

AVANTI

March/April 2012

THE VOICE OF 7-ELEVEN FRANCHISEES

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7-Eleven's Major Paradigm Shift

Will Big Brother Be Watching?

The Gasoline Perplexity

Employee Fraud

Employee Theft

Security At A Cost

Destination

Hydration

Security: Big Brother Vs Safe Stores?



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REPORTS 2012**

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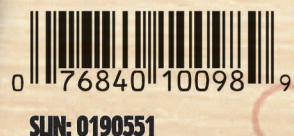
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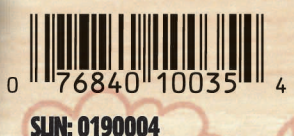


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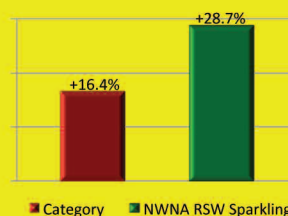
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Source: IRI 7-Exchange FY 2011 vs. YA

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1. ACNielsen Convenience channel, 16 weeks ending 9/10/11, \$ % chg
2. ACNielsen Convenience channel, 13 weeks ending 10/29/11, \$ % chg

3. ACNielsen Convenience channel, Dec. 2011 – Feb. 2012, case % chg
4. ACNielsen Convenience channel, 16 weeks ending 9/10/11, \$ % chg

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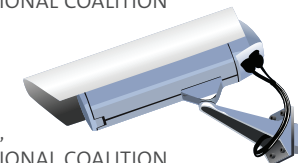
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The NCASEF Board of Directors
hosted vendors and SEI Manage-
ment for five days in Tucson.



Register now for the 2012 Convention and Trade Show
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Honolulu, Hawaii!
July 8-12

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



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SEI's Profits And Acquisitions Rise

SEI posted a higher profit last year and spent \$1.3 billion on acquisitions, store upgrades and relocations, reported the *Dallas Morning News*. According to the year-end financial filing of parent company Seven & I Holdings, SEI's total sales were up 21 percent to \$20.35 billion last year, from \$16.75 billion in 2010; total gasoline sales were up 40 percent, largely because of higher prices; merchandise sales increased 9 percent; and same-store sales increased 2.8 percent. Also, SEI's annual operating income rose 8 percent to 410 million, and its 2011 spending was double and triple what it spent in 2010 (\$558 million) and in 2009 (\$405 million). Seven & I said it expects SEI to spend \$1.3 billion this year and add 600 stores. Almost \$1 billion of last year's spending was on acquisitions, as SEI added 539 stores and ended the year with 7,779 in the U.S. and Canada.

C-Stores Boosts Seven & I Year-End Profits

SEI parent company Seven & I Holdings announced an all-time high operating profit for the year ended February and said it expects the current fiscal year to be another record-breaker, thanks to solid performance from its c-store business segment, reported MarketWatch.com. The company posted a 16 percent gain in net profit, while its operating profit climbed 20 percent. Seven Eleven Japan stores racked up a record high operating profit

of ¥183.16 billion, up 8.3 percent in the latest year. For the full 2013 fiscal year, Seven & I is predicting a 19 percent increase in net profit with a 7.9 percent rise in operating profit. Revenue is estimated to rise 5.7 percent.

The company opened a record 1,201 new Seven Eleven stores—and shut 428—in the just-ended fiscal year, bringing the total number in Japan to 14,005 as of February 29. It plans to open 1,350 new stores—another record—in the current fiscal year ending February 2013.

A 7-Eleven sold one of three winning Mega Millions tickets worth \$656 million.

Baltimore 7-Eleven Sells One Winning Mega Millions Ticket

A 7-Eleven store in Baltimore County, Maryland sold one of the winning Mega Millions jackpot tickets worth \$218 million of the record-breaking \$656 million total, reported the *Washington Post*. A spokeswoman for the Maryland

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March/April 2012

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NCASEF 2012 Legislative Priorities

NCASEF Asks Franchisees To Support Bill Taxing RYO Cigs

The National Coalition has issued a Legislative Action Alert calling for franchisees to support H.R. 4134, a bill recently introduced in the U.S. House of Representatives that would classify any person who provides a roll-your-own (RYO) cigarette machine to consumers for commercial purpose

as a tobacco manufacturer, and would subject them to all relevant tax and license requirements.

7-Eleven stores offer cigarettes that are sold with their proper tax assessments, and licensing fees to offer such products are reflected in those prices, as well. However, commercial RYO cigarette machines have recently begun to proliferate, allowing cus-

tomers in establishments with these machines the ability to produce their own cigarettes at a significant cost savings as they do not pay the additional taxes, and the commercial establishments are not subject to additional licensing fees. H.R. 4134 will level the playing field for convenience stores across the country.

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LOTTERY: UPDATE



Maryland Online Lottery Sales Stalled

Maryland has placed its plans for online sales of state lottery tickets on hold after lawmakers nixed funding from the state budget that would have allowed the shift to Internet sales, reported Gazette.net. Instead, the State Lottery Agency will have to use a portion of its budget to create a proposed platform and regulatory structure for online sales. The final report on those preparations must be submitted to the General Assembly budget committees and the State Lottery Commission by December 15. Governor Martin O'Malley had included more than \$600,000 in his budget to cover the costs of setting up the online system, and estimated online lottery sales starting July 1 would have raised \$2.2 million in fiscal 2013.

Illinois Lottery Moves Forward With Online Ticket Sales

On March 25, Illinois became the first state to move forward with the online sales of lottery tickets. This is of concern to 7-Eleven franchisees for two reasons: first, this has a potential to decrease foot traffic in stores and second, many other states are considering following Illinois' example.

Late last December, the Department of Justice issued a legal opinion regarding the Federal Wire Act of 1961. This essentially opened the door to online lottery ticket sales, and Illinois was the first out the door.

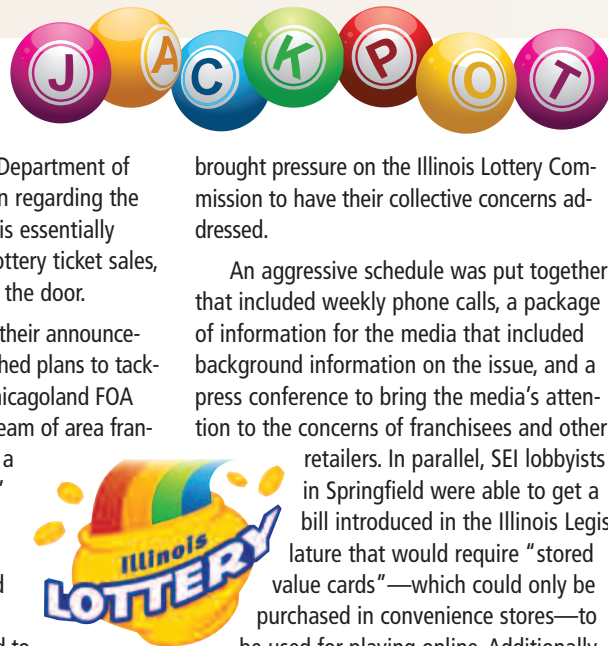
As soon as Illinois made their announcement, NCASEF and SEI launched plans to tackle the issue. Working with Chicagoland FOA President Joe Rossi and his team of area franchisees, the goal was to—at a minimum—have franchisees' concerns acknowledged by the Illinois Lottery Commission. These concerns included the anticipated decrease in foot traffic, which would lead to fewer sales of not only lottery tickets, but also of additional items. Other concerns included fewer lottery players visiting the stores to cash out their winnings (and to buy additional tickets and more items), as well as the potential for fraud and abuse by minors.

With a common ground agenda, a coalition consisting of the Chicagoland FOA, SEI, Illinois Petroleum Marketers' Association, Illinois Association of Convenience Stores, Russell Public Communications (NCASEF's public affairs partner) and a Springfield-based PR firm met to develop a strategy and action plan. Together, the coalition partners effectively

brought pressure on the Illinois Lottery Commission to have their collective concerns addressed.

An aggressive schedule was put together that included weekly phone calls, a package of information for the media that included background information on the issue, and a press conference to bring the media's attention to the concerns of franchisees and other retailers. In parallel, SEI lobbyists in Springfield were able to get a bill introduced in the Illinois Legislature that would require "stored value cards"—which could only be purchased in convenience stores—to be used for playing online. Additionally, legislators are currently considering whether to commission a study to determine the impact of online sales on convenience stores.

The bottom line is that because of collective actions, including the strong voice for franchisees communicated in this process, our concerns are being heard and addressed. If online lottery ticket sales move forward across the country, it is best that these issues be addressed and remedied upfront, as they will provide a template to other states considering the move. Currently, 21 states and the District of Columbia are considering allowing the online sales of lottery tickets. ■



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We are doing everything we possibly can to bring Mike and Ike back from their unplanned "adventure". In the meantime, we encourage you to go to Facebook.com/mikeandike for updates. We may be reaching out to you for help as we manage through this situation.

Sincerely,

David Shaffer
Co-CEO
Just Born, Inc.
Makers of MIKE AND IKE®

Ross Born
Co-CEO
Just Born, Inc.
Makers of MIKE AND IKE®

David Yale
President & COO
Just Born, Inc.
Makers of MIKE AND IKE®

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Member News

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NCASEF 2012 Legislative Priorities (continued)

Franchisees can visit the NACS website listed below to write their Representative using a pre-set form and encourage them to cosponsor H.R. 4134, or thank them for already doing so.

NACS Grassroots website:
<http://www.votervoice.net>

Connecticut Close To Sunday Alcohol Sales

Connecticut is closer to allowing retail alcohol sales on Sundays for the first time since Prohibition, reported the Associated Press. The main obstacle to the proposal was removed when an association of package store owners announced it would drop its longstanding opposition. The group had argued Sunday sales would drive many mom-and-pop stores out of business, but its president said it is relenting to focus on other aspects of the proposed overhaul of liquor laws, such as changes to price structures and allowing certain convenience stores to sell beer. Once the proposal becomes law, Connecticut would be the 49th state to allow Sunday alcohol sales, with Indiana as the only holdout.

NY Bill Puts Retailers On The Hook For High Gas Prices

The New York Association of Convenience Stores says New York convenience store owners are dismayed over proposed legislation designed to scapegoat them for the rising price of gasoline. Two state lawmakers recently introduced a bill that would require retailers to display a sign at the pump inviting motorists angry over high gas prices to phone the state Consumer Protection Board to accuse the store of "price gouging." That, said NYACS President Jim Calvin, would equate to requiring retailers to wear "Kick Me" signs on their backs, casting them as convenient scapegoats simply because they are the only level of the fuel supply chain that motorists come in direct contact with.

According to NYACS, the legislators are urging consumers to report price gouging without telling them what price gouging really is. Calvin suggested that rather than disparaging retailers as "greedy" and "unscrupulous," lawmakers should focus on providing motorists with relief from excessive taxation at the pump, inasmuch as New York has the highest combined federal, state and local gas taxes in the nation at 67.4 cents a gallon.

New Jersey Considers Tobacco Tax Hike

New Jersey legislators are considering raising the tax on all non-cigarette tobacco products like small cigars and smokeless tobacco to the same level as cigarettes, which currently stands at \$2.70 a pack, reported *NJ Spotlight*. The increase would generate \$19 million more in revenues for the state, most of which would likely be spent on anti-smoking programs. Lawmakers are planning to get the legislation passed in tandem with the 2013 state budget, which must be ratified by the legislature and signed by Governor Chris Christie before the new fiscal year begins July 1.

Indiana Passes Statewide Smoking Ban

Indiana recently imposed a statewide smoking ban that prohibits lighting up in most public spaces and workplaces, but exempts bars, casinos, private clubs and retail tobacco shops, reported Reuters. Governor Mitch Daniels signed the measure on March 22, and the law would go into effect July 1. The law also does not allow municipalities to pass new bans that are stricter than the statewide one. At least half of all U.S. states have already banned smoking in workplaces, restaurants and bars, and more states have placed lesser restrictions on smoking,

the newswire service reported, citing the Centers for Disease Control.

Courts Rulings Mixed On Tobacco Health Labels

The Cincinnati-based U.S. Court of Appeals for the 6th Circuit recently ruled that a law requiring large graphic health warnings on cigarette packaging and advertising does not violate the free speech rights of tobacco companies, reported Reuters. This decision is in contrast to one made in February by a Washington, D.C. U.S. District Court judge, who ruled the same law unconstitutional and stated that rather than educate the public about the dangers of smoking, the images advocate that the public not purchase a legal product. Cigarette makers had sued to stop the FDA's new labeling and advertising requirements on grounds they violated their First Amendment right to communicate with adult tobacco consumers. A lawyer for one of the plaintiff companies said the 6th Circuit case, the Washington case, or both, would likely end up in the U.S. Supreme Court.

National Restaurant Association Joins Suit Against Fed

The National Restaurant Association has joined a lawsuit challenging the Federal Reserve's final rule on debit card swipe fees, arguing that the Fed did not follow Congressional intent to issue regulations that would ensure debit card swipe fees for merchants are "reasonable and proportional" to the cost of processing debit-card transactions. The lawsuit also argues that the final rule fails to promote the price competition among card networks that would help reduce network fees. The other plaintiffs in the suit are the National Association of Convenience Stores, the Nation-

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also argues that the final rule fails to promote the price competition among card networks that would help reduce network fees. The other plaintiffs in the suit are the National Association of Convenience Stores, the Nation-



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Member News

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NCASEF 2012 Legislative Priorities (continued)

al Retail Federation, the Food Marketing Institute, Boscov's Department Store, and Miller Oil Company.

CA Franchisees Help Move New State Franchise Bill

California 7-Eleven storeowners recently celebrated progress of a fair franchising bill in the Legislature. On April 17, Assembly Bill 2305—The Level Playing Field for Small Businesses Act of 2012—passed the Assembly Committee on Judiciary by majority vote. Representatives from the Greater Bay, San Francisco/Monterey Bay, Central Valley, Greater L.A., Sacramento Valley, and Northern California FOAs, as well as members of the 7-Eleven Franchisee Political Action Committee, joined other franchise groups in this victory. The measure is now under consideration by the Business Professions Committee.

AB 2305 revises California's franchise law in order to strengthen protections for small business franchisees and to help equalize bargaining power in the franchisee-franchisor relationship. To do so, the bill proposes a number of changes to state franchise law, such as 1) allowing franchise termination for good cause only where there has been a substantial and material breach of the franchise agreement, 2) prohibiting any provision that restricts venue for resolution of disputes solely to a forum outside of California, and 3) requiring good faith in the performance and enforcement of the franchise agreement.

—Jay Brar, President, Sacramento FOA

Lottery told the newspaper that the store will receive a \$100,000 bonus for selling the ticket. The other two winning tickets were sold in Illinois and Kansas. Two public school teachers and a school administrator—all friends who went in on the ticket together—claimed the prize recently and chose to remain anonymous. Maryland is one of the few states that doesn't require lottery winners to be identified.

7-Eleven TV Is A Hit For Advertisers

Harris Corporation announced that 7-Eleven TV significantly increased sales and revenue for advertisers across 4,344 stores in its first year of operation—validating the influence that digital out-of-home media has on consumers. The company reported that well-known national carbonated beverage brand sales were 17-to-35 percent higher in stores

using digital advertising versus non-digital tactics, and targeted Hispanic language advertising resulted in a 21-percent sales increase for a leading national soft drink advertiser.

Meanwhile, the new Nielsen Fourth Screen Report confirmed 7-Eleven TV advertisers are reaching targeted demographics and attracting viewers with approximately 93,500,000 monthly ad exposures.



Seven Eleven Japan Rebounds After Deadly Quake

A year after Japan was hit by a devastating earthquake, tsunami and nuclear accident, Seven Eleven Japan is among the convenience store chains that have recovered and are once again prospering, reported the *Wall Street Journal*. When last year's March 11 earthquake

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As part of its program to support the National Coalition's and SEI's in-store fundraising campaign for Hire Heroes USA during the months of May and June, Dr Pepper Snapple Group is sponsoring the National Coalition, 7-Eleven and Hire Heroes logos on Andretti Autosport driver Ryan Hunter-Reay's #28 racecar for five IndyCar Racing events. The car has already raced in the Toyota Grand Prix of Long Beach on April 15, and is scheduled to race in the Indianapolis 500 on May 27, the Firestone 550 in Dallas/Fort Worth on June 9, and the Baltimore Grand Prix in Maryland on September 2.



Member News

CONTINUED FROM PAGE 21

struck, c-stores were hit hard. Japan's three largest chains—Seven Eleven, Family Mart, and Lawson—had to temporarily close over 1,000 locations, some of which remain shut. A month later, Seven Eleven projected that earnings would fall on the damage.

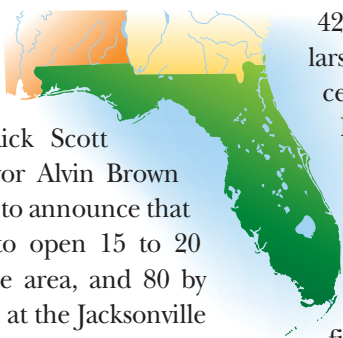
When the company released earnings in October 2011, however, it posted the highest profits ever for the first half of its 2011 fiscal year, ended in August. Additionally, Seven Eleven reported in January that domestic sales would exceed 3 trillion yen (\$36.9 billion) for the year

ended January—the largest revenue figure ever for a single retail chain in Japan. The company credited its quick recovery to speedy shipment of goods to hard-hit areas. When 41 of the factories that produce for Seven Eleven in the northeast were forced to close after the earthquake and tsunami, the remaining 128 facilities rerouted the most essential items up north.

7-Eleven Returns To Jacksonville

7-Eleven is returning to Jacksonville after leaving 22 years ago, reported the *Florida Times-Union*.

On March 21, SEI President and CEO Joe DePinto joined Florida Governor Rick Scott and Jacksonville Mayor Alvin Brown in a special ceremony to announce that the company plans to open 15 to 20 stores this year in the area, and 80 by 2015. The event, held at the Jacksonville Landing overlooking the St. John's River, included free Slurpee drinks, 7-Eleven food and a ceremonial groundbreaking with neon-colored Slurpee



7-Eleven plans to open up to 20 stores in Jacksonville, Florida after departing the area 20 years ago.

spoon-straw shovels.

7-Eleven left Jacksonville in 1990 when it sold all its stores to Gate Petroleum. The deal included a no-compete clause, preventing 7-Eleven from reentering the area for 20 years. Now that it's back, SEI has secured 13 properties and plans to expand by moving into empty buildings, constructing others, and using its Business Conversion Program to convert existing businesses into 7-Elevens. All the stores will be franchised, but many will be company-owned until a franchisee can be found, according to the newspaper.

NACS Reports Top C-Store Categories

The NACS State of the Industry survey reveals that more than 80 percent of in-store sales are from the top five categories:

1. Cigarettes (38.1 percent)
2. Foodservice* (16.9 percent)
3. Packaged beverages (14.3 percent)
4. Beer (7.3 percent)
5. Other tobacco products (4 percent)

(*Includes dispensed beverages—hot, cold and frozen—and prepared foods)

While tobacco products (cigarettes and OTP) constituted more than 42.1 percent of in-store revenue dollars, they accounted for only 22.2 percent of gross margin dollars. Meanwhile, packaged beverages and foodservice continued to gain share of gross profit dollars and accounted for nearly half (47.8 percent) of all gross profit dollars, of which the top five categories are:

1. Foodservice (29.4 percent)
2. Packaged beverages (18.4 percent)
3. Cigarettes (18.1 percent)

continued on page 25

Bits & Pieces

By 2016, **advertisers will spend as much on interactive marketing**—search marketing, display advertising, email marketing, mobile marketing, and social media—as they do on **television advertising today**, representing about \$77 billion or 26 percent of all advertising, according to new research by Forrester Research. • **Family Dollar Stores announced that it has signed a multi-year partnership with PepsiCo** to sell its beverages in 7,100 stores across 45 states. Family Dollar will also soon start selling cigarettes and tobacco products, in direct competition with c-stores and tobacco shops, reported *CSP Daily News*. • **The California Supreme Court has ruled that employers in the state must make meal and rest breaks available to employees**, but they don't have to ensure workers actually take them, reported the *Sacramento Business Journal*. • **Target recently completed remodels at more than 100 of its stores** as part of its plan to offer a full selection of fresh foods. With nearly 900 Target stores currently offering the expanded food layout, the company plans to remodel an additional 230 stores in 2012. • **7-Eleven is among 11 c-store chains that will soon offer compressed natural gas (CNG)** at the pump, reported *CSNews Online*. CNG sells for about half the price of gasoline, and there is an increasing consumer demand for CNG automobiles. • In an effort to get

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Play The Name Game!

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



May Offer Shipping In Your POP Kit! Buy Any Two M&M's® Brand Chocolate Candies Sharing Sizes and Get One Free!

Get these great-selling sharing sizes:



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Merchandise on the front candy counter rack using the candy header card and in the chocolate section using the rail strip!

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Supported with Television
media plus sampling activities
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WONKA® SweetARTS Gummies



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movie Never Say Never!

Mini Chewy
SWEETARTS™
are one of the
fastest selling
Peg items in
C-Stores!

Mini Chewy
SWEETARTS™ 12-pack/6-ounce
UIN 587873

Mini Gummie
SWEETARTS™ 12-pack/5.25-ounce
UIN 375428

See Wonka on the MCLANE VTS at WWW.MCLANECO.COM

Member News

CONTINUED FROM PAGE 22



4. Beer (4.5 percent)
5. Candy (4.4 percent)

Several other areas showed strong profit growth: lottery/lotto commissions grew 14.3 percent, car wash increased a strong 75.4 percent and other automotive services increased 36.1 percent.

C-Store Sales Set New Record In 2011

Convenience store sales—both at the pump and inside the store—set new records in 2011, according to data from the NACS State of the Industry re-

port. In-store convenience store sales grew 2.4 percent, reaching a record \$195 billion. Combined with \$486.9 billion in motor fuels sales, total convenience store sales in 2011 were \$681.9 billion, or one out of every 22 dollars of the overall \$15.04 trillion U.S. gross do-

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*Register Online Now To Join Us For Some Business & Fun
Under The Island Sun At The 2012 NCASEF Convention!*

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

**Trade Show:
Hawaii Convention Center
Wednesday, July 11 & Thursday, July 12**

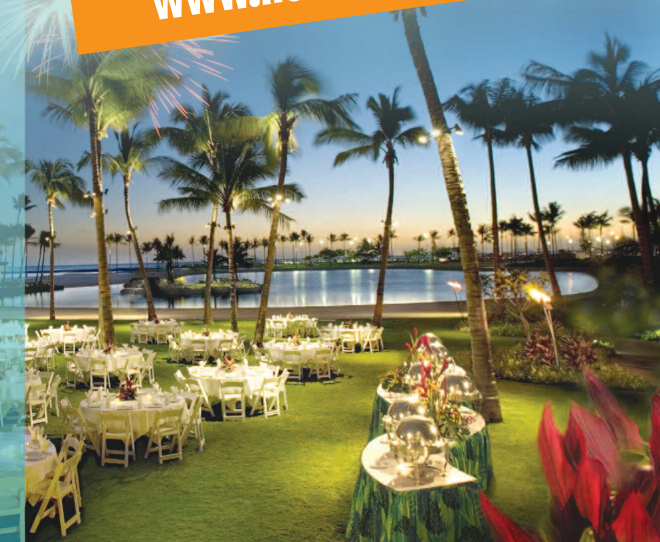


Here's what you could look forward to at this year's event:

- A venue like no other: The Hilton Hawaiian Village Waikiki Beach Resort features lush tropical gardens, waterfalls, exotic wildlife, a lagoon, and numerous swimming pools and waterslides.
- Poolside Opening Night Reception at the Hilton Hawaiian Village's oceanfront Super Pool with live Hawaiian music and great food.
- Seminars conducted by NCASEF officers and SEI upper management.
- The Joe Saraceno Charity Golf Tournament at the scenic Mamala Golf Course in Hickam Air Force Base, with majestic views of the Pacific Ocean.
- A night at The Magic of Polynesia show.
- A 7-Eleven Day celebration complete with birthday cake and fireworks show.
- The latest merchandise and deals from our valued vendors at the two-day trade show in the Hawaii Convention Center.
- And much more!

Take a well-earned break from your store and join us for five days filled with activities that will help you achieve greater success in your stores while providing fun and excitement for the entire family.

**Register online now at
www.ncasef.com**





Member News

CONTINUED FROM PAGE 25

mestic product.

The report shows that in-store sales growth was driven by strong sales gains in several beverage categories. Alternative beverages (a category that includes energy and relaxation drinks) saw a 15.3 percent increase, sports drinks were up 13.9 percent and cold dispensed beverage sales were up 12.3 percent. Several beer subcategories also saw strong growth: super premium beer sales increased 10.6 percent and craft beer sales were up 13.9 percent.

As convenience stores continued to evolve their

**In-store c-store
sales grew 2.4
percent to \$195
billion in 2011.**

foodservice programs with more meal offers and healthy food options, prepared food sales increased 13 percent. Emerging snacking subcategories also grew—the nuts/seeds subcategory saw 5 percent growth, leading salty snack sales. While motor fuels revenues jumped 27.1 percent, gallons sold per store declined 0.4 percent compared to 2010. Motor fuels gross margins increased from 15.8 cents to 18.4 cents per gallon before expenses, but dipped on a percentage basis, falling from 5.64 percent to 5.23 percent.

Recap Of SEI Gas Meeting

On March 7, franchisee leaders representing the National Coalition and several FOAs gathered in Chicago to meet with SEI's Doug Rosencrans (VP, Gasoline Operations), Frank Gambina (VP, Franchise System), and Brian Trout (Heartland Zone Leader) to discuss the 1.5 cents per gallon (CPG) gasoline commission and other gas-related issues.

The franchisee group was informed there will be no change in the gasoline
continued on page 28

Workers' Compensation, Excess Property, Excess Liability From Aon Risk Services

Aon, one of the leading Insurance Brokers in the World, has the resources to provide a high level of service to the 7-Eleven Franchise community.

Aon Provides:

- Nationwide Workers' Compensation Program
- Expanded Property Program including coverage for Inventory, Flood, Quake, Business Interruption and Food Spoilage due to Mechanical Breakdown
- Excess General Liability providing an additional limit above the \$500,000 provided by your Contractual Indemnification



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More and More
Dippers Are Choosing
LONGHORN
Make Sure It's on Your Shelves!

Success by the Numbers:

- Longhorn share surpassed 5.6% of the category and 9% of the price value segment.
- The price value segment continues to grow, accounting for 55% of the category.
- Longhorn exceeded category growth by 41% in C-Stores.
- Can sales per point of distribution increased 8.1% versus last year.

To learn how Longhorn can add to your bottom line, contact your local Swedish Match representative or visit www.Longhornsnuft.com.

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Fine Cut Natural
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UIN# 573790



Long Cut Straight
SLIN# 320044
UIN# 573980



Long Cut Mint
SLIN# 320111
UIN# 574046



Order Today & Keep Your Inventory Stocked!

Sources: AC Nielsen 52-weeks ending 12/24/11. ©2012 Pinkerton Tobacco Co. LP



Member News

CONTINUED FROM PAGE 26

commission structure, as SEI has incurred increased costs in regard to property taxes, leases, utilities, credit card swipe fees, and such. SEI's environmental costs are \$29 million annually, and the company says its breakeven is 13 cents per gallon nationally (varies state-to-state). In terms of credit card costs, the company said it spent \$36 million more in 2011 than in 2010, and the cost per transaction rose to 4.9 cents in January from 4.3 cents in 2011.

Franchisees countered that there is no return on investment for the gasoline franchise fee at 1.5 cents per gallon commission because there are huge labor and material costs associated with selling gasoline compared to non-gas stores. Franchisees also said gas prices at G1 sites (volumes greater than 120,000 gallons per month) are sometimes 12 to 16 cents higher than the competition because of a disconnect between upper management and the field, and that high gas prices hinder inside merchandise sales. They also questioned the impact inflation has on the 1.5 CPG commission.

Doug Rosencrans acknowledged that SEI needs to address the inflation impact, and said the company is working to reduce costs for franchisees and price better compared to our competitors, but reiterated that the 1.5-cent commission will not change.

Hospital Names Exam Room In Honor Of FOAC

The Ann & Robert H. Lurie Children's Hospital of Chicago recently named one of its rooms in honor of



the 7-Eleven FOAC in appreciation for its fundraising activities benefitting the hospital. The FOAC Exam Room was officially opened May 2 during a ribbon-cutting ceremony attended by

Children's Hospital of Chicago has named an exam room in honor of the 7-Eleven FOAC.

hospital administrators, doctors, nurses and FOA members. Over the last few years alone, the FOAC raised \$125,000 through its annual Charity Golf Outing for the hospital. "We are extremely touched by this honor," said Joe Rossi, FOAC President. "Children's Memorial Hospital holds a very special place in

our hearts and we are all very proud to support the important work of the doctors and nurses who save children's lives each and every day."

7-Eleven's Maryland Expansion Continues

SEI is accelerating its growth in Maryland, with plans to open as many as 50 new stores during the next several months, reported the *Baltimore Business Journal*. To facilitate this growth, the company has hired Trout Daniel & Associates to scout locations. SEI has already been expanding in Maryland for more than two years, and is refreshing its search for real estate in the

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Bits&Pieces...continued from page 22

smokers to buy cigarettes locally rather than in surrounding states, **Rhode Island lawmakers are considering lowering the cigarette tax by a dollar to \$2.46 per pack**, reported the Associated Press. • A new study by the National Association of Convenience Stores found that drivers are paying 6 to 10 cents a gallon in hidden bank fees every time they gas up. • Much to the dismay and detriment of the restaurant industry, **consumers are ordering more tap water when they dine out**, according to figures from NPD Group. Since 2009, water orders have increased 3.2 percent while orders for sodas, coffee and other beverages have dropped 3.6 percent. • In a sign that convenience store operators are successfully ramping up their foodservice efforts, **industry consultants Technomic found that average unit volumes for c-stores offering prepared food and dispensed beverages jumped plus-10 percent** to more than \$136k in 2011, up from \$123k in 2007. • Lawmakers in Missouri are kicking around a proposal that would **require gas stations to give motorists 24 hours notice of fuel price increases** via posted signs, reported KMOV.com. • From The "What Next" Department: Cintas Corp. recently kicked off its **11th Annual America's Best Restroom Contest**. Businesses/locations nominated will compete for a chance to be crowned 2012 King of the Throne. Last year's winner was the Field Museum in Chicago, Illinois. • **The New Hampshire Lottery has teamed up with the lotteries of the five other New England states** to launch a new game—called "Lucky for Life"—that gives players a chance to win \$1,000 a day for their entire lives, reported the *New Hampshire Business Review*. • **The Oreo cookie celebrated its 100th birthday on March 6**. The milestone was celebrated worldwide with flash birthday parties, fireworks, surprise gift giveaways, and piñatas. • A recent study by the National Center for Health Statistics reveals that **59 percent of added-sugar calories consumed by children come from foods and 41 percent from beverages**. However, soft drinks are still the biggest single source of added sugars in children's diets, according to the report. • Canada-based donut chain **Tim Hortons** recently announced it grew system-wide sales by 9.2 percent and total revenues by 21.2 percent during its fourth quarter ended January 1, 2012. • Philip

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Single-Serve Ice Cream Sales Are About to Go Your Way

New



In 1923 the MILKY WAY® Bar was created to capture the taste of malted milkshakes in a candy bar. The new MILKY WAY® Chocolate Ice Cream Bar delivers the taste of both chocolate milkshakes and the popular candy in one convenient ice cream bar.

With SNICKERS® King Size Ice Cream Bar as the #1 single-serve ice cream in small outlets, and TWIX® King Size Ice Cream as #5, MILKY WAY® Chocolate Ice Cream Bar is sure to add to the success of top performing ice cream bars.¹

MARS
chocolate
north america



National Coalition Takes Franchisee Message To Capitol Hill

To ensure franchisees' critical voice was represented as Congress considers legislation impacting small businesses, NCASEF leadership took to Washington, D.C. earlier this Spring to work for franchisee rights. Against the backdrop of the National Association of Convenience Stores' Annual Day on Capitol Hill, the National Coalition delegation met with key House and Senate staff members, on both sides of the aisle, to discuss issues ranging from menu labeling to tobacco tax reform. Scores of meetings with targeted Congressional offices were arranged in this one-day blitz, and franchisees left the nation's capital encouraged by the level of support that existed among pro-business policymakers.

"It's always been a priority for the National Coalition to protect franchisee rights in the state and federal policy arena, and our busy day on Capitol Hill reaffirmed that," said Bruce Maples, the National Coalition's chairman. "When our ability to thrive as small businesses is threatened in any way, the National Coalition is ready to work aggressively for franchisees," he continued. "It was a privilege to communicate our collective concerns to those in the position to address them, and we believe that our message was heard loud and clear."

Following is a summary* of some of the legislative priorities the National Coalition and its industry allies addressed on Capitol Hill.

Roll Your Own Tobacco

Since 2009, there has been a wide disparity between the taxes imposed on pre-packaged cigarettes and "roll your own" cigarette tobacco. This has led to distortions in the market and has invited potential regulatory and legal action. Certain tobacco retailers have begun exploiting this disparity by purchasing roll your own machines and "renting" them to customers, who are then able to use the machines to create cigarettes out of cheaper tobacco. Such cigarettes cost far less than traditionally packaged cigarettes due to the tobacco's lower tax rate. This situation has a devastating consequence for the retail tobacco market, including 7-Eleven stores. Tobacco retailers who do not own these machines are subject to a substantial competitive disadvantage because the cigarettes they sell are taxed at a far higher rate than roll your own cigarettes.

Legislation has been introduced to address this disparity, by clarifying that those retailers who rent roll your own machines are "tobacco manufacturers" that would be subject to the same regulatory requirements associated with being a manufacturer. The bill, H.R. 4134, is strongly supported by the National Coalition.

The National Coalition was joined by SEI leadership in this series of meetings, and the company will continue to partner with us as we pursue those public policy reforms that maximize the ability for our franchisees to operate successful small businesses.

Fuels Liability Reform

The federal renewable fuels standard (RFS) requires the use of 36 billion gallons of renewable fuels in motor fuels by 2022. Unfortunately, certain legal and infrastructure impediments limit the amount of renewable

fuels that can be sold through existing motor fuel retail outlets, such as 7-Eleven stores. Unless these impediments are resolved, the market will be unable to satisfy the objectives of the RFS. Encouragingly, legislation is currently being drafted to remove the legal barriers standing in the way of new fuels. Specifically, the bill would ensure that entities that market fuels authorized and registered by the federal government cannot be held liable for damages said fuels may cause. Additionally, the measure would authorize a new pathway for retailers to ensure their equipment is safe and legally recognized as compatible to sell new fuels.

Menu Labeling Regulations

The Patient Protection and Affordable Care Act, which was signed into law in 2010, includes a provision that creates a national, uniform nutrition disclosure standard for foodservice establishments. The proposed regulations, however, create an unreasonable burden on small businesses like 7-Eleven stores. For example, the provision requires certain retail food establishments to display menu boards with calorie counts and other nutritional information, and to provide that information in writing (such as a brochure) upon request.

The National Coalition is currently working with Congress to ensure that any menu labeling regulations must account for differences between the c-store business model and a chain restaurant business model. The proposed regulations are tailored to the restaurant business model and unless they are revised to reflect our industry, they should not apply to c-stores.

* National Association of Convenience Stores, 2012.



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Rolo Mini
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DUO Strawberry
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DUO Raspberry
SLIN # 142314

Free fill on first box (each) of HERSHEY'S Rolo® Minis and ICE BREAKERS DUO® Mints. Payment for free box comes in the form of bill back and must be ordered thru McLane.



Member News

CONTINUED FROM PAGE 30

suburbs and Baltimore. In recent years the company has opened new stores in Baltimore neighborhoods with high foot traffic, including locations at Mount Vernon Place and Market Place.



The National Coalition welcomes the newly formed Kansas City FOA into the organization. The Kansas City FOA, headed by Faisal Asad as president, represents 28 stores and has 16 members.

Food And Drinks Fuel Consumers During Morning Hours

U.S. consumers, from ages two and up, fuel themselves for the day with a variety of eating and drinking occasions from the time they awake in the morning until 11 a.m., according to a recently published morning meal study by The NPD Group. NPD's Morning MealScape 2011 study finds that 43 percent of these eating and drinking occasions consist of a beverage but no food (e.g. mid-morning coffee), 24 percent a small/mini meal, 21 percent a full/complete meal, and 11 percent a snack. Just over one in three individuals (38 percent) limit themselves to one morning eating or drinking occasion, while 41 percent have two or more occasions (e.g. early morning small meal and then a late morning beverage) on a typical morning.

minutes using the newly installed fast-chargers at 7-Eleven sites in four Illinois Tollway Oasis locations. According to a released statement, 26 fast-chargers have been installed throughout the state, with 73 total fast-chargers planned. Eight of these are currently in place at Tollway Oases.

NACS Study Shows Hidden Bank Fees At The Pump

Drivers are paying 6 to 10 cents a gallon in hidden bank fees every time they gas up, according to a new study by the National Association of Convenience Stores (NACS). The study further reveals that the banks' swipe fee rises inexorably with the price of gas, even though the banks are doing nothing extra to process the debit or credit card transaction. As gas goes to \$4 in some markets, for instance, the banks' average cut of swipe fees alone increases to 7 cents if a driver pays with a debit card, and up to 10 cents with a credit card. Consumers pay the extra money even if they pay cash because the credit card companies' rules push the merchant to pass along the costs to everyone—not just customers who pay with plastic.

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Electric Car Charging Stations In Illinois 7-Elevens

SEI recently announced that it is part of the nation's largest network of fast charging electric vehicle stations, located throughout Chicago and Illinois. As such, motorists can now charge an electric car in under 30



Bits & Pieces...continued from page 28

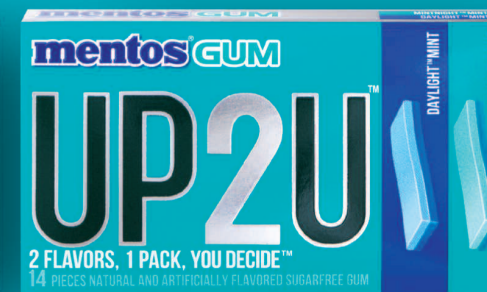
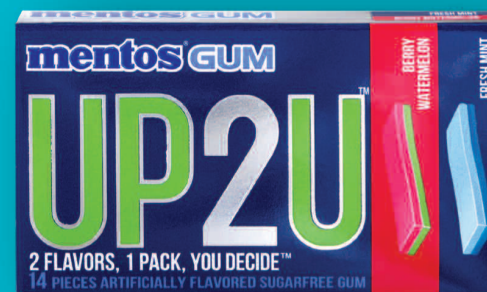
Morris USA's **Marlboro Special Blend** has been named **best new cigarette of 2011** by convenience store and tobacco shop operators, according to the second annual NATO-CSP Tobacco Survey. • The total **U.S. restaurant unit count** dropped from 587,335 in Fall 2010 to 580,852 in Fall 2011, mostly due to independent restaurant closings, according to the most recent restaurant census conducted by The NPD Group. • New survey results by AisleBuyer reveal that nearly **40 percent of smart phone-carrying shoppers abandon their in-store purchases due to long lines**, and 21 percent will abandon their purchases if there are no registers open. • In its third quarter financials, **Canadian c-store retailer Couche-Tard reported same-store merchandise sales increased 3.4 percent in the U.S. and 3.1 percent in Canada**. The company also reported net earnings jumped 24.7 percent compared to the same period last year. • Budweiser recently introduced "**Track Your Bud**," a digital campaign integrated with packaging that allows consumers to trace the origins of the beer they hold in their hands to one of Budweiser's 12 U.S. breweries. • Media, Pa.-based c-store chain **Wawa is planning to open its first Florida store** in Orlando on July 18, with more locations to follow within the year, reported *CSNews Online*. • RedBox parent company **Coinstar is testing other kiosk concepts**, like an upscale coffee vending machine and a cell phone-recycling unit, reported the *New York Times*. • **Coca-Cola is expanding its eco-friendly plant bottle packaging** beyond the company's Dasani bottled water line to include Coca-Cola, Diet Coke, Coke Zero, Sprite, Fanta Orange and Mello Yello in 12.5-ounce, 16-ounce and 20-ounce bottles. • **EBay's online payment service PayPal has moved beyond an initial pilot program at traditional brick and mortar retailer Home Depot into all of the hardware giant's U.S. stores**. • The world's 10 most bizarre vending machines as listed by Smartertravel.com: **a machine that offers live crabs in China**, a gold dispensing machine in Dubai, a bicycle dispenser in Holland, an automatic dog washer in France, **a medical marijuana vending machine in California**, a kiosk that offers sushi in Japan, a cupcake dispenser in Beverly

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SLIN/UIIN		Item
141901	548305	UP2U Fresh Mint / Berry Watermelon
140612	548693	UP2U Sweet Mint / Bubble Fresh
142161	562538	UP2U Daylight Mint / Mintnight Mint
141905	548602	UP2U Spearmint / Mandarin Strawberry
		UP2U Striped Red Strawberry / Starmint
140270	386904	MENTOS Mint Rolls
140704	386912	MENTOS Mixed Fruit Rolls
142325	218990	MENTOS Rainbow Rolls
142021	386979	MENTOS Strawberry Rolls
142015	386961	MENTOS Cinnamon Rolls
141662	386987	MENTOS Green Apple Rolls

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From the National Office

7-ELEVEN'S MAJOR PARADIGM SHIFT

By Bruce Maples, Chairman

National Coalition of Associations of 7-Eleven Franchisees



The truth about the technology all around us today is that it is here to stay whether we like it or not. The younger generations—Generation X, Millennials—and even baby boomers do everything on their smart phones, tablets and computers, from communications to television, to reading books, to shopping online, to boarding an airplane. Anyone with a smart phone can stand in a retail store, scan a bar code and find out where else that product is selling and for what price. For those of us in retail, the landscape is changing. The question now is, “How fast?”

I’m not a big fan of texting, but I know if I want to stay connected with people I really have no choice. My daughter is a perfect example of the new communicator who will text as often as talk, and the new hybrid shopper. She’ll spend a half an hour picking out a bottle of wine, but she does not want to spend anywhere near that picking out cereal, so she orders groceries online at Pea-Pod.com to be delivered. Clearly, if we don’t get our stores involved digitally, the world will pass us by.

For a long time now I have been telling 7-Eleven that they owe fran-

chisees a peek under the tent that tells us what they think the business will look like over the next several years. The smart phone, iPad and laptop computer overnight have become the convergence devices around which our lives operate, and the consumer has become a highly educated shopper with access to multiple shopping outlets. Where are we going to be in three years?

At the recent 7-Eleven USE in Dallas in January, and again at the National Coalition Board of Directors meeting in Tucson in February, SEI VP of Merchandising, Marketing, and Logistics, Jesus Delgado Jenkins, and VP Retail/Business Innovation

“Anyone with a smart phone can stand in a retail store, scan a bar code and find out where else that product is selling and for what price.”

Rob Chumley made presentations that give us a peek under that tent and show significant changes to the way 7-Eleven is looking at retail in 2012 and beyond.

Jesus spoke about changing consumer behavior, and one of the points that struck me most was that in the current market, consumers are cutting out larger purchases and going for premium smaller purchases. We’ve gone from, “I’m going out on

the town tonight,” to “I’ll treat myself to a premium chocolate bar.” This is in sharp contrast to the large dose of private label products franchisees have had lately, but we’re glad that the company is able to understand and move in both directions. Jesus also cited the move to emotional premium purchases, the “feel good or indulgent” movement, and he cited as evidence for this the fact that yogurt is down 5 percent, but more expensive Greek yogurt is up 117 percent.

Another point that Jesus made was that while customers are economizing and retail channels are blurring, technology like apps on the smart phone and Facebook are driving the sale. He said technology is giving customers more choices today than ever before, and I can agree with this. It used to be, “I know I can get it at 7-Eleven,” and consumers would pass three competitors on their way to your store to get a particular product because they knew you carried the item. Now they look it up on their smart phone and find they pass three stores with that item on their way home. Customer loyalty in

continued on page 36

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“There is no question that 7-Eleven is undergoing some kind of paradigm shift in the use of digital technology.”

I believe that over the years we've lost touch with some of our customer base because we've lost some of our competitive advantage. We can't rely just on scale and say we're the industry leader because we have the most outlets. If we really want to do a better job of selling merchandise to our customers, we have to identify who our customers are and relate to them on their own terms. We also have to change the way we communicate, because technology has changed the way they relate to us. ■

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SLIN 191346

Business Issues

THE NEW SECURITY SURVEILLANCE SYSTEM — CAUSE FOR CONCERN?

By Jivtesh Gill, Executive Vice Chairman
National Coalition of Associations of 7-Eleven Franchisees



F

or years, we have been asking SEI to upgrade the antiquated security surveillance system in our stores. This system is so old it uses VHS tapes—which are hard to find these days—and the parts required to fix it when it breaks down are getting scarce. Now the company has announced that it has embarked on a \$40 million project to install a state-of-the-art DVR security surveillance system in every store. Sounds good, but there's a catch.

The new system consists of three cameras with a 360-degree view to monitor the entire store, but not the back room. One camera is positioned at the door and the other two are inside the store. The new system is pretty sophisticated, as it allows franchisees to monitor their own stores remotely. The cameras can even be zoomed in and out, which allows for better surveillance. The program is currently being rolled out at select stores, but eventually every store will get the new security surveillance system installed.

Now for the catch: SEI said it will use the system to remotely view and monitor stores for marketing purposes and to examine customer behavior, like how many times they go to the candy aisle, how many times they pick

up an item and don't buy it, what the customer traffic pattern is, etc. The company also intends to use the system to remedy some fraud issues in the stores—for example, if there is suspicious activity at the store, Asset Protection will inform the franchisee so he could confront the employee or otherwise solve the problem.

"7-Eleven has announced a major initiative to install state-of-the-art DVR surveillance systems in every store."

helped improve the image of our stores, into a report that details the store's operation—everything from how much the store is writing off to how many top sellers it has. Now this survey is used as a factor to determine if you qualify for another store.

National Coalition leadership is in talks with SEI to find out exactly what are the parameters of the company's remote access to our stores, as it remains unclear what they will do with the information they collect. Is SEI also going to watch the cash register

and front door to make sure no one is stealing from us? Is the company going to monitor how often we change the coffee, or if our employees are wearing name badges? There are a million things SEI could do with such access to our stores, but we need to know their intentions, and we need to have it defined.

The new DVR security surveillance system has the potential to become a great asset to franchisees and SEI. For the first time we will be able to monitor our own stores remotely. If the company can give us written assurances that the system will not be used to spy on franchisees, then we

can welcome the surveillance system upgrade without worry, as the market data that could be collected from its use will be valuable to all parties involved. For now, we will closely monitor what happens at the first stores with the new system. The National Coalition Board will make a determination about what to do next at our meeting in May. ■

"The catch is the company may want to view our stores remotely."



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Legal Issues

BE PROACTIVE WITH EMPLOYEE FRAUD

By Arnold J. Hauptman, Esq.

National Coalition of Associations of 7-Eleven Franchisees



T

ime and time again, I am contacted by frantic franchisees who have just been through an audit that resulted in the disclosure of either a cash or inventory shortage. Small shortages, particularly of inventory, are expected in a convenience store, like a 7-Eleven, that has an inventory of thousands of small items that attract shoplifters. But the shortages that prompt the calls to me are often counted in the tens of thousands of dollars and cannot be attributable to normal and expected pilferage.

Often, these shortages bring a franchisee's net worth far below minimum, and sometimes far below zero. In many cases, the shortages are too large to be covered by the resources of a storeowner. The result: either immediate termination or, for more fortunate owners, the opportunity to enter into a good will sale. In either event, it is like getting hit by a truck or train, and the storeowner no longer has a business from which he can support his or her family.

Here is what I find astounding about those events. In the vast majority of cases that come to my attention, the obvious and proven cause of the shortages is employee fraud, i.e. stealing. Interestingly, the thief is typically not the new clerk or even your younger employees. More often than not, the culprit is a trusted manager or even a close relative (child, brother, nephew, uncle), in whom you feel comfortable placing in their hands your most valuable possession—and

typically your one or more stores are greatly your most valuable possession.

Here is the time-honored formula to predict employee fraud: OPPORTUNITY + NEED = THEFT.

"Need" can be a problem for all relatively low paid employees, and beyond a franchisee's control. "Opportunity," on the other hand, can be subject to control, but the enemy is complacency and sometimes just plain inattention to this part of your business because you are too busy with the day-to-day tasks of running a 7-Eleven store. You simply cannot understand how a long-time and trusted employee can rip you off. BIG, BIG MISTAKE.

Back in the 1980s, at the end of the Cold War when President Regan forged a treaty with the Soviet Union for nuclear disarmament, he knew he couldn't fully trust the Soviets, so he made sure that the United States was able to ensure compliance with the treaty. He coined the phrase: TRUST BUT VERIFY. What the President was saying is that he could not take any chances with the security of America. That motto should become your mantra when it comes to employee theft.

According to New York forensic accountants Israeloff, Trattner & Co., 85 percent of asset misappropriation cases involve theft or misuse of cash,

with cash register theft typically not detected for more than 12 months. Retailers like you are just as likely, or more likely, to be victimized by employee theft of merchandise.

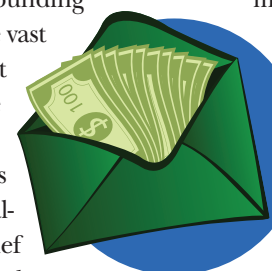
As an example, an employee can easily pocket \$50 or more daily by not ringing up a few sales. It doesn't take much. Once in the habit, and knowing that he can and does get away with it, the habit is hard to break or becomes part of that employee's regular income. Similarly, and as only one example, an employee who smokes can steal a pack or two a day for himself or a friend, and without detection—unless you make

detection a priority.

Here are some things you can do. First and foremost is to institute a system of checks and balances. Don't give any employee sole authority over the registers or inventory in the store. More than one employee should be able to prepare cash and merchandise reports and deposits. All of you have several cameras in the store that can and do capture cash or inventory theft. The problem is that you can't or won't spend the time to at least periodically, and without any warning to your employees, check the videos. Even worse, the job is sometimes left to the very employee/manager who may be the thief.

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**"TRUST
BUT VERIFY
should become
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Some things to protect yourself:

- 1. Don't let any employee, long term or short term, young or old, even close relatives, check the videos for employee theft of cash or merchandise. That is your job or should be performed by a non-employee. Never let employees know when you or a non-employee will be viewing the videos and don't do it on a set schedule, i.e. every Thursday at 9:00 a.m.
- 2. Establish and make clear to employees that there is zero tolerance when

an employee is caught stealing, and that he or she will be fired immediately—no second chances. This will also put the fear of G-d in your other employees.

- 3. When employee theft is first discovered, you can be sure it is the tip of the iceberg. Act fast. The longer the fraud continues, the bolder the employee gets and the more expensive for you it becomes.
- 4. Set up a "tip line" with your employees in which they are advised that any information that is provided to you about a co-employee's theft will be kept strictly confidential and will be monetarily rewarded.
- 5. Last, and certainly not least, try

not to have a set daily schedule when you arrive at the store and when you leave it. This scenario provides employees with the "window of opportunity" in which they feel they can act with impunity. To the extent possible, don't let employees know your expected hours in the store on a particular day, and if you leave the store temporarily, don't give employees the time that you expect to return. Surprise and unannounced visits are important. Always keep employees on edge so that can never know when it is "safe to steal."

So remember, running a 7-Eleven store is essentially a Mom and Pop operation. There is no hierarchy of executives to share responsibilities. You do it all. Don't put the survival of your business in the hands of employees. When it comes to employee theft, "business as usual" is not an option. ■

"First and foremost institute a system of checks and balances, and don't give ANY employee sole authority over the registers or inventory in the store."



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The Gasoline Perplexity

Roger St. George

VICE CHAIRMAN, NATIONAL COALITION

One of two shocks to hit the 7-Eleven franchise system in 2009 was the announcement by 7-Eleven, Inc. (SEI) of the termination of the four-decades-old policy of sharing 25 percent (later 24 percent) of the gross profit from gasoline sales with the franchisee. A few years earlier, SEI had changed the gasoline amendment for new franchisees to a decreasing gross profit split—the more a store generated in gasoline gross profits, the less the franchisee earned. The company's goal now seemed to be to line its pockets at the expense of the remaining tenured franchisees.

SEI touted escalating operating, maintenance and environmental expenses as the rationale for this drastic change. The end result was that franchisees previously sharing in the gross profit of gasoline sales would now receive 1.5 cents per gallon, irrespective of SEI's earnings. SEI reported a breakeven cents per gallon gross profit of 13 cents, and said it earns only 3 cents per gallon net profit. Today, franchisees are concerned the increasing daily environmental requirements cost them more than the income they make from gasoline. As it stands, franchisees earn more from Redbox or Vcom/ATM than from gasoline, with no investment in labor.

With the cessation of gasoline gross profit sharing with franchisees, it seems SEI has attempted to cloak its cost per gallon and its earnings per gallon. One factor that has clouded the true cost of gasoline is SEI's

purchase of Tower Energy, the previous gasoline broker. With little effort this could increase gasoline profits at the upstream subsidiary while depressing profits downstream at the gasoline site.

Likewise, gasoline site maintenance has been miniscule for the past several years, resulting in the deterioration of 7-Eleven's curb appeal, which has also reflected negatively on store image.

“As it stands, franchisees earn more from Redbox or Vcom/ATM than from gasoline, with no investment in labor.”

Gasoline pads have not been cleaned, gasoline canopies have not been painted or have not had new decals applied, gasoline price signs are in disrepair, gasoline dispensers are rusting, and the displays are clouded.

One of the most frustrating policies franchisees have

had to endure has been the incongruent pricing downloaded to the stores. Gone are the days when franchisees could discuss the gas pricing strategy to maximize sales and gross profits for both SEI and the storeowner. Recently, franchisees have witnessed 20-cent price differences between stores. Budget “targets” now dictate the pricing strategy. When a store has reached its “target,” the pricing strategy shifts to increasing the gasoline price—without regard to competitor pricing—to seemingly gouge our customers. With the gasoline price sign the most prominent

continued on page 49



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The Gasoline Perplexity continued from page 47

sign at a 7-Eleven store, this only reinforces the consumer's perception of exorbitant pricing at 7-Eleven, which results in decreased customer transactions in the store. It is interesting that SEI has never truly researched the relationship and impact gasoline has on in-store customer transactions and sales.

Additionally, neighboring 7-Eleven stores often have distinctly different gas pricing. SEI has attempted to explain this based on the volume of gallons pumped. Obviously, a store with six or eight dispensers will pump significantly more gasoline than a store with two dispensers. However, even with two dispensers there are stores that have pumped over 100,000 gallons a month!

Gasoline margins for stores are set according to a five-bucket formula developed by SEI. First, an income target is determined for a store. Based on the volume of gallons pumped at a site the price strategy is implemented. The greater the volume, the lower the gross profit per gallon expected. Conversely, the lower the volume, the higher the gross profit per gallon in order to meet the target gross profit earnings.

Unfortunately, this seems to create a self-fulfilling outcome: the fewer gallons pumped, the higher the retail, resulting in the fewer gallons pumped. Consequently, stores have reported a downward spiral in gallons pumped. Stores previously pumping 150,000 gallons a month are now pumping 60,000 gallons a month. The inevitable destiny is the removal of the gasoline equipment. The frustration mounts when a corporate-owned 7-Eleven store has a more competitive gasoline price than neighboring

franchised stores. In fact, franchisees have seen the retail gas price increase at a corporate store after it was franchised.

7-Eleven storeowners are always looking for ways to maximize their incomes. SEI needs to do a better job of helping its franchisee partners accomplish this by meeting its obligations. The gas stores

need to be more inviting, with clean gasoline pads, attractive equipment, freshly painted dog-bones and islands, and gasoline prices that reflect the value offerings inside the store. SEI also needs to ensure that the proper supplies for gasoline sites it is contractually obligated to provide can be ordered, and that franchisees know how to

order these supplies. Furthermore, SEI needs to conduct its own price surveys using the latest available technology instead of relying on the antiquated method of franchisees or their employees driving around to view the competition's prices—a practice that, by the way, exposes both the franchisee and SEI to potential liabilities.

Franchisees remain concerned that the 1.5 cents per gallon for gasoline commission grows more inadequate every day. Inflation gnaws away at the miniscule remuneration paid, and the increasing environmental requirements and liabilities passed by SEI to franchisees greatly outweigh the remaining commission. One has to wonder, where will it end? ■

"High gas prices reinforce the consumer's perception of exorbitant pricing at 7-Eleven, which results in decreased customer transactions in the store."

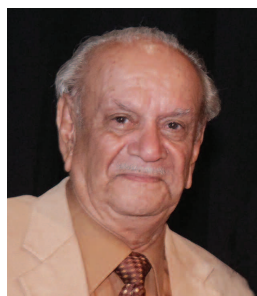
"Gas is a self-fulfilling outcome: the fewer gallons pumped, the higher the retail, resulting in the fewer gallons pumped."

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Will Big Brother Be Watching?

Karam Dhaliwal

VICE CHAIRMAN, NATIONAL COALITION

Franchisees around the country are very concerned about 7-Eleven's plans to install new DVR security systems in all franchised stores. Don't get me wrong. I'm fully in favor of replacing the old VHS systems we have that we can't even buy tapes for anymore. Franchisees should actually welcome the arrival of the DVR, since we have a right to secure our investment and our livelihood. Many of us have the old VCRs, which haven't been used for years, and we are still being charged, or we have upgraded the security system at our own expense.

As good and welcomed as the new DVR security systems will be, many franchisees, myself in-

cluded, are more concerned that 7-Eleven will be able to monitor each and every store remotely from their offices in Dallas. I am worried that market managers are going to watch us remotely at night, see that there is only one clerk on duty and a line of customers, and issue the store an LON because of it. Our franchisor says it won't happen, but we remain skeptical. Realistically, no one could possibly monitor over 6,000 stores in real time, but this is the problem: franchisees are upset that Big Brother is coming to watch us and make us less than independent operators. According to the National Coalition's general counsel, SEI has the right to install any equipment they

want in our stores. We need to have 7-Eleven put in writing exactly how they will use the DVR.

If 7-Eleven Loss Prevention really wants to help us, the moment they find out something dubious is going on in our store, they need to come to the franchisee immediately. The majority of franchisees will be receptive to that and handle the situation by firing the employee or whatever is appropriate. In addition, ninety days is acceptable to us for researching loss, but they could go back and charge us for one year. The one thing that will bring deep division between the franchisees and 7-Eleven is Big Brother watching us and issuing LONs for things we have not even considered. I believe the number of LONs issued will increase as a result of this, not immediately, but it will happen.

Three years ago, I became aware that someone in my store was refunding cartons of cigarettes to himself and pocketing the money. I watched the tapes and called him in for a meeting and he confessed that he had stolen \$3,000. He had been with me for 11 years, and I didn't want to fire him. I would have lost a valuable employee AND \$3,000. I let him pay me back the money over the next couple of months and let him know that I would be watching him more closely. He is still working for me today. What happens in this situation now, when SEI is involved because it witnessed the theft, either in real time or in researching a loss? ■

**KARAM DHALIWAL CAN BE REACHED AT
818-625-4036 OR
KMD1948@YAHOO.COM**

Bits&Pieces...continued from page 32

Hills, a fingernail painting machine in Japan, an automatic apparel machine that offers everything from shoes to underwear to shirts in Boston, and a **pizza vending machine in Italy**. • Walmart has introduced an exclusive in-store disc-to-digital service that allows customers to **upload their DVD/Blu-ray movie collections to the Internet and watch them from any web-connected device** via video streaming service VUDU. • Circle K parent company Couche-Tard has rolled out a proprietary cigarette brand called Crown to all its regional divisions in the United States. • PepsiCo has announced that its global **"Banner Sun" potato chip portfolio—which includes Lay's, Walkers, Smith's and Sabritas**—has grown to more than \$10 billion in annual retail sales, anchored by Lay's. • **Coca-Cola Japan recently reported that its 2011 business results set a second consecutive year of record sales volume.** The company said the convenience store

continued on page 56

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Employee Theft Opportunity And SEI's Share

Jay Singh

VICE CHAIRMAN, NATIONAL COALITION

A franchisee from my area recently sent me an e-mail regarding a theft procedure adopted by one of her employees that eventually raised a red flag at corporate, resulting in her getting a "bill" for SEI's share of lost gross profit dollars. The bill was presented in the form of a "Financial Impact" report based on a worksheet charging the store for the theft.

In this case, the employee would scan age-restricted products, press the Exit and No Sale keys when the age verification screen popped up, give the change to the customer, and pocket the money. Since the employee didn't use the Void or Abort keys, the thefts were much less obvious as the main screen only gives us the option to view and print Voids, the Log File, and the Electronic Journal.

Loss Prevention/Asset Protection provided the franchisee with a report of all the suspicious transactions that included the product, time, amount, transaction number, and employee number so she could investigate. As it turns out, all this information can be found by viewing the Electronic Journal.

On the right-hand bottom corner under Transaction Type there are several options, such as Normal Sale and Customer Return, and a few that can be used by enterprising thieves, like Cancel Age Verification, No Sale, Memory, and Void & Abort Transaction. The most important, however, are PLU Inquiry and No Sale, both of which an employee can use to find out the price of the product and pocket the money by opening the register on No Sale. You can choose any of these options and print them to verify the validity of trans-

actions by looking at your security system if you have cameras installed with register views. I had no knowledge of these options until I got the e-mail from the franchisee and did some research.

Most of us were never trained how to detect this kind of employee theft, and it is not justified that franchisees should get a bill for SEI's lost gross profit dollars using some kind of a worksheet without any proper training to detect all this. Franchisees should also be able to view all the details of these transactions much as SEI's Asset Protection team can so we can verify the validity of transactions like Cancel Age Verification and PLU Inquiry.

Franchisees feel this is a double loss for them, as they have already paid for all these products in the form of Audit Shortages and now have to pay SEI for its lost gross profits. More open discussion and a positive approach will go a long way to solve this issue. Perhaps Asset Protection could start training franchisees on how to detect new types of employee theft as they develop through some kind of special classes or presentations during quarterly sales meetings. In the meantime, however, franchisees can save some money by printing all these transactions and verifying their validity on a daily basis. ■

JAY SINGH CAN BE REACHED AT
702-249-3301 OR JKSINGH2003@YAHOO.COM



"It is not justified that franchisees should get a bill for SEI's lost gross profit dollars without proper training for this kind of theft."

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Destination Hydration

By Amy Lampe Category Manager, PepsiCo Beverages

Lauren Terkel Category Manager, PepsiCo Beverages

Vincent Bozek PepsiCo Media Relations

Summer is approaching and one of the most important categories in convenience stores is set to play a prominent role in driving consumer habits yet again. Beverages are the main in-store driver for c-stores and are helping to drive the channel rebound, pushing convenience and gas (C&G) outlets toward pre-recession levels. As beverages drive consumers to c-stores, the increased need for hydration beverages during summer months is a chance for 7-Eleven to connect consumers with the beverages they need.

Aside from gas and cigarettes, beverages are the number one reason consumers visit c-stores and are the leading indicator of the rebound we've been seeing in channel usage and shopper purchasing. Recent data from the Convenience Store Monitor report by The NPD Group showed liquid refreshment beverages (LRB) are outpacing total c-store growth, and are helping the channel rebound from softness seen during the economic environment from 2008-2010. According to the report, the LRB category grew at a rate of plus 5.9 percent, compared to total C&G channel growth of plus 2.6 percent (excluding fuel). As the beverage category grows and continues to drive shopper behavior, c-stores and manufacturers can influence that behavior by offering the products that consumers are looking to buy.

At 7-Eleven, hydration beverages—water, sports drinks, ready-to-drink teas

and juice drinks—accounted for almost half of all liquid refreshment units sold last summer. A closer look at the hydration segment shows that while water and sports drinks make up the majority of the segment, juice drinks and sports drinks are driving the substantial growth. These drinks combined to account for over 80 percent of the total point growth within the hydration segment. Sports drinks grew nearly plus 20 percent last summer, and even more impressive, juice drinks saw nearly plus 40 percent growth, clearly demonstrating opportunities to offer value to consumers on the products growing at the highest rate.

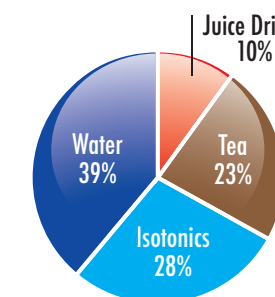
When it comes to beverages, there's great news. 7-Eleven stores are a destination for hydration during the summer. In fact, 7-Eleven outpaced overall industry growth last summer and more than doubled overall convenience channel growth. Across Grocery, Drug, and Mass Merchandisers, the growth of hydration beverages was plus 5 percent last summer, while at 7-Eleven, growth was nearly plus 10 percent, which provides for an optimistic outlook heading into this summer. Consumers clearly are choosing 7-Eleven for their beverage needs, and going into this summer, 7-Eleven has a real opportunity to influence shopper behavior by offering consumers the hydration beverages they want.

As liquid refreshment beverages continue to drive growth in c-stores, hydration beverages will play an increasingly important role, with growth projections of up to 35 percent through 2015. Ready-to-drink teas are expected to grow nearly 50 percent over the next four years, while sports drinks and water are also projected to see steady growth. Retailers can stay ahead of consumer demand by evaluating these projections against real-time unit growth to determine what move shoppers will make next.

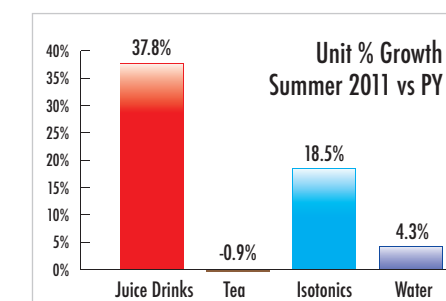
Hydration sales are driven by three main manufacturers. PepsiCo, Nestle Waters and Arizona make up nearly 80 percent of sales for the segment. Pepsi-

continued on page 56

Share of Hydration by Category



Source: 7-Exchange Units Summer 2011



Source: 7-Exchange Units Summer 2011

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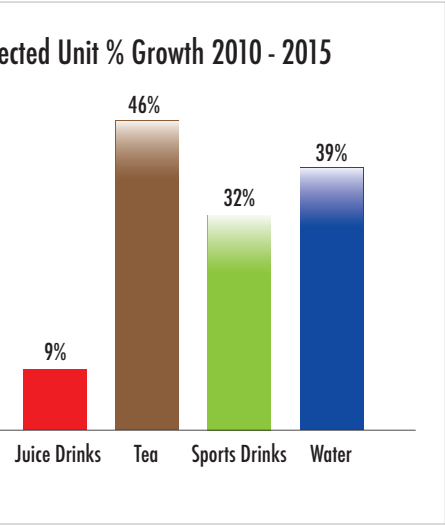
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Co's hydration portfolio, featuring strong brands like Gatorade and Lipton ready-to-drink teas, led segment growth last summer. As the dominant manufacturer of all categories in the channel, we connect beverages and food to the shoppers that want them. We offer an advantaged portfolio that delivers liquid and food and satisfies the "need state" shopping that drives traffic to c-stores.

PepsiCo is a proud partner of 7-Eleven. PepsiCo's ability to delight shoppers and drive results has helped deliver growth to the channel. In IRI's New Product Pacesetters report for the convenience channel, PepsiCo was recognized for delivering 11 of the top 16 new product launches in the channel. It is this type of innovation that has

lead the nearly double-digit growth that 7-Eleven saw in the hydration segment. We provide consumers with many of the leading brands in hydration including Gatorade, Tropicana, Lipton teas and Aquafina. In fact, PepsiCo is the leading manufacturer in all non-alcoholic beverage categories in the convenience channel. PepsiCo beverages hold the number one or number-two positions in most product segments in the channel.

An important consideration to keep in mind is that shopper trends are con-



grow. Understanding what consumers want and where they are buying gives storeowners the opportunity to influence that behavior and provide a selection of products that consumers demand. As we head into summer, hydration will once again prove to be a key segment for consumers and a chance for 7-Eleven and manufacturers to continue driving channel growth. ■

Bits & Pieces...continued from page 51

segment, in particular, posted its ninth consecutive quarter of growth. • In an effort to shock smokers into quitting, the **Centers for Disease Control and Prevention has launched a graphic billboard, print and TV ad campaign** featuring sometimes-gruesome stories of people damaged by tobacco products, reported the Associated Press. • U.S. Senators Tom Harkin and John McCain have co-sponsored legislation to **phase out the dollar bill over a four-year period** and force the country to begin using the 1.4 billion dollar coins that are in storage at the Federal Reserve, reported the *Des Moines Register*. • **The Madison County Board of Health in New York has proposed a measure that would ban tobacco products displays in convenience stores and other retailers**, reported the *Oneida Daily Dispatch*. The ban would require tobacco products to be hidden from view in order to reduce children's exposure to the

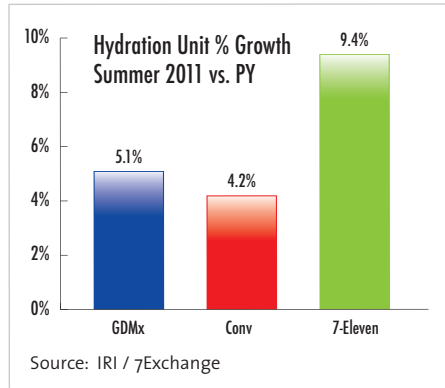
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"A closer look at the hydration segment shows that while water and sports drinks make up the majority of the segment, juice drinks and sports drinks are driving substantial growth. These drinks combined to account for over 80 percent of the total point growth within the hydration segment."

helped to drive channel growth. Last summer, PepsiCo led the drive to growth at 7-Eleven as its hydration beverages were up nearly 12 percent compared to the previous summer. PepsiCo's advantaged portfolio helped

stantly evolving, and manufacturers and retailers can no longer take a one-size-fits-all approach to satisfying shopper needs. To that end, PepsiCo has been focusing resources and priorities against understanding shopper behaviors, motivations and needs at a local level, to help our customers better connect their business to current and future customers.

The future of beverages for c-stores is bright. LRB is one of the major drivers of traffic to the channel, and has been for several years. As consumers have more choices and less time, the c-store channel as a whole is expected to



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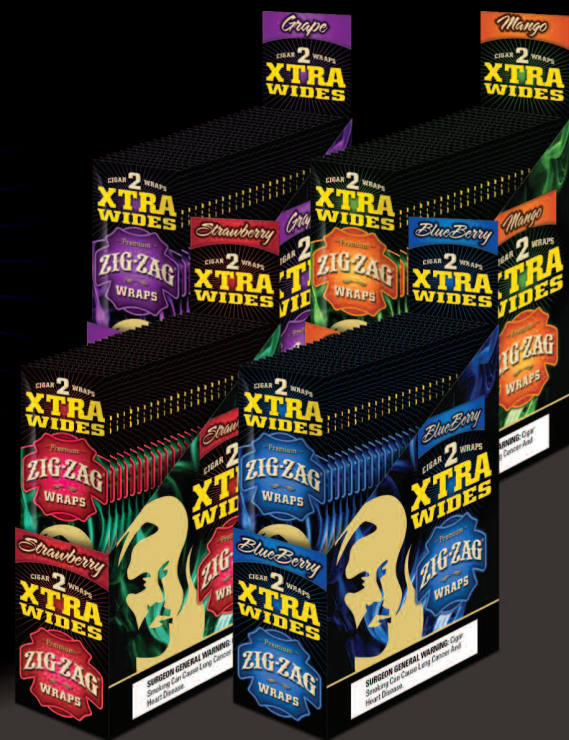
*Nielsen Total U.S. Convenience + Food, 4 weeks ending 6/11/11

CIGAR WRAPS - BLUEBERRY 1 CARTON-25 TWO PACKS SLIN 321446 - UIN 554600 	CIGAR WRAPS - APPLE 1 CARTON-25 TWO PACKS SLIN 321447 - UIN 553826 	CIGAR WRAPS - CHERRY 1 CARTON-25 TWO PACKS SLIN 321445 - UIN 554634 	CIGAR WRAPS - MANGO 1 CARTON-25 TWO PACKS SLIN 321476 - UIN 74021 	CIGAR WRAPS - STRAIGHT UP 1 CARTON-25 TWO PACKS SLIN 321478 - UIN 74633
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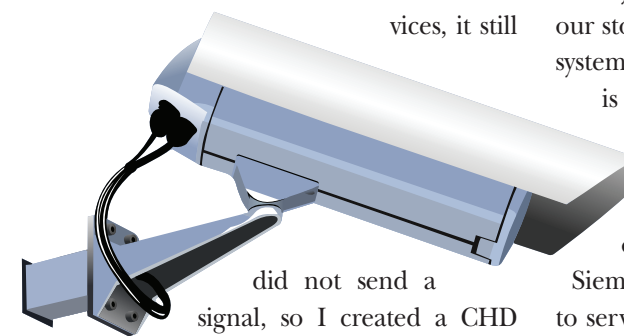
CIGAR 2 WRAPS XTRA WIDES

XTRA WIDES - GRAPE 1 CARTON-25 TWO PACKS SLIN 321289 - UIN 680918 	XTRA WIDES - MANGO 1 CARTON-25 TWO PACKS SLIN 321288 - UIN 680900
XTRA WIDES - STRAWBERRY 1 CARTON-25 TWO PACKS SLIN 321287 - UIN 680876 	XTRA WIDES - BLUEBERRY 1 CARTON-25 TWO PACKS SLIN 321292 - UIN 680884



Security At A Cost

BY PETE GRAGNANO, VICE PRESIDENT, SUBURBAN WASHINGTON FOA



Recently, during a routine test of my store's hardwired and remote panic devices, one of the remotes did not send a signal to Siemens. After changing the batteries in both devices, it still

did not send a signal, so I created a CHD case to repair the problem. A short time later, I received a call from Siemens dispatch asking me several questions regarding the remote device. It was concluded that a service tech would be sent to my store. In parting, Siemens told me that they would "see me on Friday" to repair the problem.

I responded that it was 2:30 on a Tuesday afternoon; should not a security problem be considered a Priority 1, with a response within 24 hours? The reply that followed shocked me: the contract with 7-Eleven called for routine response to service calls within a 48-72 hour window. If I wanted to upgrade the priority of the call, I would have to pay the hourly rate for my area (about \$103 to \$155, depending on weekday/week-end and time of day) for the travel and repair time. When I asked why there was such a slow response time, I was told that the normal response time for other Siemens' clients was 24-48 hours, but 7-Eleven had requested a slower response time in exchange for a lower monthly contract charge.

At this point my blood began to boil. Many franchisees, including myself, have purchased our own DVR security systems rather than use the antiquated VCR system that 7-Eleven has in place in our stores. As we all can attest, the VCR system is useless to law enforcement and is becoming increasingly difficult for even Siemens to find repair parts. To rub salt into the wound, we are required by our Franchise Agreement to pay Siemens a monthly maintenance fee to service the VCR system even though it is not in use (it should be noted that Asset Protection has allowed franchisees

"7-Eleven has secured the funding to install new DVR systems in all of our stores in 2012, but wants remote access to the system in exchange for the DVR installation."

to get their own outside service providers, but the conditions are so stringent that even Siemens does not meet some of their criteria).

So here we are—we pay a monthly contract charge for a service we rarely if ever use, and have to pay an additional fee to get the proper response time to ensure the safety of our employees and customers.

I sent an e-mail to Asset Protection asking why there is a 48-72 hour re-

sponse window versus the standard 24-48 hour time frame and what was the cost differential between the two options, but was told that the contract was negotiated by prior individuals in Asset Protection who are no longer with the company.

The 48-72 hour response time that 7-Eleven requested shows an lack of concern for the safety of employees, both franchise and corporate, as well as our customers. While we all want to save money, is a \$5-10 per month difference in contract fees to get a normal response time worth risking someone's life? Something needs to be done before there is an incident that harms an employee or customer because a security system component is down waiting 2-3 days for someone to repair it.

There is a silver lining to this dilemma. The contract with Siemens expires in June 2013. 7-Eleven has made a decision to use ADT in the case of new stores, acquisitions and changeovers from VCR to DVD. Moreover, 7-Eleven has recently indicated that they have secured the funding to install new DVR systems in all of our stores in 2012. However, this does not come without a catch. 7-Eleven wants remote access to the system to monitor customer shopping patterns in exchange for the DVR installation. The National Coalition is currently negotiating with 7-Eleven to remove this requirement, as franchisees feel it violates our independent contractor status. More is to come. Stay tuned. ■

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PRESIDENTS' REPORTS

2012

MARCH/APRIL

NCASEF's Board of Directors and Affiliate Members met February 7-8 and the Board met February 8-11 in Tucson, Arizona, home of the Coalition's national office. The two-day Affiliate Meeting featured breakout groups and presentations by SEI's Jesus Delgado Jenkins and Rob Chumley. The full NCASEF Board of Directors meeting included SEI presentations and Q&A on tobacco, encroachment, and Facilities Maintenance. Accounting procedures, audits, encroachment, CDC and BT, hot foods, chicken wings, employee theft, gasoline pricing and commission, BT, and CMR were some of the topics on the agenda.

WASHINGTON, D.C. FOA

MARK CHIOCHANKITMUN, PRESIDENT

While SEI's Asset Protection Department was conducting other research, they found what appeared to be an "over reversal" of beer and wine revenue. Based on the information analyzed for one store, all stores that follow the same process in MA and MD were reviewed. Beer and wine revenue reversals were calculated for all 38 stores.

Asset Protection stated that a number of business partners were consulted in order to obtain an understanding of how the process of revenue reversals was conducted within the stores. In addition, the data obtained from business objects was verified against the store POS data. The SEI Legal Team was also consulted to initiate the necessary conversation with the stores, which included the generation of the Financial Information Worksheet without an LON or Breach (this was also at the request of Bruce Maples from the National Coalition).

However, the SEI procedure was totally opposite and wrong. The very first franchisee reviewed was served with a Breach of Contract for overstated beer and wine sales. The franchisee was allowed three days to prove his innocence or SEI would charge his open account for over \$18,000. SEI also reserved the right to remove the franchisee from the system.

The situation had destroyed this franchisee's morale. However, the franchisee was able to pull

himself together and convince SEI that its data was wrong and incomplete. SEI then agreed to hold off serving LONs and Breaches to the rest of the franchisees involved, but SEI still showed and threatened franchisees in our area with LONs and Breaches. All 26 franchisees involved were very upset and very angry about this false accusation.

After more than a month of battling with SEI over this heartbreaking accusation, SEI issued a letter to each and every franchisee involved stating that it determined the research it completed did not support any adjustment, and therefore there will be no further documentation—neither a Letter of Notification nor Notice of Material Breach—issued by SEI relating to such research.

SEI also thanked the franchisees that assisted with the research, and said it was grateful for their cooperation throughout this process. Most importantly, SEI apologized for any inconvenience that was caused. It seems to me that the Asset Protection Department should also focus on franchisee safety, security and morale, which all effect our total operations, sales, and profits.

Our area franchisees are quite content with their sales and profits for now, but we are more concerned about the stability of our future, with encroachment and false accusations in mind.

CAL-NEVA FOA

RICHARD ROSE, PRESIDENT

With the start of the New Year, the franchisees of the Reno-Tahoe area are looking with a sense

of optimism to the months ahead. 2011 was a year of survival—sales and profits showed a slight increase of around 1 percent. This was better than most businesses in the area. Based on this progress we feel that sales for 2012 should improve and the year should be a better one for the franchisees.

The first three months of 2012 started with a slight increase in sales as reported by the franchisees. Most of the franchisees in the Reno-Tahoe Market are doing more with less, much like every other area in the country. Our long time Market Manager, Chuck Kronyak, has decided to leave the company, and we wish Chuck well. Recently it was announced that our new Market Manager will be Katie Stuermer, and we expect to meet with her here at the end of April. We want to extend a warm welcome to Katie.

The Cal-Neve FOA has reinstated its market-wide open forum meeting, which brings lively and constructive discussions of programs and how to best implement them district-wide. We had our most successful Lou Magnotti Golf Classic benefiting MDA and Batten disease in 2011, and as a Zone, we produced TV commercials supporting our stores and ran them through the New Year. We are planning on continuing these successful events this year. Our Lou Magnotti Golf Classic will be on August 17, 2012.

In December and January, Reno suffered two major wildfires that destroyed 55 homes. The lack of winter this past season left the area

rently seems to be the reoccurrence of missed extensions of invoices forcing franchisees to check their S-18s not only for custom retails, but also for recommended items. It is very frustrating that even recommend items are being overstated. This has been going on for over eight months with several vendors, and only a few have been corrected. So the question is, "If SEI was losing money due to faulty reporting of retails, would it have been fixed by now?" I would hope that SEI would put the same effort in fixing problems on both sides of the ledger.

SAN DIEGO FOA

JIM NUNNALLY, PRESIDENT

The San Diego FOA and the FOA of Greater Los Angeles held their second annual trade show at the Pechanga Resort and Casino in Temecula, California on January 18, 2012. It was a big success once again, with 73 vendor booths and hundreds of franchisees from all four Southern California FOAs invited for the second year to take advantage of some great deals brought in by our vendor partners. Prizes were



Dr Pepper's Chris Perry and Kellogg's Mark Gramlich worked with chairman Bruce Maples and SEI to create the Hire Heroes cause-equity fundraising program.

Tom Lesser, fell victim to the evening's hypnotist, and provided some unexpected entertainment. Just to keep Tom's reputation in tact, it was all good, clean fun.

The San Diego FOA Board meets the beginning of each January to elect the four officers for the calendar year. Results for the 2012 officer elections were Jim Nunnally, President; Bic Sidhu, Vice President; Cindy Keller, CFO/Treasurer; and Gary Singh Walia, Recording Secretary.

San Diego franchisees gathered in mid-February with Field Consultants, Market Managers, our Zone Leader Ena Williams, and VP Jesus Delgado-Jenkins, in a town-hall style format to learn about the planned Consolidated Market



Vice Chairman Roger St. George said franchisees earn more from Redbox or Vcom/ATM than from gasoline, with no investment in labor.



National Coalition Chairman Bruce Maples said FCs must walk in armed with the latest info on the cigarette program to help franchisees.



Executive Vice Chairman Jivtesh Gill said we need to have a dialog about pricing and compliance issues in gas with SEI.

in a drought. While this warm winter helped the stores in Reno, it had a negative effect on stores and other businesses in the Tahoe area that rely on tourism.

SEI and our franchisees worked with the MDA and placed customer-purchased Shamrocks on the walls of our stores. Our FOA has done this for years, and this year with SEI's help we were able to collect over \$14,000. Not bad for a small association in the Northern Nevada and Lake Tahoe area.

The biggest problem for franchisees cur-

given away throughout the afternoon. Many vendors and franchisees were on hand the next day for a great day of golf at the famous Journey Golf Course at Pechanga. Based on all the vendor feedback, it was a great show. Plans are already underway for next year's event.

Members of the San Diego FOA gathered at the Handlery Hotel in San Diego's Mission Valley on December 10 for our annual holiday party. Great food, music and entertainment were available for franchisees to enjoy the evening. Pacific Desert's own Zone Leader,

"EVERY FRANCHISEE NEEDS TO RESPOND TO EVERY LON IN WRITING."

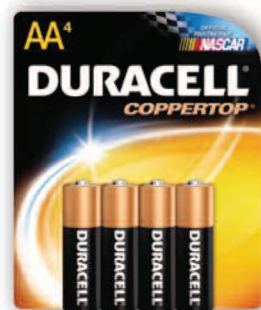
—ARNOLD HAUPTMAN,
NCASEF GENERAL COUNSEL

Rollout (CMR) scheduled for San Diego markets in the coming year. Many franchisees are apprehensive about bringing in the hot foods

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program to their stores, but we have yet to see the full scope of what the CMR will actually mean for our stores.

The rollout has begun in San Diego stores, with hot foods training being provided. Store updates are expected to be completed by May so that franchisees will be able to take advantage of advertising by SEI to kick off the 100 Days of Summer and capitalize on the “new” look at our stores. Approximately 30 stores in San Diego markets will not receive any updating at this point in time, as they are on a list of stores whose leases are coming due soon and their renewals are still in question.

Along with this, other San Diego stores are feeling SEI's budgetary constraints, as SEI is “cutting corners” in many stores that require a re-configuration to make all of the new equipment fit. Many stores are being told they will get “only what will fit into the current physical layout.” So stores are expected to offer a full complement of the hot foods program, while not being able to have all of the equipment and physical space necessary to give it the proper opportunity to succeed.

Our Zone Leader will be attending the San Diego FOA April board meeting to address the many franchisee concerns as they relate to the CMR program.

7-ELEVEN FOAC JOE ROSSI, PRESIDENT

Over 12 months ago, I began serving the second year of my first two-year term. Now it's February 2012, and I have begun serving my second two-year term for the Chicago FOA. Where does the time go? Our FOAC Board started the year in full swing, setting goals and working together to resolve hard-hitting issues before they escalate. I am thrilled to be working with a new Board that is not only ready to tackle the issues seen in our stores daily, but is constantly proposing new ideas and thinking outside the box. I look forward to a successful year!



Vice Chairman Jay Singh cited cigarettes (down 11 percent) as a GP killer in Las Vegas.

Our Merchandising Committee, led by Jim Bayci, conducted a survey among our franchisees, inquiring on the number of wings packaged in each bag. We asked each franchisee to count each wing in each bag and to provide us with data over time. A handful of franchisees provided data and the Merchandising Committee found a common theme—each bag of wings was short approximately 4-5 wings each. Working together we were able to show the facts and as an end result, each store will be receiving a wing credit of \$30 per case on all purchases since December 12, 2011. Our best suggestion: be sure to

“Franchisees need one-half mile protection from encroachment, including BCPs, and the closest franchisee must be given options.”

—Bruce Maples, NCASEF Chairman

count each bag that comes through your door on each delivery. This is just one success story, but a reminder on how vigilant a storeowner needs to be.

Our FOAC is working diligently for our Annual Trade Show on Friday, May 4th at the Odeum Expo Center in Villa Park, Illinois. We cordially invite all of our franchisees nationwide to attend another SOLD OUT show.

For the first time, our FOAC will be hosting a networking dinner directly following our trade show to allow franchisees and sponsoring vendors for a more intimate networking session. We look forward to welcoming each of you to Chicago! For more information on the venue and where to stay, please visit our website at www.7-ElevenFOAC.com. Our FOAC has some exciting news! We will have our very own 7-Eleven FOAC Exam Room at the newly built Ann & Robert H. Lurie Children's Hospital Chicago. After 130 years of treating critically ill children in Chicago and beyond, Children's Memorial Hospital has been in the process of building a new, state-of-the-art hospital in downtown Chicago and the FOAC is a part of

PRESIDENTS' REPORTS 2012

it. The hospital is slated to open in June 2012, but the FOAC will be celebrating our ribbon cutting ceremony on Thursday, May 3. Our annual Charity Golf Outing will be held in August. I congratulate my fellow Chicagoland and NW Indiana franchisees!

FOA OF GREATER LOS ANGELES

KATHY YORK, PRESIDENT

Our FOA ended the year with a Christmas party for our franchisees and their families. We had our second annual trade show in January in partnership with the San Diego FOA. We had about 75 booths and over 600 people attended. Business Transformation stores are going back to McLane in February. In March, the remaining 400 stores in our area will be added to the BT format. Issues we are still addressing with BT are SSIs, street deals, and not seeing our vendors. Much progress has been made with SEI in addressing our issues. Franchisee concerns currently: infringement, low volume stores, and gasoline. CMR begins mid-year in our zone and will be completed by year's end.

continued on page 65



Greater LA Board Member Jas Dhillon wants the assured gross income clause back in the agreement.



Washington, D.C. FOA President Mark Chiochankit-mun asked if franchisee well-being is an SEI priority.

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- Spicy Hot V8 Juice Offers A Zesty Kick Your Taste Buds Will Crave.
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V8 V-Fusion 100% Vegetable & Fruit Juice

- Cranberry Blackberry, Strawberry Banana, Pomegranate Blueberry
- Vegetable Nutrition With The Great Taste Of Fruit
- No sugar added, no artificial colors, flavors or preservatives

V8 Splash Juice Drink

- Berry Blend, Strawberry Kiwi, Tropical Blend
- Antioxidants plus 100% Vitamin C, 50% Vitamin A and 20% Vitamin E
- Target ethnic households with kids & working middle class



Available Through Your Coca-Cola Bottler Today!



Simply Orange's Tim Zeigler said 7-Eleven is two times the normal c-store in juice.

SACRAMENTO VALLEY FOA

JAY BRAR, PRESIDENT

In the Sacramento Valley, area franchisees feel strongly that guests frequently walk in their stores attracted to value deals, such as 2 for \$1 glazed donuts, \$1 breakfast biscuits, and 2 for \$1 apples, bananas, and oranges. The franchisees are happy with the sales of these value based products, yet many believe their stores should be fully or adequately prepared to launch a promotion. For example, the stores that ordered a new item like the fruit stand, still have not received the stands. The grill items, as always, have been proving a huge success in the area, thereby becoming a major source of our profits. (Believe it or not, in one of our markets franchisees can sell over 100 a day of any promotional grill product. Oh thank Heaven!)

In recent months, different members of the Sacramento Valley FOA have met Norman Hower, our Zone Leader. Our FOA members were really impressed by his knowledge, his communication skills, and his in-depth understanding of issues, concerns, and problems that franchisees are facing today. In brief, the meeting was a learning experience for everyone.

On December 30, the Sacramento Valley FOA celebrated its first annual holiday party. It was definitely a matter of pride for all the members as their "new" FOA was keen on keeping "old" traditions alive by celebrating the holiday season. Needless to say, everyone looks forward to this event. Members of the FOA were happy to receive SEI staff members and thus enjoyed the evening with them. The children under 10 received special gift bags exclusively prepared for them, while adults were busy winning prizes by playing Bingo and

other games. The party definitely was a smashing hit. (I have posted the photos of the Holiday Party on Facebook. You will like them.)

Recently, our FOA group had a very productive meeting with Mike Watts, National Accounts Manager of Producers Dairy. He shared lots of facts and information with the members. Our members are planning to go visit the milk plant located in the Central Valley area.

In response to an invitation call from Keith Jones of SEI Government Affairs and the California 7-Eleven PAC, our members are looking forward to participating in the upcoming 7-Eleven Day in Sacramento event.

SOUTHERN CALIFORNIA FOA

KARAM DHALIWAL, PRESIDENT

McLane is being tested in about 14 BT stores, and we are very pleased with its performance. McLane will be taking over in about two months and will expand to three other markets in our area. LA is not going with the hybrid model because of existing contracts.

SEI is being very careful with new stores. There was a location about a half mile from my store SEI was considering. The deal didn't go through because the locals don't want any more 7-Elevens in the area. SEI wants to open as many new stores as it can, and is targeting closed gasoline sites and liquor stores.

We must do something to protect franchisees with a guaranteed gross income. The big problem here is the relationship between franchisees and SEI. LONs are being given because we don't have an 80 percent score, or we don't have this and we don't have that. Some market managers are very good. My market manager, for instance, has not issued one LON. For them to issue an LON because of a customer complaint is unheard of, and some market managers have done that.

We need to focus on a few things. We need to do something about low volume stores. One of our franchisees purchased a second store 35 miles away. He won't make any money because the new store's payroll is \$11k per week and he's not even making \$6k per week. He's surviving on his other store. Because of store saturation, our sales are affected. If there is a new

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"FRANCHISEES ARE TOTALLY FRUSTRATED WITH THE AMOUNT OF MONEY WE MAKE ON GAS AND THE RESPONSIBILITIES WE HAVE."

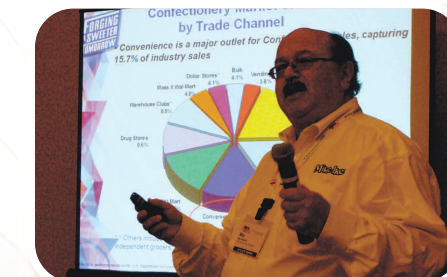
--JIVTESH GILL, EXECUTIVE VICE CHAIRMAN



FOAC President Joe Rossi wants SEI to assure that all franchisees are able to support their families.



San Francisco/Monterey Bay Board Member Ann Sekhon suggested CDC pricing should rival that of outside vendors.



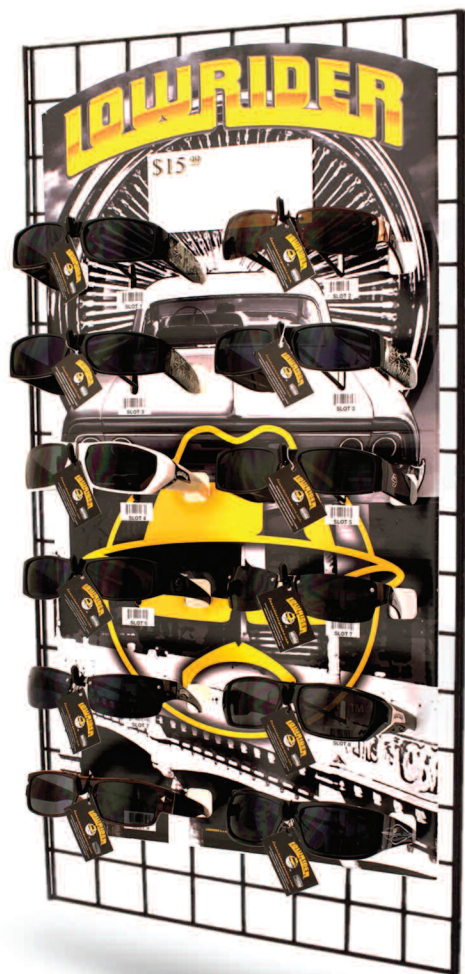
Just Born's Stu Harris described the new "Mike and Ike Breakup" promotion.

store up for grabs within proximity of another 7-Eleven, offer it to the closest franchisee. See if you can qualify him. It would be better to offer it to him first. The company makes money regardless.

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Pre-Book: 05/05/12 - 05/20/12 Delivery: 05/28/12 - 06/03/12



62% PROFIT MARGIN
Fully Guaranteed
Recomended (All Stores)
CDC Delivery

POWER WING PACKAGE:

- ONE order LDU: (24 Sunglasses - Pre-Assorted)
- Side Wing Display (Free with delivery)
- Display Rack (Hang on side of FEE)
- SLIN# 330702

REORDERS - NOW AVAILABLE!

- ONE order LDU: (12 Sunglasses - Pre-Assorted)
- Recomend for all stores that purchased the Side Wing Display from previous Pre-Books
- SLIN# 330703

**PURCHASE
 IN
 MAY
 2012
 PRE-BOOK**



Lowrider  *Sunglasses*

SOUTHERN NEVADA/ LAS VEGAS FOA

JATINDER SINGH, PRESIDENT

According to the fourth quarter 2011 financials for the Las Vegas area, Merchandise Sales dollars were down 2.72 percent, but Merchandise GP\$ were up 3.37 percent. This was driven by an incredible margin increase of 208 basis points (2.08 percent). Fresh foods sales were up across Las Vegas by 6.49 percent. Cigarette sales—the driver for the top line loss of merchandise sales—were down an ugly 11.84 percent across Las Vegas.

The local economy is still in bad shape. Home prices took the largest decline at about 59 percent compared to other parts of the country. The unemployment rate in Las Vegas is 13.35 percent, the highest in the nation—not a pretty picture. Our picnic and trade show is scheduled for April 22, earlier than usual for our FOA.

ROCKY MOUNTAIN FOA

WAYNE MATHEWS, PRESIDENT

Things in the Rockies are moving along slowly, as winter rolls in and out of our markets. Denver recently had the largest snowfall for a February storm on record.

Sales by stores vary as franchisees try to overcome encroachment brought about by BCPs and SEI acquisitions—some stores are down single digits and others are up to 25-30 percent down. The next big challenge we are facing is the introduction of Kum-n-Go stores in Colorado Springs. The chain has a target of more than 20 stores over the next few years and has already begun construction on the first ground up.

Our FOA will be hosting its first dinner meeting with our entire membership on

companies—allow these kids to lead more normal lives day-to-day without having to give themselves injections many times per day. We hope you will all come out and support this year's event to help us provide a better quality of life for as many kids as possible. Following our golf event on August 30 we will be holding our second annual trade show at the Westin Denver. JR Planners will be sending out invitations to this event in the near future. We look forward to seeing you all here in Colorado this summer.

We would also like to congratulate Lori Weiss, Market Manager of Market 1610, for being recognized Market Manager of the Year at this year's USE. Great Job Lori!

CENTRAL VALLEY FOA

SUKHI SANDHU, VICE PRESIDENT

Excitement is in the air as we start 2012 with some new officers and Board members as a result of our November elections. Jivtesh Gill remains our President, Vice Presidents are Sukhi Sandhu and Haneshinder Chauhan, Viney Anand is our Secretary, Vijay Kumar our



SEI VP Franchise System Frank Gambina, with Senior VP Development Shaun Duffy, said it is an exciting time for 7-Eleven in terms of store growth and network planning.

“The smart phone has historical significance as a convergence device for consumers who need more information.”

—Jesus Delgado Jenkins, SEI VP

March 22, and hope to see increased participation at this event. Our annual charity golf event will be supporting Pumps 4 Pumpkins on August 29 of this year, with the course to be announced later. This is a great charity, as all of the proceeds raised will help children with diabetes in need of insulin pumps. These pumps—which can cost over \$5,000 each and are not covered by insurance

Treasurer, and Board Members are Jack Fuller, Hadi Nawabi, Jaspal Gill, Jay Jensen, and Karambir Cheema. We welcome our new members and officers!

We have started planning for our annual trade show, which is scheduled for late second

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quarter 2012. This event is always well attended by our franchisees and generously supported by our vendor partners.

One recent success our FOA group experienced was collaborating with our local ice vendor to get consistent pricing for all of our stores in the Central Valley FOA. It was brought to our attention that stores within our group were paying several different costs for the same bags of ice. We were able to meet with this vendor and come to a set price for all stores, thus protecting our gross profit while being able to offer competitive retails to our guests.

Another opportunity we would like to see worked on is the opening of new stores and the impact to current franchisees in the new store's immediate vicinity. We applaud 7-Eleven's expansion efforts to bring the total numbers of stores up to 80,000 by 2020 worldwide, as this will give opportunities for our franchise system to grow and puts our flag on more corners. However, attention needs to be given to build sales not only at the new location, but also the surrounding stores way past day one opening.

Our competitors like CVS and Walgreens have a system in place that focuses on new stores for the first three years, helping that location meet its budget expectations with marketing and operations support. Why can't we have an aggressive plan that goes past the Grand Opening for a new store that includes other 7-Elevens within a one-mile radius of the new store? Just because a new store may become more convenient due to its location, transferring sales from an existing franchisee to a new franchisee is not very comforting. The impact to 7-Eleven is virtually nothing, as the company collects GP\$ from both stores. The same cannot be said for the existing franchisee, who has been working to establish his guest base for several years just to have to now share his sales and profits with the new kid on the block.

Why not—for the first 180 days—do heavy marketing specials, blasts and coupons above and beyond regular monthly promotions? After 180 days, taper off the specials, blasts and coupons, then monitor to see if the store is meeting expectations or not. There should be

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support for existing stores that are following 7-Eleven's programs but still experience a significant drop in sales and guest counts past the first six months of a new location opening. If we are going to grow together we need to support everyone potentially impacted by a new location opening.

We also need to have stricter accountability of those involved with opening our new locations. 7-Eleven needs to do its due diligence better when opening a store and not leave issues for a new franchisee to resolve on their own. That new franchisee needs to be focusing on training/coaching staff and, more importantly, on growing sales. Just as a franchise director visits a new franchise after they have been in their store for a month or two, why can't someone from construction make quarterly visits to new sites until all issues are resolved? We need to do it right and do it right the first time.

Other topics we will be working on as an FOA this year include existing franchisees and BCP franchisees paying similar premiums for a piece of equipment, but BCP franchisees getting less coverage from their maintenance contracts. Also, the gasoline business model does not seem to support volume growth for G4 and G5 stores because it prices them way above the competition, while G1 and G2 stores are priced more competitively. Gasoline pricing can bring guests in or encourage them to keep on driving.

We look forward to attending our local USE in March and seeing what fresh new ideas are in the pipeline to help us increase sales and profits.

Some of us were able to get a sneak peek by attending the Dallas USE, including Jivtesh as a NBLC member, Sukhi as Zone RI winner, and Gurpreet (G.P.) Maharu as Market RI winner. It will be the responsibility of those who attended to help carry the message to our fellow franchisees and support them in the upcoming programs and promotions.

We hope 2012 will be a productive and profitable year for all!

JOE SARACENO FOA MATT MATTU, PRESIDENT

Yes, we made it happen—you can now view 7-Connect from your cell phone and also get into your critical reports from the Internet. Among many other benefits, this allows you to make changes if you are outside the country so you don't fall below equity. We pushed this issue in every local and national meeting.

The other sizzling topic I have been concerned about from day one is the introduction of hot foods. My sincere thanks to 7-Eleven for the great idea, and for the big investment in new remodels at the store level.

We must innovate our business with the changing times, along with the changing needs of the customer. We all acknowledge that embracing the modern layouts—coupled with state of the art equipment—is the only answer. However, if we are to be the best in fresh foods then we must make sure that our guests receive the

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best products with finger-licking taste! Are we focusing on giving our guests what we are promising them?

We must not delay to change our present concept of serving our hot foods to our guests. We should be able to cook "at the customer's request" every single item that we offer, whether it's a slice of pizza, chicken wing, or any other item. We should also have a lit up menu board—nothing special, just like any other hot foods business. We will send a wrong message to our guests if we do not act on this immediately.

I am sure if we voice our ideas and concerns in a united effort we will succeed.

SUBURBAN WASHINGTON FOA

ELIAS WOLDU, PRESIDENT

We had our fourth quarter Liberty Zone Leadership Council meeting in December, which was chaired by Tom Brennan, Liberty Zone Leader. Issues such as encroachment, Graduated Gross Profit Split (GGPS), and 7-Eleven policy changes having a negative im-

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FOA President Faisal Asad was welcomed by the Board and the Kansas City FOA was confirmed as a member of the Coalition.



San Diego FOA President Jim Nunnally said SEI no longer has any responsibility for maintenance costs.



Rocky Mountain FOA President Wayne Matthews said franchisees should not be guilty until proven innocent on year-end overages.



Cal Neva FOA Vice President Ken Smitreski argued for support of stores under equity.



Pepsi's Jacob Pak described the Gatorade single brand strategy and the PSA agreement for 2012.



Andy Settler of Sheets Energy Strips offered buy one, get two free.

Profits Grow with Cig2o.



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Pacific Northwest President Maninder Walia wants the Board to discuss encroachment with SEI.



Greater Hampton Roads President Allison Talaske questioned when franchisees would see income from the 7-Eleven TV network.



SEI Manager Site Quality Mark Pollan said store sales usually drop from market factors.



FOAC Vice President Ken Patel said the customer experience with gas stores starts at the pump.

fact on franchisees, were raised from the franchisee side. Tom presented a progressive report on the market trend and our position to grow our business in 2012.

Franchisees in our area are very concerned about encroachment. Our area has been targeted by SEI for growth, and franchisees are worried that BCPs, traditional stores and acquisitions in close proximity to existing stores will adversely affect the existing franchisee's business.

Merchandise sales were up slightly for the fourth quarter, but transaction units were flat compared to the same period last year. The TriState FOSE—comprised of the Baltimore, Washington, D.C., and Suburban Washington FOAs—had a successful vendor appreciation dinner in January. Our TriState FOSE trade show is scheduled for May 22, 2012.

GREATER HAMPTON ROADS FOA

ALLISON TALASKE, PRESIDENT

I am confident franchisees welcome any new equipment 7-Eleven decides to place/replace in our stores. However, the rollout of the new HVR systems has created quite the controversy among franchisees throughout the country. The controversy is not with the equipment itself, but with the remote access 7-Eleven will have to the individual stores and the cost incurred by franchisees who have installed their own security system. Many franchisees have the equipment financed through 7-Eleven and are still paying for the system.

We can point out many positive and negative attributes of the new system. The main issue with the rollout is the remote access 7-Eleven will have in the individual stores. What happened to the franchisee "independent contractor" status? When we signed into the agreement with 7-Eleven we acknowledged to hold ourselves out to the public as independent contractors, to control the manner and means of the operation of the store, and to exercise complete control over—and responsibility for—all labor relations and the conduct of our agents and employees, including the day-to-day operations of the store and all store employees. All employees of the store are solely our employees, and we will control the manner and means of the operation of the store. And of course, uphold the 7-Eleven brand and image.

I am confident we can work with our business partner to resolve this concern so we can

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Joe Saraceno FOA President Matt Mattu said BT is pushing 7-Eleven in the right direction.

get back to the business of serving our customers and becoming a more profitable company.

ST. LOUIS FOA

MIKE FOSTER, PRESIDENT

After many attempts, the 7-Eleven stores in St. Louis and Kansas City each have their own Franchise Owners Associations. While they are organized as one market for SEI's purposes, the distance of 250 miles creates different and unique challenges and opportunities. We wish Mr. Asad and his team well, and look forward to many joint activities in the future.

St. Louis is now firmly part of the Lone Star Zone and as such is enjoying a similar year-over-year sales increase, which began in the last quarter of 2011. Sadly, there have been some closures of underperforming stores. Our store count is now down to the low 40s. Our new Zone Leader has cut red tape for us to start selling the Styrofoam Big Gulp and Super Big Gulp cups. This allows us to compete head on with Circle K and their "PolarPop" promotion.

Earlier in the year, Quik Trip—the dominant player in the market—was selling gasoline at or below cost (unlawful in the state). This caused the gasoline stores to lose substantial volume. After complaints and a threatened lawsuit by independents, QT is now selling gas at a healthy margin.

We recently switched to a new McLane center built in Republic, MO. This has had its share of challenges with out-of-stocks (no longer carried in new center), late deliveries, refusing credits, and product no longer priced. We have volunteered to pilot the shelf tag initiative due later this year to help solve the product pricing issue.

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DM IMPORTS, LTD offers you a whole new line of products



Top 5 Reasons to Scan

PLUS One More Reason to WIN



- 1) Space on the counter top: small foot print / high yield
- 2) Product freshness: 18 month of guaranteed freshness
- 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.)

PLUS! Get the Consumer involved in the **FIRST EVER ROLL OUT & WIN** Promotion. Inside each Wrap is an opportunity to win a variety of Royal Blunt Products. The more they buy the more they can WIN.

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.



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



2XXL KUSH series Cigar Wraps

7-11 SLIN# 321197
MCL UIN# 376178
Purple Haze 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



UTAH FOA

ZACHARY WEATHERMAN,
PRESIDENT

The main focus of the FOA at this time is addressing the monitoring of stores through the new DVR systems being installed. Most of us feel this goes against the spirit of the franchisee/franchisor partnership.

On a more local level, we are gearing up for the hot days of summer. Thankfully, we had a mild winter this year. Our golf tournament for MDA will be on May 19 at Mt. Ogden Golf Course. Our Vice President Rich Learned is putting together our first trade show, scheduled for August 16. Check the back of Avanti for all meetings and events!

VIRGINIA FOA

WAQAR SHEIKH, PRESIDENT

The hot foods program is very successfully rolling out in 7-Eleven stores throughout the country. I have always encouraged franchisees to take this program seriously. To me, hot food is our destination. As most of you have experienced, our margins in cigarettes, tobacco and beer/wine are declining. The franchisees who are implementing the hot foods program successfully will see higher gross profits.

As we reap the benefits of this program, it must be noted it still has lots of weaknesses. The number one problem is that SEI buys the food by weight and we sell it by pieces. At times there are huge discrepancies in the numbers. SEI realizes the issue but is still giving LONs. The second biggest issue is the hot foods display, which seems to be getting smaller as the number of hot food items keeps growing. Also, the displays don't hold the temperatures. If a store is selling hundreds of slices of pizza, hundreds of chicken wings, potato wedges, beef patties, empanadas, beef tacos, etc., the display case will be opened hundreds of times. The irony is franchisees are given LONs because during a GEC inspection the case was not holding the required temperatures. To add insult to injury, if you request maintenance for the display case and the tech finds that the temperature is correct, it would be considered a nuisance call and the store would be charged.

Another issue is condiments not holding the required temperatures. The condiments containers are 6 inches deep and they don't hold the required temperatures. Franchisees are given LONs on this basis, too. Franchisees have no control over the temperatures—the hot foods case has no switch that allows us to change the temperatures, and we also don't have control over the deep condiments containers.

I urge SEI higher-ups to look into these

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"We need some kind of compensation for stores negatively impacted by encroachment of their own company's stores."

—Elias Woldu, President,
Suburban Washington FOA

matters and discipline those who are responsible for creating misunderstanding between franchisees and the company. The food service department is well aware of the inconsistencies in the program, and to blame the franchisee is unjust. I also request National Coalition leadership to look into the matter and have SEI take those LONs back.

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Central Florida President Fari Ishani said gas survey compliance breaches reveal an antiquated system.



Suburban Washington FOA Vice President Pete Gragnano questioned whether franchisees should have to pay SEI's share of losses due to theft.



UFOLI Vice President Phil Castaldo emphasized that franchisees are still responsible for approving store layouts under AQIP.



Central Valley FOA Vice President Sukhi Sandhu said greater accountability is necessary for new locations.



Sacramento FOA President Jay Brar urged more promo value deals to attract new customers.



Ferrero's Fran Fielding showed new Tic Tacs, up 16 percent, in 7-Elevens.

12oz Stainless Breast Cancer Tumbler

\$5.99
Retail

2 New Upcoming PRE-BOOKS for Fall Delivery



Pink Sparkle

Order Window Opens - May 21st
Closes - June 3rd

Ship Date Begins - Oct. 1st 2012

Watch for SLIN in Week 21 MIP packet

16oz Stainless Camo Tumbler

\$6.99
Retail



Mugs Made Easy



Green Camo



Orange Camo

TEXAS FOA

BOB PRICE, PRESIDENT

Here in Texas we have had many changes over the last few months. The ExxonMobil On the Run acquisition has brought 50 new opportunities for our area. SEI has started franchising these locations, which are totally different from our traditional stores, and we have noticed their franchise fees are higher than average. Many of these stores were once our competitors, but now they are fellow 7-Elevens. Encroachment has now become an issue for some of our members. It is much more difficult to compete against another 7-Eleven store than it was to compete against an ExxonMobil store.

BT is coming to Texas. We have had a few meetings to describe the differences between what has been known as the California BT and the new hybrid version coming to Texas. In short, the difference is that DSD vendors will still be delivering their products to the stores. Franchisees are excited to be getting some of the new features, but have been cautiously optimistic about the others. The initial 27 stores picked by SEI for BT are geographically close in proximity to each other and One Arts Plaza. The intention is to have them up by mid-May, and then expand BT to the rest of the area by the third or fourth quarter.

The Texas FOA has put together our first charity golf event. We have also become the title sponsor for Swim Across America, an organization that raises funds for cancer research and our local Baylor Charles A. Sammons Cancer Center. Through a combined effort of our franchisees and many of our vendors, we hope this will be the start of many years of charity events benefitting our area.

NEW ENGLAND FOA

MARK GUEST, VICE PRESIDENT



SEI Director Gasoline Darren Stafford said every price analyst will be required to visit the areas they price.

New England has seen the warmest winter in over 100 years with record low snow falls. This has resulted in lower maintenance bills for snow removal and has also allowed people to get out more, resulting in increased sales for most stores. Our stores in Vermont and a few other stores did, however, feel the brunt of the snow reduction and suffered huge sales losses as a result of the poor ski season.

The region continues to focus on custom retailing to grab margin where it's available. Although franchisees have always had this right in their agreement, it is being embraced in our markets.

Quality of inventory is a national agenda that also is seeing some positive results here in New England. Many stores have been able to reduce inventory by 10 to 20 percent while deleting dead items and reducing back stock.

Currently the buzz in New England and around the country is the new DVR security system that 7-Eleven is installing. Many franchisees already have spent thousands of dollars on their own security systems and don't want another one. The real concern is that 7-Eleven will be viewing our employees without our approval. I could write a full page about this topic, but it's best to call your local or national FOA officer after the National Board meeting in May.

"Franchisees work hard and put their lives in their stores. We want to be sure they can buy a car or a house and be able to pay for it."

CENTRAL FLORIDA FOA

FARI ISHANI, PRESIDENT

On April 9, 2012, the Central Florida FOA had its first Board meeting of the year. We invited SEI's Director of National Franchise Eric DeFrancisco and the head of BT Leonid Volvonik to come to Florida to talk about system changes, including BT coming to Orlando. Eric is new to the system and wanted to meet franchisees and get to know our concerns, which currently include the new DVR system and remote access issue we are having with SEI, as well as this new way of selling 7-Elevens via auction. There are a lot of questions about that.

DeFrancisco answered some questions about how the auction process will take place. It will be mostly for new stores that are being

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Pacific Northwest FOA Vice President Navdeep Gill reported high prices for CDC products compared to DSD.



Texas FOA President Bob Price spoke about ISP changes during breakout sessions.

Joe Rossi, President FOAC

built. There will be an analysis of the area and what SEI thinks the store is worth. If you are a qualified franchisee, pre-approved by SEI, and are willing to pay more than what the franchisee fee has been set, then the store will go for auction. The bad thing is that if several people are bidding, a \$300,000 store can go for \$400,000. The poor guy who buys it may have problems making ends meet, especially if the store opens up doing only \$3,000 a day. Franchisees wonder if there is a cap to this auction thing.

DeFrancisco said they don't think the auction will be an issue, but with stores opening up in different parts of the country, it is going to drive competition up. No auctions have been held yet. They will begin the end of April. It's coming fast.

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

Clear color bags

Large 2 ft COFFEE BAR liner Bags per roll: 225



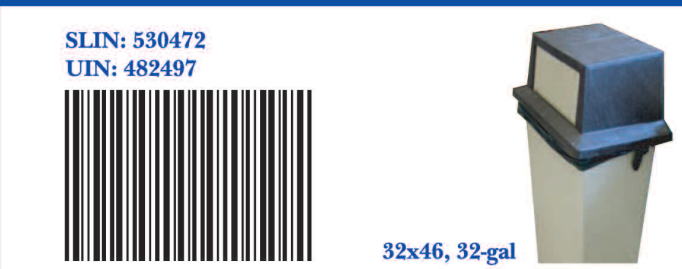
Small 1 ft BEVERAGE BAR liner Bags per roll: 300



COFFEE BAR & ROUND OUTSIDE Bags per roll: 110



CASH REGISTER & RESTROOM AREA Bags per roll: 225



Black color bags

KING KAN "Square" outside Bags per roll: 100



65-gallon can Bags per roll: 75



ROUND OUTSIDE Bags per roll: 125



Custom designed
for the Franchisee



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HAVE BEEN DEVELOPED IN THREE
YEARS. THAT'S 217 PER DAY."

He didn't have much to say about the DVR situation. A lot of franchisees approached him about the relationship we have with SEI upper management, such as field consultants and market managers. We have issues in parts of Florida, a former corporate store area, where franchisees are being intimidated by field consultants and market managers. LONs and breaches are being given out left and right for minor things, like out-of-stocks. There has been a lot of intimidation in the Tampa area.

DeFrancisco said SEI is working to make things better. The way franchisees see it all the changes occurring are in SEI's favor. Franchisees are getting less and SEI is getting more. SEI still seems to think that everything is fine. We feel like we are only working to pay bills.

Leonid Volvonik was very informative about the hybrid BT system coming to Florida in the fourth quarter 2012. Apparently DSD vendors will still deliver to stores. We still have a lot of questions, but basically consider the system

promising. We'll have to wait and see.

Our FOA membership has grown from 85 to 120 members representing over 150 stores in Florida, from Daytona Beach to the Tampa/Saint Pete area. We have a new Board that is actively involved in recruiting new members, and we are planning our first trade show scheduled for June 14, in Orlando. We have a DLC meeting coming up on April 20, 2012, with zone leaders and market managers, to talk about hot topics, such as the new DVR system.

SAN FRANCISCO/
MONTEREY BAY FOA

JOE GALEA, PRESIDENT

Sales for the first quarter of this year have been up about 4 percent due partly to the promotions that we've been doing (buy one get one). The weather has been better than it was last year for this time frame. We are focusing more on our business and being aware of what the competition is doing.

The franchise community's main concern is the DVR rollout. It is assumed that all stores will

PRESIDENTS' REPORTS 2012

be monitored and any infraction will put a strain on the relationship between franchisees and SEI. Stores also feel they will be monitored randomly, even if everything is fine at their store.

Encroachment continues to be a big topic in our area. We have three stores that recently found out they are going to have another 7-Eleven within a third of a mile radius from their store. The company claims that it does not affect an existing store. Franchisees feel otherwise. There appears to be more pressure from field consultants to participate in promotions. In some instances, product is being ordered for the stores.

Great America day is being planned. It will probably be in August. We have our trade show/golf tournament combination for the first time this year on July 20-21. Our golf tournament will be on July 20, followed by the trade show on July 21. ■

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Member News

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The Importance Of Employing New Approaches and Technology

Matt Mattu, President, The Joe Saraceno 7-Eleven FOA

As our franchisor, it is SEI's responsibility to provide the right kind of insight, technology and support to help transform our business so we can work simpler, faster and better. Any business that wants to be—and remain—successful must change with the times. If we are not getting better at what we do and how we do it, we will go "out of business." Forward thinking companies that adopt new approaches and technology to the ever-changing retail landscape achieve gains in innovation, efficiency and flexibility, and are better able to make informed decisions that result in faster responses to their customers' needs and proactive insights for outperforming the competition.

So far, SEI appears to be on the right track. With the implementation of Business Transformation to streamline deliveries to our stores and provide better cost of goods, Concentrated Market Rollout (CMR) to make our stores more inviting to guests, and the company's newest plan to incorporate smart phones and social media to enhance the shopping experience in 7-Elevens nationwide, our franchisor has shown it is looking forward and is planning for future success. All of these programs, and the technological and procedural changes they bring, will have a profound effect on our franchise community socially, culturally and economically. And as long as the cost of implementing these changes is distributed fairly, franchisees will follow the game plan.

I consider myself to be very tech savvy, having a technology background that dates back to the seventies in the fields of mechanical and aeronautical engineering, and cryogenics. As such, I believe it is very important to go forward with the new technology programs developed by our franchisor. However, the company must also realize that whenever new technology is introduced to our stores it must be close to perfection or it can backfire financially. Therefore, it is essential that SEI has the best and brightest people on its team to not only help implement these innovations to our system, but to also make adjustments and improvements over time so the system does not come to a crashing halt whenever there are changes in the retail landscape.

This can be easily accomplished if, as Zone Leader Ena Williams stated at one of the National Coalition Board meetings, SEI looks at the business through the franchisees' eyes. In an article on 7-Connect, SEI Vice President of National Franchise Frank Gambina quoted Greg Nathan, founder of the Franchise Relationship Institute: "The interdependence requires the franchisor and the franchisees to focus on each other's success, as well as their own." Hopefully, this great franchise system will enable franchisees to stand tall.

We all know change is difficult and can be very costly for both sides in the beginning, but I am sure the new programs and changes coming from SEI will bring us prosperity in the not-so-distant future. As long as the company's approaches help increase our bottom lines, franchisees will support them.

Matt Mattu can be reached at (818) 987-7011 or mattmattu@gmail.com



The study also found that while gas prices increased 80 percent between 2004 and 2011, card swipe fees rose 180 percent. In other words, even when gas prices level off, the bank fees continue to rise.

\$5.30 Gas Would Force Major Spending Changes

A new gallop poll reveals that Americans on average view gas prices of \$5.30 to \$5.35 per gallon as the tipping point that would make them cut back on spending in other areas or make significant changes in the way they live their lives. The responses varied widely, with 14 percent to 17 percent of Americans saying a price of less than \$4 per gallon would be high enough to cause them to change their lifestyle or cut back on spending elsewhere. Another 28 percent each said a price point in the \$4 range would cause these changes. The overall average "tipping point" price of roughly \$5.30, however, suggests there is room for a considerably greater increase in gas prices before Americans say prices will begin to have widespread, serious consequences on their spending and lifestyle patterns.

SEI Steps Up Fight Against Illegal Underage Sales

7-Eleven, Inc. announced that it is taking a new and aggressive approach to enhance its social and corporate responsibility of illegal underage sales of age-restricted products. On April 16, the company debuted a new technology in each of its 1,600 7-Eleven stores in California that scans the 2-D code on

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Mixed Berry

SLIN: 150382
SLIN Florida: 150335
MCLANE UIN: 259945



LALA Yogurt Smoothie
Mango

SLIN: 150381
SLIN Florida: 150127
MCLANE UIN: 259838





the back of a customer's driver license or identification card when age-restricted products are being purchased. This scan verifies the birth date stored on the card as well as the validity of the ID, but will not store any other information about the customer. "We believe that this new system takes compliance at 7-Eleven to the next level," says Keith Jones, Senior Director of Regulatory Affairs for 7-Eleven, Inc.

SEI said it has also partnered with the California Office of Traffic Safety's RUOK? (Are You O.K.?) campaign in the fight against drunk driving. Beginning in May, store personnel will wear buttons bearing the campaign slogan "RUOK? Stop asking stupid questions." To highlight the idiocy of asking someone who is drunk if they are okay to drive, eye-catching cooler clings featuring ques-



National Coalition Chairman Bruce Maples congratulates Karam Dhaliwal after being elected Vice Chair during the February Board meeting in Tucson, Arizona. Mr. Dhaliwal also serves as president of the Southern California FOA.

tions like "What color is white wine?" will also be featured in stores throughout California.

C-Store Visits Up, But Conversions Into Buyers Lower

New research from VideoMining Corp. reveals that, although there was a significant increase in the number of convenience store visits in 2011, there was also a lower conversion of the visitors into buyers. VideoMining's National C-Store Shopper Insights program further reveals the shoppers spent less time in the stores and spent less money per trip, though the overall same-store sales trended up. "We expected changes, but were quite surprised by the magnitude of shifts in shopping pattern within a year," said Dr. Rajeev Sharma, CEO of VideoMining, "Understanding and responding to these trends is important for both the retailers and manufacturers in this dynamic channel."

Study Reveals How Females Shop C-Stores

While men still shop convenience stores more often than women, new research conducted by Convenience Store News suggests that c-stores would attract more female shoppers if they offered more coupons and loyalty/frequent shopper programs. According to CSNews' 2012 Realities of the Aisle consumer research

Forty-three percent of women said availability of coupons would influence them to purchase.

study, only 7 percent of women said they shop a c-store almost daily (compared to 12 percent of men) and 17 percent pegged their c-store shopping frequency at two or three times a week (men—23 percent).

On the question of how to attract more women to c-stores, the ladies were clearly interested in seeing more coupon offers and the opportunity to benefit from frequent buyer/loyalty programs. Forty-three percent of women said the availability of coupons would influence them to purchase in-store products on their next trip to purchase gas at a c-store. Thirty-five percent of men said coupons would influence them, as well. Additionally, frequent buyer/loyalty programs appealed to 29 percent of women (compared to 23 percent of men).

NBLC Covers Recognition Boards & Culture Survey

Franchisee and SEI members of the National Business Leadership Council's Servant Leadership Committee met on March 8 to discuss the Recognition Board program and the Organizational Culture Survey, among other topics.

To promote the Recognition Board program, the committee agreed it will become part of franchisee orientation, as well as sales associate training and CMR. A letter will also be sent to Zone Leaders with ideas on how to improve participation in the program and to request help in advancing it in their zones. The com-

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Sources: *IRI, Total US Fd/Dg/Cv/Mm 52 weeks ending 11/27/2011.
**IRI Purchase Dynamics Report, Total US Grocery, 52 weeks ending 8/1/2010.





Member News

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mittee also said the results of the Organizational Culture Survey conducted in April will be revealed in June, along with an analysis and a plan to follow. The end product will be a culture plan to be communicated to the entire 7-Eleven organization.

Nestlé Waters Gets Nestea Back

Nestlé Waters North America recently informed franchisees that it will be taking over responsibility for Nestea RTD Tea beverages in the U.S. effective January 1, 2013, adding the brand to its Sweat Leaf Tea and Tradewinds Tea RTD portfolio. The company explained the current Nestea license granted to The Coca-Cola Company is set to expire at the end of 2012. Nestlé Waters said sales

Ninety-one percent of the U.S. population can recycle their plastic bags locally.

Plastic Bag Recycling Available To Most Of Americans

representatives will begin to share its 2013 strategic growth plans for its RTD portfolio this fall. In the meantime, the company recommended that franchisees keep Nestea products in full distribution to satisfy their current loyal Nestea shoppers and avoid disruptions.

More than 91 percent of the U.S. population can recycle their plastic bags locally, and nearly 75 percent of Americans can recycle other types of flexible plastic wraps in their own communities, according to a new study by Moore Recycling Associates. The study, which looked at flexible polyethylene film—a category that in-



Franchisee Shines With Puppetry

New York franchisee Shil Sachdev runs a successful 7-Eleven on 5th Avenue in Brooklyn, due in no small part to his generous contributions to his neighborhood. As one local activist put it, Shil "has made an incredible effort to not only be part of the community he is in, but has also done outstanding things to make a difference in it."

For the last three years he has partnered with a local charity called Puppetry Arts, joining them at large neighborhood events and schools to sponsor and help teach puppet-making crafts. Additionally, Shil volunteers at the PS 15 Boys Group—an in-school program for boys without fathers—standing in as a positive male role model for the students, and regularly holds events at his store like visits with Santa during the holidays, and customer appreciation days.



"Watching him at the register is like watching true customer service in action," said Tim Young, executive director of Puppetry Arts. "Everyone in the community knows him and goes to this particular store not only for the food and stuff they know they can get, but also for the quality service and friendly outreach that Mr. Sachdev provides."

Bits&Pieces...continued from page 56

product's visibility. • **Greek yogurt is growing increasingly popular with consumers**, reported the *Chicago Tribune*. In 2011, Greek yogurt accounted for 20 percent of total yogurt sales and 15 percent of volume sales. • Mom-and-pop retailers across the country are getting an economic boost from their communities, thanks to new phenomenon called "cash mobs," reported *USA Today*. **Modeled after public-spectacle "flash mobs," cash mobs involve groups of do-gooders organized via social media who descend upon a small business to make purchases in cash.** • Consumer Reports has given high marks to four store-bought bagels that come very close to the scrumptious properties of the classic New York bagel: plain varieties from Dunkin' Donuts, Lenders Original (frozen), Kirkland Signature (Costco), and Dunkin' Donuts' "everything." • Coffee chain **Starbucks recently opened its first Evolution Fresh retail store**, which sells all-natural foods and features a juice bar. • The **Florida lottery** recently had its second-best week since sales began 24 years ago, **earning \$63 million in seven days**, reported Fox10tv.com. According to the report, the state lottery could very well sell a record \$4 billion worth of tickets in 2012. • **QuikTrip opened its 600th convenience store in March**, reported *Tulsa World*. The milestone comes 39 months after the c-store chain opened its 500th store and six years after it opened its 400th store. • **Wendy's has surpassed Burger King to become the country's second biggest hamburger chain**, according to food industry research firm Technomic. In 2011, Wendy's generated \$8.5 billion in sales, while Burger King generated \$34.2 billion. • In response to shareholder concern, **McDonald's is testing a double-walled fiber hot cup** to replace polystyrene foam beverage cups. The test is being conducted in 2,000 restaurants, mostly on the West Coast. • Discount chain **Dollar General reported its fiscal fourth quarter 2011 net sales increased 20.1 percent to \$4.19 billion**, while its fiscal full year 2011 net sales jumped 13.6 percent to \$14.81 billion. The company also disclosed that fourth quarter **same-store sales increased 6.5 percent** and full year same-store sales increased 6.0 percent. •

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

National Coalition of Associations of 7-Eleven Franchisees
3561 East Sunrise Drive, Suite 113
Tucson, AZ 85718
Office 520-577-8711
Fax 520-577-4688
E-mail: nationaloffice@ncasef.com



National Coalition of Associations of 7-Eleven Franchisees

cludes flexible plastic bags, sacks and many product wraps—identified over 15,000 drop-off locations that collect these items for recycling. The majority of collection centers are conveniently located in stores, frequently major grocery chains or retailers like Target and Lowe's home improvement stores.

Digital Media Use Increases Among Grocery Shoppers

A new study by Brick Meets Click reveals that today's shopper is combining online planning with in-store visits to make their grocery shopping more informed, cost-effective and en-

joyable. Among the findings of "Connecting with Modern Grocery Shoppers": 80 percent of shoppers still find the printed circular helpful, but the web is not far behind—almost 70 percent report they find online ads helpful; price isn't the sole driver of trips to retailer websites—shoppers find non-price value in scanning recipes (71 percent) and building online shopping lists (58 percent); digitally engaged shoppers show a lot of interest in adding grocery shopping apps—21 percent have and use them, and 40 percent are considering adding them; and 76 percent of digitally engaged shoppers still write shopping lists by hand. ■



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SEI News

Brisk Star Wars Bottle Unveiled At 7-Eleven



Brisk Iced Tea invited fans to taste "The Force" when it unveiled exclusively at 7-Eleven stores a limited-time one-liter bottle with the first-ever Kinect scannable Microsoft tag (M-Tag) that unlocks content in an Xbox game. The special M-Tag on the label allows gamers to unlock an exclusive Anakin Podracer experience in the new "Kinect Star Wars" game available now. The new bottle, which features a gold cap and artist graphics of iconic "Star Wars" characters R2-D2 and C-3PO, was available only at participating 7-Eleven stores for an exclusive launch period in April. In May and June, it will be available wherever one-liter Brisk is sold.

Slurpees Available In Six Flags Parks

SEI has partnered with Six Flags Entertainment Corporation to make Slurpee the Official Frozen Carbonated Beverage of Six Flags, the companies announced. As such, Slurpee will now be available at all 11 Six Flags U.S. theme parks, marking the first time in history the frozen beverage has been widely distributed outside 7-Eleven retail stores.

To celebrate, 7-Eleven and Six Flags will offer guests exclusive ride-time events at 7:11 p.m. during special nights at the parks, giveaways, games and other

activities. In addition, an exclusive, refillable Slurpee souvenir cup will be available for purchase at all participating Six Flags parks starting Memorial Day weekend. Beginning June 1, guests may bring their 32-ounce Slurpee Six Flags Souvenir cup to a local 7-Eleven to refill their drink for only 99 cents. Also in June, participating 7-Eleven stores will kick off the Twister Cup Sweepstakes and award one grand prize winner a trip to Six Flags Great America, which includes the ultimate "twisting" experience on X-Flight—the groundbreaking new wing coaster opening this spring.

SEI Gifts New T3s To Dallas Police Department

7-Eleven, Inc. recently doubled the Dallas Police Department's fleet of T3 Series electric standup vehicles (ESV) to help increase safety and reduce crime in Downtown Dallas. The T3 is an urban mobility tool for the Dallas Police Department, a zero-gas emission, clean energy three-wheeled personal vehicle with a long battery run time and short recharge time.

"7-Eleven is a great example of what can happen when a corporation sees an opportunity to help the community and seizes it," said

Mayor Mike Rawlings. "We need more partnerships like this to support city resources like the Dallas Police Department, which do so much every day to protect our community."

"7-Eleven believes in supporting causes that are aligned with community

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Bits&Pieces...continued from page 82

Starbucks recently announced that it plans to roll out a new line of natural energy drinks called **Starbucks Refreshers** in April, to be sold at grocers, convenience stores, and Starbucks stores, reported *USA Today*. **The fruity, carbonated drink is high in antioxidants and uses unroasted, green coffee extract** for the energy boost, but has no coffee taste. • Despite the urgent need for revenue, only three states—**Connecticut, Hawaii, and Vermont—enacted cigarette tax increases in 2011**, according to a report by the Centers for Disease Control and Prevention. New Hampshire cut its cigarette tax by 10 cents per pack. So far, no state has increased its cigarette tax this year. • **Craft brewers saw volume rise 13 percent**, along with a 15 percent increase in retail sales from 2010 to 2011, according to the Brewers Association. • Despite the difficulties of co-branding franchise locations, some companies are finding success with the strategy, reported *Entrepreneur*. One example is **Seva salons**, which have thrived by locating inside Wal-Mart stores. • Pennsylvania-based c-store chain **Wawa is testing a new health service for employees that brings a doctor to the store**, reported CBS Philadelphia. Under the pilot program, currently underway in 30 stores, the doctor sees employees in the parking lot in a converted Mercedes passenger van. • Although it has no immediate plans to sell lottery tickets online, **Indiana's Hoosier Lottery is keeping a close eye on Illinois' new Internet lottery sales venture**, reported the *Journal Gazette*. Should it decide to implement the program, the Hoosier Lottery only requires authorization from the five-member lottery commission. • **Kellogg's Convenience.com**, which was launched in 2011 to support marketing of Kellogg brands in the c-store industry, recently won the best food industry website award from the Web Marketing Association. • **Walmart plans to lower its grocery prices by \$1 billion this year**, hoping customers will come in for the reduced costs and then fan out to other parts of the store, reported Dow Jones Newswires. Walmart calls the approach "**investing in price**," which it hopes will generate enough additional customer traffic to make up for the short-term sacrifice in profit. • **Dollar General recently opened its 10,000th store**, giving the retailer a coast-to-coast presence for the first time in the company's history. The landmark location is in Merced, California, and

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SEI News

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and guest interests and enhancing the overall quality of life in neighborhoods where our guests and franchisees live and work, while also making the community safer," said Mark Stinde, 7-Eleven's asset protection vice president. "The donation of these T3s will do just that—help the Dallas police officers make our communities safer."

Cardtronics To Provide ATM Service To Canadian 7-Elevens

SEI has named retail ATM owner Cardtronics' Canadian subsidiary—Cardtronics Canada, Ltd.—as the exclusive provider of ATM services to all 7-Eleven convenience stores in Canada. Cardtronics' new portfolio of 7-Eleven Canada-located ATMs begins at a machine count of 472 and includes expansion rights, providing potential for growth. Cardtronics expects to complete deployment of new Cardtronics-owned ATMs for 7-Eleven in Canada this summer.

AMP 'Big Energy' Promo

7-Eleven has teamed with Pepsi for the AMP Energy "Big Energy" campaign fea-



turing an exclusive sweepstakes promotion inspired by NASCAR driver Dale Earnhardt, Jr. Running through April and May, the program includes the complete relaunched AMP Energy line-up of Boost, Focus and Active varieties, and is featured at 2-for-\$3 pricing in 7-Elevens across the U.S. Point-of-sale materials highlighting the promotion will also direct fans to visit the AMP Energy Facebook page or text "gear" to AMPUP to be entered to win prizes inspired by Dale Jr.

7-Eleven March Madness

In March, 7-Eleven teamed with Powerade to celebrate NCAA March Madness and memorable moments in finals history. With a Mountain Berry Blast flavored by Powerade on both Slurpee frozen carbonated beverage and Big Gulp fountain machines, Powerade brought "miracle moments" from the NCAA Tournament to collectible Big Gulp cups during the month-long promotion. Each of the four collectible Miracle Match-up Big Gulp cups featured a stand-out former NCAA basketball student-athlete during a game-changing play. Team players featured were Taliek Brown, 2004, University of Connecticut Huskies; Lorenzo Charles, 1983, North Carolina State Wolfpack; Jon Bryant, 2000, University of Wisconsin Badgers, and Tony Skinn, 2006, George Mason Univer-

sity Patriots. A Quick Response code on each Big Gulp cup linked to a mobile Powerade website where CBS Sports Analyst Greg Anthony hosted a brief video on that cup's featured big play.

30 Rock's Judah Friedlander Plugs MiO Energy

"30 Rock" actor, comedian and presidential hopeful Judah Friedlander commandeered three Los Angeles 7-Eleven stores on March 15 on behalf of MiO Energy, the new platform for the popular liquid water enhancer. Friedlander, self-proclaimed beverage expert and newest fan of MiO Energy, mingled with locals by the Corn Dog Rollers, serving up MiO Energy and laughs.

In light of the recent energy crisis, Friedlander addressed a key issue in his presidential platform—the nation's growing energy dependence—by distributing MiO Energy to the masses. For every 15,000 Foursquare check-ins to U.S. 7-Eleven stores after the event, fans were able to unlock

a YouTube video of the intercepts, as well as a special coupon for MiO ENERGY on the MiO Facebook page. ■



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Special K Cracker Chips Cheddar—SLIN 302151
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1.5 Liters
White Zinfandel 4 Pack—SLIN 100168
Chardonnay 4 Pack—SLIN 100163
White Zinfandel 1.5 Liter—SLIN 100164
Chardonnay 1.5 Liter—SLIN 100171

Dr Pepper Snapple Group

Dr Pepper 2-Liter Bottles
Dr Pepper—SLIN 240743
Dr Pepper Diet—SLIN 240828
Dr Pepper Ten—SLIN 243678

Hershey's

Twizzlers King Size/Slurpee Bundle \$2.99
SLIN 141488
Support with 75-count Power Wing (\$3.50 OI)
Jolly Rancher Crunch 'N Chew—SLIN 141076

Anheuser-Busch InBev

Bud and Bud Light 12-Pack Bottles
Bud Light 12-Pack—SLIN 100577
Budweiser 12-Pack—SLIN 100570

MillerCoors

Coors Light and Miller Lite 12-Packs
Coors Light—SLIN 100318
Miller Lite—SLIN 100803

Nestlé Waters

Nestlé Pure Life Case—SLIN 243346
SLIN 243348 w/Deposit

Nestlé Professional

CoffeeMate Packets Original and Lite
Original—SLIN 210198
Lite—SLIN 210264

Kraft Foods

Nabisco Single Serve Cookies
3/\$2 Mix & Match
Oreo—SLIN 300064
Oreo Golden Original—SLIN 301552
Nutter Butter—SLIN 300062
Chips Ahoy—SLIN 300051
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M&M's Pretzel—SLIN 141020
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M&M's Mint—SLIN 140411

M&M's King Size Display

Buy 2 Get 1 FREE PromoMaster Promotion for
all M&M's King Sizes for the month of May

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THE 2012 HIRE HEROES FUNDRAISING PROGRAM

NCASEF is again teaming up with SEI and top suppliers to raise awareness and funds for Hire Heroes USA through an in-store promotion running from May 1 to June 30, 2012. Hire Heroes provides job placement and transition assistance to injured veterans of Operation Iraqi Freedom and Operation Enduring Freedom.

As part of the program, a special display with participating products will be available to all franchised stores for the months of May and June. Franchisees not wanting to build the endcap can also purchase the products individually to support the program and take advantage of promotional pricing. The sponsoring companies are pledging a portion of the sale of each item to Hire Heroes. To encourage guest participation, many of the products are being offered at special prices during the two-month campaign. Last year the program raised \$240,000 in support of Hire Heroes, and this year the goal is to beat that amount.

Our many thanks to 7-Eleven for their support and to the vendors participating who alone make the program possible: Nestlé Waters, Nestlé Professional, Anheuser-Bush InBev, MillerCoors, E&J Gallo Winery, Dr Pepper Snapple Group, Mars, Kellogg's, Kraft Foods, Bic, Perfetti Van Melle, Pepsi, and Hershey's. All of the featured products carry a vendor donation of between \$.02 cents and \$.10 per unit to Hire Heroes, with company maximum donations ranging up to \$50,000 per company.



VENDOR FOCUS

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144ct display has 96 units of M&Ms Peanut and 48 units of M&M Milk King Size—SLIN 143017

Perfetti Van Melle

Mentos UP2U Gum Stars and Stripes \$0.99
Special—SLIN (coming soon)

Bic

Bic Lighters 50-ct Tray—SLIN 321272

Pepsi

Pepsi Next 2-Liter and 20-ounce
2-Liter Ad Retail 2/\$3.33
20oz Ad Retail 2/\$2.50
Pepsi Next 2-Liter—SLIN (unavailable)
Pepsi Next 20-ounce—SLIN (unavailable)



ANHEUSER-BUSCH LAUNCHES NEW BREWS

Just in time for the warm weather months, Anheuser-Busch is introducing several new seasonal and year-round beers to keep your customers cool and your sales hot.

Shock Top Lemon Shandy (seasonal): Shock Top Belgian Wheat introduces its latest seasonal beer, Shock Top Lemon Shandy, available through the end of July. Shock Top Lemon Shandy is a refreshing and smooth wheat beer perfectly complemented by spices and natural lemonade flavor. At 4.2 percent ABV, Lemon Shandy is available nationwide in six- and 12-packs of bottles and 12-packs of cans.

Shock Top Wheat IPA

(year-round): The newest full-time addition to the Shock Top family, Shock Top Wheat IPA is a unique hybrid style that brings the refreshment and smoothness of a wheat beer and marries it with the crisp, hoppy bitterness of an India Pale Ale (IPA). Containing 5.8% alcohol by volume (ABV), Shock Top Wheat IPA is sold nationwide in six-packs of 12-ounce bottles.

Bud Light Lime Lime-a-Rita

(seasonal): A ready-to-drink authentic margarita; 8 percent ABV and can be conveniently enjoyed from the can or in a glass over ice. Available nationwide throughout the summer.



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SWEDISH MATCH OFFERS MOIST SNUFF MERCHANDISING SOLUTIONS

One of the key growth and profit drivers for Other Tobacco Products is Moist Snuff Tobacco (MST). However, contracted space agreements leave stores with the challenge of trying to find space for those items that consumers are asking for, but aren't on the primary fixture POG. Swedish Match representatives can assist in identifying specific SKU opportunities for your store(s), and have offered to assist with merchandising solutions to enable you to carry those items. Swedish Match offers merchandising solutions for the Longhorn, Timber Wolf and Red Man Moist Snuff brands. The company is committed to helping overcome merchandising problems, and to helping grow the OTP category.

OTP shoppers are estimated to spend 3.2 times the average 7-Eleven guest due to frequent visits and larger T-Count. The average OTP consumer spends \$19.22 per transaction, and visits stores 10.7 times per month (Source: Convenience Store Monitor, The NPD Group, Inc, Q2 2011). Being in stock on the brand your guest prefers can mean capturing their total market basket, worth over \$2,400 annually.

Stocking the MST items in demand but not on the primary fixture POG can be accomplished without impacting legal and/or contract compliance for MST space by adhering to the following guidelines:

- Avoid placement in Self-Service locations to adhere to FDA guidelines.
- Under the counter placement is the best option for to maximize moist contracts.
- Avoid placement of secondary merchandising units that exceed 19 total facings per Altria contract requirements.

Don't hesitate to ask your Swedish Match sales representative for assistance.

Swedish Match offers various merchandising solutions for its Longhorn, Timber Wolf and Red Man Moist Snuff brands.



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DON'T GET LEFT IN THE DARK. SWITCH TO GOVERNMENT-REGULATED BULBS NOW.



Government regulation is phasing out incandescent bulbs. Compact Fluorescent Lamps are the Energy Efficient light bulb option to replace incandescent. Make the smart choice and switch to CVP's Compact Fluorescent Lamps.



Salado Sales will continue to carry these CVP light bulbs:

UIN	Description	Pack	Size
	CVP Quality Brite 14W CFL LIT BLB	1	2 pk

These CVP Light Bulbs are being DISCONTINUED:

UIN	Description	Pack	Size
	CVP Quality Brite SW 57 WATT	1	2 pk
	CVP Quality Brite SW 95 WATT	1	2 pk

Learn more at www.saladosales.com or by visiting the McLane Virtual Trade Show at www.mclaneco.com/goto/ssvt

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salado sales™

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Michelob ULTRA 19th Hole Tea & Lemonade (seasonal): An iced tea and lemonade-flavored alcohol beverage inspired by the golf course classic, ULTRA 19th Hole is a lighter alternative to traditional flavored malt beverages that is perfectly suited for an afternoon pool side or after a round of golf. ULTRA 19th Hole is available nationwide through September in single-serve and four-packs of 16-ounce cans.

Michelob ULTRA Light Cider (year-round): An all-natural, gluten-free cider that expands the cider category as a year-round option rather than a seasonal beverage. Featuring one-third the calories (120) and a more mellowed sweetness than traditional ciders, ULTRA Light Cider provides a light, refreshing alternative to flavored malt beverages, white wine and champagne. Available nationwide on May 7.

DETOUR ADDS TWO LEAN MUSCLE COOKIES N' CREAM BARS

Nutrition bar company Forward Foods, LLC announced the addition of two Detour Lean Muscle Cookies n' Cream bars to its existing line of protein bars. The Cookies n' Cream flavor is made with crunchy chocolate cookie pieces and a creamy



New Detour Lean Muscle Cookies n' Cream 45-gram and 90-gram bars.

whipped chocolate mousse layer sandwiched between two sweet vanilla cores, all covered in a lower sugar vanilla cream coating. It will be available in two sizes: a 90-gram bar with 32 grams of high quality protein with only seven grams of sugar and 1000mg of Omega-3s; and a 45-gram bar with 16 grams of high quality protein with only four grams of sugar and 500mg of Omega-3s.

The new Cookies n' Cream bars are also fortified with 21 vitamins and minerals, making them suitable for snacking or

meal replacement, and deliver candy bar taste with only a fraction of the sugar found in other protein products.

KRAVE RECHARGEABLE AND DISPOSABLE E-CIGARETTES

The **Krave1000/Krave1001** is a complete retail rack-ready, rechargeable e-cigarette program. Simple to use and simple to sell, Krave is the favorite among e-cigarette users for its taste and design.



Krave1000/Krave1001 is available in four varying nicotine levels and in tobacco and menthol flavors, along with starter kits and charger accessories.

Krave is priced right, with maximum profitability for the retailer and maximum value for the consumer, which keeps them coming back for more.

Krave300 disposable electronic cigarette is available in 10 flavors and in 10-unit Point of Purchase Boxes: the Fruits Collection (Sour Apple, Blueberry, Great Grape, Juicy Peach, Strawberry) and the Sweets Collection (Cappuccino, Chocolate, Red Wine, Spiced Rum, Very Vanilla).

Krave300 Bold has a 2.4 percent nicotine by volume strength. Smokers can enjoy up to 300 BOLD puffs from this new addition to the Krave 300 disposable e-cigarette collection. Now in a smaller size, Krave 300 BOLD is still packed full of power in traditional tobacco and menthol flavors. These BOLD e-cigarettes come in 10-unit, Point of Purchase Boxes—compact in size and perfect for the busy tobacco counter.



Krave1000/Krave 1001, Krave300 and Krave300 Bold each offer different smoking attributes.

GIVE YOUR PROFITS A BOOST WITH LALA YOGURT SMOOTHIES

LALA is the most trusted dairy brand within the Hispanic community, and is growing awareness within the convenience channel. LALA Yogurt Smoothies are a perfect blend of real fruit and yogurt smoothie drink, and are a healthy option for the convenience-seeking, on-the-go shopper. Made with fresh milk, it's a natural source of protein and calcium that gives the



2 for \$2.22 LALA Yogurt Smoothies.

nutrition your shoppers need without the spoon.

With a wide array of flavors like Strawberry, Mango and Mixed Berry, your shoppers have a choice whether they are looking for a morning pick-me-up or a healthy afternoon treat. Now LALA Yogurt Smoothies come in a slimmer 7-

ounce package size. The slimmer size still packs a fusion of real fruit taste with greater margin potential.

From April through June, LALA Yogurt Smoothies will be on a special promotion—2 for \$2.22. This fully funded promotion will drive basket ring and gross margin profits—activity is estimated to boost sales by 30 percent during promotion timeframe.

GOPICNIC PREPACKAGED MEALS FOR EVERYONE

GoPicnic's new convenient and savory meals are pre-packaged, ready-to-eat, require no refrigeration or preparation, are compact enough to slip into a laptop bag or purse, and retail for \$4.99 each. All GoPicnic meals are fewer than 500 calories each, are completely free of artificial colors and flavors, and contain no trans fats, high fructose corn syrup or added MSG. Each meal is designed for adults or kids:

Hickory Farms Beef, Cheese + Crackers: Featuring Hickory Farms' Original Beef Sausage Snack, White Cheddar Cheese Spread, Sesame, Caraway & Sea Salt Crackers, Dried Fruit Medley, and Cinnamon Roasted Almonds.

NEW BEN & JERRY'S GREEK FROZEN YOGURT OFFERED WITH FREE FILL

Ben & Jerry's wants to help grow your ice cream sales by offering a new segment to entice consumers—Greek Frozen Yogurt. The Refrigerated Greek Yogurt category is experiencing explosive growth. This segment grew from \$33MM in retail sales in 2007 to over \$1.1 billion in 2011 (Nielsen Strategic Planner Annual 2011). Additionally, 60 percent of consumers that purchase refrigerated Greek Yogurt are also purchasing Ben & Jerry's (Catalina Market Basket Analysis, 2011).



Ben & Jerry's is offering a free fill of each flavor of its new Greek Frozen Yogurt.

In comparison to Ben & Jerry's full fat ice cream, Greek Frozen Yogurt has approximately 50 percent more protein, roughly 1/3 the fat, and range from 180-210 calories per serving. It's a rich, dense frozen yogurt that truly delivers on the indulgent dessert occasion. Two one-pint Ben & Jerry's Greek Frozen Yogurt flavors are authorized for 7-Eleven:

- **Strawberry Shortcake**—Strawberry Greek Frozen Yogurt with Shortbread Pieces.
- **Raspberry Fudge Chunk**—Raspberry Greek Frozen Yogurt with Fudge Chunks.

Introductory support for Ben & Jerry's Greek Frozen Yogurt is a free fill of each flavor—1 case of each SLIN, a retail value of \$87.84.

Salami + Cheese: Featuring Old Wisconsin Beef Salami Slices, Partners Get Movin' Olive Oil & Sea Salt Crackers, Copper Cowbell Asiago Cheese Spread, Sweet Perry Orchards Cashew Medley Fruit & Nut Mix, and a Funley's Chocolate Cookie Cluster. This classic deli meal contains 10g protein, 2g fiber and 360 calories.

Hummus + Crackers (Gluten-Free, Vegan and Kosher): Featuring Wild Garden Hummus Dip, Crunchmaster Multi-Seed Crackers, Seapoint Farms Dry Roasted Edamame, Sweet Perry Orchards Baja Blend Fruit & Nut Mix, and an Endan-

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VENDOR FOCUS

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MIKE AND IKE ARE SPLITTING UP!

It's official: Mike and Ike are on the outs. As part of a year-long campaign by Just Born, the fruit chewy candy legends Mike and Ike have split up to pursue their passions for music and art! Packaging for all Mike and Ike candies will now have one of the names scratched out, but there will be no changes in flavors or availability.



The story of the split will be rolling out in PR and advertising, and will be played out in Facebook, Twitter and YouTube.

The duo will reunite in 2013 in a campaign featuring new products, new packaging, and other promotional surprises.



RAND MCNALLY MAPS RETURN TO 7-ELEVEN STORES

Due to guest demand, 7-Eleven is bringing Rand McNally maps back

to the stores. Recent studies show that 55 percent of Americans will not take summer vacations and will "staycation" more in local areas. This will lead to more road trips, and executing a reliable map program will fill the needs of the traveling guest.

Under the program, stores control orders of maps to satisfy local guest needs, pre-loaded shippers come with by-state/by-city titles, and all displays come with new 2013 Rand McNally Road Atlases. The two-sided spinner rack can be displayed on the sales floor and has a profit margin of 52 percent (SRP: \$1,411.02 - \$1,447.02, Cost: \$668.68 - \$699.44). The sidekick display can be placed on the side of an endcap unit and generates a 52 percent profit margin (SRP: \$705.51 - \$723.51, Cost: \$334.34 - \$349.72). Restock is orderable through McLane by item, not by full shipper.

POPCORN INDIANA'S 'BUY 3 GET 1 FREE' DEAL

Popcorn Indiana is now offering a special "Buy 3 Cases Get 1 Free" McLane Virtual Trade Show promotion. Check out

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GoPicnic meals are fewer than 500 calories and appeal to on-the-go customers.



Two Great Cleaners

DIRT AND OILS? GET GARAGE GORILLA!

Garage Gorilla cuts through diesel fuel, heavy grease and grime. Use Garage Gorilla Squeeze Cap to apply directly to surface with soil buildup. McLane UIN# 846469

Available through McLane Now!

STAINED GROUT? IT'S TILE TIME!

Tile Time Cleaner cleans and removes food service grease, petroleum-based soil, road salt and almost every other kind of dirt that gets tracked onto Quarry, Ceramic and other tile floor surfaces. McLane UIN# 750711



Any Questions Contact:
Rick Gobel
Sales Coordinator
rgobel@apterindustries.com
Toll Free: (800) 441-7146
Cell: (412) 370-8719

www.apterindustries.com

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their Avanti ad for deal and UIN information (available now, shipping May thru August).



Buy 3 Cases Get 1 Free
Popcorn Indiana promotion.

Popcorn Indiana's classic, handcrafted popcorn and Original Kettlecorn have reinvented the category by using 100 percent natural ingredients and outrageously delicious flavors that span the taste spectrum: crispy, crunchy, sweet and salty. Ready-to-Eat popcorn is one of the fastest growing snack categories, and Popcorn, Indiana drove 85 percent of the growth in 2011 (Nielsen FDMx, FY2011).

Their new Chip'ins are popped popcorn chips that offer the taste of popcorn

in a crunchy, healthier, easy-to-handle chip (20 Chip'ins per serving is only 120 calories). Available through McLane in four flavors: White Cheddar, Sea Salt, Jalapeno Ranch and Buffalo Wing. All Popcorn, Indiana products are gluten-free, all natural, whole grain, kosher, and contain zero trans fats.

Two convenient sizes are available through McLane in a variety of delicious flavors: 4-ounce Popcorn Indiana (SRP \$2.49, 40 percent+ Margin) and Single Serve chip'ins (SRP \$0.99, 45 percent+ Margin). Please visit www.popcornindiana.com for more information.

BUY 12, GET 12 WONKA SWEETARTS OFFER

Ignite your candy sales with Wonka's latest bag offer: buy 12 bags of Mini Chewy Sweetarts, get 12



Buy 12 Mini Chewy Sweetarts,
get 12 free Sweetarts Gummies.

free bags of New Sweetarts Gummies. Mini Chewy Sweetarts are one of the fastest-selling peg items in c-stores. The launch of new Sweetarts Gummies will be supported with TV ads plus sampling activities at the Bamboozle and

Warped music tours. See Wonka at the McLane Virtual Trade Show. Mini Chewy Sweetarts 12-pack/6 ounce—UIN 587873; Sweetarts Gummies 12-pack/5.25 ounce —UIN 375428.

CLEAN UP WITH GARAGE GORILLA AND TILE TIME

Apter Industries offers two great products to keep your stores and gas islands sparkling clean: **Garage Gorilla** cuts through diesel fuel, heavy grease, and grime and has a great squeeze cap to apply directly to surfaces with soil buildup (McLane UIN 846469). **Tile Time** cleans and removes food service grease,

petroleum-based soil, road salt, and almost any other kind of dirt that gets tracked onto Quarry, Ceramic, or other tile floor surfaces (McLane UIN 750711).

For more information, please contact Rick Gobel at rgobel@apterindustries.com or 1-800-441-7146.



Cut grease and grime with
Garage Gorilla
and Tile Time.

BUY 2 M&M'S SHARING SIZES, GET ONE FREE!

Mars Chocolate has introduced a new deal to help raise your candy sales—Buy Any Two M&M's Brand Chocolate Candies Sharing Sizes and Get One Free! Merchandise on the front candy counter rack using the supplied candy header card and in the chocolate section using the rail strip. Order these great-selling sharing sizes through McLane:

M&M's Milk—SLIN 140028

M&M's Peanut—SLIN 140027



M&M's Peanut Butter—SLIN 140538

M&M's Almond—SLIN 141765

M&M's Pretzel—SLIN 000000

M&M's Mega Tubes—SLIN 140416

NEW WORX ENERGY

Worx Energy was formulated to deliver maximum energy with healthful benefits through a blend of potent ingredients. With a great taste and zero calories or sugar, Worx provides hours of sustained energy, stimulates and improves performance, and increases alertness and concentration. Worx comes in two varieties—Worx Original Formula contains a 2,000 mg energy blend, while Worx Extra Strength has a 2,500 mg energy blend.

Take advantage of the Worx big energy promotion in April and May: place Worx Energy three-tier racks and promote the 2 for \$5 pricing to drive 60 percent profit margin. For more information contact your Coca-Cola rep or Tony DeMatteo at 951-739-6473.



Worx Energy 2 for \$5
promotion yields a 60
percent profit margin.

'BETTER FOR YOU' SMART FRIES

Smart Fries by Gourmet Basic is an all-natural "Better For You" snack treat prepared in an innovative healthy cooking process that preserves the natural goodness and delicious taste consumers expect. Not fried or baked, Smart Fries are "air popped" in a specially engineered hot air oven and are light and crunchy with a great taste. Smart Fries contain only 2 grams of fat or less per serving, and are 100 percent natural with no artificial additives, no MSG, no cholesterol, no sugar, and zero grams of trans fat. Available in none flavors: Classic Sea Salt, Honey BBQ, Honey Mustard, Vinegar Splash, Jalapeño Trio, Vintage Cheddar, Garlic & Rosemary, Cracked Pepper & Salt, and Cinnamon Swirl.



Smart Fries is an all-natural, healthy snack option.

DJARUM NATURAL LEAF WOOD TIP CIGAR COUNTER DISPLAY

Kretek International recently unveiled the new Djarum Natural Leaf Wood Tip Cigar counter display. Designed for c-stores and smoke shops, the display holds six 25-count upright boxes within a minimal footprint and features prominent Djarum logos and graphics, for better visibility behind the register.

Djarum Natural Leaf Wood Tip Cigars are available in four distinct clove blends—Classic, Cherry, Vanilla, and Rum. The single sticks are competitively priced and are individually double-sealed for freshness. The display can be re-filled with open stock 25-count upright cartons. Ask your Kretek sales representative for details. Call 1-800-358-8100, or email salesinfo@kretek.com.



Kretek's new counter display for Djarum Natural Leaf Wood Tip Cigar.

HOT TAMALES 3 ALARM AND NEW PACKAGING

Hot Tamales is heating things up with new packaging and new Hot Tamales 3 Alarm Candy. Hot Tamales is kicking off 2012 with a newer, fiercer packaging design that maintains its traditional fireball, but employs new graphics with a fresher style and a much more contemporary background. In addition, "Fierce Cinnamon" now describes the candy.

In each package of Hot Tamales 3 Alarm, fans will be able to test their taste buds' boundaries with the sizzling combination of three distinctly different pieces of hot cinnamon flavored candy: hot, hotter, and hottest!

- HOT—the traditional heat of Hot Tamales Cinnamon
- HOTTER—the familiar flare of Hot Tamales Fire
- HOTTEST—the heat of the newest, "hottest" Hot Tamales bean to ever exist.

The new Hot Tamales 3 Alarm chewy candy will be available nationally this Spring in a large theater box, large peg bag, small theater box, count-goods bag, and change-maker box.



Hot Tamales new packaging
and new Hot Tamales 3 Alarm.

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BAZOOKA'S 'ICE AGE' PROMOTION

Bazooka Candy Brands has partnered with 20th Century Fox to create an integrated marketing promotion around the movie "Ice Age: Continental Drift," to be released this summer. Retailers will benefit from the integrated marketing promotional event that combines the fun characters and excitement and humor of the movie to drive incremental sales. At the retail level, you'll see high impact displays including: Baby Bottle Pop, Juicy Drop Pop, and Jumbo Push Pop. Movie graphics will be on ALL products in a multi-brand floor display and count goods, including a special movie-themed flavor. TV, online advertising and games will run nationally in support of the program.

"Ice Age: Continental Drift" is the fourth installment of the \$2 billion worldwide franchise, and will be the second 3-D computer animated action comedy for the series. "Ice Age: Dawn of the Dinosaurs" was the No. 3 highest grossing animated film in 2009. With a theatrical release date on one of the biggest movie weekend of the summer (July 13, 2012) and a rating that is appealing for all ages, the integrated promotion is a mutual fit keying in to the heightened consumption season for both candy and movies.

Drive sales this summer with Bazooka's "Ice Age: Continental Drift" promotion.

RESOURCE NATURAL SPRING WATER SPORTS NATURAL ELECTROLYTES

Nestlé Waters introduces Resource, a natural spring water with naturally occurring electrolytes for a crisp, clean taste and a bottle made from 50 percent recycled plastic. Total Electrolyte Segment continues growth, and is projected to be nearly \$600 million in 2014 (Beverage Marketing, August 2011). Resource is poised to compete and win versus the competition through its positioning of:

- 100 percent Natural Spring Water vs. Vapor Distilled Water.
- Naturally occurring electrolytes compared to those added back to vapor-distilled water.
- Sustainable sourcing and 50 percent rPET bottle.

VENDOR FOCUS

- 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.



Resource Natural Spring Water is poised to impact the Electrolyte Segment.

BUILD COFFEE LOYALTY WITH MUGS MADE EASY

Premium Stainless Mugs by Mugs Made Easy are more than just a refillable cup—they advertise your brand and what it represents. As convenience stores continue to invest in creating an upscale coffee program, Premium Stainless Mugs are essential.

Few other products in your store give you the day-to-day FREE advertising that a travel mug offers, and best of all, your guest is paying for it every time they purchase your mug. Premium Stainless Mugs represent the upscale, quality image that the 7-Eleven Coffee Program offers. The better the quality of the mug, the more likely the guest will be to continue to use it for work, play and home.

Premium Stainless Mugs have become an integrated part of our coffee culture. People choose Stainless Mugs not only for the functionality, but for style, color and design. For many, it's an accessory they carry with them throughout the day. Order today through McLane: Stainless Sahara Travel

Mugs (while supplies last)—SLIN 230365; Soft Touch Mugs (limited quantities, while supplies last)—SLIN 230049. Watch for the next pre-book mug opportunity in your MIP packet week 21!



Premium Stainless Mugs help build customer loyalty and increase refills.

RICE KRISPIES TREATS BIG BAR ADDS TWO NEW FLAVORS

The Kellogg Convenience Team is expanding the Rice Krispies Treats Big Bar product line, adding Buttery Toffee and Chocolatey Chip to the current Original and Double Chocolatey Chunk flavor offerings. The two new on-trend flavors complement the existing crispy marshmallow bars, which are made from oven-roasted rice cereal. Also new is the packaging, updated with bold graphics and a redesigned tray with multiple merchandising options to meet

continued next page

Franchise Owner's Association Regional Board Meeting Dates

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

FOA Of Greater Los Angeles

Phone: 951-766-7490

May 15, 2012
June 19, 2012
August 21, 2012
September 18, 2012
October 16, 2012
November 20, 2012

Greater Hampton Roads FOA

Phone: 757-243-8382

July 19, 2012—Board Meeting
August 9, 2012—Member Meeting
September 13, 2012—Board Meeting
October 11, 2012—Member Meeting
November 15, 2012—Board Meeting

Metro New Jersey FOA

Phone: 908-232-1336

May 16, 2012—2nd FOA Meeting
July 18, 2012—3rd Metro FOA Meeting
September 12, 2012—4th FOA Meeting
October 24, 2012—5th FOA Meeting

Pacific Northwest FOA

Phone: 253-861-6737

May 16, 2012—FOA Dinner Meeting
June 20, 2012—FOA Dinner Meeting

San Francisco/Monterey Bay FOA

Phone: 650-996-9479

May 15, 2012—Board Meeting
June 19, 2012—Board Meeting
July 17, 2012—Board Meeting
August 14, 2012—Board Meeting
September 11, 2012—Board Meeting
October 16, 2012—Board Meeting
November 13, 2012—Board Meeting

South Nevada/Las Vegas FOA

Phone: 702-769-2301

May 10, 2012—Board Meeting
May 24, 2012—Board Meeting
June 21, 2012—General Meeting
August 23, 2012—General Meeting
October 11, 2012—Board Meeting
October 25, 2012—Board Meeting
November 15, 2012—General Meeting, Elections

Texas FOA

Phone: 972-335-2180

May 8, 2012—Board Meeting
May 15, 2012—FOA Meeting
June 12, 2012—Board Meeting
July 10, 2012—Board Meeting
August 14, 2012—Board Meeting
August 21, 2012—FOA Meeting
September 11, 2012—Board Meeting
October 9, 2012—Board Meeting
November 13, 2012—Board Meeting

Utah FOA

Phone: 801-255-8951

September 18, 2012
November 20, 2012

7-Eleven FOAC

Phone: 312-501-4337

May 24, 2012—Board Meeting
June 14, 2012—General Meeting
June 28, 2012—Board Meeting
July 19, 2012—Board Meeting
August 16, 2012—Board Meeting
September 13, 2012—General Meeting
September 27, 2012—Board Meeting
October 18, 2012—Board Meeting
November 15, 2012—Board Meeting
December 13, 2012—Board Meeting



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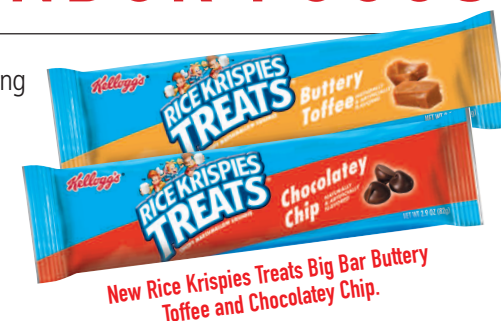
it is one of Dollar General's first stores in the state. • The government of Canada announced it is eliminating the penny from circulation because it costs more to produce than it is worth—1.6 cents. • Dunkin' Donuts has announced plans to expand in communities and towns throughout West Virginia, Ohio, Illinois, Alabama, Georgia, Michigan, North Carolina and Tennessee. The company presently has over 7,000 locations in 36 states.

• Molson Coors Brewing Co. has struck a deal to purchase eastern European beer maker StarBev for \$3.54 billion, reported the Denver Business Journal. StarBev, which generated \$1 billion in sales last year, will operate as a separate business unit within Molson Coors. •

American Express was the first company to pull its gift cards from New Jersey pharmacies, groceries and c-stores because of a new law that allows the state to lay claim to the value of any card not redeemed after two years, reported the Associated Press. • Kraft Foods announced it plans to divide and create two public companies before the end of 2012—a global snacks business and a North American grocery business—and has filed an initial Form 10 Registration Statement with the U.S. Securities & Exchange Commission for its North American grocery business. • A federal judge has decided it's unconstitutional for the city of Worcester, Massachusetts to ban outdoor tobacco ads because it violates the First Amendment commercial speech rights of tobacco manufacturers, reported the Boston Globe. • Starbucks has registered more than 42 million payments since it debuted its mobile-pay app 15 months ago, reported Venture Beat. The Android and iPhone app allows customers to load money onto a digital Starbucks card and pay with a 2D barcode at the register. • More than four in 10 consumers polled say they're now eating pizza once a week, according to a study by Technomic. ■

VENDOR FOCUS

space requirements of individual stores—making it easy to sweeten your wholesome snack set. Each tray contains 12 bars, with 6 trays per case for a total of 72 bars. For more information, call 877-511-5777 or visit www.kellogg-convenience.com. ■



New Rice Krispies Treats Big Bar Buttery Toffee and Chocolatey Chip.



Franchise Owner's Association Events

Franchisees and vendors are invited to participate in FOA activities.

7-Eleven FOAC 2012 Trade Show

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

Utah FOA Charity Golf Tournament Benefitting The MDA

Mt. Ogden Golf Course
Ogden, Utah
May 19, 2012
Phone: 801-255-8951

TriState FOSE Association Annual Trade Show

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

Greater Hampton Roads FOA Trade Show

Hampton Roads Convention Center
Hampton, Virginia
May 30, 2012
Phones: 757-650-0186
757-650-2929

Greater Bay FOA Charity Golf Tournament

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

Central Florida FOA/South Florida FOA Trade Show Franchise Owners of Florida Trade Show

Rosen Plaza Hotel
Orlando, Florida
June 14, 2012
Phone: 407-715-9998

Greater Hampton Roads FOA Picnic

(location to be announced)
June 16, 2012
Phone: 757-243-8382

FOA Of Greater LA Annual Golf Tournament

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

Metro New Jersey FOA Picnic

(location to be announced)
June 24, 2012
Phone: 908-232-1336

Metro New Jersey FOA Annual Golf Outing

Skyview Golf Club
Sparta, New Jersey
June 27, 2012
Phone: 908-232-1336

San Francisco/Monterey Bay FOA The Guardian Golf Tournament

Callippe Golf Course
Pleasanton, California
July 20, 2012
Phones: 510-797-3600,
510-693-1492

San Francisco/Monterey Bay FOA The Guardian Tradeshow

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

Columbia Pacific FOA John Wilkerson Memorial

Golf Tournament
(venue to be announced)
Salem, Oregon
July 27, 2012
Phones: 541-269-0884

Pacific Northwest FOA Annual Charity Golf Tournament

Trophy Lake Golf & Casting
Port Orchard, Washington
August 14, 2012
Phones: 253-861-6737
360-500-1248

Utah FOA Trade Show

(call for info and venue)
August 16, 2012
Phone: 801-255-8951

Cal-Neva FOA Lou Magnotti Golf Classic

(location to be announced)
August 17, 2012
Phone: 775-826-7111

7-Eleven FOAC Charity Golf Outing

Gleneagles Country Club
Lemont, Illinois
August 22, 2012
Phone: 312-501-4337

Rocky Mountain FOA Charity Golf Event Benefitting Pumps 4 Pumpkins

(location to be announced)
August 29, 2012
Phone: 719-640-7635

Rocky Mountain FOA Second Annual Trade Show

Westin Denver Hotel
Denver, Colorado
August 30, 2012
Phone: 719-640-7635

TriState FOSE Association Golf Outing

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

South Nevada/Las Vegas FOA Charity Golf Tournament

(location to be announced)
September 21, 2012
Phone: 702-769-2301

Texas FOA Elections & Trade Show

(location to be announced)
October 18, 2012
Phone: 972-335-2180

7-Eleven FOAC Holiday Show & Party

Holiday Inn North Shore
Skokie, Illinois
November 8, 2012
Phone: 312-501-4337

South Nevada/Las Vegas FOA Table Top Trade Show

(location to be announced)
November 15, 2012
Phone: 702-769-2301

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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.

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- 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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GREAT RESPONSIBILITY®

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 COLD AS THE
ROCKIES®

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Metro New Jersey FOA Annual Trade Show

Borgata Hotel & Casino
Atlantic City, New Jersey
November 27, 2012
Phone: 908-232-1336

Greater Bay FOA Holiday Party

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

Texas FOA Holiday Party

(location to be announced)
December 7, 2012
Phone: 972-335-2180

Greater Hampton Roads FOA Christmas Party

(location to be announced)
December 8, 2012
Phone: 757-243-8382

Metro New Jersey FOA Annual Holiday Party

(location to be announced)
December 14, 2012
Phone: 908-232-1336

Register online now at
www.ncasef.com



37th Annual Convention And Trade Show
Hilton Hawaiian Village Waikiki Beach Resort
July 8-12, 2012
Trade Show: Hawaii Convention Center, July 11-12

National Coalition Board Meetings

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

National Coalition Board Of Directors Meeting

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

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

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