



National Coalition
of Associations
of 7-Eleven Franchisees

AVANTI

July/August 2012

THE VOICE OF 7-ELEVEN FRANCHISEES

Taking Innovation To The Next Level

Recommended Vendors And COG

State of the Coalition

**The Product Mix
In Tobacco**

**Project E
One Year
Later**

Keeping Pace With Innovation And Growth



Franchisees Herb & Pearl
Domeno Honored



2012 Convention and Trade Show

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Hot Beverage Profits
Relief From Daily Frustrations
Consumer Path To Purchase
What's In Your Wallet?

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*Source: 7-Exchange May-September 2011; 24 Weeks Ending 7/15/2012 / Nielsen 24 Weeks Ending 6/16/2012

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SOURCE: Kraft Segmentation 2009.

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1. Nielsen Data, Total U.S. Food, 4 weeks ending 12/31/11. 2. The Guardian (London), September 11, 2007.



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National Coalition
of Associations
of 7-Eleven Franchisees

AVANTI

THE VOICE OF 7-ELEVEN FRANCHISEES

July/August 2012

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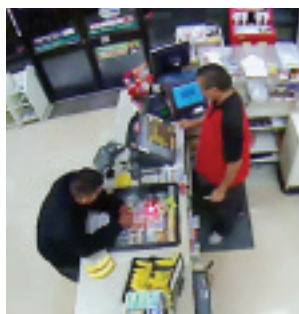
Member News

Franchisees Request Mediation Over DVR Surveillance System

The National Coalition recently announced that five franchisees have requested mediation with SEI over the company's plan to install the new DVR surveillance system in stores that would allow 24/7 remote viewing of store operations. To help address franchisee concerns in the mediation, the five individual storeowners have retained the services of the law firms Dady & Gardner, P.A. and McNeil, Tropp, Braun & Kennedy LLP.

Franchisees are requesting that SEI not require them to allow 24/7 remote access viewing of store operations for any purpose, and that SEI negotiate with them

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THE NEW DVR SYSTEM: SOME FACTS

SEI's Shawn Duffy, Senior Vice President of Development, and Eric DeFrancisco, Director Franchise Relations, spoke to the NCASEF Board on May 8 about the new DVR systems being installed as part of a \$40 million asset protection improvement project in stores throughout the country. The following information points come from their presentation:

1. The new DVR system will have POS integration, remote access and a 7-Hub Intranet.
2. The POS will collect data points set up by Asset Protection. When a certain number of transactions or a dollar amount is reached that exceeds the established threshold, the system flags the activity. The flag is sent to Asset Protection, which looks at the data to help understand why it occurred. When the data associated with the flag is understood, Asset Protection will respond.
3. In some cases a DVR review will be needed. Asset Protection will be able to retrieve and access video clips through the Central Data System. Franchisees will be able to request 5-minute clips.
4. Existing systems will not be integrated into the network as all stores need to use the

same equipment. SEI is working on a solution to integrate franchisee-purchased DVRs.

5. Franchisees may have remote access by mid-summer. No SmartPhone app is planned.
6. 7-Eleven does not plan to constantly monitor video or randomly monitor stores.
7. There are no current plans for operations teams to have access to or to review general operations or service activities at stores.
8. Remote access is reserved for the individual franchisee and the Asset Protection Department.



9. In most cases findings will travel to the store with the field consultant and will be discussed with the franchisee.
10. No individuals are monitoring stores. The exception-based reporting tool captures all POS keying. The results of the exception-based reporting activity are accessible by Asset Protection personnel across the country, which is comprised of Zone Asset Protection Managers and Specialists.
11. Monitoring the POS with the exception-based reporting tool is constant. Very rarely will DVR footage be monitored live.

NATIONAL COALITION OF ASSOCIATIONS OF 7-ELEVEN FRANCHISEES

NATIONAL OFFICERS

Bruce Maples

NATIONAL CHAIRMAN
520-577-8711 • bmaples@maplesco.com

Jivtesh Gill

EXECUTIVE VICE CHAIRMAN
209-481-7445 • j2jgill@aol.com

Arnold J. Hauptman

GENERAL COUNSEL
516-541-7200 • ajhauptman@aol.com

Roger St. George

VICE CHAIRMAN
360-500-1248 • rdsaint@yahoo.com

Jatinder Singh

VICE CHAIRMAN
702-249-3301 • jksingh@comcast.net

Karam Dhaliwal

VICE CHAIRMAN
818-625-4036 • kmd1948@yahoo.com

Anas Abboud

TREASURER
215-946-4608 • abboud6@verizon.net

CONVENTION CHAIRPERSON
520-577-8711
conventionchairperson@ncasef.com

John Riggio

MEETING/TRADE SHOW COORDINATOR
262-275-3086 • jrpinc@charter.net

Sheldon Smith

AVANTI PUBLISHER
ADVERTISING MANAGER
215-750-0178 • sheldon.smith5@verizon.net

Sheldon Smith

PUBLISHER & ADVERTISING SALES
215 750-0178
SHELDON.SMITH5@VERIZON.NET

John Santiago

ASSISTANT EDITOR
215 750-0178
AVANTIMAG@VERIZON.NET

Tricia Kessler

GRAPHIC DESIGN
KESSLER DIGITAL DESIGN

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July/August 2012

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Member News



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“as to what permanent reasonable limitations and purpose SEI would agree to as a condition of allowing the installation and remote viewing of this video-based DVR system.” The franchisees contend that SEI’s Security System and Monitoring Amendment in all franchise agreements from 2004 to 2011 “explicitly limit the circumstances under which SEI is entitled to access video surveillance” to robberies or other criminal incidents that occur in a 7-Eleven store, while the 2012 version grants SEI full access to the surveillance system.



Portland Franchisees Volunteer On Habitat For Humanity Project

Embodying the true spirit of community involvement, 16 franchisees from Market 2362 in Portland, Oregon teamed up on July 1 to help build a Habitat for Humanity house for a needy family. Donning 7-Eleven shirts, the franchisees put in 110 person-hours hammering, cutting, framing, painting, plastering, sanding, hanging, and lots more to build a home for a family that would otherwise not have one. These franchisees—much like others across the country—proved once again that 7-Eleven storeowners invest just as much in their communities as they do in their stores.



Franchisees from Market 2362 in Portland, Oregon pose in front of the Habitat for Humanity house they helped build.

SEI Purchases TETCO Assets

SEI recently announced that it has signed an agreement to acquire the retail

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The Affordable Care Act and Small Business

Now that the Supreme Court has upheld the Affordable Care Act (ACA), many 7-Eleven franchisees may be wondering how the new law will affect them. The following may answer some of the key questions you may have.

No Financial Requirements for Small Businesses

The ACA imposes no financial requirements for small businesses to contribute to their employees’ health insurance. However, beginning in 2014, employers with more than 50 full-time employees who do not offer coverage face a penalty of \$2,000 per full time employee (excluding the first 30). There are no penalties if part-time employees aren’t offered coverage. The equation used to calculate the penalty isn’t based on full-time equivalents but rather on actual full-time employees, and kicks in only at the 31st full-time employee. That means some businesses that are subject to the penalty may end up owing nothing.

Small Business Health Care Tax Credit

This new tax credit helps small businesses and small tax-exempt organizations afford the cost of covering their employees. It encourages small businesses to offer health coverage for the first time or maintain their current coverage. To qualify, an employer

must: 1) cover at least 50 percent of the cost of health insurance for employees; 2) not have more than 25 full-time equivalent employees; and 3) have annual wages of less than \$50,000.

Credits became available in 2010, covering up to 35 percent of the employer’s contribution to health insurance coverage; on January 1, 2014, this will increase to 50 percent.

Grandfathered Plans:

Small business owners already offering health coverage can continue to provide such coverage to their workers, with current policies being “grandfathered,” or exempt from most of the law’s regulatory reforms and the essential benefits requirements. However, if an employer ends a grandfathered policy, new coverage bought on small group markets is subject to the regulatory reforms and benefit minimums.

Affordable Insurance Exchanges:

Beginning in 2014, businesses with fewer than 100 employees can use Affordable Insurance Exchanges to purchase coverage. These exchanges give you power similar to that of large businesses to get better choices and lower prices.



Member News

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and wholesale assets of San Antonio-based TETCO, Inc., which include company-operated convenience stores in Utah and the Dallas-Fort Worth, Austin and San Antonio areas of Texas, plus fuel distribution to TETCO's wholesale-distributors. The acquisition signals a return to San Antonio for 7-Eleven, where the company had operated stores until 1989. As part of this purchase, 7-Eleven will acquire TETCO's motor fuel wholesale business with some 550 customers. The company said after the deal closes later this year, it will begin remodeling and rebranding the bulk of these locations.

"SEI has acquired the assets of TETCO in Utah and Texas."

SEI Puts 30 Wilson Farms Stores Up For Sale

SEI has put 30 of the upstate New York Wilson Farms locations it purchased in 2011 up for sale, reported the *Buffalo News*. The company told the newspaper the 30 stores did not fit with its long-term strategic plans. SEI hired Chicago-based NRC Realty & Capital Advisors LLC to sell the stores in upstate and Western New York through a sealed-bid process. The sale was formally launched on August 15, and bids are due October 18. The stores are being sold without 7-Eleven branding. SEI purchased the 188-store Wilson Farms chain last year, boosting its Western New York presence more than ten-fold. The company has been remodeling and converting most of the stores to the 7-Eleven brand and will eventually franchise them.



7-Eleven Acquires West Virginia-Area From Licensee

7-Eleven, Inc. said it has closed a deal to acquire 74 operating convenience stores and two land parcels from Prima Marketing LLC, a 7-Eleven licensee with stores in West Virginia, Ohio, Pennsylvania and Kentucky. The bulk of the stores being purchased are in West Virginia. SEI said the acquisition includes all Prima company-operated stores, and employment offers were made for approximately 700 store personnel and district managers, pending successful completion of pre-employment screenings and continued satisfactory performance. Additionally, the company said it plans to extend job offers to some non-store personnel. The purchase of these stores adds to SEI's goal of opening at least 630 new locations in 2012.

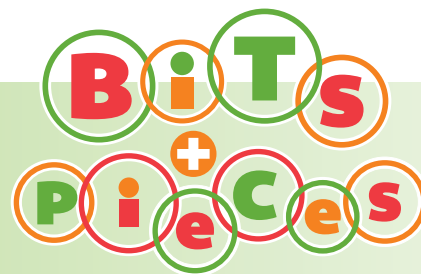
Seven-Eleven Japan To Offer Home Delivery

Seven-Eleven Japan is using a fleet of Toyota electric cars to offer home deliveries to the country's aging population, reported *Japan Today*. The number of people in Japan aged 65 or over make up 23.3 percent of the population in the country, an all-time high and one of the highest proportions of elderly people in the world. The company said it is providing the service because the number of smaller, local shops is decreasing while the number of elderly struggling with their daily shopping is increasing.

7-Eleven Plans Motor City Expansion

SEI is among a number of retailers planning to increase their investments in Metro

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Westside Market in New York City recently introduced an aisle solely for men, reported *The Daily Meal*. In the store's **Man Aisle**, men can shop for beer, cereal, beef jerky, hot sauces, condoms, soda, barbecue sauces, Chock Full o'Nuts coffee, and other manly items. • The American Cancer Society Cancer Action Network is **urging the Surgeon General to conduct a sweeping study of the impact of sugar-sweetened beverages** on consumer health, saying such drinks play major role in the nation's obesity crisis and require a U.S. action plan, reported Reuters. • Tobacco products in Canada have been sporting **new graphic anti-smoking labels since late June**, according to the *Toronto Star*. After approving new legislation in September 2011, the Canadian government introduced 16 new labels that are required to **cover 75 percent of each cigarette and cigar box**. • Tobacco company Philip Morris said it plans to sell a new type of cigarette that poses lower health risks by 2017, reported *Bloomberg*. The new product will heat tobacco rather than burn it. • **Japan's second-largest convenience store chain, Lawson, entered the U.S. market** with its

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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.

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SLIN 240283



Canada Dry
Ginger Ale
20-ounce
SLIN 240934



Member News

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Detroit, particularly in the well-off suburbs and key sections of Detroit, reported the *Detroit News*. Encouraged by Southeastern Michigan's recovering economy, SEI intends to open 20 stores in the area—including six in Detroit—next year, in addition to seven new stores already under way. The company said Michigan is a natural target, especially since 7-Eleven declared Detroit the Slurpee capital of the United States.

Manitoba Once Again World Slurpee Champ

For the 13th consecutive year Manitoba, Canada has been crowned Slurpee Capital of the World by SEI, reported the *Winnipeg Sun*. Manitoba once again had the highest average number of Slurpee cups sold per store in a region, which can either be a city or a province depending on its population. But its challengers are getting closer, as Calgary and Detroit are hot on the heels of Manitoba, claiming second and third place respectively.

Dunkin' Donuts Launches New Mobile App

Dunkin' Donuts recently launched its first-ever mobile application for payment and gifting for iPhone, iPod touch and Android smartphones. With the new Dunkin' App, customers can pay for food, beverages, and merchandise at Dunkin' Donuts restaurants by simply tapping the mobile Dunkin' Donuts Card and presenting the screen to a crewmember to be scanned. Additionally, with the App's mGift feature, customers can send virtual gift cards



Legislative Update

Georgia Lottery Sales To Go Online

Georgia Lottery officials recently approved an online ticket system for the first time, with sales expected to begin this fall, reported the Associated Press. The online sales are projected to increase the lottery's revenue by millions, which would help the state's lottery-funded HOPE Scholarship and pre-kindergarten programs. Online sales will initially be limited to Powerball, Mega Millions and Fantasy 5. Lottery officials said controls are planned to make sure players are at least 18 and to assure tickets are bought only in Georgia. Those controls include mandatory registration, banking requirements that would match an applicant's name, address and Social Security number, and limits on how much account activity or playing time will be allowed.

President Signs Transportation Bill Containing RYO Rider

On June 29, President Barack Obama signed a transportation bill into law that includes a rider designating roll-your-own (RYO) tobacco shops as "manufacturers" for tax purposes, *CSP Daily News* reported. As a result, retailers who operate RYO cigarette machines must now seek all permits and pay all applicable taxes, much like c-stores and other tobacco retailers. Since the bill—H.R. 4348, the Moving Ahead for Progress in the 21st Century Act—has been signed, many RYO machine shops have been reported closed.

"Retailers who operate RYO cigarette machines must now seek all permits and pay all applicable taxes."

Tobacco Companies Win Cigarette Label Rule Challenge

Tobacco companies have won a challenge to U.S. rules requiring that cigarette packaging and advertisements display images such as diseased lungs and a cadaver with chest staples on an autopsy table, *Bloomberg* reported. In a 2-1 decision, the U.S. Court of Appeals in Washington ruled that Food and Drug Administration regulations mandating visual-image warnings of smoking's health risks violate the tobacco companies' free speech rights. In her majority opinion, the judge wrote that the FDA "failed to present any data" showing that the proposed graphic warnings "will accomplish the agency's stated objective of reducing smoking rates." She added that the First Amendment "requires the government not only to state a substantial interest justifying a regulation on commercial speech, but also to show that its regulation directly advances that goal."

House Dems Back Federal Minimum Wage Hike

More than 100 House Democrats are backing a proposed bill that will raise the federal minimum wage to \$9.80. If the legislation passes,

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three ways—via text, email, and Facebook Connect. The app also allows customers to purchase and reload their mobile Dunkin'

Donuts Cards and locate and get information about the nearest Dunkin' Donuts restaurant.

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Retailers Oppose Swipe Fee Settlement

Several large retailers and retail associations have come out against the \$7.25 billion credit card interchange fee settlement offered by Visa and MasterCard in July, reported *Forbes Magazine*. Walmart and Target have joined NACS and the National Retail Federation—two organizations that immediately denounced the settlement when it was first announced on July 13—in rejecting the offer because they believe it leaves credit card issuers with too much control over swipe fees.

As part of the landmark agreement—the largest antitrust class-action settlement in history—MasterCard, Visa and major banks agreed to pay more than \$6 billion to resolve accusations that they engaged in anticompetitive practices and price fixing in payment processing. In addition, credit card companies agreed to reduce swipe fees for eight months, an adjustment valued at \$1.2 billion.

The companies and retail groups said the proposed settlement does not introduce competition and transparency into the broken credit card swipe fee market, and would require merchants to broadly waive their rights to take action against the credit card networks in the future for detrimental conduct or acts.

C-Store Visits Remain Stable

Convenience store visits remained stable and total channel sales were up in the second calendar quarter of 2012 compared to same quarter year ago, according to a report by The NPD Group. NPD's convenience store research reveals there were 2.2 billion visits to c-stores in the quarter,

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Legislative Update

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it would be the first increase in the minimum wage since 2009 and the first increase in the minimum wage for tipped-workers in 21 years. The Fair Minimum Wage Act of 2012 (H.R. 6211) will increase the minimum wage in three 85-cent steps, over three years, from \$7.25 to \$9.80 per hour. The rate will then be indexed to inflation each year thereafter. In addition, the legislation will increase the required cash wage for tipped workers in annual 85 cent increases, from today's \$2.13 per hour until the tip credit reaches 70 percent of the regular minimum wage. The last time tipped workers received an increase in their minimum wage was 1991.

Cambridge Mayor Proposes Large Soda Ban

The mayor of Cambridge, Massachusetts has proposed limiting the size of soda and sugar-sweetened beverages sold in city restaurants, saying she was inspired by New York City Mayor Michael Bloomberg's measure, reported the *Boston Globe*. Mayor Henrietta Davis asked the city's health officials to research her proposal and make a recommendation on limiting beverage sizes. Davis cited an increased risk of obesity and diabetes as the reasoning behind the resolution.



California City Puts Soda Tax Up For Vote

Voters in Richmond, California will decide in November whether they want to pass a penny-per-ounce soda tax proposed by a city councilman last year to fight childhood obesity, reported the *San Jose Mercury News*. The Richmond soda tax has gained national attention after New York City Mayor Michael Bloomberg recently proposed banning large-sized soft drinks in the Big Apple. The proposed tax—which is basically a license fee on businesses selling sweetened drinks—would require owners of bodegas, theaters, convenience stores and other outlets to tally ounces sold and pass the cost on to customers. In essence, the new tax would hike the price of a 16-ounce bottle of soda from 99 cents to \$1.15.

El Monte Puts Sugary Drink Tax On November Ballot

Facing a fiscal emergency, the City Council of El Monte, California recently voted to put a one cent-per-ounce tax on sugary drinks on the city ballot, reported the *Los Angeles Times*. It's estimated the measure could bring in up to 7 million in revenue, which will be used to fill a huge deficit in the city's budget. El Monte officials said the city needs the "sugar-sweetened" drink tax revenue to prevent potential insolvency. Like other California cities, El Monte has faced numerous fiscal challenges this year, including the elimination of its redevelopment agency and a reduction in state and federal funding.

Plastic Bags Banned In Corvallis

Corvallis recently became the second city in Oregon to ban single-use plastic bags from retail checkout counters, joining a growing wave of West Coast communities that have taken a stance against ocean pollution, reported the *Corvallis Gazette-Times*. The Corvallis ban, which follows Portland's, doesn't cover bags for wrapping meat, produce or bulk food items. Bars and restaurants are exempt, as are pharmacy prescription bags. The new rule also requires businesses to impose a pass-through fee of 5 cents or more on paper

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Tic Tac® mints
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Help and Hope

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Member News

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which was about the same traffic level as in Q2 2011, and aggregate channel sales were up 5.9 percent quarter-over-quarter.

NPD's Convenience Store Monitor further shows that visits were up 2 percent at small and other c-store chains, but were down as much at major oil chain c-stores in the second quarter. Traditional c-stores realized a 1 percent drop in visits and traffic was flat at conventional convenience stores in the second quarter. Morning traffic to c-stores declined by 4.5 percent, mid-day traffic increased by 5.5 percent, and visits in the

afternoon day part grew by 1.9 percent in the second quarter.

Plastic Bag Bans Create Economic Backlash

A ban on plastic bags used by grocers and retailers can negatively impact sales in the ban area and increase sales among stores just outside the bag ban region, according to a new study from the National Center for Policy Analysis (NCPA). The

NCPA surveyed store managers in Los Angeles County where a ban of thin-film bags took effect in July 2011, to determine the ban's impact on revenues and employment. Over a one-year period before and after the ban, stores that fell under the bag ban experienced a 10 percent reduction in employment, while employment in stores outside of the ban slightly increased.

Additionally, the majority of stores surveyed in areas with a ban reported an overall average sales decline of nearly 6 percent. However, the majority of respondents

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Legislative Update

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grocery bags to encourage consumers to make the switch to reusable bags for carrying purchases. Businesses with more than 50 employees will have six months after the ordinance takes effect to phase out the bags, while smaller firms will have a year to make the switch. After that, violators will face a \$200 fine.

Illinois Governor Considers Banning Plastic Bag Bans

Illinois Governor Pat Quinn is considering whether to endorse a bill on his desk that would prohibit local governments across the state from banning plastic shopping bags, reported FoxNews.com. To make the matter even more confusing, conservative thinkers have joined environmentalists in asking the Democratic governor to reject the Plastic Bag and Film Recycling Act. One of the bill's cosponsors said the bill was crafted to promote recycling. "Some people like plastic bags, some people don't," GOP state Sen. John Millner told FoxNews.com. "But people discarding them like litter has got to stop. This leads us into a recycling plan that we otherwise would not have." Millner said local restrictions on plastic are excessive and unnecessary, and compared the situation to earlier times when motorists routinely threw paper trash out car windows, saying "we didn't ban paper" in response.

State Committee Approves Massachusetts Plastic Bag Ban Bill

A committee of the Massachusetts Legislature recently voted "yes" to a bill that would ban the distribution of single-use plastic

bags state-wide, according to the *Plastic Bag Report*. The Joint House and Senate Environment, Natural Resource and Agriculture Committee on June 14 reported bill H.1990 favorably to the full Legislature. The measure will soon be scheduled for a final vote by all Massachusetts lawmakers.

Formally known as the Massachusetts Plastic Bag Reduction Act, the bill would ban single-use plastic bags from stores greater than 4,000 square feet, with the exception of compostable plastic bags, and would require paper bags to be made of recycled material.

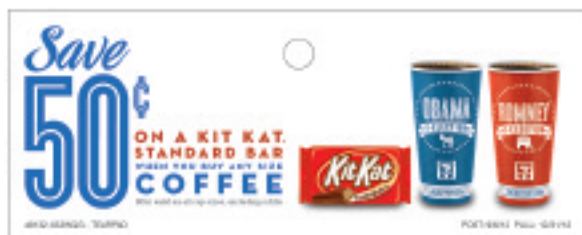


New Menu Labeling Legislation Introduced

NACS announced that a new bill introduced by a group of federal lawmakers would reform menu-labeling rules introduced by the Patient Protection & Affordable Care Act (PPACA) and ease pressure on convenience store foodservice operations. In a press release, NACS said the PPACA—signed into law in March 2010—requires chain restaurants, "similar retail food establishments," and vending machines with 20 or more locations to provide specific nutritional information on menus, menu boards and drive-thru boards. The bipartisan Common Sense Nutrition Disclosure Act introduced by U.S. Representative John Carter (R-TX) would exclude prepackaged food and limit this provision to establishments that derive 50 percent or more of their revenue from food that is intended for immediate consumption or prepared and processed on-site. NACS said given that 17 percent of convenience stores' in-store revenue dollars last year were derived from prepackaged food, most convenience stores would be exempt from the menu-labeling requirement under the new legislation.

**HERSHEY'S***Pre-book* **FOR THE****SWEETEST ★ PAIRING****DON'T MISS OUT ON THE KIT KAT® AND COFFEE PROMOTION,
ONE OF 7-ELEVEN'S *Most Successful* COMBINATIONS!****DETAILS:**

- ★ **GUEST PROMOTION:** SAVE \$.50 ON A KIT KAT® STANDARD BAR WITH THE PURCHASE OF ANY SIZE 7-ELEVEN COFFEE.
- ★ **PRE-BOOK WINDOW:** 8/27–9/9
- ★ **PROMOTIONAL DURATION:** 4 MONTHS, RUNNING 9/6–12/31
- ★ **PROMOTIONAL SUPPORT:** 4 WEEKS OF 7-ELEVEN SPECIFIC RADIO, COUNTER UNIT AT COFFEE BAR 9/1 AND POS IN STORES

**COUNTER
UNIT****SHEFTALKER****TEAR PAD**



Member News

continued from page 24

surveyed in areas without a ban reported an overall average sales growth of 9 percent.

SEI Closes Open Pantry Deal

SEI announced that it recently completed a transaction to purchase 18 Open Pantry convenience store locations in Wisconsin, primarily in the greater Milwaukee and Madison markets. All 18 stores are located approximately in the lower third of the state, with the northernmost store in Oshkosh and the southernmost in Kenosha. Four stores are located in Milwaukee city-proper and others in the surrounding communities of Franklin, Brookfield, Delafield, Oak Creek, New Berlin, Sussex, Oconomowoc and Pewaukee. Another three are in Madison. A few existing Open Pantry locations were not included in the deal. SEI said it expects to complete conversion of the stores to 7-Elevens by the end of 2012.

7-Eleven Teams With Retailers For Mobile Wallet Program

7-Eleven has joined 13 other large retailers to form Merchant Customer Exchange (MCX), a new company dedicated to offering consumers a versatile mobile wallet that will combine the convenience of paying at the register with customizable offers. MCX will compete with other mobile wallet services like Google Wallet and Isis from AT&T, T-Mobile and Verizon. The development of MCX's mobile application is presently underway. The initial focus centers on offering merchants a mobile-commerce solution capable of



seamlessly integrating a wide range of consumer offers, promotions and retail programs. The application will be available through virtually any smartphone. Other merchants involved with MCX include Wal-Mart, Best Buy, Target, Shell Oil, Sunoco, CVS/pharmacy, Sears, Alon Brands, Darden Restaurants, HMSHost, Hy-Vee, Lowe's, and Publix Super Markets. Combined, these initial members serve nearly every smartphone-enabled American and account for approximately \$1 trillion in annual sales.

Study Reveals How Americans Eat

According to a new report by Packaged Facts, American mealtime habits are as diverse as the country's cultural landscape. Americans eat both in their cars and at their domestic dining tables; both alone and with groups of friends and family; and both early in the morning and late into the night. Packaged Facts said despite the diversity of American mealtime tendencies, food industry players still have many opportunities to target a wide range of consumers in a nation that remains united on three food principles: health, convenience, and variety.

7-Eleven Highest-Ranked C-Store On 'Top 100 Retailers' List

7-Eleven is one of three c-store/gasoline chains to make it on the Stores "Top 100 retailers" list, coming in at No. 35. The other two are Army Air Force Exchange Service, ranking No. 47, and Couche-Tard at No. 76. The companies are ranked according to 2011 U.S. retail sales. 7-Eleven had sales of \$10.361 billion—a sales

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Visit the National Coalition Website, www.ncasef.com

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first two stores in Hawaii's main tourism district, the *Pacific Business*



News reported. The company plans to open between 30 and 50 outlets in Hawaii. • New Jersey Governor **Chris Christie** recently signed legislation delaying until 2016 the implementation of a law requiring merchants to collect ZIP codes from gift-card buyers and to turn over unused balances to the state, reported the National Retail Federation. • **Walgreens** has entered into an agreement to purchase a regional drugstore chain in the mid-south from Stephen L. LaFrance Holdings Inc. that includes 144 stores operated under the USA Drug, Super D Drug, May's Drug, Med-X and Drug Warehouse brands in Arkansas, Kansas, Mississippi, Missouri, New Jersey, Oklahoma and Tennessee. • SEI parent company **Seven & I Holdings** is ranked No. 151 on *Fortune* magazine's Global 500 list. • Target is piloting a smaller-store concept, **CityTarget**, in Chicago, Los Angeles and Seattle, reported the *Chicago Tribune*. A CityTarget store is about a third smaller than a typical Target location and has no parking. • **Wawa** opened its first store in Florida on July 18. The store, located near SeaWorld, was the first of five to open in five weeks in the greater Orlando area. • As part of its efforts to cut its expenses by \$8 billion, **Bank of America** has reduced its ATM network almost 9 percent this year by yanking most of the devices deployed at gas stations and malls, reported *Bloomberg*. • The **Columbia Pacific FOA** announced that its website received 2,700 visits between May and July. • Given the current proliferation of legislation banning smoking in public places, many tobacco companies are concentrating their efforts in developing smoke-free alternatives like electronic cigarettes, nicotine inhalers and tobacco vaporizers, reported the *Financial Times*. • Oil company **BP** recently announced that it is pulling its ampm franchise from markets east of the Rockies due to poor performance. • **Mc-**

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mentos GUM

UP2U™

UP2U 2/\$3
SEPTEMBER-OCTOBER



mentos

SLIN/UIN	Item
141901 548305	UP2U Fresh Mint / Berry Watermelon
140612 548693	UP2U Sweet Mint / Bubble Fresh
142161 562538	UP2U Daylight Mint / Minnight Mint
141905 548602	UP2U Spearmint / Mandarin Strawberry
140570 463984	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

MENTOS ROLLS 2/\$2
SEPTEMBER-DECEMBER

FULLY FUNDED AT RETAIL THROUGH PROMO MASTER

UP2U	Fresh Mint/ Berry Watermelon 0 73390 01209 0	Sweet Mint/ Bubble Fresh 0 73390 01210 6	Daylight Mint/ Minnight Mint 0 73390 01231 1	Spearmint/ Mandarin Strawberry 0 73390 01208 3	Striped Red Strawberry/ Starmint 0 73390 01244 1
	Mint 0 73390 00576 4	Mixed Fruit 0 73390 00577 1	Rainbow 0 73390 00594 8	Strawberry 0 73390 00579 5	Cinnamon 0 73390 00578 8
Mentos	Green Apple 0 73390 00580 1				

PERFETTI



Contact your local representative
or customer service at 1.800.283.5988



Member News

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growth of 19.1 percent compared to 2010—and 7,779 U.S. stores, up 16.3 percent from 2010. The top three retailers on the list are Walmart (\$316.083 billion, 2.5 percent growth), Kroger (\$85.491 billion, 9.1 percent growth), and Target (68.466 billion, 4.1 percent growth).

Illinois Online Lottery Sales Fall Short



Although Illinois Lottery sales increased nearly 18 percent to \$2.67 billion during the last fiscal year, the state's experiment with online ticket sales fell drastically short, reported WBEZ.org. Northstar, the private firm that runs the state lotto, predicted sales between \$78 million and \$118 million when online ticket sales kicked off in March. By July, sales reached just \$2.2 million. Lottery officials blamed a complicated website interface that makes would-be players fill out lengthy online forms, even to play a \$1 game. Officials said Northstar will be overhauling the website to make it more user-friendly.

C-Stores Forecast Rise In Foodservice Sales

According to *Convenience Store News'* exclusive 2012 Foodservice Study, almost two-thirds of convenience store operators expect to see their foodservice sales increase this year compared to 2011, while 5 percent expect their food service sales to decline. Additionally, nearly 32 percent expect their foodservice sales will at least remain the same. When it comes to profitability, 62 percent expect increased profits from their foodservice operations this year, and another 30 percent expect to

match their 2011 profits in the foodservice category. CSNews reported in its June 2012 Industry report that foodservice category sales grew 7.5 percent in 2011 to \$25.6 billion, outpacing sales increases in all other in-store merchandise categories. CSNews' annual Foodservice Study was conducted in May and builds on the data collected for the 2012 CSNews Industry Report.

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WHAT'S IN YOUR WALLET?

By Jay Brar | President, Sacramento Valley FOA



"What's in your wallet?"

This question—posed by the popular TV commercials for Capital One credit cards—may seem a bit silly and gullible, but it is a million dollar query for the convenience store industry. Besides the ongoing battle between retailers and credit card companies over swipe fees, there is a new development out there that will affect how business transactions are conducted. Suffice it to say, consumers will very soon experience a major change in how they pay for their purchases at retail locations.

A digital wallet (also known as an e-wallet) allows consumers to make electronic commerce transactions quickly and securely. It functions much like a physical wallet, but with a high-tech twist: it doesn't carry physical money or credit cards. The digital wallet was first invented as a method for storing various forms of electronic money (e-cash), but because of its popularity and acceptability, the digital wallet has evolved into a service that provides internet users with a convenient way to store and use online shopping information.

The term "digital wallet" is also commonly used to describe mobile phones, especially smartphones

that store an individual's credentials and utilize wireless technologies, such as near field commu-

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Donald's is testing a new mobile app in its restaurants in Paris, France that allows customers to order their meals using a smartphone or tablet and pay for it via PayPal, reported CNN. If the app proves successful, the fast food chain plans to use it in all of its locations worldwide. • **The number of U.S. children drinking diet sodas has doubled over the last several**

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tion (NFC) to carry out financial transactions.

An individual's bank account is usually linked to the digital wallet. They might also have their driver's license, health insurance card, loyalty card(s) and other ID documents stored on the phone. The credentials can be passed to a merchant's terminal wirelessly via NFC. Certain sources are speculating that these smartphone "digital wallets" will eventually replace physical wallets.

In brief, the concept of mobile payment technology is becoming very common in many parts of the world. There has recently been plenty of interest among credit card companies, technology companies, retailers and consumers in developing and promoting this type of technology. For example, Google Wallet, Isis Mobile Wallet, Master Card Paypass Wallet, and many more mobile payment services are taking the retail industry by storm.

Even 7-Eleven has thrown its hat into the digital wallet ring, having recently teamed with 13 other big name retailers—including Walmart, Best Buy, and Target—to form the Merchant Customer Exchange, a new mobile payment company offering a mobile wallet service that combines the convenience of paying at the register with customizable offers. I guess it won't be long before our guests show us what's in their digital wallets.



JAY BRAR
CAN BE REACHED AT
530-204-9903
brarjay@aol.com

It's True.

Dear 7-11 Franchisees,

By now, you may have seen MIKE AND IKE® candy packages at retail with Mike or Ike crossed off.



Regretfully, we must confirm that our legendary candy duo Mike and Ike have split over irreconcilable creative differences. We are as surprised as we're sure you are. Mike intends to pursue his dream of becoming a musician and producer. Ike will be creating and collecting art of all types.

Mike and Ike are the creative force behind famous flavors like MIKE AND IKE® Original Fruits, Tropical Typhoon®, Berry Blast® and others. Rest assured that we will continue to offer all of our great tasting, fruit-chewy MIKE AND IKE® candies through our wonderful retailers. Consumers will see no changes in flavors or availability.

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](https://www.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®

THEATER BOXES

HOT TAMALES® Cinnamon 5oz Theater Box 12ct box
MIKE AND IKE® Original Fruits 5oz Theater Box 12ct box
MIKE AND IKE® TROPICAL TYPHOON® 5oz Theater Box 12ct box
MIKE AND IKE® BERRY BLAST® 5oz Theater Box 12ct box
MIKE AND IKE® RED RAGEOUS!™ 5oz Theater Box 12ct box
MIKE AND IKE® ITALIAN ICE™ 5oz Theater Box 12ct box
MIKE AND IKE® LEMONADE BLENDS® 3.6oz Theater Box 12ct box

UIN SLIN

428169 142072
428441 141789
427807 142067
428276 142065
427971 142070
444026 142059
438333 141781

BIG BOXES

HOT TAMALES® Cinnamon 8.3oz Theater Box 12ct box
MIKE AND IKE® Original Fruits 8.3oz Theater Box 12ct box

UIN SLIN

443994 141452
443929 141455

COUNT GOODS

HOT TAMALES® Cinnamon 1.8oz Count Goods 24ct box
MIKE AND IKE® Original Fruits 1.8oz Count Goods 24ct box
PEANUT CHEWS® Original Count Goods 24ct box

UIN SLIN

491266 140135
401373 141374
348524 142271



Member News

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Amazon Expands Locker Test

Amazon.com is continuing to expand the locker system it began testing in 7-Elevens and other c-stores last year in Seattle, reported *DailyFinance.com*. The electronic lockers give customers a nearby location to have their Amazon purchases shipped to where they can be safely stored until they get around to picking them. Amazon installed the lockers around New York City and London a few months after the Seattle launch, and now a pair of locker banks have been installed in two 7-Eleven locations in Arlington, Va., for D.C.-area shoppers. Customers can choose locker deliveries for most of the

items sold and fulfilled out of one of Amazon's many warehouses.

Judge Denies Request To Dismiss 'Hot Fuel' Case

A federal judge in Kansas recently denied a request by gasoline retailers to dismiss class-action claims against them alleging that they sold gasoline without revealing or accounting for temperature expansion, reported *CSP Daily News*. Filed in 2006, the class action suit on behalf of consumers in 28 states claims the defendants—120 refiners and retailers, among them 7-Eleven—failed to install automated temperature compensation devices at retail and overcharged consumers for fuel in hot weather, when fuel

expands in volume at the station, only to shrink later in the car's tank. Costco, Shell, BP, ConocoPhillips, Casey's General Stores, Valero Energy, Wal-Mart and Sam's Club have already reached settlements in the case.

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Visit the National Coalition Website, www.ncasef.com

ROLL-YOUR-OWN DEFEATED!

In July we reported in a lengthy article on the "roll-your-own" cigarette machine industry that was taking the country by storm. We noted the inequalities the RYO industry created—the uneven playing field that allowed consumers to produce their own carton of cigarettes at about half the cost of a traditional carton in c-stores. We wrote about the fact that the RYO industry could do this because they were not paying proper taxes and licensing fees because of a loophole in the law.



Today, however, the RYO issue is over, thanks to activism by franchisees and FOAs, among other allies. The RYO industry, which had the potential to take away consumers—and thus jobs—from our stores, has been defeated.

The National Coalition of Associations of 7-Eleven Franchisees has been working on this issue since February, and in the July/August issue of *Avanti* we outlined a number of steps taken and directed by the National Coalition to combat this inequity. These included the issuance of legislative action alerts at the state and national level, visits to Capitol Hill to talk to members of Congress on both sides of the aisle, and media outreach.

The national Legislative Action Alert issued in April focused on asking franchisees to contact their elected representatives, encouraging them to sign on to H.R. 4134 by Rep. Diane Black (R-TN), which would have essentially labeled RYO stores as "cigarette manufacturers" and would have required them to adhere to all federal taxes and licensing fees. Many responded enthusiastically to that call for action, as the number of Congressional cosponsors increased by 140 percent! Additionally, the media outreach we engaged in resulted in an impressive article in *Convenience Store Decisions* in June, "Leveling The RYO Playing Field," which zeroed in on the issue and highlighted the work of the National Coalition, quoting national chairman Bruce Maples and quoting large sections of the April Legislative Action Alert.

As a result of all of our efforts—including especially the one-on-one advocacy by franchisees on the Diane Black bill, the Washington, D.C. outreach and the media presence—the issue came to a head in late June. What happened was a classic example of how Washington, D.C. works. In essence, the language from the Diane Black bill was taken and inserted into a larger bill, the federal highway bill, which had broad bipartisan sup-

"The new law effectively takes away the unfair advantage RYO shops had over other retailers."

port and was assured of passage. The supporters of the Diane Black bill knew that by attaching their "rider" (a provision added to another bill) to the larger highway bill it would be assured of passage. And passed is what it did on June 29th with a presidential signature on July 6th making it the law of the land. The result is that anyone offering RYO services must now be considered a "cigarette manufacturer" and must comply with the law, effectively taking away the unfair advantage they had over c-stores, which sell fully licensed and taxed products. After the signing of the bill, most in the RYO industry simply noted that they would "shut down."

The whole issue goes to show how a little bit of advocacy and activism can go a long way in achieving our ends, in bringing about legislative change, and in this case, leveling the playing field. This is something about which every franchisee should be proud.

—Jason Miko, National Coalition

Better for Consumers, Better for Retailers



SLIN 190348

SLIN 190440

- ▶ NESTLÉ® DRUMSTICK® Frozen Dairy Dessert Cone is the **#3 Ice Cream** brand at 7-Eleven¹ and growing!
- ▶ Our top-selling NESTLÉ® DRUMSTICK® King Cones² are now **7% BIGGER!** We've increased the product size to 7.5 oz. from 7 oz. to give consumers even more NESTLÉ® DRUMSTICK® cone to love.
- ▶ And, the bigger size means an **improved appearance** by minimizing unsightly crushed packaging at shelf and **improving sales!**
- ▶ 3-Month **"Two For" Value Offer** beginning June 1st.

CHIP, CHIP, HOORAY!

**You'll love the
increased sales!
Be sure to stock
the category's
best-selling
cookie sandwich!³**

- ▶ NESTLÉ® TOLL HOUSE® Cookie Sandwich is the **#2 Ice Cream Single** at 7-Eleven and grew **+4% in dollar sales** in 2011!
- ▶ Satisfy consumers with our new recipe: **50% MORE** NESTLÉ® TOLL HOUSE® morsels plus **great homemade taste!**



SLIN 191346



2012 7-Eleven FOA Incentive Expand & Grow Odwalla Juices and WIN!

2012 Odwalla 7-Eleven Incentive Detail:

GOAL: Increase Distribution on Odwalla Juice SKU's by December 31, 2012
(Performance period September 1, 2012 – December 31, 2012):

- Grow Odwalla 12oz Juice Points of Distribution by 30% vs. July 22, 2012 ending 7-Xchange data.
- Grow Odwalla Chocolate Protein Monster and Blueberry "B" Superfood Points of Distribution by 1,000 each vs. July 22nd, 2012 7-Xchange data.

ELIGIBILITY: (Store Level & National Coalition Office):

- Each store that carries 4 of 6 Odwalla SKU's will gain entries into a drawing for cash prizes
 - Stores carrying six (6) SKU's will receive ten (10) entries into drawings
 - Stores carrying five (5) SKU's will receive five (5) entries into drawings
 - Stores carrying four (4) SKU's will receive three (3) entries into drawings
 - Qualifying Odwalla 12oz Juice SKU's include: Original Superfood, Mango Tango, Strawberry "C" Monster, Vanilla Protein Monster, Chocolate Protein Monster, Blueberry "B" Superfood.
- National Coalition Office – If the growth targets above are met vs. the December 31st ending store counts the FOA Coalition office will receive a \$10K payment to apply to the event of their choice.

DRAWING: Coca-Cola Refreshments will complete the drawing among eligible franchisees in January 2013, payout by March 31, 2013.

- Eligibility for entry into drawings will be determined by using 7-Xchange store level data.



Payout Potential

- One (1) \$5,000 Prize
- Ten (10) \$1,500 Prizes
- Ten (10) \$1,000 Prizes
- Eighty (80) \$500 Prizes
- \$10,000 to NCASEF for meeting total growth targets



Odwalla Priority Ranking and Spec Information



#1

Original Superfood
12 FL OZ BOTTLE



SLIN #: 242983
CDC SLIN #: 242417
McLane UIN #: 421081



#2

Mango Tango®
12 FL OZ BOTTLE



SLIN #: 242978
CDC SLIN #: 242453
McLane UIN #: 421172



#3

Strawberry C Monster®
12 FL OZ BOTTLE



SLIN #: 242859
CDC SLIN #: TBD
McLane UIN #: 426544



#4

Vanilla Protein Monster™
12 FL OZ BOTTLE



SLIN #: 241358
CDC SLIN #: TBD
McLane UIN #: 491290



#5

Chocolate Protein Monster™
12 FL OZ BOTTLE



SLIN #: 241120
CDC SLIN #: 241542
McLane UIN #: 421180



#6

Blueberry B Superfood
12 FL OZ BOTTLE



SLIN #: 243619
CDC SLIN #: 246514
McLane UIN #: 421057



Fall's favorite flavor is back.

Pumpkin Spice Latte



As always, consumers will look for Pumpkin Spice Latte this fall. Be sure you are ready to sell this favorite limited time offer starting in September!

F.O.D. 8/20/2012 SLIN# 230715

Keep these core flavors in stock:

French Vanilla #230629 Hot Chocolate #230512

InsightBeverages.com

©2012 Insight Beverages

State of the Coalition: 2012

BY BRUCE MAPLES

EXECUTIVE CHAIRMAN, NCASEF

The National Coalition has begun its 39th year as an association, and we have just completed our 37th annual convention and trade show. What began with six franchisees in 1973 has continued to grow into a membership of almost 4,000 stores and 40 Franchise Owners' Associations around the country in the 30 states in which 7-Eleven operates. The National Coalition currently represents about 80 percent of the entire 7-Eleven franchisee community.

As our franchisor grows, so the National Coalition will continue to grow. At the current rate of acquisitions, 7-Eleven will likely reach 10,000 stores in the United States by 2015, opening up tremendous opportunities for franchisees who want to grow in the system, but also raising concerns about encroachment and goodwill value for existing stores.

In 2012 the National Coalition has been active legislatively. We joined in supporting the class action lawsuit by the National Association of Convenience Stores and other groups against the Federal Reserve for ignoring the Dodd-Frank Wall Street Reform and Consumer Protection Act (HR 4173), which restrains the interchange fees banks are allowed to charge retailers. The NACS Board in mid-July rejected a settlement proposed by large banks and credit card companies, because transparency on interchange fees would not have been achieved. The National Coalition supports NACS' efforts, and we like retailers' chances in this lawsuit. The next hearing on the suit is scheduled for Wednesday October 3, in Washington, D.C.

BRUCE MAPLES

CAN BE REACHED AT
520-577-8711
nationaloffice@
ncasef.com

The National Coalition in 2012 has also been busy with charitable work, raising over \$340,000 for Hire Heroes USA in

a cause equity program involving 7-Eleven, franchisees and 12 of our valued vendors, and \$70,000 in silent and live auctions at our convention for Susan G. Komen For The Cure. The Coalition over the last three years is approaching \$1 million dollars in total charitable donations to Hire Heroes, the Muscular Dystrophy Association and Susan G. Komen For The Cure.

Support from our vendor community has never been better. The National Coali-



"I have a list of over forty issues affecting franchisees that the Board is working on as part of our efforts to protect franchisee rights and educate our members to system changes."

tion is healthy financially and continues to grow every year. Over the past three years we have worked hard to expand our Affiliate Member Program, which now totals over 150 vendors. We had over 40 companies sponsor events at our convention, and we thank each of these vendors for their support of our activities.

Legislative issues facing franchisees continue to be a concern. National Coalition representatives made several trips to Washington, D.C. to meet with Senator Benjamin Quail (and others) concerning Roll Your

"The National Coalition Board, comprised of a president and vice president from each of our 40 FOA members, meets four times per year to talk about issues and opportunities and how we can best share resources and grow in a system like ours, which leads the industry in both technology and innovation."

Own legislation to put an end to the business of renting rolling machines to consumers for the purpose of avoiding cigarette excise taxes. Eleven states have since adopted legislation towards this end, and on July 6 President Obama signed Transportation Bill HR 4348, passed by the House and the Senate, which included a provision that defines commercial roll-your-own machine operators as tobacco manufacturers.

Online lotteries continue to threaten the traditional store lottery business. Sugar taxes on soda, energy, and fruit drinks have been proposed (but defeated) in many municipalities, and New York City Mayor Michael Bloomberg has received much publicity for proposing a ban on all sugary drinks over 16 ounces in restaurants and movie theatres. We plan to continue to be involved with all of these issues.

To test the limits of SEI's control over the new digital video recorders currently

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“Franchisees will continue to adapt and change with the system, but we need to stay united to be productive and grow.”

being installed in stores throughout the country, five franchisees have filed for mediation in regard to SEI's intent to have remote access to all stores through the new system. These franchisees will test the parameters of the store agreement with the intent of holding SEI to the terms of the security amendment not just now, but in the future. Protecting franchisees' rights is a focus of the National Coalition Board.

The National Coalition Board, which is comprised of a president and vice president from each of our 40 FOA members, meets four times per year to talk about issues and opportunities and how we can best share resources and grow in a system like ours, which leads the industry in both technology and innovation, and where changes are numerous and ongoing. I currently have a list of over forty issues affecting franchisees that the Board is working on as part of our efforts to protect franchisee rights and educate our members to system changes. Low volume stores, encroachment, the new contract, gasoline commission,

maintenance changes, the CDC flat fee, LONs and breaches, BT, eroding gross profit, credit card fees, goodwill, accounting policies, Project E, gasoline surveys, cleanliness—the list is long and numerous, and always changing.

The National Coalition is willing to step up and fight to protect franchisee rights, but as a group, we need to stay focused on the issues that matter. The system continues to change, and change is hard. We have gone through layoffs and reorganizations of corporate resources more than once, and we have survived because franchisees are resilient. We solve problems. We are hardy, strong, tough, robust, spirited, flexible, durable, feisty and quick to recover. In short, we are survivors. We adapt to system changes, and we make the brand stronger.

In reality, franchisees will continue to adapt and change with the system, but we need to stay united to be productive and grow. I urge everyone to stay engaged and involved with your local FOA. Attend meetings, provide feedback, and serve on committees. Call your friends to find out what is going on in their stores and in their area, and bring them to FOA meetings. Provide feedback to your local FOA, and continue to bring up the issues that should be addressed. It's the only way we can all win together. **AV**

Join The National Coalition

The strength of an independent trade association lies in its ability to promote, protect and advance the best interests of its members, something no single member or advisory group can achieve. The independent trade association can create a better understanding between its members and those with whom it deals. National Coalition offices are located in Tucson, Arizona. All queries and requests for information should be directed to:

National Coalition of Associations of 7-Eleven Franchisees

3561 East Sunrise Drive, Suite 135
Tucson, AZ 85718
Office 520-577-8711
Fax 520-577-4688
E-mail: nationaloffice@ncasef.com



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years, reported National Public Radio. Six percent were consuming diet drinks in 1999-2000, and this increased to 12.5 percent in 2007-2008, according to a study published in *The American Journal of Clinical Nutrition*. • **Walmart is testing a price comparison program** in Albuquerque, N.M., that invites customers to send the company a photo of a grocery receipt from a competitor so Walmart can respond with a calculation of how much they would have saved at its stores, reported the *Business Journal*. • **Philippine Seven Corp.—a 7-Eleven operator—plans to open 180 more stores** within the year, reported the *Manila Standard Today*. The new stores would bring to 900 the company's total number of 7-Eleven stores in the Philippines. • **Anheuser-Busch and Major League Baseball Properties recently announced a six-year renewal** of the sponsorship agreement that designates **Budweiser as the Official Beer Sponsor of Major League Baseball**, continuing a relationship that has lasted more than 30 years. • New research from Mintel reveals that just over two-thirds (67 percent) of Americans choose healthier foods to stay well. • For its fourth quarter, Canadian c-store chain and Circle K parent company Couche-Tard announced **net earnings of \$117.8 million**, up 82.6 percent from the comparable period of the previous fiscal year. • A Los Angeles City Council member recently proposed to **ban the sale of soda** from city park and library vending machines, reported news station CBS Los Angeles. • East coast c-store chain **Wawa has realized combined energy and maintenance savings exceeding \$1 million a year** by utilizing Immersion RV30 LED technology from GE Lighting at more than 600 convenience store/gas station locations, reported *Convenience Store Decisions*. • **Walmart recently unveiled at its distribution center in Red Bluff, California**, its first onsite large-scale wind turbine pilot project. The wind turbine, expected to be operational by this fall, will provide roughly one megawatt of power, or 15 to 20 percent of the distribution center's yearly electrical use. • **Unilever announced that it has signed a definitive agreement for the sale of its**



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Taking Innovation To The Next Level

BY JIVTESH GILL

EXECUTIVE VICE CHAIRMAN, NCASEF

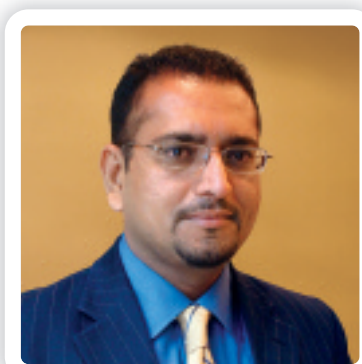
We all know that the convenience store industry is constantly evolving. Changes and innovations are introduced almost daily in the form of new products, higher-tech equipment, more effective store layouts, etc. C-stores that do not adapt to these changes quickly fall to the wayside and are soon forgotten. 7-Eleven has always been at the forefront of c-store innovations, and it looks like SEI is willing to work with franchisees to evolve our system beyond the current state of the industry.

I recently participated in a National Business Leadership Council meeting in Dallas as a member of the Franchise Systems Committee. Besides franchisees, in attendance at the two-day meeting were members of SEI's executive team and top management, and what they had to say about fresh foods and new store innovation was very encouraging.

Kelly Buckley, who is SEI's new vice president for fresh food innovation, gave a presentation on fresh foods. Kelly comes to the company with good experience in food-

tasked with coming up with suggestions to make this happen. Moving forward, I believe it's important that both sides—franchisees and SEI—take care of their obligations to make us fresh food-ready.

The discussion on this topic was wide-ranging. For its part, SEI has to update the stores to make them attractive fresh food destinations, which means moving the Consolidated Market Rollout (CMR) program to all Zones and Markets. Every Zone that has experienced a CMR has experienced a



“The Liberty Zone, with a complete CMR and fresh foods introduction, ranks at the top for sales.”

service, having worked around food and foodservice innovation her entire career. After listening to her, I think Kelly is really focused, not just on the execution at the store, but on how we can come up with better products, better packaging, and a better message to the consumer.

Kelly said fresh foods should be 20 percent of our total sales—that is the goal. Currently, we are right about 8 or 9 percent, the higher Zone being at 13 percent. After the presentation, we were

growth in sales. If you look at the data, the Liberty Zone—which has undergone a complete CMR and fresh foods introduction—ranks at the top for sales. SEI said it can't just do CMRs just for the sake of doing them—they must be done right. For this reason, CMRs are currently on hold in several areas until adjustments are made to the program. Hopefully, the new version of CMR will enhance the store's image even more.

SEI also needs to supply us with better tools for ordering, better tools for managing our write-offs, better tools for understanding gross profit, better products, better as-

“SEI said that previously, compensation for real estate people was based on the number of stores developed, and now compensation is based on the performance of the new stores.”

sortments, and better value.

From the franchisee side, we need to educate and train our employees on fresh foods, and make sure they know how to order and to sell. We need to create a positive fresh-foods-friendly environment in our stores, utilizing plus selling and bundling opportunities. SEI can support us in these efforts by making sure our equipment is up and running, and repairs are made in a timely fashion. Moving on to distribution, we need to avoid out-of-stocks, have better on-time deliveries, and increase order fill rates. Advertising is also key. During the NBLC meeting, suggestions were made about a 7-Eleven logo on the bags leaving the store, and maybe we could write something on our cups about freshness.

New store innovation is the other topic discussed at the meeting. We were informed a group of SEI folks has been charged with developing the 7-Eleven store of the future. The team has been handpicked and consists of experts in different fields, and has been given a lot of flexibility and liberty to think openly. The team is traveling nationally, as well as internationally, to pick up ideas. They are looking at our competition nationally and globally to see what is working for other stores that could move us toward becoming a fresh food destination, whether it's chang-

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

Taking Innovation To The Next Level continued from page 39

ing the footprint of the store or changing the coffee bar. The team is also factoring in how we will utilize digital media to engage and attract the new generation.

Beyond this, I was pleased to hear during the meeting that SEI will be more careful with its expansion plans so as not to negatively affect existing stores. SEI said it has changed how it compensates the real estate people who determine where the new stores will be. Previously compensation was based on the number of stores developed, and now compensation is based on the performance of the new stores. SEI senior management also shared with us that even though it seems a lot of the newly opened stores are not performing well, their performance has actually improved. In the past, roughly 25-30 percent of new stores did not meet their projected sales. Now that number has gone down to

"SEI says fresh foods should be 20 percent of our total sales. Currently, we are about 8 or 9 percent, with the highest Zone at 13 percent."

13-15 percent. That's good news, but given that 7-Eleven is now opening 700-800 stores per year, 15 percent is a big number, so we need to continuously work on that.

7-Eleven is the largest and most successful c-store chain in the country and in the world, and a known innovator in the industry. As long as the company continues to work with franchisees and value our input, there is no doubt it will continue to dominate the c-store landscape. **AV**

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North America frozen meals business to ConAgra Foods, Inc. for a total cash consideration of \$265 million. • Nielsen off-trade data for U.S. beer shows sales grew 2.7 percent year over year, and in the last 12 weeks saw growth of 3.5 percent. • Redbox recently completed its purchase of Blockbuster Express DVD rental kiosks. It is unknown if the Blockbuster Express kiosks will be re-branded to RedBox. • Approximately 550 photo cutouts of "Knight Rider" and "Baywatch" actor David Hasselhoff have been stolen from outside Cumberland Farms stores, reported the Associated Press. The photo cutouts are part of the chain's iced coffee promotion. • In its just-released report on Prepaid and Gift Cards in the U.S., Packaged Facts estimates that prepaid card pay-

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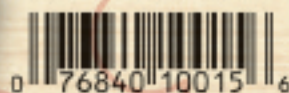
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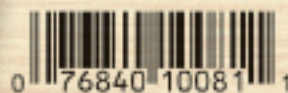
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Recommended Vendors And Cost Of Goods: The FSC

BY ARNOLD J. HAUPTMAN, ESQ.
NCASEF GENERAL COUNSEL

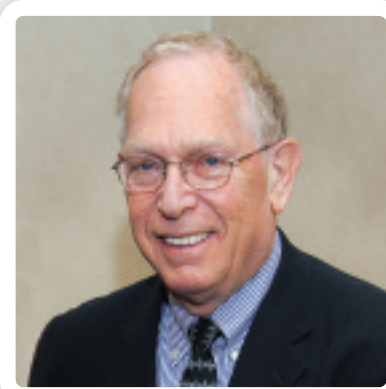
In the late 90s, as many franchisees will recall, a class action was commenced by several franchisees against the Southland Corporation (the predecessor company of 7-Eleven, Inc.) which alleged many wrongdoings by the franchisor, chief among them being that Southland breached the store agreement by failing to give franchisees credit for the value of rebates, discounts, and allowances received from vendors, and that Southland marked up and earned a profit on goods sold to franchisees through the distribution centers.

From that litigation, commonly called the OFFF lawsuit, was born the 2004 version of the store agreement which all then existing franchisees were entitled to sign regardless of the scheduled date of termination of their individual agreements.

For you newcomers, believe it or not, there was a time not so long ago when there was no such thing as “recommended vendors” or “designated vendors.” In those days, pre-2004, you could purchase all inventory from any bona-fide vendor providing only that the merchandise be of “a type, quantity, quality, and variety consistent with the 7-Eleven Image.” The definition of “7-Eleven Image” was, and still is, an ever-changing phenomenon. The 2004 agreement introduced the concept of requiring franchisees to purchase 85 percent of purchases and, separately, 85 percent of cigarette purchases from recommended vendors. The 85 percent requirement continues to this day in all agreements and im-

for three consecutive months.

But with the 85 percent requirement, it became necessary to somehow make certain that SEI’s recommended vendors were not taking advantage of a “recommended status” and charging prices higher than their competitors. What to do? The answer: create the Franchise Selection Committee to make certain that, in negotiating with recommended vendors and manufacturers, SEI makes “a commercially reasonable effort to obtain the lowest cost for products and services available from such vendor to 7-Eleven stores on a Market Bas-



ket Basis by identifying all available discounts, allowances and other opportunities for price adjustments.”

The provision then goes on to state a formula in which discounts and allowances, advertising allowances, and other available allowances will, to the extent possible, be declined in favor of a lower cost of goods. If a lower cost of goods is not available in lieu of discounts and allowances, then the discounts and allowances will be credited to cost of goods that results in the sharing of these credits.

The Franchise Selection Committee, as defined in Exhibit J of the store agree-

“The Franchise Selection Committee, as defined in Exhibit J of the store agreement, consists of five FOA presidents who review vendor agreements under a strict agreement of confidentiality.”

ment, consists of five members, each of whom are presidents of local FOAs and who are empowered to select a Third Party Reviewer (accountant or other person having experience in reviewing and identifying discounts and allowances) for which SEI will pay \$75,000 annually, adjusted for inflation. The process permits the Committee and the Reviewer to review vendor agreements, but under a strict agreement of confidentiality.

The process is rather convoluted and, for those wishing to inflict pain on themselves, can be fully found in Exhibit J to all agreements. It is noteworthy that if SEI is found to have violated its obligations to obtain the lowest cost of goods, after mediation and/or arbitration, then (get this) “no damages, including money damages, specific performance, injunctive relief, or attorney’s fees and costs may be awarded.” Only discounts and allowances not properly credited to cost of goods can be rectified. Talk about a toothless tiger.

The Review Committee has an almost impossible job and only limited funds under which to operate. It requires shopkeepers to assume the mantle of experts in reviewing contracts to determine if any violations occur, and under SEI’s shield of

continued on page 44

ARNOLD J.
HAUPTMAN
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confidentiality. To the best of my knowledge, the Committee has not found any violations to this date.

Much confusion surrounds SEI's obligation, quoted above, to make reasonable efforts to obtain the lowest cost of goods, because that obligation is limited by the phrase "Market Basket Basis." That phrase is defined in Exhibit E as follows: "Market Basket Basis" means a vendor's standard product mix that meets our Stores' purchase needs (excluding Proprietary Products), and is sold under terms that include a balanced comparison of payment terms and methods in store services, product mix, service area, frequency of delivery and delivery windows."

The long and short of it is that demonstrating that milk or any individual product can be bought for less from a non-recom-

"The Committee has an almost impossible job reviewing contracts to determine if any violations have occurred. To the best of my knowledge, the Committee has not found any violations to date."

mended vendor will not make that purchase includable in the 85 percent requirement. What is needed is the impossible task of finding a vendor with the same basket of goods that meet the payment and distribution criteria as your CDC or McLane, and which charges a lower cost for all goods sold and which also has similar distribution methods, payment terms, etc. Who writes this stuff?

Sorry if I gave a headache. **AV**

continued from page 40

ment volume will rise 22.4 percent in 2012 to \$247.5 billion, up from \$202.2 billion in 2011, on the strength of almost 10 billion transactions. • Anheuser-Busch InBev recently agreed to buy the half of Corona maker Grupo Modelo it doesn't already own for \$20.1 billion in cash, reported the Associated Press. The deal joins brands such as Corona, Modelo and Pacifico with InBev's Budweiser, Beck's and Stella Artois, among others. • Kellogg Company has once again been named one of the "40 Best Companies for Diversity" in 2012 by Black Enterprise magazine. The recognition reflects the company's ongoing commitment to diversity and inclusion, and marks the sixth time Kellogg has been named to the list. • Combo meals are down about one billion servings since 2007, according to The NPD Group. A recently released NPD foodservice market research report finds

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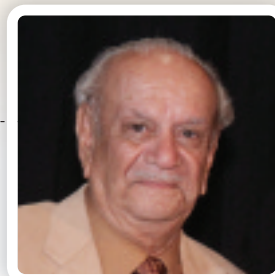


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RELIEF FROM DAILY FRUSTRATIONS

KARAM DHALIWAL
VICE CHAIRMAN



It seems these days the frustrations are mounting for franchisees. From accounting to deliveries and everything in between, the problems appear to be growing and franchisees are having a harder time operating their stores to their full moneymaking potential. I have been hearing from franchisees across the country that they are spending more time trying to solve problems than they are trying to increase sales, which is a losing proposition indeed.

From the moment they walk into their stores, franchisees are dealing with problems like incorrect retails (which are becoming a common occurrence), incorrect factoring in S18 and merchandise reports, Purchase Summary inconsistencies with vendor invoices, issues with the new payroll system, getting credits posted on merchandise reports, items that scan one day but then disappear from the system, and much more. Even creating CHD cases for help with these problems seems to cause more grief than relief as more often than not the case is closed without resolution,

which means the franchisee must create yet another case.

Late deliveries are another source of frustration, not to mention

an ordering window that closes at 10 a.m. When deliveries arrive 30 minutes late or more, it means more labor expenses for the franchisee and lost sales. If a storeowner misses the ordering window, guess what—no product, no sales. These issues are especially troublesome to low volume stores. Efforts must be increased to ensure on-time deliveries, and the ordering schedule should be tweaked to allow more flexibility.

Audits are a nightmare for many stores. The WIS auditors are inexperienced and, according to many franchisees, unprofessional. When the WIS audits started in the Los Angeles area in 2009, I recommended to franchisees that they contract an outside service to double-check the audits. I would say 35 to 40 percent of the stores took me up on that advice, and since then it has saved more than \$1.3 million combined that would have otherwise been lost to the WIS audits. It can't possibly be a good thing when franchisees need to hire an outside auditor to monitor the work performed by the company contracted by SEI to perform that very duty.

The equipment in our stores is vital to our ability to operate. If the Slurpee machine, grill, freezer, or coffee machine is out of com-

mission for any length of time, product and sales will be lost. Despite the many changes made by SEI and FM Facility Maintenance to improve response times and repair quality, some franchisees are still not getting their equipment fixed in a timely fashion, be it an issue with scheduling or an issue with available parts. More work is needed in this area. If equipment goes down, it should be repaired as quickly as possible.

“Efforts must be increased to ensure on-time deliveries, and the 10 a.m. ordering window should be tweaked to allow more flexibility.”

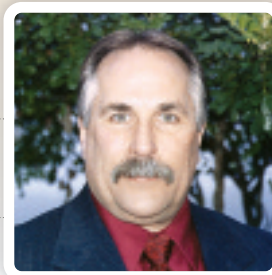
These are all headaches that 7-Eleven storeowners should not be having on a daily basis. Franchisees are beginning to feel more obstacles are being thrown their way than are being removed. SEI needs to work more closely with franchisees to resolve these issues. After all, if franchisees are prosperous, so is the company.

From all reports, BT seems to be working in our area, and as it is expanded, perhaps the new system will solve on-time delivery difficulties and issues with invoices and merchandise reports. Time will tell. **AV**

KARAM
DHALIWAL
CAN BE REACHED AT
818-625-4036
kmd1948@yahoo.com

PROJECT E ONE YEAR LATER

BY ROGER ST. GEORGE
VICE CHAIRMAN



Just over one year ago, SEI introduced its reorganization program, called Project E, to their employees and the franchise community.

With the announcement came promises of streamlined communication to handle payroll, merchandise accounting, and other financial

accounting issues; faster response to issues and cases submitted via the CHD process; and access to merchandising personnel to resolve store issues. Franchisees were told they would have access to personnel capable of handling their issues, who will either find solutions or explain why their issue or problem cannot be resolved.

The implementation of Project E resulted in the termination of tenured employees who previously performed tasks behind

continued on page 50

the scenes that kept the 7-Eleven operation working like a well-oiled machine. Unfortunately, most of these tasks were not understood or quantified, and therefore were not addressed in the reorganization. Additionally, the company mistakenly believed that other routine tasks performed by SEI employees could be incorporated within the new technology that was part of Project E.

With the introduction of any new process, one can expect a certain amount of tweaking. As the breadth of an issue or problem evolves, it is expected that resources would be reallocated to meet the needs and demands of the stakeholders. Franchisees quickly learned to bond with those individuals empowered to make the decisions that resulted in definitive answers to their issues or problems. While the answers were not always favorable for the franchisee, they were clear and concise enough for the franchisee to understand and possibly respond to for further consideration. Franchisees had a level of trust because of the clear articulation of the facts.

Fast-forward one year.

The recent incarnation of Project E has frustrated franchisees. There are many times when a franchisee is unable to adequately explain a problem using the Customer Service

"Project E has frustrated franchisees. Many times franchisees are unable to adequately explain a problem using the Customer Service Help Desk online within the 7-Connect framework."

Help Desk within the 7-Connect framework. This requires the franchisee to call the Customer Service Help Desk directly. Previously, a franchisee could select between multiple options of merchandise accounting, non-merchandise accounting, merchandising, and operational support. Now there is one-stop shopping for ALL SEI store support.

It seems that in the pre-Project E days, franchisees must have inordinately been selecting the incorrect options to receive assistance because SEI has deemed it necessary to remove all options, and now all requests go to option three, which involves a customer service expert taking the information and attempting to encapsulate that data to pass along to the correct department. It comes as

no surprise that these "experts" are not only employed by a third party contractor at an off-site location separate from the Store Support Center, but most if not all have never worked in a 7-Eleven store at even an entry level position, and sometimes it is questionable if they even shop in a 7-Eleven store.

Today it is impossible to reach a subject matter expert, since all issues are filtered by this third party group. Issues that used to be resolved in a few moments with a seasoned, knowledgeable SEI employee now require multiple frustrating conversations with uninterested contract employees. The convoluted response to inaccurately documented issues is unfathomable.

Unfortunately, these frustrations are not only voiced by the franchise community but echoed by the supplier community. Seemingly simple issues take weeks to obtain a response. Even SEI personnel will privately express their frustration with the current situation—they are equally unable to address the systematic problems of Project E.

It seems SEI has adopted the philosophy: To be sure you hit the target, shoot first and call whatever you hit the target. **AV**

**ROGER
ST. GEORGE**
CAN BE REACHED AT
360-500-1248
saint@comcast.net

ADJUSTING THE PRODUCT MIX IN TOBACCO

BY JAY SINGH
VICE CHAIRMAN

During the last eight or nine years, most of the presentations in high level or quarterly sales meetings have in some way focused on how to increase fresh foods sales by keeping the right product mix according to store needs. Also during these meetings attention

"There's no doubt our future lies in fresh foods, but other categories like tobacco will remain important until our stores are clearly established as foodservice destinations."

is drawn to the drop in cigarette sales, even though it is still a strong category. There's no arguing that the soft economy and increased taxes on cigarettes have resulted in high retail prices, which has played a significant role in reducing revenues generated by this category.

Additionally, smoking bans in public places have motivated some consumers to switch to chewing tobacco. However, there are opportunities to augment tobacco sales with single cigarillos and single cigars. Sin-

gle cigarettes would also be a boon, but tobacco license rules in most states do not allow retailers to sell individual cigarettes, perhaps because they are not individually wrapped.

Stores in low-income neighborhoods have experienced an increase in sales of single and multi-pack cigars, as well as other tobacco products like wraps and cigarillos, because tax increases for these products have not been as high as for cigarettes. Also, guests have a choice to buy these products in singles. This consumer trend of purchasing singles

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***THE SILVER BULLET
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has been going on for the last few years, but unfortunately our merchandising department has not paid much attention to this, despite the strong sales figures.

"The soft economy and increased taxes on cigarettes have resulted in higher retail prices and opportunities to augment tobacco sales with single cigarillos and single cigars."

We should be taking advantage of all the cigarillo and cigar singles promos being offered, of which there are plenty. But before we can do so, changes must be made in the system to allow us to easily order these products. As it

presently stands, most times the promo items are only shipped once and we run out of them in the first week. To

JAY SINGH

CAN BE REACHED AT
702-249-3301
jksingh2003@yahoo.com

make matters worse, stores have no way of registering the items as "carried" in our system so we can reorder. In some cases, even if we can register the items as carried, McLane can be out of them. A good example is White Owl Fresh Green and Red Sweets for 99 cents—McLane usually runs out but local vendors have them all the time. New items in this category also take a longer time to get approved, like White Owl Cigarillos all flavors "2 for \$1.49" and White Owl Singles all flavors for 79 cents.

Another problem is that some good sellers are being deleted and are no longer available, such as Swisher Sweets "Buy Two Get One Free" and Mini Swisher Sweets. I had a chance to discuss the availability of these promotional items with my Swisher Sweets account manager, and was informed that these items are blocked by SEI in certain areas and are not available through McLane.

Adding to the conundrum is the fact that the product information screens for these items are not accurate, and show some promo and items as having negative gross profits and percentage, which affects our abil-

ity to make reasonable decisions on which to order. Also, the cost from McLane is higher in some cases than buying from another distributor or sales rep. Examples: Swisher Sweets Cigarillos are \$27.44 from McLane and \$23 from a local rep; the Swisher Sweets "5 For \$3" promo costs \$52.84 per box from McLane and \$43 from a local rep; White Owl Cigarillos from McLane are \$26.36, local rep \$23. We could have higher GP percentage and dollars from these items and promos if we can get the same costs through McLane.

OTP singles has been a well-established category for the last two or three years, and is still growing in low-income area stores. This is reason enough for SEI's buyers to negotiate a better cost through McLane. This way we won't have to look around for street deals through local reps or vendors, and we can stay competitive not only with other convenience stores, but with smoke shops as well. There's no doubt our future lies in fresh foods, but other categories like tobacco will remain important until our stores are clearly established as foodservice destinations. **AV**



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Slot#3



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Slot#4



DEVILLE - SLIN#: 330030
Slot#5



DAYNAS - SLIN#: 330029
Slot#6



LACED - SLIN#: 330007
Slot#7



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Fall Into Hot Beverage Profits!

By Kim Lachman, Sr. Sales Manager, Insight Beverages, Inc. (Pictured)

Andrew Dun, VP of Marketing, Insight Beverages, Inc.

Sabrina Payton, Marketing Associate, Insight Beverages, Inc.



Fall ushers in many things—back to school, the start of football season, and an increase in hot beverage sales. Cocoas and cappuccinos are a large, growing beverage segment. Once the exclusive domain of the convenience store channel, hot cocoa and cappuccino are now sold across the entire quick service restaurant (QSR) segment. Let's review the state of the industry and make sure your store is in top form to score big this fall with hot specialty beverage sales!

According to NPD, hot specialty beverage servings grew at 2 percent in 2012, and at a 4 percent compounded rate since 2007. This growth was driven by the dramatic expansion and promotion in QSR hamburger, donut and coffee/tea outlets, which now account for 75 percent of all orders.

Despite this strong expansion and growth in the QSR segment, hot specialty beverages remain a large and important beverage segment to the convenience store industry. According to industry research from Technomic, hot cocoa and cappuccino retail sales exceed \$700 million in the convenience store channel, making it the fourth largest foodservice

As the largest chain in the convenience store industry, 7-Eleven is a leader in hot dispensed beverages and has developed great equity in its program. How can 7-Eleven maintain its leadership position and profitably grow sales? Here is your winning game plan:

- Ensure that you have the current LTO flavor in stock. As always, consumers will look for Pumpkin Spice Cappuccino this fall. Be sure to be ready to sell this favorite limited time offer starting in September! Peppermint Mocha follows as the holiday limited

time offer. The peppermint flavor is right on trend with increased interest on social media websites and coffee house menus.

- Prominently display merchandising materials. Consumers buy hot spe-

Did you know that Pumpkin Spice is the #1 bestselling LTO offered by 7-Eleven?

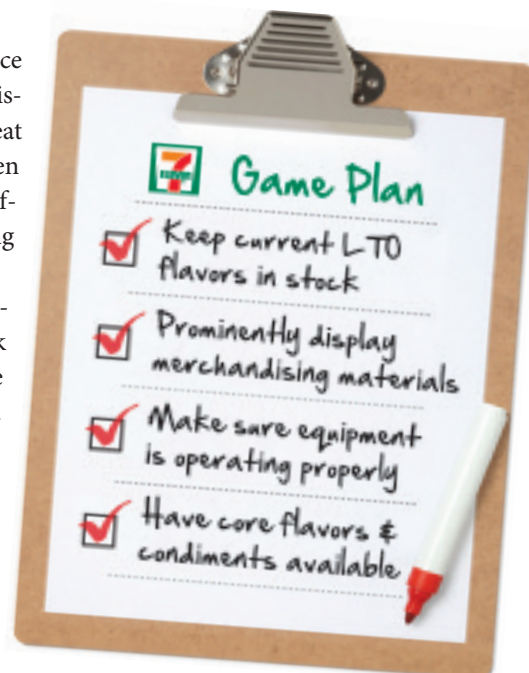


"Ensure that you have the current LTO flavor in stock. Consumers will look for Pumpkin Spice Cappuccino starting in September."

"Consumers buy hot specialty beverages the same way they buy candy bars and ice cream. They crave a specific flavor, want to take a break and buy on impulse. Create awareness by displaying merchandising materials."

segment in convenience stores. Furthermore, retail margins remain strong at over 70 percent!

want to take a break and buy on impulse. Creating awareness in your store will remind them to buy a cocoa or cappuccino when they are al-



ready

there to buy breakfast items. Entice your customers to treat themselves with the use of up to date duratrans, danglers and machine labels.

- Check your equipment to make sure it is operating properly. All equipment needs to be in top operating condition to dispense hot beverages at the optimal taste profile and temperature. Rinsing chambers on a regular basis prevents clogs and lost sales. Keeping your coffee area clean and welcoming will encourage return customer visits.

- Make sure core flavors and condiments are available. Did you know that almost as many customers mix cocoa and cappuccino with other condiments and coffee, as drink them straight? Let them mix it up! Self-service is one of 7-Eleven's distinctive strengths. Leverage it and promote mixing with your customers! Not only are your customers looking for the newest LTOs, they also expect their favorite core flavors to be available.

By focusing on these basic principles, all 7-Eleven franchisees can have a happy and profitable hot beverage season. **AV**

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Immediate Consumption

Consumer Path To Purchase

By Kelly Fulford
& Randy Johnson
General Mills Convenience



“Currently, prepared foods made fresh are purchased during 80 percent of immediate consumption trips, while packaged foods are picked up about 25 percent of the time.”

The path to profitability for convenience stores has experienced recent road bumps such as credit card fees, declining profits from tobacco, and the competitive landscape of consumer choices with supermarkets and warehouse stores now offering gas and quick service options.

By turning to alternative sources of income, such as immediate consumables—the food consumers purchase and then eat within 15 minutes—convenience retailers can pave a path to profitability with creative and convenient options.

Convenience stores already offer a variety of immediate consumables. Understanding the competitive landscape and retailing strategies, then, can make an immediate impact on sales.

General Mills Convenience recently sought to understand how consumers made immediate consumption decisions and to further examine the competitive landscape for convenience retailers. This research focused on all consumer trips where food was purchased for immediate consumption, including food-only purchases, or where food

• Quick serve restaurants with enhanced coffee programs and new quick service entrants to breakfast, which are drawing consumers away from convenience stores during peak a.m. hours.

According to General Mills research, quick serve restaurants are overwhelmingly the convenience channel's largest competitor for immediate consumption, tallying more than double the number of consumer trips to convenience stores. While convenience retailers may perceive small formats (drug stores and dollar stores) as another large competitor, interestingly, their share of immediate consumptions trips is small, representing only 5 percent.

“According to General Mills research, quick serve restaurants are overwhelmingly the convenience channel's largest competitor for immediate consumption, tallying more than double the number of consumer trips to convenience stores.”

Currently, the convenience channel is the second largest channel consumers turn to for immediate consumption needs (representing 20 percent of all trips). Immediate consumables offer stronger gross margin relative to tobacco in terms of top 10 in-store merchandise categories. However, quick service restaurants are the channel's leading competitors, capturing 43 percent of immediate consumption trips. This means there is a significant opportunity for convenience store retailers to lead more consumers to their doors, taking market share away from quick serve and capitalizing on current channel strengths.

was purchased along with another item such as a beverage, gas or tobacco.

The Immediate Consumption Competitive Landscape

When hunger strikes, within 15 minutes consumers decide where they are going to go and what they are going to buy, make the purchase, and eat it. Consumers are turning to more channels to meet these needs:

- Drug and dollar stores with more grab-and-go options.
- Supermarket offerings beyond just deli sandwiches and salad bars.

Packaged Food Insights

Currently, prepared foods made fresh are purchased during 80 percent of overall immediate consumption trips, while packaged foods are picked up about 25 percent of the time. However, when packaged food purchases are examined on their own, convenience stores fare well: 62 percent of immediate consumables purchased at convenience stores are packaged, and convenience stores dominate

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the competitive landscape with 47 percent of overall packaged food sales, while quick serve restaurants represent only 15 percent (which comes from purchases alongside a foodservice offering). Both dollar stores and drug stores also perform better in packaged food sales: almost 85 percent of food sales for both retailers are packaged.

Packaged Food Triggers

While hunger is the biggest factor in a consumer's immediate consumable decisions, craving is the largest trigger for selection when it comes to packaged foods, with hunger and food as a treat rounding out the top three reasons for purchase.

Further, convenience is especially important for packaged foods trips. While con-

stores can focus on when developing sales and marketing strategies. Research shows that immediate consumption trips to the same location are made at least monthly (75 percent) and often weekly (43 percent), so becoming more of a destination and less of a stop-off for immediate consumption can add up in terms of food sales.

"Sixty-two percent of immediate consumables are packaged, and convenience stores dominate the competitive landscape with 47 percent of overall packaged food sales."

62%

Convenience stores interested in capturing more of the lucrative immediate consumption business can get creative in seeking new business while protecting their long-time strengths.

products and beverages, and unique foodservice options.

- Protect current strengths, including the energy, habit and craving triggers, to continue to compete with other channels. For instance, convenience store retailers can keep heavy users happy and habitual with effective shopper loyalty programs while encouraging impulse add-ons through relevant communication and merchandising. Craving stations near the coffee set or fountain beverage are both easy to implement and effective.
- Understand that visits to their stores are more about snacking and less about meals. Visitors look for ease and energy, and convenience stores can benefit from the broad snack offerings other outlets lack. Communicate these unique offerings and position them in a shoppable way.
- Make it fast and simple to suit the convenience needs of shoppers. Nearly all food decisions are made in less than one minute, so portability and bundling should be top priorities. For example, bundle energy drinks and a prepackaged snack item. Place the right snack products next to trip drivers like beverage to increase ring.

In today's competitive marketplace, convenience store retailers can better position themselves against quick service as a relevant option to satisfy consumers' cravings on the go, and capitalize on the opportunity to drive more consumers away from quick service options. By focusing unique channel strengths against consumers' immediate consumption cues, convenience store retailers can drive more purchases and increase profits from food sales. **AV**

"While hunger is the biggest factor in a consumer's immediate consumable decisions, craving is the largest trigger for selection when it comes to packaged foods, with hunger and food as a treat rounding out the top three reasons for purchase."

venience store visits are habitual and deliberate, food purchased for immediate consumption is more impulsive, focused on energy, craving, snacking and convenience; again, all categories that convenience retailers can use to their advantage.

Finally, research shows that convenience store visits skew more toward both morning and afternoon snacking than do visits to competitors, so this is another key timeframe for convenience store retailers. Quick serve restaurants currently dominate both the breakfast and lunch categories.

How Immediate Convenience Can Lead To Immediate Consumption

In a nutshell, immediate consumption trips are fast, habitual, food-focused and primarily done alone, drivers that convenience

In particular, c-store retailers can:

- Offer food items that satisfy consumer hunger to protect against quick serve restaurant dominance. Consider offering alternative options to curb hunger that quick serve restaurants lack, such as varied packaged food solutions, appealing combinations of

Winning Immediate Consumption In The Convenience Channel

PROTECT AGAINST QSR STRENGTHS

- Hunger dominates
- Less about habit and routine
- Not impulsive
- Chosen because of ease and convenience, as well as price/value
- Prepared food more often purchased

LEVERAGE C-STORE POINTS OF DIFFERENCE

- Less about hunger
- More about energy, craving and habit
- Shop is habitual, but food purchased is somewhat more impulsive
- Chosen almost exclusively for convenience and time-saving reasons.
- Packaged food and beverage more often purchased

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Hawaii—What A Convention!

The magic that was the NCASEF Convention and Trade Show at the beachfront Hilton Hawaiian Village in Oahu July 8-12 started the moment you stepped off the plane and continued until you left a week or more later for that same airport. However you cut it—the island breezes, the angle of the sun, the beaches that range from pink to dark brown, the beautiful people, the surfers on the north shore, the luaus—all of Hawaii has that specialness embodied in the Polynesian island experience, the weather and being so far away from home.

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Life in the Hilton Hawaiian Village where the convention was based resembled a small city marked by excessively sunny days, mild temperatures and friendly people in bright clothing. The Hilton complex, with five different towers, multiple pools, its own lagoon, and more than a hundred different shops and eateries, was abustle with conventioners, franchisees, vendors, and vacationing couples and families from all over the globe. This is the land of macademia nuts and pineapples, happy island people, and hotel lobbies without walls because the temperatures are so moderate they need neither heat nor air conditioning.

Amid the hustle and bustle, unknown to unsuspecting vacationers, the National Coalition's Convention and Trade Show was taking place under the cover of anonymity save for our trade show badges and the set of banners sponsored by



vendors welcoming franchisees leading up the hotel drive. Over five days, we came, we saw, and we conventioned. From the splendid Sunday night opening reception at the superpool, to the awards grand banquet the following Thursday, we winned and dined and we learned, and franchisees became storeowners with a Hawaiian twist.

Early Monday morning, after the sponsored daily exercise on the beach and a more than adequate Hawaiian-style continental breakfast, NCASEF Chairman Bruce Maples and the Coalition's officers convened a town-hall type meeting that both informed franchisees about Coalition activities on their behalf, and outlined efforts to make things better through working with vendors and our franchisor.

Next up was General Counsel Arnold Hauptman's Legal Seminar that covered SEI's encroachment policy, store growth, its effects, and what to do if it happens to you. Then SEI's Chief Technology Officer Steve Holland described the company's plans to conquer the worlds of digital and social media and some of the tools that will be used to



do it. After lunch and the magic show, everyone was treated to the Magic of Polynesia show at the Waikiki Beach Comber Hotel that highlighted Hawaiian dancing, acrobatics and fire spinning.

Tuesday's highlight was the Joe Saraceno Charity Golf Tournament at the scenic Mamala Bay Golf Course on Hickam Air Force Base, next door to Pearl Harbor. The NCASEF tournament was played to raise funds for Hire Heroes USA, the non-profit that provides counseling and seminars to help our military personnel returning from Afghanistan and Iraq find jobs and reenter civilian life. Conventioners who didn't play golf had myriad choices for the day ranging from visit-

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ing Pearl Harbor or the Polynesian Cultural Center, to sitting on the beach, surfing, snorkeling, biking, or more structured activities like hiking the tropical rainforest, zip-lining, day cruises, or even seeing hot lava oozing from a live volcano.

Seminars continued after breakfast Wednesday morning with motivational speaker and TV personality Ross Shafer, and Thursday morning with an excellent presentation from Rob Chumley, Vice President, Social Media, from 7-Eleven, Inc. Franchisees were a bit amazed and dazzled with Chumley's descriptions of social media approaches, customer problem-solving, and the digital store approach of the future. Clearly change awaits the average franchisee, and the descriptions of SEI's new digital media plans heightened the excitement.

Innovation was most evident at the Trade Show on Wednesday and Thursday afternoons, through the new products from the more than 270 vendors exhibiting at the show. From the new Fred water to the revival of Pabst and Old Milwaukee, to the comfort of Budweiser, Miller-Coors and Heineken, and the excitement of 5-Hour Energy, Kellogg's, Red Bull and all the many Nestlé companies, franchisees sampled, tasted, talked and, most importantly of all, ordered products for their stores. It used to be that ten hours of trade show over two days was long enough to visit every booth, but no more!

White tables and chairs against the backdrop of palm trees, a natural lagoon and Waikiki Beach at the Wednesday evening fundraiser and luau left no doubt that Hawaii still reigns as one of the



most beautiful places in the world. Add in a 7-Eleven Day celebration with fireworks over the lagoon, and \$70,000 raised for charity in one night, and the picture is complete.

Likewise, the dressed up elegance of the Hawai-

ian-style Grand Banquet dinner-dance and awards ceremony on Thursday evening recognized those folks who most supported the NCASEF throughout the year. Red Bull, Coca-Cola, Hershey, Kraft, Kellogg's and Dr Pepper Snapple Group all received the Chairman's Recognition Award for outstanding support of franchisees, and long-term franchisee Herb Domeno and his wife Pearl received the Chairman's Award for their involvement with the Southern



California FOA and their tenure as the longest reigning 7-Eleven franchise owner in the country at 48 years and counting. Congrats Herb, you're a model for all of us.

From our valued vendors, who supported us and made the convention possible, to our franchisee members, officers and convention staff, to the SEI management who presented and attended, thanks to all who made this year's show possible. It was good to be back in Hawaii and good to be creating memories that will last until next year's show at the amazing and wonderful Venetian in Las Vegas. See you there.

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"From our valued vendors, who supported us and made the convention possible, to our franchisee members, officers and convention staff, to the SEI management who presented and attended, thanks to all who made this year's show possible."



Franchisees Herb Domeno and his wife Pearl were honored for their service to the Southern California franchisee community and for their 48 years in the 7-Eleven system.



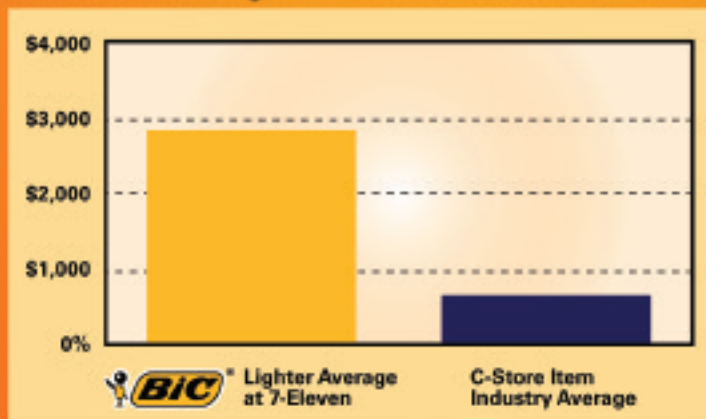
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Cause Equity Program With Vendors Raises \$340,000 For Hire Heroes USA

Hire Heroes USA President and CEO Brian Stann was as surprised as anyone when National Coalition Chairman Bruce Maples announced at the Grand Banquet Ceremony Thursday night that the NCASEF's cause equity program supported by 12 participating manufacturers and SEI raised over \$340,000 for his organization.

Stann, who was presented a giant check said, "Once again we are blown away by the NCASEF's dedication to our nation's veterans. The NCASEF continues to be the largest donor for Hire Heroes USA and the reason for our continued expansion of services for veterans. We owe so much of our success to the men and women of the National Coalition."

Between May 1 and June 30, in concert with 7-Eleven, Inc. and 12 top suppliers, 7-Eleven franchisees raised funds through the sales of 39 specific products offered by the brand-name companies who donated a

portion of each sale to the fundraising effort. Participating companies included Anheuser-Busch InBev, BIC, Dr Pepper Snapple Group, The Hershey Company, Kellogg's, Kraft Foods, Inc., Mars, Inc., MillerCoors, Nestlé Professional, Nestlé Waters, PepsiCo, and Perfetti van Melle. Additional funds were raised through the Joe Saraceno Memorial Golf Tournament held during the convention.

"We are honored to be able to make these donations to two very worthy charities."

—Bruce Maples, Chairman

National Coalition of Associations of 7-Eleven Franchisees

Hire Heroes USA is a non-profit organization offering transition assistance, job search assistance and job placement services to those veterans injured or disabled in Operation Iraqi Freedom and Operating Enduring Freedom.

"We are honored to be able to make these donations to two very worthy charities," said Bruce Maples, chairman of the National Coalition. "This marks the third in a three-year commitment to Hire Heroes USA, and with this year's donation we have now contributed more than three quarters of a million dollars to this outstanding organization. We're very proud that our 7-Eleven family and our customers have all contributed to these charities and we look forward to continuing with our tradition of giving back to our communities and our nation."

continued on
page 70





NCASEF Raises \$70,000 For Susan G. Komen

Silent and Live Auctions at the National Coalition's 37th Annual Convention raised \$70,000 for nationally known Susan G. Komen For The Cure, the global leader in breast cancer education and research. Individuals and 15 Franchise Owner's Associations made pledges during and at the end of the live auction Wednesday night, and dozens of items in the silent auction contributed to the total.

Exhibitors

5-Hour Energy
Acosta Sales & Mktg
Activate Drinks
Advantage Sales & Mktg
Altria Group Dist. Co.
American Licorice Company
Anheuser-Busch, Inc.
Aon Risk Solutions
Bic Corporation
Blue Bunny Ice Cream
Bolthouse Farms
Bon Appetit Danish Co.
Borden Dairy Company
Boston Beer
BSN
Campbell Sales Co.
Coca Cola Refreshments
Commonwealth - Altadis Inc.
ConAgra Foods
Crown Imports LLC
Crunchies Food Company
Dean Foods
Diageo-Guinness USA
Dr Pepper Snapple Group
Eagle Beverage Products
Eastland Food Corp

Ecolab
Ezaki Glico USA Coporation
Ferrero USA, Inc.
FM Facility Maintenance
Fred Beverages
General Mills, Inc.
Good L Corp
good2GO mobile
Hangover Joe's Inc.
Heineken USA
Hostess
I.Gear Pugs
InComm
Innovations Ventures, LLC
Insight Beverages
Iowa Rotocast Plastics
Jack Link's Beef Jerky
JFC International, Inc.
Johanna Foods
Just Born, Inc.
Kan-PAK, Inc.
Kellogg's
Kraft Foods
Kretek International
Leer Inc.
LFP Publishing Group, LLC

Liggett Vector Brands
Logic Technology
Lorillard Tobacco Company
Lowrider Sunglasses
Marley Beverages
MARS Ice Cream
McLane Company Inc.
Mike's Hard Lemonade
MillerCoors Brewing Co.
Modern Smoke
MONSTER Energy Company
Morinaga America, Inc.
Mother Parkers Tea and Coffee
Movies U Buy
Nat Sherman, Inc.
National Tobacco Company
Nestlé DSD
Nestlé Professional
Nestlé Purina PetCare
Nestlé Waters NA
Neuro Brands, LLC
New Image Global
Pabst Beer 1227
Pabst Brewing Company
PATCO Food Safety Consultants
PepsiCo
Perfetti Van Melle USA
Pro View Foods
Promotion in Motion, Inc.

Red Bull North America
Rich Products Corp.
RJ Reynolds Tobacco Co.
Ruiz Food Products
Santa Fe Natural Tobacco Co.
Schnair Sales & Service, Inc
Shamrock Farms
Simply Orange
SK Energy
Smokers Best Group
Snuff Skins
Snyder's Lance Inc.
Sunny Delight Beverages
Swedish Match
Swisher International
TAG Bob Hart Agency Inc
The Hershey Company
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STRAW/BANANA



POM BLUEBERRY

V8 ORIGINAL
V8 SPICY HOT
V-FUSION POM/BLUE
V-FUSION CRAN/BLACK
V-FUSION STRAW/BANANA
V8 SPLASH TROPICAL BLEND
V8 SPLASH BERRY BLEND
V8 SPLASH STRAW/KIWI
V8 SPLASH FRUIT MEDLEY

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PRESIDENTS' REPORTS

2012

JULY/AUGUST

Presidents and vice presidents from 32 Franchise Owner's Associations met for two and a half days July 6-8, 2012 in Oahu, Hawaii just prior to the NCASEF convention and trade show. The hottest discussion topic at the Board meeting was the installation of the new DVR surveillance system in stores, and franchisee options to test whether or not corporate Asset Protection should have 24/7 remote access viewing of store operations. Five franchisees have filed for mediation over the use of the new system. Attorney Craig P. Kennedy, from McNeil, Tropp, Braun & Kennedy, LLP, attended the meeting and provided a legal perspective on the issue.

FM Facility Maintenance executives John Pavia and Trevor Foster described FM's FM24-7.com website and the equipment database the company has built for every store in the system.

Other topics discussed include BT, CDC delivery and cost of goods, BCP stores, encroachment, communication in Project E, payroll outsourcing, licenses and permits, gasoline prices, and association business.

COLUMBIA PACIFIC FOA

BILL HUFFMAN, PRESIDENT

The Columbia Pacific FOA Trade Show was held at the Lloyd Center DoubleTree on April 20. Over 100 franchisees and franchise employees representing 85 stores attended the event, and they were treated to booths from 42 vendors! Thank you to our vendors and to our Vice President Ravinder Waraich and Treasurer Jerry Crippen for putting on a great trade show, and thanks to the membership for supporting this event. Next year's date is already set—Friday, April 19. We pledge to have a bigger and better (and shorter) show for you next year.

Franchisees in Portland, Salem, and Vancouver are concerned about how the new store growth will affect them. Many of the new stores SEI is building or proposing are in close proximity to existing stores. SEI has stated that, "More stores in a trade area will lift the sales of most of the stores in that area." The franchisee community is worried about the stores that are not in the "most" group of that statement. Will SEI offer realistic help for the stores that are negatively affected by new 7-Elevens built nearby?

Our John Wilkerson Golf Tournament will be held at the McNary Golf Club in

Salem, Oregon on Friday, August 3. Everyone is invited to join us at this event.

WASHINGTON, D.C. FOA

MARK CHIOCHANKITMUN, PRESIDENT

It has been a tough summer for Washington, D.C. franchisees. It began with a horrendous storm that destroyed everything in sight with high winds and falling trees, followed by many days of power outages that affected more than 50 percent of all stores in our area. Additionally, the CDC was out of service for a day or two with almost nothing delivered to our stores because most vendors were unable to get their products to the CDC or had no ability to produce the goods for franchisees. As a result of all this, a lot of merchandise had to be written off and countless sales and profits were lost.

Recently, it seems our day-to-day operation has been compromised by poor communication, the failure of aging equipment and the inability of service providers to repair equipment in a timely manner, the glitch in our ordering system with McLane that results in franchisees not getting the merchandise they ordered, and inaccurate audit counts performed by auditors with

poor attitudes. Least I forget there's also the auto LONs and breaches still being served by SEI prior to any research or fact-finding to determine if franchisees are innocent of the infractions charged.

All and all we are surviving our rough and tough summer with our heads held up high. Our average sales are up 3 percent with a 41 percent GP.

CENTRAL VALLEY FOA

SUKHI SANDHU,
VICE PRESIDENT

Overall the first half of 2012 is looking good, as our market's merchandise sales are up 3.6 percent year-to-date. This sales increase is driven by Cold Dispensed (up 15.2 percent), Non-Alcoholic Beverages (up 8.8 percent) and tied for third—Fresh Foods (up 7.7 percent) and Snacks (up 7.7 percent). We are looking forward to a fun-filled summer with some exciting new items.

Another BCP store opened up in our area, now totaling 5 locations. All 5 locations are doing very well, with average sales exceed-

Topics such as CDC service issues, product quality issues, accountability of vendor shortages, store shortages, delivery issues, whole fruit LDU, and lack of return calls from the hotline were discussed. We hope to see improvements in CDC service, as it has become a stress point for our franchisees.

Memorial Day SlurpFREE Day was less than stellar compared to our traditional 7-Eleven Day, possibly due to kids being in school during the majority of the promotion time and the weather being average, if not cooler, than last year.

Another burning issue is the installation of the new DVR system. Everyone wants an updated system, but at the same time we feel that SEI's remote access of the surveillance system is a violation of the Independent Contractor agreement. Hopefully, we will be able to come to a comfortable resolution with our business partner.



National Coalition Chairman Bruce Maples, with General Counsel Arnold Hauptman, said that the DVR issue was first and foremost a contract dispute over remote access.

that 7-Eleven must uphold for their part of the agreement.

Since 7-Eleven has gone private, franchisees have experienced drastic changes in the relationship with SEI. The effect has been very severe on the entire franchise community. We all feel like no one is listening and—worst of all—like no one cares! Franchisee morale has fallen to its lowest levels.

Every business has frustrations or small defects, but the key is to avoid fatal flaws that can have a devastating impact on



Executive Vice Chairman Jivtesh Gill urged franchisees to embrace new technology or risk falling behind.



Vice Chairman Jay Singh suggested that recent payroll outsourcing moves have caused excessive payroll mistakes.



Vice Chairman Roger St. George questioned the efficiency of Project E due to the inability to reach a human being on the phone.

ing market traditional store sales average.

We held our yearly trade show June 1 with the Northern California FOA. We had over 40 booths supported by our vendor partners. Participation was good and all enjoyed the day.

Our Zone recently reinstated a CDC committee due to ongoing issues in our area. The meeting was attended by franchisees, field consultants, market managers, the Zone leader, Genesis, merchandisers, Dallas and Zone Logistics.

JOE SARACENO FOA

MATT MATTU, PRESIDENT

I am sure that when the first 7-Eleven was franchised, some 80 years ago, that the first storeowner was complaining about Accounting and Maintenance since day one. We have paid a franchise fee to buy into this system, and we expect to have certain needs met by our franchisor. The fee and the gross profit split cover some of the obligations

the bottom line. Well, it's getting there for franchisees with the massive cuts in the Accounting Department and the total elimination of the Maintenance Department. The communication gap is widening and we must change this mentality before it's too late. I have always talked about the win-win theory of business concepts, and that is the only way for a successful future. I myself don't have too many problems other than accounting, maintenance charges, and un-

continued on page 75

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qualified audit personnel. Other than that, everything is hunky dory!

We joined this system as honorable, dignified, credible and loyal franchisees of the 7-Eleven system. We require the respect that we deserve by becoming true partners, and not being treated like glorified managers.

The concept of 7-Eleven from day one has been related to a fast, friendly, compact, convenient neighborhood store intermingling with the community...let's not forget that. Keep your chin up, be honest and proud, and things will fall in their places!

Remember, we are what we repeatedly do. Excellence is not an act, but a habit. Former Chairman Joe Saraceno wrote this in his FOA's September 1980 newsletter:

"Let's control the chaos. The DVR system is first and foremost a contract issue about 24/7 remote access of franchised stores."

"Official letters of a somewhat intimidating and threatening nature are being sent to more and more franchisees. Can it be that we are witnessing a change in approach and/or attitude on the part of corporate management? We hope not! We have worked long and hard to establish and maintain the best possible relationship without endangering our independence or right of redress. A spirit of mutual respect and cooperation must prevail and must be our ultimate goal. Nothing is more devastating or harmful to long-term relations than unwarranted official reprimands. We suggest, therefore, that before sending such letters, either

more thought be given or the area of communications be first considered."

Sound familiar after 31 years? Certain things will never change! As I always say, "Let's work together for a prosperous future!"

CAL-NEVA FOA

RICHARD ROSE, PRESIDENT

Our summer began when we welcomed our new Market Manager, Katie Stuermer, who has been spending a good portion of her time working with other Market Managers in our Zone.

We have had two changeovers in the Reno-Tahoe area, and this is encouraging because of the amount of stores that are up

—Bruce Maples, NCASEF Chairman

for sale. Our FOA welcomes Dan Sanderman and Sandeep Kaur as new members of our association.

We have seen a modest sales increase this summer. Many stores have had to deal with road construction very close by, and that has had a negative affect on our sales. This is the same situation as other areas in our Zone have reported.

"Hot August Nights" begin in August for the Reno Tahoe area, which should give a much-needed boost to the local economy. Also, in the beginning of next month we will have the "Best in the West

PRESIDENTS' REPORTS 2012

Rib Cook-Off."

The DVR issue is a major concern for our franchisees, just like every other area in the country. The major issue is the reviewing of our employees by corporate.

We would like to give our sympathy to the field consultants, franchisees and friends in the Sacramento area for the loss of Greg Entizne, a field consultant who has been with the company for many years.

At the time of writing this report, the Cal-Neva FOA is preparing for the 10th Annual Lou Magnotti Golf Classic on August 17. Many thanks to those vendors who have helped us this year.

UTAH FOA

ZACHARY WEATHERMAN, PRESIDENT

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

On a more local level, we are busy making preparations for our first trade show. Our Vice President Rich Learned and Board members have been working night and day to make it a success. The trade show will be held August 16 at the Marriott Downtown at City Creek. The last two FOA member meetings will be on September 18 and November 20.

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Joe Saraceno FOA President Matt Mattu said BT has improved operations in some stores.



Greater Bay FOA President Ray Dhalilwal pushed hard for NCASEF involvement in the DVR issue.



Vice Chairman Karam Dhalilwal said BT could solve some problems with ordering.

New Pink Lemonade 5-hour ENERGY®



AVON
Breast Cancer
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In 2012, 5-hour ENERGY® is donating at least \$75,000 to the Avon Foundation for Women Breast Cancer Crusade in connection with this product.

Introducing new Pink Lemonade 5-hour ENERGY. Starting in October 2012 and running through December 2012, a portion of each sale of Pink Lemonade 5-hour ENERGY will be donated to the Avon Foundation for Women Breast Cancer Crusade. The more you sell, the more we will give. Pink Lemonade

5-hour ENERGY will be available in a 2-tier counter display and a 120-bottle floor display. Plenty of media and marketing support will generate consumer demand, so make plans now to have plenty of new Pink Lemonade 5-hour ENERGY on hand for the big October launch.



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FOA OF GREATER LOS ANGELES

KATHY YORK, PRESIDENT

Our Zone is rolling out BT to the remainder of the stores. Initial reports from some franchisees are that they want their DSD vendors, they want to negotiate deals, and they want to order any SSI item they please. Our concern is, now that all the stores in the Zone will be on BT, we will not have any non-BT stores to compare prices.

CMR rollouts have been put on hold while the company looks at the San Diego stores they just completed to determine if any changes need to be made as they move forward to our Zone.

We are already working on our trade show for 2013, and have just had our yearly golf tournament. Our next event is a picnic for our members in September.

VIRGINIA FOA

WAQAR SHEIKH, PRESIDENT

Last month Virginia, Maryland and Washington, D.C. stores experienced extreme power outages due to storms. It was not the first time, nor was it the last storm. What we have to analyze is if all 7-Eleven departments are ready for the unexpected—such as our delivery system with McLane and the CDC, our maintenance department, and the IT department—and if we have an emergency plan in place.

Most importantly, the power compa-

"ON ONE HAND, WE HAVE NO EXPECTATION OF PRIVACY AT THE STORE. ON THE OTHER, THE DVR SYSTEM STRETCHES THE BOUNDS OF FRANCHISEES' INDEPENDENT CONTRACTOR STATUS."

--NCASEF BOARD MEMBER

nies cannot trace us when we call them for power outages and give them our phone numbers. They would say they do not have our number on file—they probably have a Dallas number; this should be corrected as soon as possible.

We do not have any power generators for back up in our stores. I saw some small mom-and-pop stores in my neighborhood running their stores on power generators. If SEI cannot provide the power generators, they should arrange a package so franchisees can buy the generators at a cheaper price if they are interested.



Attorney Craig Kennedy said it is a reasoned and principled stand that franchisees are taking on the DVR issue.

Depending on the length of the power outage, stores in our area experienced thousands of dollars of merchandise loss, which affected our gross profit. Some stores had power restored within hours and some did not get it back for days. If a store was not able to send orders, the store did not receive a delivery the next day both from the CDC and McLane.

Arrangements should be in place for such emergencies. Field consultants, market managers, and the Zone leaders were in touch with the stores, but having no system in place they were unable to provide any material help.

The irony was that after the power was restored in some stores, their ISPs were down and the stores were still not able to send orders. I think we should have a system in place for emergencies. In my opinion, this should be one of the topics of the upcoming National Coalition meetings.

PRESIDENTS' REPORTS 2012

The FOA leadership should come up with suggestions as to how we should deal with such emergencies.

SACRAMENTO VALLEY FOA

JAY BRAR, PRESIDENT

The ultimate display of competition can easily be seen daily when you turn on your TV to watch the 30th Summer Olympic Games being held in London. The games are a great source of inspiration to people of all walks of life. A sense of such inspiration is surely obvious in the Sacramento area franchisees, as the Market's sales are up 3.6 percent for August and 3.8 percent year-to-date.

The focus continues still to be Fresh Foods. To achieve the goal of 20 percent by end of 2015 we are on the right path, achieving about 9 percent as a Market. Water (1.5L or less) sales were up 34 percent in June, but 20 percent in July.

Area franchisees still have many questions regarding the variation in their inventory, but very little answers. Regardless, it is a bucket full of shortages or overages, and it is a truly difficult task for a franchisee to find out if the errors, mistakes, or miscalculations are because of the auditing crew (in this case, WIS), the Accounting Department, or within the operation of the store in question. However, franchisees are not totally satisfied with the services provided by WIS. The issues span from scheduling to the competency, discipline or professionalism of some staff members, as seen in many instances. Many franchisees strongly feel the surveys that are done immediately after the audit should not be done at that time, because real performance can only be judged when the final results come in.

On July 4, 2012, the first anniversary of the Sacramento Valley FOA, a few mem-

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“Franchisees refusing to allow 24-7 access could have a very good case.”

*—Arnold Hauptman,
NCASEF General Counsel*

bers got together in Marysville, California and toasted to the bright, successful future of the association. The group membership is on the increase.

A three-panel committee comprised of Dharminder Janda, Harprit Dhillon, and Jaswinder Sandhu is looking into putting together a line of events in the future, such as a family picnic, a trip to Great America or Six Flags, or a camping trip.

In last few weeks, the new DVR surveillance system has been installed in stores in the Sacramento area. There is no feed-back available yet from the franchisees.

The way new stores are emerging in the area, many expect there will be plenty of opportunities to grow the 7-Eleven franchise by leaps and bounds. On the contrary, franchisees who have recently franchised and now operate some of the new stores seem to expect much more from the franchisor in terms of support as they struggle along with poor sales. Patience is the key, I suppose.

NEW ENGLAND FOA

DENNIS LANE, PRESIDENT

Summer 2012 has been hot in New England, and with that heat comes increased sales. The New England markets are averaging about 3 percent ahead of last year. Unemployment in New England has started to stabilize, but we have a long way to go to see significant economic improvement across all sectors.

One of the biggest challenges facing franchisees in Massachusetts—and many other states that we do business in—is the threat of state lotteries going online. In Massachusetts, lottery commission income is one of the largest contributors to our

store's bottom line. Not only would we lose commission income, we would lose the market basket of coffee, cigarettes, and all the other products that our lottery customers buy when stopping in to try their luck. 7-Eleven stores have helped to make the Massachusetts State Lottery one of the most profitable in the country. The New England FOA is working with the State Treasurer and the lottery task force here to keep lottery commission income where it belongs, on our bottom lines.

SAN DIEGO FOA

JIM NUNNALLY, PRESIDENT

Consolidated Market Rollout (CMR) is nearly completed in San Diego, with 200 of the 209 stores scheduled now finished. With this rollout, 156 stores were given the Hot Foods program to serve our customers. Current average of Hot Foods sales is \$90 APSD, with SEI's goal set at \$140 APSD. There are 47 stores presently over \$100 APSD, with 10 over \$200 APSD in Hot Foods. A strong upward trend in sales growth is being seen across the three markets. Sadly, approximately 31 stores will not be freshened up with the new program, as the stores are on short-leases and SEI doesn't want to make the investment should the leases not renew.

This remodeling and Hot Foods program installation began in mid-spring, and early summer brought an enormous marketing campaign to promote the new 7-Eleven stores in everyone's neighborhoods. Advertising is prominent across every media in San Diego County. There are billboards, heavy radio blitzes, TV saturation, digital media, bus signs, trolley wraps, bus stops, and aerial banners and press at many community events throughout the area. Door hanger coupons and flyers are being distributed via mail to hundreds of thousands of households throughout San Diego County. This marketing campaign began the last week of June and will run through October. It is the biggest advertising push I have seen in my 16 years as a franchisee.

Project E is plaguing every franchisee. It is impossible to get accounting concerns

PRESIDENTS' REPORTS 2012

resolved in a timely manner any more. The big announcement that they would have accounting telephones answered 24 hours a day, seven days a week, has done nothing but frustrate franchisees. All this after-hours coverage is nothing more than a telephone bank, located in the Philippines, answering calls and sending the messages over to the accounting center to review on the next business day. Payroll needs that require immediate action are given a res-

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FOAC President Joe Rossi stressed the need to focus on the issues and stay united.



Southern Nevada/Las Vegas FOA Vice President Iris Yost said franchisees must push hard on accounting errors or things could get worse.



Central Florida FOA President Fari Ishani said Florida accounting was unable to keep up with the work.



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Who is INVENTURE FOODS?

We have several high quality brands that offer **VARIETY** Not Duplication.

We offer **UNIQUE** products.

Our brands are known and trusted by the **7-Eleven** customers.

Inventure Foods brands create incremental **SALES** and **PROFITS**.





Franchisees discussed merchandising, BT, maintenance, and CDC cost of goods in committee breakout groups.



Greater Los Angeles Board Member Jas Dhillon criticized the factoring of items in the ordering system.

olution date in the system of seven days or longer. Clearly, no one is reviewing the urgency of our needs anymore. You cannot even get hold of an accounting center employee during regular business hours. Everything goes to the phone bank out of the country.

Payroll problems persist with franchisees trying to set up new employees to get paid, and are actually left in a very vulnerable position by not getting payroll confirmed for new folks. Some employees have gone without pay for three weeks, which is not a legal situation for those franchisees caught up in this mess.

Approximately 15 franchisees from San Diego and their families attended the

did a fantastic job. Their planning and attention to detail for each day was amazing. Congratulations on a successful convention and trade show!

The FOAC Charity Golf Tournament is around the corner and our team has been working hard to make sure it's another successful event! The 7-Eleven Franchise Owners Association of Chicagoland (FOAC) supports two very important nonprofits: the Ann and Robert H. Lurie Children's Hospital of Chicago, and the Gift of Hope Organ and Tissue Donor Network. The golf outing, scheduled for Wednesday, August 22 at the Gleneagles Country Club in Lemont, Illinois, is being co-hosted by Chicago Bears Super Bowl XX Champ

"To replace equipment, first we must know what equipment is in the store. FM has built an equipment database for all 7-Eleven stores in the system."

—Trevor Foster, President, FM Facility Maintenance

NCASEF convention and trade show in Honolulu in July. A good time was had by all.

7-ELEVEN FOAC

JOE ROSSI, PRESIDENT

Aloha! In July, two fellow FOAC Board members—Rick Boone and Rashid Siddiqui—and I attended the 2012 National Coalition Convention and Trade Show in Hawaii. I'd like to applaud the entire NCASEF team, Bruce Maples, Michelle, Kat, John Riggio, Jivtesh Gill, Karam Dhaliwal, Jatinder Singh, Roger St. George, and Anas Abboud. The entire NCASEF team

Dennis McKinnon, fondly known as "Silky D." We'll be sure to share photos in the next Avanti magazine issue.

On November 8th, the FOAC is hosting our 4th Annual Holiday Showcase and Party at the Holiday Inn North Shore in Skokie, Illinois. On behalf of the FOAC Board of Directors, please join us to celebrate this year's successes and look forward to 2013. Our Holiday Trade Show will begin promptly at 2 pm with over 30 vendors showcasing their seasonal specials. The festivities will continue after the trade show with dinner and dancing to follow. If you'll

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like to join us, please register at www.7-elevenFOAC.com.

I look forward to seeing everyone in Nashville in October!

PACIFIC NORTHWEST FOA

MANINDER WALIA,
PRESIDENT

Despite below average summer temperatures in the Pacific Northwest and struggling economic conditions, sales in both Markets were up by 2 percent. GP percent is down by 1.5 to 2 percent YTD. Fresh food sales are increasing, mainly due to the success of mini tacos, with average stores selling 120 units PSD.

7-Eleven is expanding rapidly in our Zone and is looking to build 100 more stores in the Pacific Northwest by the end of 2014. Our Zone Leadership Council meeting was held on August 9, and our Zone Leader Larry Hughes unveiled his plan to grow Fresh Food sales to 20 percent of total merchandise sales by the end of 2015.

Zone merchandisers for Fresh Foods, Alcohol/Wine and Non-Alcoholic Beverages informed committee members of the new innovative products being introduced. The 2 for \$1 Glazed Donut promotion is being replaced by 3 for \$2 from September 2012. Franchisees expressed their concerns about high retails on budget beer, which is driving down beer sales in both markets. We are experiencing problems with wine deliveries and cost on single unit purchases as a result of the passage of Initiative 1183, which ended the state's 78-year monopoly to sell liquor. Beer/wine distributors are charging a premium for delivering wine by single units, thereby forcing franchisees to increase the retails on wine in the stores.

Our annual charity golf tournament is

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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.



4 Exotic Flavors



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



on August 14 at Trophy Lake Golf & Casting in Port Orchard, Washington. It has been two years since we had our first elections to the FOA Board. The next elections for 11 new Board members for a two-year term will be held on October 3, 2012. Our annual FOA holiday cruise party, sponsored by Rockstar, will be held on December 8.

GREATER BAY FOA

RAY DHALIWAL, PRESIDENT

Summer in Northern California is in full bloom and we are having hotter weather compared to last year. Our Zone is in the top three in the country for same-year merchandise sales increase. We have been informed that our fearless leader in Dallas has set a challenge to increase food service sales by 20 percent. Again, the food service sales increase for our Zone is one of the highest in the nation. It tells me is that good weather coupled with good communication—from Zone leader and operational staff to franchisees—and having a good working relationship between SEI and franchisees, can produce positive results.

I believe foodservice in the convenience industry is dynamic compared to other industries, and among the convenience store players 7-Eleven is the most dynamic when it comes to changes and growth. However, something like this can be a double-edged sword. It provides new opportunities to many, and stretches the imagination and challenges to the max. Sometimes it can also be an environment created that affects parts of the business adversely.

One of the major challenges franchisees are facing in our area is the accuracy of audits. The merchandise counting accuracy and knowledge of the WIS personnel leaves much to be desired. As the saying goes, "You get what you pay for." We have long-tenured, experienced and capable SEI Loss Prevention Zone leadership who is continuously having dialogue with franchisees to figure out how to improve accuracy, but we have not seen any improvements. Regardless of which way the

audit results come out, it is favorable for SEI. I do not want to believe that top management is aware of this ongoing situation and has turned a blind eye. I fully believe in the acronym R.I.G.H.T. and the handouts that SEI sent to stores, and I also believe that top SEI management believes in it and has the desire to follow it. We need to see further steps taken to improve this situation. Franchisee frustration is directly proportional to the 7-Eleven charge.

Another challenging situation has been CDC deliveries. Three months ago we did not have the product shortage we have now. The two variables are second day delivery for dairy and tighter truck capacity with the addition of new stores. Stores all over the Bay Area have been going without full gallon milk deliveries. One of the East Bay markets has stores that are number one in the country for gallon milk sales per day.

"THE PROJECT E STRATEGY CHALLENGES FRANCHISEES WITH A LACK OF MANPOWER AND A HUMAN BEING ON THE OTHER END OF THE PHONE LINE."

It is disastrous when milk shelves go empty day after day and field consultants, market managers and Zone managers try their best for the franchisees and the condition does not improve. One wonders what's going on with other departments such as Procurement and Logistics that are involved in fulfilling the needs of our guests. There are fresh food delivery situations, also (too lengthy for this report) that are adversely affecting our national goal of reaching the 20 percent increase. I am certain top management is aware of it and will take necessary actions to improve conditions.

On a lighter side of subjects, the innovation team of Chumley/Holland enlightened us on the forthcoming innovations. I truly believe that our immediate competi-

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tors do not have the vision to come up with and pursue the digital efforts shared with us. I say let's encourage bringing these ideas to fruition as fast as the company can. My hope is the company will involve franchisees who have education, knowledge, experience and desire for change so the transition time and learning curve are minimized and profitability is maximized.

KANSAS CITY FOA

FAISAL ASAD, PRESIDENT

Last quarter, the Kansas City market was 3 percent up in overall merchandise sales. Since the establishment of this FOA, franchisees in our area are now more involved in understanding processes and implementing them in their stores with consistency. I had an opportunity to be on a Zone Leadership Council conference call in August, and I do feel that more communication will increase productivity.

We have had severe hot weather of 98 to 108 degrees in the last couple of months. FM, as usual, happens to be highlighted during these 100 Days of Summer. They need to work on their communications to the store—especially when parts are ordered—and most important, hold contractors accountable. We hope to see improvements in the near future.

Since March 2012, the Kansas City store count increased from 26 to 36 (currently) and will add two more stores by August 31. With that, we are also being introduced to a CDC program in October 2012. Kansas City and St. Louis stores will be getting serviced accordingly. So far what we know is that fresh sandwiches, donuts, cut fruit, produce, and private label snacks can be ordered and delivered daily. Currently, we are being serviced by DSD vendors on a weekly basis for sandwiches. We have waited a long time for such a program to be competitive and offer a fresh perspective to our guests.

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Indulge in an **EXCLUSIVE** flavor experience

- HÄAGEN-DAZS® is the #2 Best Selling ice cream brand at 7-Eleven (18%)
- HÄAGEN-DAZS® Bananas Foster ice cream will be Exclusive to 7-Eleven in 2012
- HÄAGEN-DAZS® 2/\$8.99 Value Offer from April 1-June 30!

FIRST ORDER DATE: 4/16/12

EXCLUSIVELY
at



SLIN: 190945



flavor notes:

rich, fresh roasted banana ice cream
blended with a brown sugar and rum swirl
with notes of cinnamon and nutmeg

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The Kansas City FOA is committed to developing the staff and infrastructure needed for multi-day daily ordering certification. A big concern and opportunity for our FOA is to have the Hot Foods program. Our FOA does understand that we need solid infrastructure and high SAR percent in our stores for SEI to roll out CMR in our area. Ten newly acquired stores have been renovated and are already selling hot foods. Our FOA is working with our market manager and his team to better our understanding of the processes, standards and uniform image. We hope SEI will soon make the decision to renovate the existing 26 stores and provide them with the tools to overcome low margin challenges caused by beer and cigarettes sales.

I want to personally thank our Chairman Bruce Maples for joining us in our June 7 FOA meeting in Kansas City. He visited a few stores with us and FM CEO Jim Reavy. We will be hosting our third quarter FOA meeting on August 30.

"IT IS IN EVERYONE'S BEST INTERESTS TO SETTLE THE DVR ISSUE."

--CRAIG KENNEDY,
MCNEIL, TROPP, GRAUN & KENNEDY, LLP

UFOLI

TARIQ KHAN, PRESIDENT

Our sales numbers are pretty soft for the last quarter. We are a couple of percentage points down on the sales side. That is not a good situation for us in the franchise community. New store growth continues to be aggressive on Long Island, which is a huge concern for us. We are happy that the company is growing, but too many stores are feeling the negative effects of having a new store open in close proximity.

The other big issue is the DVR surveillance system. We are getting letter after letter from all sides on this matter, and most of us are just waiting for the outcome of the mediation and negotiation between SEI and the test franchisees. We used to get

support from our franchisor when we had to renew licenses. In New York we are now required to renew our license to collect sales taxes every year, and there is a fee for that and we have to fill out the application and follow through. But now we have no support from SEI and it's all up to the franchisee, and it's more stressful.

Another issue is the law that was passed in the village of Haverstraw in Rockland County, which outlaws the display of cigarettes. We have challenged it with the help of manufacturing trade associations and the New York Association of Convenience Stores. Additionally, the town of Southampton in Long Island is trying to ban the use of plastic bags. We are working with the food industry alliance on this issue. The town is doing a test now.

Margins are pretty soft, still. The cost of doing business continues to weigh us down. Our competition continues to grow and they are advertising heavily. McDonald's, Panera Bread and Dunkin' Donuts aren't giving us a break. Coffee sales continue to decline, as well as customer counts. This is a concern. Our big loser is cigarettes and our big winner is non-alcoholic beverages. If you look at the gross profit dollars with non-alcoholic beverages, they exceed beer sales.

Our golf outing is coming up August 30, 2012 at the Timber Pines Country Club. Our original date was June 14, 2012, but it was rained out so we rescheduled for August 30. We have another event where the American Cancer Society is recognizing the UFOLI President as Man of the Year on September 24, 2012.

CENTRAL FLORIDA FOA

FARI ISHANI, PRESIDENT

Scan audits are happening in more and more stores in Florida. That's a good thing because the current audit process and the issues with Accounting and invoices has been a tremendous obstacle for us, as many franchisees in our area are getting audits resulting in overages.

It seems Accounting hasn't been keeping up with the invoices that are coming in, so at the time of an audit it makes it look

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like franchisees are doing something wrong—yet we have audit corrections from as far back as two to three months going into the current audit. To make matters worse, we then have Loss Prevention and field consultants coming down on us wondering what's wrong, making us feel like we're being looked down upon through no fault of our own. We can have an open log with all of the invoices listed, but with all of

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Central Valley FOA Vice President Sukhi Sandhu said SEI formed a CDC committee to respond to service issues.



UFOLI Vice President Phil Castaldo said franchisees asked what the NCASEF can do to test the DVR issue.



Columbia Pacific FOA President Bill Huffman said area franchisees are concerned about store growth.

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THE #1 NATURAL CHANNEL BAR BRAND¹, NOW IN C-STORES!



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A delicious blend of fruits, nuts, and spices
to help energize your sales!

continued from page 85

the stuff that goes on in a day, who has time for that? We trust 7-Eleven Accounting to do a good job keeping up with our day-to-day operations, yet we are the ones who look bad when the audit comes up over or short because Accounting is not keeping up with the invoices.

Of course, when you have a shortage nobody is there to say, "Why are you short?" You don't see Loss Prevention or Asset Protection come out there and help you find it. If they did find it, they will give you an invoice to sign for the gross profit day loss, so that's a double whammy for the franchisee. It's just not getting better.

I think this has been a problem ever since SEI closed down one of its accounting centers and shifted it to another place as part of their Project E cost cutting measures. This leaves more work for fewer people and they are just not able to keep up with the workload. Ever since the company implemented Project E, many franchisees are confused as to where to go and what to do to fix accounting problems. Even some of the field consultants don't know what to do.

I'm hoping with the new scan audits coming in as part of the BT program rolling into Florida, things will improve. BT is presently rolling out in 30 stores in Market 1506, and in October it is going live in all Zones. It's a huge task and we're looking forward to it. It is a hybrid version of BT, different than what Los Angeles has and somewhat improved from what they have in Dallas. We are hoping with this new system some of these accounting issues will be gone, but only time will tell.

As far as FOA activities, we have a

Board meeting coming up on September 12, 2012. We have asked SEI Accounting to come and participate, and we have vendors coming as well. We had a trade show in June, which was very successful.

SOUTHERN NEVADA/ LAS VEGAS FOA

JATINDER SINGH, PRESIDENT

Las Vegas' local economy is showing some signs of recovery, but not a lot. The housing market is still the same, except there is growing demand to buy foreclosed homes. Nevada provides some help through banks for refinancing at lower interest rates under HARP programs, which has given some relief to homeowners. Local stores are showing sales increases in some categories and GP dollars are on the rise, but only a little bit compared to last year. Our stores have teamed with the Transit Authority and as a result we are selling lot of bus passes. Our annual charity golf tournament is on September 21, 2012 at the Royal Links Golf Course. A Denver-based group has bought 11 City Stop convenience stores, and now they are being converted to 7-Elevens under the BCP program. Some of the changeovers have been completed and others will take place shortly.

Financials for our two Markets are as follows:

- Sales To Last Year: Market 1607—1.21 percent; Market 1608—1.50 percent
- Without Cigarettes: Market 1607—4.88 percent; Market 1608—4.20 percent
- Guest Count: Market 1607—Down 9; Market 1608—Down 7
- Gasoline Gallons: Market 1607—Down

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4.60 percent; Market 1608—0.53 percent

• GP\$: Market 1607—0.93 percent; Market 1608—1.95 percent

• Top Five Categories: Market 1607—Non-Carbonated Beverages (+\$25.90), Frozen Non-Carbonated Beverages (+\$18.40), Slurpee (+\$10.40), Non-Food (+\$7.40), Snacks (+\$7.30); Market 1608—Non-Carbonated Beverages (+\$28.60), Frozen Non-Carbonated Beverages (+\$18.00), Slurpee (+\$8.60), Snacks (+\$6.60), Fresh Foods (+\$5.40)


• Bottom 5 Categories: Market 1607—Grill (\$5.40), Candy (\$9.30), Soft Drinks (\$10.40), Coffee (\$16.80), Cigarettes (\$36.10); Market 1608—Publications (\$2.80), Candy (\$7.30), Soft Drinks (\$12.50), Coffee (\$17.90), Cigarettes (\$40.70)

DELAWARE VALLEY FOA

M. AL HAFFAR, PRESIDENT

Sales in our area are about 2 percent up, and GP percent has improved. Franchising in our Zone resumed during the first week of August after being frozen for over six months. SEI has aggressively taken a dozen stores back from franchisees for various reasons.

While cigarette sales have gone down they still remain high, accounting for more than 42 percent in some stores. Fresh foods have shown some improvement in recent months. A new Zone leader, Fareed Siddiqui, was assigned to our area early this summer.

Franchisees are complaining about various price increases in items delivered via the CDC, in addition to fuel and delivery surcharges. Many products from the CDC lack the proper shelf life, and fruit are not up to a high quality standard. Many stores are still awaiting a most needed improvement in appearance and the introduction of the hot foods program. 



Suburban Washington FOA Vice President Pete Gragnano wanted to know what to tell his franchisee members about the DVR issue.



Rocky Mountain FOA Vice President George Clift emphasized the importance of implementing competitive pricing on gasoline.



THE AFFORDABLE CARE ACT—WHAT IT MEANS TO YOU

Ever since the U.S. Supreme Court upheld most of President Obama's Affordable Care Act in late June, there has been much confusion about several issues that affect the convenience store industry. Two of those issues are the so-called automatic enrollment and the employer mandate.

As of this writing most of these issues have yet to be sorted out, and will be in the coming months and years. Many of the questions will be answered through rulemaking and interpretation of the law at both the federal and state level, but for now an important point to keep

in mind is that many of the new rules and requirements will not be implemented until 2014 at the earliest.

Taking a closer look at the two above-referenced issues, according to NACS, the issues will "provide opportunities for some significant re-thinking of the law in a number of areas." In other words, the lobbyists, the lawyers and the lawmakers will all attempt to sort these issues out and have

their say in doing so. You can be certain that in the meantime, industry representatives including NACS, the National Federation of Independent Businesses, and others will be working to influence these decisions.

"By 2014, Employers with 50 or more employees could face penalties if they don't offer health insurance coverage or if the coverage they offer is insufficient."

Shortly after the Supreme Court issued its ruling, NACS looked closer at these two issues and determined the following:

- **Automatic Enrollment:** Department of Labor rules will require new hires to be enrolled in health plans automatically. The requirement won't take effect until at least 2015. Nonetheless, employers need to start planning now to ensure compliance and to cover the additional costs.
- **Employer Mandate:** No rules have been issued explaining the requirements for compliance with the employer mandate, although

requests for input have been released.

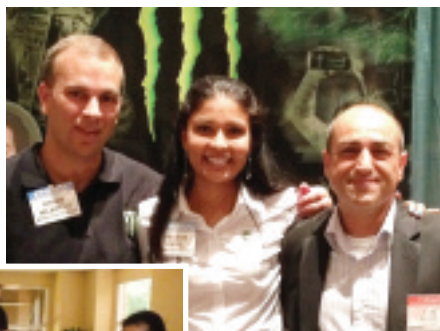
Additionally, attorney Jessica Webb-Ayer, writing for Business and Legal Resources, noted that, "Employers also must start thinking about the employer responsibility provision that becomes effective in 2014. Under this particular part of the healthcare reform insurance law, employers with 50 or more employees face penalties if they don't offer health insurance coverage or if the coverage they offer is insufficient. Employers subject to this provision must decide whether they are going to 'pay or play,' which may involve performing a cost-benefit analysis."

The bottom line for franchisees—as of this writing, summer 2012—is that there are no definitive answers to most of these questions right now. New rules on how these regulations will be written have not been written yet and will only be written once the lobbyists, lawyers and lawmakers have their say. In the remaining weeks and months before the fall election, what goes into those new rules could easily change one way or another. While franchisees cannot definitively plan for something that has not yet been written, we must be prepared for the fact that our insurance model may change.

—Jason Miko, National Coalition

Florida FOAs Hold First Joint Trade Show!

Franchisees from the South Florida and Central Florida FOAs convened at the Rosen Plaza Hotel in Orlando on June 22 for the associations' first joint trade show.



The event featured 82 exhibiting vendors and dinner afterwards. Over 250 franchisees were at hand to browse the latest products and deals offered by vendors. Overall, it was very successful event.





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FOR EXCELLENCE.**

FREE FILL PROGRAM

August 6 - October 26, 2012
each 7-Eleven store is eligible for
6 free bags of each flavor they order.

\$155 VALUE



NEWLY AUTHORIZED ITEMS

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SEI News

FIRST JACKSONVILLE 7-ELEVEN OPENS

SEI opened its first of many planned stores in Jacksonville, Florida on August 9, reported *The Financial News & Daily Record*. The store is the first of two to open in the city's downtown area. The second is under development. SEI announced in March that it plans to open 15 to 20 new stores this year in Jacksonville with a goal of 80 or more by 2015. 7-Eleven is returning to Jacksonville after a non-compete agreement expired with Gate Petroleum Co., which acquired 28 7-Eleven stores in 1990 and converted them to Gate stores.

NYC 7-ELEVEN HOSTS SHAUN WHITE AND MINTACULAR EVENT

To celebrate the launch and give New Yorkers a first taste of the new Shaun White-inspired Mintacular, Stride teamed up with SEI for a one-day event in the Big Apple on August 21. On that day, Stride took over one 7-Eleven store in an unprecedented event where the store only stocked both Whitemint and Mintacular. Shaun White visited the 7-Eleven store on East 14th Street between 2nd and 3rd Avenues to give away samples of the new gum, interact with consumers and speak



with the media. Mintacular is the second collaboration between Stride and professional snowboarder/skateboarder and two-time gold-medalist Shaun White.

7-ELEVEN TO DEBUT NEW MOUNTAIN DEW MALT-FLAVORED SODA

Pepsico recently announced that 7-Eleven stores in Denver, Colorado and Charlotte, North Carolina will test the "first batch" of its new Mountain Dew malt-flavored soda, called Johnson City Gold, starting September 1. Available for a limited time, the new beverage is named for Johnson City, Tennessee, the birthplace of the original Mountain Dew citrus-flavored soda. Pepsico said it has also invited customers nationwide to visit www.yourmalt-dew.com for an opportunity to help re-name and re-design the package for the "second batch" of this malt-flavored Dew to best represent one of six regions in the U.S.—South, Southwest, Northwest, Northeast, Great Plains and Great Lakes—and a chance to see their creation on store shelves in 2013 when the product is launched nationally.



PAYPAL PREPAID MASTERCARD NOW AVAILABLE AT 7-ELEVEN

7-Eleven is now offering the PayPal Prepaid MasterCard from NetSpend Holdings, Inc. at participating franchised and company-operated stores nationwide. Because of its current partnership with NetSpend, 7-Eleven is the first major retailer

to offer the PayPal prepaid card to consumers throughout the U.S. The card is being sold now and will be available at approximately 5,500 stores upon full rollout. Cardholders also can reload cash on their PayPal prepaid cards at these 7-Eleven locations.

The PayPal Prepaid MasterCard card can be used for online and in-store purchases wherever Debit MasterCard is accepted. The card must be linked to a PayPal account to enable cardholders to have full access to the card's online functionality and features, including online Payback Rewards, an optional savings account, real-time account alerts via text message and online budgeting tools.

"7-Eleven is the first major retailer to offer the PayPal Prepaid MasterCard."

SEI ANNOUNCES NEW TEAM MEMBERS

SEI recently announced the addition of six new team members from Seven-Eleven Japan (SEJ). In a notice to corporate staff and franchisees, SEI President and CEO Joe DePinto said the new members were top-tier performers at SEJ who are joining SEI to "coordinate the flow of information, sharing of best practices and learning between our organizations to assist in further accelerating the execution of our strategy." The new team members are:

- Shizuma Noda—Executive Vice President and Advisor—Will assist in improving individual store performance by driving 7-Eleven's four competitive advantages: 1) develop innovative products and services, 2) optimize product assortment

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SLIN 160073



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Sell 29 times more in dollar sales when you stock Duracell
than when you stock only 7-Select Private Label!

SMART POWER...ALWAYS

Genuine Duracell branded batteries are available at McLane. UINs are listed above.

DURACELL®



Member News

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SEI News

by store, 3) strengthen market concentration, and 4) drive the company's co-prosperity model with its franchisees.

- Koichi Takahashi—Senior Vice President and Advisor to Merchandising—Will work closely with Jesus Delgado-Jenkins and the Merchandising, Marketing, and Logistics teams.

- Yusuke Kato—Vice President and Advisor to Operations—Will support Darren Rebelez and the Operations team.

- Shinta Ichiki, Yutaro Takeda and Takaomi Uetake—Former SEJ field consultants who will serve as translators to Shizuma, Koichi and Yusuke.

DePinto also announced that Ken Wakabayashi will transition to the role of Vice President, Group Company Relations and Business Planning and will continue to be SEI's liaison with Seven-Eleven Japan and 7-Eleven China, as well as support the company's Business Planning team.

7-ELEVEN TOASTS 85 YEARS OF CONVENIENCE

7-Eleven celebrated its 85th birthday on 7-Eleven Day—Wednesday, July 11—with participating stores in the U.S. and

Canada giving away free 7.11-ounce Slurpee drinks. 7-Eleven's Slurpee partner, Six Flags, also joined in the fun by offering a special admission price of \$7.11 to guests after 7:11 p.m. on 7-Eleven Day when they presented a receipt from a 7-Eleven purchase dated 7/11/12. Guests also received a VIP wristband

to attend the "Exclusive 7-Eleven Coasters After Dark" event that evening.

7-Eleven's Big Summer Sweeps campaign was another reason customers stopped by their local 7-Eleven store. During the summer months, peel-play-and-win game pieces could be redeemed for prizes ranging from a free bag of 7-Se-

lect chips to a motorcycle. The

summer-long, storewide, peel-and-win contest awarded

more than \$2 million prizes with 50 million

game pieces to win free in-store products, Six

Flags movie and sporting events tickets, touchscreen

computer tablets and GPS devices, party charcoal grills, 24-

can coolers, free movie rental codes, and gift certificates.

NEW YORK STORE OFFERS KOSHER FARE

After more than a year in planning, SEI has opened its first kosher grill at a 7-Eleven store in the small New York hamlet of Monsey. Franchised by Anthony Mendicino and his brother Michael, the Monsey store is located in the midst of a thriving Orthodox Jewish community with relatively few kosher restaurants or prepared-food options. On August 5 the store held a Customer Appreciation Day with free samples of the three new grill offerings—beef frankfurters, hot and spicy beef links and Polish sausages—along with kosher Slurpee drinks for sale. Cooked on a special grill officially blessed by a rabbi, the kosher hot dogs, hot and spicy links, and Polish sausages are served on buns baked fresh daily at a local bakery, also certified kosher. **AV**

"SEI recently opened its first Kosher grill in a 7-Eleven in Monsey NY."



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that smaller lunch and supper meals, more and bet-



ter value offerings, price concerns, and composition of meal are among the contributors to combo meal declines. • **Police and federal agents recently raided dozens of businesses suspected of selling drugs like "K2" and "Spice" in nearly 100 cities as part of the first-ever nationwide crackdown on synthetic drugs,** reported *USA Today*. The drugs remain widely available in c-stores, smoke shops and online despite a July 9 federal ban. • **Burger King plans to open over 1,000 franchised units in China over the next five to seven years,** reported *Nation's Restaurant News*. The burger chain currently operates 63 locations in China. • Fifty percent of moms of school age children say **shopping for and packing school lunches makes them stressed,** according to the 2012 Back-to-School Shopping study released by Coupons.com and conducted by Harris Interactive. • **The Pennsylvania Liquor Control Board recently launched its latest e-commerce application for Android smartphones.** Developed solely by PLCB staff, the Android app allows consumers to receive product information, details on sales, locate stores, and shop online. • New Jersey state regulators have approved a plan for **New Jersey Natural Gas to build five to seven natural gas refueling stations,** giving owners of natural gas vehicles more places to fill up, reported the *Asbury Park Press*. • Couche-Tard recently signed—through its indirect wholly-owned subsidiary, Circle K Stores, Inc.—**agreements to acquire 29 stores in Orlando, Florida from Florida Oil Holdings, LLC and 27 stores in Eastern Washington State primarily in the "Tri-Cities" area of Pasco, Kennewick, and Richland from Sun Pacific Energy,** which operates under the "Sun Mart" banner. •

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BURRITOS

THE **BOMB** & Breakfast Burritos

"Top Selling Burritos In C-stores Nationwide!"

- Restaurant Quality Ingredients
- Filled End to End (60% fill - 40% tortilla)
- Authentic Hand-Stretched Tortillas
- Fast & Easy to Prepare
- Don Miguel will provide all necessary POP Static Clings • Shelf Talkers • Trays



**Beef, Bean w/ Red Chile
& Cheese Sauce - 12/14oz**
SLIN #171117 • UIN #592980



**Spicy Red Hot Beef
& Bean - 12/14oz**
SLIN #171120 • UIN #592956



**Beef with Green Chile
& Cheese Sauce - 12/14oz**
SLIN #171313 • UIN #047860



**Whole Egg, Bacon
& 3 Cheese - 12/7oz**
SLIN #170394 • UIN #610170



**Whole Egg, Sausage
& 3 Cheese - 12/7oz**
SLIN #170425 • UIN #070359



NEW!



Beef Mini Tacos (Bulk)
5.25 lbs/case
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FLAVOR!**

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Tobacco Free Smokeless Brand**

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To Order Call (877) SMOKEY2**

VENDOR FOCUS

VENDOR FOCUS



The Fruity And Cool Flavors Of New Ice Breakers Duo Mints

The Hershey Company has introduced a new way to experience fresh breath with the launch of Ice Breakers Duo mints—the ultimate “fruit + cool” flavor sensation. Ice Breakers Duo mints come in two flavors—Raspberry and Strawberry—and combine a sweet, fruity taste with the

brand’s signature cooling crystals.

To celebrate the new line of dazzling mouth sensations, Ice Breakers brand is challenging fans to “Duo It Better” on Facebook with four different activities that will help them bring out the sweet and cool sides of their personalities, including access to three exclusive Pandora radio stations—Ice Breakers Duo Sweet Station, Ice Breakers Duo Cool Station and Ice Breakers Duo It Better Station. Ice Breakers Duo mints are available in 1.3 oz. For more information visit www.ice-breakers.com.



Ice Breakers Duo mints combine a sweet fruity taste and signature cooling crystals.

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BUD LIGHT BRINGS THE NFL TO 7-ELEVEN

The NFL season is upon us, as are the parties, tailgates and trips to 7-Eleven for beer and snacks that encapsulate so many fans’ week-ends. Entering its second year as the official beer sponsor of the NFL, Bud Light will once again provide fans amazing access to the League from Kickoff in New York through Super Bowl in New Orleans with new packaging, TV creative and digital activation, as well as local team deals in 28 of the 32 NFL markets.

Kickoff week represents one of Bud Light’s key selling windows as NFL fans across the country celebrate the start of another season. Whether fans choose to toast the return of football with cans or bottles, they’ll do so with special Bud Light NFL packaging.

Fans reaching for 12-ounce cans have two possible options: In the 28 markets where Bud Light has local team deals, special packaging featuring team logo and colors will be available. For the remaining markets, Bud Light will feature commemorative NFL Kickoff cans. Specially marked Bud Light 16-ounce can packages will also provide fans discounts up to \$20 at NFLShop.com.

- **For the second year, Bud Light is the NFL’s official beer sponsor.**
- **New packaging for local teams will debut in NFL 28 markets.**
- **Specially marked packages will provide fans with up to \$20 discounts at NFLShop.com.**



Fans that opt for 12-ounce bottles will have an additional incentive to pick up a case every week with the launch of the inaugural Bud Light Fantasy Football League (FFL). Every FFL Bud Light bottle will feature a unique code that consumers can use to draft players for a

national fantasy football league. Winners will be crowned weekly, and fans can continue to better their chances to win by entering more codes. For full details on the Bud Light Fantasy Football League, visit www.BudLight.com/FFL.

If all this wasn’t enough, Bud Light will also be partnering with game day snacks staple Doritos for a fantastic cross-merchandising program: Consumers will save \$2 instantly on the purchase of a bag of Doritos with the purchase of a 12-pack from the Bud Light brand family.

Bud Light will also partner with the NFL during Hispanic Heritage Month to recognize Hispanic community leaders in each NFL market. Bud Light will continue its partnership with celebrity chef Aaron Sanchez to host Carne Asada tailgate events in select NFL markets.

As the season wraps up, Bud Light’s NFL sponsorship will hit a crescendo with commemorative Super Bowl XLVII packaging and compelling cross-merchandising offers that will make it easier for consumers to fully stock their Super Bowl parties. Consumers can also win a chance to have the Ultimate Super Bowl Experience while staying at the Bud Light Hotel in New Orleans, where the best parties and concerts will lead up to the big event.

This year, Bud Light’s innovative events and unprecedented programs will bring America’s most popular sport to its biggest fans, helping to make this the most exciting NFL season ever!



New products and services for 7-Eleven Franchisees

VENDOR FOCUS

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5-Hour Energy Introduces Pink Lemonade

New 5-Hour Energy Pink Lemonade sales will benefit the Avon Foundation for Women Breast Cancer Crusade.

5-Hour Energy is joining the battle against breast cancer with the introduction of a Pink Lemonade flavor. Starting October 1, 2012 and running through December 31, 2012, a portion of each sale of new Pink Lemonade 5-Hour Energy will be donated to the Avon Foundation for Women Breast Cancer Crusade. Living Essentials, LLC, the distributor of 5-Hour Energy, has committed a donation of five cents per bottle of Pink Lemonade 5-Hour Energy sold, with a minimum donation of \$75,000. To order Pink Lemonade 5-Hour Energy, contact your distributor or 5-Hour Energy sales representative.

New e-Swisher Electronic Cigarettes and Cigars

Swisher Sweets has introduced e-Swisher Electronic Cigarettes and Cigars, offering consumers an alternative to traditional smoking without sacrificing taste or enjoyment. Beginning in August 2012 with a limited introduction, the e-Swisher product line provides high quality e-Cigarettes and e-Cigars— assembled, tested and filled in the USA.

New e-Cigarettes are available in two great tastes—Natural Smooth and Menthol Breeze, while the e-Cigar delivers a unique Swisher Sweets taste. Available in convenient disposables or as a rechargeable express kit in 12 mg and 18 mg nicotine levels, each e-cig is equivalent to about two packs of cigarettes, making it an affordable option for today's smoker.

For complete information on the entire e-Swisher Product Line, contact your Swisher representative or call 800-874-9720.



e-Swisher Electronic Cigarettes and Cigars, available in convenient disposables or as a rechargeable express kit.

Fuze New Line Of Teas And Juice Drinks

Fuze recently unveiled its new collection of teas and juice drinks to the convenience store channel, featuring a blend of natural flavors to



keep customers cool and refreshed. The launch kicked off this summer, with a full offering of fountain and bottle/can package options available by the end of the year. The 1-liter package is available now at c-stores across the country. The new selections from Fuze include: Lemon Iced Tea, Honey and Ginseng Green Tea, Half Iced Tea & Half Lemonade, Berry Punch Juice Drink and Strawberry Lemonade Juice Drink.

Fuze beverages offer consumers a great-tasting source of vitamins B6 and B12, available in all Fuze products except Honey & Ginseng Green Tea. These new flavors are currently available in 1-liter packages affordably priced at \$.99. Additional Fuze offerings will debut throughout the remainder of 2012.

Swedish Match Unveils White Owl And Game Black Cigarillos

Mild flavored cigarillos are outpacing the mass-market cigar category by a 10 to 1 margin, and Swedish Match continues to fuel this growth by introducing White Owl and Game Black Cigarillos. Covered by a rich, dark wrapper and filled with finely blended tobaccos, Black is distinctively dark, yet surprisingly smooth and delivers a sweet, mel-low smoke with pleasant aroma.

To ensure consumers and retailers enjoy this addition to the Swedish Match family, the company launched Black Cigarillos with an array of consumer and trade promo-

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New White Owl and Game Black Cigarillos promotions will help drive sales.

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

Clear color bags

Large 2 ft COFFEE BAR liner Bags per roll: 225



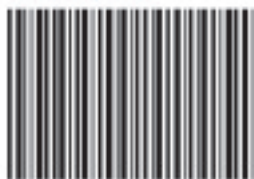
42x34, 40-gal

SLIN: 530340
UIN: 482620



Small 1 ft BEVERAGE BAR liner Bags per roll: 300

SLIN: 530207
UIN: 482414



32x34, 30-gal

COFFEE BAR & ROUND OUTSIDE Bags per roll: 110

Northeast area



30x46, 32-gal

SLIN: 530072
UIN: 018853



CASH REGISTER & RESTROOM AREA Bags per roll: 225

SLIN: 530472
UIN: 482497



32x46, 32-gal

Black color bags

KING KAN "Square" outside

Bags per roll: 100

SLIN: 530471
UIN: 482331



50.5x46, 50-gal



65-gallon can

Bags per roll: 75



52x49, 65-gal

SLIN: 530173
UIN: 048231



ROUND OUTSIDE

Bags per roll: 125

SLIN: 530044
UIN: 482380



37x46, 44-gal



Custom designed
for the Franchisee



1.800.373.9410
www.lonestarplastics.com

VENDOR FOCUS

continued from page 96

tions. On July 16, Swedish Match began shipping two everyday promotional items from Game (3-for-2 Pouch and 69¢ 25-count upright) and two from White Owl (3-for-2 Pouch and Bonus Box). From July 16 through October 12, White Owl will make Black Cigarillos available in its very popular 2-For-99¢ Pouch and 69¢ Singles Box formats.



New belVita Chocolate and Cinnamon Brown Sugar Flavors

Kraft Foods introduces two new flavors of belVita Breakfast Biscuits to kick off the school season—Chocolate and Cinnamon Brown Sugar. Already available in Blueberry, Golden Oat and Apple Cinnamon varieties, belVita Breakfast Biscuits are delicious, satisfyingly crunchy breakfast biscuits that provide nutritious sustained energy that lasts all morning.



belVita Breakfast Biscuits in new Chocolate and Cinnamon Brown Sugar flavors.

Whether looking for morning fuel or a quick breakfast, belVita Breakfast Biscuits are a convenient and portable option that fits into on-the-go lifestyles of busy parents and students.

While breakfast biscuits were only recently introduced to Americans, they have been enjoyed by Europeans for years. Kraft Foods introduced its first breakfast biscuits in France over a decade ago and now sells the belVita Breakfast biscuits platform in more than twenty countries. For more information, visit www.belVitaBreakfast.com.

Bud Light Lime Lime-A-Rita Tops The Chart

Margaritas, the classic summer cocktail, received a fresh twist this summer with the national launch of Bud Light Lime Lime-a-Rita, the latest addition to the growing Bud Light portfolio. Blending the flavor of an authentic margarita with a refreshing splash of Bud Light Lime, Lime-a-Rita is an 8 percent ABV



Bud Light Lime Lime-a-Rita is a proven seller.



margarita-flavored alcohol beverage that meets a growing demand among adult drinkers seeking sweeter alternatives. Lime-a-Rita can be enjoyed from the can or, like the popular cocktail that inspired it, is best served over ice. The new drink is available in 12-packs of 8 oz. cans, 24-packs of 12 oz. shrink-wrapped bottles and single-serve 24 oz. cans. Both Lime-A-Rita packages recently topped the charts for best new products. In fact, sales of Lime-A-Rita are nearly double of the next closest product. Lime-A-Rita singles have the highest velocity of top 10 products—the nearest item in the beer category ranks #37 in sales.

Kretek's EZ Cig Is Vapor Made Easy

Kretek International, Inc. has introduced EZ Cig disposable electronic cigarettes available in 12 smooth, fresh flavors including Double Apple, Java, Peach, and Wild Berry, in addition to Tobacco and Menthol. Each EZ Cig stick delivers 600 puffs with 2.1 percent nicotine. Developed to be both convenient and stylish, EZ Cig is the first



EZ Cig disposable electronic cigarettes by Kretek in 12 flavors.

e-cig to coordinate original fashion patterns with popular flavors.

Each EZ Cig is packaged in its own carrying tube, designed to keep the product clean and secure in pocket or purse. They are sold in open stock cartons of twelve individually tubed sticks, as well as 3-tier upright displays holding six cartons. Each stick is powered by a SuperLast Lithium-Ion battery, featuring a safety shutoff. Ask

your Kretek sales representative for details. Call 1-800-358-8100, or email salesinfo@kretek.com.

Smokey Mountain Snuff Gets A Facelift

Smokey Mountain Snuff products now sport new labels depicting a premium image that is sure to attract more moist snuff users. The company said there will be no changes in UPC codes with the new labels, and the first ship date will be on/about September 1.



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120 Unit Speed Table
21" x 22"



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Titles

BOUNTY HUNTER, THE (2010) (ANISTON, JENNIFER)
 INCEPTION (2010)(DICAPRIO, LEONARDO)
 MEN WHO STARE AT GOATS, THE (2010) (CLOONEY, GEORGE)
 LAST AIRBENDER, THE (2010) (PATEL, DEV)
 TOY STORY 3 (2010) (ANIMATED)
 SEX AND THE CITY 2 (2010) (PARKER, SARAH JESSICA)
 IRON MAN 2 (2010) (DOWNEY, JR, ROBERT)
 KILLERS (2010) (KUTCHER, ASHTON)
 CLASH OF THE TITANS (2010) (NEESON, LIAM)
 COP OUT (2010)(WILLIS, BRUCE)
 BROOKLYN'S FINEST (2010) (GERE, RICHARD)
 GREEN ZONE (2010) (DAMON, MATT)
 BOOK OF ELI (2010)(WASHINGTON, DENZEL)
 WHEN IN ROME (2010) (BELL, KRISTEN)
 SHUTTER ISLAND (2010) (DICAPRIO, LEONARDO)
 VALENTINE'S DAY (2010) (ROBERTS, JULIA)
 CRAZY HEART (2010) (BRIDGES, JEFF)
 BLIND SIDE, THE (2010) (BULLOCK, SANDRA)
 UP IN THE AIR (2010) (CLOONEY, GEORGE)
 LAW ABIDING CITIZEN (2010) (FOXX, JAMIE)
 WHITEOUT (2010) (BECKINSALE, KATE)
 FINAL DESTINATION, THE (2010) (ALLEN, KRISTA)
 WAITING FOR SUPERMAN (2010)(BIANCA)
 HANGOVER, THE (2009) (COOPER, BRADLEY)
 HARRY POTTER AND THE HALF-BLOOD PRINCE (2009)
 X-MEN ORIGINS: WOLVERINE (2009) (JACKMAN, HUGH)
 STATE OF PLAY (2009) (CROWE, RUSSELL)
 DUPLICITY (2009) (ROBERTS, JULIA)
 RACE TO WITCH MOUNTAIN (2009) (JOHNSON, DWAYNE)
 HAUNTING IN CONNECTICUT (2009) (MADSEN, VIRGINIA)
 12 ROUNDS (2009) (CENA, JOHN)
 HE'S JUST NOT THAT INTO YOU (2009) (LILY, MORGAN)
 DAY THE EARTH STOOD STILL, THE (2009) (REEVES, KEANU)
 ALVIN AND THE CHIPMUNKS (2008) (LEE, JASON)
 DEPARTED, THE(2007) (DICAPRIO, LEONARDO)

VENDOR FOCUS

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Lowrider Sunglasses Now 7-Eleven Orderable

Lowrider Sunglasses are now 7-Eleven orderable by style via the MOT system. Franchisees can keep the Lowrider display rack filled by ordering with Free At Once Delivery. Lowrider Sunglasses maintains a 62 percent profit margin for all its 10 top-selling styles, and is fully guaranteed. The products have a high \$15.99 retail ring and have proven to attract additional consumers. New

continued on page 102



Franchisees can now order Lowrider Sunglasses by style via the MOT.



NEW ITEMS FROM GENERAL MILLS FOR C-STORE SHELVES

General Mills Convenience has introduced a bevy of new products to sweeten sales and profits

Betty Crocker Bites And Cookie Bars

General Mills Convenience continues to add breakthrough taste and innovation to its popular line of Betty Crocker Sweet Rewards bars with new Bites and Cookie Bars.

Available in Devil's Food and Buttercream flavors, Betty Crocker Sweet Rewards Bites offer convenience shoppers a creamy, chocolate-coated, bite-sized mix of cake and frosting with an SRP of

\$1.59. Betty Crocker Sweet Rewards Cookie Bars combine a delicious, soft cookie with a rich, chocolaty coating and are available in Chocolate-Chip or Triple Chip flavors with an SRP of \$1.39.



Gardetto's Crackers

General Mills Convenience is bringing the number-one warehouse salty brand to convenience store cracker aisles with the introduction of Gardetto's Sandwich Crackers. Available in two bold flavor combinations—Cheddar Bacon and Garlic Cream Cheese—each 1.3-ounce package includes four sandwich crackers at a suggested retail price of \$1.19. Crackers with filling is a \$69 million and growing segment, in which Gardetto's is a premium brand with strong taste equity, especially among adults. With flavor ranking as the strongest consideration during consumer purchase, convenience store retailers can expect the bold tastes of Gardetto's Sandwich Crackers to translate into big sales.



Nature Valley Fruit Twists

Convenience retailers can boost fruit snack sales—an \$18 million category currently experiencing double-digit growth—with new Nature Valley Fruit Twists from General Mills. A convenience channel exclusive, Nature Valley Fruit Twists, available in Cherry and Strawberry, are made with 100 percent natural ingredients and are gluten free. At 1.27 ounces, Nature Valley Fruit Twists have a suggested retail price of \$1.39. Furthermore, Nature Valley Fruit Twists was selected as one of the top new products in the Cool New Products Preview Room at the 2011 NACS Show in Chicago, ranking No. 4 out of more than 240 products.



Lärabar Über

Lärabar Über, the number-one natural channel bar brand, is now available from General Mills Convenience. Made from nine simple ingredients, the sweet and salty Lärabar Über is a delicious blend of fruits, nuts and spices. The 1.42-ounce bar comes in Apple Turnover or Roasted Nut Roll flavors, and has a suggested retail price of \$2.05.



Topo Chico

The No. 1 Selling Hispanic Mineral Water Brand In The United States

Topo Chico
1.5 Liter
8 per case
UIN 808717
SLIN 243665

Order
through McLane
now or contact
your Acosta
Representative

**Once they try it, main-
stream consumers
become permanent
customers.**

**Leads supermarket
chain performance at 23.7
percent of channel.**

**Sells 10X more than the
#2 Hispanic brand.**

**Year-to-date
+14.5 % in
McLane!**

Topo Chico
24/20 oz.
UIN 812677
SLIN 243666



*Merchandise With Water
In The Cooler Set!*

One facing per SKU can average
1.5 to 2 cases per store per week!

50 percent margin after delivery charge.

Topo Chico
24/12 oz.
UIN 811562
SLIN 000000



Produced in Monterey, Mexico. One year shelf life. Available in 30 states!

VENDOR FOCUS

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franchisee customers should check out the eye catching Display Rack (SLIN# 330843—24 count at \$144). For a reorder option, there's a Re-fresh Pack: SLIN # 330842 (12 count at \$72), or now, order by style. See the Lowrider Sunglasses ad in this issue from more information.



Gluten-free
Wai Lana Chips available
in 1 oz. and 3 oz. bags.

New Wai Lana Chips

For chip lovers, it's a chance to try something new. Wai Lana's (pronounced why LON-uh) unique cassava-based Wai Lana Chips have 30 percent less fat than regular potato chips. They are free of both gluten and GMOS, and contain no cholesterol, no artificial flavors, and no preservatives.

Wai Lana Chips come in two convenient sizes: Single Serving 1 oz. bags (SRP \$1.09, 40 percent+ Margin) and 3 oz. bags (SRP \$2.49, 40 percent+ Margin). The flavors available in both 1 oz. and 3 oz. bags are Pizza, Lime Chili, Sweet & Sour, Herb & Garlic, and Barbeque. Also available in 3 oz.: Natural, Sea Salt & Vinegar, Thai Curry & Lime, Swiss Cheese, and French Onion. For more information, visit www.wailanasnacks.com.

Tin Star Pipe Tobacco B1G1 Pouches Roll Out Nationwide

As a result of the great success in test markets, Republic Tobacco's Tin Star Pipe Tobacco B1G1 pouches are now being rolled out for national distribution. Available in Regular, Menthol and Gold blends, the new pouches are a great complement to the Tin Star bags consumers already enjoy. Smokers will appreciate an economical but



Top selling Tin Star Pipe Tobacco B1G1 pouches
compliment bags now distributed nationwide.

satisfying smoking experience and retailers will meet the demand for a great pipe tobacco at the lowest price around while making great profits.

Tin Star Pipe Tobacco B1G1 pouches are packed 6 packs per

sleeve and 12 sleeves per case. The re-sealable pouches maintain product freshness and flavor. Check out the Tin Star Pipe Tobacco products at NACS in booth 4785. For more information call 1-800-288-8888.

Stride Releases Shuan White-Inspired Mintacular

Stride gum recently announced the latest addition to its lineup—the Shaun White-inspired Mintacular! Mintacular, the second collaboration between Stride and professional snowboarder/skateboarder and two-time gold-medalist Shaun White, is available now in stores nationwide. Similar to Whitemint, the first Stride Shaun White-endorsed product, Shaun was closely involved in selecting Mintacular's unique minty flavor profile and cool package design.

The Mintacular launch is supported by a fully integrated marketing and communications plan including PR, advertising (TV, online and OOH) and digital support. Stride launched its Mintacular advertising campaign August 1 in New York City with a "mystery" billboard that featured only a date—8.13.12. The image was switched on August 13 to reveal Shaun White holding a pack of Mintacular gum with the text: "StrideMintacular. Chewing Redefined. Again."

Stride Mintacular has a suggested retail price of \$1.49. For more information, go to www.StrideGum.com or www.facebook.com/Stride-gum.



New Stride Mintacular, the second flavor
inspired by pro snowboarder Shaun White.



Bellywashers and Tummy-Tickler fruit juices have
licensed character tops.

Kid-Friendly In Zone Brands Juices

In Zone Brands is a pioneer in children's beverages and the juice category leader in convenience. For parents with children aged 1 to 10, Bellywashers and TummyTicklers are the only children's beverages that deliver age-appropriate nutrition in a unique and fun way. In Zone Brands has combined 100 percent fruit juice parents want their children to drink with beloved licensed characters children adore, in bottles specifically designed for small hands. Combining character tops (over 70) with a patented spill-proof spout gives children the independence they desire, and parents the peace of mind they need. Containing no added sugar, high fructose corn syrup or artificial colors, flavorings or preserva-

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Lightweight

Easy To Open

Coffee Flavor

Fast Acting

The Best Energy Drink



SCREAMIN ENERGY®

MAX HIT

FEEL
THE
POWER
OF
THE
POUCH



THE SMART ENERGY SOURCE...
HIGHEST ENERGY, LOWEST
PRICE, GREAT TASTE.
Screamin Energy® Max Hit
half the price of
the competition



« GREAT Profit
Margins And
Fast Turns!



ANOTHER GREAT
Product FROM

» VITAL
4U «



25 Count Display Screamin Energy
1 CARTON-25 PACKAGES
SLIN# 221006 UIN# 45815



No Jitters

Goes Anywhere

Maximum Hit

Ready To Drink

VENDOR FOCUS

continued from page 102

tives, In Zone Brands products make the whole family smile. UIN Numbers: BellyWashers—312264; TummyTickler—295238.

International Delight Pumpkin Spice Seasonal Favorite Is Back

Bring the taste of the Holidays to your coffee bar with International Delight Pumpkin Pie Spice coffee creamer, the number 1 seasonal flavor. Pumpkin Pie Spice is rich with the fragrance of cinnamon and nutmeg, and will compliment your other seasonal offers. Pumpkin Pie Spice can be ordered through your normal creamer supplier. CDC SLIN 230765.



Ring up holiday coffee sales with International Delight Pumpkin Pie Spice.

Energize Sales With Rockin' Refuel

Rockin' Refuel is a full line of delicious, high-quality protein beverages made with real milk. Since Rockin' Refuel starts with real milk, it's an excellent source of protein and calcium, and is the only protein beverage that

boasts naturally occurring electrolytes. No matter what kind of athlete you are,

Rockin' Refuel provides real nutrition for real results. The product line includes:

• Rockin' Refuel Intense Recovery

—The original Rockin' Refuel protein beverage used at more than 125 top collegiate athletic programs. Rockin' Refuel was designed for post-workout recovery, and is 100 percent real milk, packed with 20 grams of high quality natural protein. It has a 2:1 carbohydrate to protein ratio, and contains nine essential nutrients including calcium, vitamin D and potassium.

• **Rockin' Refuel Muscle Builder**—For those looking for muscle development and definition, Muscle Builder is a great-tasting protein milk beverage that is high in natural protein (30 grams), low in sugar (6 grams), low calorie (190) and made with real milk and high-quality milk protein concentrate to help with muscle development and definition.

Rockin' Refuel protein beverages are made with real milk.



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By 2018, spending on food away from home will exceed food at home for the first time, according to a new report by Rabobank's Global Food and Agribusiness Research and Advisory Group.



• Sharp increases in total adult consumption of pipe tobacco and cigarette-like cigars since 2008 have offset declines in total cigarette consumption, according to a new report from the Centers for Disease Control and Prevention. • New Hampshire saw a \$20.1 million drop in tobacco tax revenues after it lowered its cigarette excise tax by 10 cents per pack, reported the *Eagle Tribune*. • McLane has entered into an agreement to acquire Meadowbrook Meat Company, one of the nation's largest customized foodservice distributors for national restaurant chains. • A new study by German researchers claims e-cigarettes are less harmful than tobacco cigarettes, *Tobacco E-News* reported.

Leading Profit in the Juice Category!



Mix & Match

2 for \$5 or 1 for \$2.99

BellyWashers and TummyTickler

August 1 to November 11



BW Single Serve
Item No. 25180
McLane No. 312264
SLIN No. 240350



10803990251808



TT Single Serve
Item No. 66100
McLane No. 295238
SLIN No. 241417



10803990461009

Scan to order now!

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SpongeBob: © 2012 Viacom International, Inc. Strawberry Shortcake: © TCFE

- ♥ **Juice category dollar and margin leader**
- ♥ **Selling strong in 94% of national C-Store chains**

- ♥ **Boost your juice category with kid-centered products**
- ♥ **Give moms a healthy alternative their kids love**



Learn more at www.inzonebrands.com

in-zone brands
We bottle healthy fun!

NCASEF BOARD MEETINGS

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

NATIONAL COALITION AFFILIATE MEETING

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

NATIONAL COALITION BOARD OF DIRECTORS MEETING

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

NATIONAL COALITION AFFILIATE MEETING

Resort at Marina Village • Cape Coral, Florida
February 5-6, 2013

NATIONAL COALITION BOARD OF DIRECTORS MEETING

Resort at Marina Village • Cape Coral, Florida
February 7-9, 2013

NATIONAL COALITION BOARD OF DIRECTORS MEETING

The Venetian Las Vegas • Las Vegas, Nevada
July 12-14, 2013

NATIONAL COALITION 38TH ANNUAL CONVENTION AND TRADE SHOW

The Venetian Las Vegas • Las Vegas, Nevada
July 14-18, 2013

FOA EVENTS

TriState FOSE Association Golf Outing

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

San Diego FOA Charity Golf Tournament

Salt Creek Golf Club
Chula Vista, California
September 20, 2012
Phone: 619-713-2411

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 17, 2012
Phone: 972-335-2180

7-Eleven FOAC Holiday Showcase & 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

Metro New Jersey FOA Annual Trade Show

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

San Diego FOA Holiday Party

Holiday Inn On The Bay
San Diego, California
December 1, 2012
Phone: 619-713-2411

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

Pacific Northwest FOA Annual FOA Holiday Cruise Party

(location to be announced)
December 8, 2012
Phone: 253-861-6737

Metro New Jersey FOA Annual Holiday Party

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

San Diego FOA/ FOA Of Greater LA 3rd Annual Trade Show & Golf Outing

Pechanga Resort & Casino
Temecula, California
January 30-31, 2013
Phone: 619-726-9016

Introducing Wrigley's Biggest Brands in Two New Packs

Wrigley is Bringing You Real Category Innovation.



Micro Packs at a Micro Price* address declines in teen weekly spending by offering gum at **\$0.69** per pack**. Now consumers can get the #1 and #2 selling C-Store gum brands*** in ultra-portable packs.

Complementary to Micro Packs are **New Mini Bottles**—an up-sized offering designed ideally for the C-Store customer.



Available Now through McLane

	SLIN	McLane UIN
5 Rain Micro	141095	521914
5 Cobalt Micro	140904	521401
Orbit Spearmint Micro	141140	521591
Orbit Wintermint Micro	140556	521435
Orbit Strawberry Micro	141086	521575
5 Rain Mini Bottle	142535	621557
5 Cobalt Mini Bottle	142453	523373
Orbit Spearmint Mini Bottle	142448	553354
Orbit Wintermint Mini Bottle	142446	621581

*Based on MSRP **C-Store segment brand top-line—Total and US Regions, Latest 52 weeks ending 4/22/12 ***IFI FDMx, CY 2006–2010
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WRIGLEY

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Djarum cigar smokers earn more, spend more, and visit more frequently than average adult convenience store and smokeshop consumers.

Over 80% of the million-plus adults who smoke Djarum also purchase other premium cigars and cigarettes as well as food, snacks, and beverages.

Make more of them yours with Djarum Natural Leaf and Djarum Filtered Cigars.




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NATURAL LEAF TIPPED CIGARS

If you don't stock and sell Djarum Cigars, don't worry, there are 50,000 other retailers that do.

*Djarum smokers have annual incomes 14% above the national average. 2011 Independent AAU Survey - EDI Research.

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