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March/April 2013

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THE VOICE OF 7-ELEVEN FRANCHISEES

March/April 2013

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& Trade Show**

*The Venetian
Hotel and Casino
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July 14-18
Trade Show: July 17-18

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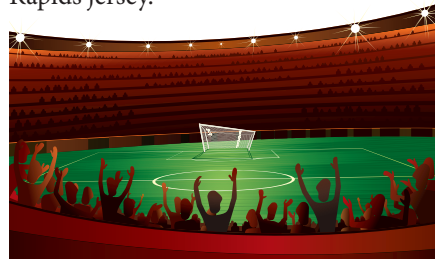
Member News

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'The Corner 7-Eleven' With The Colorado Rapids

SEI has entered into a multi-year partnership with the Colorado Rapids professional soccer team that includes the creation of "The Corner 7-Eleven" at Dick's Sporting Goods Park and value-priced tickets. "The Corner 7-Eleven" will be located in Sections 112 and 113 at the stadium, and fans can purchase \$15 tickets for the game in the special area at any of 330 7-Eleven locations in Colorado.

"The Corner 7-Eleven" will seat approximately 880 fans, and the \$15-ticket—which is available for all Rapids home matches—will be the lowest-priced ticket in the stadium. Additionally, 7-Eleven locations throughout Colorado will have four Enter-To-Win sweepstakes opportunities throughout the season, with the winning package including VIP tickets to a Rapids home match, pre-game sidelines passes and an authentic Rapids jersey.



7-Eleven Among Top Ten In Coffee Sales

Three convenience store chains rank among the Top 10 in total 2012 U.S. coffee sales, and 7-Eleven leads the pack at #4 with 4.75 percent market share, reported *CSP Daily News*, citing data from an exclusive StudyLogic study. Speedway and Wawa come in 7th and 8th at a vir-

tual tie with 1.55 percent. The StudyLogic report also reveals that the c-store industry reported its highest coffee sales in five years, with 2012 net coffee sales at more than \$2.85 billion, placing it third in total coffee volume, behind coffee shops and burger restaurants. C-stores reported a record high in total coffee sales in 2008 with \$2.8 billion, but then saw the numbers slide in 2009 to \$2.66 billion as a result of the national recession and increased competition from several major QSRs and coffee shops, like McDonald's and Dunkin' Donuts.



C-Store In-Store Sales Increase

The convenience store industry had record sales of \$700.3 billion in 2012, with in-store sales increasing 2.2 percent to reach a record \$199.3 billion and motor fuels sales increasing 2.9 percent to a record \$501.0 billion, according to data released by NACS during its State of the Industry Summit. In-store sales growth was driven by double-digit sales gains in several subcategories: alternative snacks, which include meat snacks and health, energy and protein bars (12.2 percent); liquor, a relatively small subcategory (11.6 percent); cold dispensed beverages (11.3 percent); and sweet snacks (10.3 percent).

Here's how overall industry in-store sales broke down in 2012:

- Tobacco (cigarettes and OTP): 40.7 percent
- Foodservice (prepared and commissary food; hot, cold and dispensed beverages): 15.8 percent
- Packaged beverages (soda, alternative beverages, sports drinks, juices, water,

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March/April 2013

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MIKE AND IKE® BERRY BLAST™ 5oz Theater Box 12ct box	364356	142352
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1. Datamonitor Consumer Survey, April/May, 2010
2. Datamonitor Business Worldwide, August 2009



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Member News



continued from page 16

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- Franchisee registration page!
- Exhibitor registration page!
- Sign up for the Joe Saraceno Charity Golf Tournament!
- A breakdown of all the seminars, activities and social events scheduled for the convention!
- Hotel and reservation information!

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teas, etc.): 14.7 percent

- Center of the store (candy; sweet, salty and alternative snacks): 10.4 percent
- Beer: 7.6 percent
- Other: 10.8 percent

Foodservice was the category that drove profits, accounting for 27.1 percent of gross profit dollars. While tobacco products constituted 40.7 percent of in-store revenue dollars, they accounted for only 21.0 percent of gross margin dollars. Packaged beverages were third, account-

Overall c-store industry in-store sales were 40 percent tobacco in 2013.

ing for 18.8 percent of gross profit dollars.

NACS said motor fuels continued to drive sales dollars, but in-store sales drove profit dollars. Overall, 71.5 percent of total sales were motor fuels, but motor fuels only accounted for 35.0 percent of profit dollars. Motor fuels gross margins

decreased from 18.2 cents to 17.8 cents per gallon before expenses, and also dipped on a percentage basis,

falling from 5.23 percent to 4.94 percent, the lowest that they have been on a percentage basis in decades.

NACS also revealed that, beyond sales, convenience stores employed 1.84 million people and generated \$171 billion

continued on page 22

Support Fellow Retailers On The Swipe-Fee Lawsuit Settlement

By Jim Bayci, Board Member, 7-Eleven FOA Chicagoland

In early April, Keith Jones from SEI's Government Affairs Department asked me if I could help out with an opportunity to get the message out about the credit card swipe fee lawsuit settlement. I said yes before Keith even could tell me what would be involved.

As you may already know, this settlement is not in the best interest of merchants. It shields Visa and Mastercard from future litigation, allows them to keep fixing swipe fees, allows big banks to avoid competing on price, and allows fees to be raised in the future without limitation. Also, every merchant would only receive about \$200 from the deal.

"According to NACS, the dollar value of the swipe fees collected last year by credit card companies exceeded the net profit of the entire convenience store industry for the same period."

NACS has put together a campaign to have merchants "opt out" of the settlement by going to the website www.merchantsobject.com. It only takes five minutes to sign up, and the list will be used to show the judge overseeing the case that merchants are not satisfied with the terms of the settlement.

Some of the things I learned while working on this is that only credit transactions (not debit) are part of the suit, and that swipe fees for credit cards cost 7-Eleven and its franchisees over \$200 million last year alone. Additionally, according to NACS, the dollar value of the swipe fees collected last year by credit card companies exceeded the net profit of the entire convenience store industry for the same period!

Fast forward to my 15 minutes of fame. FOX News sent a news crew to my store on April 9. I was prepped by the PR agency via conference call, and had a local PR person (different agency) there for moral support.



Chicago franchisee and FOAC Board Member Jim Bayci appeared on Fox News to talk about the unfair credit card swipe fee lawsuit settlement and www.merchantsobject.com.

When we went live, I was under the impression the FOX reporter, Jeff Flock, would allow me to give the website info out. However, he really controlled the interview by jumping in and moving around a lot. I'm not very media savvy to start with, but I was able to get a few points across that seemed relevant and would perhaps make a normal viewer say, "Wow, that doesn't seem fair."

All in all it was a good experience, although I feel bad for not getting the website plug in. If you would like to view the clip, head over to <http://video.foxbusiness.com/v/2289003696001/retailers-paying-more-in-swipe-fees-than-profits/>.

I urge you to visit www.merchantsobject.com to support a more equitable settlement in this case!

"The settlement in the credit card swipe fee lawsuit is not in the best interest of merchants. It shields Visa and Mastercard from future litigation, allows them to keep fixing swipe fees, allows big banks to avoid competing on price, and allows fees to be raised in the future without limitation."

Available in 2.0oz fruit or berry packs

Bite size pieces are 57% of non-chocolate sales*

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* 1998 MUCOC latest 52 weeks ending 10/28/2012
** 2009 BMI Study
*** 1998 FODM+C latest 52 weeks ending 10/16/12

Airheads Bites - Berry
Airheads Bites - Fruit
Airheads Xtremes Bites

0 73390 01437 7 0 73390 01436 0 0 73390 00818 5



in federal, state and local taxes in 2012. Overall, convenience stores sales represent 4.5 percent—or one out of every 22 dollars—of the entire \$15.68 trillion U.S. gross domestic product.

7-Eleven Grows In Indonesia, Philippines, Thailand

7-Eleven plans to increase its presence in the global retail arena. The *Wall Street Journal* recently reported that PT Modern Putra Indonesia plans to add hundreds more 7-Eleven stores in the next few years in order to cater to the country's growing middle class and its demand for snacks and prepared meals. The retailer operates 119 7-Eleven stores in Indonesia, most of which have evolved into self-service cafes equipped with tables and chairs, free Wi-Fi and scooter-parking valets to encourage customers to linger.

In Taiwan, President Chain Store Corp.—which operates more than 4,800 7-Eleven stores there—said it aims to boost its profitability this year by “concentrating on profit-making overseas business segments and consolidating money-losing ones,” reported the *Taipei Times*. This plan includes opening nearly 180 more stores in the Philippines, according to the article. Meanwhile in Thailand, where 7-Eleven dominates the c-store landscape with close to 7,000 locations or about 69 percent of the market share, the chain plans to add over 3,000 stores by 2018.

C-Stores Hit Bumps In 2012

While the NACS State of the Industry Report revealed good news for c-stores in terms of sales, it also identified concerns for the convenience retailing industry.

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Legislative Update

Judge Blocks NYC Large Soda Ban

A judge has blocked New York City's ban on large sugary drinks one day before it was to go into effect, reported the *New York Times* on March 11. Justice Milton A. Tingle Jr. of the State Supreme Court in Manhattan said the rule banning sugary drinks larger than 16 ounces in certain food service establishments was “arbitrary and capricious.” Justice Tingle specifically cited a perceived inequity in the soda rules, which applies to only certain sugared drinks—beverages with a high milk content, for instance, would be exempt—and would apply only to some food establishments, like restaurants, but not others, like convenience stores. In his opinion, the judge also wrote that the fact that consumers can receive refills of sodas, as long as the cup size is not larger than 16 ounces, would “defeat and/or serve to gut the purpose the rule.”

“A judge has blocked NYC's ban on drinks larger than 16 ounces, based on inequity in soda rules and customer refills.”

Statewide Soda Tax Back On California Agenda

Two years after momentum for a statewide soda tax in California seemed to fizzle out, a new bill has been introduced that would impose a penny-per-ounce tax on sweetened beverages, raising up to \$1.7 billion for health and education programs aimed at fighting childhood obesity, reported the *Santa Cruz Sentinel*. The bill, SB 622, would split the revenue raised between the Department of Public Health and the Superintendent of Public Instruction, with some trickling down to local schools. Passage requires a two-thirds vote of the Legislature, and Democrats are expected to hold two-thirds supermajorities in both houses as the bill progresses. The Center for Consumer Freedom opposes the bill, suggesting money from similar taxes isn't always spent as intended. A recent Field Poll of Californians put support for a soda tax at 40 percent, but that number shot up to 68 percent when the proposed revenues were designated for addressing childhood obesity.

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Payroll Text Reminders Available

SEI's Payroll Department recently announced a new service it is providing—payroll text message reminders. In a letter to franchisees, the department said payroll not submitted on time negatively impacts store employees and ultimately the guest experience, so it is offering to send text reminders and alerts to the cell phones of those franchisees who would like to receive them. To opt in for payroll reminders and alerts:

- Text PAYROLL to 711711.
- Franchisees will receive up to 5 messages per month. Terms and Conditions are located at www.7-eleven.com/privacy. Reply HELP for help. Reply STOP to cancel.
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Member News

continued from page 22

Total credit and debit card fees in 2012 hit a record \$11.2 billion and surpassed overall convenience store industry profits for the seventh straight year, according to the report. Overall, card fees increased 1.5 percent, a much slower pace than the double-digit increases that were routine the past decade. Passage and implementation of new debit card swipe fees limits

played a significant role in reducing escalating card fees. However, card fees still were significant. Just looking at motor fuels sales, credit and debit card fees added 5.1 cents to every gallon of gasoline sold at convenience stores in 2012. Beyond card fees, several other expense lines saw increases, led by health insurance costs, which rose 6.3 percent.

The industry's segmentation also continues, with a considerable difference between top quartile and bottom quartile performers. Top quartile performers had net dispensed profits that were 4.4 times

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greater than those of the bottom quartile, prepared food profits 2.4 times greater than the bottom quartile, cold dispensed profits 2.3 times greater than the bottom quartile and packaged beverage sales that were 2.3 times greater than the bottom quartile.

Of greater concern to all retailers, there was a major difference in sales and profits by quarter. First quarter sales and profits were considerably better than those of any other quarter, while fourth quarter sales and profits lagged behind the other quarters. Weather likely was a major factor in these variations. The first quarter of 2012 was unusually warm and

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"Total credit and debit card fees in 2012 hit a record \$11.2 billion and surpassed overall convenience store industry profits for the seventh straight year."

Nestlé Waters Announces Contest Winners

Nestlé Waters has announced the winners of its Perrier/SanPellegrino sales incentive contest. To be eligible, stores had to increase their dollar sales of all Perrier Sparkling Natural Mineral Water and SanPellegrino Sparkling Fruit Beverages single-serve items from October 2012 to March 2013. The top store with the highest percent increase in dollar sales over the base months in the previous year has won a trip for two to the 2013 NCASEF Convention and Trade Show in Las Vegas. The top three runner-up stores (2nd-4th) have won an electronic tablet, and the top store within each of the 13 Zones with the highest overall dollar sales will be awarded a \$300 gift card. Thank you Nestlé Waters!

Nestlé Waters also revealed that during the contest period, total Perrier Sparkling 0.5L and SanPellegrino Sparkling Fruit Beverage dollar sales in 7-Eleven stores grew 211 percent and unit sales increased 208 percent versus last year. Perrier 0.5L PET dollar sales rose 194 percent and unit sales jumped 188 percent during the incentive period versus last year, dollar SanPellegrino Sparkling Fruit Beverage dollar sales increased 2,472 percent and unit sales grew 2,841 percent.



GRAND PRIZE WINNER, TRIP FOR TWO TO NCASEF CONVENTION

Store# 33725: Rickey Boone, Heartland Zone, Chicago, IL

Top 3 Runner-Up Stores, Electronic Tablet

Store# 19709: Koorosh Shahrokh, Greater LA Zone, Burbank, CA

Store# 24835: Mohammed Haniffa, Greater LA Zone, North Hollywood, CA

Store# 18199: Gurcham Gill, Greater LA Zone, Sherman Oaks, CA

Top Store Within Each Of 13 Zones, \$300 Gift Card

Store# 17304: Harjeet Gill, Greater LA Zone, Los Angeles, CA

Store# 33086: Prakash Abraham, Heartland Zone, Chicago, IL

Store# 23666: Fikresalas Tsige, Liberty Zone, Silver Spring, MD

Store# 12705: Sam Elsaadi, Lone Star Zone, Austin, TX

Store# 32480: Lawrence Akanegbu, North Atlantic Zone, Boston, MA

Store# 33437: Corporate Store, North Cal/Nevada Zone, San Francisco, CA

Store# 10009: Balbir Singh, North Florida Zone, Orlando, FL

Store# 13691: Chinsuk Kim, Pacific Desert Zone, Las Vegas, NV

Store# 25200: Laura El Fennir, Pacific Northwest Zone, Portland, OR

Store# 16764: William Simmons, Patriot Zone, Charlottesville, VA

Store# 39229: Rajinder Kahdhari, PennJersey Zone, Philadelphia, PA

Store# 24627: Arvino Singh, Rocky Mountain Zone, Denver, CO

Store# 39355: Sarah Brito, South Florida Coast Zone, Miami Beach, FL

Store# 34977: Yahya Aldabyani, North Cal/Nevada Zone, San Francisco, CA



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Member News

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dry, which is conducive to growing on-the-go sales, while the fourth quarter had much poorer weather and significant storms in densely populated areas, most notably Hurricane Sandy.

New Jersey Privatizes Lottery

New Jersey plans to award a 15-year lottery marketing contract to Northstar, a business partnership that also runs the Illinois state lottery, reported *Bloomberg*.



The New Jersey Treasury Department said the deal may raise state revenue by as much as \$6.88 billion over the life of the agreement than would have been collected from the gaming operation with no change. In New Jersey's fiscal 2012, which ended in June, the lottery had \$2.76 billion in revenue and produced \$950 million in income for the state. It is unknown if the deal includes a plan for selling lottery tickets online, as in Illinois.

SEI Sues 7-SEVEN Stores

SEI recently filed two federal lawsuits claiming 7-SEVEN stores in Bibb County, Georgia are infringing on and diluting the company's trademark, reported *The Telegraph*. The company alleges the 7-SEVEN

stores chose their logo to "trade upon the fame and goodwill" of 7-Eleven, according to the lawsuits, filed March 11 in U.S. District Court for the Middle District of Georgia. 7-Eleven has used its trademark at convenience stores since 1946 and offered gasoline using the trademark since 1967.

SEI is asking that a judge require the destruction of the 7-SEVEN stores' labels, signs and any other items to which the alleged infringed logo is affixed. It is also asking that a judge prevent the further use of the 7-SEVEN name, the numbers 7 and 11, or color combinations of red, green, orange and white as part of convenience store logos. The company has further requested compensation for damages it suffered because of trademark infringement, unfair competition and

continued on page 28



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- Wild Berry & Lemon is a hot new flavor trend!⁴

1) Nielsen C-Store YTD ending 7/14/12 2) Nielsen xAOC+C, 4 weeks ending 5/19/12
3) Nielsen xAOC+C, 52 weeks ending 5/19/12 4) Nation's Restaurant News Web Site, 2012

All trademarks are owned by Société des Produits Nestlé S.A., Vevey, Switzerland.



Good Food. Good Life.



Member News

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trademark dilution, and three times all profits they allege the 7-SEVEN stores wrongfully earned.

Couche-Tard Reports Increased Earnings

Canadian c-store chain and Circle K parent company Alimentation Couche-Tard reported third quarter of fiscal 2013 net earnings increased 64.2 percent. The company also said total merchandise and service revenues were up 4.4 percent in the United States and up 5.1 percent in Canada. In the United States, excluding tobacco products, the increase was 2.6 percent on a same-store basis. Consolidated merchandise and service gross margin grew US\$189.5 million or 30.9 percent, and total road transportation fuel volume increased 8.0 percent in the U.S. and 5.8 percent in Canada.

“Couche Tard total merchandise and service revenues were up 4.4 percent in the United States and up 5.1 percent in Canada in 2012.”

Join The National Coalition

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

National Coalition of Associations of 7-Eleven Franchisees

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



Visit the National Coalition Website, www.ncasef.com



The national average **price of gasoline increased 49 cents** per gallon during the first two months of 2013, the highest price increase on record through the end of February, according to the AAA's Monthly Gas Price Report. • **Target plans to open three more health clinics in Chicago-area stores**, part of a larger national plan to add 14 clinics this year, reported the *Chicago Tribune*. The clinics provide walk-in medical care for minor illnesses and injuries. • **Electronic cigarette manufacturer NJOY recently announced that former U.S. Surgeon General Dr. Richard Carmona has joined its board of directors** and will chair the company's scientific advisory committee. Carmona will head NJOY's research on the harm reduction potential of e-cigarettes. • **After announcing in December that it plans to sell tobacco products in most of its U.S. stores by the end of second quarter 2013, Dollar General said its test stores are selling 33 percent more tobacco** than the company had anticipated. • **In an effort to compete with Internet retailer Amazon.com, Walmart is testing the use of lockers in its stores** to hold merchandise ordered on its website until shoppers pick it up. • **An online study hosted by the University of East London suggests electronic cigarettes have great potential to help current smokers quit** or greatly reduce their tobacco consumption, reported *Tobacco E-News*. • **Beer has surpassed wine as the alcoholic beverage of choice for women** between 18 and 34 years of age, according to a new Gallop poll. • **Eighty-three percent of the U.S. adult population drinks coffee**, up 5 percent from last year, according to a study by the National Coffee Association. The study also reveals that daily consumption remains at 63 percent, while those who drink coffee at least once a week is up slightly to 75 percent. • **Over 77 percent**

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U.S. Coffee Consumption Increases

Overall coffee consumption jumped by five percentage points this year, according to the NCA National Coffee Drinking Trends (NCDT) market research study. With this increase, 83 percent of the U.S. adult population now drinks coffee. At the same time, daily consumption remained strong and steady at 63 percent, while those who drink coffee at least once per week was up slightly to 75 percent.

Past-day coffee consumption among Hispanic-Americans again outpaced that of other Americans, further affirming data identified last year when NCA began tracking ethnic consumption. Seventy-six percent of adult Hispanic-Americans said they drank coffee yesterday, 13 percentage

points ahead of the total population. By comparison, 47 percent of African-Americans and 64 percent

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Shake Things Up and Refresh Your Sales

Tic Tac is engaging consumers with a fun-filled summer promotion!

Consumer could win one of 6 Grand Prize Getaways of a Lifetime

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Six (6) different (getaway) prizes will be awarded as Grand Prizes in the Sweepstakes. Prizes used to depict getaway prizes on this display are for illustrative purposes only and do not reflect actual elements of the getaway prizes awarded. See Official Rules for complete prize descriptions.



of Caucasian-Americans said they drank coffee yesterday.

Trade Groups Ordered To Correct Swipe-Fee Websites

A federal judge recently ordered merchant trade groups to correct information

on websites intended to generate retailer opposition to a multi-billion-dollar class-action settlement with Visa, MasterCard, and several large banks, reported *Dow Jones Newswires*. At issue are websites that groups including the National Association of Convenience Stores, National Grocers Association, and other plaintiffs have

Visit the National Coalition Website, www.ncasef.com

launched encouraging retailers to object to or opt out of a settlement struck in July 2012 that would end years of litigation against Visa, MasterCard and credit-card issuers over credit card swipe fees. The judge said the groups in question must add a banner to their websites stating that the judge has determined prior information on the sites to be misleading. They must also include a link to a court-approved website with information about the settlement.

“Merchant trade groups have been ordered to correct information on websites intended to generate retailer opposition to the multi-billion-dollar class-action settlement with credit card companies on swipe fees.”

Beer Industry Has Huge Impact On U.S. Economy

A new economic impact study shows America's beer industry—made up of brewers, beer importers, beer distributors, brewer suppliers and retailers—directly and indirectly contributes \$246.6 billion annually to the U.S. economy. Jointly commissioned by the Beer Institute and the National Beer Wholesalers Association, the “Beer Serves

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LEGAL NOTICE

FRANCHISEES HAVE THE RIGHT TO ESTABLISH RETAIL PRICES

By Arnold J. Hauptman, Esq.
NCASEF General Counsel

Here is the definitive answer to a question that arises with great frequency. The question is: do I have to accept the promotional prices for regionally and nationally promoted products, or for POP promotions, or for proprietary products? The short answer, after consultation with the SEI legal department, is NO.

It is clear that every store agreement provides that while SEI may recommend a retail price for a product, it is the franchisee that has the absolute right to establish a price. On the other hand, it always seemed that such right is inconsistent with SEI's insistence that every store carry a reasonable and representative quantity of nationally or regionally promoted products, and that every

your field consultant or market manager may give you, you as the franchisee have the right, in all cases and for all products, to fix the retail prices of all merchandise in your store(s). While you are required to carry a reasonable and representative quantity of nationally and regionally promoted products, you are not required to offer the promoted or recommended price. As to proprietary products, you are again required to carry a reasonable and representative quantity of such products, but it is the franchisee that has the right to fix prices, although this can be difficult when the products are pre-priced. (This is a subject to be discussed with SEI at a later time.)

Similarly, as to POP signage with a promotional price, franchisees are free not to participate in any particular POP promotion or, if they choose to participate in the promotion, but wish to establish a different price, they can do so, although POP signage without prices are currently not available.

I suggest that you keep a copy of this legal notice handy to show to any field consultant or market manager that is attempting to pressure you into offering merchandise for prices that are, for any reason, not acceptable to you.

ARNOLD J. HAUPTMAN

CAN BE REACHED AT 516-541-7200

“Do I have to accept the promotional prices for regionally and nationally promoted products, for POP promotions, or for proprietary products?”

store carry a reasonable and representative quantity of proprietary products (most often pre-priced). Also, owners are sometimes pressured to accept and display all POP signage with promotional and designated prices.

Regardless of any contrary information that

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America” study shows that the industry generates more than two million American jobs, accounting for nearly \$79 billion in wages and benefits and more than \$246.6 billion in economic activity. The industry also contributed \$49.1 billion dollars in the form of business, personal and consumption taxes in 2012.

According to the study, the beer industry directly employs nearly 1.1 million people, paying nearly \$31.8 billion in wages and benefits among brewers, distributors, and retailers such as supermarkets, convenience stores, restaurants, bars, and stadiums. Indirectly, the industry gen-

erates nearly \$153.2 billion in economic activity in agriculture, manufacturing, construction, transportation, and other sectors.

PA Governor On Privatizing The State's Liquor Business

Pennsylvania Governor Tom Corbett recently spoke about reinvesting \$1 billion in proceeds from the sale of the state liquor store system into an educational block grant for Pennsylvania's schools.

Visit the National Coalition Website, www.ncasef.com

This Passport for Learning Block Grant is in addition to Corbett's proposed \$90 million increase in the upcoming budget's Basic Education Funding line item. The governor said the \$1 billion in revenue will come from the three to four year process of selling the state's Liquor Control Board: \$575 million from the wholesale license process, \$224 million from the wine and spirits retail auction process, \$107 million from the wine/beer license application process, and \$112.5 million in the enhanced beer distributor application process.

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Legislative Update

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Nevada Food Retailers Oppose Stricter Menu Labeling Bill

Convenience stores, chain restaurants, grocery stores and other food sellers in Nevada have teamed up to oppose a bill that would require chains with 10 or more locations in the state to post nutritional information of their food, reported the *Las Vegas Sun*. The measure would be stricter than the federal rules now under development at the Food and Drug Administration, which will require chains with 20 or more units to post the information.

The bill would apply to businesses that have “substantially the same” menus or offerings, regardless of ownership structure. Prepared food sold in grocery store delis or convenience stores also could be subject to the new labeling requirements depending on how the regulations come down from the FDA. Businesses with 20 or more locations already will have to comply with the regulations; the bill would capture those additional businesses with 10 to 19 locations and apply a misdemeanor penalty between \$50 to \$500 for the first offense.

The Retail Association of Nevada opposed the bill because of the expense businesses would incur.

The Nevada Restaurant Association also opposed the bill, but mainly because the FDA's regulations are not yet complete. The Nevada Petroleum Marketers and Convenience Store Association is also against the bill and said the federal government should finish crafting its regulations before the state acts.

Democrats Call For Minimum Wage Increase

House and Senate Democrats want to raise the minimum wage to \$10.10 an hour, more than a dollar higher than President Barack Obama proposed in his State of the Union address in March, reported MSN.com. Senator Tom Harkin (D-Iowa) and Representative George Miller (D-California) said their bill would boost the minimum from its current rate of \$7.25 an hour by 2015. It then calls for automatic annual increases tied to changes in the cost of living. The lawmakers said an increase in the minimum wage would help lift millions of workers out of poverty and boost the economy. However, top Republicans have rejected the idea, saying it would hurt employers.

California Senate Considers Statewide Plastic Bag Ban

A bill to ban most stores from handing out single-use plastic bags is gaining momentum in the California Senate, reported the *Los Angeles Times*. The measure would prohibit the bags in grocery stores and pharmacies beginning on January 1, 2015. Shoppers would be urged to bring their own reusable

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100 Days Of Summer Have Not Changed, But We Must

BY BRUCE MAPLES
EXECUTIVE CHAIRMAN, NCASEF

I have been through almost four decades of change in the retail food business, and one constant I have seen throughout this time is the 100 days of summer selling we see each year in the c-store business. Hot weather, increased guest counts, increased fountain and vault sales, and extended days all add up to a bigger market basket and better sales for our stores. The one constant is that summer comes and goes, and how well our stores perform during the summer determines how well our stores do for the entire year. Summer is our equivalent of the Christmas holiday season for retailers like Macy's, Wal-Mart and Target.

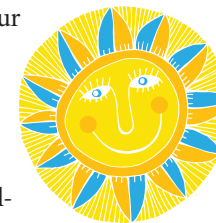
Since I started in this business, everything about our stores has changed. The product assortment, the transaction size, the distribution model, and the customer have all continued to adjust to the technology and the times. Today, after months of anticipation, our stores are staffed, our summer sets are done, our orders have been adjusted, and the vault is ready for summertime guests needing cold drinks and snacks.

We have learned how important it is in our business to adapt and change with the customer, but it is a challenge to keep up with today's pace of change and the adaptation of technology to communications with our guests. The amount of information and number of choices our customers have for their retail purchases is staggering. The younger generation gets more information, more quickly on their phone, computer or tablet than we ever could have imagined. They have more products from

which to choose, more places to shop, and they can be harder to please and more demanding with their purchases.

Today, value offerings alongside premium offerings in almost every category are critical. As a result, we have e-cigarettes, craft beer and premium chocolate, along with private label, finding their way into our product mix and competing for space with the large cigarette, beer and chocolate companies.

(Private label in grocery stores has increased to 19 percent of total sales, a growth rate of 20 percent since 2007.) Today's customer is still looking for Popsicles but often trades up to a premium chocolate Magnum bar, a Klondike or a Dove bar. We have learned that just having cigarettes, cold beer and snacks no longer satisfies the needs of 80 percent of our guests.



“Summer is our equivalent of the Christmas holiday season for retailers like Macy's, Wal-Mart and Target.”

Today's customer is looking for more. Yesterday's customer spent time outside playing sports with the kids from the neighborhood. Today's customer spends time online playing games with people from around the world. Social media and the digital guest experience keep the younger generation connected 24 hours a day at a level never seen in the past.

Today's customer also speaks a different language. Our marketing plans are full of catchwords like Energy Ambush, Fill

**“Just having cigarettes,
cold beer and snacks
no longer satisfies
the needs of 80 percent
of our guests.”**

Chill & Thrill, and Get Real! Innovation and market segmentation are in. It's no longer enough to have premium beer, we have to stock particular brews with just the right amount of hops, with a unique flavor and the right level of alcohol.

For a long time, 7-Eleven was the undisputed king of convenience. The economy was booming, inflation was our friend and we had very little competition from inside the c-store channel. There was very little channel blurring. Companies like Walgreens, CVS, McDonald's and Pizza Hut were never considered competition. 7-Eleven's site selection process never considered a demographic that included fresh

foods, and we owned the holidays.

Today retailers in every channel are open 24 hours a day, seven days a week and don't close on holidays. Retailers like Dollar General are now looking to sell beer and cigarettes. Walgreens sells the most popular sports drink at 10/\$10, and many c-stores offer fresh food offerings previously only available at QSRs. Somewhere along the way the retail world changed, and the c-store industry was slow to react.

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100 Days Of Summer Have Not Changed, But We Must

“Attracting the younger, more informed, tech-savvy customer is critical to our long-term success.”

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Our core customer today has less disposable income but a lot more technology. Attracting the younger, more informed, tech-savvy customer is critical to our long-term success. While a check of the rear view mirror is always a good way to reflect on where we have been and how we got to where we are today, progress means looking forward, “through the windshield.” Understanding who the customer is and what they want is a job in itself.

The good news is that 7-Eleven is playing catch-up, focusing on the digital marketing and technology, and we seem to be gaining ground. The digital marketing schedule and the customer data collection opportunities scheduled for this year speak volumes about the company’s priorities.

The best news right now is that we have the entire summer selling season in front of us, and increased guest counts, increased sales of high margin items, and the delivery of new and innovative products are all in our immediate future. Let’s take advantage of the best time of year for c-stores, and likewise, I hope you will take advantage of the Coalition’s national convention, scheduled for the beautiful Venetian Hotel and Casino July 14-18. Franchisees are still the backbone of the system, and the National Coalition’s convention is all for us. Have a great summer. **AV**



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of Americans will pay **higher federal taxes for 2013 as a result of the fiscal cliff deal** passed in Congress on January 1, reported CNNMoney. Those making between \$50,000 and \$75,000 will see an \$822 jump on average.

- In 2011, about **21 percent of adults who smoke traditional cigarettes had used electronic cigarettes**, up from about 10 percent in 2010, according to a study released by the Centers for Disease Control and Prevention.
- **Walgreens said it plans to build the nation’s first net zero energy retail store**, which will produce energy equal to or greater than it consumes. The company said it will achieve this by **utilizing solar panels, wind turbines, geothermal technology, energy-efficient building materials, LED lighting, and ultra-high-efficiency refrigeration**.
- A malware attack on a point-of-sale-software vulnerability has exposed hundreds of debit and credit accounts

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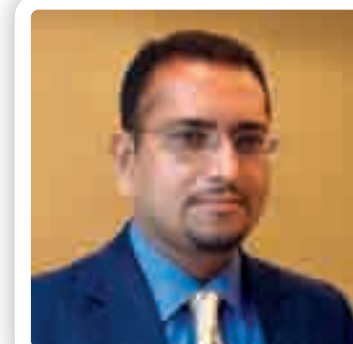
A Wealth Of Knowledge And Opportunities At The National Convention

BY JIVTESH GILL, EXECUTIVE VICE CHAIRMAN, NCASEF

Our annual NCASEF convention and trade show is the premium national franchisee event of the year, one that our association has been holding since 1974. It's always held at a premiere location like Las Vegas, Hawaii, Washington D.C. or Disneyland, and it's always scheduled in the summer months when kids are out from school. We all work hard throughout the year, and summer is a good time to step away from our stores for a little family vacation that also includes loads of business-building opportunities.

Last year the convention was in Honolulu, at the renowned Hilton Hawaiian Village Waikiki Beach Resort, and it was a spectacular event. I have heard nothing but great reviews from the franchisees who at-

throughout the country can get together at one venue to share our experiences, share our concerns, and ask questions. The national convention is this platform, and we take great care to make the event an educational and entertaining one so you and your family will have a great



"You should attend the national convention for the wealth of information, education and networking opportunities, as well as for the fun and camaraderie."

only will you get updated on issues currently affecting franchisees nationwide, but you will also have a chance to discuss any problems or ideas you may have during the question and answer period. Also, NCASEF General Counsel Arnold Hauptman's "Legal Talk" seminar offers a cornucopia of legal information plus direct access to Arnold for more individual legal advice. On the corporate side, we have invited SEI Senior Director of Revenue Accounting Brian Padgett to talk about store accounting, as well as Vice President Franchise System Frank Gambina to discuss the multiple store criteria. There will also be a special session with Bruce Maples and SEI executives about the latest and future advancements to the 7-Eleven system.

Then there's the two-day trade show, with all of our vendor partners under one roof. Our relationship with our vendors is just as important as our relationship with SEI. The trade show not only allows you to see the hottest merchandise our vendor community has to offer, but it also provides access to the reps and key account managers who can help solve any problems or issues you may have with their products or services. These guys are motivated to make sure all your needs are

"The seminars give you the latest 7-Eleven news and information, and allow you to ask questions to the NCASEF executive officers and SEI upper management."

tended. They raved about everything, from the educational seminars and trade show to the entertainment and food. This year we're holding the convention at the Venetian Las Vegas, located in the center of The Strip, and the National Coalition has once again gone all out to make it a memorable event. I truly hope you all sign up to attend.

Why should you go? For the wealth of information, education and networking opportunities offered by the convention, as well as for the fun and camaraderie.

One of the responsibilities of the NCASEF is to provide a national platform where all franchisees from

time.

Among the major attractions of the convention are the morning seminars. Spread over several days, they provide a unique opportunity for you to get the inside scoop on the latest changes to the 7-Eleven system, discuss the latest issues and concerns, give and receive feedback, and ask questions to the NCASEF executive officers and SEI upper management. Whether it's accounting issues, the fresh foods program, Business Transformation, future growth, or store innovations, you will get the most current news and answers at these seminars.

During "The State of the Coalition" session with NCASEF Chairman Bruce Maples and the vice chairs, for instance, not

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A Wealth Of Knowledge and Opportunities

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being looked after, and are ready, willing and able to give you their full support. You will also have access to fantastic show-only deals that will help grow your gross profits and will be able to place orders on the spot.

But don't get the impression that the national convention is all work and no play. Sprinkled throughout will be several dining and entertainment events like the opening night reception at the extravagant TAO Beach Pool, a franchisee club night, the grand banquet with exquisite cuisine and comedian Maz Jobrani, the Joe Saraceno Charity Golf Tournament benefiting Hire Heroes USA, and much, much more. Please visit the National Coalition's website (<http://ncasef.com>) for more information and to sign up online.

The NCASEF convention and trade

“The trade show also provides access to the reps and key account managers who can help solve any problems or issues you may have with their products or services.”

show is all about education, sharing ideas, and networking with fellow franchisees, our vendor partners, and SEI management in order to strengthen our business and the 7-Eleven system. It's also about camaraderie and building the franchise community. I hope to see you all there. **AV**

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in and around Louisville, Kentucky, reported BankInfoSecurity.com. Security experts believe the malware has likely affected POS networks and systems in other states, as well. • FBI and IRS agents executing a search warrant recently raided the West Knoxville headquarters of travel center operator Pilot Flying J, reported the Knoxville News Sentinel. Company CEO Jimmy Haslam, who is also owner of the Cleveland Browns, said the warrants might be related to complaints made by “a very insignificant number of customers” over unpaid rebates on fuel. • Walmart said its smaller-format stores are making inroads against competitors like dollar stores, supermarkets and pharmacies, and that the locations will play an integral role in the company's future, reported the Wall Street Journal. This fiscal year, Walmart will open its largest number of smaller format Neighborhood Market and Express stores to date, about 115. • Jack Link's Beef Jerky announced it has entered into a multi-year sponsorship agreement with the Seattle



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Ron Hornaday, NASCAR Truck Series All-Time Race Winner, driving the Smokey Mountain Herbal Snuff 7-Eleven Chevrolet.

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Franchise Fees—How High Can They Go?

BY ARNOLD J. HAUPTMAN, ESQ.
NCASEF GENERAL COUNSEL

Let's walk down memory lane. When I first became involved with representing 7-Eleven franchisees some 40 years or so ago, franchise fees for a store were a mere nuisance. I recall \$1,500, but franchisees in the system before my time remember fees of \$1. That was when Southland (remember Southland Corp.?) could not even give away stores and before more recent times when hopeful prospects literally line up to grab every decent store that comes on the market—new or existing.

Fast forward 40 years—what a difference! Not only have franchise fees dramatically increased but, starting with the 2012 agreement there is no longer a formula from which a franchisee could determine what he or she would be required to pay for a multiple or what a prospective goodwill purchaser would need to pay to SEI in addition to the goodwill price.

As recently as 2004, with respect to existing stores, it was an easy process. For stores having a gross profit of \$200,000 to \$250,000 the fee was 5 percent of the gross profit for the prior 12 months, for stores having a gross profit of \$250,000 to \$300,000 the fee was 10 percent of the gross profit, while the fee for most of the stores (those having a gross profit over \$300,000) was 15 percent of the gross profit for the prior 12 months. As to the new stores, the same formula applied, but the gross profit was based upon the average gross profit for the prior calendar year for a designated group of stores in the same market.

That was the good old days. The 2006 agreement brought to us more dollar categories to which a franchise fee percentage would be applied, with higher volume stores having a gross profit of \$450,000 to \$800,000 requiring a franchise fee of 25 percent of the prior

12 month gross profit, and those stores with a gross profit of over \$800,000 jumping to a cap of 30 percent. This was a huge change. For instance, prior to 2006, the franchise fee for a store having a gross profit of \$800,000 was \$120,000, becoming \$240,000 thereafter starting in 2006.

That formula more or less continued for the next several years until 2010 with some differences between existing and new stores, but with the cap remaining at 30 percent for all stores with a gross profit more than \$800,000. There also was either

"There is no longer a formula from which a franchisee can determine what he or she would be required to pay for a multiple or what a prospective goodwill purchaser would need to pay to SEI in addition to the goodwill price."

computed? Here it is verbatim from the Franchise Disclosure Document:

"We will determine the franchise fee for each store depending on a number of factors, including, but not limited to, historical sales at the location, age of the location, the number of stores available for franchise in the area, and many other factors. The amount of the franchise fee for each store may vary significantly by location. We will provide you with a complete list of all stores available for franchise in the area in which you are looking, and the amount of the



"Sooner or later, regardless of the version of the store agreement you signed, the issue of franchise fees will be involved in an important, if not critical, business decision you will make."

a small franchise fee of \$10,000 for stores with a gross profit under \$200,000 that was entirely waived in the 2010 version of the store agreement. But who would want a store with a gross profit of less than \$200,000? Only a single person living very frugally and with no kids or wife to hound him for money.

Welcome to the 2012 agreement. Throw out all prior formulas—the good and the bad. How is the franchise fee now

franchise fee for a particular store in which you are interested. We will update the list at the beginning of each month with the then-current franchise fee for each store available for franchise.

"If you are buying a current 7-Eleven franchisee's interest in a franchise (a 'goodwill store'), you may have to pay 'goodwill' to the selling franchisee in addition to the franchise fee. You will negotiate the 'good-

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Franchise Fees—How High Can They Go?

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will' payment directly with the selling franchisee without our involvement."

There is no longer any predictability, nor do we know exactly how the franchise fee will be computed (note the phrase "and many other factors"), who will determine the fee and, most importantly, will the resulting fee be reasonable so that a prospective purchaser for your

"The new agreement provides, among other things, for only a 10-year term with a renewal fee equal to 20 percent of the franchise fee that SEI states is applicable to your store at the time of renewal."

store will pay it in addition to a decent goodwill payment, or will you pay that fee for a multiple.

Wait! You say you want more. Here is another option that SEI has to determine the franchise fee for a corporate store, new store or an acquisition store. The process is similar to the daytime game show "The Price is Right." Here it is:

"If you are seeking to obtain a franchise for a store we: (a) are currently operating as an existing store; (b) are developing as a new store; or (c) are acquiring pursuant to an acquisition (all of which are a 'corporate store'), we may elect to determine the franchise fee for such corporate store through an auction process in lieu of the franchise fee for the store as described above. The minimum bid for such corporate store would be the listed store franchise fee as described above, and certain interested candidates that we identify

continued next page



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Mariners. As a sponsor, Jack Link's will offer

fans in-game promotions and product giveaways throughout the season. • Peapod's recent mobile ad campaign aimed at mass transit commuters caused a **big spike in the use of the retailer's shopping app**, reported *Supermarket News*. Over the past year, the online grocer saw a **50 percent increase in orders involving a smartphone or other mobile device**. • Nutella is disappearing from Columbia University's dining halls at an alarming rate, reported *Business Insider*.

Students are stealing the chocolate-hazelnut topping by filling to-go cups and taking full jars back to their dorms, at a cost of \$5,000 a week to the university's dining program. • A new study produced by research firm MB Public Affairs finds that **the ban on polystyrene foam proposed by New York City's Bloomberg Administration will cost city busi-**

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will have the opportunity to submit a sealed bid for the corporate store through a sealed bid process that we establish. We will notify all such interested candidates of the deadline for submitting the bids and how such bids must be submitted."

It all comes down to SEI getting what the market will bear for its stores, and who can blame any business for maximizing profits? However, each time franchise fees increased, I have predicted that the company has finally overreached and no sane person will pay the franchise fees demanded. I was wrong before and I might be wrong again. We will have to wait and see what the new franchise fees will be compared to the last many years. I have never seen fees come down—they only travel north.

Don't think this new method of determining franchise fees doesn't affect you. Sooner or later, regardless of the version of the store agreement you signed,

the issue of franchise fees will be involved in an important, if not critical, business decision you will make.

For instance, if your leasehold rights are lost, you will need to sign the new agreement that provides, among other things, for only a 10-year term with a renewal fee equal to 20 percent of the franchise fee that SEI states is applicable to your store at the time of renewal. Who knows what that number will be in the future?

You will also have to sign the new agreement when your store agreement expires, for many as soon as the year 2019. If you are thinking of franchising an additional store, a big part of your decision will be, "Is it worth it?" If you are looking to



franchise a corporate store or a new store being built or acquired, you may have to compete with other prospects by bidding up the fee for a franchise store that may not have a past track record of sales to justify your bid. Those are just a few of the circumstances when high franchise fees will hit you hard in the pocket.

Of course, if you are trying to sell your store for its goodwill, a buyer will look at what he hopes will be the bottom line, but the higher the franchise fee the less a prospective purchaser will pay for goodwill. That is only common sense.

I hope I haven't ruined your day or your retirement plans, which you hoped would be largely funded by a goodwill sale of your store(s). **AV**



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WE NEED TO HELP LOW VOLUME STORE OWNERS

BY JAS DHILLON
VICE CHAIRMAN, NCASEF



Each year when spring arrives, I take time to reflect and prune out the old debris of the year past, and like a farmer plant the seeds that hopefully produce a harvest of hope and prosperity. This includes spring cleaning, sorting out my office files, sorting out my e-mail, and planning the course for the year ahead. This year I am taking on a new task, because the one seed I am hoping will take root is an effort to help grow the incomes of low volume stores. The franchisees trapped in these locations often have spent their entire life's savings on a franchise fee and the goodwill needed to get into the store, and have no place else to go.

In my opinion a low volume store is any store where the franchisee needs to put money in, whether it is one month, two months or many months until the store is sold or eventually succeeds. I also mean stores that are doing less than \$3,000 per day, which is less than \$1 million per year, whether this is an old store in the system or a new store that has not yet found its customer base. It is exceedingly tough to make a living wage from a store with this income.

It is the nature of the convenience store business that some stores simply do not work for some reason or other, whether it is the traffic pattern, the opening of competition down the block (and up the block) or the actions of the franchisee and staff. We might be unconcerned about these stores until and unless we are the franchisee that ends up in the upside down situation.

As a member of SEI's National Business Leadership Council, I have met and discussed this topic several times with our corporate management, but we have not made much progress over the two years we have been talking. We discussed how the graduated split from high volume stores is intended to help low volume stores, and how business conversion program stores have an assured gross income and traditional stores do not, and how if you land one of these

stores it is the responsibility of the company to help these franchisees and their families.

One of the reasons that entrepreneurs invest in a franchise like 7-Eleven is to take advantage of the strength of the brand, to hitch a ride on the successful franchise format, and to get support and guidance from the franchisor, which has shown ongoing expertise in the field. It is true that 7-Eleven franchisees get the benefit of having an open account, we have some of the best brand recognition and merchandising in the world, and we employ the best and brightest minds in the c-store business to lead us, but we have not solved the problem of how to help our low volume owners.

I used to think that the move to a multiple store system would guide our progress, but low-volume storeowners rarely have enough money to invest to acquire another store. This is quite a shame, because anyone who has worked in the business knows that low volume storeowners who have lasted any

It has been said many times that we can compete with another retailer, but we cannot compete with another 7-Eleven that is newer, brighter, with a huge parking lot, and equipped with all of the latest programs like fresh foods and the new coffee program.

Franchisees understand that it is not 7-Eleven's intention to build an underperforming location, but it is a fact that we have some low-volume stores in the system. According to SEI, some 250 stores are categorized as low-volume stores, and that is not many when we consider all of the 6,000 stores in the franchised system. If you are one of those stores, however, it is at least one store too many.

7-Eleven is now doing much more statistical analysis of store locations, but if we build or develop so many stores so quickly, some have to be a risk. The franchisee already in a low-volume store has no options but to stay in that store, and if he or she is not making a living

"7-Eleven employs some of the best and brightest minds in the business to lead us, but we have not solved the problem of how to help our low volume stores."



number of years tend to be very good storeowners because these stores have to be run extremely well, due to less margin for error, and also less room for experimentation and innovation. Some might even say the multiple store procedure has changed so much it is questionable whether or not low-volume owners would even qualify for a multiple.

Adding to the low volume owner's frustration is 7-Eleven's growth and expansion, and the futility the storeowner feels when the Exxon, Shell, White Hen or BCP down the street rebrands to a 7-Eleven and is newer, well-lit, and complete with all of the newest programs the low-volume storeowner needs.

wage, which differs in many areas, franchisees throughout the system believe the company must be charged with making that franchisee successful.

It is a fact that 7-Eleven is one of the most successful and iconic brands in the world, one that continues to grow in challenging economic times. While I may not always agree with management, I hope that the one seed I am planting this year will grow as long as we continue to talk and focus on this issue.

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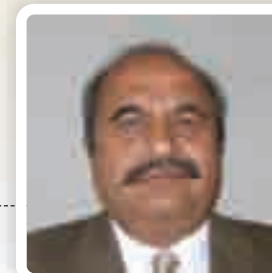
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Vice
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WHAT IS ASSET PROTECTION'S ROLE?

BY JAY SINGH

VICE CHAIRMAN, NCASEF



For the past several years SEI has been pursuing an aggressive growth plan, acquiring smaller chains, building more traditional locations, and converting existing mom-and-pop stores through its Business Conversion Plan. Throughout this time the 7-Eleven system has also been changing—a new ordering system, the new GEA cleanliness standards, new accounting procedures, and other operational changes that now require more labor hours and expenses. However, one department has changed so much that its new role in the system is difficult to pin down, and that de-

partment is Asset Protection.

It is hard for the average franchisee to understand Asset Protection's new role, as it has changed without notice and without training provided. To date, it is very rare to see a local Asset Protection manager deliver a presentation on all these changes even for ten minutes.

First, the name took a modern twist from "Loss Prevention" to "Asset Protection," and now this department executes most of the new directives coming out

are told that regular review of these matrixes may improve employee performance or prevent inventory variation and employee theft. A wide-ranging explanation was given as to why all these reviews should be performed on a daily basis, but some of these departmental transactions can also be controlled by SEI's IT team making procedural changes such as Tobacco Transaction Discount, Negative Promotion Discount, changing manufacturer's keys by linking them to the correct merchandise, or not



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nesses, consumers and tax payers nearly \$100 million per year by nearly doubling food service product costs, and do little to reduce waste. • According to a new survey by NestleUSA, 25 percent of Americans confess to having passed off frozen meals as their own culinary creation, and another 14 percent admit to having "accidentally" taken a co-worker's frozen meal in the workplace. • Nearly one-third of U.S. adults would consider using a short-term car-sharing service to save money on gas, reveals a Coupon-Cabin.com survey. • During an interview with a Miami sports radio station, Miami Dolphin wide receiver Brian Hartline revealed he spends the off-season working at a Smart Stop convenience store in Ohio where he's a part owner. • Dollar General reported a 3 percent rise in fourth-quarter 2012 sales and stronger-than-expected earnings. The chain said it plans to open 635 new stores in 2013, which will bring its total to more than 11,000 locations by the end of the year. • Self-service, coin-counting kiosk Coinstar has teamed up with PayPal to allow customers to convert loose change into a PayPal deposit, reported the San Jose

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"High-risk stores should be identified from past Asset Protection records and a training program should be put in place to raise awareness and allow franchisees to develop advanced 'Asset Protection' skills."

of corporate. Recovery of lost shared gross profit dollars, financial impact worksheets, matrix tutorials, and implementing the multiple-store criteria are all the new jobs of Asset Protection. The multiple-store criteria remain a complete mystery—franchisees have not been presented with a clear explanation of why they have been turned down for another store.

New directions arrived in the first week of March containing sixteen matrixes. They will be utilized as "an exception-based reporting tool to identify store-level transactions" in order to find out if our employees need more training or to detect fraud. We

permitting the scanning of a negative discount merchandise transaction without the sale of the concerned item.

Franchisees have been paying their share of inventory shortages for years that includes shoplifting in tough neighborhoods, especially at stores in low income areas, and are being told that it is part of running the business in such areas. Changes in policy to recover SEI's lost share of these gross profit dollars ends up in reduced income for these franchisees. I would like to suggest now that these high-risk stores be identified from past Asset Protection records and a training program be put in place to raise awareness and allow franchisees to develop the advanced "Asset Protection" skills to cope with these thefts. I like to believe that franchisees are the company's biggest asset, so for stores in these problem areas, training franchisees at the market level may bring some good results. **AV**

"It is hard for the average franchisee to understand Asset Protection's new role."

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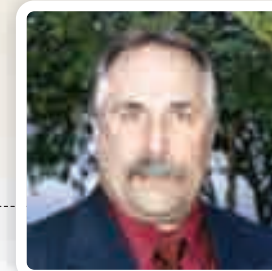
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THE S-18 PROBLEM

BY ROGER ST. GEORGE
VICE CHAIRMAN, NCASEF



“The major frustration with the S-18 is the continued factoring of Recommended Items—items that have been in the SEI Item Master for an extended length of time.”

As you may know, the franchise agreement requires SEI to provide bookkeeping services to the franchisee, including maintaining the daily book value of the store inventory. This used to be accomplished utilizing a cadre of accounting clerks in the local market office who knew the franchisee and would call them when there was a question regarding an invoice. If a franchisee desired, the retails could be listed on the invoice and extended before submitting it, and the accounting clerk would enter that amount as the retail value of the invoice on the Merchandise Report.

As SEI grew, this process was deemed too labor intensive and the company realized an automated system was needed. In February 1993, several franchisees were brought together to give input on a paperless accounting system. None of those franchisees could foresee the system that has since emerged. The Electronic Data Interchange (EDI) was the beginning, and served as the backbone of the retail book value established electronically and a document sent to the store, the S-18.

As developed, the S-18 was to be sent to the store so it could verify the retail value of the products delivered by DSD vendors, and did not include McLane or magazine invoices. Non-recommended items would be factored and listed as such on the S-18 report for the store to further review and be given the opportunity to correct, if needed.

At that time the factoring percentage was based on the gross profit percentage of that supplier and could be changed at any time. Now the factoring percentage is based on the gross profit of the category. An example is Frito Lay. The Snack Category has a gross profit of 50 percent, but our largest snack supplier has an average gross profit of 28 percent. Thanks to the work of the National Coalition, Frito Lay is now its own category within the Snack Category, resulting in a more accurate factored retail. Too

often pre-booked items are also factored, and the response from the merchandiser or category manager is that the supplier shipped the product a few days too early. Is the system really that complicated?

The major frustration with the S-18 is the continuing factoring of Recommended Items—items that have been in the SEI Item Master for an extended length of time suddenly begin to have a factored retail assigned. This requires the franchisee to research and scan the S-18 back to Accounting for a correction to the book inventory.

Throughout this process there is no

“The only means to end this merry-go-round of paperwork is to create a case to the merchandising group, but too many times the answer that comes back is that a vendor caused the problem.”

one keeping track of the returned S-18s to determine if there is an issue within the SEI system that needs to be corrected. The only means to end this merry-go-round of paperwork is to create a case to the merchandising group. Too many times the answer that comes back is that a vendor caused the problem, but it seems there is rarely an effort to contact that vendor to get it corrected. On occasion the answer to the case is that the item was set up incorrectly and Merchandising is trying to correct the prob-

lem, which ends up taking several months or longer. Meanwhile, the franchisee has to submit S-18 corrections weekly while waiting for a resolution.

A related issue is corrections to the retails listed on the McLane invoices. This problem has been exacerbated now that McLane is creating multiple invoices for a delivery. Ostensibly these second, third or even forth invoices are for items ordered outside the normal ordering system, i.e., cigarette promotions, trade show items, call in orders, or free fill items. Many times these items then get listed on the McLane invoice with an incorrect retail or no retail at all. Diligent franchisees submit Retail Inventory Adjustments only to learn later from a Merchandise Report that SEI made a blanket correction. It is disturbing that SEI does not provide any documentation to the franchisee on how the adjustment was calculated, probably creating inventory variation.



SEI needs to complete this circle of information by providing documentation on the true calculation of this McLane adjustment. Franchisees deserve a system that is both transparent and seamless. The accounting system should not impact the day-to-day operations of the store. It should not take months to correct factoring problems. Is the system really that difficult to manage? I have often heard the saying, “We can send a man to the moon, but ...” Fill in the blank yourself. **AV**



Contributors to this article include Shannon Richmond, Brand Manager, Minute Maid Bottler Business, The Coca-Cola Company, and Michael J. Yager, Category Advisory Services – Juice/Juice Drinks, The Coca-Cola Company

If you're seeking new ways to shake up beverage sales, then get ready for a nice, juicy story. It's a straightforward tale with a happy ending because one category is outperforming all other non-alcoholic beverages in c-stores: juice and juice drinks (1). These refreshing beverages may present opportunities for growth in your outlet; it starts with the right approach.

A Juicy Trend

It's no secret that Americans are expressing greater interest in foods and beverages to complement their active, healthy lifestyles. Because consumers look to the juice/juice drink category to satisfy their need for beverage variety, savvy retailers are taking advantage of this trend. In this regard, supermarkets are far ahead of the curve.

The combined categories of 100 percent juices, juice drinks and natural health beverages comprise an astounding 29 percent of non-alcoholic beverage dollar sales in grocery stores (2). The same category totals for c-stores is only 9 percent (2). This gap could indicate a tremendous opportunity for 7-Eleven franchisees. Amping up juices also makes sense because these products tend to deliver a higher average dollar ring than other items in the cold vault (1).

While growth potential exists, the category is already an outstanding performer for convenience retailers. Year-to-date through February 23, total juice sales were up 5.9 percent compared to the previous comparable period (1).

This rate surpasses sports drinks, water, teas and ready to drink coffees, and even sparkling beverages.

Are My Shoppers Juice Drinkers?

You may wonder if c-store shoppers in general—and specifically 7-Eleven shoppers—drink juice. We posed this question to one of our experts, Michael J. Yager, a company analyst with Category Advisory Services for Juice/Juice Drinks. He ran the numbers to compare juice drinkers against convenience retail shoppers, as well as against those who visit 7-Eleven stores. When evaluating age, household income and ethnicity using Nielsen Panel data (4), all demographics are closely aligned. So what does this mean to you? It means that juice drinkers are walking into your store.

Peeling Back The Layers

Not all juices are the same. Price, value and quality perception, as well as

“Innovation keeps products fresh and relevant, and one way it makes a mark in this category is with the introduction of new flavors.”



manufacturing and distribution processes, are components of the mix. And, as you might expect, consumer preferences vary. The primary subcategories at play in c-stores today include Traditional Mainstream, Traditional Premium and Enhanced Premium beverages. You can appeal to a broader spectrum of shoppers by offering selections from each. Because The Coca-Cola Company's juice portfolio is a top performer, examining some of the leading brands provides insights into creating an ideal combination of products for your store.

Traditional Mainstream: Minute Maid Juices To Go is the #1 single-serve juice and juice drink brand in convenience retail (6). Its 100 percent Orange Juice is also the #1 SKU in the channel (6). While others are struggling in this segment, Minute Maid sales are up by about 9 percent (3). With today's consumer seeking flavorful beverages to support their active lifestyles, Minute Maid provides solutions by addressing their needs in a delicious, convenient manner.

Traditional Premium: Simply Beverages is another outstanding performer in c-stores. It's the #1 lemonade brand in convenience retail (6) and Simply Orange Pulp Free is the #1 juice SKU in 7-Eleven (7). Growth in the premium immediate consumption sector

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“It’s no secret that Americans are expressing greater interest in foods and beverages to complement their active, healthy lifestyles.”



is up by 18 percent (3), and Simply Beverages leads the way, surpassing all other brands with 42 percent growth (3). The positioning and messaging behind the brand—“Honestly Simple”—is driven by solid, consistent advertising and promotion. Enhanced Premium: While these beverages are expanding in the convenience retail channel by 18 percent (dollar volume compared to the prior year), Odwalla brand beverage dollars are up 110 percent in convenience retail (3). Products in this category also have a higher dollar ring, compared to other cold vault beverages

“When considering new ways to boost sales, one approach seems perfectly clear: juices are important to your business and your shoppers. The category is experiencing high velocity growth and retailers that expand their offerings are likely to pour more into their bottom line.”

Sources:

1. Nielsen Total US Convenience, YTD Thru Latest Months Ending 2/23/13, Juice, Juice Drinks+NHB
2. Nielsen Total US (Supers and Convenience), 52 Weeks Ending 2/23/13, Juice, Juice Drinks + NHB
3. Nielsen Total US Convenience, Latest 12 Months Ending 2/23/13
4. Nielsen Homescan Panel 2011 (account A) and Nielsen Homescan Panel 52 Weeks Ending 12/29/12 (J/D in CR)
5. Nielsen, All Measured Channels, Annual 2012, J/D IC Dollar Volume
6. Nielsen Total US Convenience, Annual 2012, J/D IC
7. 7-Eleven Xchange, Annual 2012, Immediate Consumption Juice and Juice Drinks
8. Nielsen Total US YTD Ending 6/30/12

(8). Odwalla juices, smoothies and protein drinks are made from high quality ingredients. Consumers drinking this brand tend to be well educated, ethnically diverse and have a higher than average household income.

Focus On Innovation

Innovation keeps products fresh and relevant, and one way it makes a mark in this category is with the introduction of new flavors. Among the top growing selections for juice and juice drinks: lemonade, orange, fruit punch and coconut (3). In the Enhanced Premium segment, look for strawberry, exotic mango and berry (3).

With multiple “firsts” throughout our history and an unprecedented success rate, innovation is in the DNA for The Coca-Cola Company’s juice business. More than 75 percent of Coca-Cola’s new products launched between 2005 and 2012, and they are still in the marketplace—a stunning achievement when you consider that a standard success rate, according to The Harvard Business Journal (June 2006), is between 10 and 30 percent.

When considering new ways to boost c-store sales, one approach seems perfectly clear: juices are important to your business and your shoppers. The category is experiencing high velocity growth and retailers that expand their offerings are likely to pour more into their bottom line. **AV**

For more information contact Tim Zeigler, Director of Sales, Coca-Cola Refreshments, Coca-Cola Refreshments, 972-377-3785, tizeigler@coca-cola.com.



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Mercury News. The service lets customers make PayPal deposits or withdraws, as well as send money to another PayPal account, from a Coinstar kiosk. • In 2011 about 21 percent of adults who smoke traditional cigarettes had used e-cigarettes, up from about 10 percent in 2010, according to a study by the Centers for Disease Control and Prevention. Overall, about six percent of all adults have tried e-cigarettes, with estimates nearly doubling from 2010. • A recent Harris Poll has found that taste is the top factor in determining where coffee/tea buyers purchase their beverages, and that Americans are willing to go out of their way for their favorite cup of joe. Sixty percent said the coffee shop they most frequently visit is their favorite, chosen over a more convenient shop (40 percent), and this number rises to two-thirds (66 percent) of those ages 18 to 35. • A recent survey conducted by Linkable Networks reveals that 95 percent of Americans use coupons when shopping and 73 percent admit to using coupons at least a couple times a month. • Cumberland Farms recently launched its 2013 Cups for Kids campaign, where the c-store retailer donates five cents per cup from its coffee and/or Chill Zone beverage sales to five hospitals across New England and upstate New York to benefit pediatric care programs. • McLane was among the winners of the first-ever CSNews Wholesaler Excellence Awards. The awards program recognizes those wholesalers providing the best service, value and partnership to the c-store industry’s chain operators. • In a year when the total U.S. beer market grew by one percent, craft brewers saw a 15 percent rise in volume and a 17 percent increase in dollar growth, according to 2012 data on U.S. craft brewing growth released by the Brewers Association. • Oil and gas company Hess Corp announced that it plans to exit its retail, energy marketing, and energy trading businesses to focus more on exploration and production, reported Reuters. • Looking to compete on Amazon’s e-commerce turf, Google is testing an online shopping service with same-day delivery in San Francisco with partners including Target, Walgreens, and Toys R Us, reported Bloomberg.

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Creamy chai tea...tart lemon...hints of ginger, cinnamon and clove...
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PRESIDENTS' REPORTS

2013

JAN/FEB

Franchisees, SEI and vendors met for five days in Cape Coral, Florida for the National Coalition's Affiliate Member meeting and subsequent meeting of the full Board of Directors. SEI Senior VP Jesus Delgado Jenkins presented SEI's marketing and merchandising plans for the year, Attorney Michael Dady briefed the Board on the DVR mediation, and SEI VP Christi Clinger, presented an update on CDC and BT operations. Senior VP Sean Duffy, VP Frank Gambina, and Director Franchise Relations Eric DeFrancisco spoke about communications, including the 7-Eleven Experience, 7-Hub, the NBLC, and answered questions from Board members about 7-Eleven's operations and plans for 2013.



Franchisees and vendor partners broke into discussion groups to talk about logistics, the new item process, promotions, social media, planograms and merchandising.

SAN DIEGO FOA

BIC SIDHU, PRESIDENT

In early 2012, CMR was rolled out to all but 30 stores in our market. The CMR included hot foods equipment and a new hot beverage section. We also got an extensive advertising campaign. Sales for 2012 were up 3.2 percent, Fresh Foods was up 9.4 percent, and Hot Beverages was up 0.7 percent. January 2013 ended with merchandise sales growth of 0.6 percent, and February 2013 was up 1.5 percent. With the \$1 coffee Wednesdays promotion the Hot Beverage category ended January -0.1 percent and February -5.5 percent. Our FOA's charity golf tournament benefitting the Warrior Foundation is scheduled for June 6 at the Salt Creek Golf Club.

UTAH FOA

ZACHARY WEATHERMAN, PRESIDENT

For many of us it was a very long winter. It was unusually cold and we had much more snow than usual. This has made a negative impact on overall GP. The good news is that sales are now generally up. We are all looking forward to Summer when sales on higher GP items go up.

As an FOA we are doing quite well. Our membership is slowly growing, and we are continuing to build strong relationships with vendors and our community. We will have our second annual trade show on August 20. We are also working on getting our website up and running.

FOA OF GREATER LOS ANGELES

KATHY YORK, PRESIDENT

We had a great trade show this past January. It was our third year partnering with the San Diego FOA on the event, and it gets better every year.

Franchisees in our Zone are receiving markups from Asset Protection called Fi-

nancial Impact Statements. SEI is still not explaining or reviewing documents with franchisees. SEI has started giving stores flash drives but franchisees cannot print information easily and some do not have the correct programs to extract the information they need.

Starting in April SEI will be doing coffee and hot food installations to some stores in the Zone. We welcome Norm Hower back to our division as Zone Manager.

EASTERN VIRGINIA FOA

ROMY SINGH, PRESIDENT

The Eastern Virginia Franchise Owners Association (EVAFOA) had a successful trade show event on March 21 at the Virginia Beach Convention Center with more than 240 people present. The event was attended by four market managers and several field consultants, along with National Coalition Chairman Bruce Maples. A financial class for franchisees was presented by Donna Carr. In his message, Bruce Maples thanked all the vendors and also asked the franchisee

community to be united and focused. FOA President Romy Singh also thanked all the vendors and market managers for their participation and their support.

SACRAMENTO VALLEY FOA

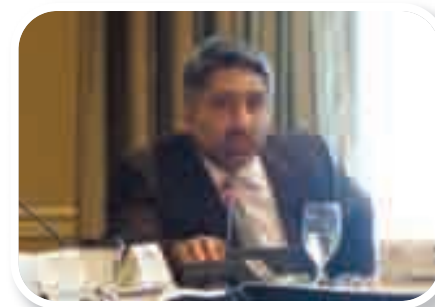
JAY BRAR, PRESIDENT

The local meteorologists are finally telling area residents to get ready for sunny, bright, warm days ahead. The fact that Mother Nature will be smiling in a merciful mood brings cheer to our guests and a wide welcoming rejoice from area franchisees. As a matter of fact, it has been long due. Indeed, our guests will be able to enjoy their favorite flavors at our famous Slurpee machines, quench their thirst with the new flavors at the fountain, and try out new grill items, such as Raspberry Maple Sausage or Johnsonville's



National Chairman Bruce Maples said that research packages are a totally different issue than the DVR installation and use.

At present, fresh food sales are up by 5.43 percent in general, while sandwich sales are up 28.5 percent, which is \$13 ASPD. This month's promo—Free 7-Select Water with Sandwich—should help even further to achieve more desirable goals. Area franchisees have been real pleased with their sales of glazed donuts and energy drinks. After sensing a certain calmness in our market, even in our zone, it is highly likely that the storm of BT could be heading to our area sooner than we think. No clue



Vice Chairman Jas Dhillon urged the Board to address the issue of low volume stores and the issue of assured gross income.



Exec. Vice Chair Jivtesh Gill spoke about the 7-Eleven Experience and urged franchisees to turn out in droves for the NCASEF Convention.



Vice Chairman Jay Singh said that remote DVR access is a minor issue compared to overage packages received by franchisees.

"FRANCHISEES WANT THE BT MODEL AS IT IS DEPLOYED IN FLORIDA ROLLED OUT IN CALIFORNIA MARKETS."

—BRUCE MAPLES, CHAIRMAN, NATIONAL COALITION

Jalapeno Cheddar Sausage, and more.

As the focus on fresh food service is getting more intense than ever, SEI's Training Department is scheduled to conduct Fresh Food Training on April 16. New ISPs are supposed to be installed in the month of June. It is a real matter of pride that our market (2365), after attaining +7.6 percent in March sales, became #1 in the country. Also, customer counts were up 13 PSD over last year.

yet if it is going to be BT or Hybrid BT.

CDC deliveries are getting better, but at a snail's pace. Franchisees still have lots of unanswered questions about shortages and overages in their audits. It sure is mind-boggling whether to blame the store operators or WIS or our Accounting Department. However, it is believed that BT may help, after all, ease the situation in this regard because of the accuracy maintained thru scanning of the inventory. Only time will tell.

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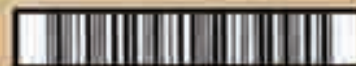


Hummus Chips With Sesame Seeds
UIN 254201



10708163600873

Chipotle Cheese Rice & Bean Chips
UIN 254276



10708163600880

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WASHINGTON, D.C. FOA

MARK CHIOCHANKITMUN,
PRESIDENT

The technology and information we possess within our 7-Eleven systems have so much potential to help us operate our stores in the most efficient way. Forty-two years ago when I started as a clerk, we were always trying to do the best we could to make sure we gave our customers what they wanted, when they wanted it. The difference these day is now we have "known" information of what our guests "told" us they want, so it's up to us to make sure we capture all those sales and profits according to the great data and information.

Unfortunately, we have not really been taking advantage of the great tools and information and data we have. We should be taking a deeper dive to make sure we are staying in stock on the top sellers in all categories. Having said that, the main focus of the franchisees should be concentrated on sales and profits from the above mentioned.

It's sad to discover that the great GEA inspection—which should be a great tool to help franchisees maintain their stores clean and looking good—has turned into a nightmare that generates LONs, breaches and a potential for many franchisees "breached" out of the system (Failed GEA

= Lost store, Lost Sales = Lost coins). It is so sad, but it is real! Currently, most franchisees don't have much time for anything else beside GEA. SEI should really revisit the GEA inspection guidelines to get rid of the roadblocks and obstacles that prevent SEI and franchisees from increasing wealth and co-prosperity.

Washington, D.C. franchisees having a tough road ahead of us. It is the first time in many years that we're experiencing below-last-year sales and GP lower than 40 percent. We are having our first Zone Leader meeting on April 17, 2013. We are sincerely hopeful that we can put everything on the table, and between SEI's management team and franchisees together we can turn things around in the positive way.

CAL-NEVA FOA

RICHARD ROSE, PRESIDENT

The first President's Report of the year has always been a time when I looked to the New Year with the promise of better things to come and the anticipation of a successful and rewarding year. This year, however, after being continuously disappointed in witnessing the lack of attention, care and concern 7-Eleven, Inc. has for our Reno-Tahoe market, I am trying to stay cautiously optimistic. It is hard to maintain high spirits in a time where the

"Communications to management without a response is frustrating and unacceptable."



Greater Bay FOA Board member Manjit Purewal urged the Board to complete the DVR discussion.

Mark Chiochankitmun, Wash. D.C.

underlying attitudes of the franchisees are so low. While these feelings are understandable and valid, our market has to continue to fight and work together if change is to ever come.

As the records are showing this year, sales are slightly down for the Reno-Carson areas, while the Tahoe region has re-

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Chairman Emeritus Dennis Lane urged franchisees to respond to overage packages in writing.



Greater Los Angeles FOA President Kathy York wants an updated list of criteria for multiples.

bounded from the slow start last year and is showing promising increases. With the beginning of warmer temperatures, I'm hopeful that these increases will become widespread and more pronounced as the months pass.

We are looking forward to increasing our Fresh Food product selections, as well as the promised new Wisco heat units that will make our Hot Food offerings more convenient and appealing to our customers. Franchisees in the Reno-Tahoe area are interested in working with SEI in developing ways to improve our Fresh Food offerings, as we have done in developing the Fresh Bakery and Sandwiches in Reno. However, we have been rebuffed. Franchisees are doing a great job at improving their bottom lines by consistently employing cost controls, and becoming more active and visible in their own business.

We have many important events and

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2013

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"RETAILER INITIATIVE IS WHO WE ARE. WE CAN'T HAVE RI IF THE FRANCHISEE DOES NOT BELIEVE IN IT."

-SEAN DUFFY, SENIOR VICE PRESIDENT OF DEVELOPMENT, 7-ELEVEN, INC.

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fundraisers that will be happening throughout the year. First and foremost, our eleventh annual Magnotti Golf Classic will be held on August 16 at the Genoa Lakes Golf Course. We are excited to continue to raise money for MDA and breast cancer, inviting everyone to participate in this wonderful event in memory of our dear friend Lou Magnotti. With the impressive response that we saw last October, we will be joining the Renown Cancer Center to continue to fight against breast cancer this year. If you would like to participate and order your pink T-shirts in ad-

vance, please feel free to contact me to get that all set up. We are planning a picnic to start the summer off right. A tentative date has been set for our first tabletop sale experience of November 20.

I want to thank each and every one of you for your continued support and help. I look forward to working with all of you in 2013. Let's make this a great year!

SUBURBAN WASHINGTON FOA

PETE GRAGNANO, PRESIDENT

It is April and the weather has been unusually cooler than normal. While we did not get much snow this year in the Baltimore/Washington, D.C. area, a number of factors have led to lower customer counts, and consequently to lower sales and gross profits. The increase in Social Security taxes in 2013 has impacted our core customers significantly. Moreover, in our area, which is significantly dependent on the Federal government for jobs, the

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sequestration has also resulted in reduced customer counts.

On the legislative front, several issues were introduced in the State Legislature that could have had a significant and detrimental impact on our livelihoods. The first dealt with a proposal by the Maryland Lottery for online sales. This initiative has been put on hold for this legislative session after franchisees, with the help of SEI's lobbyist and other retailers, testified that the Lottery's attempted quick implementation of this concept without proper public hearings and discussion was not in the public interest.

The second issue that could have impacted our livelihood dealt with a state proposal to require employers to pay each of their employees (part or full time) 7 paid annual days of sick leave. This bill, as

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Rocky Mountain FOA President Wayne Mathews said expansion in the state has brought focus to the fresh food program.



Snyder's representative David Galindo presented recently approved items that are being offered with free fills on McLane's VTS.



Sacramento Valley FOA President Jay Brar said the Zone is focusing on fresh food sales, and sandwiches are up 28 percent.



Central Valley FOA Vice President Sukhi Sandhu said franchisees are feeling the pressure around the new GEA expectations.



Delaware Valley FOA President Al Hafar said a new relationship with the Zone office enables franchisees to take a more active role in feedback.



San Diego FOA President Bic Sidhu said franchisees in Southern California markets should have opportunity to employ the hybrid BT.

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well as a proposed increase in the minimum wage, never made it out of the legislature. In addition, a proposal to increase the cigarette tax by \$1 per pack and increase tobacco products by a similar margin, also never made it out of committees.

Finally, we are currently dealing 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



SEI Senior Vice President Jesus Delgado Jenkins described the company's merchandising and social media plans for 2013.

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, as well as local retailer and service station associations, have met several times with police and legislators in a working group to modify the proposed legislation so as to minimize its impact on small business owners. This is an ongoing effort, but we may have to make some concessions (such as registering our employees with the County) as a trade-off to offset more neg-

purchase in the morning (midnight to noon), a special offer to return to the store the same day (noon to midnight) is printed on their receipt. For the first three weeks, a morning purchase of a hot beverage will get the customer a free medium hot beverage or medium iced coffee in their return trip. Thereafter, for another three weeks, a fresh bakery item in the morning gets the customer the same medium hot beverage or iced coffee in the afternoon/evening. Hopefully, this will generate additional traffic into our stores during the afternoon and evening hours and allow our Sales Associates to "plus sell" items

in addition to the free one.

In conjunction with the Baltimore and Washington, D.C. FOAs, under the umbrella of the TriState FOSE Association, our 4th annual Trade Show will be held on April 24.

DELAWARE VALLEY FOA

M. AL HAFFAR, PRESIDENT

Sales are down about 3 percent in most stores, but showing some promises when weather improves. Fresh food has

food program.

Our trade show held on April 2—the first in eight years—was a huge success. It was well attended by both vendors and franchisees, alike. Many franchisees from neighboring states visited our show, like Delaware, New Jersey, Maryland, Virginia, and of course the whole state of Pennsylvania. Those who visited took advantage of the show deals and everyone went home with gifts and prizes.

We hosted our Zone Leader and market managers at our last monthly meeting. The meeting was great and we addressed many issues on both the local and national levels. We also established a new relationship with our Zone office that will allow our members to take a more active role in local matters and provide more feedback.

KANSAS CITY FOA

FAISAL ASAD, PRESIDENT

Franchisees in my area worry about how we are going to be profitable in food service. On October 16, Kansas City 7-Eleven stores were reintroduced to fresh sandwiches, fruit, salad, fresh bakery, and multi-day bakery. Currently, our stores are investing or losing about 1.5 percent of our GP contribution every month. Last year, the average GP contribution was +2 percent every month from the food PSA.

Margins are taking a severe blow due to flat fees of \$10,000 per year per store, and products are not generating enough sales to be profitable. Glazed donuts are an ongoing issue due to a delivery travel time of 5 to 7 hours. Also, the donuts do not very fresh because they are baked almost 14 hours before presentation.

Our stores are feeling the crunch and pain of losing margins and supporting a CDC program that is not working for us. We at the local level have asked SEI several times to add or bring new items that may work better for our guests, but no response! It seems to us like SEI is lacking resources to

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"In the old days c-stores always responded to market forces by raising prices. This is no longer the case."

ative issues (such as a two-person minimum).

Market 2543 is participating in a test program to get customers to make a return to our stores in the afternoon. Briefly explained, if a customer makes a

Jesus Delgado Jenkins, Senior VP, SEI

shown some improvement due to promotion. Missed opportunities can be avoided once stores get some uplift and the hot



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tackle or address opportunities and issues.

One big problem I see in our area is NO market concentration! There are less than 38 7-Eleven stores in Kansas City. Quik Trip has close to 90 stores. At one



SEI Senior VP Sean Duffy said AQIPs and CMRs were stopped due to cost, but 2,400 stores will get hot foods and coffee throughout the next year.



Eastern Virginia FOA President Romy Singh wants franchisees to have more say in store level decisions.



Attorney Michael Dady of Dady & Gardner briefed the Board on the status of the DVR mediation and SEI's use of the equipment.



SEI Director Keith Jones said 85 percent of voters are opposed to online lottery.

point SEI was buying a chain here, which would have worked perfectly toward setting up a CDC program at the right equilibrium. It may also be a good idea to build an SEI-owned commissary on I-70 that can cater to our guests' needs in Kansas City, St. Louis, and Colorado. I hope our senior management looks at this program closely and decides to support a profitable food operation rather than have us continuously give away our hard earned profits.

I also hope SEI invests in our 40-year-old stores and brings us up to par with our guests' expectations. The lack of investment and lack of being profitable is going to diminish returns and affect the quality of operations and quality of operators. Besides all of this, we had a change in market manager in April and new field consultants. In the past 5 years we have been through 4 MMs and at least 7 or so FCs.

CENTRAL VALLEY FOA

SUKHI SANDHU,
VICE PRESIDENT

The first quarter of 2013 has been a struggle, as sales for our market area increased only slightly. Non-Alcoholic Beverages have continued to be strong for us at +9 percent, Snacks +8.5 percent, and Food Service +0.66 percent. We are eagerly anticipating the roll out of Hot Foods in our area, and hope this program will deliver additional sales and guests for our stores. Our first ZLC meeting with our new Zone Manager Nancy Taylor focused on Fresh Foods, and it was great to see her take on a part of our business to which she brings outside experience. We are looking forward to working with her to take our area to the next level.

One area in which our franchisees are feeling pressure is around the new GEA expectations. While we are all trying to work hard to give our guests the cleanest shopping environment in our stores, the company is quickly dismissing issues that are

"STORES THAT
GENERATE HIGH CASH
FLOW AND HIGH ROI
ARE GOING TO FLOAT
TO THE TOP OF THE
LIST [FOR REMODELING
AND RECONSTRUCTION]."

-TOM BRENNAN, VICE PRESIDENT
CONSTRUCTION, ENERGY AND FACILITIES

their responsibility. The physical plant of the stores is poor and definitely not indicative of the leading convenience store chain. Franchisees feel they are being pushed around rather than working with their business partner to resolve all store image issues.

Another change that has brought confusion and concern is the change to the multiple criteria. While we all strive to be transparent in this business relationship, the feeling is 7-Eleven is not being forthcoming on all points of the multiple criteria. Franchisees are told this is a "holistic approach" to the process, yet franchisees are not being told specifically what the issue is when an applicant is denied. How can franchisees "cure" the issue if the diagnosis is being hidden from them? The hope is that since the process is new, the confusion will clear up over time once everyone gets more familiar and educated.

This May we will co-host our annual trade show with the Northern California FOA. In the past this has proven to be a successful team effort between the FOA groups, vendors and franchisees, so we expect no less at this year's show.

We are optimistic as summer heads our way and we make the most of promotions, free fills, fresh food expansion, and our business system. **AV**

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Now In The Three Most Popular Girl Scout Cookie Flavors!

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VENDORS ARE YOUR FRIENDS

By Richard Rose, Cal-Neva FOA President



Recently, I had the pleasure of hearing Kellogg's National Account Executive Mark Gramlich present to the National Association of Convenience Stores on the pivotal role that vendors can play in a franchisee's business. Mark outlined that as convenience store owners we should be open to accepting the help of those who can—the vendors. In a time when the single store industry is up by 1.5 percent and the convenience store industry

tomers and implement a plan to integrate them into our stores, be able to help with promotional sales, and offer effective media strategies. Our stores can grow their customer base if we remain loyal to our already established customer groups and expand to include new customer groups as they develop.

Market research has already uncovered new categories or groups of customers that are emerging: the health conscious female, the young and active individuals of the millennial generation,

Hispanics, and the busy family unit. In these instances, the busy family unit is looking for convenience and speed on their way home, women shoppers are looking for healthy alternatives in drinks and snacks,

is up by 1.5 percent, it is important that we change and move with this growth.

Currently, there are 148,000 convenience stores in the United States generating an exponentially large number of sales, to the tune of \$682 billion. It is here that an important point was reached—that business owners should utilize the expertise, resources, and knowledge of their vendors to help them maximize their own success and profits.

The goal for business owners, much like vendors, is to understand their consumer base in order to provide the products that the customer wants and needs, ultimately producing sales. The difference here is that vendors have the capability and resources to go that extra mile and do extensive market research to gain vital information for our area stores.

Mark went on to explain that using vendors as our business partners would be beneficial in numerous ways, including the fact that they could help analyze our specific customer demographics and type of shoppers, provide information about the products that appeal to different types of cus-

men are looking to buy multiple products on the go, and the millennial individuals are influenced by social media and online alternatives.

Research has also shown that customers are spending decreasing amounts of time in the store. As of 2011, the average number of time customers spent in the store was 2 minutes and 1 second, which is down from 2 minutes and 21 seconds in 2010. Not only are people spending less time in stores, but roughly 36 percent of all store customers that come in leave without buying anything. The explanation given for this is that convenience stores are offering customers relatively smaller options of products that suit their needs. As Mark stated, "The key to unlocking this potential is leveraging your partners who have these insights and retail solutions to capitalize on them."

External factors in

the convenience store business are also challenging profits and our bottom line. For example, high unemployment and high gas prices are creating weaker consumer spending. Stores also have to worry about fierce competition between convenience stores, high labor costs, and employee turnover, which affect how efficient and profitable we run our stores.

The solution, as Mark pointed out, is that as business owners we need new ideas and aggressive and innovative solutions to bring customers into our stores and purchase our products, and help our business to survive and thrive in an ever-changing customer purchasing market. I couldn't agree more. Vendors and wholesalers, like McLane, possess the research information that will help promote sales in our stores with the optimal goal of giving our customers quality merchandise in a friendly and expedient manner that satisfies them and makes them repeat customers.

Kellogg is one of the vendors that would like to partner with convenience stores in a new program called Kellogg's Grow My Store. Under this program, vendor and franchisee work together to set goals for sales and profit and commit to them jointly, strategize and implement sales concepts, listen to feedback from one another to be able to assess what is working on an ongoing basis, and customize that particular stores' customer needs.

The message from Mark's presentation was clear. We as 7-Eleven owners must utilize our vendors and work together because our future depends on it. As convenience store retailers we are being challenged to think smart and use our vast resources, which includes partnering with vendors and using their marketing research information

and brand products to drive our business into the future in a constructive, innovative, and profitable way. Vendors are your "secret weapon"—utilize them. **AV**

"We need new ideas and aggressive and innovative solutions to bring customers into our stores."



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Legislative Update

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cloth or plastic bags or would have the option of paying the actual cost of a paper bag, estimated at 10 cents or less. Convenience and liquor stores would face the same requirements on January 1, 2016. The proposal, if it becomes law, would supersede roughly 70 local plastic bag ordinances, such as those in Los Angeles County and the cities of Los Angeles, Santa Monica, Long Beach, Pasadena and West Hollywood.

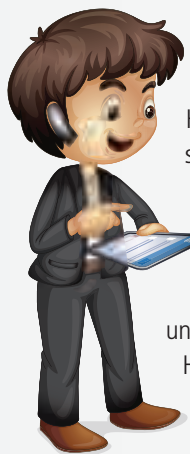
Mississippi Passes 'Anti-Bloomberg' Bill

Mississippi recently passed a bill requiring any law that might restrict what Mississippians eat or drink has to go through the state legislature—barring federal regulations, reported the *New York Times*. Under the new law—which was dubbed the “Anti-Bloomberg” bill before it was signed by Governor Phil Bryant in mid-March—cities or counties cannot enact rules limiting soda size, salt content, shortening in cookies, toys in fast-food meals for

“Mississippi legislators have passed a bill that prohibits cities or counties from regulating retail food.”

children, how a menu is written or just about any other aspect of the daily dining experience in Mississippi. The legislation is the latest and most sweeping expression of a nationwide battle in which some government officials, public health leaders and food supply reformers are pitted against those who would prefer the government quit trying to control what people eat. Ohio, Florida, Arizona, and Alabama have passed similar bills in recent years.

Illinois Lawmaker Pushes Energy Drink Sales Ban For Minors



Illinois State Rep. Laura Fine recently helped push House Bill 2379 out of the Human Services Committee, bringing Illinois one step closer to banning the sale of energy drinks to people under 18, reported *The Daily Caller*. In its original form, the bill prohibited the sale of any beverage that contained at least 6 mg of caffeine per ounce to anyone under the age of 18. But before it passed the House committee the bill's sponsors amended it to focus on stimulants other than caffeine in order to make it more popular. Now the bill

prohibits the sale of beverages containing taurine, guarana, and ginseng. Purely caffeinated drinks, like coffee, are in the clear.

Suffolk County, NY Limits Energy Drinks Sales To Minors

A new measure approved by the Suffolk County Legislature in New York prohibits the sale of energy drinks at county-run parks and beaches to those under the age of 18, while also limiting direct marketing efforts of these products to minors, reported the *Smithtown Patch*. The new law will permit concession stands at county-owned parks to stock popular energy beverages, but not sell them to minors. Similar limitations will affect four county-owned golf courses. Special event vendors that sell food or drinks at various summer events at county parks would also be prevented from selling stimulant drinks to those who are underage. The legislation further prevents energy drink companies from marketing to minors by providing free samples or coupons, and from offering samples to children at sports tournaments, concerts or other special events held anywhere throughout Suffolk County.



Cleveland Looks To Ban Energy Drink Sales To Teens

A Cleveland, Ohio council member recently introduced an ordinance that would prohibit the sale of energy drinks like Red Bull, Rockstar and Monster Energy to anyone under the age of 18, reported NewsNet5.com. That includes keeping the drinks out of vending machines that minors could access. Under the proposed legislation, distribution of the drinks to minors would result in a fourth-degree misdemeanor. The ordinance will need a two-thirds majority approval from the city council and approval from the mayor to become official. Cleveland-area teens told the news station they're against the potential ban because they've never experienced any problems with energy drinks.

Chicago Energy Drink Ban Fizzles Out

A Chicago alderman's proposal to ban the sale of energy drinks in the city didn't get much movement during a recent City Council committee hearing, reported the *Chicago Tribune*. The proposed measure calls for banning drinks with at least 180 mil-

continued on page 76

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Member News

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Recycling Of Rigid Plastics Tops 930 Million Pounds Annually

The recycling of rigid plastics, excluding bottles, climbed 13 percent in 2011 to reach at least 934 million pounds for the year, and U.S. consumers with local access to recycle all non-bottle rigid plastics shot from 40 percent to 57 percent between 2011 and 2012, according to a pair of reports released today at the Plastics Recycling Conference in early March. The "2011 National Postconsumer Non-Bottle Rigid Plastic Recycling Report" found that 61 percent of rigid plastics collected in the United States were recycled in the U.S. or Canada, a sharp increase from the slightly over one-third recycled in this region in 2007. This report also found that polypropylene and polyethylene plastics comprise the largest portion (70 percent) of



postconsumer non-bottle rigid plastics collected in the U.S., with polypropylene constituting 39 percent of all rigid plastics recycling and high-density polyethylene constituting 31 percent. **AV**

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• CVS/pharmacy announced that it is offering up to one million **free smartphones** to eligible customers so they could use the company's mobile app. Upon receipt of the phone, consumers receive a text message prompt to download the **CVS Mobile app**. • A new survey by InsightOne, which was aimed at determining American attitudes and behavior around the ads they see every day, found that fully **87 percent are now putting their foot down on the number of irrelevant ads they are willing to see** before they

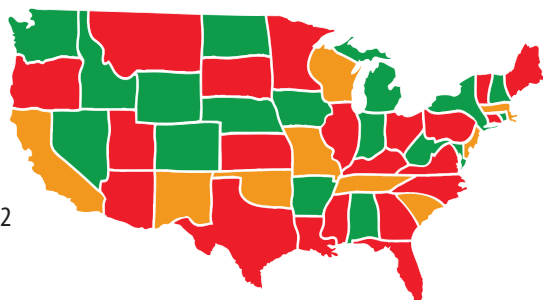


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7-ELEVEN'S LATEST ACQUISITIONS

Over the last several months 7-Eleven, Inc. has made the following acquisitions around the country. The addition of new stores is expected to continue given the state of the economy and changing distribution system requirements. The company opened or acquired more than 1,000 stores in the U.S. and Canada in 2012 and added almost 4,900 worldwide.



South Carolina

SEI recently announced it has closed on the acquisition of 46 Hickory Point and Palms c-store locations in South Carolina from CB Mart, Inc. Terms of the deal were not disclosed. The acquisition increases 7-Eleven's store count in the Carolinas to more than 100 and follows the acquisition of 55 Sam's Mart and 13 Fast Track stores that closed in 2012. SEI said it has offered employment to existing store personnel, and will eventually provide business opportunities to local entrepreneurs who would like to operate a 7-Eleven franchise.

Cleveland, Ohio

SEI is growing in the Cleveland area with the announcement that the company will rebrand convenience stores in Cuyahoga and Lorain counties as part of a 19-store acquisition from Lehigh Gas Corporation, based in Allentown, PA. Under the terms of the deal, Lehigh Gas Partners will retain ownership of the 19 sites and will continue to provide wholesale distribution of motor fuels to each site. The fuel will continue to be sold under the "BP" brand. SEI will rebrand the stores as 7-Elevens and will manage the convenience-store operations. The retail fuel business at the 15 stores in Cuyahoga County and four in Lorain County will continue to be owned and operated by Lehigh Gas-Ohio, LLC, an entity managed by Joe Topper, chairman and CEO of Lehigh Gas Partners.

Downtown Detroit

After pulling out of the area nearly two decades ago, SEI expects to open three 7-Eleven stores in Detroit's downtown business district by the end of this year, *Crain's Detroit Business* reported. The company is presently negotiating four to six sites around the Renaissance Center and Comerica Park. Although SEI has stores in the Metro Detroit area, it has none within the city itself. SEI's regional development di-

rector told the newspaper the company's revived interest in downtown Detroit stems from SEI's plan to expand in "urban centers" across the country, and added that the elements exist to support a successful 7-Eleven store in the downtown district. He said the company's benchmark for a potential urban site is for there to be more than 10,000 people within a quarter-mile walking distance of the storefront.

Central Texas

7-Eleven is in the midst of an aggressive expansion across Central Texas, reported the *American-Statesman*. In addition to locations being built from the ground up, including a recently opened store in downtown Austin, the company is also growing through acquisitions. Last year, it purchased 163 Tetco-branded gas stations in Utah, as well Austin, Dallas/Fort Worth and San Antonio—most of which are expected to be rebranded as 7-Elevens in the next year. Currently, 7-Eleven has 75 stores stretching from Temple to San Marcos and 14 more are in development, a company spokesperson told the newspaper.

Waco, Texas

SEI is one of several convenience store chains making moves in Waco Texas, reported the *Waco Tribune-Herald*. The company recently leveled a former Arby's building on University Parks Drive, near Interstate 35, to place a store there. 7-Eleven is growing its presence in Waco after departing the market in 1988, and returning last year with a new store at U.S. Highway 84 and State Highway 6. A company spokesperson told the newspaper 7-Eleven has plans to build stores along the I-35 corridor in order to join the company's locations in the DFW market with its operations in Austin, which will also serve to better support and drive business for SEI's fresh-product delivery partners.

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Legislative Update

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ligrams of caffeine that also include taurine, an amino acid, or guarana, an Amazonian plant that contains caffeine—but it led to no vote, only an agreement for further discussion. One alderman told the newspaper he was disinclined to ban energy drinks but would consider requiring more-detailed labeling so parents are better informed.

Obama Budget Calls For Federal Cigarette Tax Hike

President Obama's proposed fiscal 2014 budget would impose a 94-cent-a-pack increase on federal cigarette taxes to fund early childhood education for moderate- to low-income families, reported CNN Money. Federal tobacco taxes were last increased in 2009, by 62-cents to \$1.01 per pack of cigarettes and equivalent amounts for cigars and pipe tobacco as part of an expansion of the Children's Health Insurance Program. The new increase would bring the federal tobacco tax to \$1.95 a pack and raise about \$78 billion over 10 years. The average price of a pack of cigarettes nationwide is \$6, with taxes (federal and state) making up \$2.49 of that.

NYC Bill Would Keep Cigarettes From Public View

New York City Mayor Michael Bloomberg recently proposed a law to forbid stores from publicly displaying cigarettes and other tobacco products. Under the proposed bill, tobacco products would have to be under counters, in cabinets, behind curtains—anywhere but in public view. Stores would still be able to advertise that they sell cigarettes, and could display prices. Mayor Bloomberg said the goal of the proposed Tobacco Product Display Restriction Bill is to reduce teen smoking. If the bill is passed, New York would be the first city in the nation to impose such a ban.

North Texas Rep. Proposes Statewide Smoking Ban

A North Texas representative has filed a bill to make all businesses in the state smoke-free, reported CBSDFW.com. Denton Republican Myra Crownover said the goal of House Bill 400 is to protect employees from second-hand smoke. Texas has no comprehensive smoke-free workplace law, and smoking ordinances

vary from city to city, and county to county. This isn't the first time a smoking ban bill has been proposed in the Texas House. In both 2007 and 2011 bills passed in the House but were defeated in the state Senate, never even getting to a vote. If House Bill 400 were to become law, violators would be fined between \$50 and \$500.

E-Cigarettes Targeted By Utah Lawmaker

A Utah lawmaker has introduced legislation to keep minors out of smoke shops and to tax electronic cigarettes and dissolvable tobacco products at the same rate as cigarettes, reported the Associated Press. Utah law bars anyone under 19 from possessing the e-cigarettes and dissolvable tobacco, or anyone from selling the products to someone under 19. However, because of a loophole, county and city agencies are not able to impose fines and penalties on those selling these products to anyone underage. The proposed bill would fix that and would also require the products to be sold from locked cabinets behind counters.

More States Consider Gasoline Tax Hikes

Tight state budgets and jammed roadways this year are prompting some state governments to consider raising gasoline taxes, reported Reuters. Gas taxes are widely disliked and rarely increased because they hit everyone. But after decades of underinvestment in roads, bridges and public transport, states face heavy infrastructure costs and lack the money to handle them. Wyoming was the first to raise its tax, to 24 cents per gallon from 14 cents on February 15. It was the first increase in the state's gasoline tax in 15 years. Governors in Michigan, Pennsylvania, Maryland and Vermont have proposed raising fuel taxes, and the New Hampshire legislature recently held a hearing on a bill that would phase in a 15-cent-per-gallon increase. **AV**

"Michigan, Pennsylvania, Maryland, Vermont, and New Hampshire are considering raising state gasoline taxes."



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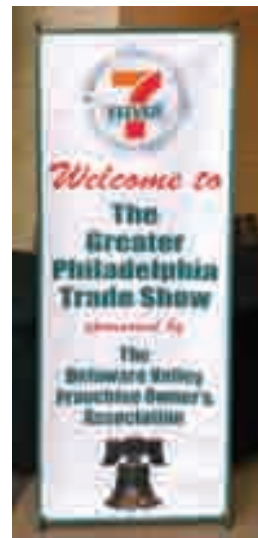
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Products & Deals Abound At Delaware Valley FOA Trade Show

The Delaware Valley FOA recently held its first trade show in eight years. The event—called the Greater Philadelphia Trade Show—was held on April 2 at the Sheraton Suites Philadelphia Airport in the City of Brotherly Love, and was a huge success. The trade show not only attracted area franchisees, but also storeowners from neighboring states Delaware, New Jersey, Maryland, and Virginia. Franchisees were able to peruse the latest merchandise from the exhibiting vendors and take advantage of the great show deals. The trade show was followed by a dinner event and some folks went home with gifts and prizes.



Central Florida FOA Donates \$10,000 To Winnie Palmer Hospital

The 7-Eleven Central Florida FOA recently donated \$10,000 to the Neonatal Intensive Care Unit at the Winnie Palmer Hospital for Women and Babies in Orlando. The donation amount was raised during the FOA's first annual Charity Golf Tournament held at Orange County National-Panther Lakes on April 18. 7-Eleven vendors, FOA members, corporate donors and individuals all participated in the golf outing by paying a fee to participate, proceeds of which went toward the donation. The formal presentation of the check was made to Dr. Michael McMahan of behalf of Jeffrey Muddell, Vice President of the Arnold Palmer Medical Center Foundation.

The idea for the donation came from Fari Ishani, the President of the Central Florida FOA, whose daughter Shawdie was born at 26 weeks and spent the first three months of her life in the NIC Unit when it was located across the street at the Arnold Palmer Hospital. Now, at age

"We are thrilled to accept this donation from the Central Florida FOA," stated Jeffrey Muddell, Vice President of the Arnold Palmer Medical Center Foundation. "This donation will be used to provide for the life-saving and life-serving needs of the Neonatal Intensive Care Unit at the Winnie Palmer Hospital for Women and Babies and allows us to continue providing excellent care to those we serve."

18, Shawdie is a student at Circle Christian Academy and dreams of becoming a nurse someday.

"The 7-Eleven family of Franchisee Owners Associations has a long history of giving back to the communities in which we live and work," stated Mr. Ishani. "So many families, like mine, are grateful for

the work of the dedicated doctors, specialists, nurses and others who make the Winnie Palmer Hospital for Women and Babies an exceptionally important place in our community. Giving back to the hospital and the dedicated men and women who perform miracles there every day is a privilege and honor."



Left to right: Central Florida FOA Secretary Ben Ackerman, VP Michael Jorgensen, President Fari Ishani, Event Organizer Tim Gavin, Dr. Michael McMahan, Golf Committee Chairman Roger Van Sluis, Board Member Stephen Warris, and Treasurer Harvi Thaper.



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SEI News

YOOLOTTO EXCLUSIVE PARTNERSHIP

YooLotto announced that it has partnered exclusively with SEI for the national launch of its free lottery-management app for iOS and Android devices. The launch will include coupon offers and other deals for lottery ticketholders who redeem their tickets in 7-Eleven franchised and company-operated stores. YooLotto is the first and only application that stores and tracks individual lottery ticket information, notifying players of their personal lot-



tery results within minutes of the drawings. YooLotto also uses GPS technology to direct players to the closest participating retailer to collect their winnings or try their luck again. Through mobile coupons and promotions, every notification received creates awareness of deals offered in 7-Eleven stores. Currently supporting Powerball and Megamillions games in Texas, YooLotto is planning a national rollout for the multi-state games later this year.

SLURPEE BFF BLITZ CONTEST

SEI recently launched a new contest called #SlurpeeBFFblitz

to promote the new Fanta Berry Freeze Blitz Slurpee flavor. To participate, customers simply text SLURP7 to 711711 to get a Slurpee drink for free, then head over to their local 7-Eleven with a friend, snap a photo together in a silly pose with their Slurpees in hand, and Instagram the photo with the hashtag #SlurpeeBFFblitz. Each week the best photo will be selected and the winner will receive a two-person Slurpee Buddies shirt.

FREE SLURPEES IN DETROIT

SEI recently gave away free Slurpees from a flashy truck in Detroit's downtown Cadillac Square to promote 7-Eleven's return to the area after several years, re-

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McLane Division Contact Information

Listed below is the contact information for McLane divisions that service 7-Eleven locations, as provided by McLane. Included are phone numbers, e-mail addresses, and the names of customer service managers and representatives.

Division: ME; Suneast

Return Request Email: mecredit@mclaneco.com
Phone: 800-678-8493
Customer Service Manager: Marylu Butler
Customer Service Rep: Zlanta Rodriguez

Division: MI; Midwest

Return Request Email: micredit@mclaneco.com
Phone: 800-851-8490
Customer Service Manager: Anita Marshall
Customer Service Rep: Stephanie Thomason

Division: MP; Pacific

Return Request Email: MPCigOTPreturns@mclaneco.com
Phone: 800-456-5760
Customer Service Manager: Margo Star
Customer Service Rep: Jenny Saephanh

Division: MS; Sunwest

Return Request Email: MSCredits@mclaneco.com

Phone: 800-782-4960
Customer Service Manager: Diana Osborn
Customer Service Rep: Irma Chavez

Division: MW; Western

Return Request Email: mwcredit@mclaneco.com
Phone: 800-365-3942
Customer Service Manager: Gina Diaz
Customer Service Rep: Jeannie Johnson

Division: MY; Concord

Return Request Email: mbx_711_credit_my@mclaneco.com
Phone: 877-532-5420
Customer Service Manager: Denise Burke
Customer Service Rep: Kristy Zankowski

Division: MZ; Mid-Atlantic

Return Request Email: nccredit@mclaneco.com
Phone: 800-872-8000
Customer Service Manager: Christa Allen
Customer Service Rep: Cheryl Joyner/Lori Davis

Division: NC; Carolina

Return Request Email: nccredit@mclaneco.com
Phone: 800-663-7696
Customer Service Manager: Christa Allen
Customer Service Rep: Cheryl Joyner/Lori Davis

Division: NE; Northeast

Return Request Email: mbx_711_credit_ne@mclaneco.com
Phone: 800-219-8206
Customer Service Manager: Denise Burke
Customer Service Rep: Kristy Zankowski

Division: NW; Northwest

Return Request Email: nwcrcdit2@mclaneco.com
Phone: 800-491-8874
Customer Service Manager: Kay Naff
Customer Service Rep: Kathleen Muckian

Division: PA; Pennsylvania

Return Request Email: mbx_711_credit_pa@mclaneco.com
Phone: 866-568-2402
Customer Service Manager: Denise Burke
Customer Service Rep: Kristy Zankowski

Division: SW; Southwest

Return Request Email: SWcredit@mclaneco.com
Phone: 800-328-3810
Customer Service Manager: Pat Camp
Customer Service Rep: Debora Hoelscher

Division: SZ; So Cal

Return Request Email: SZ_Credits@mclaneco.com
Phone: 800-631-9959
Customer Service Manager: Diana Osborn
Customer Service Rep: Irma Chavez

Division: MO; Missouri

Return Request Email: mocredit@mclaneco.com
Phone: 800-851-8490
Customer Service Manager: Anita Marshall
Customer Service Rep: Stephanie Thomason

Division: MK; Cumberland

Return Request Email: mkcredit@mclaneco.com
Phone: 859-887-8200
Customer Service Manager: Darla Connors
Customer Service Rep: Toni Humphrey



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



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



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



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



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



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5.25 lbs/case
SLIN #171164 • UIN #540757
Chipotle Chicken Mini Tacos (Bulk)
5.25 lbs/case
SLIN# 174740 • UIN# 764068



SEI News

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ported *Deadline Detroit*. The giveaway will have to curb customers' slurp cravings until August, when a 7-Eleven store is expected to open at 139 Cadillac Square. The company told the news source that the lease for the Cadillac Square location was given final city approval the day before the giveaway. SEI hopes to have another location open downtown by the end of the year, and is looking to open a bevy of storefronts in areas of the city "not just limited to the central business district."



SEI INVITES USERS TO HELP DEVELOP APP FEATURES

With hopes of making U.S. consumers' lives even more convenient, SEI said it is seeking public feedback as it expands features and capabilities of its recently released app. In the short time since launching the original app—available for Apple and Android operating systems—SEI has added the Idea Hub, where people can share ideas about how to build onto the app's basic platform and add services that would enhance its use-

fulness. Found in the app's Control Panel (located by clicking on the gear icon), the Idea Hub is divided into four categories for suggestions—General, Stores, Events, and Coupons. Users can submit an idea and/or vote on one previously submitted, and sort the list by popularity or most recent suggestions. Ideas that have risen to the top of the list so far include adding mobile payment capabilities, more coupons, individual store reviews, a membership loyalty program, nutritional information and local gas prices.

NEW PREMIUM SANDWICHES ADDED TO FRESH FOODS MENU

After introducing several new better-for-you salads, snacks and mini-versions of consumer favorites, SEI turned its attention to heartier fare with the addition of two new premium sandwiches—the Steakhouse Roast Beef and Bistro Deluxe. The company said the introduction continues 7-Eleven stores' march toward a more fresh foods-focused product mix to compete not only with other food retailers, but also with quick-serve restaurants. The two new sandwiches feature prime deli meats, fresh produce, specially blended spreads and premium breads:

- Steakhouse Roast Beef Sandwich—Sliced roast beef with blue cheese crumble, mayonnaise, baby spinach and tomatoes on marble rye bread.
- Bistro Deluxe Sandwich—Black forest ham, Genoa salami and Swiss cheese with lettuce and Dijon mustard on Asiago bread.



7-EXCHANGE NEXT GENERATION

SEI and Information Resources, Inc. (IRI) recently announced the launch of 7-Exchange Next Generation solution. This new solution will help ensure 7-Eleven and subscribing manufacturer partners work from a "single version of the truth" for such things as identical basket-level transaction data, promotion optimization, trip-mission segments, store segmentation, same store and time-of-day information. This approach will facilitate collaboration and accelerate return on investment for joint activities.

The 7-Exchange Next Generation solution will include standardized category management workflows to encourage stronger alignment between all of 7-Eleven's external manufacturer-partner activities and internal category management processes, including analysis, execution and measurement of key category sales information. Other key benefits of the 7-Exchange Next Generation service include daypart and conversion analysis, promotion and mark-

SEI has added two new premium sandwiches that compete with QSR offerings.

down analysis, trip mission segmentation, and affinity purchase analysis. **AV**

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- #1 in awareness, loyalty, and usage in an independent national consumer survey of adult smokers
- Complete funded merchandising programs including category management solutions



Become a blu Retailer Today!

Classic - SUN 321017 • Menthol - SUN 320080

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NEW FOR 2013

Make More Money!

- ▶ Increase Margin from 61% to 64%
- ▶ Fully Guaranteed
- ▶ Credit on Last Year's Program
- ▶ Auto Replenish Refill System
- ▶ Brand New Rack for FREE!!!
- ▶ Flexible Planogram Options
 - Sunglasses • Accessories
 - Promotions • Work Gloves
 - Electronics • Apparel



"The new rack has a modern look and feel. I find it refreshing and I really like the modular layout. I think you have a 'Winner'! The all metal design is definately eye-catching and really highlights the product which is sure to lead to increased sales. I look forward to getting one for my store! Keep up the great work!"

-James J. Dixon
7-Eleven Franchisee, Store 34181
Capt., USMC, Ret.

- ▶ To order please call: 1-801-785-8801 ext 126
or email: kyle.payton@pugsgear.com



VENDOR FOCUS

New MTN DEW Cans Available Only At 7-Eleven



Grab your deck and get ready for the half pipe because PepsiCo is launching MTN DEW 24oz DewTour Limited Edition cans exclusively at 7-Eleven starting in June and for a limited time only. These cans honor the passion of Action Sports and are the first MTN DEW cans featuring and signed by Paul Rodriguez and Danny Davis, the hottest skateboarder and snowboarder in the circuit.

These new MTN DEW cans feature Rodriguez and Davis displaying their tricks along with their signature, making these cans as much a collectable as a great way to enjoy the taste of Regular MTN DEW. Each 24oz can pays homage to a different athlete, and fans will clamor to find and collect both. These and all MTN DEW 24oz cans will be featured at 7-Eleven for 2/\$3 from June 17 to September 3.



New MTN DEW cans featuring skateboarder Paul Rodriguez and snowboarder Danny Davis only at 7-Eleven.

Nestlé Crunch Girl Scout Candy Bars Are Back



Nestlé Confections has announced its Nestlé Crunch Girl Scout Candy Bars are back, in a 72-count c-top display, but for a limited time only. Now in the three most popular Girl Scout cookie flavors—Thin Mints, Caramel & Coconut, and Peanut Butter Crème—the bars combine everything consumers love about Girl Scout cookies and chocolatey, crunchy Nestlé Crunch.

Nestlé Crunch Girl Scout Candy Bars are back for a limited time.

The Thin Mints flavor ranks 6th in the chocolate singles category, and Nestlé Crunch Girl Scout Candy Bars are already a proven success in the candy category. On average, consumers bought three single bars at trial and three-plus on repeat, and Nestlé Crunch Girl Scout candy shoppers usually spend twice as much as the average shopper in the candy category. National consumer launch is June 24, 2013. First Order Date is April 5, 2013. The launch will be supported by PR and Social Media in May to build anticipation, mass awareness

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GATORADE STRAWBERRY-LEMONADE EXCLUSIVE TO 7-ELEVEN

This summer, Gatorade will launch a new flavor exclusively and for a limited-time-only at 7-Eleven: Strawberry-Lemonade. Strawberry-Lemonade is among the highest scoring flavors in terms of fit and appeal with sport drinks users (Source: Givaudan Engaging The Senses Report). Based on feedback from 7-Eleven store managers, the packaging for Gatorade Strawberry-Lemonade will feature a bigger call-out of Limited Edition Flavor on the label to drive more customer awareness. More excitingly, this limited-edition flavor will arrive at 7-Eleven stores in an exclusive 15-pack case over-wrap for ease of creating floor displays and driving awareness of the new product. Store displays will also feature special trays that will house Gatorade Prime Energy Chews and Gatorade Recover Shakes.



Gatorade Strawberry-Lemonade will be available exclusively in 7-Eleven stores this summer.

To drive sales and excitement among customers, Gatorade is partnering with 7-Eleven stores to give back to the community and fuel local athletes by giving schools a chance to win athletic department upgrades. This special program will be supported with national and local media to garner excitement and participation among student athletes and the community at large. Last year's exclusive Gatorade flavor—Cool Blue Cherry—was a huge success:

7-Eleven outpaced the C&G channel, posting three times the sales growth as the competition in Summer 2012.



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and drive trials. The 72-count c-top display contains a 24-count carton each of Thin Mints, Caramel & Coconut, and Peanut Butter Crème.

Anheuser-Busch Introduces New Products To C-Store Channel



Anheuser-Busch recently launched several new products designed to heat up your beer sales going into the summer selling season.

• **Bud Light Lime Straw-Ber-Rita:** A ready-to-drink 8 percent alcohol/volume flavored malt beverage that blends the refreshment of Bud Light Lime with the taste of an authentic strawberry margarita. Bud Light Lime Straw-Ber-Rita is best enjoyed over ice and is the perfect addition to any outdoor occasion. The new brand is available in three pack sizes: 12-pack 8-ounce cans, four-pack 16-ounce cans, and 24-ounce cans.

HEINEKEN LAUNCHES NEW 'STAR BOTTLE'

Heineken recently debuted its premium Star Bottle packaging for Heineken and Heineken Light in the United States. The new Star Bottle design—Heineken's first package change in nearly two decades—is available in 120-ounce and 22-ounce sizes and features a strong shoulder and a taller, slimmer neck that elongates the look of the bottle, giving it a more modern appearance. The new design also features a curved embossment inspired by the iconic race-track label, and thumb groove that improves bottle grip and encourages drinkers to hold the bottle at a lower point, keeping the beer colder.



Heineken's new Star Bottle design is the brand's first package change in 20 years.

In addition to the primary pack change, Heineken and Heineken Light secondary packaging—including the six-pack, 12-pack, 18-pack, 24-pack and Draught Keg—boasts new high impact and modern graphics that make Heineken and Heineken Light stand out on the shelf, in the cold box and on display. Heineken has also launched an innovative "Star App" that encourages consumers to scan the Star Bottle to be entered into a national promotion and receive premium Star Bottle giveaways (where legal).

VENDOR FOCUS



• Budweiser Bowtie

Can: Introducing the new Budweiser can shaped like the brand's iconic bowtie logo. The new 11.3-ounce Bowtie Cans are available in 8-

packs are targeted towards 21 to 34-year-old trend seekers. To maximize sales, Budweiser recommends you place the Bowtie Cans on your premium beer shelf next to Budweiser, Bud Light and Bud Select.

• **Budweiser & Clamato Picante Chelada:** Combines Budweiser with the refreshing taste of Clamato, spices and a hint of lime. This new extension was inspired by consumer feedback to deliver an "extra kick" to this popular brand. Budweiser Chelada over-indexes at 150 percent among Hispanic shoppers, which is the fastest growing segment of the population and expected to grow 4-5 percent by 2020.



• Bud Light Azultas 8-Ounce Cans:

The just-right taste of Bud Light now comes in a new sleek 8-ounce can. Available in 12-

packs, the 8-ounce can guarantees that consumers will enjoy a cold, refreshing beer from star to finish. Perfect for sampling and outdoor activities, like picnics, BBQs and tailgates, 8-ounce Azultas offer a unique opportunity in key Hispanic markets.

• **Bud Light 8-Pack 16-Ounce Cans:** Bud Light is the #1 selling beer in the U.S. across all channels, and Bud Light 8-pack 16-ounce cans are the perfect fit for your assortment. Bud light has the highest average weekly sales of all Premium Light Beer, and Bud Light 8-pack 16-ounce cans are generating double-digit growth over last year.

• **Budweiser 8-Pack 16-Ounce Cans:** Fill an important gap in your beer assortment by adding Budweiser 8-pack



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CIG²O

premium e-cigarettes

More Choices. More Profits.

E-cigarette consumers are choosing the smoothness and taste that suits them best. Retailers need an e-cig category that provides the variety and value they're looking for. Cig2o provides the product and profit you need to meet their needs.

Grow with Cig2o.

A range of retail merchandisers to fit your store situation. 3-tier, 2-wide display is less than 10" wide with more than \$400 per turn.

Cig2o triple-wide acrylic display offers more than \$500 per turn. Disposables and rechargeables. Restock from open stock to maximize sales. The most flexible solution in the industry.



Open Stock Choices.

E-cigarette consumers are looking for different levels of satisfaction. Stock and sell 8mg, 18mg, and 24mg open stock kits and cartomizers. Peggable cards or display cartons.



Flavored Cartomizer 3-packs. 200 puffs per cartomizer. 18 mg nicotine. For rechargeable Cig2o kits



NEW

Cig2o Black Disposables. Authentic flavor choices. 400 puffs. 18 mg nicotine.



12-count displays create impulse purchase and trial.



Build your category with the brand that gives e-smokers more choices. Cig2o consumers come back again and again. They like the taste, the convenience and the price. Stock and sell Cig2o premium e-cigarettes today.

CIG²O

Always Ready. Anywhere.

WARNING: This Product Contains Nicotine, A Chemical Known To The State Of California To Cause Birth Defects And Other Reproductive Harm.



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VENDOR FOCUS

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can—the “Half Pint”—offers additional convenience because it’s easy to hold, easy to chill down, and easy to take with you. Available in 12-packs.

‘Come On Over’ To e-Swisher

Swisher International has launched its new e-cigarette and e-cigar line of products, e-Swisher, with a national marketing campaign. Capitalizing on the Swisher name, the “Come On Over” campaign appeals to Baby Boomers and Generation X, especially working- and middleclass men.

The “Come On Over” campaign showcases the fact that e-Swisher e-cigarettes and e-cigars can be enjoyed without having to go outside, because there is no smoke and no ash. One of the radio spots features a sports fan missing the final touchdown . . . all because he was outside smoking. The ad urges listeners to “stop missing out and come on over to e-Swisher.”

Consumer marketing efforts include radio and online advertising, social media, website (www.eswisher.com) and word-of-mouth marketing. Sponsorship of the World Series of Poker and a 15-city “Vapor Tour” sampling effort also are planned. Point-of-purchase materials, including signage, counter stands and gas pump toppers are available for retailers.



Swisher International has a new marketing campaign for its e-cigarette and e-cigar products.

16-ounce cans to your shelf set. Budweiser 8-pack 16-ounce cans continue to grow in popularity, and offer another opportunity to grow your beer sales.

• **Budweiser 8-Ounce Half Pints:** Budweiser’s sleek new 8-ounce slim



New Blue Bunny Cadbury Caramello and Cadbury Chocolate Almond flavors.

e-Swisher e-cigarettes come in both disposable and rechargeable options. e-Swisher e-cigars are available only as disposable.

New Blue Bunny Cadbury Ice Cream Bars

Blue Bunny ice cream has teamed up with Cadbury chocolate in the creation of two new premium ice cream bars that use reduced fat vanilla ice cream. New Cadbury Ice Cream Bars are made with creamy Blue Bunny ice cream dipped in thick, rich, Cadbury chocolaty coating, and fill the void between regular and super premium ice cream bars.

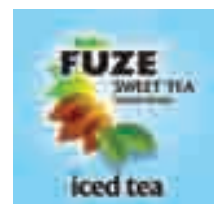
Cadbury Caramello is Creamy Blue Bunny reduced fat vanilla ice cream swirled with caramel sauce and dipped in rich, creamy Cadbury milk chocolaty coating.

Cadbury Chocolate Almond is Creamy Blue Bunny reduced fat vanilla ice cream dipped in thick, rich Cadbury milk chocolaty coating with almond pieces.

Coca-Cola’s FUZE Big Gulp Flavors

As you may be aware, Coca-Cola recently discontinued its Nestea Big Gulp offerings and replaced them with FUZE tea. Tea is a growing category for Big Gulp and sales are increasing. It is estimated that FUZE will be a \$5 billion brand in the next two years. The best-selling FUZE tea for Big Gulp at 7-Eleven is FUZE Raspberry (McLane UIN 088831, 2.5 gallon BIB), followed by FUZE Unsweet Tea and FUZE Sweet Tea. Additional FUZE flavors available for ordering are FUZE Lemon Black Tea and FUZE Peach Tea. Please note, not every flavor is carried in every McLane warehouse.

For FREE valve decals, please call 1-800-241-COKE and ask for “small parts” to receive the valve decals for the FUZE tea flavor you choose for your store. For Lancer 2” x 2” size decals, parts numbers are: Raspberry 131623, Peach 131665, Lemon 131535, Sweet 131624, and Unsweet 131622. For Cornelius 2” x 3” size decals, parts numbers are: Raspberry 131305, Peach 131297, Lemon 131537, Sweet 131320, and Unsweet 131332.



Top-selling FUZE Tea available in five Big Gulp flavors.

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ISN'T IT TIME YOU OFFER YOUR CUSTOMERS NATURALS



WHY OFFER NATURALS CIGARETTES?

- 100% Natural Tobacco
- Made with care in the USA
- More tobacco per stick
- More profit per pack
- More satisfied customers per sale



Naturals available at McLane Company today!

SURGEON GENERAL'S WARNING: Cigarette Smoke Contains Carbon Monoxide.

100% Natural tobacco does NOT mean a safer cigarette.

NEW MAGNUM GOLD ICE CREAM BARS AND A FREE FILL!

MAGNUM Gold is the world's first golden ice cream bar, and the newest MAGNUM Ice Cream variety to be launched in the U.S. Like all MAGNUM Ice Cream products, MAGNUM Gold Ice Cream is made with only the finest ingredients. It features silky vanilla bean ice cream swirled with delicious sea salt caramel and dipped in a golden chocolatey coating made with Belgian milk chocolate.

MAGNUM is a brand defined by decadence and elegance. It

is ice cream for the ultimate pleasure-seeker. Today, MAGNUM Ice Cream is one of the world's leading ice cream brands, selling one billion units annually worldwide. In 2012 in the U.S., Magnum ice cream grew 53 percent in dollar sales versus an already impressive launch year in 2011.

Individually wrapped MAGNUM Gold Ice Cream bars are available at for 7-Eleven retailers nationwide for a suggested retail price of \$2.99. First Case Free Fill available March 4 to June 2 a \$35.88 value!



Receive a first case free fill on new MAGNUM Gold Ice Cream Bars until June 2.

In Zone Offers New Two-Case Modular Display For C-Stores

In Zone Brands now offers a new two-case cardboard display option for the convenience store market. The two-case display is a modular unit that holds a 20-count case of BellyWashers and a 24-count case of TummyTickler. TummyTickler and BellyWashers juice drinks are both ranked in the top 10 for sales of single-serve juice products in convenience stores, according to IRI data.



New two-case cardboard display holds a 20-count case of BellyWashers and a 24-count case of TummyTickler.

The top-selling TummyTickler is a 6-ounce 100 percent juice beverage for children ages 3 to 6. The ergonomic bottles feature fun spill-proof character tops with beloved children's characters on them, including Disney Princesses Ariel, Belle and Cinderella, Snow White and Tiana; Disney Pixar Toy Story Woody, Buzz Lightyear, Rex and Alien; Disney Fairies Tinker Bell, Iridessa, Silvermist; Gullane Thomas the Train, Percy and Toby; Marvel Spiderman, Wolverine and Captain America; TCFC Strawberry Shortcake, and Viacom Dora the Explorer and Diego.

The 8-ounce BellyWashers 100 percent juice is for children 6



and up. BellyWashers feature fun spill-proof character tops including Disney Cars Lightning McQueen, Tow Mater, Doc Hudson, and spinners for McQueen, Mater, Finn and Francesco; Disney Phineas, Ferb and Agent P; Sanrio Hello Kitty; Marvel Spiderman and Ironman; Viacom SpongeBob and Patrick; DC Comics Batman and Superman; and In Zone Brands originals: peace sign, soccer ball, baseball and basketball.



Swisher Sweets Tropical Fusion Cigarillos

Escape to the islands with the newest flavor of Swisher Sweets Cigarillos—Tropical Fusion. Introduced in January 2013, this unique blend of tropical fruits and fine tobaccos has quickly become

a customer favorite. Swisher Sweets Tropical Fusion comes in the well-recognized resealable 2-count pouch with the "Sealed Fresh" guar-



Swisher Sweets newest flavor Tropical Fusion.



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Introducing THE BIGGEST INNOVATION IN CIGARS SINCE THE HUMIDOR

The NEW Locked-In Humidity Pack from General Cigar does more than just lock in humidity, guaranteeing a perfect premium cigar smoking experience, it also provides you with the opportunity for high margin, incremental sales by selling the nation's best-selling cigars: Macanudo, Excalibur, Portagas, and Punch. ALL WITHOUT A HUMIDOR.



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Pepsi Launches First New Bottle In 16 Years

Pepsi has unveiled a new single-serve bottle for its Pepsi trademark portfolio including Pepsi, Diet Pepsi, Pepsi MAX and Pepsi NEXT, marking its first design update since 1996. A visual expression of the brand's "Excitement of Now" positioning, the bottle is available nationwide in 16-ounce and 20-ounce packaging, with full conversion taking a few years.

The new bottle's bold swirl and elevated profile reflect the brand's attributes and youthful spirit, capturing the excitement of now for Pepsi consumers. The etched, grip-able bottom allows consumers to have a more stimulating, tactile interaction with the bottle itself. The new bottle is the first iteration of the redesign of the full portfolio currently underway under the stewardship of PepsiCo's Chief Design Officer Mauro Porcini, with additional elements to be rolled out throughout the year.

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antee. For more information contact your Swisher representative at 1-800-874-9720.

Oh Boy! Oberto All Natural Bacon Jerky

Oh Boy! Oberto has unleashed bacon from the confines of the frying pan with new All Natural Bacon Jerky. Made from 100 percent real strips of bacon that are naturally seasoned and Applewood smoked to perfection, All Natural Bacon Jerky has 20 percent less fat than traditionally prepared pan-fried bacon. The ingredients include only lean, large strips of bacon, water, sea salt and sugar, with no added preservatives or artificial ingredients. The result is an irresistible anytime snack with a big bold smoky flavor and real bacon goodness. All Natural Bacon Jerky is available in 2.5 ounce packages and retails for \$5.99 MSRP.



**Oh Boy! Oberto All
Natural Bacon Jerky
has no preservatives or
artificial ingredients.**

Smokey Mountain Snuff Puts 7-Eleven On NASCAR Truck

As a way of saying thank you to its friends and partners at 7-Eleven, Smokey Mountain Snuff arranged to have 7-Eleven as an associate sponsor of NASCAR Truck Series Racing with driver Ron Hornaday. Once again for 2013, Smokey Mountain Snuff is the primary sponsor of Hornaday in the NASCAR Camping World Truck Series. On April 20,



7-Eleven logos appeared on Ron Hornaday's #9 Chevrolet thanks to Smokey Mountain.

during the Kansas race, 7-Eleven was the associate sponsor of Hornaday's #9 Chevrolet, with 7-Eleven logos prominently displayed on the Smokey Mountain race truck. The nationally televised race aired live on FOX SPEED channel. Ron Hornaday is the truck series all-time race winner, and as such received ample TV coverage during the race, putting 7-Eleven and Smokey Mountain Snuff in the spotlight.

New 2013 iGear Rack

iGear recently introduced its new display rack that includes an assortment of new, stylish sunglasses for 2013. The company is also offering an optional auto-replenishment program. Stores can order the rack via pre-book—



PUGS will ship to stores in May. The display rack is fully guaranteed, and has a solid margin at 61-64 percent and should average about \$5 APSD. The iGear display rack has an SRP of \$1,394 and cost of \$510, generating GP\$ of \$844 (60.5 percent Margin).



**New iGear Rack
should have a 60
percent margin.**

KIND Adds Two New Flavors

KIND Healthy Snacks is kicking it up a notch with the introduction of its two newest flavors: Dark Chocolate Chili Almond and Maple Glazed Pecan & Sea Salt. These newest additions broaden the KIND Nuts & Spices line of bars to now include six varieties containing only 5 grams of sugar (or less) and nothing artificial. Similar to all KIND snacks, KIND Nuts & Spices is all natural, gluten free, low glycemic, non-GMO, and low in sodium.


The newest flavors will join the original four flavors of KIND Nuts & Spices (Dark Chocolate Nuts & Sea Salt, Madagascar Vanilla

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**Wells delivers
in a BIG way.**



Wells Brings You Customer Solutions

- A dedicated sales team focused on your growth
 - Innovative products
 - Products featured with Real Ice Cream no dairy dessert
 - Brings comprehensive portfolio of brands to grow the category
- Blue Bunny®
Cadbury®
Jolly Rancher®
2nd Street®
Yoplait®
Weight Watchers®
- 

[illegible]



Jack Link's bold new SQUATCH brand.

Prepare To Be SQUATCHED!

Jack Link's has introduced the all-new SQUATCH brand, a bold snack stick line geared towards teens and young adults. A snack with a unique, spicy flavor and premium, category-leading Jack Link's quality, SQUATCH is as bold as it gets. The brand's personality and design aligns the product with elements consumers recognize and love about Jack Link's, but with an edgy, new twist. SQUATCH Sticks are available in 1-ounce packages and come in two flavors: Original and Hot. SQUATCH is now available nationwide at a suggested retail price of \$1.29.

With its fierce name, eye-catching packaging and graphics, and memorable icon, SQUATCH instantly stands out at retail locations. While developing the brand, Jack Link's drew inspiration directly from SQUATCH's target consumer—members of the Millennial generation. Jack Link's plans to expand SQUATCH product offerings and merchandising displays later this year. For more information about SQUATCH, visit www.JackLinks.com.



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Almond, Dark Chocolate Cinnamon Pecan and Cashew & Ginger Spice) on store shelves nationwide beginning June 2013. Suggested retail price is \$1.99 per bar.



KIND spices it up with two new flavors.

able at 7-Eleven and is the #8 best selling item in the Take Home Ice Cream Category (Source: 7-Exchange, Dollar Sales, Latest 4 weeks ending March 31, 2013). Ben &

Jerry's will be supporting the flavor through Facebook and Twitter, as well as with value offers throughout the year!

New Ben & Jerry's Nutty Caramel Swirl, A 7-Eleven Exclusive

Ben & Jerry's is already the #1 selling ice cream in 7-Eleven. As one of Ben & Jerry's most valued customers, 7-Eleven has received its very own exclusive flavor—Nutty Caramel Swirl!



Nutty Caramel Swirl is already #6 among all Ben & Jerry's items available at 7-Eleven.

Based on its candy bar-like flavor profile featuring nougat ice cream, peanuts, fudge flakes and a salty caramel swirl, it's sure to please 7-Eleven's snack-searching consumers.

The flavor has only been available for a few weeks, but it has already climbed to #6 among all Ben & Jerry's items avail-

Swisher Sweets Green Sweets Cigarillos

Just in time for Spring, Swisher introduces Green Sweets Cigarillos. Created using naturally mild Candela leaf, Swisher Green Sweets have a distinctive green color and pleasant aroma. They also burn slowly for an easy, sweet smoke. The new Swisher Sweets Green Sweets come in a resealable 2-count pouch with the "Sealed Fresh" guarantee. For more information contact your Swisher representative at 1-800-874-9720. ■



New Swisher Sweets Green Sweets Cigarillos.

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ignore a company completely. • **Washington, D.C. retailers classified as large** would have to pay a minimum wage of \$11.75 per hour, plus benefits, under a bill being considered by the City Council. Similar bills in three previous years failed earlier in the process, and **this version is hotly contested, with union** and labor activists supporting it and business interests opposed. • For the ninth year in a row, sandwich chain **Subway has been named Brand of the Year** in the Quick Service Restaurant category according to the 2013 Harris Poll EquiTrend study. • A 7-Eleven store in Montgomery County, Pennsylvania sold a **Powerball lottery ticket worth \$1 million** from the March 23 drawing. **The store received a \$5,000 bonus for selling the winning ticket.** • The U.S. Postal Service says it will delay plans to cut Saturday mail delivery because Congress isn't allowing the change, reported the Associated Press. • **Starbucks offshoot Seattle's Best Coffee** recently announced that it plans to open 15 of its new drive-thru concept stores in Dallas-Fort Worth this spring. • **United Airlines has introduced a new application for Windows Phone 8** users that allows them to book reservations—including reward travel—check in for flights, access mobile boarding passes, monitor flight status details, and view their MileagePlus frequent flyer accounts. ■



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- PLUS THOUSANDS MORE HELPFUL USES



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SAN DIEGO FOA ANNUAL CHARITY GOLF TOURNAMENT

Salt Creek Golf Course
Chula Vista, California
June 6, 2013
Phone: 619-713-2411

CENTRAL FLORIDA FOA TRADE SHOW

(location to be announced)
June 11, 2013
Phone: 913-940-3088

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

VIRGINIA FOA CONVENTION & TRADE SHOW

(location to be announced)
June 20, 2013
Phone: 540-270-7934

METRO NEW JERSEY FOA PICNIC

(location and date to be finalized)
June 23 or 30, 2013
Phone: 908-232-1336

METRO NEW JERSEY FOA ANNUAL GOLF OUTING

(location to be announced)
June 27, 2013
Phone: 908-232-1336

TUCSON FOA GOLF TOURNAMENT

The Ritz Carlton—Dove Mountain
Tucson, Arizona
June 28, 2013
Phone: 520-906-8691

COLUMBIA PACIFIC FOA JOHN WILKERSON GOLF TOURNAMENT

(location to be announced)
Portland, Oregon
August 2, 2013
Phone: 503-984-1398

PACIFIC NORTHWEST FOA CHARITY GOLF TOURNAMENT

Harbour Pointe Golf Club
Mukilteo, Washington
August 13, 2013
Phone: 253-861-6737

SOUTHERN CALIFORNIA FOA GOLF TOURNAMENT

(location to be announced)
Pasadena, California
August 14, 2013
Phone: 818-366-1948

CAL-NEVA FOA LOU MAGNOTTI GOLF CLASSIC

Genoa Lakes Golf Club
Genoa, Nevada
August 16, 2013
Phone: 775-826-7111

UTAH FOA TRADE SHOW

(location to be announced)
August 20, 2013
Phone: 801-255-8951

7-ELEVEN FOAC ANNUAL GOLF OUTING

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

UFOLI GOLF TOURNAMENT

(location and date to be announced)
September 2013
Phone: 516-647-4617

SOUTH NEVADA/LAS VEGAS FOA CHARITY GOLF TOURNAMENT

Desert Pines Golf Course
Las Vegas, Nevada
September 20, 2013
Phone: 702-769-2301

TRISTATE FOSE GOLF OUTING LITTLE BENNETT GOLF COURSE

Clarksburg, Maryland
September 25, 2013
Phone: 301-572-6711

METRO NEW JERSEY FOA TRADE SHOW

(location and date to be finalized)
Atlantic City, New Jersey
November 6-7 or 13-14, 2013
Phone: 908-232-1336

7-ELEVEN FOAC HOLIDAY TRADE SHOW & PARTY

Holiday Inn North Shore
Skokie, Illinois
November 6, 2013
Phone: 312-253-7342

GREATER BAY FOA HOLIDAY PARTY

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

SOUTH NEVADA/LAS VEGAS FOA TABLE TOP TRADE SHOW & HOLIDAY PARTY

(location to be announced)
December 6, 2013
Phone: 702-769-2301

METRO NEW JERSEY FOA HOLIDAY PARTY

(location and date to be finalized)
December 6 or 13, 2013
Phone: 908-232-1336

PACIFIC NORTHWEST FOA CHRISTMAS PARTY & TRADE SHOW

(location to be announced)
December 7, 2013
Phone: 253-861-6737

BALTIMORE FOA HOLIDAY PARTY 2013

(location to be announced)
Baltimore, Maryland
December 12, 2013
Phone: 410-218-2939

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
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
September 26, 2013—Board Meeting
October 24, 2013—Board Meeting
November 21, 2013—Board Meeting
December 19, 2013—Board Meeting

Greater Bay FOA

Phone: 707-328-3960
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
May 21, 2013
June 18, 2013
August 20, 2013
September 17, 2013
October 15, 2013
November 19, 2013

San Francisco/Monterey Bay

Phone: 650-996-9479
May 14, 2013
June 11, 2013
July 9, 2013
August 13, 2013
September 10, 2013
October 8, 2013
November 12, 2013

Metro New Jersey FOA

Meetings Location: Akbar Restaurant in Edison, NJ
Phone: 908-232-1336

July 24, 2013
October 16, 2013
November 27, 2013

South Nevada/Las Vegas FOA

Phone: 702-249-3301
May 23, 2013—Board Meeting
June 13, 2013—Board Meeting
June 26, 2013—General Meeting
July 25, 2013—Board Meeting
August 8, 2013—Board Meeting
August 22, 2013—General Meeting
September 12, 2013—Board Meeting
October 10, 2013—Board Meeting
November 7, 2013—Board Meeting
November 21, 2013—General Meeting & Elections

Pacific Northwest FOA

Phone: 253-861-6737
June 12, 2013
September 18, 2013
November 6, 2013



San Diego FOA

Phone: 619-713-2411
May 16, 2013
June 20, 2013
July 25, 2013
August 15, 2013
September 19, 2013
October 17, 2013
November 21, 2013

Cal-Neva FOA

Phone: 775-826-7111
May 15, 2013
June 19, 2013
July 17, 2013
August 21, 2013
September 18, 2013
October 16, 2013
November 20, 2013

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Play The Name Game!

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



FOA EVENTS

UFOLI TRADE SHOW

Huntington Hilton
Melville, New York
May 1, 2013
Phone: 516-647-4617

NORTHERN CALIFORNIA FOA & CENTRAL VALLEY FOA JOINT TRADE SHOW

(location to be announced)
May 3, 2013
Phone: 916-782-4144

CHESAPEAKE BAY FOA TRADE SHOW

Virginia Beach Convention Center
Virginia Beach, Virginia
May 6, 2013
Phone: 757-362-2236

7-ELEVEN FOAC ANNUAL TRADE SHOW

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

TEXAS FOA
VIP COCKTAIL RECEPTION

Seasons 52 Fresh Grill & Bar
Plano, Texas
May 20, 2013
Phone: 972-896-3590



Franchisees, Exhibitors and Major Sponsors can now register for the NCASEF Convention and Trade Show including hotel at www.ncasef.com.

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 BOARD OF DIRECTORS MEETING

New Orleans Marriott
New Orleans, Louisiana
May 9-11, 2013

TEXAS FOA CHARITY GOLF TOURNAMENT FOR SWIM ACROSS AMERICA

Twin creek Golf Course
Allen, Texas
May 21, 2013
Phone: 972-896-3590

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

SOUTHERN CALIFORNIA FOA ANNUAL TRADE SHOW

Pasadena Convention Center
Pasadena, California
May 22, 2013
Phone: 818-357-5985

SAN FRANCISCO/MONTEREY BAY FOA GOLF TOURNAMENT

Castlewood Golf Club
Pleasanton, California
June 3, 2013
Phone: 510-754-1113

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July 14-18
Trade Show: July 17-18

The Venetian Hotel and Casino, Las Vegas!

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Alert Fruit	142758	404814

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