

AVANTI

May/June 2013

THE VOICE OF 7-ELEVEN FRANCHISEES

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Business Transformation
Moves Forward

Developing A Culture Of Effective
Communications

7-Eleven, Inc.—Fix That Pothole!

Summer Selling Let's Make The Most Of It

The Audit—What Is It Good For?

Teamwork On The Multiple Criteria

EBT Integration

The Convenience Health & Wellness Category

Heat Up Sales And Profits With Frozen Treats

Legislative Issues Of Importance

The Minimum Ten Steps Required
In Accounting



2013 Convention & Trade Show
The Venetian Hotel and
Casino Resort, Las Vegas
July 14-18

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MIKE AND IKE® LEMONADE BLENDS® 3.6oz Theater Box 12ct box	438333	140399
REG. BOXES	UIN	SLIN
HOT TAMALES® Cinnamon 8.3oz Theater Box 12ct box	368688	141452
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Minute Maid

-
- A row of five Minute Maid juice bottles. From left to right: Strawberry Passion (red label, strawberry and passion fruit image), 100% Apple Juice (green label, apple image), 100% Orange Juice (orange label, orange slice image), Cranberry Apple Raspberry (red label, apple and raspberries image), and Cranberry Grape (purple label, grapes image). Each bottle has a black cap and a label with the Minute Maid logo and product name.

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-
- The image displays four bottles of Odwalla beverages against a blue background. From left to right: 1. Chocolate Protein Smoothie (brown bottle, blue cap) with 320 calories. 2. Mango Tango Fruit Smoothie (orange bottle, red cap) with 220 calories. 3. Original Superfood Smoothie (green bottle, green cap) with 100 calories. 4. Strawberry C Monster Fruit Smoothie (red bottle, red cap) with 240 calories. Each bottle features the Odwalla logo and an illustration of its ingredients.

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1. Exchange 3/1/12 ending April 30. 2. Summer 2012 Dos Equis SnapTag campaign data.

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THE VOICE OF 7-ELEVEN FRANCHISEES

May/June 2013

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2013 Convention & Trade Show

*The Venetian
Hotel and Casino
Las Vegas!*

July 14-18
Trade Show: July 17-18

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DEPARTMENTS

AVANTI is published by the National Coalition of Associations of 7-Eleven Franchisees for all independent franchisees, corporate store managers, area licensees and interested parties. National Coalition offices are located at 3561 East Sunrise Drive, Suite 135, Tucson, AZ 85718. For membership information, call 520-577-8711, e-mail nationaloffice@ncasef.com or fax to 520-577-4688. AVANTI Editorial and Advertising Offices are located at 116 Bellevue Ave., Suite 304, Langhorne, Pennsylvania 19047. For advertising information, call Sheldon Smith at 215 750-0178 or fax to 215 750-0399; on-line, send messages to sheldon.smith5@verizon.net.



Member News

Visit the National Coalition
Website, www.ncasef.com

Feds Seize 14 7-Elevens In Immigration Investigation

Federal authorities seized 14 7-Eleven stores on Long Island and in Virginia, arresting nine franchisees and managers for allegedly smuggling illegal immigrants from Pakistan using stolen identities and exploiting them, reported the *New York Times*. Prosecutors allege that the stores took in more than \$180 million in revenue by running a "modern-day plantation system," built on the unpaid labor of dozens of illegal immigrants hired using fake Social Security numbers.

Through the scheme, federal authorities said the defendants recruited more than 50 illegal immigrants and gave them identities stolen from American citizens, including children and dead people. The employees worked for 100 hours a week but were paid for a fraction of that time, and were forced to live in substandard housing owned by the operators of the convenience stores, the authorities said.

The defendants are Farrukh Baig and his wife Bushra Baig, who owned, co-owned or controlled 12 of the 7-Eleven

franchise stores located on Long Island and in Virginia; Zahid Baig and Shannawaz Baig, Farrukh Baig's brothers who helped to manage and control the stores; and Malik Yousaf, Tariq Rana, and Ramon Nanas. Brothers Ahzar Zia and Ummar Uppal owned and controlled two other Long Island 7-Elevens and were indicted separately.

Prosecutors are further seeking \$30 million in forfeiture from the stores and SEI. Although the stores have been seized by the feds, SEI has recently assumed control of them.

Seven & I Plans To More Than Double North America Stores

SEI parent company Seven & I Holdings plans more acquisitions in the U.S. and may more than double North America outlets as consumer spending improves in the largest economy, reported *Bloomberg*. In North America the company "could increase our store number to 20,000 or even 30,000," Chairman Toshifumi Suzuki said in a May 30 interview at the company's Tokyo headquarters. It currently has more than 8,000 outlets in the

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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



NATIONAL COALITION OF ASSOCIATIONS OF 7-ELEVEN FRANCHISEES

NATIONAL OFFICERS

Bruce Maples

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

Jivtesh Gill

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

Arnold J. Hauptman

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

Roger St. George

VICE CHAIRMAN
360-500-1248 • rdssaint@comcast.net

Jatinder Singh

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

Jas Dhillon

VICE CHAIRMAN
818-571-1711 • jasdhillon@rocketmail.com

Anas Abboud

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

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

John Riggio

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

Sheldon Smith

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

AVANTI

Sheldon Smith

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

John Santiago

ASSISTANT EDITOR
215 750-0178
AVANTIMAG@VERIZON.NET

Tricia Kessler

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KESSLER DIGITAL DESIGN

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May/June 2013

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Member News



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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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region and Suzuki didn't provide a time-frame for the planned expansion.

Seven & I has been buying small chain stores in the U.S. as it tries to strengthen the competitiveness of the local unit. Strength in consumer spending and business investment is helping the U.S. economy overcome government cutbacks, underlining forecasts for a growth pickup later in the

year. The company bought 662 convenience stores in North America in its last fiscal year, and plans to have 10,000 stores in North America as early as 2014. Seven & I had 50,254 convenience stores worldwide with 8,116 outlets in the U.S. as of March of this year.

"Seven & I plans to have 10,000 7-Eleven stores in North America as early as 2014."

Hire Heroes Charitable Promotion Months Are November And December 2013



OFFICIAL
HIRE HEROES USA
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The National Coalition, vendors, and 7-Eleven, Inc. for the third year in a row will sponsor a cause-equity program for Hire Heroes, Inc. the non-profit organization offering transition assistance, job search assistance and job placement services to those veterans injured or disabled in Operation Iraqi Freedom and Operating Enduring Freedom. The 2012 program, which included \$310,000 in contributions from 14 companies, and the proceeds from the National Coalition's 2012 Joe Saraceno Charity Golf Tournament, generated over \$400,000 in donations for the charity.

The 2013 Hire Heroes program, which will run November and December 2013, has a goal of generating \$500,000 for Hire Heroes, to be used for general operations of workshops and other skill-building activities for wounded military veterans throughout the country. The workshops help military veterans and their spouses reorient to civilian life and develop goals and job-finding skills.

The National Coalition, 7-Eleven, Inc. and our vendor partners have committed to significant financial support beyond the 2012 level, through strong engagement of franchisees and aggressive vendor promotions intended to drive sales and profits. Two of last year's sponsors, Hershey's and Kellogg's, plus Wrigley, have pledged minimum donations of \$100,000 each, and over a dozen other companies are expected to have minimum donations from \$10,000 to \$40,000, with additional contributions to Hire Heroes if purchase goals are achieved by the franchisee community. Look for more Hire Heroes promotional offers from participating companies soon!

Please support the companies that have made a special commitment to this great cause: Hershey's, Kellogg's, Wrigley, MillerCoors, Anheuser-Busch, Gallo Wine, BIC, Nestle Professional, Mars, Mondelez, Perfetti, Met-Rx, General Mills and Nestle Waters.

Hershey Holiday Promo To Benefit Hire Heroes

Hershey announced that it will contribute an additional \$100,000 to Hire Heroes USA if more than 25 percent of 7-Eleven stores participate in its Holiday Confections FFE. Interested franchisees were advised to order the special holiday display from McLane (SLIN 141853) between June 10 and June 30. The display consists of traditional favorites and premium selections, with price points ranging from \$0.79 to \$14.99. On average, 7-Eleven guests spent over \$20 APSD on candy for Christmas in 2012. Additionally, candy is the most impulsive seasonal category and displays are the most influential purchase driver, so this holiday display promises to be a huge sales generator. Total cost is \$904.45, total retail is \$1,484.70, and blended GP is 39 percent.

7-Eleven Expands Across Southwest Florida

SEI has added 38 stores across the five-county region of Southwest Florida since 2011—more than 35 percent growth—with plans for about 40 more in the next five years, reported *The News-Press*. The company said it has targeted Southwest Florida for growth because it is a very strong market and the 7-Eleven brand is already well recognized there. Over the past two years, 7-Eleven has grown in Southwest Florida not only by building new stores, but by converting other stores to the 7-Eleven brand and by opening stores in more non-traditional locations, including those without fuel pumps. SEI is also looking to sell the franchises to about 50 corporate-owned stores.

SEI Begins I-9 Compliance Review

Following the immigration and identity theft scandal affecting 14 of its franchised stores in New York and Virginia, SEI has instructed its franchisees to conduct an internal review of their personnel files to confirm "the accurate and thorough completion of the employment eligibility verification form I-9 for every employee," reported *CSNews Online*. In a letter sent to storeowners, the company also said field consultants and market managers will conduct onsite reviews to evaluate compliance. In the letter, SEI said, "Failure to comply will result in se-

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• HÄAGEN-DAZS®
Vanilla Latte
ice cream will be
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SLIN: 190282



flavor notes:
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real coffee grounds, is delicately swirled into
creamy vanilla bean ice cream

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Legislative Update

rious consequences, including the possible termination of your franchise agreement.”

Franchisees had until the end of June to conduct the internal I-9 reviews. Beginning July 1, field consultants and market managers visited each store to review all franchisees I-9 documents for completion and substantive compliance, according to the report.

7-Eleven To Open Store At Time Warner Cable Arena

Charlotte, North Carolina City Council members are expected to sign off on a five-year lease deal to allow SEI to open a store at Time Warner Cable Arena uptown, home to the Charlotte Bobcats NBA team, reported the *Charlotte Business Journal*. SEI expects to open a 4,275-square-foot convenience store in the former Bellacino's Restaurant space as early as October, if the council approves the deal. The arena lease is set up to let 7-Eleven stay open 24/7.

SEI Puts 139 Stores Up For Sale

SEI has hired NRC Realty & Capital Advisors to help sell 139 convenience stores, reported *CSNews Online*. Of the properties, 83 are in Texas, 31 in Florida, 11 in Ohio, 8 in Pennsylvania, 5 in Utah and 1 in Wisconsin. The company said these are “terrific properties” they’ve acquired in the past three years that simply did not fit 7-Eleven’s business model. The property lot sizes range from about 10,000 to 75,000 square feet, and the store sizes vary from kiosks to 6,700 square feet. Of the locations on the market, 118 are fee-owned properties and 21 are leaseholds. All sites are being sold without 7-Eleven branding. Most sites are being offered for sale with fuel supply, which will be provided by SEI Fuels Inc.

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California Fair Franchising Bill Passes Through Legislature

A fair franchising bill is making its way through the California legislature, reported NuWireInvestor.com. Senate Bill 610, which provides statutory relief for franchisees when franchisors act in bad faith, recently cleared the California Senate and will move on to a vote in the state Assembly. If passed, California law will require that franchisors act fairly and in good faith when enforcing one-sided franchise agreements. The bill also protects the right of franchisees to organize and support independent franchisee associations.

The bill’s passage in the Senate has encouraged franchisee advocates. “This is the best opportunity in years to have major franchisee protection legislation enacted to protect the vital interests of franchise owners,” Robert Purvin, chair of the American Association of Franchisees and Dealers, told the website. “An affirmative right of good faith and fair dealing, and a statutory right to recover damages when franchisors act in bad faith, will provide significant protection to California franchise owners,” he added.

House Rejects Farm Bill Over SNAP Provisions

The U.S. House of Representatives recently failed to pass its version of a five-year Farm Bill, reported NACS Online. Most Democrats voted against the bill because it cut the Supplemental Nutrition Assistance Program (SNAP) by more than \$20 billion, while Republicans countered that the bill was simply too costly. NACS supported the House version of the measure because the Senate version, which is still in motion, would prohibit any food retailer from participating in the SNAP program if 45 percent or more of the retailer’s revenue is derived from the combined sales of hot food, alcohol and tobacco. This would include c-stores, even though they meet all of SNAP’s eligibility criteria from participating in the program, according to NACS.

The future of the House Farm Bill is questionable. The House could go back to the drawing board and rework the bill, or it’s possible that the House could move ahead into the conference committee process without a bill and try to negotiate terms with the Senate, which has already passed its version of the Farm Bill.

Cities & States Plan To Raise Smoking Age

State lawmakers in New Jersey and New York have joined New York City’s push to would raise the legal age for purchasing cigarettes to 21, reported the *Wall Street Journal*. Chicago is also considering increasing its smoking age. The New York City Council is expected to vote and approve its bill by the end of the summer. Under New Jersey’s proposal, retailers who sell tobacco to those under the age of 21 would face fines of up to \$1,000, and owner’s licenses to distribute cigarettes could be stripped after multiple violations. Retailers have expressed concern that the proposals could hurt their businesses, diminish tax revenue and drive minors to the black market.

The minimum age to buy cigarettes in the U.S. is 18, although Alabama, Alaska, New Jersey and Utah have raised the limits to 19. Texas lawmakers were considering becoming the first state to raise the legal age to 21 this year, but the bill was tabled due to concerns about lost taxes.



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Texas FOA Raises Funds For Swim Across America

The Texas FOA has pledged to donate at least \$25,000 for Swim Across America (SSA) Dallas, reported *CSP Daily News*. SSA Dallas is a non-profit organization that raises money and awareness for cancer research, prevention and treatment through swimming-related events. During May, more than 130 7-Eleven stores sold donation flags throughout the Dallas/Fort Worth Metroplex, DFW, and the Texas FOA was a title sponsor of the SAA Dallas open water swim event on June 8 in Rockwall, Texas. All proceeds raised for SAA Dallas benefit the

Innovative Clinical Trials Center in the Baylor Charles A. Sammons Cancer Center at Dallas, the largest outpatient cancer center in North Texas dedicated to cancer care, research and education.

DePinto Reelected To RILA Board

SEI President and CEO Joe DePinto was reelected to the Retail Industry Leaders Association (RILA) Board of Directors during the organization's annual meeting in Washington, D.C. in late June, reported *CSNews Online*. This is DePinto's second

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"7-Eleven's foodservice efforts have resulted in \$2.7 billion in fresh foods sales a year."

two-year term on the RILA Board, after first being elected in 2011. The RILA Board of Directors is comprised of chief executives from many of America's largest retail companies, and meets in person twice a year to discuss the most important issues facing the retail industry. DePinto rejoins three other current members: Francis Blake, chairman and CEO of The Home Depot Inc.; James Myers, CEO of PETCO Animal Supplies Inc.; and Myron Ullman, CEO of J.C. Penney Co. Inc.

DePinto Outlines 7-Eleven's Foodservice

Speaking before a packed crowd at CSP's Restaurant Leadership Conference in late April, SEI President and CEO Joe DePinto presented how 7-Eleven is adapting to customers' changing needs with its foodservice offerings, according to *CSP Daily News*. DePinto said the current economy is keeping the chain on its toes, and SEI is changing as quickly as its customers are. To that end, he said 7-Eleven has remodeled nearly half its stores at a cost of about \$1 billion over the past five years, making them more foodservice-friendly with a new coffee bar, cold vault and hot-food equipment. DePinto said 7-Eleven has also added "more snackable, on-the-go food items" like chicken tenders and mini tacos. These efforts have resulted in \$2.7 billion in fresh food sales a year and \$5 billion in beverage sales.

He further noted that consumers have changed their eating habits, moving from three meals a day to four or five and looking for snacks to consume throughout the day. "Our economy has shifted from a sellers' market where we could produce a product, charge what we feel was fair for it and the consumer would pay it, to a buyers' market where

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Project A-Game Success Story

Franchisee uses SEI program to build community relationship and customer base

Portland, Oregon franchisee and Columbia Pacific FOA member Aneela Tanveer knows very well the benefits of getting involved with the communities her stores serve. After awarding a \$500 grant to a local private school's sports program, Aneela now has three generations of grateful guests visiting her store regularly. The grant is part of SEI's Project A-Game/School & Sports Grant Program, in which franchisees and the company each donate \$250 to a school athletics program or community youth sports team of the storeowner's choosing. Project A-Game is available to all franchisees nationwide.

Aneela said one of her stores donated \$500 to the Holy Family School's athletic program. To show their gratitude the students and their parents and coaches all visited her store for pictures, and Aneela was able to present them with the check at that time. Aneela added that her other store, also located in Portland, is in the approval process for a grant that she plans to present to the

Cherry Park Elementary School, which is in an underprivileged area. She said the school's principal was thrilled to partner with 7-Eleven and plans to use the money to set up a sports scholarship program for students who can't afford the \$35 sports fee.

Franchisee Aneela Tanveer (center, holding check) presents \$500 to coaches and students of the Holy Family Schools program. To her left are her store manager Balak Ram and field consultant Jack Dyal.



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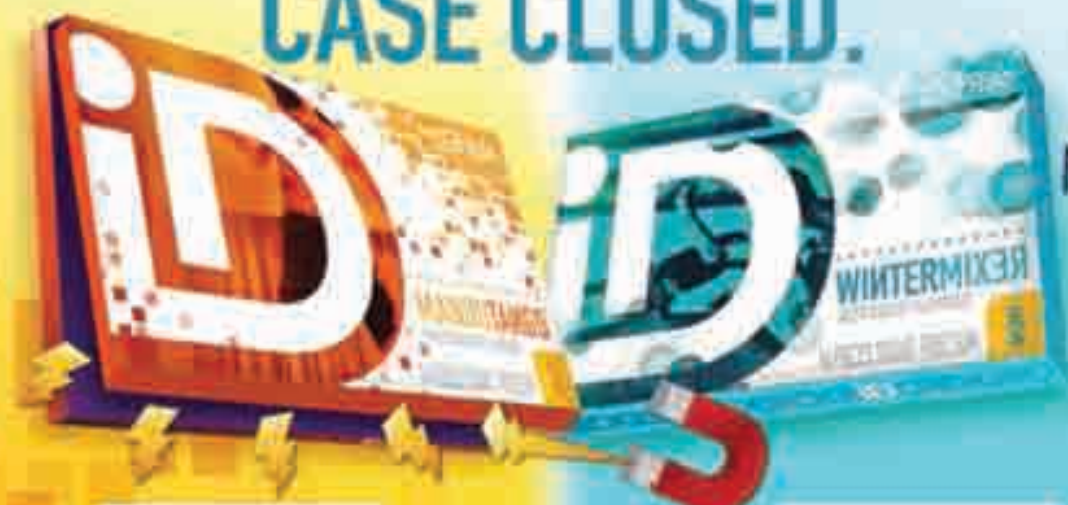


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Member News

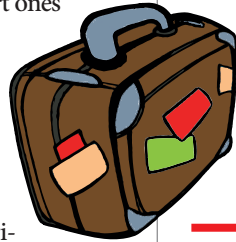
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they can dictate what they buy and how they pay for it," he said. DePinto also said the expanding foodservice market is about an evolutionary change that is affecting all channels and every retailer, and the smart ones are evolving along with it.

Americans Ready To Travel

Eight-five percent of Americans taking vacations this summer will be traveling by car, and more than four in five will be stopping at convenience stores along the way, according to consumer responses captured in the May 2013 NACS Consumer Fuels Survey.

Besides gas purchases, 82 percent of vacationers say they plan to stop at a convenience store as part of their summer trip, and



they cite buying a drink (59 percent), using the bathroom (59 percent) and purchasing a snack (55 percent) as the top three reasons why. Vacationers also are much more likely to buy a sandwich or meal (21 percent) or use the ATM (20 percent) in the warmer summer months—only 4 percent of consumers said that they would go inside the store for either item when surveyed in January.

Consumers Shop C-Stores As Regularly As Supermarkets

When asked how often they shop in a convenience store, 59 percent of respondents reported more than once a week, with that number increasing to over 70 percent among 18-44 year olds, according to a study

conducted by Social Science Research Solutions (SSRS) that examines how consumers shop in c-stores. Surprisingly, 25 percent of the consumers surveyed reported that they shop in a c-store more or as frequently as they shop at the supermarket or grocery store.

Among the top purchases at c-stores are drinks such as soda, bottled water or juice (29 percent); or snacks and candy (21 percent). Other purchases included gas (12 percent); milk or dairy products (11 percent); and cigarettes (10 percent). One third of all respondents (33 percent) stated that it was important for a c-store to carry ethnic branded products, such as Indian, Chinese, or Spanish foods. The number rose to 41 percent among 18-34 year olds. In addition, 42 percent of consumers think it is important for employees to be fluent in a language

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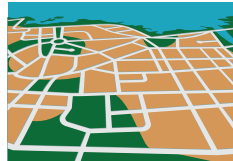
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other than English, reflecting on the global shopping experience. This number jumps to 51 percent among 18-34 year olds.

When shopping in a convenience store, 35 percent reported that it is important to know a person by name when doing business. The percentage increases to 39 percent among those consumers in the 35-44 year old age demographic.

7-Eleven Opens Across the Street From Another 7-Eleven

A 7-Eleven store recently opened across the street from another 7-Eleven in Bel Air, Maryland, reported the *Baltimore Sun*. The 7-Eleven that has stood on Baltimore Pike near Hays Street for nearly 50 years was joined by the new 7-Eleven on the 300 block of Main



Street on June 24—exactly 47 years after the June 24, 1965 opening of the older store, SEI told the newspaper. The company said it is not uncommon to have two stores so close to one another. “All sites are selected after a good deal of research into traffic patterns, traffic/pedestrian generators,” an SEI spokesperson said. “The real estate team believes this would be a convenient location for [workers], residents, visitors within a quarter-mile radius of the new store.”

Foot Traffic & Spending Up At C-Stores During Q1 2013

Consumers are finding value in convenience stores as evidenced by a modest 2 per-

cent gain in consumer traffic during the first quarter of 2013, which led to an increase of nearly 6 percent in dollars compared to the same quarter a year ago, according to The NPD Group's Convenience Store Monitor study. NPD's c-store research shows that visit frequency grew quarter-over-quarter to 6.1 visits in a 30-day period for the average conventional c-store shopper.

Traffic gains in the first quarter were concentrated at traditional c-stores, which experienced a visit growth of 9 percentage points over a year ago, while visits to major oil and small c-store chains declined 5.0 points and 1.1 points, respectively. Rising gasoline prices in the quarter, \$3.37 per gallon at the beginning of the quarter and \$3.74 per gallon at the close of the quarter, contributed to a c-store visit decrease. Close to half the U.S. population (48.8 percent) reported a c-store visit in the past 30 days, down slightly from a year ago and also from the last quarter of 2012, when it was 49.5 percent.

E-Cigs Among Growth Opportunities For C-Stores

A new Times & Trends study by Information Resources, Inc. (IRI)—“Convenience Stores: Keep the Core; Appeal to More”—investigates how convenience stores can tackle the challenges of today's economic and shopping environments to find sustainable growth beyond the declining fuel and cigarette sectors. In its report, IRI has uncovered the following growth opportunities:

- **Electronic Cigarettes:** This product has enjoyed explosive growth since bursting on the scene in 2009, and the convenience channel accounted for two-thirds of the category's sales in 2012. Channel growth of electronic cigarettes escalated in 2013, bolstered by deflationary pricing trends. The continuation of favorable pricing-related trends is key to retailers that seek to ride the wave of growth in this up-and-coming category.

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7-Eleven President and CEO Joe DePinto was ranked among ExecRank's "Top Private Company CEO Rankings" for 2012, **coming in at No. 221 out of 400.** The list recognizes CEOs who have been able to spread their company's reputation for leadership and innovation in their industry. • **Starbucks plans to open 1,000 stores in China by the end of this year,** reported Quartz.com. The coffee chain is very popular with Chinese consumers, and has broadened its offerings by adding a breakfast menu and is investing further in its efforts to produce coffee in China's Yunnan province. • **Wrigley has temporarily halted production and sales of its new Alert energy gum** as the FDA investigates the safety of caffeinated-food products. • 66 percent of consumers **who attempt to make a purchase on their smart phone or tablet** bail during checkout because they find the process either too time consuming or difficult, reported *Mobile Payments Today*. • In an effort to avoid a fuel crisis similar to the one that occurred **after Hurricane Sandy devastated the Northeast last fall,** New York State has imposed a generator mandate on gas stations located near limited access highways or evacuation routes in areas that were most affected by the storm, reported *CSP Daily News*. • **Women are the main source of income in 40 percent of U.S. households with children,** according to a new report from the Pew Research Center. In 1960, women were the main earners in just 11 percent of such households. • Eager to recoup some of the money lost to those opting for zero-emissions motoring, **several states are now levying new taxes on electric vehicle owners,** reported *Wired*. Washington, for instance, is slapping people with a \$100 annual tax for

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"C-stores experienced a 2 percent gain in consumer traffic in the first quarter 2013."



Member News

continued from page 32

- **Health and Wellness:** With two-thirds of consumers indicating that they are trying to eat healthier, convenience store marketers have a great opportunity to help consumers strike a balance between wellness and indulgence in their lives. Even in traditionally indulgent categories, such as salty snacks and cookie and bakery snacks, healthier options are available and are being well received. Convenience store marketers must develop consumer-centric, 360-degree health and wellness programs.

- **Foodservice:** Although many consumers are already buyers of convenience channel foodservice offerings, the desire for better quality offerings is high. This may include

customizable and freshly made options, or selections provided by local and/or well-known restaurants.

- **Outdoor Advertising:** Since many consumers pay at the pump at convenience stores, outdoor advertising is key to luring shoppers inside the stores. In fact, product growth rate is twice as high with outdoor causal advertising compared to doing no advertising.

Number Of Franchise Jobs Increase In May

Private-sector franchise jobs increased by 19,160 during the month of May 2013, according to the first monthly ADP National Franchise Report. The report measures monthly changes in franchise employment and is derived from ADP's actual transactional pay-

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roll data. During the month of May, U.S. franchise employment increased for most of the franchise industries the ADP National Franchise Report measures, with restaurants, business services and food retailers showing the largest increases. These three industries generated a combined total of 17,590 private-sector franchise jobs—offset primarily by losses in education and professional services in May. The report further reveals that over the past twelve months, the franchise industries measured have added approximately 150,000 jobs to the economy.

FM Reports Improved Service

FM Facility Maintenance upper management attended the National Coalition Board

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"The Missouri Lottery plans to test play-at-the-pump sales at 15 gas stations around the state."



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meeting in New Orleans in May to update franchisees on progress it has made to improve service. Among the improvements it has made:

- The company said it has improved the billing process and the length of time frame for credits and refunds. They said the goal was to reduce the cycle to 15 days from the date of review, assuming all information related to a disputed invoice is submitted correctly (the old process took 60 to 90 days). With the improved process, it now takes 11 days for FM to investigate and submit the outcome to the franchisee.

- Invoice and dispute charges have dropped. There were 144 open disputes as of

the end of the quarter out of 50,000 work orders a month. The dispute trend remains relatively low and rates are well below past historical rates. Furthermore, franchisee charges are now reviewed three times before submittal (FM FSR, FM AP and 7-11 DFM).

FM also said its current 7-Eleven Agreement and Franchisee Assignment Agreement allowed for price increases based on inflation, but it has not implemented them and has only increased the Contract Prices since 2009 by only 2.03 percent. The company said its 2013 objectives include continuing to reduce the total cost of maintenance (scheduled and reactive maintenance across

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the portfolio adjusted for inflation) and to build an Asset Management Program with targeted capital to improve Performance.

Missouri Lottery Plans Play-At-The-Pump & ATM Sales

Missouri residents will soon be able to electronically purchase Powerball and Mega Millions lottery tickets at a handful of gas pumps and ATMs around the state, reported the *St. Louis Post-Dispatch*. The new effort, intended to encourage more ticket sales, comes as the state budget has grown

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Legislative Update

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Michigan Lottery Considers Internet Sales

The Michigan Lottery is considering online ticket sales to boost revenue for public schools, reported the *Lansing State Journal*. However, some state lawmakers fear the move could lead to increased gambling addiction, debt and a hit to brick-and-mortar stores participating in the lottery. The debate is heating up as the Michigan Legislature sets spending for the next budget year. The administration of Governor Rick Snyder has requested more

State lawmakers in New Jersey and New York have joined New York City's push to would raise the legal age for purchasing cigarettes to 21.

than \$3 million to launch an "iLottery" in early 2014. If the lottery expands to the Internet, Michigan could deposit nearly \$8 million more to education in year one, according to lottery estimates. This is not much, considering the school aid fund received a record \$780 million in lottery profits last fiscal year. However, lottery officials estimate profits could grow \$471 million in the following seven years.

Federal Plastic Bag Tax Introduced In Congress

A Capitol Hill lawmaker has introduced legislation in Congress to impose a 5-cent fee on plastic and paper bags distributed at every grocery, retail and convenience store across the nation, reported the *Sun Gazette*. Revenue from the tax, which would run into the tens of millions of dollars per year, would support the

Land and Water Conservation Fund. The measure was modeled after a bag-tax policy adopted in the District of Columbia in 2009. If enacted, its goal would be to reduce the roughly 100 billion single-use plastic bags distributed in the U.S. each year.

L.A. Bans Plastic Grocery Bags

Los Angeles recently became the largest city to ban the use of plastic grocery bags, reported the *Los Angeles Times*. On June 18, the City Council approved an ordinance that applies not just to food stores and mini marts but also big retail chains with their own line of groceries, such as Target and Wal-Mart. The ordinance, which has been in the works for years, would go into effect gradually, reaching large stores January 1 and smaller ones July 1, 2014. Customers will either have to bring their own reusable bags or pay a 10-cent fee for each paper one requested, according to the ordinance.

California Assembly Approves Minimum Wage Hike

A bill to raise the minimum wage in California is making its way through the Legislature, having recently passed the state Assembly, reported the *Los Angeles Times*. Assembly Bill 10 would increase the state's minimum wage from the current \$8 an hour to \$9.25 over the next three years—to \$8.25 in 2014, \$8.75 in 2015 and \$9.25 in 2016—and then require inflation-adjusted increases every year after. The bill now goes to the Senate. California's minimum wage

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Customers in Los Angeles now have to bring their own reusable bags or pay a 10-cent fee for each paper bag requested.

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SWEEPSTAKES

Business Transformation Moves Forward

BY BRUCE MAPLES
EXECUTIVE CHAIRMAN, NCASEF

Almost four years ago 7-Eleven started talking about a managed distribution model that would transform the way products are delivered to our stores. 7-Eleven was looking to address a number of supply chain issues to improve delivery methods and cost of goods. High gas prices, less frequent deliveries from some of our largest vendors, a high percentage of out-of-stocks, parking lots full of delivery trucks taking up customer parking, and vendors delivering during peak business hours all were topics of discussion from the beginning.

To solve these issues 7-Eleven made a commitment to simpler store ordering, to streamlined check-in and self-billing, to delivering top sellers more frequently, and to reducing the total number of deliveries (gas costs also have a high impact on item pricing). This involved improved forecasting, reducing the number of out-of stocks, but more importantly, to implementing a perpetual inventory system that delivers by-item inventory controls. The promise to franchisees was faster, just-in-time inventory, easier tracking of all items, and an increase in sales and profits.

What we now call Business Transformation has been rolled out to almost 27 percent of 7-Eleven's stores—769 stores in Greater Los Angeles under a model known as the LA Pilot, which has been operating for more than three years, and to 1,245 stores in Texas and Florida, known as the Hybrid model, in operation for the last two years.

In the LA Pilot model, products from McLane and most of our traditional DSD

vendors, including soda and all heavy liquids, are delivered together, on one truck, twice per week. Stores receive

an increase in gross margin to offset the cost of additional labor required to put away merchandise normally handled by DSD vendors. The result is fewer but consolidated deliveries, a consistent delivery process across all stores, fast electronic check-in, and higher GP percent (for labor).

There is also limited access to Store Supported Items (SSIs), and vendors do not always meet agreed-to merchandising service levels.



"Among the benefits to franchisees are fewer deliveries, perpetual inventory control, and ease of check-in."

In the Hybrid BT model, all products through McLane are delivered the same as the LA Pilot, but the current DSD vendors continue to deliver to the stores. Franchisees still receive the enhanced inventory management functions, like faster check-in and other inventory controls, but receive one or more additional deliveries each week and full access to all SSIs from DSD vendors, plus stock rotation and display assistance. This method requires that all DSD drivers be trained in BT check-in processes, and deliveries must be coordi-

**"Business Transformation
has been rolled out
to 2,014 stores in
Greater LA, Texas
and Florida."**



nated with McLane delivery calendars.

In both models merchandise is self-billing, which means that creating an order creates an automatic invoice. Inventory management functions are greatly improved and stores are better able to account for inventory by-item. All BT areas have seen back room inventory reductions, reduced inventory variation, and a reduction in out-of-stocks.

At the most recent NCASEF Board meeting in May, franchisees from Texas commented that the BT Hybrid "has far exceeded the pros and cons in our area." Franchisees in Greater LA have said that

the BT model is "incredibly valuable," and "the extra gross profit is a welcome addition to their income." Some LA Pilot franchisees have also mentioned the additional labor and payroll expense, and some have had to add an employee on the night shift.

Throughout the development of the BT Hybrid, NCASEF officers and Greater LA franchisees met separately and together with corporate BT managers some 15 times to review the progress of the LA

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BT Moves Forward

continued from page 41

model, and to consolidate feedback from franchisees in the field. We are happy that the Hybrid model has been developed, and that 7-Eleven has responded to our feedback.

While 7-Eleven has yet to decide which model will roll out throughout

“7-Eleven has yet to decide which model will roll out throughout the country or how many stores will receive BT in 2013.”

the country, or how many stores will receive BT in 2013, at our May Board meeting the SEI BT team presentation included a training timeline of 16 weeks to ready stores, from a BT kickoff meeting to going live and receiving deliveries using ECI, inventory management training, and then more refined training to maximize profits.

Armed with the results of the LA Pilot and the Hybrid Model, input from local FOAs, franchisees, and the National Coalition, 7-Eleven is now in the process of developing a BT rollout schedule for the rest of the country. With BT already implemented in more than 2,000 stores across four zones and three states—we can only expect that by the end of 2015 all stores will see some form of business transformation. **AV**

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driving an electric car. • **Under a new bill making the rounds in the Texas legislature, smaller cigarette brands not included in the 1998 settlement with big tobacco companies may have to begin charging an extra 55-cents per pack like the major competitors, reported the Associated Press.** • **Walmart has taken the number 1 spot on the Fortune 500 list, knocking last year's top revenue maker ExxonMobil to number 2. Walmart posted \$469.2 billion in revenues in 2012, or \$19.3 billion more than Exxon.** • **Pearson Candy, a portfolio company of Brynwood Partners VI L.P., recently acquired the Bit-O-Honey confectionery brand from Nestle USA.** • **Hostess Brands LLC—Metropoulos & Co. and Apollo Global Management LLC's new incarnation of the baking company that liquidated in Chapter 11—is reopening four bakeries to**

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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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Developing A Culture Of Effective Communication

BY JIVTESH GILL, EXECUTIVE VICE CHAIRMAN, NCASEF

Any true partnership works much better when there's a culture of effective communication in place. BusinessDictionary.com defines effective communication as, "A two way information sharing process which involves one party sending a message that is easily understood by the receiving party. Effective communication by business managers facilitates information sharing between company employees and can substantially contribute to its commercial success."

In our case, effective communication would involve SEI imparting essential information and background on new programs and promotions, answering our questions in a timely manner, and including us in the decision-making process. As it stands, our present system of communication—or lack thereof—impacts the system and how we operate our stores, to the point that many franchisees question if we have a true partnership with SEI.

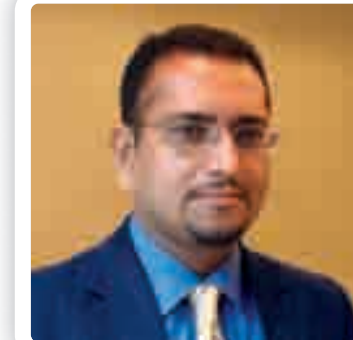
Examples of this abound. More often than not, when SEI rolls out a new promotion or program there's very little information communicated to franchisees other than, "This is what we want you to do." Usually, once the promo or program is in play, problems arise and SEI deals with them after franchisees point them out. I'm sure many of you would agree that if SEI would just keep us in the loop when the program or promo is being developed in the first place, many of these problems could be ironed out and avoided beforehand.

This happened with BT in its early days. Franchisees weren't as well informed as we should have been about the program and it was sold to the stores as a system that would

generate additional net income. After its launch, the initial reactions from storeowners were confusion and dis-

appointment. BT was rolled out on the premise that it would generate more gross profits, so that's what franchisees targeted and that's how we analyzed the success or failure of the program.

After franchisees complained that BT looked like it was going to be a failure because the test stores were reporting minimal increases in GP percent and no increases in net income, SEI began to communicate in-



JIVTESH GILL
CAN BE REACHED AT
209-481-7445
j2jgill@aol.com

"In any business relationship, having more open communication and transparency is key to getting things done."

tions, underground CPG situations, or in general what's happening with our volume so far. However, too often when the franchisee asks his field consultant questions about the strategy, the FC would move it up the chain of command at the market level and perhaps Dallas, and in the end no one gets back to the franchisee with an answer. What SEI should realize is that if these reasons were communicated to franchisees in a proper and timely manner when questions arise, it would make it a lot easier for the franchisee to understand the change and not be frustrated.

Similarly, I have received calls from franchisees who were notified that their gasoline tanks were going to be removed without any explanation. I would look into it, and after many inquiries I would eventually get the answer as to

why. Many times its because the tanks fail and the cost to replace them far outweighs what the stores makes in gasoline volume to recoup the expense. Again, there's no proper communication initially and the franchisee feels like he's been left in the dark.

Effective communication is also very important for FM in regard to the maintenance cases created by franchisees. We are

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Effective Communication continued from page 45

all very aware of how bad the situation is with the help desk—franchisees create cases, they get closed, and no one tells the franchisee why. Very often the franchisee waits weeks in frustration for a response. This results in wasted time and energy for all involved. To its credit, FM has been working 24/7 to follow through on repairs and has even built a website just for 7-Eleven storeowners. So they're trying to improve communication and it appears to be slowly progressing.

In any business relationship, having more open communication and transparency is key to getting things done. I cannot stress enough to SEI that franchisees are not rabble-rousers who want to complain about stuff all the time, that we are all rational businesspeople—and if the company makes a good business case for something, we will understand it and accept it.

To that end, we need to develop a

“Franchisees are not rabble-rousers who want to complain all the time. We are rational businesspeople who understand planning and decision making.”

culture of open communication and sharing in the system, and it has to come from Dallas. It really goes a long way when the company says, “This is what we're thinking, this is what we would like to make happen, here's why we want to do it, and here's how we would like you to do it.” It's a lot easier to get people to do things when they have ownership in the decision-making process and the programs. **AV**

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get Twinkies, HoHos and Ding Dongs back on store shelves starting in July. • PepsiCo plans to start testing a new fountain machine at restaurants that lets people create a variety of flavor combinations, such as strawberry Mountain Dew, the Associated Press reported. • McDonald's is considering serving breakfast all day, offering rewards to frequent eaters and even delivery services in an effort to boost sagging sales, reported *USA Today*. • The Federal Reserve Board recently announced that the redesigned \$100 note will begin circulating on October 8, 2013. This note, which incorporates new security features such as a blue, 3-D security ribbon, will be more difficult for counterfeiters to replicate. • With consumers reporting they are doing their own auto repairs to save money, AutoPartsWarehouse.com has created a smartphone app to make it even easier and faster for consumers to search for, order and save money buying auto parts, all while on-the-go. • In an effort to improve the in-store shopping experience, Wal-



continued on page 50

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PEACH 1 CARTON - 25 TWO PACKS SLIN 321443 - UIN 555201 7 84762 07203 0	STRAIGHT-UP 1 CARTON - 25 TWO PACKS SLIN 321478 - UIN 746633 7 84762 07208 5	CIGAR BLEND TOBACCO 1 CARTON - 8 PACKETS SLIN 320238 - UIN 555631 7 84762 07175 0

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7-Eleven, Inc.—

BY ARNOLD J. HAUPTMAN, ESQ.
NCASEF GENERAL COUNSEL

Fix That Pothole!

Check out paragraph 20(d) of any version of the store agreement since 2004, and you will find SEI's maintenance obligations. Here is what it says (Note: "When we consider it necessary"):

"(d) Maintenance Performed By or Through Us. When we consider it necessary during the Term of this Agreement, we agree to: (1) repaint and repair the interior and exterior of the Store; (2) replace 7-Eleven Equipment, including cash registers and point-of-sale computers; (3) replace plate glass in front windows and front doors; (4) repair the floor covering, exterior walls, roof, foundation, and parking lot; (5) maintain the structural soundness of the Store; and (6) maintain the HVAC Equipment. You hereby consent to the foregoing. We may charge you for any of the repairs or replacements contemplated by this Paragraph 20(d), if, in our reasonable opinion, your abuse or neglect makes them necessary."

Here is a typical scenario: you have a pothole in the parking lot so big and dangerous to your customers that lawyers are dropping their business cards in it, or 40-year-old floor tiles are coming up inviting a trip and fall by employees or customers, or the roof is leaking for years, damaging merchandise. You call the proper SEI department and, all too often

as all of you know, the answer to your requests/demands to make the repairs are

met with one or more of the following responses: "It is not in the budget," or "A remodel is

scheduled," When?), or "We will look into it and let you know," or the infamous "Create a case."

Well, while such replies may fly for SEI when it comes to franchisees, it may well be very costly to the company if a customer is injured because of the lack of proper maintenance. Take the recent New York case of Solis, Plaintiff v. McDonald's Corporation (Franchisor) and Bruce C. LTD Partnership, Defendants (Franchisee).



"McDonald's was denied dismissal in a recent case because, '...triable issues of fact exist as to whether McDonald's Corp. exercised control over the day-to-day operations of the franchisees.'"



In this case, the Plaintiff sued to recover damages for personal injuries he suffered when he slipped and fell due to a slippery condition on the staircase inside the entrance to a McDonald's restaurant. McDonald's Corp., as landlord, leased the premises to the franchisee as part and parcel of the franchise agreement. (Sound familiar?)

As in practically all cases of personal injury in which the Plaintiff is injured in or about a 7-Eleven store, both SEI and the franchisee are named as Defendants. Invariably, SEI will quickly rush to the courthouse demanding dismissal of the lawsuit against it, asserting that it does not control the day-to-day operations of the franchise and waiving the independent contractor flag.

Sometimes, but less frequently in recent years, SEI is successful and leaves the battle to the franchisee, who will hopefully settle the litigation within the \$500,000 indemnification that SEI provides for such incidents. But sometimes that success is elusive. In this case the judge said, in sum and substance, "Not so fast," and denied McDonald's motion to be discharged from the case.

The court stated that while the mere existence of a franchise agreement is not enough to impose liability on the franchisor in such situations, a demonstra-

tion that it exercises control over day-to-day operations will preclude the granting of its motion to dismiss. In this case, the court found such control by McDonald's in these areas (any of this sound familiar?):

a) McDonald's constructed or prepared the premises in accordance with its plans and specification, and the fran-

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mart said it plans to use big data about a customer's usual shopping to automatically create shopping lists for them on its mobile app, reported IDG News Service. • Reynolds American Inc. is planning to **expand the test of its electronic cigarette Vuse to more markets across the country**, reported the *Winston-Salem Journal*. • European anti-trust authorities have launched **investigations into Britain's BP, Royal Dutch Shell and Norway's Statoil on suspicion of price-fixing**, reported the Associated Press. • Mobile payments start-up Square recently unveiled the **Square Stand**, a piece of hardware that transforms an iPad tablet into a digital point-of-sale system that would replace traditional cash registers, reported *USA Today*. • **Burger King is expanding its home delivery service** to Chicago, Los Angeles and San Francisco after successful tests

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Fix That Pothole!

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chisee was prohibited from altering the premises without prior written approval.

b) The franchisee is obligated to adhere to the standards and policies of McDonald's providing for the uniform operation of all McDonald's restaurants, including serving only designated food and beverage products.

c) The franchisee must use only prescribed equipment and building and layout designs.

d) The franchisee must strictly adhere

"The McDonald's case could mean a lot to franchisees who have tried to get SEI to pay attention to maintenance issues."

to designated food and beverage specifications and to McDonald's prescribed standards of quality, service and cleanliness.

e) The right of McDonald's Corp. to advise and consult with the franchisee periodically in connection with the operation of the restaurant and communicate its know-how, and new developments and techniques and improvements with respect to the operation of the restaurant.

f) The right of McDonald's Corp. to inspect the premises at all times during reasonable business hours to ensure compliance with its standards and policies.

Of course, all of the above is familiar to 7-Eleven franchisees because almost the same language is used in our store agreements. In denying McDonald's dismissal motion, and based upon all of the above facts, the court held:

continued next page

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"On review of the submissions, the Court concludes that at the very least, triable issues of fact exist as to whether McDonald's Corp. exercised control over the day-to-day operations of the franchisees. Thus, the request for summary judgment must be denied."

What does this mean to frustrated franchisees who are held to strict cleanliness standards while the physical plant and equipment is sometimes, literally, falling apart? I think it could mean a lot if SEI and its insurance company get the message from these cases that the days of ignoring safety maintenance for its stores are coming to an end, and it is time to pay attention to franchisee complaints.

As I indicated above, SEI agrees to perform its maintenance obligation only "When we consider it necessary." SEI should be continually reminded that franchisees pay for the maintenance every month as part of the 7-Eleven charge. Maybe it is time to pay the 7-Eleven charge only when the franchisee "considers it necessary." We can dream, can't we? **AV**

*To: All 7-Eleven Franchisees
From: Arnie Hauptman*



It is with sadness and regret that I decided to terminate my position as General Counsel to the National Coalition after several years of service.

As some of you may know, I have been representing UFOLI, the Long Island and New York FOA, for more than 30 years, and will continue to do so. It is no wonder then that I feel that I am part of the 7-Eleven franchisee family—and always will be.

I will miss attending the Coalition meetings, writing my Avanti articles, and all the friends that I have made during my tenure. Most of all, I will miss the emails, faxes, and phone calls from members of the Coalition Board of Directors and franchisees all over the country who have sought my advice on innumerable and important issues facing them.

Since I was first retained as General Counsel, the Coalition has experienced phenomenal growth in both the number of FOAs as well as the number of franchisees represented. I am certain that as SEI grows its brand, so will the Coalition continue to flourish as a strong advocate for franchisee rights.

I wish every 7-Eleven franchisee all the best in the future, in both their business and personal lives.

Arnie

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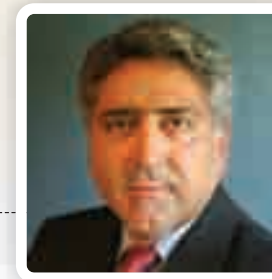
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TEAMWORK ON THE MULTIPLE CRITERIA

BY JAS DHILLON
VICE CHAIRMAN, NCASEF



7-Eleven in March released the newly updated “holistic” review form for the multiple criteria process that qualifies us to acquire more 7-Eleven stores. Of course this process is on the minds of all franchisees who are aggressive towards the business and feel a sense of urgency to grow and develop our 7-Eleven businesses. As the company moves to a multiple-store franchisee model, the multiple criteria process continues to grow and get more detailed about the franchisee’s qualifications needed for approval.

I was surprised to learn that the new multiple-criteria form, which used to be a one-page document, is now a 17-page package, and the questionnaire is eight pages! They say that good things don’t come easy.

Years ago I was qualified for multiple stores based on the previous process, and did become a multiple, and verification several years later again confirmed my qualifications for multiple stores. While I was not interested in acquiring any additional stores at the time, knowing that my operation was considered acceptable was verification that I was a good operator.

Today the multiple process is incredibly detailed, and reviews every aspect of our store operations including financial

health, merchandise/inventory, staffing, systems understanding, compliance with the 7-Eleven agree-

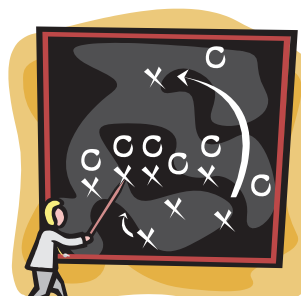
ment, and attitude. In addition to the metric evaluations, we also now get a “holistic evaluation” that adds up the sum of all our parts in the final recommendation.

When I was evaluated a few years ago I was happy to go through the process and to confirm that my store operations and management skills qualified me for growth. Today, I am not sure my stores would qualify under the new multiple criteria standards, yet I embrace the 7-Eleven system and have consistently improved sales and profits.

There are many reasons that stores underperform, and may not meet market averages. Some locations are simply not profitable due to competition or changes in traffic flow and may never sell the market average in any category. If you have a store like

really looking for “abnormalities,” and this seems at odds with looking for reasons that a franchisee is qualified for another store. Speaking with franchisees at a recent trade show, the general consensus was that we need more transparency from Asset Protection about their decisions, and we need to know about any abnormalities found in the store. These franchisees need more help from field consultants, market managers and whomever else to help them figure out why they were not approved. This attitude certainly has and will continue to add stress to the franchisee and franchisor relationship.

Personally I believe franchisees are extremely hard working and honest store operators. If some of these folks want to grow within the system, then let us help them and coach them. If Asset Protection has information that is adverse to their



“No one can discount or ignore the fact that franchisees are extremely hard working, honest store operators. If some of these folks want to grow within system, let’s help and coach them.”

this, it is likely you may never qualify for a multiple even though you are a great operator, and even when another store really is what you need. I hope that just as much emphasis is placed on helping these franchisees improve existing operations as is applied to the multiple store evaluation process.

I am a bit concerned that the Asset Protection Department now has to approve each franchisee’s application for an additional store. 7-Eleven advises us to evaluate our businesses to “identify opportunities to excel,” but Asset Protection is

growth, then let us fix the problems.

SEI has gone through a tremendous growth spurt in the last few years, building new stores and acquiring others. Existing owners franchised a majority of these stores, and I feel we have a very good pool of store operators. If the current trend continues, however, I fear SEI will force some current owners to go outside of 7-Eleven to grow. When this happens we all suffer, because now the franchisee will pay more attention to their new venture and feel they have outgrown the 7-Eleven system. **AV**

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THE AUDIT—WHAT IS IT GOOD FOR?

BY ROGER ST. GEORGE
VICE CHAIRMAN, NCASEF



The quarterly store audit is something every franchisee is well aware of, as it is mandated by every franchisee agreement. However, in the past few years the audit process has changed and is no longer the effective tool it was for franchisees in the past.

Prior to the 2004 agreement, the franchise agreement specified monthly audits. During that time, franchisees knew every month the inventory variation charge and could quickly initiate corrective action. But now with the change to quarterly audits, franchisees can be financially devastated within a three- to six-month audit period.

It seems that SEI made the change from monthly audits to quarterly audits as

"With the change to quarterly audits, franchisees can be financially devastated within a three- to six-month audit period."

a cost saving measure—the cost of an audit is \$215, so quarterly audits save the company \$1,720 annually for every franchised store. Today, corporate stores still receive monthly audits. This seems to be one more example of SEI no longer being truly concerned with the franchisee's financial well being.

The latest change to the audit workup process further harms franchisees. SEI used to complete the audit workup using all the information submitted by franchisees as "BI—Before Inventory." This included outstanding invoices and credits. When the audit results were sent to the

rate. Instead, audit adjustments are made between the audits, so the franchisee does not know the true audit result. Many vendors are very slow to process credit invoices, and SEI will not process submitted credit invoices for at least 45 days. In the meantime, franchisees are saddled with the expense of an audit shortage charged against their monthly financial statement while they wait for audit adjustments they know belong to them. Franchisees with equity issues are further burdened with searching for money to maintain minimum equity requirements.

This is not fair. SEI is generating income they are not rightfully entitled to receive at the expense of the franchisee. Franchisees are following the process established solely by SEI to document pending vendor credits, and yet are being financially penalized by an audit workup process controlled by our franchisor that was initiated as solely a cost saving measure. SEI knows that some vendors

regularly have outstanding credits that exceed the charges owed them, yet those credits are ignored as part of the audit workup.

"Franchisees are saddled with the expense of an audit shortage charged against their monthly financial statement while they wait for audit adjustments they know belong to them."

store, the franchisee knew the actual inventory variation.

Today, SEI uses the invoices document generated by the audit provider the day of the audit as a BI invoice. SEI no longer maintains a pending file of outstanding invoices or credits for any store, which means the audit workup is inaccurate.

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

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in other markets, reported *Nation's Restaurant News*. •

Tobacco company **Altria Group Inc.** recently announced it is developing an electronic cigarette. The company said its subsidiary Nu Mark will introduce an e-cig during the second half of this year. • Affected by declining cigarette sales, some tobacco farmers are now growing chickpeas to supply the growing demand for hummus, reported the *Wall Street Journal*. • Snyder's of Hanover celebrated the 30th anniversary of **National Pretzel Day** on April 26 by hosting a series of events all the way from Philadelphia to San Diego that featured samplings and fun activities to earn free giveaway items. • **Samsung Canada** recently launched the **Samsung 36" Four-Door Refrigerator** featuring the industry's first-ever automatic sparkling water dispenser powered by **SodaStream**. • **Magnetique**, a free multi-platform shopping information app that seamlessly enables readers of print fashion magazines to identify local retailers that

continued on page 70

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<p>Orange Fused Peach</p> <p>SLIN# 243967</p>	<p>Orange Passionfruit</p> <p>SLIN# 243007</p>	<p>Cherry Limeade</p> <p>SLIN# 244892</p>	<p>Raspberry Lemonade</p> <p>SLIN# 242707</p>	

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EBT INTEGRATION

BY JAY SINGH
VICE CHAIRMAN, NCASEF

Most of our stores are licensed to participate in the Supplemental Nutrition Assistance Program (SNAP) and accept Electronic Benefit Transfer (EBT) cards through state-issued machines. To those stores that are not licensed to carry these transactions, I highly recommend that they apply for participation in this program because in fiscal year 2011, state agencies issued approximately \$71.8 billion in SNAP benefits, an increase of 10.98 percent from \$64.7 billion in 2010.

These benefits were issued to a monthly average of 21.1 million households—or 44.7 million people—participating in the program, an increase of 10.92 percent from 40.30 million participants the previous year. The average monthly benefit was \$133.85 per person, or \$284.00 per household.

The Food and Nutrition Act of 2008 requires that EBT cards be the sole method of benefit delivery. EBT systems issue and redeem benefit-using cards, an electronic funds transfer network, and point of sale technology in authorized retail food stores. The federal government pays 100 percent of the benefits issued. In fiscal year 2012, over \$74 billion in client benefits were redeemed in the over 246,000 in participating stores authorized to accept SNAP. Over the past five fiscal years, the number of authorized locations has increased by over 40 percent, and convenience stores rank second in participating retailers after supermarkets.

In the near future, the number of people who benefit from this program will not go down. That's because

legislation currently in the House and Senate that would adversely affect the SNAP program (included as amend-

ments to the 2013 Farm Bill) will most likely be shot down—the House Farm Bill did not recently pass, and the Senate Farm Bill may meet the same fate. The Senate bill is actually more detrimental because it contains language that would prohibit stores from participating on the basis of their cigarette, tobacco, hot foods, alcohol, and other non-foods items sales—which includes 7-Eleven stores.

ments to the 2013 Farm Bill) will most likely be shot down—the House Farm Bill did not recently pass, and the Senate Farm Bill may meet the same fate. The Senate bill is actually more detrimental because it contains language that would prohibit stores from participating on the basis of their cigarette, tobacco, hot foods, alcohol, and other non-foods items sales—which includes 7-Eleven stores.

have the FNS number. You can also find your FNS number by calling the USDA at 1-877-823-4369, extension 3.

You may follow this simple procedure: go to BackOffice, System Support, Network Configuration, and Electronic Benefits Activation. It will take a few seconds to go to next screen, enter the EBT Permit/FNS Number, then click OK. You are all set to ac-

“Over the past five fiscal years, the number of EBT-authorized locations has increased by over 40 percent, and convenience stores rank second in participating retailers after supermarkets.”

SEI's EBT Integration is an easy process and a win-win situation for our guests and us. I have had it in my stores since May 2012, when instructions were first issued to integrate. SEI has issued instructions and now franchisees can call the Help Desk to go through the process.

Franchisees require a SNAP license or FNS number to be able to participate. Instructions are included in a recent e-mail sent to all stores at 7-Hub. SEI has issued a store list with their FNS numbers included in order to make the process easier. Please go through the instructions and call the Help Desk to complete the process if you

cept EBT cards on your pin pads. To process a purchase, scan all the items, hit pin pad payment, the customer swipes the EBT card and enters the pin number, and then the transaction is complete. For mixed merchandise transactions, please ask the customer to swipe the EBT card first, then accept cash or swipe the credit/debit card to complete the transaction.

SEI's EBT Integration leads to faster transactions than state-issued machines, and better transaction records. Both pin pads in our stores accept EBT cards, so now you have two points to accept EBT cards and the reaction time to replace pin pads is less than the time taken to replace state-issued machines. Old machines must be returned to avoid extra charges, and you have to save receipts issued by UPS or FEDEX for six months as proof. Please call the toll free number provided by banks for old machines and they will mail a shipment label to your store.

EBT Integration is another good step taken by our franchise partner to improve technology to enhance our business. **AV**



“EBT Integration is an easy process and a win-win situation for our guests and us. SEI has issued instructions and now franchisees can call the Help Desk to go through the process.”

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The Convenience Health & Wellness Category

Growing HBC c-store sales requires understanding shopper dynamics in each sub-category, and then paying attention to assortment and placement!

Spotlight: Johnson & Johnson

The Health & Beauty Category (HBC) in the c-store channel is comprised of multiple sub-categories routinely shopped in Food, Drug and Mass outlets. Unlike beverages or snacks, HBC can often be confusing for retailers without the proper time to evaluate 25 to 30 different shopper “need states.” Each of these sub-categories requires an individual assessment to determine what drives a shopper to make a purchase. Johnson & Johnson has the right long-term strategic expertise to match shopper insights with each segment’s purchase needs and assortment choices and grow HBC sales at or above the channel’s annual projected growth.

While discretionary purchases are always most affected by economic downturns, the answer in HBC lies in knowing how need state purchases remain relatively constant. If channel traffic is increasing in 2013/2014, retailers have more opportunities to grow HBC sales!

Why is HBC important to total c-store sales? Because average annual gross margins are significantly higher. While unit velocity is obviously lower than categories like beverages and snacks, average HBC margin dollars per unit generally exceed larger categories. When times are tough, every margin dollar of profit is crucial. For a good comparative perspective, consider that Tobacco’s gross margins are 17 percent, so any category producing over 40 percent GM is an attractive segment.

HBC shoppers want only top brands in each of the HBC need states, with brand

“While unit velocity is lower than beverages and snacks, average HBC margin dollars per unit generally exceed larger categories.”

names they know and trust from regular purchases made in food and drug. Since market share is a measure of consumer demand, only the top brands will match the largest number of c-store “guests.” Retailers should resist the temptation to stock mid-level to lower level brands, and not be easily swayed by one-time funding opportunities that mean little when annual sell-through does not meet sales goals.

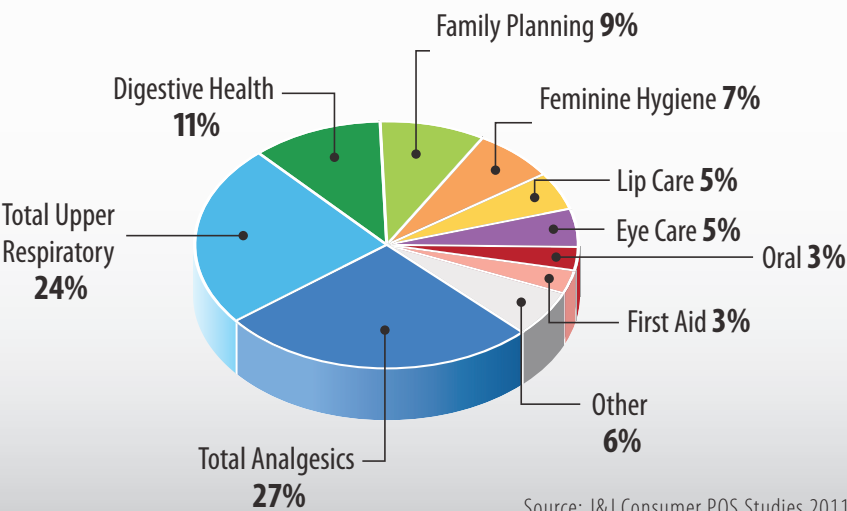
Total HBC Retail Dollar Sales And Key Segments

In 2011, total U.S. HBC category sales totaled over \$80 billion, and in 2010 c-stores totaled \$1.2 billion, representing 1.5 percent of all HBC sales. However, within Analgesics, c-store sales accounted for approximately 10 percent of all U.S. sales at \$320 million, and Upper Respiratory ac-

continued on page 64

HBC Segment Importance

Seven categories represent 88 percent of the total HBC business.



Source: J&J Consumer POS Studies 2011

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counted for nearly 5 percent at \$195 million. These two categories are the most important to get right, with the next five right behind in level of importance: Digestive, Lip Care, Feminine Hygiene, Family Planning and Eye Care.

Since consumers will continue to shop c-stores for major need relief—like headaches, stomachaches, colds, or cuts and scrapes—some of these immediate needs require more than one treatment or dosage because their ailment solution may be tied to several days of relief.

Categories like Analgesics, Upper Respiratory, and Digestive are “dosage” driven, and retailers can leverage sales growth by offering shoppers larger sizes. The same strategy is seen in large-size beverages, larger snack sizes and even king-size candy bars, so why not implement the same strategy for HBC? Unlike Snack or Beverage categories, where discretion to buy or not to buy a larger size is linked to preference, stocking HBC larger sizes should be “matched” to length or treatment or dosage needs.

Offering graduated sizes in HBC builds the total segment dollar transaction level. Converting shoppers up the price ladder delivers higher penny profits per unit, and ultimately raises overall in-store

“HBC shoppers want only top brands in each of the HBC need states, with brand names they know and trust from regular purchases made in food and drug.”

gross margin dollars. A well-balanced representation for analgesics includes Single Dose 4-count, Vial 10-count and Multi-Dose 24-count sizes, merchandised in a tight over-under cluster, to promote easy selection and shopability.

Top Selling/New Adult Analgesics

Key brands to represent are Adult Advil, Aleve, Bayer, Excedrin, Tylenol and Motrin. In the southeast, BC and Goody powders are the leading pain brands. Single Serve dosage 4-count sizes are the right entry point for immediate pain consumption in c-stores, with multi-dose 24-count sizes positioned to capture the trade-up in dollar sales and

Over 61 percent of shoppers who purchase OTC pain relief medicine do so for chronic reasons, and 71 percent of total Pain dollar sales fall into 24-count thru 250-count in all outlets. The strategy should be to provide a well-balanced representation of single- and multi-dose sizes to meet both shopper need states, which will deliver a higher overall profit return for Adult Analgesics. The 10-count portable vial size is perfect for the “On-The-Go” consumer who wants a secondary placement in their car, office or purse for several days of pain relief!

Upper Respiratory

Key Cold and Flu relief brands are Nyquil, Dayquil, Tylenol Cold, Alka Seltzer Cold, and new Sudafed Cold. These top-selling brands have the highest market share and will attract the most customers. Treating a cold for example requires multiple dosages, so a fully represented trade-up size option is necessary to meet demand. After a shopper consumes a 4-count size, 8 hours later they will still suffer from cold symptoms, giving retailers a good opportunity to sell a larger size.

The Allergy segment has the greatest worth to a retailer, since sufferers may treat their condition up to 195 days per year. The Allergy shopper will have a nine times higher buying frequency versus a Cold and Flu sufferer. Top brands to stock are Zyrtec, Claritin, Allegra, and Benadryl. When OTC Allergy switches occur, sales increases are largely incremental due to Rx Script consumers who remain loyal to their existing brand. Now is the time to stock each of the top four major brands!

The Sinus and Nasal relief segments are also important for a retailer to represent, since Sinus and Nasal sufferers may treat their symptoms an average of 76 to 110 days per year. New Tylenol Sinus Caplet 24-count is now available.

Cough Drops and Lozenges deliver exceptionally high unit movement for a

“The Allergy shopper will have a nine times higher buying frequency versus a Cold and Flu sufferer.”

profit opportunity. Returning to the market place is Excedrin Caplet 24-count, and the Pain with Sleep segment has been expanded to cover new ZzzQuil and Motrin PM.

C-Store HBC Category Segmentation By Need Level

Ailment-Driven Needs
74% of Sales

- Analgesic Pain
- Upper Respiratory
- Digestive Relief
- Eye Care
- First Aid
- Feminine Hygiene

Personal Care Needs
26% of Sales

- Oral Care
- Shaving
- Hair Care
- Family Planning
- Lip Care
- Other

Ailment-Driven needs require entry-level and trade-up sizes because treatment relief may require multiple days. Personal Care items do not require entry-level sizes.

Source: 2011 J&J C-Store Category Management Studies

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“Treating a cold requires multiple dosages, so a fully represented trade-up size option is necessary to meet demand. After a shopper consumes a 4-count size, 8 hours later they will still suffer from cold symptoms, giving retailers a good opportunity to sell a larger size.”

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retailer, and they can help increase market basket by delivering two cross-segment sales. Customers often treat a cold/flu need with both a cold relief item, and a cough drop. This segment needs a merchandising rack or balcony rack to fully meet flavor preferences, promoting cross-purchase cold opportunity to grow dollar transactions.

Digestive Health

Key brands are Pepto Bismol, Tums, Pepcid, Zantac, Alka Seltzer, and Gas-X. Over \$115 million in annual c-store retail sales are attributed to these brands. Within the Digestive segment, the top unit-selling brand is Tums. Consumer insight research in convenience shows “the average market basket dollar ring is 28 percent greater in worth to a retailer, when consumers purchase Antacid tablets ... and that 73 percent of convenience shoppers want a wide range of flavors to choose from.” By using a merchandising rack for Antacid tablets in each planogram, a retailer will capture the full range of consumer demand.

Family Planning

The Condom segment within HBC delivers strong gross margins in convenience. Key brands to represent are Trojan, Durex, or Lifestyles. Almost two-thirds of condoms are purchased in the convenience channel, and this makes it critical for the retailer to appropriately represent this segment. While unit sales may be consistent year-over-year, new entries like Magnum

and XXL sizes have provided incremental top line and bottom line growth to the segment during the past year.

Other Key HBC Segments

Includes segments like Eye Care, First Aid, Feminine Hygiene, and Grooming. While these segments are not large stand-alone dollar sale giants, they do provide remedies for key shopper need states. These brands include Visine, Clear Eyes, Always, Tampax Pearl, Neosporin, Old Spice, Secret, and Listerine. The key to providing the right balance for these mid-level segments is to stock the top branded market share items first in your 3-foot and 4-foot sets, and then expand your market share coverage in larger 6-foot and 8-foot store sets, depending on space availability.

Why Are Ailment Driven Segments More Important To A Retailer Vs. Personal Care items?

Two key points factor into an Ailment assortment decision: Ailment driven segments have an immediate need solution, and have multiple usage or treatment applications versus Personal Care items, which trend toward a one-time usage per day.

HBC segments listed on the left side of the accompanying diagram will deliver 74 percent of dollar sales, while the segments on the right side deliver 26 percent of overall sales. The one need state exception is in Feminine Hygiene, which does not have a trade-up option, but still qualifies for an urgent need state.

Merchandising and Signage

Make customers aware of HBC in your store with category signage, showing consumers where the section is located. This strategy will provide a reminder factor to shoppers, who routinely purchase these same need state brands in Food, Drug or Mass, and it may save them another trip down to a competitor.

Since shoppers enter a store in a compromised mindset, looking for immediate relief, it is critical to create a store environment that is easy to navigate and locate. Signage alone can grow top line HBC sales by 3 to 4 percent.

Price HBC items within 5 percent of Drug outlets, and c-store shoppers will not “walk away” to other stores. Keep the section clean and appealing to shoppers, the same as your coffee bar or beverage areas, and communicate to customers you are in the business of meeting their emergency health care needs, just like the statement you make for other key sections in your store.

Planogram Assortment And Location

Ensure all critical consumer need states are represented. Top dollar contributing segments should be positioned at the most optimal shopping level to promote maximum shelf and peg take-away.

Cluster together “like” HBC segments to maximize cross-purchase opportunities for generating two HBC unit sales, to increase total market basket for the retailer.

Encourage purchase trade-up and dollar transaction by positioning peg items near or just above larger sizes of same brand, in an over-under merchandising strategy.

Leverage Merchandising racks for space efficiency and profitability. Using an Analgesic rack, Antacid Tablet rack, and a Cough Drop rack in an average 4-foot set size can add 62 new inches of shelf space and can add up to 16 new items, for a 14 percent increase in planogram efficiency. **AV**

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Heat Up Sales And Profits With Frozen Treats

The mercury is rising and nothing rings in summer like frozen treats. Whether you eat it right out the carton or on a cone or stick, ice cream is one of America's favorite treats. Ice cream is purchased by over 92 percent of US households, and the average American enjoys 48 pints of ice cream per person, per year—more than any other country. Are they purchasing their ice cream in your store?

Not only is ice cream a popular treat for your customers, it also is important to your bottom line too. According to the NACS 2011 Fact Book, ice cream delivers one of the highest gross profit margins versus other CPG categories in the store. Frozen treats also deliver a high basket ring. According to Nielsen Panel data, the average retail dollars when ice cream is in the basket is \$19.36 in TTL US Conv/Gas—15.1 percent higher than when ice cream is not in the basket. Finally, since Frozen treats is a heavy DSD focused category, it reduces your in-store labor which gives you and your employees more time to devote to your customers.

HOW ARE FROZEN TREATS TRENDING?

After modest sales growth in 2012, category sales have cooled. According to Nielsen, dollar sales are down 5.4 percent year-to-date in TTL US C-Store, and unit sales are down 9.5 percent. Nestle and Unilever remain the dominant players in the category. The two leading manufacturers combined represent 64 percent dollar share of the category.

The novelty category, which represents 53 percent of the category dollar sales in

TTL US C-Store, was flat over the latest 52 weeks, but sales have dropped dramatically year-to-date due to colder than normal temperatures in Q1.

The take-home category, which represents 47 percent of the category dollar sales, was up 2.3 percent in dollar sales over the latest 52 weeks, but sales have slowed year-to-date.

According to Traci Carneal in a recent NACS article (April 2013), "there's no clear cause for the sales slump...while c-stores continue to compete with grocery stores, big box retailers, drug stores and specialty shops for consumers' snacking dollars, perhaps some dollars are just being transferred from the freezer case to other growth areas inside c-stores." Other impacts on consumer spending include the economy, higher gas prices, higher retail price points particularly in the convenience class-of-trade, and increase in social security tax which is negatively impacting consumer's expendable income.

HEATING UP CATEGORY SALES

Manufacturers are taking notice of the declining sales trends by investing heavily in the category with mega-marketing campaigns. Consumer response to the HÄAGEN-DAZS and NESTLÉ DRUMSTICK marketing campaigns is positive and generating excitement for top brands in the category and at 7-Eleven. Another big focus for 7-Eleven and Nestlé Dreyer's Ice Cream Company is digital media. This sum-



mer Nestlé will invest in banner ads and specifically tagging 7-Eleven in its digital media.

7-ELEVEN EXCLUSIVE ITEMS

Be sure to check out the new exclusive frozen treats at 7-Eleven in 2013. HÄAGEN-DAZS Vanilla Latte is a rich and intense espresso, bursting with real coffee grounds and delicately swirled into creamy vanilla bean ice cream offering an awakening surprise in each spoonful. Also coming to your freezer soon is the new NESTLÉ PELA POP – The first peelable, frozen dessert on a stick. It is a great kids offering with a value price point of \$1.19. Other new items out this summer include Ben & Jerry's Nutty Caramel Swirl by Unilever and Milky Way Simply Caramel by Mars.

To keep the momentum going in take-home ice cream,

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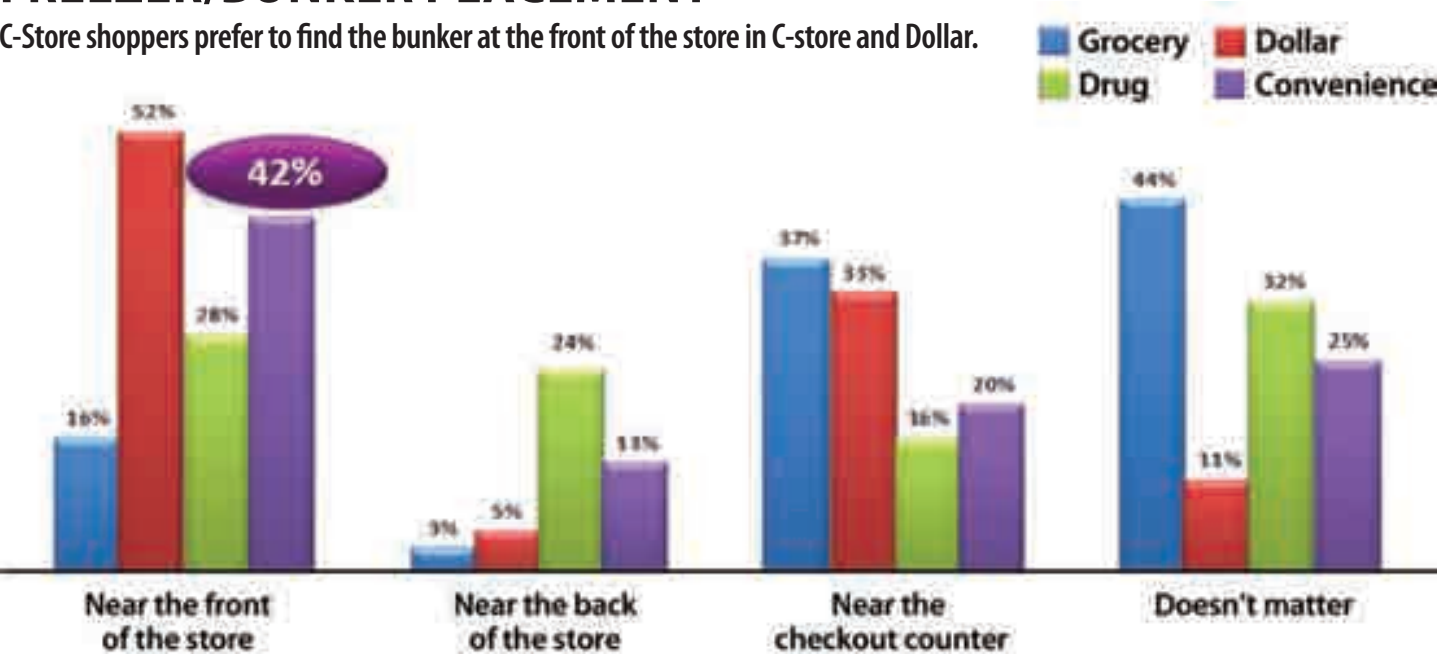
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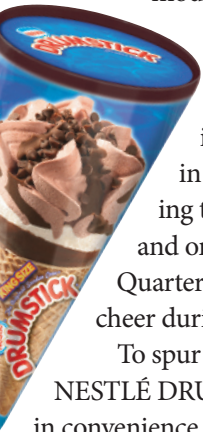
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FREEZER/BUNKER PLACEMENT

C-Store shoppers prefer to find the bunker at the front of the store in C-store and Dollar.



Dreyer's/Edy's will move to a suggested every-day, low price on 48 oz of 2 for \$10.00 or 1 for \$5.99. Also, you may have noticed Dreyer's & Edy's Grand Ice Cream has a new look. The packaging has been updated with new graphics that bring a modern twist with broad appeal to all ages.



HÄAGEN-DAZS will have two incremental value offers in 2013: One event during the heat of the summer and one event during the 4th Quarter 2013 to offer a little cheer during the Holiday season. To spur growth in Novelties, NESTLÉ DRUMSTICK, the #1 cone in convenience, will have a Value Offer in Q3 2013.

WHAT'S THE SCOOP ON GAINING TRACTION IN FROZEN TREATS

Frozen treats is an emotional category with a high level of involvement for the consumer. The Nestlé Behaviors of the Shopper Research (2008) revealed that "emotion" drives 88 percent of all eating oc-

casions in the category. Capitalize on the impulse and FUN nature of the category by ensuring that frozen treats are readily available and visible in high-traffic locations, preferably near the front of the store.

Help people find the bunker and tantalize their taste buds with appetite appealing Point-of-Sale! Call out price prominently without impeding "shopability."

Implement the "Gold Standard" Spring/Summer plan-o-grams with a laser focus on the core items. The top items represent a good portion of the sales. An out-of-stock on a core item means disappointment for your guests and lost sales and profits.

In difficult economic times, consumers are choosing more affordable and delectable food indulgences. Ice Cream is an affordable luxury that everyone can enjoy. Work with your DSD partners to stock the right items, rotate the bunker/freezer case and place point-of-sale signage and price tags to help HEAT up your frozen treat sales in 2013 and beyond. **AV**

The following people contributed to this article: Elizabeth Varjas, Nestle Dreyer's Ice Cream, Category Leadership Manager and Joel Hirschert, Nestle Dreyer's Ice Cream, National Account Manager.



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carry products featured on editorial pages, debuted in the May issue of InStyle magazine. • **Almost half of sandwiches consumed last year were bought at restaurants rather than made at home**, according to data released by research firm Technomic. The data also reveals that sales in the sandwich category are up 4.8 percent since 2010. • Medbox, Inc. recently announced that their **MedVend automated medication dispensing systems are now in use in medical facilities throughout Michigan**. With the MedVend machine the medications are available in the waiting room less than one minute after being prescribed. • **The Muscular Dystrophy Association** announced that its annual MDA Shamrocks program raised a **record-breaking \$23.3 million** this season. • Cumberland Farms announced that its **customers have saved \$1,000,000 on gas** since the launch of its free SmartPay Check-Link payment program in January, which lets customers pay for gas and in-store purchases using their smartphones or a payment card, and saves them 10 cents on

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SLIN	220181	220394
UPC		

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Legislative Update

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hasn't been raised in more than five years, although it remains among the highest in the country.

California Lawmakers Push New Soda Tax

A measure that would place a penny-per-ounce tax on sugary drinks is gaining momentum in Sacramento, reported news station KGO-TV. The measure, SB 622, recently cleared two Senate committees. The penny-per-ounce tax would add 12-cents to every can of soda and other sugary beverages, including sweet teas and energy drinks. Consumers would pay an extra 20 cents for a regular bottle of any sweetened beverage, which would be on top of the existing recycling fee. Drinks under 25 calories would be exempt under the measure, and the estimated \$2.6 billion collected in the first year would be used to fund programs that fight and prevent childhood obesity.

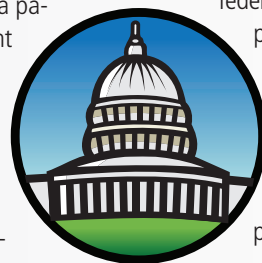
California Tobacco Tax Increase Moves Forward

A proposal to raise California's cigarette tax by \$2 per pack recently cleared its first two policy committees, reported the *Los Angeles Times*. If passed, SB 768 would move California's tobacco taxes from 33rd-highest in the nation to fourth. The \$1.5 billion raised each year would help pay for medical care for tobacco-related diseases, anti-tobacco education and enforcement of tobacco-related laws. The state currently charges 87 cents in taxes on each pack of 20 cigarettes, with money going to healthcare programs, including an anti-smoking campaign. The measure cleared through the Senate Governance and Finance Committee, and the Senate Health Committee.

New York City Expands Soda Fight To Juice Drinks

The New York City Health Department, which is already locked in a court fight with beverage industry giants Coca-Cola and PepsiCo over a sugary soda ban, is now going after sports drinks, teas and energy drinks that it says can be just as deadly, reported *Bloomberg*. The city agency recently debuted a series of television ads and subway placards that flash pictures of fruit-flavored drinks containing added sugar, saying the healthier-sounding choices can cause obesity and diabetes. One of the TV ads depicts a patient with amputated toes from diabetes, an overweight man slugging a neon-blue sports drink, and a surgeon picking at a diseased heart with tweezers.

The expanded campaign started before a showdown between beverage makers and the city in a New York state appellate court. The city has appealed a permanent injunction issued March 11 to stop a health-de-



partment law pushed by Mayor Michael Bloomberg that would cap the size of sugary soft drinks sold in restaurants, movie theaters, stadiums and arenas at 16 ounces a cup.

Oral arguments were heard on June 11, during which the four presiding judges repeatedly challenged the city attorney to defend the rule's scientific and legal underpinnings. One judge stated the city appeared to be asking for unprecedented authority to regulate all sorts of portion sizes, including "the number of doughnuts a person could eat, the number of scoops of ice cream" and number of servings of fried chicken. The court has not indicated when it might issue its ruling.

Senators Call On FDA To Regulate E-Cigarettes

Calling e-cigarettes a possible pathway to traditional cigarettes and other tobacco products, five U.S. Senators recently called on the Food and Drug Administration (FDA) to issue "deeming regulations" asserting regulatory authority over tobacco products, such as electronic cigarettes, and to restrict the sale, distribution and marketing of e-cigarettes and other nicotine products to children and young adults. Though the number of U.S. adults who have tried e-cigarettes has doubled since 2010 and limited research has raised consumer safety concerns, the nicotine delivery devices are currently not required to be evaluated or approved by the FDA. In their letter, the Senators asserted, "Unlike traditional tobacco products, e-cigarettes can be legally sold to children and are not subject to age verification laws. These products risk addicting children to nicotine, which could be a pathway to cigarettes and other tobacco products."

Bill Introduced To Raise Federal Tobacco Tax

Several U.S. Senators recently introduced a bill—SB 826—that would increase the cigarette tax by \$0.94 per pack for a new federal rate of \$1.95 per pack, and impose tax parity on other tobacco products, reported *CSP Tobacco E-News*. This "tax parity" would bring the federal cigarette tax on other tobacco products such as cigars, pipe tobacco, RYO tobacco, chewing tobacco, moist snuff and snus on par with the federal cigarette tax rate. In order to curb the illegal trafficking of cigarettes and tobacco products, SB 826 would also require tobacco manufacturers to affix a "unique identification marking" that includes a serial number or tracking code to allow the product to be traced by federal authorities.

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more reliant on the Missouri Lottery to fund public education.

The Lottery Commission plans to roll out play-at-the-pump sales at 15 gas stations across the state—on about 150 individual pumps—this fall. Motorists will automatically see the lottery option and be able to purchase electronic or receipt-printed tickets when they insert their debit cards to pay for fuel. Payouts less than \$600 go directly to the winner's debit card. One hundred ATMs will also be equipped to sell electronic tickets. The pilot programs could be expanded later, depending on the response.

Initially, some convenience stores had expressed concern about the program, fearing people would not be as likely to come inside and make other purchases if they could buy lottery tickets at the pump. But the Lottery Commission said preliminary analysis of the program has shown the opposite—it has actually increased foot traffic in the stores with customers seeking to purchase scratchers or in-state games.

7-Eleven Taiwan Competes For Diners

7-Eleven and FamilyMart are stepping up their competition for Taiwan's quick-service dining market, worth US\$13.22 billion annually, reported *Taiwan Today*. Last year the two convenience store chains sold more than US\$1.115 billion in fresh foods, accounting for roughly 8 percent of the dining out market. Fresh foods now make up about 18 percent of 7-Eleven's sales and 14 percent for FamilyMart. More than 90 percent of outlets provide seating areas for meal consumption. Uni-President Enterprise Corp., which operates 7-Eleven in Taiwan, plans to invest US\$23.2 million in 2013 to expand production facilities—including vegetable processing plants and greenhouses—to strengthen its control over the entire supply chain and ensure the reliable provision and quality of foodstuffs.

Gift-Card Fraud & Violence On The Rise

The number of retail crime incidents fell slightly last year, but U.S. merchants report a new trend of thieves returning stolen merchandise in exchange for gift cards that they sell for cash, according to NRF's annual Organized Retail Crime Survey. The report also shows that the percentage of in-store apprehensions of retail theft suspects that led to violence is up compared to last year.

For the first time, NRF asked the senior loss prevention executives surveyed about their experience with store credit merchandise/gift card fraud, and 77.8 percent said they have experienced boosters who return stolen merchandise without a receipt for the sole purpose of receiving store credit via a gift card, that they then turn around and sell for cash to secondary markets that include kiosks, pawn shops and check cashing stores. Furthermore, according to the survey, retailers say on average two in 10 (18.3 percent) apprehensions lead to some level of violence, up from 15.2 percent last year and 13.0 percent in 2011.

South Jersey Franchisees Sue SEI

Two South Jersey 7-Eleven franchisees have sued SEI in federal court for allegedly failing to keep up with the competition, an apparent reference to market leader Wawa, reported the *Courier-Post*. Storeowners Sam Younes and Tamer Atalla contend SEI has “failed to change its stores, products, and marketing despite the ever-changing market and the expectations of consumers.” They also assert sales and profits have fallen “due to the competition, and the lack of a response by 7-Eleven.”

An attorney for SEI declined to comment on the suit, pending in Camden federal court. The company has asked for the lawsuit's dismissal, saying it was not properly served with

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“A new Gallup poll shows 48 percent of small business owners believe ObamaCare is bad for their business.”

legal papers. In their suit, Younes and Atalla also contend that they are not allowed to adjust the sound of TV ads or the temperature inside their stores, and that SEI is slow to perform maintenance, particularly for small or low-grossing stores. The franchisees say they want compensation for lost profits, punitive damages and legal expenses.

Half Of Small Businesses Think Health Law Is Bad for Them

A new poll by Gallup shows that 48 percent of U.S. small-business owners say the Affordable Care Act (ACA) is going to be bad for their business, compared with 9 percent who say it is going to be good, and 39 percent who expect no impact. Similarly, 52 percent of owners say the ACA is going to reduce the quality of healthcare they and their employees receive. This contrasts with 13 percent who feel it will improve the quality of care their employees get, and 30 percent who see no impact. In a separate question, 55 percent of small-business owners expect the money they pay for healthcare to increase. Five percent expect their healthcare costs to decline, while 37 percent say the health law will have no impact on what they pay for healthcare.

When asked if they had taken any of five specific actions in response to the ACA, 41 percent of small-business owners say they have held off on hiring new employees and 38 percent have pulled back on plans to grow their business. One in five (19 percent) have reduced their number of employees and essentially the same number (18 percent) have cut employee hours in response to the healthcare law. One in four owners (24 percent) have

thought about eliminating healthcare coverage for their employees.

Study Reveals Impact Of Income On C-Store Shopping

A consumer's income affects their shopping habits at convenience stores, but in a surprising manner, reported *CSNews Online*, citing the Convenience Store News “2013 Realities of the Aisle” consumer study. The report shows that low-income consumers frequent c-stores more often than high-income shoppers and when they do, they spend more.

The study also breaks down the differences in how low-, middle- and high-income consumers shop convenience stores. Highlights include:

LOW INCOME (LESS THAN \$35,000 A YEAR)

- Tend to shop more often at convenience stores than higher-income households.
- 14.5 percent shop almost every day.

- Typically shop c-stores for cigarettes and food to consume at home.
- Heavy users of the following c-store services: ATMs, DVD rental, money orders, check cashing and video games.
- Average spent at last c-store visit: \$12.91.

MIDDLE INCOME (\$35,000 TO \$75,000 A YEAR)

- Tend to shop convenience stores two to three times a week.
- Typically shop c-stores for gas, lottery tickets and cigarettes.
- Heavy users of the following c-store services: car wash and DVD rental.
- Average spent at last c-store visit: \$11.70 to \$14.49.

HIGH INCOME (MORE THAN \$75,000 A YEAR)

- Largest percentage of these consumers (30.3 percent) shop c-stores about once a week.
- Heavy users of car washes at c-stores.
- Average spent at last c-store visit: \$13.69 (\$75,000-\$99,999); \$12.29 (\$100,000-plus).
- Median spent at last c-store visit: \$6.

Amazon Expands Grocery Business



Amazon.com recently began offering fresh grocery delivery in its first major market outside of Seattle, reported the *Wall Street Journal*. The online retailer quietly added metropolitan Los Angeles to its website as a delivery area for its AmazonFresh business, hinting at what could be a broader expansion. In Seattle, Amazon has been running the business for nearly six years. The service brings produce, dairy, meat, boxed groceries and other items in insulated containers direct to customers' doors during appointed one- or three-hour windows. Amazon charges Seattleites between \$8 and \$10 for most deliveries, though orders over \$100 can be free. A frequent buyer program, known as Big Radish, rewards customers with free delivery on orders over \$50 for several weeks at a stretch. ■

State Cigarette Excise Taxes

The following table shows all cigarette tax rates by state and rank as of July 1, 2013, including Washington, D.C. The data shows that the top three states with the highest taxes per pack of smokes are New York (\$4.35), Rhode Island (\$3.50), and Connecticut (\$3.40). The three states with the lowest cigarette taxes are Missouri (\$0.17), Virginia (\$0.30), and Louisiana (\$0.36). The city with the highest combined state-local tax rate is New York City with \$5.85, followed by Chicago at \$5.66 per pack.

State	Tax	Rank	Idaho	\$0.57	42nd	Mississippi	\$0.68	37th	Oklahoma	\$1.03	31st
Alabama	\$0.425	47th	Illinois	\$1.98	17th	Missouri	\$0.17	51st	Oregon	\$1.18	29th
Alaska	\$2.00	12th	Indiana	\$0.995	32nd	Montana	\$1.70	18th	Pennsylvania	\$1.60	22nd
Arizona	\$2.00	12th	Iowa	\$1.36	26th	Nebraska	\$0.64	38th	Rhode Island	\$3.50	2nd
Arkansas	\$1.15	30th	Kansas	\$0.79	36th	Nevada	\$0.80	35th	South Carolina	\$0.57	42nd
California	\$0.87	33rd	Kentucky	\$0.60	40th	New Hampshire	\$1.68	20th	South Dakota	\$1.53	24th
Colorado	\$0.84	34th	Louisiana	\$0.36	49th	New Jersey	\$2.70	7th	Tennessee	\$0.62	39th
Connecticut	\$3.40	3rd	Maine	\$2.00	12th	New Mexico	\$1.66	21st	Texas	\$1.41	25th
Delaware	\$1.60	22nd	Maryland	\$2.00	12th	New York	\$4.35	1st	Utah	\$1.70	18th
Florida	\$1.339	27th	Massachusetts	\$2.51	10th	North Carolina	\$0.45	45th	Vermont	\$2.62	8th
Georgia	\$0.37	48th	Michigan	\$2.00	12th	North Dakota	\$0.44	46th	Virginia	\$0.30	50th
Hawaii	\$3.20	4th	Minnesota	\$2.83	6th	Ohio	\$1.25	28th	Washington	\$3.025	5th
									Washington, D.C.	\$2.50	11th
									West Virginia	\$0.55	44th
									Wisconsin	\$2.52	9th
									Wyoming	\$0.60	40th

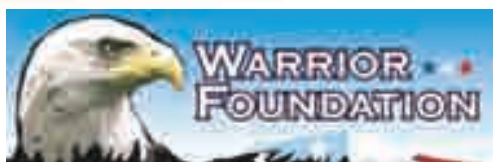
Source: Campaign for Tobacco Free Kids (Orzechowski & Walker, Tax Burden on Tobacco, 2012; media reports; state revenue department websites)



Member News

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San Diego FOA Donates To Warrior Foundation-Freedom Station



In an effort to assist, honor and support the military men and women who have bravely served and sacrificed for the nation, the 7-Eleven Franchise Owner's Association (FOA) of San Diego recently made a donation of \$10,007.11 to the Warrior Foundation-Freedom Station. The donation comes from the proceeds from the annual Charity Golf Tournament, held June 6 at the Salt Creek Golf Club in Chula Vista, which was organized and sponsored by the San Diego FOA. More than 140 golfers—representing 7-Eleven vendors and FOA representatives from San Diego, Los Angeles, Tucson and Las Vegas—participated in the tournament.

The Warrior Foundation-Freedom Station began its operations in 2004 to address the needs of injured servicemen and women returning from overseas. While the San Diego FOA has been making donations on a regular basis to a number of charities in the San Diego area, the decision was reached this year to make a single donation, to one charity, to create as significant of an impact as possible.

"The 7-Eleven family of Franchise Owner's Associations has a long history of giving back to the communities in which we live and work," stated Bic Sidhu, San Diego FOA President. "So many servicemen and women and their families have been touched by combat serving this nation, and by giving back to the Warrior Foundation-Freedom Station, we can be a part of their healing and recovery," Sidhu concluded.

"It is heartening to accept this donation from the San Diego FOA," stated Judy Sexton, Director of Warrior Foundation-Freedom Station. "These funds will go to help our injured warriors who have given their all for our freedoms. As an all-volunteer organization serving those injured warriors in southern California, this donation will stay here and will allow us to continue to help our military men and women to lead productive lives," she concluded.



Left to Right: Jim Titera; Bolivar Flores; Carmen Hiebing, Vice President San Diego FOA; Judy Sexton, Director, Warrior Foundation; Bic Sidhu, President, San Diego FOA; Nancy Langford, San Diego FOA.



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every gallon of gas. • Shipments of **dual interface payment cards, incorporating both chip and PIN and contactless technologies**, are now growing at 77 percent year over year, reported *Mobile Payments Today*. The overall number of smart payment cards shipped was up 9 percent on the year. • **Crystal Light has introduced a new e-commerce platform—Shop.CrystalLight.com**—that allows customers to order Crystal Light flavors online, including some unique varieties such as Crystal Light Pure. • **First Trade Union Bank** recently released its new FT Mobile app for iPad, a fully-integrated banking app optimized for iPad use. **First Trade customers can now deposit checks, pay bills, schedule payments, view balances and transfer funds** from their iPads in addition to their phones. • **Electronic cigarette maker NJOY** recently announced that global music superstar and **13-time Grammy Award nominee Bruno Mars has joined the company** as an investor. Mars stated that he often uses NJOY's King product in place of traditional cigarettes. • The majority of consumers globally (**52 percent**) **prefer self-check-out stations in order to avoid waiting in line to make purchases**, according to the Cisco Customer Experience Report. • After watching older generations, like their parents, get hit hard by the recession, **many younger Americans are shying away from credit cards**, reported CNNMoney. About 16 percent of consumers ages 18 to 29 didn't have a single credit card by the end of 2012, up from 8 percent in 2007. • Coca-Cola recently revealed that the **top selling 7-Eleven Slurpee flavors** according to Volume Per Outlet from February to April 2013 are: **Coke Classic (8.87), Fanta Wild Cherry (6.43), Mountain Dew (3.75), Fanta Blue Raspberry (3.39), Fanta Blackberry Pomegranate (3.11), Sugar-Free Fanta Cherry Limeade, Fanta Piña Colada (2.78), and Fanta Banana (2.01)**. • Mondelez International—maker of Cadbury, Oreo, Milka, and Toblerone—is preparing to sell heat resistant chocolate, reported Geek.com. • Domino's Pizza recently announced the release of its **Domino's Pizza**

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— Jaime Anderson,
Merchandising Assistant
Holiday Stationstores, 460 stores



ISSUES OF IMPORTANCE

By Jason Miko, NCASEF

As we approach the middle of the calendar year, it's a good time to take stock of where we are on certain hot-button issues affecting the convenience store industry, as well as to make a determination about which issues are important enough to warrant franchisee involvement.



Below we take a look at the most important of these issues, keeping in mind that they all have two things in common: first, they are designed to raise revenues for governments, ostensibly to fight the stated problem but more frequently for the municipality's general fund.

Second, the products targeted are all vitally important for the mix of products sold in our stores and represent a significant source of revenue. The more they are taxed, restricted and generally frowned upon by governmental authorities and certain "public interest" groups, the more difficult it will be for the average hard-working storeowner to make a living.

Sugar/Soda Taxes

If we have learned anything from the past few years, it is that the next attack will be on sugar—specifically, sugar in soda. We have seen this manifested in initiatives and referendums in California and, most famously, through New York City Mayor Michael Bloomberg's attempt to limit the size of fountain drinks to 16 ounces at certain venues. Of all of these attacks, one can be sure that California will continue to lead the way in this fight against sugar.

"California is looking at a statewide soda tax of a penny per ounce."

tax on sugary drinks appears to be gaining traction in the California Legislature." The report cited a February field poll, which stated that 68 percent of California voters would vote for a tax on sugar-

sweetened beverages if the revenue supported school nutrition and physical activity programs.

But here's the rub: as we learned from the defeat of proposed soda taxes in El Monte and Richmond California last year, voters do not necessarily believe that the revenues raised from such taxes will go to their designated uses. That same poll stated that voters would not approve a sugar tax if the revenue went into the general fund. Witness the case of El Monte—there was not even a pretense of using the revenues to help children. The authors of the bill wanted the revenues to go to fill the budget gaps, and the measure failed.

Although we can be certain that once revenue is raised state legislators will use it for whatever they want, we can also be certain that this issue will only gain steam, expanding not only in California but around the country. If these taxes are enacted, they will negatively affect sales in convenience stores, not to mention take away our freedoms as consumers to make our own choices. Worryingly, and according to Forbes, "Legislatures in Vermont, Texas, Rhode Island, Mississippi, Oregon, Hawaii and Connecticut are considering similar bills."

Ironically, over the Atlantic in Denmark, both citizens and elected officials are realizing that sugar taxes hurt the economy and individuals. NACS reports that the soda tax there, which has been in effect for nearly 80 years, will be abolished on January 1, 2014. According to NACS, "This decision is the result of concerted efforts to highlight the negative impact of the tax," said Niels Hald, secretary general of Bryggeriforeningen, a Danish soft drink association. "In taking this step, the Danish government acknowledged the regressive nature of the tax." Alain Beaumont, secretary

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"Legislatures in Vermont, Texas, Rhode Island, Mississippi, Oregon, Hawaii and Connecticut are considering similar bills."

general of the Union of European Soft Drink Associations stated, "Soft drinks taxes are on the wane and being voted down by governments and parliaments across Europe. They have not proven to achieve any public health objectives and they destroy jobs and economic value."

Tobacco

Smokers using legal tobacco products continue to be under assault from both elected officials and the anti-smoking crowd. Even electronic cigarettes are coming under fire in a number of states, with various public officials and anti-smoking groups going after them as well as smokeless tobacco. While the FDA continues to warn that e-cigarettes and their effects have not been fully studied, health groups and public policy makers are already on the proverbial warpath, looking to ban them wherever traditional cigarettes, cigars and pipes are currently banned.

Meanwhile, the advertising of tobacco products continues to take a beating in various states, cities and municipalities. New York City is front and center with the latest proposals from Mayor Michael Bloomberg. Finally, media reports point to a number of universities around the country that are looking to completely ban the use of tobacco products on campus. Next year will continue to bring about a general push to restrict the usage and exposure of tobacco products nationwide.

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ISSUES OF IMPORTANCE

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Lottery

Efforts have been underway for some time now to bring state lotteries into homes via the Internet, and Illinois undertook a big push last year to do just that. Now, states such as Michigan, California, Delaware and Mississippi are considering ways in which to make the lottery available online. Also, according to one media outlet, "the U.S. Congress is currently considering allowing states to tax online purchases, which would provide local governments with additional access to tax revenue." Either way, if lottery sales go into the homes and offices of individuals, there are myriad reasons to be concerned, not the least of which is that foot traffic in stores will decrease along with ancillary sales of additional items.

Alcohol

Finally, that old perennial favorite target of legislators everywhere—alcohol—will continue to be the subject of taxes and restrictions. While there are signs of some hopeful movement in terms of opening sales (particularly of beer and wine) to convenience stores where previously restricted (Pennsylvania is ground zero in this battle), the overall trend continues to be the same in terms of legislators' wishes to tax and restrict these perfectly legal products. Like many of the above issues, the list of states seeking modifications to the sales of alcoholic beverages is too numerous to list here, but we can rest assured (if we can rest at all) that this is an on-going battle we must continue to fight.

So, what is to be done about all of this? As stated earlier, all of these issues directly relate to

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the bottom line of any storeowner and as they are more highly regulated or restricted (or, in the case of the lottery, as they become more widely available outside of our stores), they will literally eat away at the profits of franchisees.

What all of this means at the end of the day is that franchisees must continue to be vigilant and aware of trends at the local and state levels. Equally important they must become activists, working both to educate policy makers and the public while fighting in the public policy arena for their rights as small business owners. If the voices of franchisees are not heard in city hall, in the county administration buildings or in the state capitol, you can be certain that other voices will be heard—and those voices will not have the same agenda in mind.



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"Michigan, California, Delaware and Mississippi are considering ways in which to make the lottery available online."

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Smoking With Kids In Car Illegal In Oregon

Oregon lawmakers have approved a bill that makes it illegal to smoke in a motor vehicle while a person younger than 18 is in the car, reported the *Statesman Journal*. It would be a secondary offense, meaning a police officer could tack on a fine for smoking only if the officer has already stopped the driver for a separate vio-



lation. Under the bill, SB 444, the first offense would be a Class D traffic violation, which carries a maximum fine of \$250. A subsequent offense would be a Class C traffic violation, which bumps up the maximum fine to \$500. The bill applies to products besides tobacco such as marijuana and regulated narcotics. The measure now heads to the governor's desk for his signature.

Philadelphia Approves Cigarette Tax Hike

The Philadelphia City Council recently approved a new \$2-per-pack cigarette tax hike, reported NBC10 Philadelphia. If the new tax is approved by lawmakers in Harrisburg, the average cost for a pack of cigarettes would increase from \$5.85 to \$7.85, and would generate an additional \$45 million for the cash-strapped Philadelphia School District. Philadelphia Mayor Michael Nutter has proposed generating about \$95 million for Philadelphia public schools through higher taxes on alcoholic drinks, cigarettes, and businesses for the 2013-2014 school year. However, the City Council declined to vote on a bill that would increase the liquor-by-the-drink tax from 10 percent to 15 percent, which would bring in \$20 million to the district.

Legislative Update

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The Minimum Ten Steps Required In Accounting By Serge Haityan

During the last few years, accounting as franchisees knew it for decades changed dramatically. What we took for granted in the past—such as accounting support from SEI—is gone for good. Now we have to be very vigilant and put in place checks and balances to monitor our store's accounting.

After all, we do not allow the banks to balance our personal checking accounts, so we should not rely entirely on SEI to take care of our books.

Below are some minimum steps every franchisee should be performing on a regular basis (daily or minimum weekly) to ensure your store's accounting is in order:

1. Make sure that all deliveries—particularly CDC and BT—are checked in accurately and proper adjustments are entered daily.
2. Print your CDC adjustments daily and enter them into your Receiving Log.
3. Print your exceptions report (BT stores) daily and examine it (be careful with McLane orange tags miss-picks).
4. Daily print your markdown/mark up, gift card, and "Network Batch Summary By Shift" reports, among others (all of these can be set up to be printed under "Print End Of Day Report"). Examine these reports for any abnormalities.
5. Make sure to have a Receiving Log (or a Purchase Summary Report in BT stores) for every day with all purchases recorded on it.
6. Print your S18s. If you find any factored items or mistakes correct them on the S18 sheet by filling in the blanks with the correct retail, submitting them on a Receiving Log and scanning them under Section 3 of your scanner. Create a merchandising case for every mistake (beyond the store control as recommended items being factored) and ask SEI to correct the mistake for future purchases.
7. Regularly print your "CDC Invalid Adjustments" report #D-D03 and make corrections if needed by creating an accounting case on the ISP.

"Every franchisee is responsible for their store's accounting, and must take minimum steps on a daily or regular basis to assure it is correct."



8. Print your Merchandise Report "MO1" on a regular basis. Compare and check each transaction with your Receiving Log or Purchase Summary Report for BT stores, especially CDC adjustments. Make sure that all entries on the MO1 are legitimate and belong to your store.
9. Follow up on every accounting or merchandising case created on the ISP. Do not assume that what you requested is understood or implemented automatically.
10. During audits, you or your store manager MUST BE PRESENT IN THE STORE and implement the following steps:

"During audits you or your manager must be in the store and take minimum steps to follow up behind the auditor."

- The day before the audit, you or your manager must make sure that every individual item is properly priced and tagged because some auditors have a tendency to use an incorrect price when one is not readily available.
- Make sure auditors pull the Beginning Report on the ISP after setting up.
- Make sure auditors only count the selling floor between the Beginning and Closing Reports on the ISP.
- Make sure auditors count the cold box, backroom and office AFTER pulling the closing re-

port (this way you will not lose half of your sales during that count).

- You or your store manager should verify the auditor's counts in at least five random sections.
- You or your store manager should ask for a detailed cigarettes and tobacco report by section, shelf and row to verify the count.
- You or your store manager should examine in detail the walk report provided by the auditor and compare the total to the prior two audits to find any major variation. If any variation is found, you should go back and check the total of that section.
- You should make sure that the store supply count is correct during the audit (maintain same level at each audit to avoid gross profit fluctuation on your financial).
- You or your store manager should finally examine the Department Total by SR/SF Report for comparison to the prior audit for any major variation. If any is found, you should go back and check the total for that category.
- You or your store manager should verify the auditor's Scratchers count. Examine things like the dollar value per ticket and the number of

tickets per book, as auditors frequently make mistakes in these areas.

- You or your store manager should not accept or sign the audit if major discrepancies are found (call your Asset Protection person, your field consultant, and your market manager to explain why the audit is unacceptable and rejected).

If you have any questions, please feel free to call me or your FOA president.

SERGE HAITYAN can be reached at 559-355-4899 or sergez@comcast.net



www.topochico.com

Bottled at source

3rd Imported Mineral Water Brand in U.S.A. (supermarkets)

Sells 3x more than the #2 Hispanic brand.

2012 + 20.8% in McLane

Once they try it, mainstream consumers become permanent drinkers.

Merchandise With Water In The Cooler Set

One facing per SKU can average 15 to 2 cases per store per week!
50% margin after delivery charge






SEI News

NEW HOT AND SAVORY BREAKFAST BITES

Latin-inspired Breakfast Empanada Bites have been added to 7-Eleven's hot foods menu. The new miniature, crescent-shaped pastries filled with eggs, cheese, bacon, smoked ham, and sausage are priced at \$1 for three. SEI said this breakfast snack fits with several current food trends—the growth of breakfast and snacking occa-



sions, and the continuing popularity of all foods Latin.



As the fastest-growing U.S. demographic, Hispanics are an important core customer group for 7-Eleven. However, it was the popularity of Latin American foods among all demographic groups that has spurred the addition of a snack-size breakfast empanada, the company said. Ethnic foods are booming, closing in on \$3 billion an-

nually in sales. Mintel Research, which divides ethnic foods in four major categories—Mexican/Hispanic, Asian, Indian and Other—projects strong growth in the future. Today, Mexican/Hispanic accounts for well over half of ethnic food sales and is considered mainstream by many.

7-ELEVEN TESTS BELLY LOYALTY PLATFORM

SEI is among several retailers that have signed up to test the new digital loyalty platform Belly, reported the



SEI News

7-Eleven kicked off the summer season with 49-cent Slurpees.

-Eleven kicked off the summer season with -cent Slurpees.

Chicago Tribune. The Chicago-based company supplies brick-and-mortar merchants with a dedicated iPad, typically set up at the cash register. Consumers get one Belly card—available in physical form or via a mobile device—that can be scanned by the iPad at all participating businesses. Customers receive points for their visits and can re-

deem those points for rewards determined by the individual merchants. Belly is presently being tested in several Chicago 7-Eleven stores.

SUMMER IS '#AWESUMMER' WITH SLURPEE

7-Eleven kicked off its Slurpee summer season during Memorial Day weekend by offering 49-cent medium-size Slurpee drinks from May 24 to 27 at participating stores nationwide. The company also introduced its newest Slurpee



Lite flavor, Slurpee Lite Sugar Free Sprite, during the weekend celebration. Actress

continued on page 86

AWARD WINNING BETTER-FOR-YOU POPPED SNACKS!

SMART SNACKING

NATURAL
 SNACK SMART
 LESS FAT



SMART FRIES



POP RINGS

2012 CSN's BEST NEW PRODUCTS Awards

All Natural, Delicious, Award Winning, **Air-Popped** savory snacks, not fried or baked, our products are the hottest selling "Better-for You" munchies on the market. Voted "**Best New Product 2012**" at NACS by CSNEWS & "**Best of EXPO**" at The Natural Products Expo West. Available in a variety of delicious gourmet flavors and sizes, including convenient single-serve sizes and a specially-designed 6 pack display tray for your C-stores.



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smart calories*

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and hibiscus tea (south africa)*

*caffeine levels vary by flavor – high,
medium and caffeine free*

*\$2.49 price point at least doubles
your penny profit*

*proven successful in 3000+
franchise stores*

SLIN: 241491

SLIN: 241493

SLIN: 241499



Member News

continued from page 85

SEI News

Ashley Benson of ABC's hit TV show "Pretty Little Liars" and surprise indie box office hit "Spring Breakers," appeared at a Los Angeles 7-Eleven store to take the ceremonial first summer Slurpee sip. After that inaugural slurp,

Benson set her cup down on a machine that precipitated a chain reaction ultimately raising a colorful banner officially opening the 2013 Slurpee Season.

Additionally, SEI unveiled its exclusive summer Slurpee flavors ahead of launch, which include Slurpee Fanta Oddball Orange, Slurpee Lite Sugar Free Fanta Mango Lemonade, and Slurpee Fanta Strawberry Lemonshade. 7-Eleven is also making summer #AWESUMMER for anyone who downloads the 7-Eleven App to their smartphone (available via the App Store or Google Play). The 7-Eleven App will supply guests with coupons for free merchandise every week all summer long toward exclusive offers like free Slurpee drinks and free Snickers Ice Cream Bars.

7-ELEVEN GIVES AWAY FREE MIO

In late April, participating 7-Eleven stores across the country gave away a free MiO Energy Black Cherry Liquid Water Enhancer. The company said it partnered with MiO



SNAPPLE ICE TEA FOR FREE

7-Eleven stores celebrated National Iced Tea Day on June 10 by giving out free Snapple Iced Teas during a weeklong celebration that ended on June 15. Each day during that week, a mobile coupon for a free 16-ounce bottle of Snapple Iced Tea appeared on 7-Eleven's smartphone app. The three featured flavors included Snapple Half 'n Half Lemonade Iced Tea, Lemon and Peach Iced Teas, although each mobile coupon was valid on any 16-ounce Snapple product. The company's National Iced Tea Week was part of its #Awesummer campaign that includes special offers and fun events throughout the summer. **AV**



continued from page 76

app for Windows Phone 8, which offers a few features that are exclusive to the Windows Phone. • A new study by the Pew Research Center reveals that **56 percent of all American adults are now smartphone owners**. One third (35 percent) have some other kind of cell phone that is not a smartphone, and the remaining 9 percent of Americans do not own a cell phone at all. • Nearly **20 percent of retailers plan to reduce worker hours** before the Affordable Care Act kicks in next year, reported *Congressional Quarterly*. • Two of the three 7-Eleven convenience stores that closed recently in Columbus, Ohio **will be replaced by Giant Eagle GetGo stores**, reported *Columbus Business First*. • While mobile wallet apps accounted for \$500 million worth of sales transactions in 2012, **the vast majority of mobile wallet transactions came from Starbucks' smartphone card app**, Berg Insight reported. • South Carolina lawmakers have decided to pull back on plans to **tax and regulate electronic cigarettes** until they see what the federal government will do, reported the *Greenville News*. • In Wisconsin, a bill that would **require state workers who smoke to pay an additional \$50 per month for health insurance** recently passed the legislature's Joint Finance Committee, the Associated Press reported. • The Treasury Department has announced that **beer, wine and spirits companies can voluntarily use nutritional labels** like those on food packaging on their bottles and cans, reported the Associated Press. • **Kum & Go convenience stores will no longer accept checks starting July 1** because checks result in slower customer service and lead to greater complexity in its stores, reported *The Gazette*. • According to a survey by Kentico Software, **85 percent of smartphone owners use their devices to compare companies, products and pricing** before making a purchase. • The U.S. Centers for Disease Control and Prevention in a new report said that the number of **U.S. adults who smoke dropped to 18 percent** in 2012 after plateauing at 20-21 percent for the last seven years. ■

\$name game winner sammy salem chicago\$

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Strawberry
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12oz 12-PACKS NOW AVAILABLE IN ALL MARKETS.

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Argo Tea Healthier Tea Option

Tea is up 9 percent at 7-Eleven and is projected to be one of the top performing categories over the next two years. To meet this need, Argo Tea has launched three all-natural, freshly brewed bottled teas at 7-Eleven:

- **Carolina Honey** (SLIN: 241499) is made with energizing Nilgiri black tea from the highlands of Southern India, sweet grade A wildflower honey, and a splash of tart lemon.
- **Hibiscus Tea Sangria** (SLIN: 241491) fea-

tures antioxidant-packed Japanese green tea, real pieces of spicy ginger, and a twist of ripe lemons.



Argo Tea, already successful in over 3,000 7-Elevens.

- **Green Tea Ginger Twist** (SLIN: 241493) contains thirst-quenching hibiscus tea, crisp apples, and a sweet medley of berries and orange.
- 7-Eleven customers are seeking premium, healthier beverage options and Argo is a perfect brand to fill this need. The \$2.49 SRP at least doubles penny profit while giving customers an all-natural, healthy drink option. Argo Tea has already proven successful in over 3,000 7-Eleven

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A SLEW OF BREWS FROM ANHEUSER-BUSCH

Give your summer beer sales a jolt with these exciting new brews from Anheuser-Busch.

• Shock Top 16-Ounce Can 4-Pack:

Craft can sales were \$832,000 in 2007 and in only three years that figure sky-rocketed to \$5,800,000, with over 30 craft vendors selling over 65 different SKUs in cans. Additionally, craft 16-ounce can packages are up 298 percent. That is why Anheuser-Busch introduced Shock Top in 16-ounce cans in March of 2012—to give retailers another way to offer the award-winning craft beer flavor of Shock Top to their customers and boost sales.



program. The event will be held on the Benjamin Franklin Parkway in Center City Philadelphia. One in three purchasers will receive a free music download. The 2012 Made in America music event had 91,000 attendees, 2.4 billion impressions and 1.3 million live streams, and this year's event is expected to be even bigger. First order date is July 1—10 days prior to 7-Eleven Day.

• **Budweiser Patriotic Promotional Packaging:** Budweiser's stars and stripes, red, white and blue packaging conveys the company's support of the Folds of Honor Foundation, which benefits the families of wounded or fallen soldiers. From May 5 to July 4, for every case of this limited edition Budweiser sold, Anheuser-Busch makes a donation to the organization, up to \$1.5 million.



• **Budweiser Limited Edition '7-11' Package:** An exclusive, limited edition Budweiser 7-ounce 11-pack is available to commemorate 7-Eleven Day. A sweepstakes will communicate the Budweiser Made in America music event scheduled for Labor Day weekend (August 31-September 1) and entry details for a consumer sweepstakes



• **Stella Artois Cidre:** Anheuser-Busch brand Stella Artois, the best-selling Belgian beer in the world, is introducing Stella Artois Cidre to the surging U.S. cider market. Stella Artois Cidre is a crisp, distinctive European-style cider made with apples hand-picked from wine growing regions. The cider category is seeing 110 percent growth in the United States, and Stella Artois Cidre helps to meet the growing demand for premium ciders with a more complex taste profile.

Stella Artois Cidre recently earned a gold medal in the cider category at the prestigious North American Beer Awards. At 4.5

percent alcohol by volume (ABV), Stella Artois Cidre is available in two packaging configurations: four-packs of 12-ounce bottles and single, 24-ounce bottles.



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franchise stores. Order now through McLane. Case cost is \$16.77, bill-back is \$0.96, unit cost is \$1.32, GP\$ is \$1.17, and margin is 47 percent.



Energy Supplement Made With Real Milk Chocolate

The latest innovation in the energy supplement industry, Energems great tasting "energy bites" were created to satisfy

Energems deliver energy with chocolate in a coated shell.

consumers who want an alternative to bitter, sticky, liquid energy products. Energems have received rave reviews and lots of positive buzz at events like the Palm Beach International Film Festival and major trade shows nationwide. Each box of Energems contains nine delicious "bites" made with real milk chocolate and an exclusive energy blend, all wrapped in a tasty coated shell. Energems are available in three delicious flavors—Chocolate Charge, Mint Fusion, and Peanut Butter Blast. One box of Energems equals three energy drinks. For more information please visit www.energems.net.



KIND Healthy Grains bars are gluten-free.

KIND Launches New Gluten-Free Bars

KIND Healthy Snacks recently jumped into a new category of snacks with KIND Healthy Grains bars, a line of chewy with a crunch granola bars made from five super grains mixed with tasty ingredients like pumpkin seeds, toasted coconut flakes, dark chocolate chunks, and more. Each KIND Healthy Grains bar packs one full serving of 100 percent whole grains—a key source of fiber and protein. Available for order to 7-Eleven franchisees in

September, the new bars have a suggested retail price \$3.99-\$4.29 per box of five bars in single flavors.

VENDOR FOCUS

KIND Healthy Grains bars are available in the following five varieties:

- **Dark Chocolate Chunk**—Made from whole grains coated with dark chocolate and real dark chocolate chunks.
- **Peanut Butter Dark Chocolate**—Made from real dark chocolate and roasted peanuts for a delicious combination of salty and sweet.
- **Oats & Honey with Toasted Coconut**—Gluten free oats sweetened with honey and toasted coconut flakes.
- **Maple Pumpkin Seeds with Sea Salt**—Real maple syrup and sea salt roasted pumpkin seeds.
- **Vanilla Blueberry**—Includes all natural ingredients like blueberries and vanilla.

New Sunny D Grape, Free Case

Sunny Delight Beverages Co. recently added Grape to their portfolio of vibrant flavors for 2013. Sunny D is one of America's most recognized brands, offering consumers nine great tasting flavors including Orange, Orange Strawberry, Orange Mango and new Grape. All Sunny D flavors are non-carbonated, caffeine free, and contain 200 percent DRV Vitamin C with only 120 Calories per bottle.

Sunny D's new Grape flavor will be introduced with a "free goods" offer. Stores can purchase one case of new Sunny D Grape flavor during the June 24th thru August 24th, 2013 introductory period and receive a bill-back for the full cost of the case. This offer is good for first order only.

Sunny D's new Grape introduction and "free goods" offer is part of a nationwide June 24th scheduled re-launch of the entire brand portfolio that includes better pricing, improved profit margins, and improved consumer value. See your Sunny D distributor today or contact Steve Bruton at steve.bruton@sunnysd.com for details.



Franchisees can get a billback for a full case of new Sunny D Grape.



TruMoo ranked number 4 on IRI's top new consumer brands list.

TruMoo Among Top Five New Brands Of 2012

TruMoo Chocolate Milk, a product of Dean Foods, has been ranked as the fourth most successful new consumer packaged goods (CPG) brands of 2012 by market research firm Information Resources, Inc. (IRI). Nearly 1,900 new CPG brands were introduced in the U.S. between 2011 and 2012, and TruMoo, which was recognized as a New Product Pacesetter Rising Star in 2011, is among the 11 percent that met IRI's strict, industry-recognized benchmarks of exceptional first-year sales success.

continued on page 92

TOBACCO, WATER AND 30 YEARS OF DOUBLE DIGIT GROWTH



For more information, contact Santa Fe Natural Tobacco Company at 1-800-982-7454.

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

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**NATURAL
AMERICAN
SPIRIT
CIGARETTES**



VENDOR FOCUS

continued from page 90

KRETEK INTRODUCES NEW SALES-BOOSTING PRODUCTS

Kretek has introduced several new products to help attract more tobacco users to your store. For more information on any of these items, please call 1-800-358-8100 or email salesinfo@kretek.com.

• **DjEEP Gemstone Lighters:** Each of the four DjEEP Gemstone series of lighters is decorated with a photo-montage of precious stones right from the jeweler's velvet pouch. It's the next best thing to a pocket full of jewels, and with around 4,000 lights, lasts almost as long. DjEEP Gemstone lighters are priced the same as other DjEEP designer lighters and are available on 24-count upright displays, 36-count 3-tier displays for front or back counter, and 108-unit counter merchandiser DPPP1 alongside Marilyn Monroe and DjEEP Classic lighters. Ask for DjEEP Item Number DP9862 or DP9902.



• **Updated EZ Cig Rechargeable E-Cigarette Kit:** The new EZ Cig Rechargeable kit features a battery, USB charger and a single 400-puff cartomizer equal to around two packs of cigarettes. EZ Cig rechargeables deliver 2.1 percent nicotine, about the same as tobacco cigarettes. EZ Cig was introduced in July 2012 and has achieved strong distribution in smokeshops and c-stores across the country. The newly packaged rechargeable kits in Menthol and Tobacco also feature improved smoothness and vapor volume. EZ Cig bonus pack cartomizers feature all 12 flavors, including Black Cherry, White Grape, and Java in addition to Tobacco and Menthol. All are offered as buy-3, get 1-free. Visit www.EZcigUSA.com to learn more.

• **EZ Cig 12-Flavor Display Sampler:** The compact new disposable unit holds 24 flavorful EZ Cigs and can generate \$192 in retail sales at an \$8 price

point. The 12 smooth EZ Cig flavors are becoming the preferred standard for natural-tasting vapor as more cigarette smokers explore e-cigs. Each EZ Cig stick delivers 600 puffs with 2.1 percent nicotine. Developed to be both convenient and stylish, EZ Cig is the first e-cig to coordinate original designer patterns with popular flavors. Retail sales of EZ Cig are already showing an annualized rate of more than \$8 million per year. The new counter merchandiser is designed to provide retailers with a quick and inexpensive brand trial before trading up to a larger EZ Cig merchandiser.

In addition to the new trial merchandiser, EZ Cigs are sold in open stock cartons of 12 individually tubed sticks, as well as larger 3-tier upright displays and permanent acrylic merchandising systems. Each stick is powered by a SuperLast Lithium-Ion battery, featuring an automatic shutoff.

• **EZ Cig 'Q':** The new EZ Cig 'Q' disposable e-cigarettes have the size, look and feel of an actual King Size cigarette, with the battery power and smooth rich flavors of a larger stick. They're smaller than most e-cigs, so they're easier to carry and enjoy. EZ Cig 'Q' disposables are available in two menthol and two tobacco flavors. They're also available in four tobacco and menthol tastes in

single-stick SKUs and are delivered to the trade in 12-unit counter top display cartons. They join the current line of EZ Cig disposable and rechargeable e-cigarettes and deliver up to 200 puffs of unsurpassed flavors.

• Swedish Snus 20-Can Counter Display:

The display offers three authentic imported Swedish brands—Thunder, Offroad, and Oden's Extreme in 20-portion cans. The compact new unit holds 5-can sleeves of shelf-stable Snus in Tobacco and Frosted styles, as well as 25 "take-one" flyers to educate adult tobacco users about real Swedish Snus. The suggested retail value of the shelf-stable unit is more than \$90. In addition to the new trial merchandiser, Kretek Snus brands are sold in open stock sleeves of 5-cans, in cases of 48 sleeves. There are 12 strengths and flavors in all, including Wintergreen and Cola. Kretek has a larger self-feeding display as well, and permanent acrylic merchandising systems in the works.



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HARIBO GOLD-BEARS

America's #1 Gummi item based on retail scan data!



Now available on the 7-Eleven Planogram!



also available



Haribo Happy Cola 5oz.
UIN 820019



Haribo Sour S'ghetti 5oz.
UIN 917187



Haribo Peaches 5oz.
UIN 280404

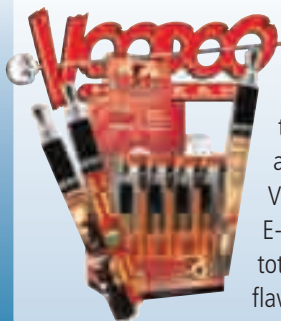
Data Source: IRI Multi-Outlet/C-Allscan ending 3/24/2013

KIDS AND GROWN-UPS LOVE IT SO, THE HAPPY WORLD OF HARIBO



VENDOR FOCUS

KRETEK continued from page 92



• Voodoo E-Hookah:

Kretek International recently announced new Voodoo brand E-Hookahs in eight totally relaxing flavors. Larger and

more decorative than an e-cigarette, the growing popularity of e-hookahs in recent months is an offshoot of expanding hookah use by adult tobacco users. Voodoo E-Hookahs combine hookah popularity with the convenience and portability of the e-cigarette category. Voodoo E-Hookahs come in such exotic flavors as Wicked Watermelon, Garden of Eden, and

Evil Eye Cherry, along with traditional Tobacco and Menthol, with a suggested retail price of \$12.99 each. Kretek is introducing Voodoo E-Hookahs in a choice of two 12-count introductory variety cartons in addition to the open stock flavors. The brand is supported by promotions and social media, including www.VoodooHookah.com.

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TruMoo is a better-for-you chocolate milk, made with fresh white milk—sourced from regional dairies around the country—and pure cocoa. As the shift toward nutritious products across all channels continues, it is not surprising to find that TruMoo also ranked among the top five new convenience store brands in 2012, one of only two brands to do so in this year's report.

In 2013, Dean Foods introduced a reformulation of TruMoo. The new product, which hit shelves in January, contains 35 percent less total sugar than a leading chocolate milk brand. And with 40 percent less added sugar than the prior formulation and no high fructose corn syrup, it's no wonder TruMoo has become one of the largest milk brands in the U.S., receiving high praise from parents and school nutrition directors across the country.



Swisher Green Sweets Cigarillos

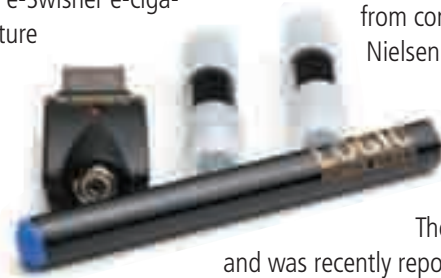
Swisher Green Sweets Cigarillos, created using naturally mild Candela leaf, have a distinctive green color and pleasant aroma. They also burn slowly for an easy, sweet smoke. The new Swisher Sweets Green Sweets come in a resealable 2-count pouch with the "Sealed Fresh" guarantee. For more information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

LOGIC E-Cigs Ranked Number One In U.S. C-Stores

LOGIC Technology recently announced the results of Nielsen's Brand Rank Report, indicating LOGIC outperformed all e-cigarette brands in Q1 2013 for sales per point of distribution. Based on sales from convenience stores across the United States, the Nielsen Brand Rank Report also showed that LOGIC's

Black Label was the most preferred for the electronic cigarette category. Also, LOGIC's Platinum Label was the second highest selling electronic cigarette.

The electronic cigarette industry is rapidly growing and was recently reported to support revenues reaching \$500 million. LOGIC's e-cigs have contributed to its tremendous sales growth, rising 600 percent in 2012. In addition, the total sales for Q1 2013 outperformed total sales in 2012. According to the Nielsen Report, LOGIC was the



Total sales of LOGIC e-cigs for Q1 2013 outperformed total sales in 2012.

e-Swisher Soft Tip e-Cigs Feel & Look Like The Real Thing

Swisher International's e-Swisher e-cigarettes and e-cigar now feature soft tips to provide a more realistic look and feel. Soft tips are 30 percent lighter than current e-Swisher products and the flexible tip is more comfortable to smoke. The quality soft-core filter also ensures the cap stays on.

e-Swisher e-cigarettes and e-cigars come in both disposable and rechargeable options. For more information visit www.e-swisher.com.



e-Swisher e-cigs and e-cigar feature soft tips for a more realistic look and feel.

www.e-swisher.com, www.facebook.com/eSwishereCigs or www.twitter.com/e_Swisher.

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THE ORIGINAL SLIDER™

Now Available at



FOR YOUR FREEZER CASE
Convenient take home 6-packs
(SLIN #180139)



FOR YOUR FRESH CASE
Grab & Go in individual 2-packs
(SLIN #171585)

The #1 Selling Frozen Cheeseburger Nationwide

The #3 Selling Freezer Door Item at 7-Eleven Nationwide

7-Eleven Promotion "2 FOR" National Value Offers in Spring and Fall 2013



For more information about White Castle:
contact Steve Ording at 614-559-2473 or ording@whitecastle.com

Resource Natural Spring Water Now Available Nationwide

Nestle Waters North America has nationally launched resource Natural Spring Water, its domestically sourced premium still water brand with naturally occurring electrolytes for taste. It is sustainably sourced natural spring water from carefully selected sources, packaged in a bottle made with 50 percent recycled plastic that is 100 percent recyclable. The launch is supported by a campaign that includes lifestyle magazines and digital outlets, media integration with reality TV show, and Project Runway, along with health and wellness partnerships.



Nestle's resource Natural Spring Water is sustainably sourced.

continued from page 94

number one selling electronic cigarette in the Northeast and entire Southern region.

LOGIC e-cigarettes are available in disposable and rechargeable versions and can be purchased at convenience stores nationwide, as well as on the company's web site. For more information about LOGIC Technology, visit www.LogicEcig.com.

General Cigar Unveils New Premium Cigar Packaging

General Cigar Company is offering its new "Locked In Humidity" packaging on top-selling premium brands including Macanudo, Partagas, Punch and Excalibur. This innovative, proprietary wrapping provides an airtight barrier that delivers a top quality handmade cigar, while eliminating the need for humidification equipment.

The individually wrapped cigars are available in 6- and 20-count boxes with eye-catching branded elements to stand out on the counter and on display. For consumers who seek the enjoyment of a handmade cigar, Locked In Humidity packaging delivers product longevity, freshness and portability direct from your counter, while delivering an entirely new revenue stream to you.

V2 Cigs & National Tobacco Team Up

V2 Cigs, America's largest volume online retailer of electronic cigarettes, recently announced a strategic partnership with National Tobacco Company (NTC) to develop a new line of electronic cigarette products for the retail market. The new products will debut at this year's NATO show in Las Vegas, Nevada.

The new line will feature a redesigned V2 Cigs Disposable model that will be sold alongside V2's new rechargeable Express Kits and refill car-tomizer products. Products will be showcased in a

National Tobacco Company has partnered with V2 Cigs.



variety of multi-product display units designed to stand out on the counters of c-store and tobacco retailers.

The new partnership will bring the V2 Cigs line of electronic cigarette products to a greatly expanded list of retailers across the nation. National Tobacco Company will become the exclusive marketer and distributor of V2 Cigs products in domestic c-stores and other retail outlets.



Locked In Humidity packaging delivers product longevity and freshness.

Seven New Products From Snyder's Of Hanover

Snyder's of Hanover has added four new flavored pretzel varieties—Roasted Garlic & Herb Nibblers, Spicy Cheddar Pretzel Sandwiches, and two Flavor Doubles—to its expanding product line. The company has also expanded its reduced fat tortilla chip offerings to include Whole Grain Tortilla Chips, Dippin' Strips Tortilla Chips, and Twist of Lime Tortilla Chips.

- **Roasted Garlic & Herb Nibblers** are slow-baked with authentic, naturally aged sour-dough and boldly seasoned with a blend of roasted garlic and savory herbs. Twelve-ounce bags retail for around \$3.69.

- The new **Spicy Cheddar Pretzel Sandwiches** offer a creamy cheddar cheese filling

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Snyder's has added four new flavored pretzel varieties...



"Highest Brand Awareness Among Frozen Mexican Brands*"

(Ipsos Marketing, Frozen Food Usage & Attitude Study, Awareness Among Frozen Mexican Brands, September 2011, n=2592.)

Fully Funded TPR during P5/P6 – SRP: 2/\$2.22

Steak and Cheese Chimichangas



0 73202 89251 3

SLIN: 180177
McLane Single Pick UIN: 10538
McLane Full Case UIN: 552026

José Olé
TASTE THE FESTIVAL
www.JoseOle.com

Windsor



GET A FREE CARTON FROM BUTTERFINGER

Butterfinger has reconnected with famed animated character Bart Simpson for a new promotional campaign that includes limited edition collectible Bart Simpson Butterfinger King Bar and Butterfinger Bites King wrappers. As part of the deal, 7-Eleven franchisees receive a free carton of Butterfinger King Bar. The promotion includes a 108-count King Power Wing and high impact outdoor media. First order date is July 15, 2013.

Financials details: SRP—2 for \$3.33; Cost: \$1.44 for 2, GP\$: \$1.89 + \$1 off Coupon; includes \$0.50 BB for 2; Margin: 57 percent; Distribution: McLane.

Get a free carton of Butterfinger King Bar with the new Bart Simpson Butterfinger promotion.



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seasoned with jalapeno peppers sandwiched between two round pretzel snaps. Sold in an 8-ounce bag for around \$3.69.

• **Flavor Doubles**, the newest addition to the Snyder's line of Flavored Pretzel Pieces, combine two flavors in one bag. Hot Buffalo Wing & Buttermilk Ranch and Cheddar Cheese & Cracked Pepper Flavor Doubles offer snackers a perfect pairing of crunch and intense flavor. Available in 10-ounce bags for around \$3.69.



...and three tortilla chip offerings to an expanding product line.

• The newest additions to the Snyder's of Hanover Tortilla Chip line—**Whole Grain Tortilla Chips, Dippin' Strips Tortilla Chips and Twist of Lime Tortilla Chips**—all offer 28

percent less fat than regular tortilla chips. In addition, the Whole Grain Tortilla Chips are certified gluten-free by the Gluten Free Certification Organization (GFCO) and carry the 100 percent Whole Grain Stamp from the Whole Grains Council. All Snyder's of Hanover Tortilla Chip varieties retail for about \$3.49 each in 16-ounce "Pounder" sizes, with the exception of the Twist of Lime Tortilla Chips, which are available in a 14-ounce bag.

Sweet Ballz Craze

Sweet Ballz, packaged four to a box, are making their debut featuring three flavors: Red Velvet, Chocolate and Cookies & Cream. Cake balls have become a confectionary phenomenon in the past few years, and their popularity continues to grow, especially during the holidays.



Sweet Ballz, a confectionary phenomenon.

For the first time, Sweet Ballz has perfected the cake ball for mass retail at an affordable price. A package of Sweet Ballz retails at 7-Eleven for \$1.99-2.29 per box, depending on location. Plans for additional flavors to extend the line are forthcoming.

About the flavors:

- Red Velvet—rich, velvety cake surrounded by a sweet and savory red vanilla icing
- Chocolate—succulent chocolate cake, dipped in milk chocolate icing
- Cookies & Cream—signature chocolate cake inside, with cookies & cream icing on the outside



Mike And Ike Reunite

Just Born, Inc. announced that the legendary candy duo, Mike and Ike, have reunited. The candy duo cited irreconcilable differences a year ago, causing them to stop collaborating on their famous fruit chewy candies. The company said the business



Mike and Ike Are back together with exciting new packaging.

partners are now refocused on what they are most passionate about—MIKE AND IKE candy.

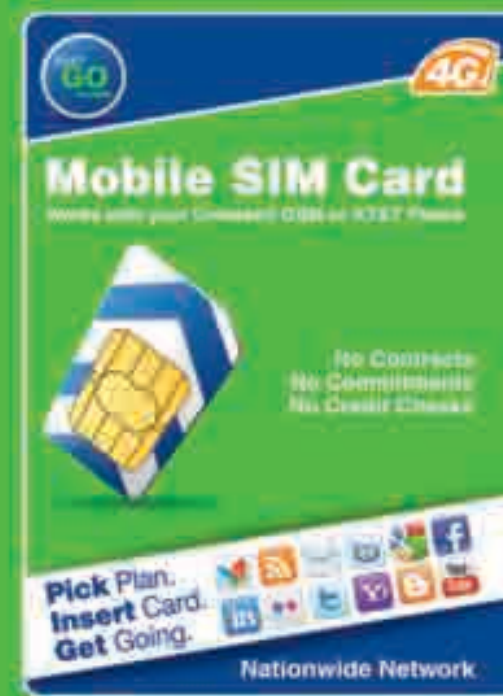
Mike and Ike have collaborated making their candy better than ever with a new package design and the addition of real fruit juice and amplified fruit flavor for all of the fruit varieties of MIKE AND IKE candy. The return of Mike and Ike also brings a new flavor—Strawberry

continued on page 100

good2GO mobile's "Bring Your Own Phone" SIM card program allows you to give your customers what they want: Unlimited monthly plans on the nation's largest GSM network for half the cost!

NEW!
exclusively at 7-Eleven

\$45 per month
Smart Phone UNLIMITED
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3 pack good2GO mobile SIM cards
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SHOW SPECIAL: Get a FREE 5 pack of microSIM cards for every 5 pack of SIM cards ordered!

Visit us at the National Convention in booth 5315 and get a free t-shirt!



VENDOR FOCUS

continued from page 98

Reunion—to shelves. Last year, Mike, a music lover, produced a song called "Strawberry or Die" which inspired the new Strawberry Reunion flavor, and Ike collected fruit art, which inspired the all new packaging design.

Sour Punch Launches Punchies

Sour Punch has brought its Punchies characters to life in a sour, chewy, soft-shell candy. These wacky characters, visible on the Sour Punch Straws package, are formed into chewy, bite-size candy that packs the perfect punch of fruity sweet and sour. With a playful character for every personal-



ity, the new Punchies have in five delicious flavors—Strawberry, Blue Raspberry, Green Apple, Tangerine and Lemon—in every pack. The bite size candy will be available in a 2-ounce pouch, 3.5-ounce theater box and 14-ounce laydown bag, with suggested retail prices ranging from \$0.89-\$2.99.

Support for the Punchies launch includes a 15-second national cable commercial, an augmented reality social game on Facebook called "Sour Punch Drop Zone" and brand new Sour Punch and Punchies websites, as well as online banners, promotions and sponsored content.

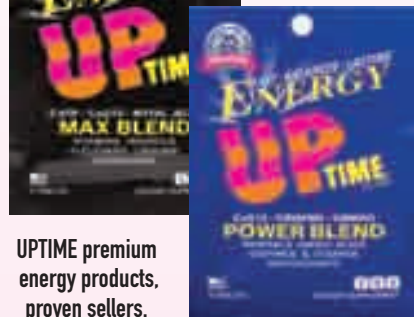


The Sour Punch Punchies characters are now a sour, chewy, soft-shell candy.

UPTIME PREMIUM ENERGY OFFERINGS

UPTIME Energy and UPTIME Maximum Strength Tablets are a combination of powerful super foods providing a perfect, balanced, and natural boost. Any time of the day, UPTIME allows you to perform at 100 percent so you can do what needs to get done.

• **UPTIME Tablet Power Blend:** The original UPTIME tablet that started it all. Born in Santa Barbara, California from a formula perfected through years of research, UPTIME Power Blend is an infusion of life-boosting vitamins, minerals, and antioxidants. It has been uniquely designed to provide both energy



UPTIME premium energy products, proven sellers.

and nutrition, essential for those maintaining or seeking a dynamic and active lifestyle.

• **UPTIME Tablet Maximum Blend:** The UPTIME Max Blend tablet is a high-potency super food that combines the strength of many powerful energy-boosting vitamins, minerals, and herbs. This effective formula is able to

provide a more intense lift for those who need more energy than most.

Using key ingredients from Uptime tablets, UPTIME energy drink is a crisp, refreshing balance of natural, energizing ingredients mixed with lemon, lime and a hint of orange. It's available in two flavors:

• **Regular:** This crystal clear and lightly carbonated energy supplement has a perfect balance of lemons, limes and oranges, delivering an extra clean and crisp taste. Infused with 311 grams of the most superior and uplifting ingredients, it is the perfect refreshing energy boost.

• **Zero:** The amazing performance and unparalleled taste of Regular UPTIME Energy Supplement with no calories.

Drive Impulse Purchases With Twang Beer Salt

Twang Beer Salt is the original, premium flavored salt that combines the tradition of adding citrus and salt to beer. Customers crave the portable, affordable, fun shaker—and more new customers make Twang Beer Salt their beverage wingman every day. This little package packs great profit potential, driving impulse purchases and adding potential rings to every beer you sell. Appeals to college students, Latinos, "Average Joes", hipsters, and young professionals.



Twang Beer Salt flavors beer with salt and citrus.

New Packaging For Tai Pei Single Serve Entrees

Tai Pei Single Serve Entrees have a new look! Tai Pei brings an out-of-the box Asian taste adventure to your frozen foods section with two popular restaurant-

continued on page 102

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VENDOR FOCUS

continued from page 100

quality single-serve meals: Chicken Fried Rice and Sweet and Sour Chicken. Tai Pei's updated package design and unique Asian takeout-style carton take you on a voyage to great flavor and increased sales! Tai Pei combines authentic Asian-style cuisine, exciting flavors and a convenient takeout-style box for a meal experience that is ready to eat in just minutes. Something new and exciting for your frozen food section!



Add Tai Pei Single Serve Entrees to your frozen foods.

Jose Olé Steak & Cheese Chimichanga



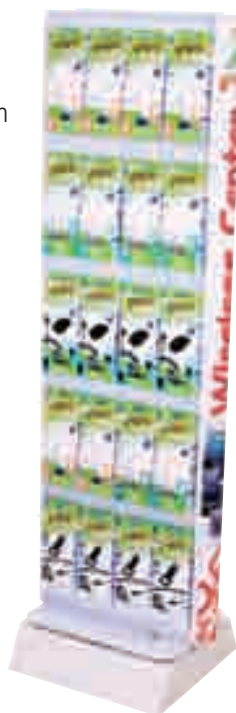
Jose Olé Steak & Cheese Chimichanga is driving sales.

The Jose Olé Steak & Cheese Chimichanga driving sales everywhere—grocery stores, drug stores, dollar stores, vending machines—is now available at 7-Eleven through McLane. Jose Olé takes shredded beef, real cheddar and Monterey Jack cheeses,

zesty green chiles and authentic seasonings and spices, wrapped in a deep fried freshly baked flour tortilla, and delivers a premium, restaurant quality 5-ounce chimichanga that keeps consumers coming back to your frozen food case time and time again. Available from McLane in full cases of 24 or single units, the Jose Olé Steak & Cheese Chimichanga 5-ounce is a proven success and a must for your store.

Enjoy High Profit Margins With FIFO Wireless

FIFO Wireless has been serving the c-store industry for over 14 years with award winning accessories for your customers' cell phones, tablets, electronic devices, and smart phones. FIFO Wireless started a partnership with 7-Eleven a few years ago and the program has been a tremendous success. The company supports franchisees' associations all over the United States and has been told by many



FIFO Wireless Accessories outsell the competition.

owners that FIFO Wireless outsells the competition by approximately 50 percent!

In most areas throughout the U.S. FIFO offers DSD service to your store(s), which is something most of its competitors do not offer. Another factor that separates FIFO Wireless is its unique program—everything is 100 percent guaranteed and the company makes sure that FIFO Wireless Accessories always stay up to date in your stores. FIFO swaps out low return accessories to land high profit margins for you!

For more information, call 800-922-1602, e-mail at sales@fifousa.com, or visit their website www.fifousa.com.

RJR's VUSE Vapor Cig Debuts In Colorado

Seizing on the business opportunity of the fast-growing e-cigarette category, R.J. Reynolds Vapor Company, a subsidiary of Reynolds American Inc., is introducing its VUSE Digital Vapor Cigarette in retail outlets throughout Colorado. VUSE is powered by Smart Technology that monitors and regulates the power, heat and cartridge performance to ensure it delivers consistent flavor and a perfect puff first time, every time. VUSE, which will be sold in a rechargeable format, also incorporates automated manufacturing to ensure a consistently reliable cartridge every time.



The VUSE Digital Vapor Cigarette will debut in Colorado.

The VUSE Solo and VUSE System will be sold in retail outlets in Colorado beginning in July. VUSE Solo includes a flavor cartridge, original or menthol, a rechargeable VUSE PowerUnit and a USB charger. The VUSE System includes three flavor cartridges (two original and one menthol) a rechargeable VUSE PowerUnit, both a USB charger and an AC wall adapter, and a carrying case.

VUSE cartridges will also be sold separately at retail outlets. Depending on use, a cartridge lasts about as long as one pack of traditional cigarettes. Every VUSE Digital Vapor Cigarette comes pre-charged and ready to use right out of the pack. The price for a VUSE Solo will be around \$10, the VUSE System will likely cost around \$30 and cartridges will be sold in two-packs for around \$6. ■

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*Source: IRI Period Ending 5/19/13

FOA EVENTS

CONTINUED FROM PAGE 106

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
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
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
August 20, 2013
September 17, 2013
October 15, 2013
November 19, 2013

San Francisco/Monterey Bay

Phone: 650-996-9479
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
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
September 18, 2013
November 6, 2013

San Diego FOA

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

Cal-Neva FOA

Phone: 775-826-7111
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 Of-fices at 215 750-0178 before the next magazine is published, and win this issue's total. Uncollected money is au-tomatically added to the next issue's total. NCASEF Members only. This issue's total: \$100.



FOA EVENTS

COLUMBIA PACIFIC FOA JOHN WILKERSON GOLF TOURNAMENT

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

ROCKY MOUNTAIN FOA CHARITY GOLF TOURNAMENT

Cheyenne Mountain Resort
Colorado Springs
August 7, 2013
Phone: 719-640-7635

ROCKY MOUNTAIN FOA TRADE SHOW

Crown Plaza
Colorado Springs
August 8, 2013
Phone: 719-640-7635

PACIFIC NORTHWEST FOA CHARITY GOLF TOURNAMENT

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

SOUTHERN CALIFORNIA FOA GOLF TOURNAMENT

Industry Hills Golf Club
City of Industry, California
August 14, 2013
Phone: 818-366-1948



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

NCASEF BOARD MEETINGS

NATIONAL COALITION BOARD OF DIRECTORS MEETING

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

CAL-NEVA FOA LOU MAGNOTTI GOLF CLASSIC

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

SAN FRANCISCO/MONTEREY BAY FOA FAMILY FUN DAY

Great America Amusement Park
Santa Clara, California
August 17, 2013
Phone: 510-754-1113

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

UTAH FOA TRADE SHOW

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

7-ELEVEN FOAC ANNUAL GOLF OUTING

St. Andrew's Golf & Country Club
West Chicago, Illinois
August 28, 2013
Phone: 312-253-7342

UFOLI GOLF TOURNAMENT

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

CONTINUED ON PAGE 104



July 14-18

Trade Show: July 17-18

The Venetian Hotel and Casino, Las Vegas!

Introducing NEW





CIGARS

Share the Moments.
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else will.



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has all the details; salesinfo@kretek.com

WARNING: Cigars Are Not A Safe Substitute For Cigarettes, And Contain Chemicals Known To The State Of California To Cause Cancer, Birth Defects, And Other Reproductive Harm.



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*Source: Nielsen C-Store
12 month summary ending 3/18/12

Photo: iStockphoto.com/John W. H. H. H.