



National Coalition
of Associations
of 7-Eleven Franchisees

AVANTI

November/December 2012

THE VOICE OF 7-ELEVEN FRANCHISEES

Visit the National Coalition
Website, www.ncasef.com

The Increasing Value Of Vendor Relationships In 2013

- The Co-Prosperity Model
- The Fresh Foods Goal
- Incorporation—Is It For You?
- Product Mix And Center
Of The Store Sales Plan
- Paying The Price For
Other's Mistakes
- Thank You For Allowing
Me To Serve
- Increasing Fresh Foods Sales



2013 Convention
& Trade Show
Las Vegas • July 14-18

Page 17

**SIMPLE SOLUTIONS
FOR GUESTS
NEW YEAR'S
RESOLUTIONS**

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SNACK**

AND A

Diet
Coke.



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The top 7-Eleven store with the highest % increase** in dollar sales over the base months in the previous year for all Perrier and SanPellegrino Sparkling Fruit Beverages single-serve items* from October 2012–March 2013 wins.



You could win an Electronic Tablet

The top three 7-Eleven runner-up stores (2nd–4th), with the highest % increase** in dollar sales over the base months in the previous year for all Perrier and SanPellegrino Sparkling Fruit Beverages single-serve items* from October 2012–March 2013 wins.



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The top 7-Eleven store within each of the 13 zones with the highest overall dollar sales of Perrier and SanPellegrino Sparkling Fruit Beverages single-serve items* from October 2012–March 2013 wins.

REMEMBER TO USE YOUR POS AND EXECUTE PROMOTIONS TO ENSURE SUCCESS!



Perrier 5-Liter PET Original
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Perrier 5-Liter PET Citrus
SKU # 0240386



Perrier 5-Liter PET Pink Grapefruit
SKU # 0243727



SanPellegrino 330 mL
Limonata SKU # 0243487



SanPellegrino 330 mL
Arancia SKU # 0240102

7-ELEVEN PERRIER® SPARKLING NATURAL MINERAL WATER AND SANPELLEGRINO® SPARKLING FRUIT BEVERAGES SALES INCENTIVE PROGRAM REFERENCED TERMS AND CONDITIONS
THIS PROGRAM IS NOT OPEN TO THE GENERAL PUBLIC. Programmatically open to 7-Eleven Franchise/Owned Stores in the 50 United States and the District of Columbia that purchased a minimum of 3 cases per month of Perrier Sparkling Natural Mineral Water 5-Liter PET bottles and SanPellegrino Sparkling Fruit Beverages 330 mL cans ("single-serve SKUs"), in any combination, during the time period of October 1, 2012 through March 31, 2013 ("Base Months"), that were profitable. Store eligibility and sales of single-serve SKUs will be determined by System in its sole discretion based on data pulled from 7-Exchange. Prize will be awarded to the 7-Eleven franchise owner of each winning store who must be at least 21 years of age at the time of prize award. Odds of winning a prize depend on the number of stores eligible to receive a prize and the sales of Perrier and SanPellegrino single-serve SKUs during the period of October 1, 2012 through March 31, 2013. Look for full terms and conditions in your program materials or visit www.7eleven.com. SPONSOR: Seven Brands North America, Inc., 300 Long Ridge Road, Southfield, MI 48034.

*Single-serve items include any Perrier Sparkling Natural Mineral Water 5-Liter PET bottles and SanPellegrino Sparkling Fruit Beverages 330 mL cans.
**Percentages determined from 7-Exchange for Oct 2012–March 2013.

Maximize sales & profits by stocking your freezer with these top performers from Unilever Ice Cream



MAGNUM



SLIN: 0190557

GOOD HUMOR



SLIN: 0190081

SLIN: 0190019



BEN & JERRY'S



SLIN: 0190003



SLIN: 0190001

KLONDIKE



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NO PURCHASE NECESSARY. Sweepstakes ends in winners at the United States Capitol Hill and the U.S. Capitol, who are

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January 1st – February 28th, 2013



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MCLANE UIN # SLIN #

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Special K Protein™ Shakes – French Vanilla	194837	245581



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- **Promotional Support:**
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 - Bold in-store POS
 - Social Media Activation
 - For every display pre-book, Franchisee owners have chances to win NCAA® Program Prizes



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\$3.00 off Billback
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GIVE YOUR GUESTS A NEW CHOICE!

Try Our New Craft and FMB Brands



- Third Shift has won 2 gold medals at major beer competitions
- Targets the growing number of mainstream consumers who are looking for ways to safely explore new flavors, but are intimidated by the price and flavor profile of craft beers
- Significant launch and marketing media spend for 2013
- 5.3% ABV, 21 BUs, a sweet malt finish with slight hop bitterness
- Available in 6-pack bottles and 16oz cans



FOD Jan. 14



- A premium apple-flavored ale that delivers a refreshing, just-right sweet taste
- Targets the consumers who are looking for a sweet alternative during beer occasions
- Significant national and local media investment through summer of 2013
- FMBs were up 19% in 2012
- 5% ABV, 165 calories per 12oz bottle
- Available in 6-pack bottles and 16oz cans



FOD Jan. 14

Consumers Buy-Two-Get-One-Free 20-Ounce!

STOCK UP ON 20-OUNCE
FROM NOW TO MAY 17TH!



A&W Root Beer
20-ounce
SLIN 240968



7UP
20-ounce
SLIN 241130



Sunkist
20-ounce
SLIN 240283



Canada Dry
Ginger Ale
20-ounce
SLIN 240934



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STRONGBOW
HARD CIDER

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Hottest New Brand.

#1
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Strongbow is the global leader and the #1 import cider in the U.S. Stocking Strongbow will bring you customers, sales, and profits.

63.6%
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RATE

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Strongbow is available in two pack variations. Offer as a single, and expand variety in your single-serve category.

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SIX-PACK BOTTLE



**TO HIT YOUR TARGET SALES IN 2013,
CONTACT YOUR HEINEKEN USA REPRESENTATIVE TODAY.**

Enjoy Strongbow® Hard Cider Responsibly. Produced by H.P. Bulmer LTD. Imported by Bulmers Cider Company, White Plains, NY.
*Source: Major Retailer Shopper Card Insights, 52 weeks ending 8/4/12. Store-weighted average in divisions where Strongbow distribution exceeded 50%.



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THE VOICE OF 7-ELEVEN FRANCHISEES

November/December 2012

Contents

35 The Co-Prosperity Model: Franchisees, SEI and Vendors

By Bruce Maples, Chairman, NCASEF

39 The Fresh Foods Goal

By Jivtesh Gill, Executive Vice Chairman, NCASEF

43 Incorporation—Is It For You?

By Arnold J. Hauptman, Esq., NCASEF General Counsel

49 Paying The Price For Other's Mistakes

By Roger St. George, Vice Chairman, NCASEF

50 Product Mix And Center Of The Store Sales Plan

By Jay Singh, Vice Chairman, NCASEF

50 Thank You For Allowing Me To Serve

By Karam Dhaliwal, Vice Chairman, NCASEF

55 The Patient Protection and Affordable Care Act

By John Barbot, President, Barbot Insurance Services

28 Increasing Fresh Foods Sales By 2015

Maninder Walia, President, Pacific Northwest FOA



2013 Convention & Trade Show

**The Venetian
Hotel and Casino
Las Vegas!
July 14-18,
2013**

Page 17

FEATURING

- 18 The NACS Independent Operator Survey: Get A Free Copy Of The State Of The Industry Report And More
- 22 Nestlé Waters Contest! Win A Trip To The 2013 Convention!
- 24 The 'Food Movement' And The Tax Defeat
- 26 Don't Miss Out On WOTC \$\$\$
- 72 NCASEF Makes Major Donation To Susan G. Komen For The Cure Southern Arizona
- 80 Joe and Barbara Galea Celebrate 40 Years As Franchisees



Member News.....14

Counterfeit 5-hour ENERGY, 7-Elevens During Sandy, Western PA, Is Hostess Dead? Menu-Labeling Bill, Traffic Declines Q3, Detroit Stores On The Block, Fast Track, Thailand, Portland-Area Toys, E-Commerce Lockers, Entrepreneur Magazine, AAFD, College Students, Denmark Fat Tax, Dollar Stores Add Cigarettes, Play At The Pump Lottery, Foodservice Growing, Online Brand Connection, Walgreens Fresh Foods, Paperless Receipts, Snack Bar Market Strong

Legislative Update..... 20

Food Labeling Bill, Soda Taxes Nixed In CA, Graphic Labels, Cook County Tax Hike, Maryland Tax, Maryland Bans Sugary Drink, Beer Bill In Colorado, Age Restriction On Energy Drinks, MA, NJ & PA Online Lottery, Merchants Appeal Swipe Fee Settlement

SEI News.....79

SEI Closes TETCO Deal, 7-Election Victory Cup, New Signs, Coffee and Red Bull

Bits & Pieces.....26

Vendor Focus.....85

Franchisee Calendar.....94



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7-Elevens Rise To The Occasion During Sandy

When Superstorm Sandy pummeled the northeast United States in late October, leaving many neighborhoods without power in its path, 7-Eleven stores throughout the hardest hit areas from Maryland to New England remained open to serve their communities. The local media was awash with stories of 7-Elevens being the only stores open immediately after the storm—some running on generators and allowing customers to recharge cell phones, some operating completely in the dark with flashlights, but all offering much-needed supplies like batteries, bread, water, and coffee. Many customers even took to social media outlets to show their gratitude, sending messages of thanks to these 7-Eleven stores via Facebook and Twitter.



Counterfeit 5-hour ENERGY Ring Shut Down

Living Essentials, LLC, distributor of 5-hour ENERGY, recently discovered counterfeit 5-hour ENERGY products circulating in the marketplace. The com-

pany acted swiftly to identify and halt the counterfeiting operation by filing suits in U.S. Federal District courts in both California and New York. As a result of this action, Living Essentials was able to find the counterfeiters' factory and shut it down. The company also said it was able to execute court orders that permitted it to seize large quantities of fake product

“After Superstorm Sandy struck, 7-Eleven stores throughout the hardest hit areas remained open to serve their communities.”

from numerous locations, as well as the machinery used by the counterfeiters to package the counterfeits. Living Essentials has asked the authorities—including law enforcement—to investigate and prosecute anyone involved in knowingly producing, distributing and selling counterfeit 5-hour ENERGY.

The National Coalition has advised franchisees to promptly check all 5-hour ENERGY product in their stores and remove the counterfeits from shelves, as several 7-Eleven stores in New York, California, Maryland, and elsewhere have had counterfeit product seized by court order. These stores have, or will be, named as defendants in the litigation.

Franchisees can identify counterfeit 5-hour ENERGY in four main ways:

1. There is a pimple mark on the cap of the authentic bottle, but not on the counterfeit bottle, although the National Coalition has been advised that even some counterfeit product has the pimple on the cap.
2. The counterfeit bottles are slightly shorter.
3. There is a typo on the extra strength berry flavor on the list of ingredients—

continued on page 18

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November/December 2012

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ice cream brand at 7-Eleven!





Mark Your Calendars And Make Plans To Attend!

The National Coalition Of Associations Of 7-Eleven Franchisees 38th Annual Convention & Trade Show

As part of the largest c-store system in the industry, 7-Eleven franchisees are "In It To Win It!" Join us at the world-renowned five diamond Venetian Hotel and Casino Resort in Las Vegas for five days of business building opportunities and loads of family friendly activities and entertainment!

Franchisees: Take a well-earned break from your stores and meet up with friend and colleagues to network, get the latest 7-Eleven information, and view the latest products and deals from our vendor community.

Vendors: Meet and mingle with your 7-Eleven customers and showcase your best merchandise at the two-day trade show. Major sponsor opportunities are also available.

The Venue: Located in the center of the Las Vegas Strip, The Venetian is inspired by the art and architectural beauty of Venice—Italy's most romantic city. In fact, The Venetian has faithfully re-created such historic landmarks as the Campanile Tower, St. Mark's Square, the Rialto Bridge and Doge's Palace. Arched bridges, piazzas and cobblestone pathways are also incorporated throughout the hotel, and visitors can stroll inside and outside along canals teeming with authentic gondolas steered by singing gondoliers.

Golf: The Joe Saraceno Charity Golf Tournament Benefiting Hire Heroes USA will be held at the Tournament Players Club (TPC) Las Vegas. From the stunning backdrop of Red Rock Canyon to the rugged natural landscape, TPC Las Vegas golf course (formerly TPC Canyons) is the premier PGA Tour facility in Las Vegas and has been heralded by Golf Digest as one of the "Best Places to Play."

Brochures with more information and registration forms will be mailed in March 2013. Franchisees and exhibitors will also be able to register online. More information is coming soon!

2012 NCASEF Trade Show Exhibitors

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 • 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 Facilities 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/ Hour Energy • Insight Beverages • Iowa Rotocast Plastics • Jack Link's Beef Jerky • JFC International Inc. • Johanna Foods • Just Born Inc. • Kan PAK Inc. • Kellogg • 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 • Nestle DSD/Dreyers • Nestle Professional • Nestle Purina PetCare • Nestle Waters NA • Neuro Brands LLC • New Image Global • Pabst Beer • Pabst Brewing Company • PATCO Food Safety Consultants • PepsiCo • Perfetti Van Melle USA • Pro View Foods • Promotion in Motion Inc. • Red Bull North America • 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/Coca Cola Refreshments • SK Energy • Smokers Best Group • Snuff Skins • Snyders Lance Inc • Sunny Delight Beverages • Swedish Match • Swisher International • TAG Bob Hart Agency Inc • The Hershey Company • TNT/Crossmark • TOMRA • TSN West LLC • UniFirst • Unilever Ice Cream • US Nutrition Met RX • Vapor Corp • Vita Coco • Wai Lana • Wilshe Enterprises LLC/TPR Holdings



The Venetian
Hotel and Casino
Las Vegas!
July 14-18,
2013

Trade Show:
July 17-18





At 82 years of age Karam Dhaliwal is the elder statesman of the NCASEF Board. His retirement makes space at the officer's table for new vice chair Jas Dhillon.



Vice chairmen elected at the NCASEF Board of Director's Meeting in Memphis include new vice chairman Jas Dhillon, FOA of Greater Los Angeles, and incumbents Roger St. George, Pacific Northwest FOA, and Jay Singh, President, Southern Nevada/Las Vegas FOA.

“Artificial Flavors” is spelled “Art ficial.”
4. The counterfeit product tastes and smells different than the authentic product.

If you are named as a defendant in this litigation, National Coalition General Counsel Arnold Hauptman strongly advises that you contact your attorney immediately.

Is Hostess Dead? Long Live The Twinkie

After struggling to remain profitable for several years, Hostess Brands—the maker of Twinkies and Ding Dongs—is out of business. The company began shutting down operations in late November after last-minute mediation with its bakers union failed. While the company blamed its demise on a crippling strike started on November 9 by the union, many analysts agree mismanagement was the real culprit.

According to an article in Forbes, “Hostess has been sold at least three times since the 1980s, racking up debt



and shedding profitable assets along the way with each successive merger. The company filed for bankruptcy in 2004, and again in 2011. Little thought was given to the line of products, which, frankly, began to seem a bit dated in the age of the gourmet cupcake.”

There is hope, however, that the Twinkie may live on. Hostess said it's in talks with 110 potential buyers for its brands, which also include Ho-Hos, Drake's Cakes, and Wonder Bread. The very last shipment of Twinkies from Hostess was delivered to JEWEL-OSCO, a Midwest food and pharmacy retailer, in mid-December.

NCASEF Urges Congress To Support Menu-Labeling Bill

National Coalition Chairman Bruce Maples recently sent a letter to members of Congress urging them to support a measure that would exempt convenience stores from rigid and costly menu-labeling requirements set

continued on page 20

Complete The NACS Survey, Get A Free Copy Of The State Of The Industry Report And More

The Independent Operator Section of the NACS State of the Industry Report (SOI) is a powerful resource that allows c-store owners to benchmark your operation against those of your peers. The report provides compiled data on all aspects of c-store sales and operations, including an industry overview, sales and financial performance, merchandise sales, foodservice sales and trends, motor fuels, store operations and top performers.

7-Eleven franchisees are encouraged to participate in this renowned industry-wide study. By completing the NACS Independent Operator Survey worksheet and submitting your data, you will receive a free copy of the State of the Industry Report of 2012 Data when it becomes available in June 2013. You will also receive a free downloadable copy of historical industry statistics in the NACS Fact Book, also available this summer, and free admission for three to the NACS State of the Industry Forum in Chicago April 9-11, 2013.

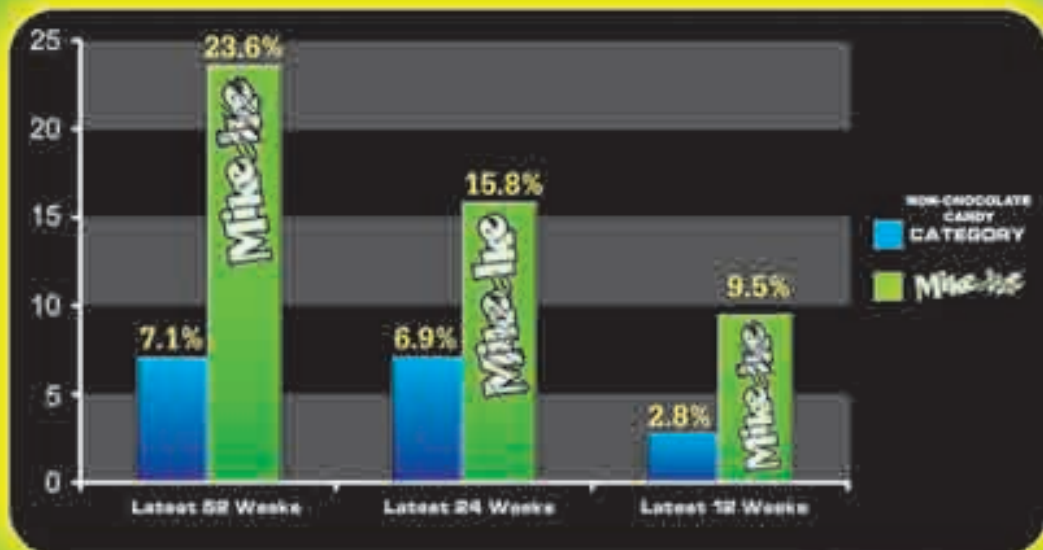
All data provided is strictly confidential. NACS has been keeping confidentiality for over 40 years while reporting compiled data that is critical to understanding the convenience store industry.

Contact Zaneta Purvis at zpurvis@nacsonline.com if you have questions!



Visit <http://nacsonline.com/independentsurvey> to complete the survey online or download an Excel version.

Even Mike and Ike Can't Argue With These Results!



According to IRI Market Advantage, since the split MIKE AND IKE® is outpacing the category 3:1. It seems that uncompromising differences are capable of generating inarguable results.

Mike & Ike

Stock up for the duo's next adventure.



THEATER BOXES

	SKU	SKU
HOT TAMALES® Cinnamon 3oz Theater Box 12ct box	428169	142072
MIKE AND IKE® Original Fruits 3oz Theater Box 12ct box	428441	141789
MIKE AND IKE® TROPICAL TROPICANA® 3oz Theater Box 12ct box	427807	142067
MIKE AND IKE® BERRY BLAST® 3oz Theater Box 12ct box	428276	142065
MIKE AND IKE® RED RAGEDOUS!® 3oz Theater Box 12ct box	427971	142070
MIKE AND IKE® ITALIAN ICE™ 3oz Theater Box 12ct box	444026	142059
MIKE AND IKE® LEMONADE BLENDS® 3.6oz Theater Box 12ct box	438333	141781

MINI BOXES

	SKU	SKU
HOT TAMALES® Cinnamon 8.5oz Theater Box 12ct box	443994	143452
MIKE AND IKE® Original Fruits 8.5oz Theater Box 12ct box	443929	143455

COUNT GOODS

	SKU	SKU
HOT TAMALES® Cinnamon 1.6oz Count Goods 24ct box	491266	140135
MIKE AND IKE® Original Fruits 1.6oz Count Goods 24ct box	401573	141374
PEANUT CHEWS® Original Count Goods 24ct box	348524	142271



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forth by the Patient Protection and Affordable Care Act (PPACA). HR 6174, known as the Common Sense Nutrition Disclosure Act of 2012, “outlines a less burdensome approach to menu-labeling and includes language addressing the types of retail locations covered by federal menu-labeling requirements. The legislation limits a provision in the health-care law to establishments that derive 50 percent or more of their revenue from food intended for immediate consumption or prepared and processed onsite. Prepackaged food will not be considered in this equation, so most convenience stores will be exempt under the new legislation. HR 6174 maintains the spirit of the new law’s transparency goals, while addressing the arbitrary—and surely unintended—provisions that would negatively impact many small businesses,” wrote Maples.

Western PA C-Store Battleground

Shortly after SEI said it was stepping up its presence in the Pittsburgh gas station and

continued on page 22



NCASEF Welcomes Chesapeake & Eastern Virginia FOAs!

The National Coalition is pleased to welcome two new FOAs to the association: the Chesapeake FOA and the Eastern Virginia FOA. The Chesapeake FOA has 38 members and is headed by President Stuart Walters and Vice President Gerald Masters (above right). The Eastern Virginia FOA is headed by President Romy Singh (above left) and has 48 members.

Legislative Update

Merchants Appeal Swipe Fee Settlement



Several merchants and retail trade groups are appealing a judge’s preliminary approval of a class-action settlement over credit-card transaction fees imposed by Visa and MasterCard. The plaintiffs, who have lobbied to derail the \$7.25 billion deal since it was unveiled in July, filed a notice of appeal in federal court on November 27. The notice is the first step in challenging U.S. District Court Judge John Gleeson’s preliminary approval of the settlement.

The objecting plaintiffs specifically said in their notice they take issue with a portion of the order that prevents merchants “from challenging in any action or proceeding any matter covered by” the settlement agreement, which has been

a sticking point for critics who say the deal gives overly broad releases from future litigation to the payments networks. Critics including Home Depot and the National Association of Convenience Stores have also taken issue with a provision that doesn’t allow merchants to opt out of rule changes that Visa and MasterCard agreed to make two months after the settlement gained preliminary approval.

“Several merchants and retail trade groups are appealing a judge’s approval of the \$7.5 billion class action swipe fee settlement.”

On December 10, a U.S. appeals court denied a request by the merchants to expedite the appeals process, reported the *Wall Street Journal*. The Second Circuit Court of Appeals said it was deferring briefing for an appeal of the settlement until the deal receives final approval from the U.S. District Court in Brooklyn, where the litigation is currently pending. A ruling on final approval is expected next year.

NJ, PA, MA Ponder Online Lottery Ticket Sales

Pennsylvania’s governor plans to expand the state’s lottery to keno and online games, including online lottery ticket sales, to produce more revenue from the \$3.5 billion lottery system that funds programs for the elderly, reported the *Philadelphia Inquirer*. Governor Tom Corbett’s administration made the statement as part of an update on its talks with companies about privatizing the management of the lottery under a 20-year agreement. The administration said expanding lottery gambling to keno and online games are steps it could take with or without a private manager in place.

In New Jersey, the state’s Department of Treasury has issued a Request for Proposal to find a manager to grow lottery revenues, which may include online lottery ticket sales, reported PhillyBurbs.com. Many convenience store owners interviewed by the news website said they are very concerned online lottery ticket sales would affect their in-store sales, as many customers who buy lottery tickets normally purchase other items like cigarettes or coffee.

Massachusetts’ treasurer plans to ask the Legislature to eliminate restrictions on selling lottery tickets online, reported the *Boston Globe*. State Treasurer

continued on page 30

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#1 in ice cream
novelty sales*



TWIX[®] brand Ice Cream Bar #190579

#5 in ice cream
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SNICKERS[®] brand Pint
#190102



TWIX[®] brand Pint
#190112



MARS
chocolate
north america



convenience store market, large Midwest chain Speedway LLC is eyeing an expansion into Western Pennsylvania, reported the *Pittsburgh Tribune-Review*. Western Pennsylvania's gas station and convenience store market is among the most competitive in the nation, experts have said. In addition to a heavy presence of GetGo, owned by O'Hara grocery store chain Giant Eagle Inc., and Altoona-based Sheetz Inc., there are a number of smaller chains that sell branded gasoline, and many independent retailers.

SEI announced in October that it had acquired 125 convenience stores in Pittsburgh and Cleveland from two companies—Handee Marts Inc. of Gibsonia and EZ Energy USA Inc. of Seven Hills, Ohio. That move was considered by experts to be part of an ongoing battle between 7-Eleven and Quebec-based Alimentation Couche-Tard, which owns and franchises about 3,500 Circle K stores in the United States, for dominance of the American market.

SEI Closes Purchase Of 12 Fast Track Stores

7-Eleven, Inc. said it has completed the purchase of 12 stores from Fast Track, Inc. in Central North Carolina. The seller is J. C. Faw of Wilkesboro, N.C. Terms of the agreement were not disclosed. The Fast Track stores that are part of the purchase are located in Elkin, King, Lexington, Thomasville, Kernersville, Lewisville, Clemmons, Winston-Salem, Hamptonville, Claremont, Statesville and Union Grove. Remodeling of these units to transform them into 7-Eleven stores got underway in late November, and rebranding is expected to be complete by mid-February of 2013. These locations are in close proximity to another acquisition SEI made earlier this year—55 Sam's Marts locations in the greater Charlotte area—and

"In Thailand, 7-Eleven stores have expanded by 500 units per year and sometimes face each other from across Bangkok streets."

complement 7-Eleven's expansion in the Tar Heel State.

7-Eleven Explodes Across Thailand

7-Eleven has become an inextricable part of the landscape in Thailand and beyond, reports the *Global Post*. As the developing world's pace of life more closely resembles the Western rat race, 7-Eleven is increasingly a source of instant nourishment for Thais, Malaysians and Filipinos on the go. In Thailand, for instance,

continued on page 24

New Nestlé Waters Contest!

Win A Trip To The 2013 NCASEF Convention In Las Vegas!



Nestlé Waters is offering a trip for two to the National Coalition's 2013 Annual Convention and Trade Show in Las Vegas to the top winner of its Perrier and SanPellegrino contest. To qualify, your store must have the highest percentage increase in dollar sales (in your zone) over the base months in the previous year for all Perrier Sparkling Natural Mineral Water and SanPellegrino Sparkling Fruit Beverages single-serve items from October 2012 to March 2013.

In addition, the top three 7-Eleven runner-up stores (2nd-4th) will receive electronic tablets as prizes, and the top 7-Eleven store within each of the 13 zones will win a \$300 gift card.

QUALIFYING PRODUCTS ARE:

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- Perrier 0.5-liter PET Pink Grapefruit (SLIN# 0243727)
- SanPellegrino 330ml Limonata (SLIN# 0243497)
- SanPellegrino 330ml Aranciata (SLIN# 0245183)



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the number of 7-Eleven franchises is about 6,800—nearly neck-and-neck with the United States’ 6,900 shops—all while Thailand’s population stands at roughly one-fifth the size of America’s. Additionally, Thai 7-Eleven shops have expanded by roughly 500 franchises per year and sometimes face each other from across Bangkok streets. Across Southeast Asia, 7-Eleven’s empire is growing: 1,300 stores in Malaysia, where it is the No. 1 conven-

ience store, and 700-plus in the Philippines.

C-Store Traffic Declines In Quarter 3

Total consumer traffic through convenience stores was down 2.1 percent in the third quarter (July, August and September) 2012 versus the same quarter last year, re-

ported The NPD Group. NPD’s convenience store market research reports that the traffic decline was largely driven by lower purchase frequency (5.9 visits per 30 days), but was also influenced by a slight decline in the overall reach of the channel (only 50.2 percent of consumers aged 16+).

According to NPD’s Convenience Store Monitor, the decline in third quarter visits was typically more severe among

continued on page 26

The ‘Food Movement’ And The Sugar Tax Defeat

By Jason Miko, Russell Communications

The “food movement” is what author and journalist Michael Pollan has used to describe the politicization of food in America. Pollan, described as a “liberal foodie intellectual” in a *New York Times* book review, is out to dictate what we eat and how it is produced.

Not too far from Pollan is Mark Bittman, an *Opinion columnist and the New York Times Magazine’s* food columnist. Writing after the November elections about the defeat of the soda tax ballot initiatives in El Monte and Richmond, California, he stated that “added sugar is the tobacco of the 21st century, and we’re just waiting for smoking-gun research that demonstrates that excessive intake of sugar is addictive and leads to obesity, diabetes and more.”

Making sugar the tobacco of this century is but one item on the food movement’s agenda. Fortunately, the soda tax ballot initiatives in El Monte and Richmond were defeated during the election this past November due to the hard work of many small businesses. 7-Eleven franchisees in those cities, working together with the American Beverage Association and other allies, worked to educate the public,

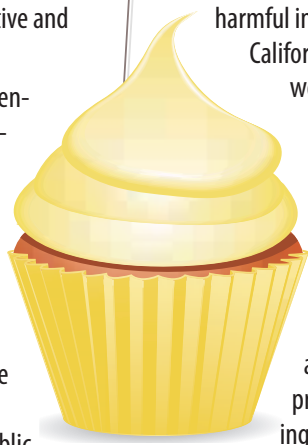
businesses and elected officials on the costs of these initiatives to small business and the consumer—and their work paid off. In El Monte, three out of four people voted against the new tax; in Richmond, two out of three people rejected the measure.

Another item on the food movement’s

agenda is genetically modified organisms, better known as GMOs. While GMOs have greatly benefited the production and quality of our food, many believe that GMOs are harmful

to humans, something science disagrees with. Those who believe GMOs are harmful introduced Proposition 37 in California this election cycle, which would have required packagers to label foods with any genetically modified ingredients. This measure would have added burdensome costs to small businesses, but it also would have allowed for lawsuits to be brought against anyone selling GMO products without the identifying labels. Like the soda tax ini-

“In El Monte, three out of four people voted against the tax; in Richmond, two out of three people rejected the measure.”



“Fortunately, soda tax ballot initiatives in El Monte and Richmond were defeated during the November election due to the hard work of many small businesses, including 7-Eleven franchisees in those cities.”

tiatives, it too was defeated, but by a smaller margin: 53 percent said no to the bill while 47 percent said yes.

While these defeats are good for businesses and consumers, those who sponsored these propositions are not going quietly into the night. So what is coming in the years ahead? According to the *San Francisco Chronicle*, Dr. Jeff Ritterman, the city councilman in Richmond who originally sponsored their soda tax ballot measure, “is not bothered by the loss, stating ‘We lost the election, but the movement will eventually win.’” He has big plans for California in the future: Ritterman’s goal is to see 14 cities put forth soda taxes by 2014, under the theory that “stretching the beverage industry’s resources thin might enable a few of the taxes to pass.”

Make no mistake—these issues are not going away, and when one city or state eventually passes one of them, others will jump on the bandwagon. As California goes, so goes the nation.

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“Small independent c-store chains did slightly better sales than major oil company-branded c-store chains in Q3.”

major oil company-branded c-store chains (especially those more overly dependent upon gasoline), while small independent chains did slightly better. The average check in the third quarter increased 2.5 percent. This increase did not appear to be driven by more items in the basket, and was likely due to a combination of higher prices, larger sizes, or changes in mix such as continued shift to higher ticket categories.

Metro Detroit 7-Eleven Stores On Selling Block

A group of 11 Metro Detroit 7-Eleven convenience stores worth nearly

\$19 million is up for sale, reported the *Detroit News*. The stores—which represent about 7 percent of 7-Elevens in Michigan—are unique because of their locations and high lease renewal rate, according to Marcus & Millichap Real Estate Investment Service, which received the exclusive listing for the properties.

With locations ranging from Howell to Romulus, the stores are in high-traffic areas at the intersection of two major roads. The seller, a private partnership that has owned the sites for more than 10 years, is seeking one buyer.

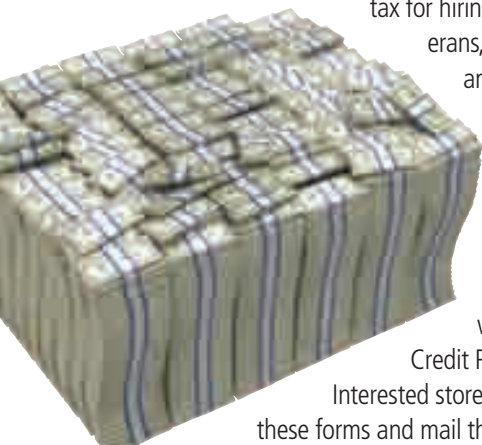
Portland-Area Toy Drive

To make sure kids at Doernbecher Children's Hospital received a toy this holiday season, approximately 110 7-Eleven stores in the greater Portland area collected new, unwrapped toys and games through December 16 in their first "Give a Smile to a Child" toy drive. Each person

continued on page 30

DON'T MISS OUT ON WOTC \$\$\$

The federal tax extender bill under consideration by Congress provides for the extension of the Work Opportunity Tax Credit (WOTC). The WOTC can reduce an employer's cost of doing business by providing tax credits to offset the employer's federal income tax for hiring certain classes of employees, including military veterans, food stamp recipients, and "disconnected" youth, among others.



Many 7-Eleven franchisees have already applied for this tax credit and have reaped substantial \$\$\$ benefits from several thousand dollars to over \$100,000. The process for WOTC is unchanged and quite simple, involving two basic forms that are included in the standard franchisee new hire paperwork—the Federal form 8850 and the Atlanta Tax Credit Processing Center (ATCPC) WOTC Tax Credit Survey.

Interested storeowners simply need to have their new hires complete these forms and mail them to the ATCPC using the pre-paid envelopes.

Visit the National Coalition Website, www.ncasef.com



A Dunkin' Donuts franchisee has partnered with Hess Corporation to own and operate Dunkin' Donuts self-serve restaurants in 10 Hess locations in the greater Charleston, S.C., area. • Burger King is testing a new home and office delivery program in South Florida and New York City. Customers can place orders online at www.BKDelivers.com or by calling 1-855-ORDER-BK. • Circle K recently granted Atlanta-based c-store chain Gas Express a master franchise agreement, **allowing Gas Express exclusive Atlanta-area rights to the Circle K brand** for Clayton, Cobb, Coweta, DeKalb and Fulton counties, reported *CSP Daily News*. • Hy-Vee and Casey's General Stores recently launched a program that **allows customers to save \$2 or more per gallon** on gasoline purchases at all Hy-Vee and Casey's stores through discounts to shoppers who buy grocery items featured in Hy-Vee's weekly Fuel Saver ad. • The government of **Saskatchewan, Canada has incorporated safety practices to protect c-store employees** and the public during late night retail hours into Bill 23, a measure that amends the province's Occupational Health and Safety Act. • **The market for gluten-free foods and beverages continues to grow** faster than anticipated, reaching \$4.2 billion in 2012, for a compound annual growth rate of 28 percent over the 2008-2012 period, according to a report by Packaged Facts. • **France's new president plans to increase the country's beer tax by 160 percent** to generate revenue for medical services and care for the elderly, reported *The New American*. • **Social media interaction** between a customer and a brand drives immediate and long-term

continued on page 36

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The STOK BLEND and MCM BLEND are naturally and truly dairy-free and coffee-free.

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McLane SLIN	230124	230123	230128	230127	230323	230296	230289	230942	230239



INCREASING FRESH FOODS SALES BY 2015

by Maninder Walia, President, Pacific Northwest FOA



Earlier this year, SEI President and CEO Joe DePinto laid out his vision to increase fresh foods sales in all 7-Eleven stores to 20 percent of total sales before the end of 2015. Since then, SEI's fresh foods management team has renewed its focus on increasing sales, and zone leaders and local Store Operation teams have been challenged to develop plans to reach this goal. These teams are currently working to identify and implement a plan that will include such elements as franchisee training on how to use important tools like ABC Analysis and Food Service Analysis to drive fresh foods sales.

Franchisees realize the effects declining cigarette sales and margins— as well as increased c-store competition—are having on our

nobody likes to eat or shop in a dirty store, so we must also make sure our stores are sparkling.

If franchisees have a responsibility to increase fresh foods sales, then SEI has to step up as well, and should remodel all the older stores by giving them a new and refreshing makeover. The company should further install the hot foods program in all stores and develop a consistent nationwide fresh/hot foods message to better communicate our offerings to our customers.

Stores are being told to sell more to the same customer who has less disposable income than before. Menu offerings should be narrowed to make it easier and quicker for customers to

created franchisee gross profit percent. DSD vendors should deliver fresh food products at lower costs, which will minimize labor and write-offs and increase profits for stores (an average store will save \$6,500 per year by buying just hot dogs/Taquitos from McLane). Zero retail accounting should be done on all food products. Stores selling hot foods have noticed more frequent visits by local Health Department officials. These inspections are more thorough and strict. Health officials closely monitor the temperature of prepared foods, and franchisees are held responsible for any violations. Food equipment repair should be a top priority. SEI should provide stores with equipment that will help sales associates serve fresh foods at the required temperatures. The roller grills should have two preset heat settings to heat hot dogs and tacos. The hot food oven should be designed to cook all foods evenly to the right temperatures, as it is practically impossible to check the temperature of each individual chicken wing and every other cooked item.

Hot food products should be proprietary and of consistent quality to maintain customer loyalty. Since managing the fresh food category increases franchisees' labor costs tremendously, SEI should consider compensating franchisees for the increased labor costs.

The success of the fresh foods program in 7-Eleven depends as much on SEI as it does on franchisee execution at the store level. Without the proper support from our franchisor, it will be much more difficult to reach the 20 percent sales goal by 2015. Proper investments and working together as a team will certainly help us get there.

“TO INCREASE FRESH FOODS SALES, SEI MUST STEP UP, GIVE ALL THE OLDER STORES A MAKEOVER, AND INSTALL A FRESH FOODS PROGRAM WITH A CONSISTENT NATIONWIDE FRESH/HOT FOODS MENU.”

bottom lines. It is important that we also understand the value of growing fresh foods sales. Fresh foods category sales are growing by 6 percent compared to an overall merchandise sales increase of 2 percent. Selling fresh foods gives us an edge over some other c-store competitors, and at the same time provides our guests an option to buy fresh foods in a convenient, fast and friendly environment.

In order to reach the 20 percent sales goal, franchisees have to renew their focus on this category and set growth targets in their stores. Franchisees must also communicate to store staff the importance of well-stocked roller grills, bakery cases, and other fresh food products. Store cleanliness is a major catalyst to fresh food growth, as

decide what they want. Stores presently have 10 different food offerings each on the roller grill, in the hot food display, in the sandwich case and in the fresh bakery case, and it is harder and confusing for the guest to decide what to eat. Combo deals bundling fresh foods with other high gross profit items should be promoted on a national level and backed by an aggressive media campaign to attract more customers to our stores. We need more new guests in our stores and it is time that SEI invest heavily in this responsibility.

Another key to the successful growth of fresh foods is lower cost of goods, and SEI has an obligation to provide franchisees with the lowest cost of fresh food items. The CDC delivery system has increased the cost of fresh food products and de-

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UP2U 2/\$3
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mentos



SKU#	UPC#	Description
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54883	54883	UP2U Sweet Mint / Bubble Fresh
54884	54884	UP2U Daylight Mint / Midnight Mint
54885	54885	UP2U Spearmint / Mandarin Strawberry
54886	54886	UP2U Striped Red Strawberry / Star Mint
54887	54887	MENTOS Mint Rolls
54888	54888	MENTOS Mixed Fruit Rolls
54889	54889	MENTOS Rainbow Rolls
54890	54890	MENTOS Strawberry Rolls
54891	54891	MENTOS Cinnamon Rolls
54892	54892	MENTOS Green Apple Rolls

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UP2U	Fresh Mint/ Berry Watermelon 0 73390 01209 0	Sweet Mint/ Bubble Fresh 0 73390 01210 6	Daylight Mint/ Midnight Mint 0 73390 01231 1	Spearmint/ Mandarin Strawberry 0 73390 01208 3	Striped Red Strawberry/ Star Mint 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				



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who donated received a collection of coupons for free 7-Eleven favorites like glazed donuts, Big Bite hot dogs, Go-Go Taquitos, coffee, Big Gulps, and Slurpee drinks. The offer was limited to one set of coupons per guest.

7-Eleven stores in the following Oregon and Washington cities participated in the toy drive: Oregon—Portland, Gresham, Tigard, Tualatin, Beaverton, Aloha, Sherwood, Hillsboro, Forest Grove, Salem, Keizer, McMinnville, Wilsonville, Woodburn, Milwaukie, West Linn, Lake Oswego, Oregon City, Canby, Clackamas; Washington—Vancouver, Camas and Ridgefield.

7-Eleven Testing E-Commerce Lockers

E-commerce delivery service ShopRunner is testing its PickUpPoints lockers in its home city of Philadelphia, and 7-Eleven is among the chains participating in the program, reported Wired.com. Consumers who order products from ShopRunner's more than 60 client retailers can have the items delivered to the lockers, and must show confirmation e-mails or mobile phone bar codes to store

employees to pick up their orders. Earlier in 2012, several West Coast 7-Eleven stores participated in a similar locker pilot program with Amazon.com.

7-Eleven Ranks On Entrepreneur Magazine's Franchise 500 List

7-Eleven has been ranked #4 on Entrepreneur magazine's 2013 Franchise 500 list. Two other c-store chains also made the list: ampm (#22) and Circle K (#36). For the third consecutive year, Hampton

continued on page 70

Legislative Update

continued from page 20

Steven Grossman, who oversees the state lottery, discussed the possibility of selling tickets online during testimony in early December before lawmakers who convened a revenue hearing at the State House. Grossman said he is not seeking an appropriation to launch a major online effort and is only looking for possible pilot projects that would test the feasibility of online sales.

Beer Bill On Tap In Colorado

A Colorado state representative is crafting legislation that would allow some small-batch microbreweries to sell full-strength beer in grocery and convenience stores in Colorado, reported the *Colorado Statesman*. Rep. Kevin Priola (R-Henderson) pointed to skyrocketing demand for micro beers in the state as inspiration for the measure. Despite its growth and economic impact, the industry still represents no more than 4.6 percent of beer brewed in Colorado, but Priola believes he can boost production and access to these smaller, independently owned brews by offering legislation that would permit smaller microbreweries to sell their products in grocery and convenience stores. The newspaper noted the beer battle has been fought in at least four previous legislative sessions, with attempts to permit sales at supermarkets and convenience stores failing each time. The last attempt was in 2011.



Chicago Politician Proposes Age Restriction On Energy Drinks

A Chicago lawmaker wants to ban the sale of energy drinks in the Windy City to anyone under the age of 21, reported the *Chicago Sun-Times*. City Alderman George Cardenas said he wants to summon health experts to testify before his committee on a series of recent deaths around the nation of young people who chugged caffeine-laced energy drinks. When asked why he proposed the ban before letting the experts weigh in, Cardenas replied, "You start with that premise because it brings more attention to the problem. It's a more serious conversation. If we just hold hearings, people won't take it seriously."

Maryland County Bans Sugary Drinks

A Howard County, Maryland executive recently moved to ban the sale of high-sugar drinks like soda in parks, libraries and other county properties and at county-sponsored events, reported the *Baltimore Sun*. These sugary beverages would be replaced by healthier options under the new rule. The sales and distribution ban—which mirrors efforts nationally and that may be adopted by Baltimore City—is aimed at reducing childhood obesity and raising awareness among parents and adults about the health hazards of sugary drinks. The ban has drawn criticism from soda-drinking citizens and the beverage industry, which argues public officials should allow consumers to make choices while emphasizing balanced diets and exercise.

continued on page 74

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The Co-Prosperity Model:

BY BRUCE MAPLES
EXECUTIVE CHAIRMAN, NCASEF

Franchisees, 7-Eleven, Inc., Vendors

The National Coalition and franchisees place a very high value on relationships with our vendor community. Our vendors provide the products that we sell in our stores, and support our customers with brand awareness. Every year, year after year, franchisees are flooded with information on innovative new products, changes in packaging and flavors, and line extensions on successful product lines that help provide incremental sales and profits for our stores.

According to the industry experts, over 2,000 products are introduced into the convenience store channel each year. Franchisees have provided and continue to provide our vendor partners with the first and best opportunity to place these products in our stores. You don't have to look very hard to find recent success stories that include items like Chobani Yogurt, Takis and electronic cigarettes. When Red Bull was first released, stores were buying it, paying cash and putting it on their cash reports long before it was a recommended item. Today with over 7,000 stores, there are not many products 7-Eleven franchisees don't hear about, and with Retailer Initiative, we will continue to make informed buying decisions at the store level for each of our own stores.

All of the new products we see create excitement, solve a problem, or answer a need for our guests. Vendor promotions and consumer advertising play a huge part in our guests' awareness, and the franchisee's ability to contribute to the new item process through Store Supported Items (SSIs) gives

us flexibility in our product selection and supports sales through store-by-store customization of product sets.

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

For franchisees, there is no more important relationship in our business than the relationship between vendors, storeowners and our franchisor. We are at our best when we are working together to develop and bring to market the right products for our customers. With our wide distribution over 30 states, and our ever-developing distribution network and merchandise selections, working together is the biggest advantage we have over our competition.

Franchisees in their stores, interacting with customers, end up being the best source of knowledge and insight as to what "our" guests are looking for and ultimately



"National Coalition activities offer vendors an excellent return on investment."

what sells in our own stores. As 7-Eleven grows to 10,000 stores, franchisees will become even more critical to stay in touch with the customer. For the system to be as successful as it can be, FOA leadership that communicates with vendors and 7-Eleven is crucial to success.

When I first became NCASEF chairman my commitment to the Board was, "To raise everyone's sales and profits." We are all happy when we are making sales, satisfying our guests, and answering their

"A partnership between franchisees, 7-Eleven and the vendor community is the only way we can continue to grow same store sales at a rate that outpaces the industry."

needs. Vendors want to come back to our stores with their hottest-selling products. It is a win-win-win situation in which all parties benefit and are motivated by the prospect of growth and expansion.

It sounds easy, yet the c-store business has become so complicated today that there is much more to a co-prosperity model than just ordering, selling and getting paid. It is important for everyone to know that every morning when we pick up the MOT (mobile operations terminal) we are making the buying and merchandising deci-

sions for our stores.

Selling to 7-Eleven is a three-pronged approach. Vendors want to get their products approved by SEI, and they must stay involved with franchisees to succeed. They also must follow through on distribution, with the best cost of goods, to remain in our stores. The franchisee/ vendor relationship thus becomes



continued on page 36

The Co-Prosperity Model: Franchisees, 7-Eleven, Inc., Vendors

“Our objective is to grow franchisee sales and profits.”

very important, even critical, to the sales of the vendor's products.

The National Coalition and our regional FOA network are structured to provide vendors with numerous opportunities to get in front of our franchisee members.

—Our Convention and Trade Show offers access to franchisees in a relaxed, selling-show environment that includes recommended as well as non-recommended vendors. This year's show, scheduled for July 14-18 in Las Vegas, is the NCASEF's 38th Annual event.

—NCASEF Board of Directors' Meetings four times per year offer vendors the opportunity to present to our 80 Board members, two from each of our 40 Franchise Owner's Associations that represent franchisees from every part of the country.

—At our Affiliate Member Program meetings two times per year vendors have the opportunity to meet with franchisee leaders top-to-top and one-on-one to get real-time feedback on their products, as well as hear presentations from fran-

chisee leaders and from 7-Eleven senior executives and industry professionals. We now have over 150 companies in our Affiliate Member Program.

—Avanti Magazine is mailed six times per year approximately 6,000 franchised stores, the entire universe of franchisees, and our website provides a great introduction to our organization, as well as a great introduction to all of our regional member organizations.

All of these activities offer vendors an excellent return on investment, and can help support core products as well as the new item process, but ultimately, the way to sustain sales is to get the person in the store with the MOT in his or her hand to place the order, and continue to order on a repeat basis.

My goal every day is to grow franchisee sales and income. The more new innovative and hot-selling items we can get in front of franchisees, the more we all benefit. Same store sales growth is the benchmark for any successful company, and a partnership between franchisees, 7-Eleven and the vendor community is the only way we can continue to grow same store sales at a rate that outpaces the industry.

I wish everyone huge success in 2013, and I would like to thank our vendors, our NCASEF Board, our executive officers and all of the franchisees who supported the Coalition for all their hard work over the past year. **AV**



continued from page 26

sales increases of up to 30 percent, according to a study by LoyaltyOne, Northwestern and Ivey Business School. • Anheuser-Busch InBev plans to **extend its higher-alcohol line with the launch of Budweiser “Black Crown”** in early 2013, reported *Advertising Age*. The new brew contains 6 percent alcohol by volume. • Domino's Pizza recently launched its new **Spanish-language ordering app for smartphones**, offering a language alternative for Hispanic consumers. • A new study by real-time market research firm Paradigm Sample reveals that **71 percent of convenience store shoppers would be willing to use mobile wallets** to pay for items using their mobile phones and tablets. • Animal protection organization Mercy For Animals announced it has hidden-camera video that shows **Butterball employees abusing Thanksgiving turkeys**—kicking and stomping on birds, dragging them by their wings and necks, and throwing turkeys onto the ground. • R.J. Reynolds has sued e-cigarette maker SAS Technologies—which does business as **SaveASmoker.com**—accusing the company of infringing on its Camel and Winston brands with its **“E-Liquid” products named “Camell Tobacco” and “Winston,”** reported *The Business Journal*. • Seattle's Best Coffee, part of Starbucks Corporation, recently unveiled a new small footprint drive-thru and walk-up only store built for speed. Standing at less than 600 square feet, **the mini store will allow Seattle's Best Coffee to serve the large and growing audience** of customers who get their coffee on-the-go. • **MapQuest** has launched its new Gas Prices mobile app for Android and Apple, which helps drivers find the cheapest gas in their area from their smartphones. • NJOY Electronic Cigarettes recently became the first e-cig company to support the nationally recognized **We Card Program** and join its Manufacturers Advisory Council. • NCR Corporation said it will be installing **10,000 SelfServ Checkout** lanes in more than 1,200 Walmart locations in the United States during 2013. • The U.S. is poised to overtake Saudi Arabia

continued on page 40

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
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The Fresh Foods Goal

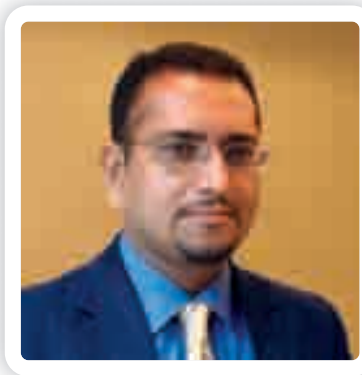
BY JIVTESH GILL

EXECUTIVE VICE CHAIRMAN, NCASEF

I think everyone would agree that SEI's goal of building fresh foods sales to 20 percent of overall store sales is a great strategy. It will help us make up for shrinking margins in other critical categories that we've depended on in the past, and it will help give us an edge over the competition. While we have the desire to accomplish this goal, it's going to require a huge team effort from both sides to get the job done. We will also need large investments in infrastructure and some changes in the operational culture at the store level, as well as at the corporate level.

A good place to start would be to educate franchisees on how they benefit from growing fresh foods sales. Storeowners need to have tools that show how increasing another 20 hot food items or selling five more pizzas or selling six more sandwiches impacts their bottom lines. We need the tools to keep an eye on true gross profit after

them look dated. That's a big mind block for our customers. Our guests look at us as hot dog and beer destinations rather than some place they can go to enjoy a quick lunch of sandwiches, salads, or pizza. As much as SEI is investing in opening new locations and buying existing chains, the company should not ignore the existing stores and hope that the customer won't



“Fresh food is a high margin business, and we are required to make our guests feel comfortable with the appearance and cleanliness of our physical plant.”

writeoffs, how to make choices between different available SKUs, and how to optimize our fresh food assortment. We also need a step-by-step plan with the right product mix and a road map of how to achieve the 20 percent goal.

In terms of infrastructure, more needs to be done to prepare our stores to be food-friendly destinations. It's been said many times, but it can't be said enough—SEI needs to invest in our stores. When you go to the competition,

their stores are up to date; they look like food-service destinations. When you come to our stores, many of

“In terms of infrastructure, more needs to be done to prepare our stores to be food-friendly destinations.”

the day. If we are to make fresh foods 20 percent of our sales, we can't just rely on lunch sales. Selling chicken wings and some sandwiches at the lunch rush won't get us there. We need to have attractive offerings in the morning and mid-day as well as some evening offerings. We need to get more creative to cover the entire day. Field consultants can help us by providing us the tools and assistance we need to analyze how the fresh foods business is growing. We could then tweak it and make some individual decisions at the store level. This way we could focus on what products are working and stop wasting resources on items that aren't.

Clearly some stores will do phenomenal food volumes and some can't. In those that can't, to keep pushing the franchisee to concentrate on fresh foods is punitive and counterproductive. Let's turn those stores into beer stores, grocery stores or tobacco stores, whatever caters to their customers. The em-

continued on page 40



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The Fresh Foods Goal

continued from page 39

phasis should be on determining which stores can do well with fresh foods, and in the stores that can't, customize each store to cater to the existing customer base.

There should be no question in anyone's mind that we should be in the fresh foods business—our survival depends on it. But we need a cultural change. Cleanliness scores have gone up, and we are getting some training on food handling, but SEI needs to give franchisees a little more flexibility in how to present their products and more flexibility to decide what products to carry for their particular area. SEI needs to trust the franchisee to do the right thing.

In 2012 we did not see volumes of change in 7-Eleven's fresh food business. We trust SEI's fresh foods team, with Kelly Buckley as vice president of Fresh Foods Innovation, and we feel they have great ideas, but SEI also needs to provide the proper remodeling support we

"Clearly some stores will do phenomenal food volumes and some can't. In those that can't, to keep pushing the franchisee to concentrate on fresh foods is punitive and counterproductive."

need to move forward with fresh foods. Franchisees in general have a wait and see attitude about what is going to happen, but we are really waiting for some big-time resources and a huge refreshment of our store base.

Convenience is our ultimate advantage, and we can fill the demand for freshness and healthier choices—healthier than QSRs are currently serving—but let's speed up the plans! **AV**



continued from page 36

and Russia to become the world's largest producer of oil by 2017 and become energy self-sufficient by 2030, reported the *Financial Times*. • **Oil giant BP will pay \$4.5 billion in a settlement with the U.S. government** over the disastrous 2010 oil spill in the Gulf of Mexico and plead guilty to criminal charges related to the deaths of 11 workers and lying to Congress, reported the Associated Press. • **Monthly sales at McDonald's dropped 1.8 percent in October**—the first such decrease for the quick-serve chain since April 2003, reported the *Los Angeles Times*. • **Kraft Foods Group Inc.'s third-quarter earnings jumped 13 percent** as progress toward a leaner cost structure

continued on page 46

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Incorporation— Is It For You?

BY ARNOLD J. HAUPTMAN, ESQ.
NCASEF GENERAL COUNSEL

It appears to me that many, if not most, franchisees are now entering into store agreements in a corporate capacity rather than as individuals. On the other hand, most franchisees who signed or renewed an agreement some years ago are still operating as individuals. That's probably because SEI only began, a relatively short time ago, to enter into new agreements with corporations or to permit existing individual franchisees to transfer his or her agreement to a corporation. In fact, two or more unrelated individuals can be shareholders in such a corporation with the consent of SEI. Should those non-incorporated franchisees consider assigning the agreement to a corporation?

The answer is probably yes—but there are both accounting and legal issues to consider. Most accountants, in my experience, would favor incorporation for tax benefits. In fact, they would probably favor Limited Liability Companies (LLCs) even more, but at this time SEI will not enter into agreements with an LLC, although this policy may change in the near future. Attorneys, on the other hand, will invariably recommend conducting any business under the umbrella of a corporation—and most assuredly, a 7-Eleven store—for the following reasons.

Probably the biggest risk for any business is that of personal injury to a third person (not an employee for which Worker's Compensation comes into play) by reason of the negligence of the owner. Even where there has been no negligence, practical considerations often dictate huge settlements to avoid the risk of a jury verdict many times the amount of the settlement.

In today's real world, a slip and fall in your store or the sale of a tainted product

that results in a serious injury or illness could mean liability in the millions of dollars. Does that happen on a

frequent basis? No. Can it happen? Absolutely, and you should make every effort to protect your personal assets in the event of such an occurrence.

You do have some protection under the indemnity amendment of your store agreement (Exhibit C) for personal injury to third persons in the amount of \$500,000 per occurrence, but that amount falls far short of the amount of protection needed. Moreover, there are certain exclusions from this indemnity, most notably with respect to the sale of fresh foods after notification to you of a vendor's failure to either submit the product to a microbiological test, or the actual failure of



“Probably the biggest risk for any business is that of personal injury to a third person by reason of the negligence of the owner.”

the test. Any intentional act by you or your employee (assault, etc.) is also excluded.

Of course, additional private insurance is available, and I have continuously urged that franchisees obtain such insurance with coverage of at least \$1 million, and perhaps \$2 million. My experience however, is that most owners either neglect to buy insurance or simply can't afford it.

Operating under the protection of a corporation would not—in the event of a catastrophic injury to a customer—shield

“Should non-incorporated franchisees consider assigning their agreement to a corporation? The answer is probably yes.”



you from the loss of your franchise business, but there is not much that the business owns since SEI owns or leases the premises and leases the equipment. The real danger is the loss of your other personal assets (home, savings, investments) if an injured party gets a judgment against you that exceeds the indemnified amount of \$500,000.

Transferring your store agreement to a corporation in which the signatories on the agreement are the only stockholders is not a difficult or expensive process, but because of specific language required by SEI that must be incorporated into the Articles of Incorporation and By-Laws, and because of the multi-step approval process by the SEI legal department, the transfer should be handled

by an attorney. The rules are not complex. For your purposes, the only shareholders of the corporation can be the original signatory(ies) to the store agreement; the only business of the corporation is the operation of one or more 7-Eleven stores; and no shares may be issued, encumbered, assigned or transferred without the prior written consent of SEI. In other words, you cannot sell all or any part of your interest in the franchise by simply issuing shares of stock to a

continued on page 44

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Incorporation—Is It For You?

person not a signatory to the store agreement or not subsequently approved by SEI.

Once the store agreement is transferred to a corporation, there will be the need to also transfer your liquor, lottery, health, and other licenses, but this is not a major problem and SEI will be of help to you.

It is absolutely essential, to get the benefit of corporate protection against personal liability, that you hold your business out as a corporate entity in an unmistakable manner. This means that all business documents such as checks, letterheads, business cards, etc., must have the corporate name imprinted making sure the “Inc.” or “Corp” is at the end of the name. It is also essential that your vendors invoice you under the corporate name and not your individual name or 7-Eleven Store Number, and that you sign all documents with your corporate title. For instance “John Doe, President” or “Jane Doe, Secretary.” Above all, avoid per-

“The protection of a corporation would not—in the event of a catastrophic injury to a customer—shield you from the loss of your franchise business, but could help protect personal assets.”

sonally guaranteeing corporate debt if at all possible. However, SEI will require that the individuals guarantee any debt to SEI.

Also, keep in mind that you will become an employee of the corporation and therefore will be subject to withholding taxes, FICA, Medicare, and the like. You will also receive a W-2 at the end of the year.

This is a matter that should be given serious thought. Any questions? Give me a call. **AV**



continued from page 40

allowed the company to pour more money into advertising and increase sales, the *Wall Street Journal* reported. • **Inventure Foods, Inc. reported third quarter net revenues increased 24.2 percent**, driven largely by a 41.5 percent increase in its healthy/natural portfolio. The company also said its gross profit increased 47.8 percent. • Residents of Washington and Colorado went to the polls on November 6 and **voted to legalize recreational use of marijuana**, making them the first U.S. states to decriminalize the practice. • **Walgreen Co. has launched its own line of household goods with no harmful chemicals.** The new “green” Ology brand products hit the drugstore chain’s shelves in early

continued on page 49

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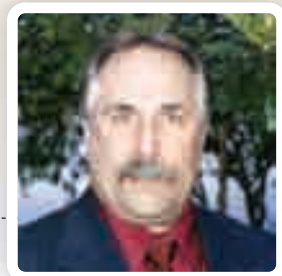


Raspberry Lemonade



PAYING THE PRICE FOR OTHER'S MISTAKES

BY ROGER ST. GEORGE
VICE CHAIRMAN



Consequences. Life is full of them. Some occur whether you are expecting them or not. If you put your finger into a flame, for instance, your finger will get burned. While this may have been an unknown consequence the first time, you undoubtedly learned the consequence to this action immediately afterwards. Furthermore, you learned that the consequence of the burned finger was the result of your own action.

As a 7-Eleven franchisee, one quickly learns there are consequences to actions in your store. If you for-

get to transmit an order, you do not receive your product. The consequence is lost sales, lost profits, and potentially lost customers. While this is unfortunate, the franchisee knows the consequence is his or her fault.

employees suddenly not receiving a paycheck; promo master items not operating properly; factoring of pre-booked items; recommended items from the recommended vendor factoring; EBT setup er-

“Franchisees get frustrated when consequences affecting us are not the result of our own doing.”

There are good consequences, as well. A franchisee that orders the proper inventory, merchandises appropriately, and has the correct staffing levels receives the consequence of good sales and good profitability.

What frustrates franchisees, however, is when the consequences affecting them are not the result of their own doing. There are too many examples of problems caused at the corporate level that have a negative impact on franchisees and store operations. “Problems” roll downhill, as the saying goes, and franchisees are almost always at the bottom.

Every decision made in the Store Support Center appears to affect franchisees. Seemingly small changes or problems that seem innocent enough to a person sitting in an office have massive consequences in the stores. While a fix seems relatively small to implement at a single store, the time and resources spent in over 5,687 franchise stores is staggering.

It seems 7-Eleven, Inc. does not appreciate the consequences its employees’ actions have upon the franchise community, because there seems to be a lack of consequences for the SEI employees who cause the problems. There is an 800 pound gorilla in the room called “The System” that no one seems to fully understand, but it receives all the blame. New store employees not receiving a paycheck for weeks or even a month; tenured store

errors; price change anomalies—these are all problems coming from an SEI employee that require the franchisee to invest his time or an employee’s time to fix.

Does SEI realize that a \$10 per hour employee spending ten minutes to address an SEI-caused problem costs the franchise community \$10,000 in lost net income? What is the cost if franchisees or their store managers must correct the problem? What would it cost SEI to get it right the first time?

“There are too many examples of problems caused at the central office level that have a negative impact on franchisees and store operations.”

If you think I’m requesting accountability for the store operations we expect to run smoothly, yet do not, you are right. My comments are direct feedback from the field, which every franchisor and every businessman should value. Fix my problems and you’ve gone a long way towards fixing the system. **AV**

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continued from page 44

November. • **Panera Bread was voted the number one sandwich chain in a national restaurant industry survey** conducted by Market Force. Subway was ranked 7th. • In an effort to fight obesity, doctors in Ontario, Canada are calling for **graphic warning labels**—similar to those printed on cigarette packs—to be placed on high-calorie foods with low nutritional value, reported *The Telegram*. • **Starbucks plans to buy tea store chain Teavana Holdings** for \$620 million, reported Reuters. Teavana has about 300 shopping mall stores that sell loose-leaf, exotic teas, and the coffee chain aims to add tea bars that serve prepared drinks in existing Teavana stores. • Pennsylvania-based c-store chain **Wawa plans to open 30 new stores in northern New Jersey** in the near future, reported the *Bergen Record*. The new locations will bring Wawa closer to New York, where it has no stores. • **Donald Trump’s DJT restaurant on the Las Vegas strip was briefly shut down recently after health inspectors found violations** including month-old caviar and expired yogurt, re-

continued on page 56

PRODUCT MIX AND CENTER OF THE STORE SALES PLAN

BY JAY SINGH
VICE CHAIRMAN

I recently received an e-mail from one of my field consultants regarding the center of the store sales plan for the months of January and February. The plan included recommendations on what products to add in certain parts of the store. Most of the suggested items were for the snacks, candy, HABA, and energy sections, and a few were seasonal items like gloves, beanies and fingerless mittens with descriptions of different levels of funding provided by vendors to support the promotions.

From time to time all the stores get these recommendations to help increase sales for the center of the store. Most franchisees follow all the suggestions according

ing to negotiate the best possible deals to drive sales for these categories.

On the other hand, there are categories in our stores—like stationery, soap/cleaning, auto supplies and non-foods—that do not sell well. Some sub-categories in these sections may have minimal sales, but most of the stores carry them anyway in order to follow the schematics. Periodically the stores delete and add items after doing an ABC Analysis, but these efforts do not result in good sales.

School and home office supplies, home products, and soap, detergents and laundry products are items used in almost every household, and most of our stores



detergent or bleach, for instance, costs way more in 7-Eleven than at other retailers, especially dollar and drug stores. It appears that the dollar stores or other neighborhood stores may have better prices on these items than we do.

The Merchandising Department has a lot of work to do to improve the cost and retail of some items in order to attract more customers to our stores for these categories. With the right retail, our existing customers would add these products to their shopping lists in future and perhaps bring with them a typical market basket ring.

The center of the store is an important part of our store if merchandised properly and can definitely bring more profits on top of our increasing fresh food sales.

On the eve of 2013 I would like to thank all of our franchisee members, our Board of Directors, and all of the elected officers for your support and camaraderie over the past year, and wish everyone a solid and profitable 2013.

Happy selling. **AV**

JAY SINGH

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“The Merchandising Department has work to do to improve retail costs of some grocer items to attract customers to our stores.”

to the requirements of their individual stores, and continuously make decisions to add and delete items. Snacks, confectionery, and HABA do well in sales when we put them on promotion, and the Merchandising Department is diligent in try-

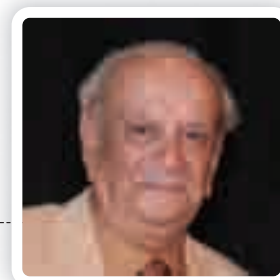
ing to negotiate the best possible deals to drive sales for these categories. Customer feedback indicates that most of these items are not well-priced compared to our competition. A small size of laundry

THANK YOU FOR ALLOWING ME TO SERVE

KARAM DHALIWAL
VICE CHAIRMAN

I've had the honor of serving the franchise community for 30 years, mostly with the Southern California FOA and more recently

as a vice chairman of the National Coalition. Over this time I've had the privilege of working with and befriending some of the most



hardworking and devoted franchisees in the system. I've seen a lot of good times in 7-Eleven, and helped out as much as I could

continued on page 52

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SLIN 321287 - UIN 680876



7 84762 07877 3

MANGO 1 CARTON - 25 TWO PACKS
SLIN 321288 - UIN 680908



7 84762 07867 4

GRAPE 1 CARTON - 25 TWO PACKS
SLIN 321289 - UIN 680918



7 84762 07807 0

BLUEBERRY 1 CARTON - 25 TWO PACKS
SLIN 321292 - UIN 680884



7 84762 07817 9



ZIG-ZAG CIGARETTE PAPERS

ORANGE 1 CARTON - 24 BOOKLETS
SLIN 320298 - UIN 504002



0 08660 00724 7

WHITE 1 CARTON - 24 BOOKLETS
SLIN 320843 - UIN 504308



0 08660 00702 5

NATIONAL TOBACCO COMPANY

THANK YOU FOR ALLOWING ME TO SERVE continued from page 50

when we hit the rough patches. Now, at age 82, it's time for me to hang my hat, to move to the backseat and enjoy the view.

I first took an active role in helping the franchise community in 1982, when I joined the Board of the Southern California FOA. I served in many capacities, including as chairman of the scholarship committee. Then about ten years ago Joe Saraceno asked me to run and become his vice president. When Joe passed away, I was voted in as president of the association.

I've done my best to help the franchise community over the years, especially locally. When I became president of the Southern California FOA, I reached out to the other associations in my area—the FOA of Greater Los Angeles, the San Diego FOA, and later the Joe Saraceno FOA after they had formed—to

coordinate meetings with each other and SEI management to resolve franchisee issues. The four FOA presidents and officers would meet occasionally to strategize, and we would even attend each FOA's events—trade shows, Holiday parties, and the like. The unity was good for all of us. Working together as a unit, communicating and sharing information, I consider that a breakthrough.

It is precisely that type of relationship SEI should strive harder to achieve with franchisees. At the end of the day, the franchisees are working hard to increase sales and gross profits. If franchisees are successful, then the company is successful. I think SEI management needs to talk more openly with franchisees and accept our input. We are partners in this system, after all. Being on the front lines, franchisees know what we need to satisfy our customers' needs and to move our business forward. Open communication will be one key to our continued success.

As a Board member of the National Coalition and as a vice chairman, I tried to advance the needs of the franchise community and to strengthen our position within the 7-Eleven universe. It wasn't always easy, but I like to think I've helped move the franchise community forward.

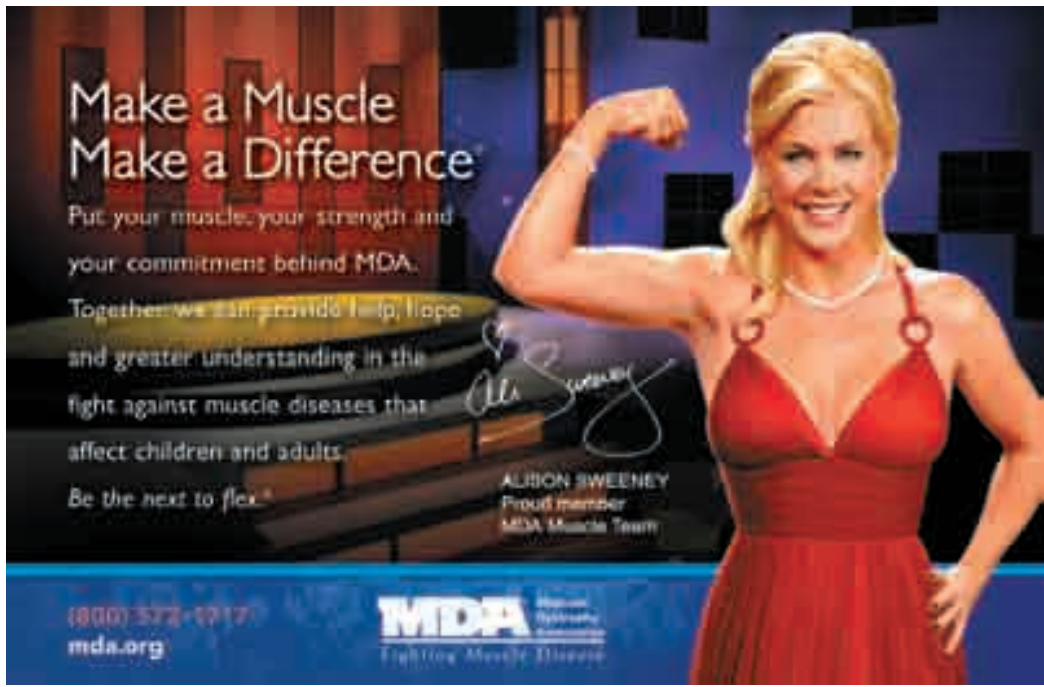
Now that I'm out of the picture, I will continue to attend my local FOA meetings as a franchisee. I wish our new president Nick Bhuller the best of luck. If they need my advice, I will give it. I will miss the National Coalition because I have made many friends as a member. In the National Coalition there hasn't been a president who hasn't been courteous to me. They all call me Mr. D, and I've had that nickname for so long I've forgotten that my first name is Karam. I have close relationships with many vendors. Several vendors have even sent me nice e-mails once word got out that I was stepping down, and I appreciate it.

I'm not walking away from the franchise community. I've had a great time and will continue to have a great time. I hope to continue to attend National Coalition meetings. I know I will be welcomed by whomever the chairman is. I will sit in the back and learn new things. I'll be the elder statesman, but don't call me that because I'm not that old yet. I think I still have about 15 years left in me. I've been very fortunate because I've been doing what I love what I do.

Thank you again for allowing me to serve. It's been a great ride. **AV**

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

"I first took an active role in serving the franchise community in 1982, when I joined the Board of the Southern California FOA."



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By John Barbot

President, Barbot Insurance Services



The Patient Protection and Affordable Care Act

The reelection of President Barack Obama in the national elections on November 6 all but assures the enactment of the Patient Protection and Affordable Care Act (PPACA), or some variation thereof, and enforcement of its requirement that employers with over 50 full-time equivalent employees provide health insurance for all employees working over 30 hours per week or pay a penalty. The year 2013 is the "setup" year, and 2014 is the year for implementation of the mandate that certain employers and most individuals must purchase health insurance or pay a fine.

As you know the PPACA, commonly called Obamacare (or the federal health care law), was passed under the Obama administration in 2010 to increase the number of Americans with health insurance. The first item the Act passed was patient protection. It prohibits coverage denial for people with pre-existing conditions, it sets up a series of subsidies for people who cannot afford coverage, and it created a state-based insurance marketplace called the Health Benefit Exchange.

The purpose of the exchange is to 1) facilitate the purchase of qualified health plans, and 2) provide a Small Business Health Options Program Exchange (referred to as a "Shop Exchange"), which will assist employers in enrolling employees in small qualified health benefit plans. Each state is responsible for establishing a single exchange that performs both functions, or creating a separate exchange. If the state does not want to do it, the federal government will provide its own version. The ex-

changes should be up and running in 2014, and getting insurance through them could bump the maximum tax credit to 50 percent of employer contribution, up from the current 35 percent.

All employers classified as "large employers"—defined as 50 or more full-time employees—will be required to offer insurance. 7-Eleven franchisees who are multiple owners and franchisees who own businesses other than 7-

Elevens may be affected. It is the combined number of employees in all your businesses that determines whether or not you as an employer will have to pay insurance for your employees.

Employers in the large employer class are required to offer "essential health coverage" to ONLY their FULL-TIME EMPLOYEES. The definition of "essential" is important. The Act requires a minimum level of coverage, such as:

1) ambulatory patient service; 2) emergency services; 3) hospitalization; 4) maternity and newborn care; 5) mental health and substance use disorder services; 6) prescription drugs; 7) rehabilitative services; 8) laboratory services; 9) prevention and wellness services and chronic disease management; and 10) pediatric services, including oral and vision care.

The year 2013 is important. The task for all employers is to establish whether you

are a "large employer" or a "small employer" based on the number of workers you employed in 2013. If you are a small employer you are exempt from offering health insurance to full-time employees. If you are a large employer, over the next year you must decide whether or not it is prudent to purchase coverage for your employees or pay the prescribed penalty.

The Magic Formula

So what makes a "large employer"? The formula is Full-Timers + Part-Timers = Full-Time Equivalents. Over 50 full-time equivalents and you must provide insurance.

1. A full-time employee is one who works 30 or more hours per week on average each month.
2. To calculate the number of full-time equivalents from your part-time employees, add up all the hours worked by part-timers per week, multiply times 4 weeks and divide

"Obama's reelection all but assures that employers with over 50 full-time equivalent employees will be required to provide health insurance for all employees working over 30 hours per week—or pay a penalty."

by 120 hours to find your number of full-time equivalents.

3. Seasonal workers who work less than 120 days per year are excluded from the calculation.

4. Add the number of full-timers you employ and the number of full-time equivalents from your part-time workers calculation.

5. If the answer is 50 or more, the employer

continued on page 56

is subject to the mandate to provide health coverage to all full-time workers (30 hours or more a week) or pay a penalty.

Comparing Costs

In some cases an employer may choose not to provide health insurance and instead pay the penalty for not doing so.

1. The annual penalty is \$2,000 per full-time employee in excess of 30 employees per year. In other words, the first 30 full-time employees are excluded from the penalty calculation.
2. There is a possibility of an annual \$3,000 penalty for each full-time employee if they receive a subsidy under an exchange plan because the “large employer” has a health plan that constitutes minimum essen-

tial coverage, but the plan is inadequate or unaffordable for the employee.

3. The cost for health insurance per employee currently is between \$800-\$1,200 per month per employee or \$9,600-\$14,400 annually per employee. You need to compare this to the penalty of \$2,000 per full-time employee after the first 30 employees.
4. An employer paying the penalty would not incur any administrative costs in order to comply with the Act’s new regulations and would not incur administrative costs associated with navigating the free choice voucher system. Employees generally would have wider array of choices by going to through the exchange as individuals, and may be eligible for federal government subsidies and credits and thus lower their out-of-pocket expense.

How does PPACA calculate full-time equivalent employees?

If a company employs 35 full-time workers (working an average of more than 30 hours per week) and 20 part-timers (working on average 24 hours per week, or 96 hours per month each), these 20 part-timers are the equivalent of 16 full-time workers (20 part-timers x 96 hours per month / 120 hours per month = 16 full-time equivalents). So for calculation purposes, this employer has $35 + 16 = 51$ full-time equivalents. In this case the employer has 51 full-time equivalent employees, and would have to offer health insurance to all of its 35 full-time employees.

What is the penalty for employers who do not offer coverage?

An employer with 80 employees will be subject to a penalty of \$8,333 per month ($80 - 30 = 50 \times \$2,000 / 12$ months). After 2014, the penalty payment would be indexed by the premium adjustment percentage for the calendar year.



continued from page 49

ported the Associated Press. • **If Walmart were a country, it would be the 26th largest economy in the world**, according to *Business Insider*. The big-box retailer generated about \$444 billion in sales in its fiscal year 2012—which is \$20 billion more than Austria’s GDP. • **Domino’s has 34 million different pizza combinations**. The national pizza chain said that’s what it calculated when it began the process of providing calorie information as required by the menu-labeling component of Obama’s Affordable Care Act. • **Consumers spent 13 percent of their total retail dollars at gas stations in October**—a slight increase compared to early 2011, when it was 12.5 percent, reported

CSNews Online. • **The governor of Kentucky is considering raising the state’s cigarette excise tax from 60 cents to \$1 per pack of smokes**, reported the *Kentucky Post*. If passed, the cigarette tax hike would be the second since 2009, when it was doubled from 30 cents a pack. • **U.S. retail sales climbed 13 percent to \$59.1 billion** during the Thanksgiving weekend compared to the same four-day period last year, reported the *Dallas*

continued on page 70

Franchisees qualifying as a “large employer” need to assess the true costs of either offering or not offering health coverage in 2014. More issues may be involved in considering whether or not to offer insurance coverage, and I recommended that any franchisee in this position consult with an appropriate professional before making such a decision. We will continue to update you on Obamacare as conditions of the legislation become clearer, and enactment becomes reality.

John Barbot, president of Barbot Insurance Services, works with franchisees in Southern California. His offices are located at 9001 Grossmont Blvd, Ste 711, La Mesa, CA 91941. Contact him at 619 337-0290 or jcbarbot@barbotins.com. AV

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PRESIDENTS' REPORTS

2012

NOV / DEC

The National Coalition's Board of Directors and Affiliate Members met October 30-November 3 in Memphis, Tennessee at the same time superstorm Sandy touched down on the east coast, destroying thousands of homes and killing over 200 people. Damage is estimated at over \$70 billion. 7-Eleven owners in the damaged areas rose to the occasion, keeping their stores open, without power in many areas, to help out their neighbors in need.

In Memphis, Board members took on a range of topics, including the new DVR system and its implementation, maintenance, BT, CMR, billbacks, weights and measures, accounting, Project E, audits, CDC, fresh foods, and the upcoming 7-Eleven Experience in Las Vegas. SEI VP and Controller Alicia Howell, Senior Director of Revenue Accounting Brian Padgett, and Senior VP East Operations Bill Engen gave presentations to the Board and answered questions.

WASHINGTON, D.C. FOA

MARK CHIOCHANKITMUN,
PRESIDENT

Under normal circumstances, the 7-Eleven system is one of the best systems out there in the convenience store industry. However, ever since our partner started to concentrate more on growing numbers of stores, it seems we are falling short on operations due to the lack of manpower through acquisitions. Franchisees in our area have been facing many obstacles on a day-to-day basis, starting with the inability to get revenue-generating equipment repaired in a timely manner. The best example is when our Turbo Chef Oven is down, it will cost us between \$1,500 and \$2,500 in lost sales per day, and the average repair timeline for this equipment is between two and seven days. This is not the way we want to bank our future on SEI's number one growth category. Improvement is needed ASAP.

Our ISP is the heart and soul of our operations, and we cannot operate the store without it. But still, every day a few of us will have the ISP die on us. The ISPs in our area are considered to be one of the oldest pieces of equipment in our stores today. Further-

more, when franchisees have issues with the Accounting Department or Facility Department, the communication through CHD Online often falls short or totally fails. Another great concern is that our areas seem to be a pathway for upper management to get through for their promotion—no one stays around long enough to complete the tasks they'd started.

Franchisee moral and encroachment also still our top concerns. With Super Storm Sandy affecting the northeast area in mind, our sales are running around a couple percentages up, with a little over 40 percent GP.

KANSAS CITY FOA

FAISAL ASAD, PRESIDENT

On October 16, 2012 Kansas City/St. Louis was introduced to fresh foods. Our new CDC vendor partner Fresh One delivers sandwiches, donuts, cut fruit, fresh produce, 7-Select chips, beef jerky, cookies and muffins every day from St. Louis. Unfortunately, the program started below satisfaction for our guests and franchisees. Currently, our fresh bakery is down 28 units APSD due to issues with the quality of the glazed donuts and logistics. For the first two weeks stores in some cases did not receive deliveries, re-

ceived wrong deliveries, late deliveries and poor quality on the glazed donuts every day, which resulted in severe guest dissatisfaction and a loss of sales for franchisees and SEI.

The issues have been addressed, but we do need more commitment from SEI and our vendor partner. The irony of the situation is that the delivery truck travels 250 miles on I-70 every day and has no room for error (VTS, late production, quality and temperature). This needs to be SEI's top priority since our 20 percent fresh food percent goal can't be achieved if production and logistics have issues. Franchisees are supporting the propriety program, but it tests our patience daily. Numbers should trend up after a launch, not the other way. We do hope that SEI will review the flat fees of \$27 per delivery for CDC, especially when sales numbers are nowhere near where they need to be.

Our Market became part of the Lone Star Zone as of January 1, 2012 (previously

ages in some stores. A few stores had no power for almost a week, while those that didn't lose power experienced sales increases of as much as 300 percent during the post-hurricane days. There was a huge surge in coffee, ice, grill, water and snack sales. Some stores sold close to 14 times their daily average of coffee. One store did \$13,000 in one day without power and no register.

Delaware Valley FOA executives recently met with our new zone leader to welcome him to the area and discuss improving store conditions and sales. We also discussed the stores taken back by SEI recently for various reasons. Our FOA will host the new zone leader during our next local meeting on December 6.



Coalition Chairman Bruce Maples with national franchise lawyer Michael Dady, who was brought in by the Board to help franchisees in the ongoing mediation on the DVR rules of implementation.

about the new DVR surveillance system in the stores. I am told that Asset Protection is going into our stores to view the DVR system without the franchisee's knowledge or consent. This is of great concern to us. Asset Protection should contact the franchisee first and let them know they want to view the DVR.



Vice Chairman Roger St. George wants more accountability for problems in central accounting.



Vice Chairman Jay Singh suggested printing voids on a daily basis to review.



Retiring Vice Chairman Karam Dhaliwal said his good-byes and thanked the Board.

Heartland). We were recently notified about another switch as of the New Year to the Rocky Mountain Zone. Hopefully, we will settle in this zone for future years. I would like to welcome two new franchisees to the KC market—Rao Chalasani and Meghav Shah, who also joined the KCFOA in September.

DELAWARE VALLEY FOA

M. AL HAFFAR, PRESIDENT

The impact of Hurricane Sandy was minimal on Pennsylvania and South New Jersey stores, except for limited power out-

FOA OF GREATER LOS ANGELES

KATHY YORK, PRESIDENT

Officials of the City of El Monte recently proposed a soda tax of one cent per ounce for sugar-sweetened drinks, and put the measure up for vote on the November ballot. All of the franchisees in El Monte, along with the 7-Eleven Franchisee PAC, helped to defeat this measure.

We are in the process of finalizing our FOAGLA website to better communicate with our members. I am getting feedback

The FOAGLA's Christmas Party is on December 8 this year, followed by our tradeshow in January.

CENTRAL VALLEY FOA

SUKHI SANDHU,
VICE PRESIDENT

As we say goodbye to 2012, let's take a moment to reflect back on the year. In 2012 Central Valley saw a significant change among our Board members, and we expanded to two Vice Presidents. We increased our membership by adding seven new mem-

continued on page 61

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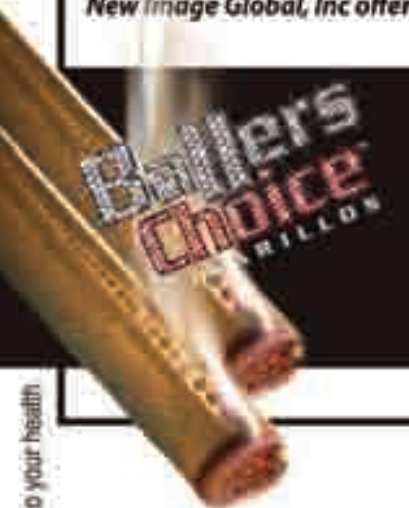
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- 2) Product freshness: 18 months of guaranteed freshness
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- 4) Customer preference: "Customers prefer Royal Blunt products due to the outstanding taste in our flavors"
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MCL UIN# 276477
Blu Magic BC 2pk Cigarillos



2XXL KUSH series Cigar Wraps

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



MCL UIN# 563205
Naked 2XXL Cigar Wrap



SURGEON GENERAL WARNING: Smoking can be hazardous to your health

continued from page 59

bers, four of which came from our four new BCP sites. Store unit sales increased a steady 2.5 percent driven by Non-Alcoholic Beverages (+8 percent), Services (+6 percent) and Food Service (+4 percent).

While we enjoyed each market's effort to put together local USEs in the past, there is now concern shown by some FOA members about the expense to attend SEI's new 7-Eleven Experience in Las Vegas next year. The franchisees who are attending are looking forward to the new opportunity and experience. We had another successful trade show in August, teaming up with the Northern California FOA in Sacramento.

In 2013 we will be holding our trade show in the Spring in order to get ahead of our summer selling season. Speaking of seasons, stores have been busily resetting stores getting ready for winter sales opportunities. We will end 2012 with our annual holiday party, celebrating another successful year with fellow franchisees, vendors and SEI friends. May everyone have a safe Holiday Season and a profitable 2013!

CHESAPEAKE BAY FOA

STUART WALTERS, PRESIDENT

As a newly formed FOA in the Hampton Roads area of Virginia, we primarily encompass Chesapeake, Norfolk, Suffolk, and Virginia Beach. Our current membership

of 42 stores is represented by officers elected in August of this year. We formed our FOA as most are formed—to share knowledge, ideas and discuss challenges that we collectively face.

While not a huge issue—it is an issue just the same—we have been dealing with fixtures inside the store. When one looks at the small things like the glides used in our vaults to neatly merchandise products, it appears from field consultant and franchisee feedback that these expensive items are not being readily supplied by corporate. I have heard we can purchase these at approximately \$80 per box of 5 glides, or solicit them from vendors.

Many franchisees have questioned this without receiving an acceptable answer. Is this not part of the fees we have paid and are currently paying via advertising fees? Don't many companies look at the positive presentation of their product as the best advertisement? In fact, the merchandising payments to cigarette companies are largely for the displaying of their products in prominent positions. One could further elaborate to encompass the many previous market-supported POS items that are now being charged to us by corporate. I have always been taught to "take care of the pennies, and the dollars will take care of themselves." It sounds like we need to take a look at the pennies we are spending.

"In our race to 20,000 stores, we cannot neglect the needs of existing stores."

Jivtesh Gill, Executive Vice Chairman



Executive Vice Chairman Jivtesh Gill said franchisees should request backup for each backcharged item.

SAN DIEGO FOA

JIM NUNNALLY, PRESIDENT

SEI shared some San Diego sales information with me showing APSD merchandise sales have grown over the 2010 numbers by approximately \$400; customer counts have grown by approximately 120

PRESIDENTS' REPORTS 2012



Pacific Northwest FOA President Maninder Walia wants faster introduction of fresh foods.



Controller Alicia Howell, with Director of Merchandise Accounting Aaron Stewart, furnished the board with a complete explanation of factoring.

APSD; and Gross Profit APSD is up \$120.

Consolidated Market Rollout (CMR) store image enhancements are now completed in 82 percent of stores, including the introduction of the hot foods program into these San Diego stores in 2012. Food service APSD sales are up approximately \$80 over 2010. Company-wide growth target for foodservice is at +20 percent by 2015, which would put us at an APSD of \$875 in fresh foods.

San Diego and Southern California stores have seen breaches issued for pricing violations discovered on Weights and Measures visits to stores. Pricing violations are primarily stemming from promotions not working as programmed, and signs making false statements on pricing that have been created by SEI and sent to stores. Franchisees have paid the fines only to find themselves in double jeopardy from our franchisor, as they then receive a breach because it is a govern-

continued on page 63

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

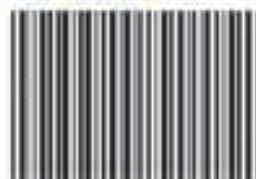
Clear color bags

Large 2 ft COFFEE BAR liner Bags per roll: 225



42x34, 40-gal

SLIN: 530540
UIN: 482620



Black color bags

KING KAN "Square" outside

Bags per roll: 100

SLIN: 530471
UIN: 482331



50.5x46, 50-gal



Small 1 ft BEVERAGE BAR liner

Bags per roll: 300

SLIN: 530207
UIN: 482414



32x34, 30-gal



65-gallon can

Bags per roll: 75



52x49, 65-gal

SLIN: 530173
UIN: 048231



COFFEE BAR & ROUND OUTSIDE Bags per roll: 110

Northeast area



30x46, 32-gal

SLIN: 530072
UIN: 018853



ROUND OUTSIDE

Bags per roll: 125

SLIN: 530044
UIN: 482380



37x46, 44-gal



CASH REGISTER & RESTROOM AREA Bags per roll: 225

SLIN: 530472
UIN: 482497



32x46, 32-gal



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-PETE GRAGNANO, PRESIDENT, SUBURBAN WASHINGTON FOA

continued from page 61

ment agency issuing the "violation." Weights and Measures violations have come to San Diego stores over the years for as little as one pricing error in a store, but stores have never—until this year—received a breach from our franchisor because of it.

The San Diego FOA hosted our Vendor Appreciation Party on November 9 at the local Mission Brewery. Food and beverages were plentiful for those who attended. Each year our association puts on such an event to thank our vendors for their support throughout the year. Past Vendor

Appreciation events had been held as tail-gate parties prior to San Diego Padres baseball games, but the committee decided this year to try a different venue. A good time was had by all.

The San Diego FOA's 2013 newly elected board will meet in December to elect the officers for the upcoming year, who will serve our membership for the one-year term commencing January 1, 2013.

SUBURBAN WASHINGTON FOA

PETE GRAGNANO, PRESIDENT

Market 2541 experienced sales increases of 3.6 percent in October and 2.7 percent month-to-date in November, with store sales averaging \$5,013 and \$4,700, respectively. Transactions saw a \$0.14 increase in October and a \$0.17 increase in November compared to 2011. For October the market averaged 1,166 customers per day, which was flat compared to prior year, but saw a +47 increase in November. Octo-

ber food service sales were \$972 APSD, up \$26, and comprised 18 percent of total merchandise sales. In November these sales were \$986 APSD (up \$40), and were 18.2 percent of total merchandise sales.

With regard to Market 2543, third quarter T-counts were 1,223 APSD vs. 1,220 in 2011. Total Food Service increased to \$884 APSD vs. \$858 APSD. Merchandise sales with cigarettes were \$5,239 in 2012, compared to \$5,118 in 2011; without cigarettes the number broke down to \$4,028 vs \$3,883. October sales were flat to 2011, while November is down 3.8 percent. T-counts in October were flat and are down about 2 APSD in November.

One issue plaguing franchisees in our area deals with the monthly GEA visits. Evidently, the GEAs underwent "recalibration," and the "rules of the game" have been changed without telling the franchisees.

continued on page 64



Central Florida FOA President Fari Ishani said vendors in BT areas are being told not to leave invoice copies.



Franchise Lawyer J. Michael Dady spoke about the franchisee/franchisor relationship.



Sacramento FOA President Jay Brar said franchisees are receiving markup packages.



SEI VP Franchising Frank Gambina said FCs are being trained for business acumen.



Baltimore FOA President Linda Haddaway wants CDC bills only with deliveries.



SEI Senior VP Bill Engen said the company is trying to address the foodservice needs of each region.

continued from page 63

Stores are seeing scores drop 15-20 points compared to past months for the same level of cleanliness, resulting in failing scores, the issuance of LONs, and a corresponding decrease in franchisee morale. A meeting has been set up for mid-December with our area's Senior GEA to discuss the new scoring and obtain detailed information as to what they are grading, as the scoring has clearly moved beyond the "eyes of the customer."

On the legislative front, two issues have surfaced in our area that can have a significant and detrimental impact on our livelihoods. The first deals with a proposal by the Maryland Lottery for online sales. This initiative has been put on hold after franchisees and SEI attended a series of retailer meetings conducted by the Lottery. With the help of SEI's lobbyist, the governor and legislative leaders were alerted to Lottery's attempted quick implementation of this concept without proper public hearings and discussion. While the issue has been delayed, it is only a matter of time before it will resurface.

The second issue that can impact our livelihood deals with proposed legislation by Prince George's County to regulate 24-hour businesses, namely gas stations and convenience stores. These regulations would require, among other things, registration and training of owners and employees, cash handling limits, two-person minimum staffing, and the installation of HD security cameras, with fines up to \$500 for violations. Again working with SEI's lobbyist, franchisees and local retailer and service station associations met with the County Executive and then with the sponsors of the bill. As a result of our meetings, the legisla-



tion has been put on hold pending the formation of a committee comprised of police, legislators, and the impacted parties to develop recommendations to improve overnight safety.

Our annual Holiday party will be held on December 8 at the Clarion Hotel in College Park. In addition, we have begun work

with the Baltimore and Washington, D.C. FOAs, under the umbrella of the TriState FOSE Association, on our fourth annual Trade Show to be held on April 24, 2013.

CAL-NEVA FOA

"Tired and worn stores do not support foodservice sales. We need help in the form of AQIP and remodels."

Bruce Maples, NCASEF Chairman

RICH ROSE, PRESIDENT

Can you believe another year has gone by? It's been a whirlwind for a lot of us, and I want to take this opportunity as the last report for 2012 to highlight some of the successes and struggles of the Cal-Neva FOA this past year. Last March, due to the energy and enthusiasm of Field Consultants Carolina Gonzales and Dorothy Claypool, our Market focused its efforts to raise awareness and money for the Muscular Dystrophy Association through the annual Shamrock fundraiser. We set a goal to raise \$30,000, which was based upon our fellow 150 franchisees in the Las Vegas area who raised that amazing amount in 2011, and we hoped our 51 stores would be able to match that. We are very proud to announce that we were close to our goal and were able to contribute

considerably to this worthy organization.

Following the success of the MDA fundraiser, I was very pleased this September when we decided to partner with David and Ronda St. Onge to join the fight against breast cancer. With a handful of stores participating (and very little time to plan), we were able to produce and sell pink "Save the Ta-tas" t-shirts, as well as pledge cards for employees and customers to donate towards the efforts. Our goal was to raise \$10,000, and with everyone's hard work and excitement we were able to collect over \$11,500 our very first year. It is my sincere hope that we can continue to participate in years to come.

One of the most difficult moments we have shared this past October was the passing of our very loved and respected Ben Hedges. Ben and his wife Sheri became franchisees in February 1986 when they took over the Incline Village, Nevada 7-Eleven and have thus have been an integral part of our community ever since. Ben, the "Keeper of the Cooler" as he was lovingly known by all that visited the Incline store, will be deeply missed as we continue to support Sheri and their store in this very trying time.

As this year comes to an end and we look to 2013 with anticipation and promise, I want to personally thank each and every fellow franchisee and vendor for your continued support. I look forward to working with all of you this New Year, and I hope that it proves to be even better than the last.

SAN FRANCISCO/ MONTEREY BAY FOA

JOE GALEA, PRESIDENT

The stores in our area have had a very good summer. The unusual warmer weather has helped sales, as well as many other factors. Our markets were actually very active getting out to stores and showing potential items that may increase sales. One of our biggest pluses was an RC helicopter that in many stores sold out in 2-3 days at \$30 each. This brought customers into our



Greater Bay FOA President Ray Dhaliwal said franchisees must question the accuracy of demand packages.



FOA of Greater LA Kathy York said billbacks need to be checked on a regular basis.



Suburban Washington President Peter Gragnano said GEA evaluation standards have changed.



Southern Nevada Las Vegas VP Iris Yost questioned the accuracy of billback credits.

stores. It was a merchandising idea from one of our recommended vendors that got a lot of stores on board and contributed to the sales increase. We've also enjoyed this past summer being able to meet on a regu-

lar basis with our zone leader and market manager to discuss growing our business. In terms of financial performance, the Zone was up 3.7 percent in sales during the last two months, and locally stores averaged a sales increase of 4 to 4.5 percent.

Our golf tournament is scheduled for June 3, 2013 and our trade show is on March 16, 2013 in Santa Clara.

VIRGINIA FOA

WAQAR SHEIKH

We are fighting legislation in Prince George's County that will impose strict requirements for c-stores that want to remain open all night. Under the measure, stores that do not qualify will be forced to close during the night hours after midnight. While we agree violent crimes at c-stores in the county are a problem and there are many robberies at night, we prefer the county spend its resources in preventing the crimes rather than making c-stores shut down after midnight or go through a lengthy qualification process to remain open 24 hours.

The county should look into real solutions to the problem—stop bad people from doing bad things instead of making stores close at midnight. This type of regulation not only affects our business, but it also affects the public's convenience. We have customers that come into our stores after midnight because they get out of work late and need cigarettes or medicine for a sick child, or they are on their way to work and need a cup of coffee. This legislation will hurt the public because we will not be able to serve them if we are closed at night.

Thanks to a great deal we were able to get with the help of SEI's travel office, we are giving away 25 airline tickets to attend the 7-Eleven Experience in Las Vegas in January. Our FOA has members in the Patriot and Liberty Zones, and between the two we have hundreds of franchisees signed up to go. These free airline tickets will be especially helpful to owners of low-volume stores that want to attend, but really don't have the resources to go. I am encouraging

Virginia FOA franchisees to attend because I believe we should support any event held by SEI, the National Coalition or local FOAs.

We are holding our Holiday Party on December 20. We expect a great turnout by franchisees and our vendor partners. San Francisco/Monterey Bay FOA President Joe Galea will also be attending. I look forward to closing out the year with my fellow franchisees and colleagues.

EASTERN VIRGINIA FOA

ROMY SINGH, PRESIDENT

The Eastern Virginia FOA (formerly Hampton Roads FOA) represents franchisees from Richmond to Virginia Beach. This area is formally an all-corporate store area, but is franchising at a very fast pace. We currently have about 140 members.

The EVFOA held its first meeting on October 2, 2012, with more than 65 franchisees in attendance. Brian Voss, Patriot Zone Leader, and all four Market Managers also attended. Guest speakers were Brian Padgett, Sr. Director of Accounting, and Jim Reavey, CEO of FM Facility Maintenance. Brian Voss gave a presentation, and then answered questions from franchisees concerning day-to-day operations. Brian Padgett and his team took numerous questions from the floor, giving details on how to correct some problems franchisees have been experiencing. Brian Voss and Brian Padgett were very much informative.

A new case system is coming in late December or early January that will allow franchisees to respond back on already opened cases. The new system is called "OPAS." After many complaints, SEI has decided to move customer service from Manila to Lincoln, NE. Jim Reavey from FM Facility Maintenance also gave a presentation to show the improvement in the

continued on page 67

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NATURAL
AMERICAN
SPIRIT
CIGARETTES



continued from page 65

maintenance system.

All who attended the meeting agreed that this was very productive and beneficial for SEI and franchisees.

SACRAMENTO VALLEY FOA

RAJ BRAR, PRESIDENT

Franchisees are very much concerned about the Inventory Variation Package, specifically not receiving enough time to verify the reports and particularly not getting sufficient support from the SEI side. Franchisees are also very concerned about the cost of goods from the CDC delivery.

Our Christmas Party was held on December 7, 2012. Overall, it was a very successful event as we received great participation from members, vendors, and also SEI. Our association elections were held on November 21. The Board members were unchanged from last year. In 2013, our annual trade show will be held in association with the Central Valley FOA during the month of March. Our monthly association meeting will be held on every third Tuesday of every month, and our annual Christmas party in 2013 will be held again in the month of December.

SEI is being very aggressive in opening new stores in Northern California. Out of the new stores opened within the past year, two have vastly underperformed in sales versus expectations.

ROCKY MOUNTAIN FOA

WAYNE MATHEWS, PRESIDENT

What's new in Colorado? In the past few months the Rocky Mountain FOA was busy hosting our fourth annual charity golf event supporting the MDA, followed by our second annual trade show, both held at the beautiful Westin Resort in Westminster, north of Denver. This year was another success, raising \$29,200 to support Colorado kids with this terrible illness.

We also participated in our first JDRF shoe drive in conjunction with our franchisor, thanks to the leadership of our Zone Manager, Jason Heffelfinger. Jason reached out to our FOA to participate and we were pleased to support such a worthy cause. Both SEI and the RMFOA were able to receive recognition at the walk in Denver, as Matt Wilson from Coca-Cola brought us on stage to recognize our efforts. With the efforts of both corporate stores and our franchise members we raised \$32,613 for JDRF.

On the flip side of our positive events, we have been faced recently with audit sales tax collection in a couple of cities in our northern area. These cities attempted to charge franchisees for what they claim are uncollected sales tax on recommended items set up by SEI, along with a use tax on daily write-offs. With support of NCASEF Chairman Bruce Maples and support from SEI and our local lobbyist Kathryn Works, we were able to meet with the officials in these cities and remove over \$60,000 from one city's audit, which affected 20 stores. We are very close to settling the second city's audit and look to save the two affected franchisees over \$30,000. We need to thank everyone who has worked so hard to correct these unreasonable audits—SEI accounting, Bruce, Kathryn, and the FOA Board along with our

PRESIDENTS' REPORTS 2012

members who were affected came together to resolve these issues.

On a more positive note, our FOA is experiencing steady growth and is now at 171 members. We held our Holiday Party on the 8th of December at the Hilton Garden Inn in Denver. The night was filled with great food and time spent with our franchise community, dancing to our first live band, which seemed to be enjoyed by most. We also recognized our vendor of the year, and again Coca-Cola was presented with our top honor. We want to thank all our affiliate members for their support of our members, and look forward to a terrific 2013.

SOUTHERN CALIFORNIA FOA

NICK BHULLAR, PRESIDENT

According to the third quarter 2012 financials for the Greater LA Zone—which is for a total of 742 stores—merchandise sales dollars were up 1.06 percent and gross profit was up 100 basic points. Gross profit dollars were up 3.5 percent and franchisee net income was up 9.81 percent. Guest counts were down 6 per day per store, and the average transaction was up \$0.11. What categories drove these results? Non-Alcoholic Beverages was up \$76 and Snacks were up \$24. Cold Dispensed Beverages were up \$20. Food Service was up \$12. Cigarettes were down \$64 and Hot Beverages were down

continued on page 68



National Coalition Board members spend three days each quarter discussing the system's problems and opportunities with their peers.



SEI Director of Merchandising Aaron Stewart said the Manufacturer's Information Packet (MIP) will be delivered online in first quarter 2013.



Delaware Valley FOA President Al Hafar wants to know if the DVR cameras are for security or watching franchisees.

\$20. Confectionary was also down about \$5. Inventory turnover was 21.1 compared to 20.0 last year third quarter.

We are very excited to announce the results of our November 15, 2012 election with some new officers. After serving as a Vice President for five consecutive years, I have been honored to be elected president. Our new vice president is Paul Lobana, and the new secretary is Jawad Ursani, and the treasurer is Rani Singh. All officers were elected uncontested.

We had a very successful Holiday Party on December 8, 2012 at Universal Studios, Hollywood. We had a great turnout of 448 people to enjoy this exciting time of year. We are hoping for a great turnout at our trade show, which will be held on May 22, 2013 at the Convention Center in Pasadena, CA.

From the officers of the FOASC, we would like to wish you all a Merry Christmas and a very happy New Year.

PACIFIC NW FOA

MANDINDER WALIA, PRESIDENT

Winter has arrived in the Pacific Northwest and so did the rainy weather. Merchan-



New England FOA President Dennis Lane advised franchisees to get rid of the abort transaction key.



San Francisco/Monterey Bay Secretary Ann Sekhon wants existing franchisees to have first rights to stores that would impact their sales.

dise sales were up 2 percent for the months of October and November. Overall GP percent is up by 2.5 percent. The fiscal cliff deadlock in Washington, D.C. is affecting holiday spending, as families are being cautious with their finances.

Asset Protection has been issuing notices to franchisees for "Inventory Adjustments" ranging from \$2,500 to \$25,000 per store. Franchisees are given 60 days to re-

"7-Eleven stores now have a 99.5 percent revenue equipment uptime."

John Pavia, Senior VP, FM Facility Maintenance

spond to these notices, but SEI's

Asset Protection is not responding to franchisees' requests to explain these charges. Some franchisees have been forced to pay even after they disputed/disagreed these unauthorized. SEI's Asset Protection personnel are acting unilaterally in these matters—franchisees requests for negotiation are denied or not responded to at all, leaving them with no option other than to seek legal help.

DVR security cameras with remote access are being installed in stores, regardless of franchisees' protests. The National Coalition Board authorized its executive team to file for mediation to stop SEI from remotely accessing these cameras without franchisees' authorization.

Four new stores opened and are operated by 7-Eleven corporate. There are 35 stores, including 20 new stores, up for sale in our state. SEI is looking into why the new stores are not performing according to the real estate department's projections. Franchisees are wondering whether or not to attend the 7-Eleven Experience in Las Vegas from January 29 to February 1. SEI personnel are repeatedly calling franchisees to attend the event.

Franchisees believe SEI is not looking out for their best interests, and that management is forcing their policies on them. Lowering CDC delivery fees, increasing the gas commission, removing the credit card

fees, stop issuing asset protection mark up notices, start fixing broken store equipment, provide fair accounting customer service that will help franchisees in a timely manner—these are some of the things franchisees would like to see SEI do.

Franchisees celebrated the Pacific NW FOAs lunch cruise holiday party sponsored by Rockstar on December 7 aboard the "Royal Mariner," along with vendor partners

and members of the local 7-Eleven team. Our annual trade show is on April 18, 2013 at the Embassy Suites, Seattle, WA. We wish all the franchisees across the nation a very happy, healthy and prosperous 2013.

CENTRAL FLORIDA FOA

FARI ISHANI, PRESIDENT

BT is coming on hot and heavy in Florida. Just about all of Florida is BT-ready. We had a Board meeting recently, and our market managers and North Florida Zone Manager Ben Tison attended to discuss our frustrations with BT, as well as other issues.

One of the problems we have with BT is the fact that the vendors are being instructed by SEI not to leave any invoices at the stores with the deliveries. This puts us in a tough spot because we aren't able to notice if there are any discrepancies with the BT invoices coming in through the computer in the back room. In the early days of BT the Pepsi and Coke drivers would leave invoices at our stores, and when we compared them to the BT invoices on the computer we noticed a lot of inconsistencies in the pricing. This is causing a lot of turmoil in the franchise community. Franchisees are asking and wondering why the BT cost is higher than the invoice cost we get from Coke and Pepsi when they make a delivery.

Now that we've noticed this happens, franchisees are asking why are we not instructing the vendors to leave an invoice so these discrepancies and mistakes can be taken care of. So far we have been experiencing a lot of resistance from SEI—the company is not willing to budge on this and keeps telling vendors not to leave any invoices at the stores when they deliver products. Franchisees are wondering why SEI is so set against having the invoicing done at the store level, especially since we've already found so many mistakes.



FM's John Pavia and Trevor Foster reported near completion of franchisee stores' equipment list for the entire chain.

If we have the invoice we can compare it to the invoice on the BT computer.

We've contacted National Coalition Chairman Bruce Maples about this, and we have surveyed other FOA presidents, and everyone is scratching their heads wondering why SEI is not willing to allow vendors to leave invoices at the store. SEI is telling franchisees to open a CHD case if they discover any inconsistencies with the BT invoices, but not many storeowners are going to notice the difference if they don't get an invoice from the driver at the time of delivery. We're still working on resolving this.

Another problem we've been having ever since BT started and the "I" started to populate, at the time of audits a lot of franchisees have been experiencing unusual merchandise shortages in their stores. We've also noticed that the cost for the wine we get from our CDC is a lot higher than the cost we could get from buying directly from the distributor. We've brought this issue up with SEI, and so far have seen no resolution.

PRESIDENTS' REPORTS 2012

NOV/DEC

There is a huge concern over how SEI is opening up new stores close to existing stores. SEI said it doesn't believe the new stores will impact the existing stores.

Many franchisees are concerned about all the Wawa stores opening up so aggressively in the Orlando area. Also, we're concerned that our CDC is delivering the same donuts and sandwiches to the RaceTrac stores in our area. SEI agreed it is unacceptable and a conflict of interest for our CDC to be delivering the same donuts and sandwiches to our competitor.

Our membership is growing—we're up to 167 FOA members now—and we've scheduled Board meetings for March 6, 2013 and June 5, September 11, and December 4. Our trade show will be held on June 20 and our Christmas Party is scheduled for December 14. **AV**

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continued from page 30

Hotels retained its number-one spot on the list, followed by Subway and Jiffy Lube. The rankings for all 500 companies were determined using an exclusive formula that takes into account objective and quantifiable factors. The most important factors included financial strength and stability, growth rate and size of the system. All franchises were given a cumulative score, and the 500 franchises with the highest cumulative scores become the Franchise 500 in ranking order.

“7-Eleven is #4 on Entrepreneur Magazine’s 2013 Franchise 500 list.”

Together, the companies in the Franchise 500 added 19,197 units between 2011 and 2012, almost double the growth showed last year. According to the latest figures from the International Franchise Association (IFA), the franchising sector accounted for approximately 3.4 percent of the U.S. gross domestic product and was worth more than \$460 billion. Franchise establishments were forecast to have a net of 167,000 new jobs by the end of the year.

Denmark To Cancel World's First Fat Tax

Denmark plans to scrap a fat tax it introduced a little over a year ago in a world first, saying the measure was costly and failed to change Danes' eating habits, reported AFP News Service. "The fat tax and the extension of the chocolate tax—the so-called sugar tax—has been criticized for increasing prices for consumers, increasing companies' administrative costs and putting Danish jobs at risk," the Danish tax ministry said in a statement.

Denmark's previous right-wing government introduced the fat tax in October 2011 to limit the population's intake of fatty foods. The tax was levied on all products containing saturated fats—from butter and milk to pizzas, oils, meats and pre-cooked foods.

College Students A Growing Customer Base

College students, ages 18-24 made 351.4 million visits to convenience stores and spent approximately \$5.2 billion on c-store products in the 12-months ending June 2012, according to a report by The NPD Group, "Making the Grade: Student Consumer Impact on the Retail Fuels and Convenience Marketplace." With the population of full- and part-time college students currently at 19 million and their discretionary spending reaching \$76 billion last year—up \$2 billion from the year before—the NPD report finds that there is significant opportunity for c-stores to attract these young adults and build brand affinity. Student c-store usage has grown across virtually all spending components and product dollars grew 15 percent over a year ago, according to the NPD report. The study also finds that 31.9 percent of college students' c-store purchases are an impulse buy, compared to 22.7 percent of other c-store shoppers' purchases.

AAFD Fair Franchising Standards Available

The American Association of Franchisees and Dealers (AAFD) announced that the AAFD Fair Franchising Standards are now available in both print and digital formats worldwide. This work, de-

continued on page 72



continued from page 56

Morning News. •

The Food and Drug

Administration said it is currently **reviewing the safety of energy drinks containing caffeine and other stimulants**, reported *CSP Daily News*. The FDA added it may require regulatory action if evidence of a health risk is found. • Restaurant and entertainment chain **Dave & Buster's recently launched its Charging Station app, which allows users to reload their Power Cards** from their Android or iPhone mobile devices without the need to wait in line or use an in-store kiosk. • U.S. District Judge Gladys Kessler ruled in late November that **tobacco companies must advertise that they "deliberately deceived" Americans** about the health dangers of smoking and manipulated their products to increase addiction, reported *USA Today*. • Sandwich chain **Charleys** recently announced the winner of its inaugural employee GrillMaster Sandwich Competition: the **"Hot Hawaiian Chicken Sandwich"** featuring a pineapple habanero sauce will debut on the Charleys' menu nationwide in 2013. The contest was open to anyone working at one of Charleys nearly 500 locations worldwide. • For its second quarter, Circle K parent company **Alimentation Couche-Tard reported adjusted net earnings increased 46.6 percent to \$167.6 million**. • A Senate bill requiring online retailers to collect sales tax from customers will be tacked on the National Defense Authorization Act for 2013, reported the *Washington Times*. • **According to GasBuddy.com, the national average price for a gallon of gasoline in 2012 was \$3.63**, making it the most expensive year for gasoline ever. • Congress is considering **replacing the \$1 bill with a coin**. The Government Accountability Office estimates the move could save the U.S. govern-



continued on page 80

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veloped over the past 15 years by a broad committee of leaders within the franchise community, offers a blueprint to fair and balanced franchise agreements and relationships.

The standards provide franchise owners and prospective franchise buyers with objective criteria by which to judge a franchise opportunity. Consistent with the AAFD's marketplace solutions to the problems facing the franchising community, the AAFD Fair Franchising Standards provide well-defined criteria to identify and validate forward thinking franchisors who respect the legitimate rights and needs of their franchisees.

Foodservice A Growing Category

Foodservice is a key area of opportunity for convenience stores, reveals a new study by Technomic, "Market Intelligence Report: Convenience Stores." As revenues from gasoline and tobacco products fall, foodservice sales are increasingly becoming convenience stores' most profitable category. C-store foodservice is an \$11 billion industry and the second largest retail host foodservice category behind super-

Visit the National Coalition Website, www.ncasef.com

markets. The c-store segment comprises about 29 percent of retail foodservice and almost 2 percent of the total foodservice industry. Technomic projects that c-store foodservice will grow nominally by 2.5 percent over each of the next two years.

The report further reveals that more than half of today's consumers (52 percent) pick up snacks from prepared-food sections of c-stores or mini-marts, compared to 37 percent in 2010. Additionally, almost one in four consumers (22 percent) occasionally has breakfast from a c-store during the week, compared to only 12 percent three years ago. Furthermore, 13 per-

continued on page 76



NCASEF Chairman Bruce Maples answered questions from the media about the donation.

NCASEF Makes Major Donation To Susan G. Komen For The Cure Southern Arizona

The NCASEF, as part of its national charitable giving campaign, made a substantial donation of \$70,562 to Susan G. Komen for the Cure, Southern Arizona this past October. The funds were raised during the NCASEF's 37th Annual Convention and Trade Show in Hawaii in July, and came from both live and silent auctions, as well as a charity raffle. October has long been designated as Breast Cancer Awareness Month and the NCASEF stepped up to the plate, providing one of the largest grants ever to the Southern Arizona chapter of Komen, whose mission is "dedicated to combating breast cancer at every front."

Bruce Maples, national chairman of the NCASEF, presented the donation to Maria Elena Acuna, Interim Executive Director and Mission Director of the Southern Arizona chapter during a press conference. Maples stated, "Many members of our 7-Eleven family across the country have been affected by breast cancer, and being able to give back to an organization that fights every day to end this terrible disease is gratifying. The National Coalition is headquartered right here in Tucson, and all of our franchisees from across the country place great value on supporting charities that are close to home."



Bruce Maples poses with workers at the Susan G. Komen for the Cure, Southern Arizona.

On behalf of the Southern Arizona chapter of Susan G. Komen, Executive Director Acuna said, "Words can't describe how deeply grateful we are for this contribution. Every day I receive a call from a woman—mother, daughter, grandmother, granddaughter or friend—asking for help, and this gift will support our efforts to give hope to those whom we serve, allowing them to be at a wedding, graduation from high school, or even at their child's first birthday."

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Ranking based on the MSA's retail shipment data from January - April 2012.





Legislative Update

Maryland Considers \$1 Cig Tax

A prominent health lobbyist in Maryland is urging lawmakers to raise the state's \$2-a-pack cigarette tax to \$3 during next year's General Assembly, reported *The Washington Times*. The increase would move Maryland's tax from the 11th highest in the nation to the sixth highest. Maryland has raised its cigarette tax three times since 1999, when the rate was just 36 cents a pack. It jumped to 66 cents that year, then to \$1 in 2002 and to \$2 in 2008. The lobbyist, Vincent DeMarco, estimates that an increase to \$3 would bring the state an additional \$100 million in annual revenue.

“Beginning March 1, 2013 the tax on cigarettes in Chicago will be \$6.67, 19 cents below NYC’s \$6.86 per pack.”

Cook County Passes \$1-A-Pack Cig Tax Hike

Cook County Commissioners in Illinois recently approved a \$1 per pack cigarette tax increase, reported the *Chicago Tribune*. The new cigarette tax kicks in on March 1, 2013, and will boost the overall taxes on a pack of smokes in Chicago to \$6.67—making it just 19 cents shy of New York City's nation-leading \$6.86. This hike follows a recent state increase of \$1 per pack that went into effect June 24, 2012. County officials expect the increase to raise \$25.6 million next year, and said they have accounted for people who will leave the county to buy cigarettes or quit smoking.

U.S. Supreme Court To Review Graphic Labels

Five major tobacco manufacturers and a retail member of the National Association of Tobacco Outlets (NATO) have filed a Petition for a Writ of Certiorari with the U.S. Supreme Court asking the court to review the decision by the U.S. Circuit Court of Appeals for the Sixth Circuit that upheld the constitutionality of the FDA's graphic cigarette health warnings and the FDA's restrictions on the marketing of cigarette and smokeless tobacco products.

The petition filed by the manufacturers and the NATO retailer raises three questions for the U.S. Supreme Court. First, whether the FDA's Family Smoking Prevention and Tobacco Control Act violates the



First Amendment of the U.S. Constitution by mandating new health warnings on cigarette and smokeless tobacco packaging and advertisements, including the graphic picture health warnings for cigarettes. Second, whether the Act violates the First Amendment by imposing restraints on manufacturers' speech regarding modified-risk tobacco products. Third, does the Act violate the First Amendment by banning the marketing of cigarettes and smokeless tobacco products through sponsorships, free samples, and free gifts.

Soda Sugar Taxes Nixed In California Cities

On Election Day, November 6, voters in Richmond and El Monte, California overwhelmingly rejected measures on each of the cities' ballots that would have imposed taxes on sugary beverages. In Richmond, voters ended the city's effort to become the first in the nation to levy a fee on businesses that sell sodas and other sugary drinks, reported the *Contra Costa Times*. With the goal of reducing the obesity rate within Richmond, Measure N would have taxed local merchants a penny per ounce on sales of beverages containing added sugar, a category comprising more than 700 products and brands. It was estimated that Measure N would have generated about \$2 million to \$4 million in annual revenue.

Looking to stave off bankruptcy, El Monte officials placed Measure H on the November ballot, which would have implemented a penny-per-ounce-sold charge on businesses that sell sugar-sweetened beverages. The tax could have annually generated between \$3 million and \$7 million in general fund revenues for the cash-strapped city facing significant financial hurdles ahead. Only 23 percent of voters had backed the initiative, reported the *San Gabriel Valley Tribune*.

California Voters Axe Food Labeling Bill

A measure that would have required most foods made with genetically engineered ingredients to be labeled in California was shot down by voters during the November elections, reported the *San Francisco Chronicle*. Proposition 37 would have required genetically engineered foods to include labels on either the front or back of the product. Supporters of the labeling law said consumers have a right to know whether food has been genetically altered, particularly when the long-term health impacts are unclear. Opponents argued that the labels would stigmatize foods that are scientifically proven to be safe. Had the measure passed, California would have been the first state in the nation to pass such an initiative. **AV**

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100% Natural Tobacco

•
Made with care in the
USA

•
More tobacco per stick

•
More profit per pack

•
More satisfied
customers per sale



SINCE 1930



Nat Sherman

Naturals available at
McLane Company today!

**SURGEON GENERAL'S WARNING: Smoking
By Pregnant Women May Result in Fetal
Injury, Premature Birth, And Low Birth Weight.**

100% Natural tobacco does NOT mean a safer cigarette.



Member News

continued from page 72

cent purchase breakfast from c-stores on the weekends versus 7 percent previously.

Dollar Stores Add Cigarettes

Dollar General plans to sell cigarettes and other tobacco products in the majority of its 10,000 U.S. stores by the middle of 2013, reported *The Tennessean*. The discount chain cited “competitive pressures” and a perceived customer demand for the move. Its main competitor, Family Dollar Stores, began adding cigarettes to its stores last year. As part of its decision, Family Dollar said about a third of its customers are smokers, compared with less than 20 percent of the adult U.S. population overall. Dollar General also noted

that its core customers are more likely to smoke than the national average.

Dollar General began testing tobacco products in Nevada last year and added them earlier this year in Florida to see how they would impact sales. The company found that the average purchase per customer was \$14 in stores where tobacco was sold, versus an average of \$11 otherwise.

The Online Brand Connection



A new study by digital advertising technology company SocialVibe reveals that 70 percent of consumers actively engaged in social media have made a pur-

Visit the National Coalition Website, www.ncasef.com

chase as a result of being connected to a brand online—whether on Facebook, Twitter, YouTube, Pinterest or Google+. The study also reveals that 61 percent of consumers first consider the brands they are connected with when shopping. “Connections” in the study are defined as a consumer choosing to connect with a brand online through an action such as “liking” the brand on Facebook, or “following” it on Twitter, YouTube, Pinterest or Google+.

Other key findings from the study: 20 percent of consumers connect with brands because they’d like to receive special offers, which suggests that they want to repurchase with an offer or discount; 23 percent of consumers check back weekly for updates on the brands they’re connected to, with as many as 17 percent



- 100% Fruit
- All-Natural
- No Spoon No Mess!
- Kosher-Certified
- No Artificial Flavors or Preservatives

ALL-NATURAL SQUEEZABLE applesauce on the go!

New 12ct Tray

GoGo Squeez Apple: 00848840000194
SLIN# 211552
UIN #134890

GoGo Squeez Apple Cinnamon: 00848840000224
SLIN# 211553
UIN# 134858

SRP: \$0.99
Margin: 35%





of consumers monitoring brands for updates on a daily basis; and 37 percent of consumers who build these online social connections with brands also terminate them by un-liking, un-following, etc.

Walgreens Hits The Road With Fresh Foods

Walgreens recently embarked on a mobile tasting tour, providing samples of its fresh foods and refreshments to Los Angelenos where they work, live and play. The Walgreens "Up Market: Fresh" experience was brought to consumers via a custom-made, 40-foot bus that visited various Los Angeles locations between November 26 and December 5. The "Up

Market: Fresh" bus' daily location and featured sample menu items were shared via Twitter @upmarketfresh. Free tastings included Walgreens-branded juices, smoothies, frozen yogurt, and coffee.

Play At The Pump Lottery Sales

VeriFone Systems, Inc. announced recently that the first U.S. lottery ticket sale at the fuel pump was printed at a Greater Minneapolis area convenience store and gas station in November. Lottery sales at the pump and other self-service locations represent a major untapped market segment for state lottery commissions across the U.S., the company said.



VeriFone and partner Linq3 have implemented "play at the pump" at 9 locations in Minneapolis under the auspices of the Minnesota State Lottery. At gas pumps equipped with VeriFone's payment enabled

continued on page 78

Bug Juice ranks first in APSW for Kids Drinks!

The #1 Selling Kids Drink Is Now \$.99 Everyday!

Bug Juice Every Day Rebate Delivers 53% GP Margin at \$.99 SRP!!

Available through McLane today!

Bug Juice delivers high turns and GP%!



Bug Juice has 3 of the Top 5 Selling Kids Drink SKUs!

- | | | |
|-------------------|--------------|---------------|
| Berry Raspberry | UIN # 296566 | SLIN # 242825 |
| Fruity Punch | UIN # 191783 | SLIN # 242826 |
| Lemony Lime | UIN # 406538 | SLIN # 240491 |
| Outrageous Orange | UIN # 406603 | SLIN # 242824 |



#1 BERRY RASPBERRY, #2 FRUITY PUNCH, #5 OUTRAGEOUS ORANGE, #4 LEMONY LIME

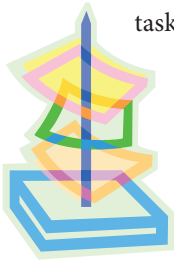
#1 BERRY RASPBERRY, #2 FRUITY PUNCH, #5 OUTRAGEOUS ORANGE



media solution, PAYMEDIA, consumers can buy quick pick numbers for Powerball and Mega Millions drawings utilizing debit card payments at the same time they fill up their tanks. The first sale was completed November 13 at the Gramsie Mart on Rice Street in Shoreview, Minn.

Retailers Moving To Paperless Receipts

As consumers increasingly use their smartphones for everyday tasks, more stores and banks are offering to e-mail shoppers their receipts rather than giving them a printed copy, reported *USA Today*. These electronic or



digital receipts—touted as green for saving paper and convenient for saving time—also enable retailers to market directly to customers. Thirty-five percent of retailers offer digital receipts, and half of them do so at all their stores, according to a survey of 3,900 retailers released earlier this year by marketing firm Epsilon. The firm also noted that digital receipts have proved to boost sales.

Strong Outlook For Snack Bar Market

The U.S. snack bar market has grown at twice the rate of other snack foods and nearly three times the rate of the overall packaged food sector over the past ten years, according to a study by financial service provider Rabobank Group. The bank forecasts strong continued growth

in the category in the years ahead, powered by favorable consumption trends and expanded distribution channels.

In a new report titled "Never Eat More Than You Can Lift," Rabobank reveals that the U.S. market for snack bars has more than doubled to almost \$6 billion over the last decade, with an average CAGR of 6.4 percent. That far outpaces the 3.5 percent CAGR of the \$34 billion savory snack market (i.e. chips and pretzels), and modest 2.4 percent growth of the wider packaged food segment. Neither of the past two recessions had much impact on snack bar category sales.

Within the snack bar market—comprised of breakfast, energy and nutrition, fruit, granola/muesli, and other bars—Rabobank estimates that energy and nutrition bars account for more than one-third of sales, which grew at a 9 percent CAGR between 2007 and 2012. **AV**

Get powerful c-store insights that can help your business thrive.

NACS State of the Industry Summit
April 9-11, 2013 - Chicago, Illinois

THE NACS STATE OF THE INDUSTRY REPORT IS A POWERFUL RESOURCE THAT ALLOWS YOU TO BENCHMARK YOUR OPERATION AGAINST TOP PERFORMERS.

The insights presented in the Independent Operator Section can help you become one of the industry's top performers. Get the Report and admission for three to the 2013 NACS State of the Industry Summit free by completing our survey.

Learn more and take the NACS Independent Operator Survey at nacsanline.com/independentsurvey.

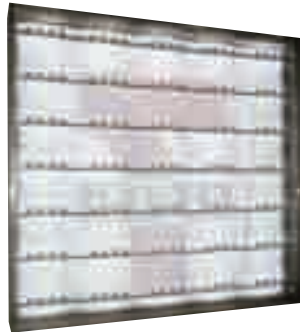


SEI News

SEI CLOSES TETCO DEAL

In early November, SEI acquired the retail and wholesale dealer assets of San Antonio-based TETCO, Inc., closing a deal that was announced August 14. The assets include 163 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-dealers. The acquisition signals a return to San Antonio for 7-Eleven, where the company had operated stores until 1989.

The combination of TETCO's retail and wholesale operations makes this 7-Eleven's largest acquisition since the company accelerated its growth plan four years ago. As part of this purchase, 7-Eleven is acquiring TETCO's motor fuel wholesale-dealer business with some 500 customers. SEI said it plans to retain and build the wholesale gasoline business as an integral part of 7-Eleven's overall growth strategy.



SEI recently closed on the TETCO deal for 163 company-operated stores in Utah and Dallas.

HARBINGER TO MAKE SIGNS FOR NEW 7-ELEVENS

Sign manufacturer Harbinger recently won a contract to produce and install double-faced LED-illuminated pylon signs for more than 600 new 7-Eleven store loca-

tions, reported *CSP Daily News*. Harbinger will provide turnkey signage solutions, including site analysis and surveys, permitting, architectural drawings, local code research and compliance, brand-identity management and sign fabrication and installation. The company expects to complete the work for all 600 locations by March of 2013. According to the article, Harbinger has also been awarded a contract to install new ATM signage in more than 900 7-Eleven stores, at a rate of 50 stores per week across the country.

FREE COFFEE WITH RED BULL FUELS BLACK FRIDAY SHOPPERS

7-Elevens offered Black Friday shoppers a one-two energy punch: a free cup of coffee or hot beverage of their choice with the purchase of any size Red Bull Energy Drink includ-

ing the three new Editions flavors. The "Grab a Can, Get a Cup" promotion ran on Friday, November 23, from 12 a.m. to 11:59 p.m. The first flavor extensions, or "Editions," from Red Bull are Sweet Cranberry, Fresh Lime and Fruity Blueberry, and were available exclusively at 7-Eleven stores through the end of 2012. They will be introduced nationally next March.

OBAMA TAKES 7-ELECTION VICTORY CUP



For the fourth time in as many presidential elections, SEI's coffee-drinking customers have correctly called the U.S. presidential election in its unscientific, unofficial, just-for-fun 7-Election presidential coffee-cup poll. 7-Election results had President Barack Obama out-cupping Republican challenger Mitt Romney handily, with 59 percent of the 7-Eleven caffeinated electorate selecting blue Obama cups over 41 percent for the red Romney cups. The coffee-cup poll also indicated a Democratic victory in 31 out of the 34 states and the District of Columbia where it operates and franchises stores. **AV**





JOE & BARBARA GALEA CELEBRATE 40 YEARS AS FRANCHISEES

By Sue Kumar, Board Member & Tradeshow Committee Chair, San Francisco/Monterey Bay FOA

San Francisco/Monterey Bay FOA President Joe Galea and FOA Treasurer Barbara Galea, who own a beachfront 7-Eleven in Santa Cruz, celebrated the 40th anniversary of their franchise on September 5 in grand fashion. Many franchisees would agree that 40 years in the system is a milestone in a 7-Eleven storeowner's career, one worthy of an extravagant celebration like a trip to the Bahamas or dinner at a glitzy restaurant with family and friends. Joe and Barbara, however, celebrated this auspicious occasion in style—with their minds, hearts and souls dedicated to the very people responsible for their success. They hosted a Customer Appreciation Day.

Joe and Barbara organized the gala event that ran throughout the day. They collaborated with several key vendors and put up several beautiful displays, and all of their employees were extremely involved in the celebration. They all worked very hard throughout the day by keeping the store sparkling clean and products displayed immaculately on every shelf.



Barbara and Joe in the early days.

SEI was proud to support Joe and Barbara's effort and enthusiastically participated in the event. Both Market Manager Jasmeet Singh and Field Consultant Brent Beling were there in support. Our FOA vice president Neil Khoury also visited their store to lend a helping hand, and even brought lunch for the employees. My husband Ashok and I dropped by to celebrate the anniversary and, despite the constant stream of customers, we were treated very graciously—like only Barbara and Joe know how.

Joe and Barbara: the entire franchise community and the Board and members of the San Francisco/Monterey Bay FOA send our heartiest congratulations on your 40-year journey with 7-Eleven, and our sincerest wishes for many more! **AV**



Market Manager Jasmeet Singh, Joe Galea, Barbara Galea and Field Consultant Brent Beling last month at Joe and Barb's store in Santa Cruz.



continued from page 70

ment \$4.4 billion over 30 years. •

Three major advertising industry groups recently filed a "friend of the court" brief urging the U.S. Supreme Court to hear an appeal of a key First Amendment case challenging the **advertising restrictions on tobacco products found in the Family Smoking Prevention and Tobacco Control Act of 2009**, reported *CSP Daily News*. • **Cigarette use among 12-17 year olds nationwide dropped from 12.6 percent to 8.7 percent between 2002 and 2012**, reveals a report by the Substance Abuse and Mental Health Services Administration. The agency attributed the decrease to the effectiveness of national anti-smoking campaigns. • The Coca-Cola Company and **Select Milk Producers, Inc. recently announced the acquisition of equity stakes in the newly-created Fair Oaks Farms Brands, LLC** to drive growth and expansion of Core Power high protein milk shakes and to create a portfolio of brands and products that feature dairy. • **Starbucks** said it plans to add at least 1,500 cafes in the U.S. over the next five years, an increase of 13 percent. • **The number of U.S. households using food stamps jumped to 14.9 million in 2011 from 13.6 million in 2010**, according to the U.S. Census. • BP said it has reached a long-term lease agreement with Getty Properties Corp. to convert a portfolio of up to 28 Getty-branded retail sites in New York and New Jersey to the BP brand. • Utah's attorney general is **suing oil giant BP Amoco for collecting state money to clean up spills from leaky storage tanks** under service stations, reported the *Daily Herald*. The state's top lawman said BP helped itself to state assistance for a dozen years until 2007. • Bowing to public outrage after it was revealed that **Starbucks only paid £8.5m in corporation tax since it launched in Britain** in 1998 while enjoying £3bn in sales, the coffee chain has offered to pay an extra £10m—on top of the tax it currently pays—to the British government until it is "paying corporation tax at a material rate," reported *The Telegraph*. ■

Hot Brands, Hotter Sales!

TWO NEW ITEMS ADDED TO THE FROZEN FOOD PLANOGRAM • FREE FILL CURRENTLY AVAILABLE!!

JOSE OLE HALF CASE FREE FILL = 12 units



Put a little more Olé in your sales!



**"Highest Brand Awareness Among
Frozen Mexican Brands"**

*Brand Marketing, Frozen Food Usage & Attitude Study, Awareness Among
Frozen Mexican Brands, September 2011. (n=2002)*



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McLare Single Pick UTR: 10536
McLare Full Case UTR: 652029

TAI PEI HALF CASE FREE FILL = 4 units

Good Fortune In Every Box!



#1 Asian single serve brand^o

(101 Meals (China, SE & Korea) (5/10/12)*



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McLare Single Pick UTR: 670004
McLare Full Case UTR: 658074



WHY CONSUMERS ARE SWITCHING TO A BETTER SOURCE

SK ENERGY IS A BETTER PRODUCT



WE LEFT OUT COMMON, CONTROVERSIAL INGREDIENTS like taurine, guarana and ginseng. And we aren't loaded with sugars and have no calories, so you never feel the jitters or crash[†].

WE ADDED BENEFICIAL INGREDIENTS like antioxidants and Vitamins A, B6, B12, C and E[†]. Made with 100% natural flavors.

SUPERIOR TASTE SK is preferred in 9 out of 10 taste tests; available in 100% natural orange, grape and berry flavors.*

ASPIRATIONAL PACKAGING Silver bottles and packaging featuring our celebrities that pop on shelf. Larger 2.5oz bottle.

SK GIVES BACK Every energy shot sold provides a meal to a hungry child through the United Nations World Food Programme (WFP).





W. W. 83

-WES WELKER
WIDE RECEIVER



OF ENERGY

SK ENERGY IS A BETTER BRAND

**SWITCH TO A
BETTER SOURCE
OF ENERGY**

DRINK SK ENERGY SHOTS



**SWITCH TO A
BETTER SOURCE
OF ENERGY**

DRINK SK ENERGY SHOTS



National Outdoor



National TV

\$90 MILLION NATIONAL MEDIA BUDGET to get the word out across TV, radio, billboards and online.

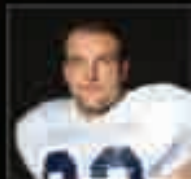
CELEBRITY AMBASSADORS with broad appeal including 50 Cent, Wes Welker, Miles Austin, Deepak Chopra, Genevieve Boulanger, Pauly D and Joan Rivers.

ASPIRATIONAL MESSAGING focused on making the switch to a better source of energy that enables you to be your best.

TARGETS MILLENNIAL AND NEW ENERGY CONSUMERS that care about what they put into their bodies because they always want to be their best and perform at their peak.



Curtis "50 Cent" Jackson
Musician & Actor



Wes Welker
Wide Receiver



Miles Austin
Wide Receiver



Deepak Chopra
Health Guru



Genevieve Boulanger
Fitness Trainer on the Beach



Pauly D
R&B TV Star



Joan Rivers
Comedian

ORDER SK ENERGY SHOTS THROUGH McCLANE

Use these UIN numbers: **Extra Strength Berry:** 071944 • **Orange:** 340407 • **Grape:** 345207

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ORIGINAL SLIDER[™]

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Available for your freezer case
in convenient 6-packs
(SUN #180139)



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in individual 2-packs
(SUN #171585)

For more information about White Castle:
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VENDOR FOCUS



Red Bull Editions Debut At 7-Eleven

Available in red, silver and blue cans, the new Red Bull Editions provide the same energy and functional benefits of the original, but with the taste of sweet cranberry, fresh lime or fruity blueberry. These are Red Bull's first new flavor extensions. From early November to the end of 2012, 7-Eleven was the only retailer to offer its customers the three new Red Bull Editions flavors at its participating stores. The new flavors will launch nationally in March.

Energy drinks are the second largest beverage category in convenience stores and continue to gain share (Nielsen Scantrak Data, latest 4.12 52 Wks Ending 8/11/2012). In 2011, 2.4 billion

cans of energy drinks were sold in the U.S.—4,500 cans per minute. The energy drink category is projected by Mintel to grow 86 percent over the next five years to an \$11.9 billion category in the United States. Red Bull continues to lead the category globally and is a primary investor in its growth.

The Red Bull Editions are priced in line with Red Bull Energy Drink, Red Bull Sugar Free and Red Bull Total Zero.

Realistic blu eCigs In Disposables & Rechargeable Packs

blu eCigs from Lorillard Technologies, Inc. offer an alternative to smoking, with the look and feel of traditional cigarettes but without the tobacco smoke, ash, or smell. blu eCigs also offer a realistic recreational alternative to smoking, creating a vapor "puff" that evaporates within seconds. They are available in convenient disposables or rechargeable packs for regular use, with or without nicotine, and in a variety of flavors. blu is the market leader in providing innovative technology for an improved consumer experience that enhances the social aspect of e-cigarettes. The company is based in Charlotte, NC, and blu eCigs flavors are made in the USA. For more information, visit www.blucigs.com.



blu eCigs have the look and feel of traditional cigarettes.

continued on page 86

NEW TROPICANA FARMSTAND 2 FOR \$3 EXCLUSIVE THROUGH JAN.

New Tropicana Farmstand, a chilled, 100 percent fruit and vegetable juice with a great fruit-forward taste, is a healthy solution for on-the-go occasions, and a convenient way to get fruit and vegetable servings. Each 8 oz. serving of Tropicana Farmstand juice provides one serving of fruit and one serving of vegetables—three combined servings of fruit and vegetables in each 12 oz. mini bottle. Farmstand is currently available in two delicious varieties—Strawberry Banana

and Pomegranate Blueberry—in 12 oz. eye-catching clear PET bottles. The specially designed neck shrink label reinforces the fruit and vegetable benefits, while allowing consumers to see the colorful goodness inside.

New Tropicana Farmstand 12 oz single-serve will be available in 7-Eleven stores January 2013 at a special price of 2 for \$3. 7-Eleven will be the exclusive convenience and gas retailer carrying this product in January.



New products and services for 7-Eleven Franchisees

VENDOR FOCUS

continued from page 85

White Castle Original Sliders Arrive At 7-Eleven

White Castle Cheeseburgers are now authorized items by SEI and are making their way into 7-Eleven stores throughout the U.S. These precooked and frozen burgers can be sold from your freezer doors as a take-home 6-pack or as a 2-pack grab and go from your sandwich cooler that can be reheated in your store's microwave in less than 30 seconds.

White Castle frozen products are available across the U.S. including Alaska and



White Castle Cheeseburgers are now authorized at 7-Eleven.

614-559-2473 or via e-mail at Ordings@whitecastle.com for more information.

Hawaii through convenience stores, grocery stores, club

stores, and vending machines. White Castle works with numerous distributors around the country delivering products to your 7-Eleven location.

Let White Castle's brand recognition help you grow your frozen and foodservice sales with the sandwiches America craves. Contact Steve Ordning at

NUTFFLES—MORE THAN JUST A NUT!

Nutffles are made with premium Belgian chocolate and are not only a delicious treat, but have all natural ingredients and are not made with any artificial colors or flavors. Nutffles are rich in antioxidants and contain zero trans fats. Premium Chocolate is growing twice as fast as everyday chocolate, and Nutffles are ideal for consumers looking for grab-and-go convenience. Available at competitive retail price points to 7-Eleven stores in 36-count displays and two varieties:

- **Red Velvet Truffles**—Surrounding each whole roasted almond is a delicious Red Velvet filling and a crispy cocoa wafer. Each Nutffle is then sprinkled with crisped rice and enrobed in the finest cream cheese flavored Belgian chocolate. (UIN# 071829; SLIN# 0140767)

- **Almond Truffles**—Top quality California grown almonds are the key ingredient to Almond Nutffles. Surrounding each whole roasted nut is a delicious almond praline filling and a crispy cocoa wafer. Each Almond Nutffle is then sprinkled with crisped



Nutffles, a premium chocolate changemaker.

rice and enrobed in the finest Belgian chocolate. (UIN# 098145 | SLIN# 0141003)



NJOY Launches The NJOY Kings

Electronic cigarette company NJOY has announced the nation-wide availability of its newest electronic cigarette—the NJOY Kings, which offer the committed adult smoker an authentic look, feel, flavor and packaging of a traditional tobacco cigarette. With a retail price of \$7.99, the NJOY Kings have two nicotine levels of 4.5 percent and 3.0 percent by volume, and come in both traditional and menthol flavors produced in the USA by NJOY's award-winning Master Flavorist. With a soft paper feel, squeezable tip and flip case packaging, the arrival of the NJOY Kings marks an innovative shift in the e-cigarette industry.

continued on page 88



NJOY Kings simulate authentic cigarette look and feel.

MARKED MOUCHING
Kleenex
BRAND TISSUE

New Kleenex "On The Go" Packs For Any Occasion!



On average over 2,300 KLEENEX® Facial Tissues are purchased each second in the U.S.

KLEENEX® Brand Facial Tissue can be found in nearly half of US homes!

Order through McLane today!

- UIN 676742 KLEENEX AUTO FACIAL Tissue 24-count pack
- UIN 377291 KLEENEX POCKET PACK COUNTER DISPLAY 16 10-count packs
- UIN 679316 KLEENEX WALLET PACK 2-pack

KLEENEX® Brand is the unquestioned category leader and enjoys 99% brand recognition with consumers!

KLEENEX® Brand represents about 50% of all facial tissue dollars spent.



Kleenex® Brand — redefining the facial tissue category through innovation.

VENDOR FOCUS

continued from page 86

The NJOY Kings received the "Bestmodo" award from Gizmodo in a head-to-head comparison with competitors. A recent Wells Fargo Securities report called e-cigarettes "the wave of the future" in the tobacco category and noted that consumption of e-cigarettes could outpace traditional cigarettes over the next decade. The NJOY Kings answer the rising demand from the consumer seeking an experience similar to smoking a traditional cigarette, but without the social stigma that comes with tobacco.

SK Energy Shots Deliver A Better Source Of Energy

SK Energy's mission is to deliver a better source of energy, so what's been left out of SK Energy Shots is just as important as what's added in. Left out are common, controversial

industry ingredients like taurine, guarana and ginseng. SK Energy Shots also have no sugars or calories, so consumers never feel the jitters or crash—just a smooth rush of energy that really works. What's added in are beneficial ingredients like antioxidants and Vitamins, A, B6, B12, C and E. Available in



SK Energy Shots do not contain controversial industry ingredients like taurine, guarana and ginseng.

Orange, Berry and Grape, SK Energy Shots are made with 100 percent natural flavors—and with a superior taste, SK was preferred in 9 out of 10 taste tests performed in samplings across the U.S. against the leading competitor.

Founded by Curtis "50 Cent" Jackson and social entrepreneur Chris Clarke, SK Energy is on a huge mission—to fight world hunger through business. For every energy shot sold, the company feeds a hungry child through the United Nations World Food Programme. The give back component has been a huge draw among a wide array of celebrities who are now proud ambassadors of the brand—from Curtis "50 Cent" Jackson and Joan Rivers, to DJ Pauly D and Deepak Chopra.

Athletes have had a huge draw to the SK brand, as well. The company has partnerships with world-class athletes Wes Welker and Miles Austin.

Bug Juice is offering a \$.99 SRP deal for 7-Eleven stores.



Special Bug Juice Offer For 7-Eleven

Bug Juice, the number one name in Kids' Drink brands, is pleased to announce a new \$.99-SRP, with a 53 percent gross at 7-Eleven! Bug Juice has long been the category leader, with bright, vibrant colors, exciting flavors and a name that kids of ALL ages love! The new suggested retail price at 7-Eleven is sure to generate even greater turns and profit in a growing category. Give kids the drink they ask for by name—BUG JUICE!

Shake Up Your Sales With Special K Protein Shakes Offer

Attract more health-conscious customers to your store with Kellogg's hot deal on Special K Protein Shakes Milk Chocolate and French Vanilla—\$1.99 a bottle from January 1 to February 28, 2013.

Special K is a \$1.7B brand with 95 percent consumer awareness. The power of the Special K franchise has grown with the introduction of more on-target consumer solutions. Today, consumers are trying to incorporate more positive nutrition into their diet and continue to trust the Special K brand for satisfying choices.

Special K Protein Shakes are a delicious way to meet the need of the 53 percent of consumers trying to incorporate more protein into their diets. The Special K Protein Shakes Milk Chocolate (UIN 194886, SLIN 245580) and French Vanilla (UIN 194837, SLIN 245581) \$1.99 Special Promomaster offer makes it easy to capitalize

Kellogg's Special K Protein Shakes promo, \$1.99 a bottle.

your beverage offering. Stock up today!



continued on page 90

Nutffles™



ECRM Buyer's Choice 2012!

PREMIUM CHOCOLATES CONTINUE TO GROW

- Premium chocolate is 25% of total category¹
- Growing twice as fast as everyday chocolate²

NUTFFLES QUALITY INGREDIENTS DEFINE PREMIUM

- Made with highest quality Callebaut® Belgian chocolate
- All natural and no hydrogenated fats
- Top quality California grown almonds

OUR PRICING MEANS MORE PROFIT FOR YOU

- Strong margin opportunity
- Competitive retail price points encourage consumer trial

www.nutffles.com

Morris National Inc.



36ct Almond

UIN# 098145

SUN# 0141003



36ct Red Velvet

UIN# 071829

SUN# 0140767



VENDOR FOCUS

continued from page 88

Healthier GoGo Squeeze Applesauce Pouches



Highly popular GoGo Squeeze has sold billions of applesauce pouches worldwide.

GoGo Squeeze brings the first squeezable, re-sealable, 100 percent fruit, all-natural applesauce in a pouch to the U.S. Since their inception in 1998, French-based Materne has used



patented technology to perfect the balance of healthy eating and happiness on the go, selling billions of pouches worldwide. GoGo Squeeze is Kosher certified, uses BPA-free packaging, is gluten free, wheat free, vegan friendly, has no added colors or flavors, and contains no high fructose corn syrup. All GoGo Squeeze products are also free of the top eight common allergens, including milk, egg, wheat, soy, tree nuts, peanuts, fish and shellfish.

With an SRP of \$0.99 and margin of 35 percent, GoGo Squeeze is available in a new 12-count tray in two flavors—Apple (SLIN 211552, UIN 134890) and Apple Cinnamon (SLIN 211553, UIN 134858). Additionally, each GoGo Squeeze pouch has a shelf life of 12 months from the day it is manufactured.

continued on page 92

ANHUESER-BUSCH UNVEILS 2013 LINEUP

Anheuser-Busch is introducing several new products in 2013 that will help you boost your beer sales to new levels. The launch of these new beers will be supported by nationwide media campaigns that include TV, digital, print, out-of-home advertising, and radio.



Budweiser Black Crown

A new 6 percent ABV golden amber lager from Budweiser that is distinctively flavorful, yet smooth and drinkable. While rooted in Budweiser's authenticity, it also delivers a modern, intriguing mark of distinction in its flavor and packaging. Black

Crown was born out of Project 12, a collaboration of Budweiser's 12 Brewmasters and sampled by thousands this past summer. Available on January 21, 2013.

Beck's Sapphire

A new addition to the Beck's family for 21-29 year old adult consumers who are increasingly looking for premium beers that complement their trendy style and nighttime occa-



sions. Sapphire's striking black glass bottle is sure to deliver a bold statement on the shelf. Launched on December 31, 2012.

Shock Top Honeycrisp Apple Wheat

Shock Top introduces Honeycrisp Apple Wheat—a unique, small-batch hybrid of unfiltered Belgian wheat beer brewed with sweet cider to produce a brew that is crisp, refreshing, and flavorful. A seasonal beer perfect for springtime. Launching on January 7, 2013 and available until July 31, 2013.



Bud Light Platinum Sleek Can Introduction

The most successful new brand of 2012, Bud Light Platinum is now available in a stylish sleek can emblazoned with Bud Light's iconic cobalt blue. This new sleek can means customers can still have that triple filtered, smooth finish and top-shelf taste even during their most active nightlife experiences. It's the can that goes where other cans can't. Coming on January 28, 2013.



Set Your Store with These New Programs

NEW!
HBC
TRAVEL
BOX



Navajo Item #	Description	UPC
27568	Garnier Shampoo, 12 ct	
27569	Garnier Conditioner, 12 ct	
27570	AXE 2-in-1 Shampoo, 12ct	
27571	Ponds Original Towel 5 count, 12 ct	
27572	St. Ives Apricot Scrub, 12 ct	
27573	Soft Soap Body Wash, 12 ct	
27574	Lubriderm Lotion, 12 ct	
27575	Toothpast with Travel Toothbrush, 12 ct	
27576	Scope Minibrushes, 12 ct	



Navajo Item #	Description	UPC
27550	Hand Sanitizer, 12 ct	
27551	Hand & Body Wipes, 12 ct	
27552	Scope Mouthwash, 12ct	
27553	Colgate Toothpaste, 12 ct	
27554	Crest Pro Health Mouthwash, 12 ct	
27555	Crest Toothpaste, 12 ct	
27556	TRE Semme Hair Spray, 12 ct	
27557	DEP Hair Gel, 12 ct.	
27558	Head & Shoulders Shampoo, 12 ct	
27559	Tre Semme Shampoo, 10 ct	
27560	Tre Semme Conditioner, 10 ct	
27561	Jurgens Ultra Lotion, 12 ct	
27562	Gold Bond Lotion, 12 ct	
27563	Mennon Speed Stick for Men, 12 ct	
27564	Mennon Lady Speed Stick, 12 ct	
27565	Barbasol Shave Cream, 12 ct.	
27566	Johnson & Johnson Baby Lotion, 12 ct	
27567	Johnson & Johnson Baby Powder, 12 ct	



ALL WEATHER TRAVEL UMBRELLA DISPLAY #16679 56% GROSS PROFIT

Item Number	Description	Qty	7-11 SRP	GP%
16679	Travel Umbrella Display			
16628	Large Umbrella	12	\$4.99	53%
12219	Small Umbrella	12	\$4.99	53%
16630	Adult Poncho	12	\$4.99	54%

Total Pieces: 36

OPEN STOCK BILL-BACK PRICING

16628	Large Umbrella	12	\$4.99	55%
12219	Small Umbrella	12	\$4.99	55%
16630	Adult Poncho	12	\$4.99	55%

Empty Display Item Number #18372 - \$79.00 Value Free with Purchase



SALUTE BAR DISPLAY ITEM #10958 - 56% GROSS PROFIT

Item Number	Item Description	Pcs Per Pkg	SRP	GP%
1st Row				
15018	Salute Pocket Corkscrew	6	\$1.29	60%
15012	Salute Walter's Corkscrew	6	\$2.99	63%
10901	Salute Pouncer Stopper	6	\$3.49	51%
10912	Salute Shot Glass	4	\$2.99	54%
16107	Salute Playing Cards	6	\$2.49	72%
2nd Row				
10918	Salute Flat Pocket Bottle Opener	6	\$2.49	54%
10005	Salute Deluxe Pliers Can & Bottle Opener	6	\$2.29	50%
11236	Salute Deluxe Black Wing Corkscrew	6	\$3.99	51%
10928	Salute Plastic Flask 10ct.	2	\$4.99	54%
10908	Salute Metal Flask	2	\$6.99	51%

continued from page 90

MillerCoors Introduces New Craft & FMB Brands

MillerCoors has unveiled the latest additions to its craft and flavored malt beverage (FMB) brands. FOD for both brews is January 14, 2013.

Third Shift Amber

Lager—Created by experimenting MillerCoors brewers at the company's Golden, Colorado brewery, Third Shift Amber Lager has a sweet malt finish with slight hop bitterness. Third Shift, which has won two gold medals at major beer competitions, targets the growing number of mainstream consumers who are looking for ways to safely explore new flavors, but are intimidated by the price and flavor profile of craft beers. Available in 6-pack bottles and 16oz cans, Third Shift Amber Lager is 5.3 percent ABV and will be supported by significant marketing media in 2013.



MillerCoors is ramping up their craft brew offerings in Q1 2013.



Redd's Apple Ale—The beer is "Crisp like an Apple. Brewed like an ale." Redd's Apple Ale is a premium apple-flavored ale that delivers a refreshing, just-right sweet taste. With 165 calories per 12oz bottle, Redd's Apple Ale is available in 6-pack bottles and 16oz cans and is

geared toward consumers who are looking for a sweet alternative during beer occasions. FMBs sales were up 19 percent in 2012. Redd's Apple Ale will be supported by national and local media campaigns through the summer of 2013.

High-Quality Nat Sherman Cigarettes Come To 7-Eleven

Nat Sherman, maker of high quality cigarettes and tobacco products, is bringing four of its top-selling cigarette brands

to 7-Eleven.

- **MCD**—Nat Sherman's quintessential brand featuring a mellow and distinctive blend of only the finest 100 percent natural tobaccos. A rich and full-bodied, 101mm queen size brown paper cigarette, MCD has an extremely loyal customer following and is available in four styles—Full Flavor, Menthol, Gold, and Silver.

Created nearly 40 years ago, MCD was Nat Sherman's first filtered cigarette, and still remains one of their most popular brands. MCD are the Roman numerals for "1400," which represents the address of Nat Sherman's first store, which opened in 1930 at 1400 Broadway in midtown Manhattan.



- **Hint Menthol**—Nat Sherman's Hint Menthol features a cubist style designed package that complements its subtle yet refined taste. Meticulously crafted with traditional blend of only the finest 100 percent natural tobaccos. Hint Menthol's unique cavity filter containing 100 percent pure menthol crystals disseminates a natural menthol flavor as the smoke passes through.

- **Fantasia**—Fantasia has always enjoyed a special status among adult smokers. Designed by the matriarch of the Nat Sherman family, Lautia Sherman, these cigarettes are simply one-of-a-kind, with a gold filter tip, and accented by an array of stylish colors (Pink, Red, Blue, Green, Yellow). Fantasia's distinctiveness is complemented by a charcoal filter and a balanced blend of 100 percent natural tobacco. Fantasia offers adult smokers an elegant smoking experience that only Nat Sherman can create.



- **Naturals King**—Naturals King is designed for smokers of conventional brands looking to upgrade to an American blend of the finest all-natural tobacco.

continued next page



Naturals King provide a top-quality product for the discerning smoker.

cos. A white paper cigarette with cork paper filter featuring a unique mix of burley and oriental tobaccos, Naturals King offers an attractive and uncompromised smoking experience for adult smokers who are looking to “smoke less but better.” Packaged in a convenient flip-top box made of a heavy gauge board that helps protect Naturals King. Unlike many Nat Sherman cigarettes, Naturals King is an 85mm cigarette available in four styles: Original, Yellow, Blue, and Menthol.

New Kleenex ‘On The Go’ Packs

Available now—convenient and easy to carry Kleenex “On The Go” packs in auto

facial box 24-count, a 16-count Pocket Pack display, and a Wallet Pack 2-pack. Kleenex brand facial tissue is the unquestioned category leader and enjoys 99 percent brand recognition with consumers. In fact, Kleenex can be found in



Kleenex “On The Go” car packs for driving convenience.



Kleenex wallet packs are a staple for every pocketbook.

nearly half of U.S. homes and represents about 50 percent of all facial tissue dollars spent. Kleenex brand tissues can be found in nearly half of all U.S. homes. Order through McLane today! ■

Advertisers Index

Anheuser Busch	7
Aon Risk Services Southwest	40
Blu Ecig	71
Bug Juice	77
Coca-Cola.....	Cover 2
Dean Foods	23
DM Imports	60
Dr Pepper Snapple Group.....	11
Duracell.....	42
Ferrero	15
GOgo Squeeze	76
Gourmet Basics	44
Heineken	12
Hershey	9
Hot 'N Spicy.....	41
Insight Beverages.....	31
Johnson&Johnson	57
Just Born Inc.....	19
Kellogg's	8
Kimberly Clark.....	87
Kraft/Cadbury	32-33
Kretek International	54, Cover 4
Liggett	73
Logic Ecig	46-47
Lonestar Plastics	62
Mars Chocolate.....	34
Mars Ice Cream	21
Maruchan/Yonnell Adv.....	45
McLane.....	38
MillerCoors.....	10
Morris National	89
National Tobacco.....	51
Nat Sherman	75
Nestle Professional.....	25
Nestle Waters.....	5
Perfetti Van Mele.....	29
Precise Nutrition.....	53
Santa Fe Tobacco.....	66
Street King	82-83
Sunny-D.....	48
Swedish Match	4,37
Unilever Good Humor/Breyers	3,6,16
Wai Lani Chips	69
White Castle.....	84
Whitewave Foods.....	27
Windsor.....	81
Wrigley	Cover 3

Franchise Owner's Association Regional Board Meeting Dates

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

7-ELEVEN FOAC

Phone: 312-253-7342
 January 17, 2013—General Meeting
 January 24, 2013—Board Meeting
 February 28, 2013—Board Meeting
 March 21, 2013—Board Meeting
 April 4, 2013—General Meeting
 April 25, 2013—Board Meeting
 May 30, 2013—Board Meeting
 June 13, 2013—General Meeting
 June 27, 2013—Board Meeting
 July 25, 2013—Board Meeting
 August 22, 2013—Board Meeting
 September 12, 2013—General Meeting

GREATER BAY FOA

Phone: 707-328-3960
 January 15, 2013
 February 19, 2013
 March 19, 2013
 April 16, 2013
 May 21, 2013
 June 18, 2013
 July 16, 2013
 August 20, 2013
 September 17, 2013
 October 15, 2013
 November 19, 2013
 December 17, 2013

FOA OF GREATER LOS ANGELES

Phone: 619-726-9016
 Location: Brea Embassy Suites
 January 15, 2013
 February 19, 2013
 March 19, 2013
 April 16, 2013
 May 21, 2013
 June 18, 2013
 August 20, 2013
 September 17, 2013
 October 15, 2013
 November 19, 2013

FOA EVENTS

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

Pechanga Resort & Casino
Temecula, California
DATE CHANGE: January 9-10, 2013
Phone: 619-726-9016

Metro New Jersey FOA Annual Trade Show

Borgata Hotel and Casino
Atlantic City, New Jersey
February 19, 2013
Phone: 908-232-1336

San Francisco/Monterey Bay FOA The Guardian Trade Show

Santa Clara Marriott
Santa Clara, California
March 9, 2013
Phone: 510-754-1113

Pacific Northwest FOA Annual Trade Show

Embassy Suites
Seattle, Washington
April 18, 2013
Phone: 253-861-6737

7-Eleven FOAC Annual Trade Show

Odeum Expo Center
Villa Park, Illinois
May 16, 2013
Phone: 312-253-7342

Greater Bay FOA Trade Show

(location to be announced)
June 13, 2013
Phone: 707-328-3960

Greater Bay FOA Golf Tournament

(location to be announced)
June 14, 2013
Phone: 707-328-3960

FOA Of Greater Los Angeles Golf Tournament

Black Gold Golf Club
Yorba Linda, California
June 19, 2013
Phone: 619-726-9016

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

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

New Orleans Marriott
New Orleans, Louisiana
May 9-11, 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

NATIONAL COALITION AFFILIATE MEETING

Laguna Cliffs Marriott
Dana Point, California
October 22-23, 2013

NATIONAL COALITION BOARD OF DIRECTORS MEETING

Laguna Cliffs Marriott
Dana Point, California
October 24-26, 2013

7-Eleven FOAC Annual Golf Outing

(location to be announced)
August 28, 2013
Phone: 312-253-7342

7-Eleven FOAC Holiday Trade Show & Party

Holiday Inn North Shore
Skokie, Illinois
November 7, 2013
Phone: 312-253-7342

Greater Bay FOA Holiday Party

(location to be announced)
December 6, 2013
Phone: 707-328-3960

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 RUP. **C-Store segment based on sales. ***Top 100 C-Store Regions. Limited 30 weeks ending 4/22/12. © 2012 Wm. Wrigley & Company. 5040 5th St. Chicago, IL 60644. All rights reserved. 1. New, Cobalt and all other trademarks are trademarks of the Wm. Wrigley & Company.

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

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