Mohan Corporation

Mohan Corporation, a global manufacturer and distributor of high quality incense and oils, announced that it is negotiating the launch of a pilot program with approximately 900 7-Eleven stores in southern California. Jas Dhillon, 7-Eleven Franchisee, Franchise Owners Association of Greater L.A., stated, "We like the Mohan natural charcoal incense products and look forward to working with Mohan on the rollout to 7-Eleven stores nationwide. I presented the program to my 7-Eleven team, and they are eager and excited to roll it out to the approximately 900 stores in the southern California area, and eventually to include a national program of 7-Eleven stores throughout the United States." ■



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Introducing Cig2o, the affordable premium e-cigarette from Kretek International, Inc. Cig2o is the only e-cigarette sold by an established tobacco products company with 30 years of licensed tobacco distribution experience.

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VENDOR FOCUS

VENDOR FOCUS

JOLLY RANCHER LAUNCHES NEW CRUNCH 'N CHEW CANDY

The Jolly Rancher brand is excited to announce the introduction of new Jolly Rancher Crunch 'n Chew candy. Available since December 2011, Jolly Rancher Crunch 'n Chew candy is the combination of a hard candy shell and a chewy, fruity center. Now consumers can "crunch and chew" their favorite, bold fruit flavors, including Cherry, Blue Raspberry, Green Apple and Watermelon. Additionally, Jolly Rancher



New Jolly Rancher Crunch 'n Chew has a hard candy shell and a chewy, fruity center.

Crunch 'n Chew is available in four different packages, including Standard Bar, Peg Bag, Laydown Bag, and Theatre Box.

OH BOY, OBERTO! ALL NATURAL JERKY

Oh Boy, Oberto! new All Natural Jerky line is made exclusively from simple, all natural ingredients with no preservatives or artificial flavors, resulting in a flavorful, hearty jerky with great taste and protein for sustained energy. The new All Natural Jerky includes only the following ingredients: beef, sugar, water, beef stock, salt, spices and natural flavorings, natural smoke flavor, and vinegar. It contains absolutely no artificial ingredients, no



Oberto has gone all natural with new Jerky line.

preservatives and no added MSG. The new recipe marks Oberto's biggest product overhaul in 12 years, and was in response to consumer demand for better-for-you foods, particularly among grab-and-go packaged snacks.

The new All Natural Jerky line is available in six flavors—Original Beef Jerky, Teriyaki Beef Jerky, Peppered Beef Jerky, Hickory Beef Jerky, BBQ Pork Jerky, and Teriyaki Turkey Jerky. Despite the switch to all natural, higher quality ingredients, Oberto's pricing will remain unchanged. The jerky is available in 3.25-oz. packages for \$5.99 MSRP. In addition, 1.5-oz. and 9.0-oz. sizes will also be available. For more information visit www.oberto.com.

COCA-COLA RED CANS TURN ARCTIC WHITE

Coca-Cola and World Wildlife Fund (WWF) have joined forces in a new campaign to help protect the polar bear's Arctic home. For the first time ever, Coca-Cola has turned its iconic red cans white in celebration of the polar bear and has committed up to \$3 million to WWF's polar bear conservation efforts. White bottle caps are also on bottles of Coke, Diet Coke, Coke Zero, Sprite, Nestea, Minute Maid, and more.

As of November 1, 2011, the familiar red can background was replaced with an all-white panorama, highlighted by the iconic Coca-Cola script printed in red. The eye-catching cans feature the image of a mother bear and her two cubs making their way across the Arctic. White packaging will be on store shelves through February 2012.

Coca-Cola said it is making an initial donation of \$2 million to WWF and is inviting others to join the effort. Anyone who wants to help the polar bears can text the package code to 357357 to donate \$1 to WWF. They also can donate online at ArcticHome.com. Coca-Cola said it would match all donations made with a package code by March 15, 2012, up to a total of \$1 million.

Coca-Cola has turned its iconic red cans white in support of WWF's polar bear conservation efforts.



XHALE O2 E-CIGARETTES

XHale O2 supplies 7-Eleven with high quality E-Cigarettes and proprietary E-Hookah Electronic Vapor Pipe products at competitive prices. XHale O2 products are 100 percent guaranteed and have the highest product liability insurance in the industry. Packaging is



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New products and services for 7-Eleven Franchisees

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the same size as a standard 100s cigarette pack, so no custom fixtures are needed. XHale O2 E-Cigarettes and E-Hookah Electronic Vapor Pipe kits and refills generate high margins—double that of traditional cigarettes, and can generate category growth of over 100 percent in one year. All cartridges are individually sealed to maximize



Electronic Cig XHale O2 promises category growth.

shelf life and avoid write-offs, and the company has a hassle-free return policy. XHale O2 provides multi-lingual packaging and POP to help you reach more customers and grow your category.

BUD LIGHT GOES 'PLATINUM'

Bud Light will add to its portfolio when the brand debuts Bud Light Platinum in early 2012. With a slightly sweeter taste, higher

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NEW MARS PRODUCTS FOR C-STORES

Mars Chocolate North America has announced new items to help c-stores drive profitability.

3 Musketeers Brand Coconut Bar features the brand's signature light and fluffy chocolate nougat with sweet coconut flavor, wrapped in rich milk chocolate. Coconut is one of the fastest-growing flavors in the chocolate segment, up 9.5 percent, and Mars' coconut offerings—including M&M's Brand Coconut Chocolate Candies—have helped drive this segment growth with \$4.5 million in sales. (SRP \$1.09, December 2011)

Dove Chocolate Singles Bars will relaunch in January with a wider size, 10 percent increased weight, eye-catching graphics, and a more pleasing chocolate mould design at the same price for the two flavors of Dove Silky Smooth Milk Chocolate Singles and Dove Silky Smooth Dark Chocolate Singles. These new attributes, combined with a powerful marketing campaign, offer consumers better value and provide retailers with improved shelf presence. (SRP \$1.09, January 2012)

M&M's Brand Mint Dark Chocolate Candies feature cool, refreshing mint combined with creamy dark chocolate and coated in a crunchy candy shell. Mint is a large and growing segment of the chocolate category. Mint chocolate is a wildly popular flavor enjoyed by consumers year-round (80 percent of sales are non-seasonal), and sales in the mint segment are growing faster than the chocolate category, up 9.8 percent. (SRP \$1.09, December 2011)



Snickers Brand 3X Chocolate 2 to Go Bars offer layer after layer of perfection, with roasted peanuts in chewy, chocolate caramel atop a fluffy chocolate-flavored nougat and covered in creamy milk chocolate. In consumer testing, this new offering scored as high as the original Snickers Bar in overall product liking, and 67 percent of consumers said they would "definitely" or "probably" purchase Snickers Brand 3X Chocolate Bars. (SRP \$1.69, December 2011)

To meet the growing consumer demand for value, portability and portion control, Mars has introduced new shareable sizes for some of its more popular confections. The 2 To Go and 4 To Go sizes, which include two or four bars in one package, feature an innovative wrapper that has memory film designed to tightly seal the remaining candy by twisting it, keeping the piece(s) clean and tightly wrapped. The new sharable sizes are:

- M&M's Brand Almond Chocolate Candies—new 2.83-ounce sharing size
- M&M's Brand Pretzel Chocolate Candies—new 2.83-ounce sharing size
- Snickers Brand Peanut Butter Squared Bars—now available as 4 to Go

VENDOR FOCUS

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

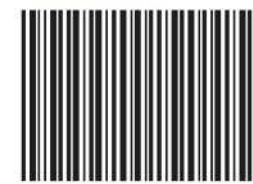
Clear color bags

Large 2 ft COFFEE BAR liner Bags per roll: 225



42x34, 40-gal

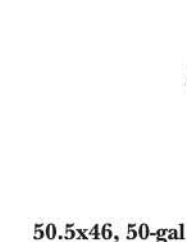
SLIN: 530340
UIN: 482620



Black color bags

KING KAN "Square" outside Bags per roll: 100

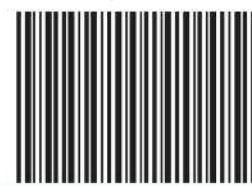
SLIN: 530471
UIN: 482331



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



52x49, 65-gal

SLIN: 530173
UIN: 048231



COFFEE BAR & ROUND OUTSIDE Bags per roll: 110

Northeast area

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



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VENDOR FOCUS

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alcohol by volume (6 percent) and signature cobalt blue glass bottle, Bud Light Platinum will provide beer drinkers an upscale light beer option as a companion to their social agenda. Bud Light Platinum will hit store shelves nationwide on January 30, 2012. Brewed at Anheuser-Busch's Baldwinville, Cartersville and Los Angeles breweries, Bud Light Platinum will be available in 12-ounce glass bottles in six- and 12-packs.



Bud Light Platinum is an upscale light beer option.



New V8 Splash Fruit Medley, a healthier option.

V8 SPLASH FRUIT MEDLEY IN NEW CONVENIENT SIZE

With the delicious flavor combination of Pear, Pineapple, Cherry, and the goodness of carrot juice, V8 Splash Fruit Medley in new 16-ounce PET singles will be a hit with your health-conscious customers. V8 Splash Fruit Medley also contains Antioxidant Plus—a powerful combination of vita-

mins A, C and E. Available February 1, 2012, V8 Splash Fruit Medley is a delicious and affordable way to get the nutrition your customers desire.



PEANUT CHEWS GETS OLD SCHOOL PACKAGING

The "Goldenberg's" brand name is back on Philadelphia's favorite hometown candy, Peanut Chews. Goldenberg Candy Company—a division of Just Born, Inc.—has introduced their new product label putting the family name back on the front of the package, along with the traditional rich red and chocolatey brown that had been part of the Goldenberg's wrapper design for decades. The new packaging hit shelves in November. There is even a creative use of the UPC bar code on the new packaging, which reflects the Philadelphia city skyline. The aim of this new package design and the accompanying "Chewin' It Old School" promotional campaign is to pay homage to its historic Philadelphia roots.

Along with the overall retro color scheme, the new design demonstrates a commitment to tradition with a more mature brand logo, a "Since 1917" star, a more realistic candy illustration, and a clearer identification of the number of sharable pieces in each package. The relaunch will be supported by an aggressive advertising campaign including TV, Billboards and Transit Signs from January through June that will highlight the new design and the tasty legacy of Goldenberg's Peanut Chews.

continued next page

WHITE OWL INTRODUCES SILVER CIGARILLOS



Unflavored White Owl Silver Cigarillos.

Swedish Match recently introduced new White Owl Silver Cigarillos to meet the demand for unflavored cigarillos. Unflavored HTL cigarillos are the fastest growing segment in the cigar category, almost doubling in 2011 (Source: CMPP 2010 v 2011 October YTD). Swedish Match expects White Owl Silver to be successful because it offers four things consumers love:

- The 100 percent freshness guarantee of FoilFresh technology
- Smooth taste and uncomplicated tobacco enjoyment
- Fantastic alternative to sweet or flavored cigars
- Great consumer trial offers

To ensure consumers and retailers enjoy this addition to the White Owl family, Swedish Match is launching it with an array of consumer and trade-partner promotions. On January 3, the company will begin shipping a new everyday promotional item: 3-for-2 White Owl Silver Cigarillo Pouch. At the same time, Swedish Match will transition its current unflavored Cigarillo Bonus Box and 5-For-4 Pack to White Owl Silver. For more information please contact your Swedish Match representative.



VENDOR FOCUS

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Pure Protein Ready-To-Drink Shakes offer 23 grams of protein with only 120 calories.

PURE PROTEIN ADDS SHAKES

Pure Protein has extended its successful line of protein bars by extending its attributes to Ready-To-Drink shakes. The RTDs have 23 grams of high quality protein, only 110-120 calories (depending on flavor) and are available in three delicious guilt-free, dessert-style flavors—Frosty Chocolate, Cookie N' Crème, and Vanilla Crème. Pure Protein shakes use alumi-tek technology, which provides freshness, quality and the convenience of a re-sealable bottle. Pure Protein Ready-to-Drink shakes offer a delicious, convenient option for the consumer to take their protein on the go. Available now through McLane. SRP is \$2.99.

NEW FEBREZE FOR AUTOMOTIVE

Procter & Gamble has added a new product to its Febreze line of automotive air fresheners: Febreze Car Vent Clip. Available in two scents—Linen & Sky and Midnight Storm—Febreze Car Vent Clip uses Febreze technology to eliminate odors. Over 85 percent of consumers rated Febreze Car Vent Clip an improvement over current product offerings, as it delivers on all three consumer needs: odor elimination, light fresh scents that last, and discrete designs. Febreze is spending \$20 million in marketing to support this launch. National ship date is January 9, 2012.



Febreze Car Vent Clips and Febreze TO GO Extra Strength 85ml.

Also available is the top-selling Febreze TO GO Extra Strength 85ml pump bottle. Conveniently fits in a purse, diaper bag or even glove compartment for a quick spritz anytime. Peg these items in the Auto Section of your store and display at checkout for impulse sales.



New Zig-Zag Sweets, White Grape and Strawberry Cigarillos.

ZIG-ZAG'S NEW EXPLOSIVE FLAVORS

Three new Zig-Zag Cigarillos are now available in re-sealable, two-cigar foil packets. Sweets, White Grape and Strawberry complete the family of seven

CAMEL CRUSH BOLD OFFERS 'MENTHOL ON DEMAND'



R.J. Reynolds Tobacco Company's Camel brand is expanding the Camel Crush line nationally with Camel Crush Bold, providing adult smokers the opportunity to experience full flavor non-menthol with "Menthol on Demand." The filters of the cigarettes contain a capsule that when squeezed releases a small amount of menthol in the filter, producing a fresh taste for the adult smoker. The tobacco blend is the same Turkish-Domestic blend as in Camel Filter cigarettes. In testing, adult smokers liked the fact that they were able to decide when, or if, they wanted to add a fresh menthol taste to their cigarette. In focus group testing, Camel Crush Bold had very high appeal with adult smokers, both of Camel and of competitive brands. Camel Crush Bold is the latest product in the Camel capsule portfolio, which includes Camel Crush and Camel Menthol products.

styles, which includes Grape, Mango, Peach and Straight Up. Zig-Zag Cigarillos are priced to sell with an everyday low price! If you have any questions, please contact National Tobacco Company's Customer Service department at 1-800-331-5962 or customerservice@nationaltobacco.com. Available now through McLane!

NEW YEAR, NEW PROFITS WITH SALADO SALES

Salado Sales' offerings for the New Year, like the Road-Tech Stereo Earbuds with Handsfree Microphone and Road-Tech Mobile Phone Car Chargers, are an easy way to meet your customers' needs for automotive care, paper products, health and beauty items, and more. With a wide range of products from Salado Sales, you can fill your shelves with top-selling



Visit Salado Sales at the McLane virtual trade show.

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VENDOR FOCUS

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NESTLÉ WATERS SPARKLING PRODUCTS AND TEA

Nestlé Waters North America is serving up a bevy of new sparkling water and beverage products.

Resource Natural Spring Water With Natural Electrolytes

Resource Natural Spring Water with naturally occurring electrolytes will be a game-changer on the Functional Waters shelf. Total Electrolyte Segment continues growth, and is projected to be nearly \$600 million in 2014 (Beverage Marketing, August 2011). Resource is 100 percent natural spring water (versus vapor distilled water) and uses naturally occurring electrolytes (compared to those added back to vapor-distilled water). Resource uses sustainable sourcing and a 50 percent rPET bottle, the first brand to combine all three attributes.

Marketing Support for Resource includes: print publications; out-of-home; rack placement and coupons in supermarkets, drugstores, c-stores, food service and discovery outlets (spas, gyms, etc.); social media and sponsorships, engaging customers when they are receptive.

Regional Spring Water Sparkling Brands

Nestlé Waters Sparkling products are perfect for beverage consumers searching for an all-natural alternative to sugary drinks and soda because they are 100 percent natural with no calories, no sugar, and no caffeine. Regional Spring Water Brands introducing Sparkling varieties include Poland Spring, Arrowhead, Deer Park, Zephyrhills, Ozarka and Ice Mountain. Flavors include Original, Lemon, Lime, Orange and Raspberry Lime.

Sparkling Waters continue to drive profits—volume is up 8 percent in c-stores versus 2010. Nestlé Waters' Sparkling

products are priced to deliver healthy gross margin profits: average 24-pack price is \$10.25; average unit cost—\$0.43; average SRP—\$1.29; average GP—\$0.86; and average margin—67 percent.

In 2012, Nestlé Waters will continue to drive awareness, trial and purchase with a multimedia marketing campaign including print, social media, digital and in-store POS support.

Perrier Brand Sparkling Mineral Water

Sparkling Waters continue to drive profits, with volume up 8 percent in c-stores versus 2010, and Perrier holds the #1 share position in this beverage category. Perrier is all-natural with zero calories, is recognized for its perfect balance of natural minerals and carbonation, is sought after by social adults who want the ultimate sparkling refreshment, and is perfect as an alternative to sugary drinks and soda. Available in Original, Citron and Pink Grapefruit flavors,

Perrier Sparkling has strong marketing support, including national TV, social media and a digital campaign to generate more demand. Perrier is priced to ensure healthy gross margin profits: Average price for 24-pack—\$17.92; average unit cost—\$0.75; average SRP—\$1.49; average penny profit—\$0.74; average margin—50 percent.



VENDOR FOCUS

SLIM JIM EXTENDS DARE PRODUCT OFFERINGS



Slim Jim is turning up the heat on its Dare platform with the addition of three beef jerky and two Monster items. Slim Jim Dare Beef Jerky is available in 2.9 oz bags in Kinda Hot Chili Pepper, Freakin' Hot Jalapeno, and Really Freakin' Hot Habanero flavors.



The new Dare Monster stick items include Freakin' Hot Jalapeno and Really Freakin' Hot Habanero. Jerky is the most incremental meat snack segment, Monster is the fastest growing stick segment, and hot and spicy flavors are the fastest growing flavors in salty snacks, making new



Slim Jim Dare Beef Jerky and Monster sticks must-haves for your snack shelves and profits.

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items that rival the leading brands, deliver gross profit margins of up to 60 percent, and keep your customers coming back for more.

The Salado Sales Virtual Trade Show is an Internet-based trade show designed to allow you online access to bundle promotions of items for the new year and much more. The show is now open at www.mclaneco.com/goto/ssvts. 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.

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Franchise Owner's Association Events

Franchisees and vendors are invited to participate in FOA activities.

FOA Of Greater LA/ San Diego FOA

2nd Annual Trade Show & Golf Outing
Pechanga Resort & Casino
Temecula, California
January 18-19, 2012
Phone: 619-726-9016

UFOLI Trade Show

Borgata Hotel and Casino
Atlantic City, New Jersey
April 5, 2012
Phone: 516-295-1601

Greater Bay FOA Trade Show

(location to be announced)
April 20, 2012
Phone: 707-328-3960

FOA Of Southern California Annual Joe Saraceno Golf Tournament

(location to be announced)
April 24, 2012
Phone: 818-357-5985

FOA Of Southern California Annual Trade Show

Pasadena Convention Center
Pasadena, California
April 25, 2012
Phone: 818-357-5985

7-Eleven FOAC 2012 Trade Show

Odeum Expo Center
Villa Park, Illinois
May 4, 2012
Phone: 312-501-4337

Greater Hampton Roads FOA Trade Show

Hampton Roads Convention Center
Hampton, Virginia
May 10, 2012
Phone: 757-650-2929

Utah FOA Charity Golf Tournament

Mt. Ogden Golf Course
Ogden, Utah
May 12, 2012
Phone: 801-255-8951

TriState FOSE Association Annual Trade Show

Martins West
Baltimore, Maryland
May 22, 2012
Phone: 301-572-6811

Greater Bay FOA Charity Golf Tournament

Hiddenbrooke Golf Club
American Canyon, California
June 11, 2012
Phone: 707-328-3960

FOAGLA Annual Golf Tournament

Monarch Beach Golf Course
Dana Point, California
June 20, 2012
Phone: 951-726-9016

San Francisco/Monterey Bay FOA The Guardian Tradeshow

Santa Clara Marriott
Santa Clara, California
July 21, 2012
Phones: 510-797-3600,
510-693-1492

TriState FOSE Association Golf Outing

Little Bennett Golf Course
Clarksburg, Maryland
September 12, 2012
Phone: 301-572-6811 for details

Greater Bay FOA Holiday Party

(location to be announced)
December 7, 2012
Phone: 707-328-3960

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 Affiliate Meeting

JW Marriott Starr Pass Tucson
Resort & Spa
Tucson, Arizona
February 7-8, 2012

National Coalition Board Of Directors Meeting

The Westin Verasa Napa
Napa, California
May 8-10, 2012

National Coalition Affiliate Meeting

The Peabody Hotel
Memphis, Tennessee
October 30-31, 2012

National Coalition Board Of Directors Meeting

JW Marriott Starr Pass Tucson
Resort & Spa
Tucson, Arizona
February 9-11, 2012

National Coalition Board Of Directors Meeting

Hilton Hawaiian Village
Waikiki Beach Resort
Honolulu, Hawaii
July 6-8, 2012

National Coalition Board Of Directors Meeting

The Peabody Hotel
Memphis, Tennessee
October 31-November 3, 2012

Ever catapult from a cliff top
to a tropical lagoon?



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