



# AVANTI

NCA  
ESEF  
National Coalition  
of Associations  
of 7-Eleven Franchisees

November/December 2013

THE VOICE OF 7-ELEVEN FRANCHISEES

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\*7-Exchange May - June 2013/2012  
\*\*7-Exchange 2013 YTD Ending 7/7/2013, Nielsen 2013 YTD Ending 6/15/2013  
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# AVANTI

THE VOICE OF 7-ELEVEN FRANCHISEES

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### Report Shows 7-Eleven Leads In Foodservice

7-Eleven leads all convenience store chains measured for foodservice patronage, according to a recent Technomic survey, which found two-fifths (39 percent) of c-store foodservice users have purchased a foodservice item from 7-Eleven in the past two months. The study—Consumer Brand Metrics (CBM): Convenience Store Shopper Insights Report—also revealed that Wawa's foodservice program received the highest composite scores across 11 food and beverage attributes, such as food quality, foodservice variety and the craveability of its menu items.

percent) said they would have visited a restaurant if they had not purchased prepared foods from a c-store on their most recent visit; 26 percent say they would have visited a fast-food restaurant.

### Franchisees Start Library In Their Store

7-Eleven franchisees Sushil Prakash and Josephine Kiran have started a library in their new Fresno, California store to get neighborhood kids excited about reading, reported the *Fresno Bee*. In order to entice the kids to the little book section in their store, the franchisees offer a free Slurpee or hot chocolate for every book read and summarized in a short book report. Kiran, an avid reader, came up with the idea for the library—the first of its kind in 7-Eleven stores nationwide. She told the newspaper

SEI's vice president visited recently to explore how other libraries might be added in 7-Elevens around the country.

The library, which has about 200 books and has been open since August, provides a valued service to the commu-

*"A new survey reveals 7-Eleven leads all c-store chains measured for foodservice patronage."*

The report further found that 9 out of 10 c-store foodservice users said the quality and taste of the food are among the important factors when deciding which c-store to visit. Additionally, c-stores appear to be driving traffic from restaurants, especially QSRs. A third of consumers (34

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### NCASEF ANNOUNCES NEW EXECUTIVE OFFICERS

The National Coalition held elections for the positions of Chairman, Executive Vice Chair, and Treasurer during its fourth quarter Board meeting in late October in Dana Point, California. As a



result, San Francisco/Monterey Bay FOA President Joe Galea was elected as the NCASEF's new Chairman, Jivtesh Gill was re-elected as Executive Vice Chair, and Maninder Walia, president of the Pacific Northwest FOA, is the new Treasurer. Congratulations Joe, Jivtesh and Maninder, and thank you Bruce Maples and Anas Abboud for your service to our organization.

### NATIONAL COALITION OF ASSOCIATIONS OF 7-ELEVEN FRANCHISEES

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November/December 2013

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*We look forward to seeing you all there!*

Visit the National Coalition Website, [www.ncasef.com](http://www.ncasef.com)

nity since Fresno's public library is too far away for neighborhood kids to visit regularly. Nearby Hamilton Elementary School has helped the franchisees' effort by donating \$300, and teachers at the school volunteer to label books by grade level, which has helped deter older youths from reading far below their grade level as a ploy to snag an easy Slurpee.

*"Two Fresno, CA franchisees have started a library in their new store to serve neighborhood kids."*

North Carolina Lottery Begins Online Sales

The North Carolina Education Lottery recently started selling tickets online for some games, offering online subscription service for Powerball, Mega Millions and Carolina Cash 5, reported WFMY News 2. Lottery officials said they hope the new service will help increase sales in those three jackpot games and raise more money for education in the state. Lottery players cannot use the service to buy a single draw ticket or to buy instant scratch-off tickets, the most popular game the lottery offers. A subscription to at least two weeks of drawings for one of the three games is required for any purchase. North Carolina joins at least 11 other state lotteries in the country—including Virginia and Georgia—that already provide a subscription service to their lottery players.

Federal Judge Approves Swipe Fee Settlement

A federal judge recently approved an estimated \$5.7 billion class-action settlement between merchants and Visa and MasterCard over credit card swipe fees, be-

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Snapple Lemon Daze





lieved to be the largest settlement in a U.S. antitrust class action, reported Reuters. A group of merchants and retailer associations first sued Visa and MasterCard in 2005, accusing the two companies of fixing the interchange fees and preventing merchants from steering customers to cheaper forms of payments. The settlement— decreased to \$5.7 billion from roughly \$7.2 billion after thousands of merchants opted out of the deal—provides for cash pay-

ments to merchants nationwide and lets them begin charging customers an extra fee when they use Visa or MasterCard credit cards.

Around 8,000 merchants, accounting for about 25 percent of the transactional volume at issue in the case, opted out of the settlement because of a broad litigation release in the settlement that forces all merchants who accepted Visa or MasterCard to

*“A federal judge recently approved the multi-billion-dollar swipe fee settlement.”*

give up their right to sue the credit card companies in the future. The objectors also argued that the settlement offered meaningless reforms that would not help them control the costs of accepting

credit cards. Shortly after the judge issued his order, retailers and trade associations that opposed the deal including 7-Eleven Inc., NACS, Wal-Mart, Amazon.com, and Barnes & Noble Inc. filed notices that they will appeal the decision.

## NCASEF Donates \$100,910 To Susan G. Komen For The Cure



In commemoration of Breast Cancer Awareness Month, the National Coalition of Associations of 7-Eleven Franchisees (NCASEF) in October made a \$100,910 donation to Susan G. Komen Southern Arizona. The funds were raised during the NCASEF's 38th Annual Convention and Trade Show in July in Las Vegas, and came from both live and silent auctions as well as a charity raffle.

“For the second year in a row, we are honored to be able to make a donation to Susan G. Komen Southern Arizona,” stated Bruce Maples, chairman of the National Coalition. “Many in our 7-Eleven family across the country have been affected by breast cancer, and by making this donation to Susan G. Komen Southern Arizona we are tangibly working to fight this terrible disease.”

“We are truly overjoyed by the generosity of the 7-Eleven family,” said Connie Melton, Executive Director and Mission Director of Susan G. Komen Southern Arizona. “It is inspiring to accept this gift knowing the NCASEF has chosen to partner with us in our mission here at Komen Southern Arizona, providing lifesaving funds to local breast cancer programs and investing in research to find a cure.”

Maria Maken, a 53-year-old woman diagnosed with Stage IV breast cancer, is a recipient of a Komen Southern Arizona grant through St. Elizabeth's Health Center. Maria, a mother of two, is receiving ongoing chemotherapy. Her treatment, medications and a mastectomy were covered by her health insurance when she was diagnosed three years ago. Six months ago, when she lost her job, Maria turned to St. Elizabeth's for help.



**NCASEF Chairman Bruce Maples presents a check to Connie Melton, Executive Director and Mission Director, Susan G. Komen Southern Arizona.**

“I didn't qualify for Medicaid, and I couldn't afford to continue chemotherapy treatment after I was laid off. Susan G. Komen funds are critical to me and so many other women who don't have any other way to pay for life giving treatment,” said Maria. This donation marks a fitting end to breast cancer awareness month for the Komen Southern Arizona Affiliate. Donations are accepted year round at [www.komensaz.org](http://www.komensaz.org).

Visit the National Coalition Website, [www.ncasef.com](http://www.ncasef.com)

## FOAC VP Pens Op-Ed Against Cigarette Tax Hike

7-Eleven FOAC Vice President Ken Patel recently wrote an op-ed in the *Chicago Sun-Times* detailing how a Chicago cigarette tax increase would hurt 7-Eleven and other c-stores in the city. Lawmakers there were considering a 75-cent-per-pack increase, which would have brought Chicago's cigarette tax to \$7.42 per pack and made it the highest in the nation. More recently, Chicago Mayor Rahm Emanuel reduced his proposed hike to 50 cents. In any case, Patel argued that a cigarette tax increase would hurt 7-Eleven franchisees in the form of lost customers “who know they can buy far cheaper cigarettes beyond the city limits or even beyond the state line. The cigarette tax in Indiana is only 99 cents per pack, making that short drive an attractive option for many.” Patel also made the argument that “the surge of cigarette customers leaving Chicago will create a negative revenue result for Chicago taxpayers—far from the \$10 million budget windfall being hoped for.”

continued on page 18

# WE'RE BACK!

with Amplified Fruit Flavors!

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THEATER BOXES	UPN	SLN
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HOT TAMALES® 3 Alarm 5oz Theater Box 12ct box	364844	143501
MIKE AND IKE® Original Fruits 5oz Theater Box 12ct box	364091	142822
MIKE AND IKE TROPICAL TYPHOON® 5oz Theater Box 12ct box	364281	142067
MIKE AND IKE BERRY BLAST™ 5oz Theater Box 12ct box	364356	142352
MIKE AND IKE RED RAGEOUS™ 5oz Theater Box 12ct box	364505	142070
MIKE AND IKE ITALIAN ICE™ 5oz Theater Box 12ct box	364804	142059
MIKE AND IKE LEMONADE BLENDS® 3.6oz Theater Box 12ct box	418333	140309
RVG BOXES	UPN	SLN
HOT TAMALES® Cinnamon 8.3oz Theater Box 12ct box	368688	141452
MIKE AND IKE® Original Fruits 8.3oz Theater Box 12ct box	368902	141455
COUNT GOODS	UPN	SLN
HOT TAMALES® Cinnamon 1.8oz Count Goods 24ct box	491266	141135
MIKE AND IKE® Original Fruits 1.8oz Count Goods 24ct box	401373	141374
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### Mondelez Develops 'Smart Shelves'

Mondelēz International is building "smart shelves," new display units located by checkout counters that will use sensor technology to identify the age and sex of the would-be snacker, analytics to determine what type of guilty pleasure best appeals, and a video display to deliver custom advertisements, reported the *Wall Street Journal*. "Knowing that a consumer is showing interest in the product gives us the opportunity to engage with them in real-time," the company said. The smart shelves represent the latest example of the so-called Internet of Things, where everyday objects, outfitted with sensors, can tell businesses more about their customers and how their products are being used. Gartner Inc. predicts that net revenue generated by the Internet of Things will top \$1.9 trillion dollars in 2020. Mondelēz's smart shelf, now in prototype, goes public in 2015.



**Jim Bayci, FOAC Merchandising Director, and Beth Wolcott, Senior Development Officer, Corporate Gifts, Ann and Robert H. Lurie Children's Hospital of Chicago.**

### 7-Eleven FOAC Supports Children's Hospital of Chicago

The Franchise Owner's Association Chicagoland (FOAC) recently donated \$40,000 to the Ann and Robert H. Lurie Children's Hospital of Chicago at a "big check" presentation. The donation comes from the proceeds raised during the association's 23rd Annual Charity Golf Outing, held at the St. Andrew's Golf and Country Club this past August. 7-Eleven vendors, FOAC members, corporate donors and individuals all participated in the golf outing by paying a fee to participate, which went toward the donation. The formal presentation of the check was made to Beth Wolcott, Senior Development Officer, Corporate Gifts, by Jim Bayci, FOAC Merchandising Director.

The donation is a part of a multi-year commitment the FOAC has made to the Children's Hospital and follows on a recently completed three-year commitment in which the association donated \$120,000 to the facility. This past August a plaque honoring the FOAC for their multi-year commitment was placed in the Snow City Arts Wing of the hospital, where children are able to play, learn and relax prior to their appointments.

"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, and the FOAC is proud to continue that tradition," stated Jim Bayci, Merchandising Director for the FOAC. Gary Loughridge, FOAC Golf Committee Chairman, added, "Our commitment to the Ann and Robert H. Lurie Children's Hospital of Chicago is now in its fourth year and we are honored to be a part of this life-saving and life-transforming Chicago institution that serves our children and their families."

"We are thrilled to receive this donation from our 7-Eleven friends and the FOAC," said Beth Wolcott, Senior Development Officer, Corporate Gifts, Ann and Robert H. Lurie Children's Hospital of Chicago. "Their long-term commitment to the Ann and Robert H. Lurie Children's Hospital of Chicago has been an encouragement and an inspiration, and has allowed us to continue to provide world-class treatment to critically ill and injured children."

### Consumers To Increase Holiday Shopping At C-Stores

The final numbers aren't in yet, but a consumer survey released by NACS indicates harried consumers seeking to complete their holiday shopping will rely more on convenience stores this year for quick snacks, stocking stuffers, party items and

cash from ATMs. The NACS survey reveals that one in three consumers said they plan to buy snacks and other food items (32 percent), and coffee and other beverages (31 percent), from c-stores more often while shopping this holiday season.

Additionally, consumers said they will be increasingly using c-stores to purchase holiday gifts or related items. More than one in five consumers said when it comes to making purchases at c-stores, they will be buying more gift

cards more often (23 percent), small presents or stocking stuffers more often (21 percent) and more small items like tape and batteries more often (22 percent).

### NYC East Village 7-Eleven Closes

A New York City 7-Eleven store located in the hipster haven of St. Mark's Place closed recently, just 18 months after

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*"Mondelēz is building smart shelves to collect data about customers."*

# Satisfy your customers' flavor cravings with International Delight.



The HERSHEY'S HAZELNUT and IRISH CRÈME creamers contain HERSHEY'S KISSES. The PETE'S FRY and BACON CHIPS creamers contain real bacon bits. © 2013 WhiteWave

	French Vanilla	Hazelnut	Irish Crème	Amaretto	Almond Joy®	Caramel Macchiato	STOK	Hershey's Chocolate Caramel	Hall & Hall
CDC SLIN	230999	230158	230108	230093	230415	230348	230379	230944	230240
McLane SLIN	230124	230121	230128	230127	230323	230296	230942	230946	230239



claiming the prime East Village spot, reported the *New York Post*. Residents and neighboring business owners have fought the store before it even opened, fearing it would hurt mom and pop shops and turn the surroundings into suburbia. A local blog, "no7eleven," sprang up to organize rallies and a boycott. According to the article their efforts stymied sales, leading to the store's closure.

### Small Businesses React To ObamaCare

When the Affordable Care Act was signed into law, President Obama said it would help small businesses by giving them more control and making it easier to find better, less expensive coverage. However, a new survey by Public Opinion Strategies reveals that 64 percent of small business franchise owners (such as owners of fast food and retail stores) believe the law will have a "negative impact" on their business, while only 5 percent expect a "positive impact," reported the *Wall Street Journal*. For non-franchise businesses the ratio was 53 percent negative and 12 percent positive. Only one in 12 agree with the President that the health-care law will "help" their business.

The poll also finds 27 percent of franchise businesses and 12 percent of non-franchises have already replaced full-time with part-time employees in anticipation of the law's employer mandate. Additionally, more than one in four businesses (28 percent) say that in 2015, when the employer mandate is scheduled to take full effect, it is

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## Legislative Update

### Massachusetts Senate Moves To Raise Minimum Wage

The Massachusetts Senate recently voted to raise the state's minimum wage from \$8 an hour to \$11 an hour over three years, giving a boost to nearly 600,000 workers and putting the state on track for the highest such pay in the nation, reported *The Republican*. Under the bill, amended during debate, the minimum wage would increase to \$9 an hour on July 1, \$10 an hour on July 1, 2015, and \$11 an hour starting July 1, 2016. The bill would also index the state's minimum wage to inflation. Starting in 2016, the minimum wage would rise each year at the same rate as the consumer price index for the Northeast. The bill now moves to the state House of Representatives, which is unlikely to vote on a minimum wage bill until sometime next year.



The minimum wage in Massachusetts last increased to \$8 an hour in January 2008. Supporters of the measure have said the increase is needed because some companies are making strong profits, but lower wage workers are falling behind. Opponents, including some business leaders, said that an increase would hike costs for businesses and could prompt layoffs.

### New Jersey Voters Approve Minimum Wage Increase

During its November state elections, New Jersey voters overwhelmingly approved a constitutional amendment to raise the minimum wage by \$1 to \$8.25 an hour and add automatic cost-of-living increases each year, reported the *Asbury Park Press*. The new minimum wage goes into effect January 1. The cost-of-living adjustments will take place every September 1.

The vote was a victory for Democrats in the state Legislature, who put Public Question 2 on the ballot to achieve through referendum what they were blocked from doing by Gov. Chris Christie. He vetoed a bill last year that would have raised the minimum wage to \$8.50 an hour with annual inflation adjustments. New Jersey's minimum wage has been at the federal minimum since 2009.

"New Jersey voters have approved raising the minimum wage by \$1 an hour."

### Democrats Push For Federal Minimum Wage Hike

After a previous minimum wage increase bill was voted down by Republicans in the House in March, Democrats are once again trying to increase the minimum wage to \$10.10 an hour, reported the *New York Times*. Rep. George Miller (D-CA) and Sen. Tom Harkin (D-IA) recently introduced a bill—known as the "Fair Minimum Wage Act"—that would raise the minimum wage from \$7.25 to \$10.10 in three stages of \$0.95 each in two years, and then give annually increases to match inflation. The final version of the measure will likely include small business tax breaks to help offset the wage hikes, a concession some Democrats wanted. The federal minimum wage, excluding wages for tipped workers, was last raised under George W. Bush in 2009.

### Bill Seeks To Increase Federal Gas Tax

A House bill introduced in early December aims to raise the federal gasoline tax by 15 cents per gallon in order to close a major gap in transportation funding, reported the *Washington Post*. The measure would raise the federal tax on gas to 33.4 cents per gallon and on diesel to 42.8 cents. The tax has not been increased since 1993 and the Highway Trust Fund, into which the revenue flows, has suffered because the tax has not kept pace with inflation and improvements in vehicle fuel economy have reduced consumption.

According to the bill's sponsor, Rep. Earl Blumenauer (D-Ore.), the trust fund no longer draws enough money to pay for the nation's highway and transit bills. Although states levy their own gas taxes—the average combined gas tax bill was 30.4 cents per gallon at the

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## A New Chairman, New Challenges, And Promises To Keep

By Dennis Lane, President, New England FOA



With every new Chairman comes a new era for the National Coalition. There is always unfinished business from the previous administration, relocating and staffing the new office, and Coalition meetings on the horizon. There are relationships to build with FOA presidents, our vendor community, and SEI. And most importantly, there are promises to keep.

The 2013 Candidates Forum on October 20th in Dana Point, California, gave every candidate the opportunity to present their vision for the future of the National Coalition. It is the most important event of the election season, and in many ways the Candidates Forum sets the stage for the final outcome of our national elections. All national candidates have made promises, and the winners have made promises that they need to keep.

**“The 2013 Candidates Forum on October 20th in Dana Point, California, gave every candidate the opportunity to present their vision for the future of the National Coalition.”**

### Our incoming Chairman has committed to:

- Never make any critical decisions impacting franchisees or the National Coalition without the permission of the Board.
- Make the relationship with franchisees, the Board and our vendor partners a top priority.
- Maintain a healthy relationship with SEI and the National Coalition Executive Board by being totally transparent. All high level meetings with SEI will always include at least two members of our Executive Board.
- Work to make Asset Protection a real asset to the franchise community and change the perception in the franchise community that Asset Protection has become a police department.
- Never forget that every franchisee in the system is entitled to due process.
- Bring to closure the DVR remote monitoring issue in a manner acceptable to the National Coalition Board and in the best interests of the franchisee community.
- Never let SEI forget that franchisees are first and foremost independent businessmen and women.
- To involve franchisee leadership in the development of the 2019 franchise agreement that will be the renewal agreement for the many franchisees on the current 2004 agreement.

Our incoming Chairman made some very important commitments to the Board—and ultimately to the franchise community—during the Candidates Forum. Judging from the positive reaction of the FOA leadership in the room, these promises delivered a vision of the future that the Board embraced. Now the words spoken at the Candidates Forum are promises that must be kept. ■

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SEI President and CEO **Joe DePinto** has been named chairman of **Brinker International Inc.**, the casual-dining restaurant operator owner of the Chili's Grill & Bar and Maggiano's Little Italy chains, reported *CSNews Online*. DePinto joined Brinker's board in August 2010. • **Amazon.com is experimenting with using drones to deliver packages.** In an interview with "60 Minutes," Amazon.com founder Jeff Bezos said the program—named **Prime Air**—is still years away from becoming reality. • Residents of the city of SeaTac, Washington recently voted to raise the **minimum wage to \$15 an hour for hospitality and transportation workers** in and near Seattle-Tacoma International Airport, reported *CNNMoney*. The current minimum wage in Washington State is \$9.19. • **The U.S. Postal Service is moving into Staples stores** in an effort to boost business through partnerships with retail giants, reported the *Washington Post*. The USPS plans to open pilot units at 82 Staples locations throughout the nation. • **Dollar General beat Walmart for lowest prices on products in 21 categories** by 12 cents, offering more proof that dollar stores are becoming an increasingly mainstream shopping alternative, reported *Marketing Daily*. • **C-store chains 7-Eleven, Wawa and Quick Chek are targeting north New Jersey for expansion** because it is home to large numbers of their most coveted demographic—the time-starved consumer, reported *The Record*. • **The FDA has begun a process that will take artificial trans fat—also known as partially hydrogenated oils or vegetable shortening—entirely out of the food supply**, reported *USA Today*. The agency said it was responding to science that proves trans fat provides no known health benefit and has no safe level of consumption. • Sporting two wind turbines, nearly 850 solar panels and a geothermal system burrowed 550 feet into the ground, **Wal-**

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is experiencing tremendous growth nationally!

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## Member News

continued from page 20

"likely" they will drop their insurance coverage and pay the penalty of \$2,000 a year per employee. These are the plans employers and employees were promised they would be able to keep.

### Few Diners Read Restaurant Nutrition Info

More fast food and chain restaurants are posting calorie counts on their menus, but a new study shows only one in three diners reads that information, reported *Reuters Health*. However, most consumers who do read calorie counts take



them into consideration when deciding what to order. Some U.S. cities require chain restaurants to post calorie counts for diners. As part of the Affordable Care Act, chains with at least 20 locations nationwide will have to list nutrition information on their menus.

The new study, conducted by the National Center for Chronic Disease Prevention and Health Promotion, reveals that

about 36 percent of people who saw calorie information at chain restaurants read it. Of them, 95 percent reported using the information at least sometimes. Respondents who went to fast food and

chain restaurants three or more times per week were less likely to read calorie counts than those who went less often. Women were more likely to read calorie counts than men.

### C-Store Penetration Rebounds in Q3 2013

Less volatile gas prices, along with discount, rewards and loyalty retailer programs, attributed to a rebound in convenience store penetration in the third quarter ending September 2013, reports The NPD Group. The percentage of individuals who made a c-store purchase (includes gas and product purchases) in an

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# new!

# Twizzlers and JOLLY rancher

# Bites

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average 30-day period in the quarter increased to 55.5 percent compared to 54 percent in the same quarter year ago, according to NPD convenience store research. Penetration growth was experienced among major oils, traditionals, and small/independent c-store chains. Along with penetration, both c-store traffic and reach grew in the third quarter this year compared to same quarter last year. Total product purchase visits to c-stores in a 30-day period were up 1 percent in the third quarter compared to the same quarter a year ago, finds NPD.

### Wal-Mart Tests New C-store Format

Wal-Mart Stores is building a convenience store in Bentonville, a first for the retail giant, reported the Northwest Arkansas Business Journal. A company spokesperson told the newspaper the store will be open by the spring, and that it paid \$4.5 million in September for the 2.01-acre site. The store will offer customers a quick and easy



solution for gas, snacks and beverages, and other staples like milk, bread and eggs. "We know this type of convenience store is popular with customers," a company spokesperson said. "We're excited about the opportunity to test a new store and learn." The spokesperson added that there are no plans to build additional stores like this.

### Dunkin' Expands In CA

Dunkin' Donuts has plans to expand to California's Central Valley and Central Coast—including Fresno, Bakersfield, Sacramento, and Santa Barbara—and to open as many as 1,000 restaurants throughout the state, reported *QSR Magazine*.

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*zine*. The company is recruiting multi-unit operators to open both traditional restaurants and a wide range of non-traditional venues, including colleges and universities, casinos, military bases, supermarkets, airports, and travel centers. In January 2013, Dunkin' Donuts announced plans to enter Los Angeles, Riverside, San Diego, San Bernardino, Ventura, and Orange counties in California, and it has since executed franchise agreements to develop more than 70 new free-standing restaurants in these markets, which will begin to open in 2015.

### Dollar General's Cigarette Sales Boost Profits

Discount chain Dollar General's fiscal third-quarter profits rose 14 percent, thanks in large part to cigarette sales, reported *Forbes*. The company said the addition of tobacco products resulted in strong customer traffic growth throughout the quarter. Last year Dollar General announced its foray into cigarette sales, saying it would offer tobacco for the first time in all of its stores by the middle of 2013. Shares of the chain are up 39 percent this year and 20 percent in the last six months. In the third quarter, the number of people buying more than just cigarettes grew to 44 percent as cigarette-only purchases declined to 26 percent.

### New Product Trials Increase at C-Stores

Although Nielsen data indicates new product introductions were down in c-stores in 2012, c-store retailers that participated in *Convenience Store News'* exclusive 2013 New Products Scorecard research said they have been testing more new merchandise this year, reported *CSNews Online*.

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Snickers, Milky Way, Milky Way Caramel and Three Musketeers Bites



Bite Size has grown 4x faster than the Chocolate Category over the last 5 years, with high repeat rates!

The Bite-Size segment has grown 80 percent since 2009 and continues to drive category growth!

King-Size items regularly priced up to \$1.89!

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- Milky Way Caramel Bites SLIN 142931



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ORDER THROUGH MCLANE TODAY!



The San Diego FOA recently donated \$7,117.11 to Toys For Tots San Diego. The donation came from proceeds raised during the FOA's 20th Annual Charity Golf Tournament, held at the Salt Creek Golf Club on June 6. Attendees of the event included 7-Eleven vendors, San Diego franchisees, and SEI representatives.



**Captain Sandro Luna, Carmen Hiebing (vice president), Bic Sidhu (president), Captain Evita Mosqueda-Chapman, Coordinator**

The FOA also signed up for the Toys For Tots "Toy Drive," and asked area franchisees, vendors and SEI local management to bring a new unwrapped toy to the FOA's October and November Board meetings and to its Holiday Party for the drive. During the Holiday Party, held at Harrah's Rincon Hotel and Casino on December 7, the San Diego FOA made a formal check presentation to Toys For Tots, represented by Captain Evita Mosqueda-Chapman and Captain Sandro Luna of the U.S. Marine Corp.



# Hot Foods Challenges

By Romy Singh, President, Eastern Virginia FOA



When it comes to hot foods, our guests today are looking beyond cheesy, greasy and fried temptations. No doubt our products are within our guests' everyday budget, but there are several challenges to our hot foods program we must overcome before we can reach SEI's goal of 20 percent of sales by 2015.

For one, there has been a sharp decline in the quality of our hot food offerings this year, and that is really impacting franchisees. For instance, the size of the chicken wings and tenders has changed—last year we had bigger chicken wings and tenders, now they are smaller. Also, the smaller chicken wings and tenders don't last more than two hours. Further complicating the situation, SEI just recently changed the chicken tender vendor and now the product is too greasy and the guests do not always like it. Additionally, because of the size inconsistencies, the chicken tenders are not cooking properly with the current heat settings. It's either burning or not cooking the inside. Some stores have already stopped carrying the chicken tenders because of these shortcomings.

The centerpiece of the hot foods program is the Turbo Chef, which is also becoming a challenge. What I have learned is that it seems the Turbo Chef is not being maintained properly by maintenance. Preventive maintenance needs to be performed often, at least once a year. If the ovens are not

*"We have strong faith in the hot foods program, but we need the right tools to introduce it correctly."*



*"If we are not getting a quality product and have to deal with faulty equipment, then there will be problems."*



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I'm certain they would appreciate this information.

Making fresh and hot foods 20 percent of our sales is a good goal to strive for, especially given the growing popularity of these products with customers. However, in reality, every store's demographics are different and many stores simply will not be able to achieve 20 percent of sales because of this. As a remedy, SEI should perhaps evaluate each store separately in regard to hot foods sales expectations.

One more challenge is that we have too many hot food products coming out. We already have three kinds of pizza (cheese, meat and pepperoni) cheese steaks, egg rolls, four types of wings, mini tacos, and the list goes on. It seems every month SEI introduces a new hot foods item. I have two hot food cases, so I'm okay. But franchisees with only one case struggle with what to carry and what not to carry. I suggest SEI prove the new items in trial stores in different Zones to see how they sell. If the item does well, then the company should introduce it to all stores. As it is we have limited space and too many items offered.

The bottom line is, if we want quantity we must improve our quality. We have strong faith in the hot foods program, but we need the right tools to introduce it correctly. If we are not getting a quality product and have to deal with faulty equipment, then there will be problems. We cannot afford to offer bad food to our guests because they will not continue to buy from us. SEI must put our foot down when we negotiate about the quality of the hot food products. ■

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# Legislative Issues: 2014

By Jason Miko, Russell Communications and NCASEF

The legislative cycle does not sleep nor does it stop, and 2014 will present yet again more battles for franchisees to fight. Let's take a brief look at some of the issues we can expect to face throughout the year.

## Sugar And Soda Taxes

"Big Sugar" or "Big Soda"—as some are calling it—will continue to be a "big issue" facing Americans and franchisees in 2014. We can expect to see numerous ballot initiatives to tax sodas and other sweetened beverages, whether they are outright taxes on sugar or on the beverages. California will lead the way with an all-out fight in 14 of its cities. Dr. Jeff Ritterman, the city councilman in Richmond who led the 2012 fight against soda, has vowed to see 14 cities

and New York City. Forbes recently reported that lawmakers in Vermont, Texas, Rhode Island, Mississippi, Oregon, Hawaii and Connecticut are considering similar bills. So, whether you operate a store in California or Connecticut or anywhere in between, expect to see these initiatives introduced either as ballot measures in the fall or through city council proposals.

## Tobacco

In 2014 we can expect smokers to continue to be stigmatized and tobacco products to continue to be taxed at ever-higher rates as local and state governments step up their attempts to legislate behavior and raise funds to fill ever-widening budget gaps. A number of cities and states have succeeded in raising

*"What can we do as franchisees to fight against the continuing push for more taxes, more regulation and more restrictions? The first answer is stay informed. The second answer is be involved."*



have ballot initiatives in 2014 under the theory that the beverage industry and those who support them will not be able to win every one. We can also expect recently elected New York City

Mayor Bill de Blasio to continue to fight 16 oz. sodas as did his predecessor, Michael Bloomberg. Shortly after being elected, de Blasio stated, "I'm not ever afraid to disagree with Mayor Bloomberg when I think he's wrong ... But I believe the mayor is right on this issue. We are losing the war on obesity ... It's unacceptable. This is a case where we have to get aggressive."

And the fight is not limited to Califor-

taxes on cigarettes and other tobacco products (or ages for purchasing) this year, and we can expect more of the same in 2014.

In addition, as the popularity of e-cigarettes grows we will continue to see governments take a long and hard look at how to regulate them. Several federal Representatives and Senators are looking at e-cigs and, as we go to press, the White House is currently reviewing an FDA proposal. We can expect the FDA to issue its own rules and regulations on e-cigs this year as their position evolves, to use a politically appropriate term. Already, however, universities, businesses and other establishments are issuing their own regulations on where and how e-

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greens recently celebrated the official opening of what is believed to be the nation's first net zero energy retail store, anticipated to produce energy equal to or greater than it consumes. • **December 1 marked the 100th anniversary of the modern gas station.** • U.S. private-sector franchise jobs increased by 25,060 during the month of October 2013, according to the ADP National Franchise Report. • **Electronic cigarette dollar sales grew 156.3 percent in the period** ending September 28, 2013, while category sales in the c-store channel were \$42.2 million during the same period, according to data presented by e-cig manufacturer Fin. • Big-box chain **Target not only uses its state-of-the-art forensics lab to catch shoplifters in its stores,** but it also lends its high-end technology and professionals to law enforcement agencies free of charge, often on high-profile cases, reported Minnesota Public Radio. • **Fuel economy for new light-duty vehicles in the United States has more than doubled since the 1970s** and should increase by another 50 percent by 2040, according to a new report by the Energy Information Administration. • **Coca Cola is launching a high-end fashion line** dedicated to its iconic brand heritage, partnering with vintage-minded designer Dr. Romanelli—aka DRx, reported *Ad-Week*. The collection features items like biker jackets and vests ranging between \$450 and \$1,650, and T-shirts for \$35-\$50. • **Starbucks recently opened its first Teavana tea store** in New York City, offering sweets and other food including flatbreads, salads and small plates ranging in price from about \$3 to \$15, reported the Associated Press. • **The Millennial generation is expected to outspend Baby Boomers by 2017,** yet retailers underestimate the size and purchasing power of this consumer, according to a new research study by Berglass + Associates and *Women's Wear Daily*. • **McDonald's has revamped its Dollar Menu** and renamed it **Dollar Menu & More**—adding pricier items to its value offering, reported *Advertising Age*. The new lineup has three price tiers

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## Legislative Issues: 2014 *continued*

cigarettes and other nicotine delivery systems can be used.

### Lottery

The issue for franchisees now is the expansion of the lottery into the online world. Some states have implemented online ticket sales, some states are looking into it and some states, perhaps surprisingly, are saying no, not at this time. While the direction any state takes with respect to public policy is largely guided by who is elected and their philosophy, it may be safe to assume that, as legalized forms of gambling have expanded, so will online lottery ticket sales, all of which seems like bad news for franchisees.

### Alcohol

From Sunday laws to restrictions on where beer, wine and liquor can be sold (and by whom), alcohol will continue to be a target for legislators around the country. While we can expect taxes on alcohol to go up, there may be pro-active battles we can win when it comes to the issue of where and by whom alcohol can be sold. We have al-

*“When you do hear of news in which you, as a small business owner, may be affected negatively, please let your FOA leaders and the NCASEF know so that we can work with you, with other allies, and with SEI to create a unified plan of action.”*

ready fought some of these battles in some states with varying degrees of success, but more such battles loom on the horizon. It can be gratifying to know that we can be pro-active (instead of always reacting) in working to create conditions where the guest wins with greater choice and lower prices.

### Fair Franchising

The issue of fair franchising is an important one for franchisees, and currently four states are actively pursuing it: California, Maine, Massachusetts, and Pennsylvania. All four states currently have bills addressing the issue in various committees, and each one may advance in each state’s legislative session next year.

### Activism

So what can we do as franchisees to fight against the continuing push for more taxes, more regulation and more restrictions? The first answer is stay informed. The second answer is be involved. Just as the phrase, “If you see something, say something,” is becoming a part of our lexicon with respect to homeland security, the phrase also applies to you as business leaders in your neighborhood. The best way to fight against new taxes, increased regulations and new restrictions is to be involved in your community, listening for the latest news about what is happening from City Hall to the State Capitol to special interest groups.

When you do hear of news in which you, as a small business owner, may be affected negatively, please let your FOA leaders and the NCASEF know so that we can work with you, with other allies and with SEI to create a unified plan of action. Once we have a plan of action in place, we are at least equipped with the tools necessary to make our voices heard, protect our interests, and the interests of our guests.

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*continued from page 30*

includes sandwiches that range from \$1 to \$2 and items like a 20-piece McNugget around the \$5 mark. • **Oregon is implementing a controversial plan to tax motorists** based on the number of miles they drive, FoxNews.com reported. The move comes as the existing per-gallon gas tax hits a point of diminishing returns, with Americans driving less and vehicles becoming more fuel-efficient. • A study conducted by students at Connecticut College found that **Oreo cookies are just as addictive as drugs to lab rats**, reported FoxNews.com. Researchers also found that eating the cookies activated even more neurons in the rats’ brain “pleasure centers” than the addictive drugs. • **New York City Mayor Michael Bloomberg’s name has been drawn into the debate over a proposed 8-cent per liter tax on sugary soft drinks in Mexico**, reported the Associated Press. Those opposing the measure have adopted the slogan “No to the Bloomberg Tax.” • **The Maine Franchise Owners Association (MFOA)** was recently launched to represent franchise owners who invest in Maine and to facilitate additional franchise expansion. Franchise members are affiliated with various brands and in many different industries—from fast foods to professional services. • A recent survey by the National Confectioners Association reveals that **72 percent of all candy spending this Halloween was on chocolate**. The study also states that more than \$12.6 billion was spent on chocolate in 2012, 3.8 percent more than the previous year. • Of the 16 million victims notified in 2012 that their **payment card information was compromised in a data breach**, more than 25 percent of them also suffered identity theft, according to the new study by Javelin Strategy & Research. • **Husky Corporation has developed an automatic refueling system that uses a robot to pump gas**, reported Fox News. The robotic pump uses cameras to locate the fuel door on the car and guide the nozzle into the hole. • **Dunkin’ Donuts announced it is planning to grow its presence on college campuses** around the country and is offering restaurant models to suit any university, including full retail shops and

*continued on page 46*



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# Invisible Casualties Of A Federal Cigarette Excise Tax Increase

Jack W. Rugen, Vice President, UFOLI

Regrettably, New Yorkers are no strangers to extraordinary taxes. Legislators at all echelons of our state and local governments routinely escalate current levies and construct new ones to fill budget gaps or finance new spending programs. A study by George Mason University's Mercatus Center found that by a significant margin, New York State has the uppermost taxes in the country—a state and local tax rate of 14 percent of income. In addition, at about 8.5 percent, we pay the seventh highest combined state and local sales tax rate in the nation. Considering our elevated sales, income tax rates, and our highest-in-the-nation state cigarette excise tax, it should come as no surprise that New York has the dubious distinction of being the most taxed state in the country.

New Yorkers have grown accustomed to the steady flow of tax-and-spend policies that have made their way from the state legislature and the governing bodies of cities, towns and local municipalities throughout the state directly into their bank accounts. Now, in an all too familiar fashion, a measure in President Obama's fiscal year 2014 budget proposal would raise the federal cigarette excise tax to finance new spending on pre-school education programs. The President has proposed expanding early education through a state-federal partnership to which the federal government would contribute \$75 billion over ten years. The federal government would raise its portion of the funding by increasing the federal excise tax on cigarettes from \$1.01 to \$1.95. The states who choose to participate in the program would be obligated to pay approximately 10 percent of the program's cost in year one, but by year ten, the states would be on the hook for 75 percent of the cost.

No one questions the merits of this program, but its funding mechanism and the radical shift in funding responsibility to the states deserves scrutiny. Tobacco tax increases are historically unreliable sources of revenue. They often have the effect of increasing black market activity, which hurts law-abiding retailers and deprives government of tax revenue. New York City, which currently has the nation's highest state-local cigarette tax rate, \$5.85 per pack, has become ground zero in the war on illegal cigarette trafficking. Criminals often use the I-95 corridor to transport cigarettes bought in Virginia and North Carolina to

**"The President has proposed expanding early education through a state-federal partnership to which the federal government would contribute \$75 billion over ten years by increasing the federal excise tax on cigarettes from \$1.01 to \$1.95."**



New York. A 2011 study of littered cigarette packs in New York City showed just how serious the problem is—just 39 percent of the packs collected bore the proper city tax stamp. Almost three-fourths of the out-of-state packs were from Virginia. This means New York City only received the appropriate taxes on two of every five packs of cigarettes sold in the city. This is an acute problem on Long Island and the upstate regions of the state as well due to the proliferation of Native-American Indian tobacco outlets. All this illegal activity damages legitimate retailers.

**"Tobacco tax increases are historically unreliable sources of revenue. They often have the effect of increasing black market activity, which hurts law-abiding retailers and deprives government of tax revenue."**

Moreover, the selling of contraband products reaps huge profits for organized crime syndicates and damages the honest retailers who sell cigarettes bearing the appropriate tax stamps. Illegal cigarette trafficking is not limited to local and national criminal organizations—it has also been linked to international terror groups such as Hezbollah, Hamas, and al Qaeda. The then-ranking member on the U.S. House Committee on Homeland Security, Seaford's own Peter King (R-NY) launched an investigation into the ties between cigarette smuggling and terror a few years ago. The ensuing report on the issue documented several examples of the links between domestic cigarette smugglers and terrorist organizations. Increasing the federal tax burden on cigarettes will only increase the profit motive for trafficking illegal or counterfeit cigarettes into high-tax jurisdictions like New York. It will provide criminals with even more money with which they can finance their other illegal operations.

Cigarettes tax increases have grave consequences for the retail industry and for the law enforcement organizations tasked with combating the black market activity that often follows enactment. In the case of the President's new program, there could also be consequences for taxpayers. As is often the case with government spending programs, the actual costs of implementing and running the program end up being significantly more than initial projections. This coupled with the unreliable nature of tobacco tax increases—it is estimated that federal and state governments lose \$5 billion annually to the diversion of tobacco products—could leave New York with a much greater bill than it was expecting. State level tax increases or budget cuts could be necessary to fulfill New York's end of the bargain.

At its core, the President's early learning initiative is a great idea—it just relies on a flawed funding mechanism. Mr. Obama and Congress should find a more reliable way to fund this program in order to ensure that it is implemented and run effectively from start to finish instead of putting it on the backs of law-abiding tobacco retailers—the invisible casualties on this issue—because everyone on this side of this issue knows the obvious, unintended consequences. ■

Visit the National Coalition Website, [www.ncasef.com](http://www.ncasef.com)

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# The National Coalition— Then And Now

BY BRUCE MAPLES  
EXECUTIVE CHAIRMAN, NCASEF

If you go back ten years and compare the National Coalition then to the National Coalition now, you can see drastic changes in the Coalition's makeup, leadership, and organization. No longer can we be seen as a social club that gets together a few times a year to talk about issues. Today we are a group looked upon for support and guidance throughout our industry. We are viewed as an organization that stands up for franchisee rights and interests, and one that communicates franchisee issues at the highest levels inside the 7-Eleven system.

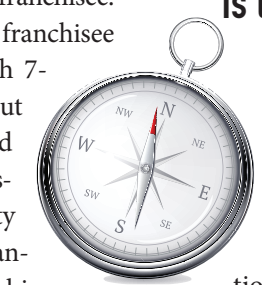
Four years ago a relatively new NCASEF executive team sat down to create a plan that would move the Coalition forward and develop a recognizable brand to help form a foundation for the Coalition's future. How we interact with 7-Eleven, how we are viewed in the industry, how we deal with our vendor partners, and how the National Office operates were all topics up for discussion. When I look back at a timeline of the goals and objectives that we set to move the National Coalition forward, I must thank all of the NCASEF officers for the team effort that brought us to where we are now.

Today the vendor community, 7-Eleven, Inc. and the industry view us as a well-organized, professional organization that not only addresses franchisee issues, but takes a leadership role in the c-store industry. From day one our group tackled national legislative issues like credit and debit card interchange reform, cigarette excise

tax increases, the soda sugar tax, online lottery, health care reform and environmental issues, to name a few.

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We held regular meetings with the 7-Eleven executive team to discuss long-term systemic issues that affect every franchisee. Honest and open dialog about franchisee issues led to long debates with 7-Eleven upper management about what was best for franchisees and the franchise system. Spirited discussions about the DVR security system and remote access, franchise contract changes, franchisee rights, franchisee profitability, low volume stores, hot foods profitability, gasoline in-



**“Today the National Coalition is looked upon for support and guidance throughout our industry.”**

Greater Los Angeles, the National Coalition executive team, and 7-Eleven upper management.

Although it seems like yesterday, four years ago when the National Office came to Tucson, we sought to create a professional environment by putting an office staff in place to lead a coordinated effort to increase accountability and transparency at every level of the national franchisee organization. A website with a well-developed back room for convention and board meeting registration, and an office system with checks and balances that led to increased financial accountability was the result. We are fully satisfied that this system



**“We’ve had honest and open dialogue about franchisee issues that have led to long debates with SEI upper management about what is best for franchisees and the system.”**

come and protecting our independent contractor status were all among the concerns discussed with 7-Eleven top management on an ongoing basis.

Improvements to the system—including EBT integration, elimination of CDC flat fees, and significant changes to the LA Business Transformation Pilot that led to the development of the Hybrid BT model—are a direct result of clear and open communication between the franchisees and leadership of the FOA of

can be transferred to and utilized by the newly elected chairman and his staff.

Hiring a public relations firm to help us navigate through a complicated political system and ensure we were always going down the right path was critical. Developing a public website that would keep franchisees up-to-date on time-sensitive issues in almost real time resulted in a best-in-class product that franchisees can be proud of. After months of planning and develop-

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# The National Coalition—Then And Now

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ment we ended up with a back room database that stores information about every store in the system. It also captures and saves data from every meeting participant, every convention exhibitor and sponsor, and every convention attendee. All were integral steps to achieving our goals.

In our charity work, the Coalition embarked on a mission to give back to the communities that we serve. Over the past four years, the National Coalition, on behalf of franchisees and in collaboration with 7-Eleven, Inc. and our vendor partners, will have donated over \$1 million dollars to charity. Well deserving organizations such as MDA, St. Jude's Children's Hospital, Susan G. Komen For The Cure, and Hire Heroes USA bene-

fited from the generosity of franchisees, 7-Eleven, Inc. and our vendor partners.

I am happy to say that franchisees from around the country continue to play integral roles in the communities they serve. Through our local FOAs we continue to give back to our neighborhoods through everything from golf tournaments, picnics and holiday parties, to a community-wide pancake breakfast.

The National Coalition has made a lot of progress in the last four years due to the hard work of an executive team that is dedicated to improving the system for the benefit of all franchisees. The National Coalition is strong and continues to grow as a result of the hard work and dedication of franchisees all around the

country. Today, franchisees belong to an organization that is well respected and one they can be proud of.

As another holiday season approaches it is a good time to reflect back on what is most important in our life, the time we spend with family and friends. I would like to take this opportunity to thank all the people who have supported me over the last four years, for giving me the encouragement to do what is right and the tools to succeed.

It has been an honor and a privilege to serve as chairman of the greatest franchise organization for the past four years. The friendships I have developed with franchisees, vendor colleagues and 7-Eleven, Inc. will last a lifetime, and I will cherish them forever. I would like to wish everyone in the 7-Eleven family a Merry Christmas, a happy holiday season and a healthy and prosperous New Year. **AV**

**"The National Coalition is strong and continues to grow as a result of the hard work and dedication of franchisees all around the country."**

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## Difficult Issues For NBLC Discussion

BY JIVTESH GILL,  
EXECUTIVE VICE CHAIRMAN, NCASEF

One of the many tasks performed during our quarterly National Coalition Board meetings is to gather information from Board members about the concerns and issues affecting their FOA members so they can be brought to SEI's attention via the NCASEF or through the National Business Leadership Council (NBLC), of which I am a franchisee representative. The way the NBLC is structured, an issue is sent over to a committee within the Council and it basically becomes a project wherein we look for—and work on—the desired resolution. Along the way, we provide status updates to the National Coalition and FOAs to disseminate to their franchisees.

One of the main issues we've discussed in the NBLC is communication. We have discussed the role of Retailer Initiative (RI) and Zone Leadership Council (ZLC) meetings, and how we can improve both meetings so they can be more beneficial in

decided that we need to have a more consistent and standard RI meeting structure nationally, and it is being developed.

One hot topic that has been discussed at the NBLC is our 90-day policy. Recently, a majority of the stores in the system were hit with back-charges related to invoices that never got booked. Some of these related to deliveries that were made more than a year or eighteen months ago, and the charges ranged from a few hundred dollars to a few

are working on a resolution and are going to address internal processes to resolve system issues and communicate how we are going to fix the factoring issue.

The fresh food category has been a challenge for a couple of years, especially profitability. Stores are struggling with ordering enough to still make money after write-offs. The Food Service Committee is looking into how we can reduce costs in fresh and hot foods to increase GP so we can afford to order more.

Cost counting versus retail counting on the Fresh Food Category also has been a huge issue for a long time. Top Accounting folks at SEI are involved and they've produced a first draft resolution, which is being reviewed by the Food Service Committee. We're hoping that at least for the fresh food category, we are making positive changes.

Many stores are being hit with chargebacks from coupons because something went wrong with the submission. The NBLC has been working on getting a standard protocol for coupon processing developed, which will include verification that the coupons were submitted and received and a report available to the store to indicate if there is a short or other variance.

Slowly but surely, we are making progress. We'd like to resolve the issues in a much faster pace but we're tackling a few at a time to find solutions that benefit the entire system and grow sales and profits.

I'd like to congratulate our new chairman, Joe Galea. Joe has been a friend and neighbor for many years, and I look forward to working with him over the next two years. I'd also like to thank Bruce Maples for his service to the National Coalition. I have much respect for Bruce, and I have learned much from him over the past four years. I believe Bruce has impacted our Coalition in a positive way, and I wish him much luck in future endeavors. **AV**



**"The NBLC is working on many issues, but one of the most important is communicating with franchisees."**

growing our business. Although the meetings vary from Market to Market and Zone to Zone in terms of structure, more often than not the RI meetings consist of a PowerPoint presentation on the top five hot food stores, the top five or ten stores that sold the most Danishes, or the top ten stores with 90 percent GEA (cleanliness).

I can understand that the idea behind this is to acknowledge the franchisees who have done well, but unless we get into a little more detail on how each goal was achieved and share those action steps, no one is learning from the experience and we're missing the purpose of why we get together for these meetings. The NBLC

thousand dollars. A lot of questions were raised around the 90-day policy, especially how can we let a vendor come back after a year to collect, but franchisees can't settle an outstanding credit or bill after 90 days? The NBLC's Store Facilities and Processes Committee is conducting an in-depth review of the policy, looking at all of the ins and outs with the objective to make the impact to the vendor and franchisee consistent and fair.

That same committee is also looking into the issue of S18 reports and invoice factoring. We all have S18 reports, which are generated when certain items on an invoice get factored rather than retailed at a recommended or set price, basically throwing off the store's inventory and causing lots of problems. Accounting and Merchandising

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ing from the experience and we're missing the purpose of why we get together for these meetings. The NBLC



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# An Open Letter To New Chairman Joe Galea

BY **ARNOLD J. HAUPTMAN, ESQ.**  
GENERAL COUNSEL, NCASEF

Dear Joe:

Congratulations on your election as chairman of the National Coalition—or should I say, you have my sympathies.

Having served as general counsel for the Coalition for six years, I know all too well the many challenges that you will be facing as the point person for the Coalition, and particularly the difficult interaction with SEI that comes with your job. As a longtime franchisee, and as a former executive vice chairman, you also know the difficult, and likely frustrating, tasks that you are taking on. The path for you will undoubtedly be rocky and rarely downhill, but all who know you are confident that you are up to the job.

Far be it for me to give you any unsolicited advice, but I will do it anyway. Joe, the biggest challenge for you—and one that cannot wait too long to be resolved—is the issue of encroachment. No one disagrees that the growth of the 7-Eleven brand certainly benefits SEI, and can also benefit franchisees, but only if the growth is responsible, logical and takes into consideration the welfare of franchisees. All too often new stores are built or acquired irresponsibly, illogically, and without any concern for a nearby store to generate a decent income for its owner. This has to stop!

The agreement, as you know, expressly permits SEI to build a store anywhere it wants, even adjacent to an existing store. Since it will be hard for you to argue that SEI is violating the store agreement, your job will be to convince SEI that unrestricted encroachment all too often results in a depressed bottom line which hurts not only the affected franchisee, but also depresses

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the value of the store—which also affects the value of the 7-Eleven trademark. One possible solution

is discussing some sort of formula to compensate franchisees for lost income until business returns to at least its state prior to the encroachment. What do you think?

Joe, here is another biggie. You will remember that the 2006 version of the store agreement introduced the tiered 7-Eleven charge (commonly called “The Split”), which radically departed from the 50-50 split that the 2004 agreement provided to most franchisees. The tiers were tied to the changing gross profit of a store, but failed to take into consideration increases in the



**“The 2006 version of the store agreement introduced the tiered 7-Eleven charge tied to the changing gross profit of a store. As the cost of living increases, the 7-Eleven charge grows and, guess what, the franchisee makes less money.”**

a living for his or her family. A fair split benefits everyone.

Depressed already? How about the ever-increasing franchisee fees? If fees weren't high enough already, starting with the 2012 version of the store agreement, SEI decided that rather than using the time honored formula for determining franchise fees based on gross profit or market averages, stores would henceforth be sold for whatever SEI thought it could get based on a number of factors (sales, age of location, and many other factors). Not only that—as

**“The new chairman's biggest challenge is the issue of encroachment. All too often new stores are built or acquired without any concern for a nearby store's ability to generate a decent income for its owner.”**

cost of living which, in turn, increased gross profit, but without a concurrent increase in the amount of products sold. As the cost of living increases, the 7-Eleven charge grows and, guess what, the franchisee makes less money. This challenge can only intensify in strength as time goes by. Once again, you and your executive board must use your powers of persuasion to convince SEI that while SEI deserves to make a profit for its shareholders, franchisees deserve to make

to new stores, corporate stores, or acquired stores, SEI could hold auctions to franchise a store to the highest bidder.

Okay, I agree that anyone can and should be able to sell anything (including a franchise) for whatever the market will bear. That is the American business model. But shouldn't some consideration be given to franchisees who will experience the goodwill values of their stores decrease because

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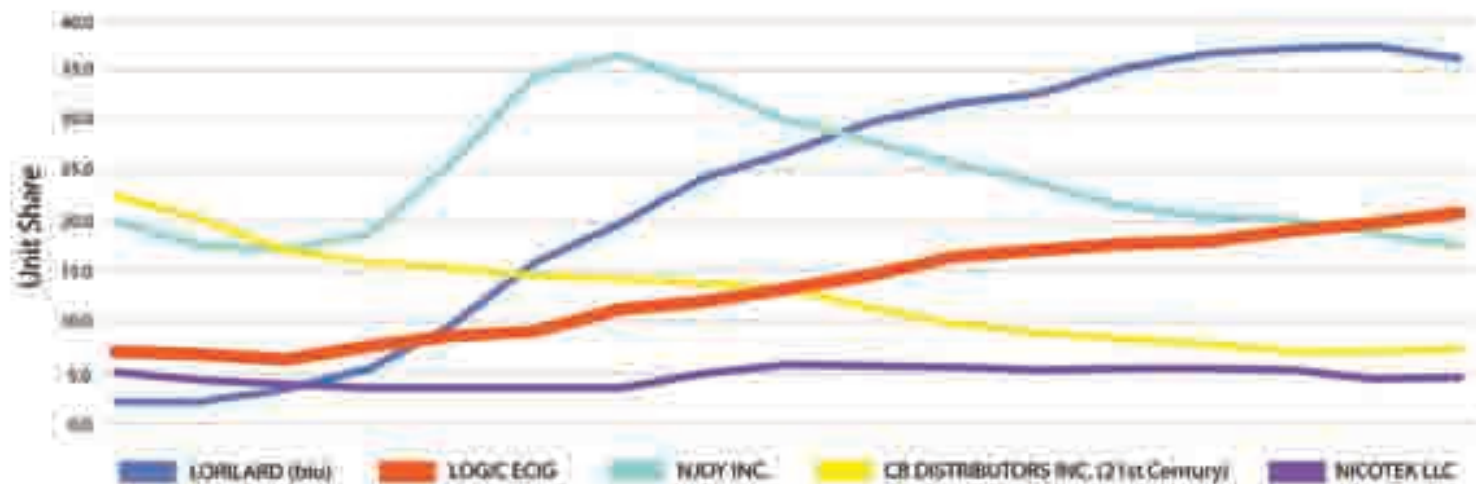
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## An Open Letter To New Chairman Joe Galea

of higher franchise fees? After all, it was and remains the time, effort, and money of only 7-Eleven franchisees that increased the value of stores and created potential franchisees willing to pay these huge fees. Isn't it reasonable to demand that current franchisees somehow share in this windfall to SEI? Here's my suggestion: when a store is sold for goodwill, the seller should receive a part of the franchise fee being charged to the purchaser. Such a program would be similar to the Long Term Tenure Rebate Amendment that SEI awarded to franchisees in 1991 and would make up for at least some of the lost goodwill money. Don't you agree that such a solution would be fair?

Let's not forget the remote access DVR dispute that you inherited. Joe, in my view, it is imperative that you do whatever is necessary to ensure that the purpose of the surveillance system in the stores remains that of protection for franchisees, and not for spying on franchisees and their employees by SEI. How demoralizing and humiliating it is to understand that SEI has so little trust and confidence in its franchisees that it feels the need to peek over their shoulders 24 hours a day—and without the knowledge or consent of the franchisee. In this case, however, I firmly believe that you have the provisions of the store agreement on your side. Check out paragraph two of every version

**“When a store is sold for goodwill, the seller should receive a part of the franchise fee being charged to the purchaser.”**

of the store agreement. It states clearly that the franchisee is an independent contractor responsible for the day-to-day operations of the store and his or her employees. Franchisees need to be trusted to carry out those responsibilities without the prying eyes of SEI. It is unfortunate that litigation may become necessary to enforce these rights, but Joe, I advise you to keep SEI's feet to the fire on this one.

So, I would think that you can solve the above challenges in the first six months of your tenure as Chairman. But there will be

no time to rest on your laurels. There is still much to be done. Start with the ridiculous penny and a half commission per gallon of gas. Something has to be done to help gas stores who, if lucky, break even selling gasoline while SEI reaps huge profits. It is simply not fair and equitable and I know that you and your team can get SEI to increase the commissions to a reasonable sum.

**“It is imperative to do whatever is necessary to ensure that the purpose of the surveillance system in the stores remains that of protection for franchisees, and not for spying on franchisees and their employees by SEI.”**

Taking care of the gas situation will probably take you another month or two. Then I suggest that you start paying attention to the job of reducing the 85 percent recommended vendor requirement to perhaps 65 percent or 70 percent. By getting such a reduction, franchisees will be able to purchase more products from non-recommended vendors at a lower cost and also be

able to purchase inventory specifically suited to the needs and wishes of their customer base. That should take you another month, which gives you plenty of time to deal with the recent and excessive issuance of unnecessary and improper LONs and breaches and, after that, you can work on the ever-increasing costs and ever-decreasing gross profit of 7-Eleven stores.

Joe, if you take on and resolve the above challenges in the first year of your term, you will have earned a well-deserved rest during the second year. Good luck. **AV**



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kiosks that are perfect for campus centers, student unions and dining commons. • **Walgreens** announced that its nationwide **Healthcare Clinics** have received certification from the **Accreditation Association for Ambulatory Health Care**, which is a symbol of quality recognizing that each Healthcare Clinic operates in compliance with nationally recognized standards of care. • **Circle K Stores Inc.** recently purchased 13 **PIX fuel/c-store** stores from Publix Super Markets Inc., of which 11 are located in Florida and two in Georgia. • **Burger King** plans to streamline the rollout of new products with “fewer and more impactful” menu items in order to ensure franchisees could execute the menu items easily and profitably, reported *The Nation's Restaurant News*. • **McDonald's** plans to sell its coffee in supermarkets next year, reported the Associated Press. The hamburger chain said it will test selling a variety of packaged ground and whole-bean coffee at supermarkets and other retail outlets in 2014. • A new study by The NPD Group finds that **Americans are shifting to healthier, simpler diets and that has helped to stabilize obesity levels**. The report claims Americans are consuming more fruit, bottled water and yogurt than they did a decade ago. • OfficeMax announced that Board member and SEI **President Joe DePinto** will not seek to be appointed to the new Board of Directors following the proposed merger of **OfficeMax and Office Depot**. • ADP announced its **ADP Mobile Solutions app**—which gives employees all the tools needed to access their HR information—**surpassed 1.5 million users**. The number includes over one million app downloads from Apple iTunes and over 450 thousand app downloads from Google Play. • **The Hershey Company** recently announced a **\$100,000 donation to Wounded Warrior Project** to help support numerous programs, which are addressing the urgent needs of this generation's injured service members. • A ballot initiative in Washington state that would have **required labeling of food with genetically engineered ingredients** was **shot down by voters** in November because it would have raised food prices by hundreds of dollars per consumer each year and was viewed by many as a mini-tax. • **Starbucks** has an-

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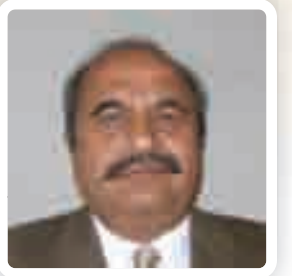
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## PRE-PAID GIFT CARD FRAUD

BY JAY SINGH  
VICE CHAIRMAN, NCASEF



Most of our stores carry different types of pre-paid load cards, re-chargeable phone cards, and gift cards. From our phone card business we receive a decent gross profit and repeat customers, while with gift cards we only get a set fee with a heavy risk attached if a transaction turns into a fraudulent load.

Many stores are getting phone calls from con artists all over the country to load gift cards, Visa cards, Green Dot cards, or other kinds of cards over the phone for up to \$500, resulting in huge losses to franchisees. These callers know our system very well and pretend they work for 7-Eleven, Inc. Unfortunately, they end up successfully convincing the sales associate to load these pre-paid cards over the phone by telling them the cards will expire and they need to test if the cards really work, or some other excuse.

In most cases, this money is transferred to another account within minutes of these fraudulent transactions. Stores that report this loss to law enforcement end up nowhere because the police are unable to locate these calls and trace the money. In-Comm representatives are also unable to help stores, as they have no answer to this loss. SEI's Asset Protection department and field staff have no explanation, except for a repeated answer to train store employees not to load these cards over the phone. Yes,

the best and only solution so far is to train store employees not to load these cards over the phone and to let

**“With phone cards we receive a decent gross profit and repeat customers, while with gift cards we get a set fee with a heavy risk attached if a transaction turns into a fraudulent load.”**

them know that SEI's employees do not call stores during the night.

This issue has been raised with SEI in National Coalition Board meetings, and as a result from mid-December onwards a warning will appear on our cash registers not to load any pre-paid cards over the phone or if the customer is not in the store. This is a small step in the right direction, but a lot more needs to be done. We sell a lot of cards that have a load range of \$15 to \$500 like Green Dot, Vanilla Re-



**“Pre-paid or gift cards are not required items, so it is entirely up to franchisees whether to carry them or not. It might make sense to carry \$25 gift cards, but not \$500 gift cards.”**

load Network, Net Spend, Vanilla Visa and even cards like Kindle Fire, Karma Koin, and a few others. These high-ranging load amounts do not make any sense at all. We are not Best Buy, Wal-Mart or other big box chains, where customers buy big-ticket items. If the category manager for these cards conducts a fair analysis and removes all the fraudulent loads and trans-

actions, they will probably find only one or two genuine \$500 loads.

The same type of fraud occurred in our stores—especially in the Las Vegas area—approximately six years ago when 7-Eleven gift cards had a \$500 max limit. Con artists visited our stores to get five or ten of these cards and loaded them using skimmed credit cards. Within hours these con artists would go to other 7-Eleven stores to buy cigarette cartons with the fraudulently loaded gift cards, resulting in losses to both stores. The issue was raised at that time also, and SEI updated their technology and lowered the high limit on gift cards to \$100.

It is time again to think seriously about this scam. I recommend that SEI not promote any pre-paid load card of more than \$100, and that all these gift cards or pre-paid cards not be loaded with credit cards in order to reduce the loss to franchisees. Some other convenience stores have programmed their registers to ask for a supervisor's ID to complete the transaction if it is more than \$50 for gift cards. This sounds like another good step to reduce the fraud.

No doubt franchisees need to train their employees not to load these cards over the phone, but storeowners should also take other precautions to prevent this type of loss. These pre-paid or gift cards are not required items, so it is entirely up to franchisees whether to carry them or

continued on page 51

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STRAIGHT-UP 1 CARTON - 15 TWO PACKS SLIN 320376 - UIN 244335 7 84762 07352 5	SWEETS 1 CARTON - 15 TWO PACKS SLIN 320513 - UIN 198138 7 84762 07356 3
GRAPE 1 CARTON - 15 TWO PACKS SLIN 320378 - UIN 244285 7 84762 07350 1	MANGO 1 CARTON - 15 TWO PACKS SLIN 320845 - UIN 244376 7 84762 07354 9
	STRAWBERRY 1 CARTON - 15 TWO PACKS SLIN 320574 - UIN 198226 7 84762 07353 2



**ZIG-ZAG**  
WRAPS

GRAPE 1 CARTON - 25 TWO PACKS SLIN 321442 - UIN 555383 7 84762 07200 9	BLUEBERRY 1 CARTON - 25 TWO PACKS SLIN 321446 - UIN 554600 7 84762 07201 6	MANGO 1 CARTON - 25 TWO PACKS SLIN 321478 - UIN 74021 7 84762 07206 1
CHERRY 1 CARTON - 25 TWO PACKS SLIN 321445 - UIN 554634 7 84762 07204 7	MELON 1 CARTON - 25 TWO PACKS SLIN 321444 - UIN 555102 7 84762 07205 4	ORANGE 1 CARTON - 25 TWO PACKS SLIN 320864 - UIN 214429 7 84762 07210 8
APPLE 1 CARTON - 25 TWO PACKS SLIN 321447 - UIN 553828 7 84762 07202 3	STRAWBERRY 1 CARTON - 25 TWO PACKS SLIN 321477 - UIN 74120 7 84762 07207 8	VANILLA 1 CARTON - 25 TWO PACKS SLIN 320814 - UIN 214452 7 84762 07211 5
PEACH 1 CARTON - 25 TWO PACKS SLIN 321443 - UIN 555201 7 84762 07203 0	STRAIGHT-UP 1 CARTON - 25 TWO PACKS SLIN 321478 - UIN 74633 7 84762 07208 5	CIGAR BLEND TONGAS 1 CARTON - 8 PACKETS SLIN 320238 - UIN 555631 7 84762 07175 0



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CIGAR 2 WRAPS  
**XTRA WIDES**

STRAWBERRY 1 CARTON - 25 TWO PACKS SLIN 321267 - UIN 680876 7 84762 07877 5	
MANGO 1 CARTON - 25 TWO PACKS SLIN 321288 - UIN 680900 7 84762 07867 4	
GRAPE 1 CARTON - 25 TWO PACKS SLIN 321289 - UIN 680918 7 84762 07807 0	BLUEBERRY 1 CARTON - 25 TWO PACKS SLIN 321292 - UIN 680884 7 84762 07817 9



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PAPERS

ORANGE 1 CARTON - 24 BUNGLETS SLIN 320298 - UIN 504902 0 08660 00724 7	
WHITE 1 CARTON - 24 BUNGLETS SLIN 320643 - UIN 504308 0 08660 00702 5	

## “Train all your sales associates not to load ANY pre-paid cards over the phone or if the customer is not in the store.”

not. Yes, it might make sense to carry \$25 gift cards, but not \$500 gift cards. This is only a suggestion, but you could tell the gift card reps not to leave cards with high amounts in your mix. Also, if

you already have the high-limit cards in your stores, you might want to remove them and put them in your office to be handled by your well-trained employees and not by the night cashiers, as most of

these phone calls hit the stores during the late hours. In the meantime, train all your sales associates not to accept credit cards for high amount gift cards just to save you from back charges until the system is fixed.

All of these suggestions are only to minimize our loss. Ultimately, the decision is yours to protect your income. **AV**

## WHY ARE VENDOR PROMOTIONS ACCEPTED?

BY ROGER ST. GEORGE  
VICE CHAIRMAN, NCASEF



The vendor community has a very tight relationship with franchisee leadership, and many times will talk about their frustrations with our franchisor and even ask for our help with SEI. Our vendor partners are charged by their bosses to achieve sales goals and execute promotions with assigned retailers. Only the largest suppliers have a sales representative dedicated to 7-Eleven; most work not only with other convenience store groups, but also other channels. Many times, senior management develops the promotional schedule and pricing, and the sales rep is expected to sell the program to all of their customers.

Obviously, because of the size and familiarity of the 7-Eleven brand, we are many times the first chain considered for these manufacturer promotions and deals. Having been in business for 87 years, and having seen such a large share of the promotional activity coming from manufacturers, SEI has certain expectations before engaging in any promotional activity to its stores. We as franchisee leaders continue to hear from our representatives in the supplier

community about how they need more communication from corporate, because most often they are left to guess how their initiative must mesh with SEI's objectives.

There are several types of promotions that usually land in our stores. There are the “Buy One, Get One” deals, free fills, “2 for \$” promos, new product samplings, “First, Best and Only,” and many others. Sometimes the promotion is simply a tagline in an ad or a commercial that the product is available at the local 7-Eleven, and other times it may be free product available at 7-Eleven to our customers. There's no questioning the value these promotions have on franchisee bottom lines, because they help attract customers to our stores.

SEI has made it broadly known that promotions must be fully funded to make both corporate and the franchisee whole in the gross profit dollars earned in a promotion. Too often, however, vendors express frustration when category managers turn down promotions with little or no explanation about how a promotion could be changed to be palatable to franchised stores.

Worse yet, we hear often from manufacturers that SEI will not acknowledge they have even considered a manufac-

“There's no questioning the value vendor promotions have on franchisee bottom lines, because they help attract customers to our stores.”

ture's promotion. In exasperation, the vendor then offers the promotion to a competitor and we are selling against it in stores around town. It is difficult for franchisees to understand why SEI will not even consider approving a 7-Eleven tag to an advertised product that is already recommended in our stores. Adding insult to injury is the vendor's inability to get answers after repeated phone calls and emails that simply ask for a response from the category manager so the representative from our vendor partner can fulfill their responsibility to their company.

So here are my questions: What is the rationale for accepting some vendor promotions and not others, and how can we as franchisees help our vendor partners in this situation? It is especially difficult for the vendor to ask for help from the franchise community to spur a response from SEI. **AV**

**ROGER ST. GEORGE**  
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## THE CHALLENGE OF CHANGE

BY JAS DHILLON  
VICE CHAIRMAN, NCASEF



The national elections are over, but our work has just begun. It has been a hard and grueling season of hope and promise. Each of the candidates who stood for an executive office, from chairman to executive vice chair to treasurer, was motivated by a sincere desire to see the day-to-day burdens of franchisees lessened and to make the future brighter. Although I ran for the position of executive vice chair and lost, I totally respect the outcome of the National Coalition election and the choices made by my fellow franchisees.

As a 7-Eleven franchisee, today more than ever, I'm in survival mode. Charles Darwin said it best, "It is not the strongest or the most intelligent who will survive but those who can best manage change." Today, I struggle to survive and adapt to live with credit card fees, loss of gasoline income, the graduated 7-Eleven charge, loss of lease, a BCP conversion across the street or 8/10 of a mile away, government regulation, and/or ObamaCare.

When I purchased my first 7-Eleven

beer at near cost, CRP on other products, and so on and so on ... why? Because I cannot compete against that newer 7-Eleven. No matter how much I scrub the shelves, walls and floors, they will never be sparkling clean.

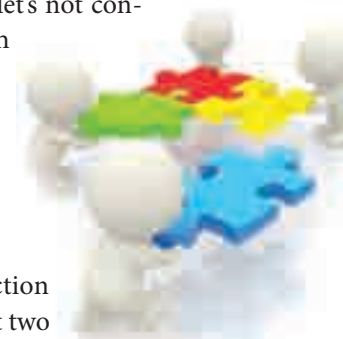
Now more than ever, we as a group must come together as one solid voice and fight for the future of 7-Eleven. We must band together to ensure that not only will this business model be successful today, but that it continues to be a success. We must come together, as one, to protect our independence as individual storeowners.

Where we must come together is as franchisees standing and defending those very things that make this system successful. We do NOT need the unity of thought and opinion; we need the unity that comes from our diversity. We need the unity of the pursuit of freedom, the freedom to make each 7-Eleven a special and unique place that is decidedly geared towards being "my 7-Eleven" in the mind of our guests. Yes, we must have a consistent high quality brewed coffee, but we

**"Each of the candidates who stood for an executive office, from chairman to executive vice chair to treasurer, was motivated by a sincere desire to see the day-to-day burdens of franchisees lessened and the future made brighter."**

dog and dispensed the first cold fountain soda. Initially, 7-Eleven's response was, "You can't do that." We must shed the mantra of "You can't do that" and return to the days of "How can we help you better serve the guests?"

Finally, let's not continue to push the politics



**"We must shed the mantra of 'You can't do that' and return to the days of, 'How can we help you better serve the guests?'"**

store, I thought I bought myself into a system that would offer me support, guidance, and protection from competitors. Amazing how I am "challenged to change": I can compete against any other

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c-store, but not against another 7-Eleven. Today, I'm in survival mode and must make drastic changes—I sell coffee at \$1,

also must have a premier enchilada or tamale for our large Latino customer base.

What is NOT needed is a one-size-fits-all solution from well-meaning category managers in Dallas. We as franchisees, and our employees, are the frontline decision-makers who should have the ability to select and order items our customers want, need and demand. Remember, it was franchisees who poured the first cup of coffee, steamed the first hot

of the election over the next two years. The opponent is across the parking lot, or down the street, not in our meeting rooms. Futile disputes over power and prestige will only cause us to divide into factions. When that happens, we as franchisees lose and everyone else wins, including the convenience store down the street.

Those are my thoughts. I would love to hear yours. AV

> PRESIDENTS' REPORTS



The Election Committee included Bill Huffman, President, Columbia Pacific FOA; Jerry Sahnun, Committee Chairman and President, Phoenix FOA; and Joe Rossi, President, FOA Chicagoland.



Vice Chairman Jay Singh urged franchisees to fight for greater profitability.

**New England FOA**

Dennis Lane, President

As we end 2013, franchisees in New England are looking forward to a better, less controversial, more profitable 2014. The lesson learned from 2013 is that our brand and our franchisees can and will survive and succeed in even the most difficult of times.

**“The SSI issue is not completely solved in the BT hybrid model.”**

**—Bob Price, President, Texas FOA**

We are the original convenience store brand, and stores in New England are operated by many of the best franchisees in the system. With all of the negative media in 2013 it became all too easy to forget the honest, hard working men and women in New England and across the country who protect the brand every day by doing what they do best—run great stores.

The New England Franchise Owners Association would

like to wish every FOA, every franchisee, and the new National Coalition administration a very successful 2014.

**Eastern Virginia FOA**

Romy Singh, President

On November 7, our FOA met with four market managers and Zone Leader Brian Voss. There was a presentation from CDC operations, as well as an open discussion. Franchisees raised their concerns about the gas pricing strategy, hot foods quality, accounting, and CDC deliveries. Brian answered franchisee concerns and promised to look into ongoing issues. Our FOA is trying to resolve our issues within our zone. We are

serving our members and non-member franchisees the best we can.

The EVAFOA is having its Christmas Party on December 7 in Virginia Beach. Besides franchisees and their families, our Zone Leader, all market managers and all field consultants are invited and are expected to join us. Our trade show will be held on March 17 at the Virginia Beach Convention Center. Vendors may visit [www.evafoa.com](http://www.evafoa.com) for more information.

**San Francisco/ Monterey Bay FOA**

Joe Galea, President

Peak summer sales saw an increase of about 3 to 4 percent on average. Summer is behind us. Stores are experiencing the same sales trend as 2012. Looking into 2014, we are anticipating more stores getting the hot foods program. Our trade show will be March 1, 2014 at the Airport Marriott in South San Francisco. We've had a good working relationship with SEI in 2013 and we look forward to that continuing in 2014. We have our holiday party coming up on December 6. Some of our members have already registered for the 7-Eleven Experience in Las Vegas on January 28-31, 2014. The stores have received information about it; it is on the ISP and field consultants have talked about it. It will be interesting to see what the turnout will be for this SEI event.

**Cal-Neva FOA**

Richard Rose, President

September 30 was the end of our 100 Days of Summer. So how was this summer for Cal-Neva franchisees? For the summer months, the Reno-Tahoe market was up around 3 percent and we were one of the few areas that had franchisees make more than last year. As mentioned in my previous President's Report, we have had two stores returned to SEI—one because of competition



NCASEF Chairman Bruce Maples scheduled an afternoon for the Board to talk about the DVR, security and remote access.

and the other because the franchisee could not sell the store. With the ever-increasing number of competitors moving into our area, I believe franchisees will be looking at the stores with a more realistic eye and judge for themselves if it is in their best interest to maintain their stores. Our franchisees are trying to remain competitive, but are “fighting with one hand tied behind their backs,”

**“Asset Protection needs to define their role and let franchisees know what we can expect.”**

**—Jivtesh Gill, Executive Vice Chairman**



since 7-Eleven, our parent company and partner, is unwilling to remodel our stores or to do simple maintenance.

This summer we also had our 11th Annual Louis Magnotti Golf Classic, with a record number of golfers participating. We enjoyed great weather, camaraderie, renewed and made new friendships, and yes, played good golf (or in some instances questionable golf). If we were playing baseball with odds like that, we would be batting over 600 percent. Monies raised from this golf tournament again more than met our expectations.

All of us—franchisees and guests alike—should feel proud that we could present these monies to our two major charities, MDA and the fight against breast cancer.

In October, we thought pink again. In the second local annual fundraising event, our 7-Eleven stores in the Reno-Tahoe area encouraged customers to donate money for local breast cancer awareness and prevention programs. Employees at participating stores were encouraged to wear sweatshirts with the “Save the Ta-Tas” logo to help promote the cause. Our goal this year was to raise more than the \$12,000 we donated last year. It was hoped that each store would be able to raise at least \$500. Many stores went above and beyond the \$500 quota, with a few reportedly raising over \$3,000. As of October the month-long fundraising efforts ended, and I am proud to announce that we have raised a whopping \$20,000! The monies collected have been donated to the Renown Medical Center to help the Reno-Tahoe area directly. The Renown Medical Center will make these funds available for women in the Reno-Tahoe area, giving free mammograms to those in need. Thank you franchisees and thank you to all the wonderful

community of Reno and Tahoe for caring and supporting a worthwhile cause.

community of Reno and Tahoe for caring and supporting a worthwhile cause.

**Northeast FOA**

Neil Shah, Vice President

In New England we are concerned that SEI is not doing much for our low volume stores, which need remodeling and a boost in revenues. In the past year, the company handpicked a few stores in Boston for AQIP,



San Diego Board members and franchisees at the candidate's forum included (front row) Gary Singh, Cindy Keller, Gurpal Paintal, Bobbie Villagrana, Carmen Heibling, Gene Villagrana, and (back row) Bic Siddhu, Tony Singh, JV Mahal, and Bhupinder Mann.

and in total nine stores in our area got AQIP this year. There was no formula used to pick the stores, and we believe this is unfair to franchisees. We keep hearing that every store is going to get hot foods and new coffee bars through AQIP, but I don't know when it is going to happen.

There has been little expansion in the Boston area, and SEI is not awarding multiples to struggling franchisees. The new stores that have been opened are struggling, and existing franchisees are questioning why the company is opening expensive new stores that they have so much trouble franchising. One store in Cambridge closed down last month because the most recent new stores have been low volume, yet when an existing franchisee asks for a new cooler or something new, we are told it is not in the budget. But we have a budget to build a brand new store a half a mile away from the existing store?

Our FOA is planning a trade show and a newsletter in 2014 that we are really excited about. I want to wish everyone in the franchise community Merry Christmas and



Southern California Franchisee Jawad Ursani said under BT, sales are up and inventory variations are down.



Randy Johnson of General Mills showed off the new Chex Chips and Pillsbury Cookies.

**“There needs to be a better process to get local vendors recommended.”**

**—Sam Younes, Delaware Valley FOA**

Happy Holidays. Let's all have a great year in 2014. The franchisees of the Northeast FOA would like to offer our congratulations to new chairman Joe Galea, Executive Vice Chairman Jivtesh Gill, and new Treasurer Maninder Walia for their success in the recent National Coalition elections.

### Suburban Washington FOA

Pete Gagnano, President

Sales in Market 2543 have been flat, with \$4,724 APSD in 2013 vs. \$4,727 in 2012. Food sales are also flat, as shown by \$884 APSD in 2013 compared to \$880 in 2012. Both of these can be attributed to a decline in guest counts, which are down 37 APSD or 3.1 percent. Our region was significantly impacted by the government shutdown and has been slow to recover, as consumers are not confident in the economy.

FOA leaders, NBLC members and several other local franchisees met with Zone Leader Jim Summers on November 14. Topics discussed included the following:

- Large \$ Pre-books on Pay-By-Scan Items—Pressure to participate. Stores need to



SEI Senior VP Merchandising Bob Cozens said companies are changing because consumers are making all the decisions.

know the “shrink rate” in order to make an educated decision.

- GEA Evaluations—The process is being revised to lower the number of questions and adjust the grading system.
- Chicken Tenders—The uneven size/poor quality of the items from the new vendor are reducing sales. Zero retail on fresh food items was requested.
- E-Cigs—Dallas working on an e-cig planogram so as not to interfere with cigarette contracts. It was suggested to stay with large manufacturers who will likely be able to withstand expected federal and state government regulation.
- Change in Asset Protection Function—Asset Protection seems more involved in protecting 7-Eleven's assets (issuance of FIWs, etc.) than in helping the stores, as evidenced by a recent spate of robberies in which the stores were not notified, thus having merchandise taken that could have been secured.
- Unexplained Late Charges—All franchisees were upset with Accounting's chargeback to the stores at the end of October without any notice or ability to question the charges. We were told corporate stores in the Zone were impacted similarly in July.
- Breach Process—It is Zone policy to discuss/coach before issuing a LON or Breach. Breaches given for out-of-stock conditions have very vague language, like “violates corporate image.”
- Advertising—Billboard ads for the \$5.55 pizza deal and bus shelter advertising in Washington D.C. are the focus.

continued on page 58



FOA of Greater LA President Kathy York said that franchisees have lost a lot of communication with SEI.

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- Audits—Inaccuracy of audits being done by RGIS.
- Encroachment—Real Estate must approve sites through the Market Manager, with Zone Leader involvement if they cannot agree on a site. SEI expects to build 30 stores in the Zone in 2014.

On the legislative front, the Montgomery County Council has passed a bill instituting an \$11.50 minimum wage in the county by 2017, despite opposition from many small businesses. Adjacent Prince George's County is expected to pass an iden-

tical bill. This legislation, combined with the recent passage of a law regulating 24-hour convenience stores, will have a significant and detrimental impact on our businesses.

### San Diego FOA

Bic Sidhu, President

Sales in the three San Diego markets are as follows: 2111—plus 0.7 percent YTD; 2112—plus 2.7 percent YTD; and 2131—plus 0.9 percent YTD. Fresh food sales: 2111—\$465, plus 2.2 percent, plus \$10 APSD; 2112—

\$386, plus 4.6 percent, plus \$17 APSD; and 2131—\$537, plus 3.1 percent, plus \$16 APSD. Hot Foods is being taken out of some

continued on page 60

**“Franchisees don’t believe there is any ROI on the GEA surveys, which need to be redone.”**

**—Bruce Maples, NCASEF Chairman**

## IT’S BEEN A GREAT FOUR YEARS

By Joe Rossi, FOAC President

It’s hard to believe that four years have come and gone so quickly. What an honor and a privilege it has been to serve as president of one of the largest FOAs in the country.

Looking back, I can honestly say that I am truly proud of what we’ve been able to accomplish. Thanks to an incredibly dedicated Board of Directors—men and women who were as committed to helping our fellow franchisees as I was—we made tremendous strides over the past four years. Sure, there were some challenges along the way, and there were some differences of opinions among Board members, but when it came to our role of serving our franchisees and helping them become as successful as possible, we were always on the same page. For that, I am extremely grateful.

I am also grateful to SEI and our local management team. As we all know, it’s not always easy

to find a common ground, but through hard work, perseverance and a shared goal (to always do what’s best for our franchise community), we were able to partner in so many ways for the benefit of our franchisees. I am very appreciative for their support and am confident that the spirit of trust and cooperation will continue.

I’d also like to mention the solid relationships we’ve built with our vendors over the past four years. Believe me, I know how very fortunate we are to have secured such strong bonds with our vendor partners. Not only have they continually supported our annual trade shows, our holiday trade shows and party, and our charity golf outings, but they have also taken part in our monthly Board meetings and our general meetings. It’s been a partnership in

every sense of the word, and I am confident that the mutual respect and desire to work together will continue long after my term as president comes to an end.

Coming into 7-Eleven as a “White Hen Guy” wasn’t so easy. I was comfortable with White Hen. I knew my business inside and out and I wasn’t all that eager or excited to learn a whole new system. But, as often is the case, change can be good. In my case, good came out of the change.

Starting off as an FOAC member, and then becoming an FOAC Board member and eventually being elected president gave me an

incredible opportunity to make a difference. It gave me a chance to share my knowledge, to work with and learn from my fellow Board members, and to communicate with SEI for the benefit of our franchisees. These past four years have been extremely rewarding and I

am so very proud of what the FOAC has been able to accomplish.

I’d like to extend my sincere appreciation to the members of the FOAC Board of Directors, especially to my Vice President Ken Patel, and to my past Vice President Sajid Ahmed. And to the franchisees, I thank you for the show of support over these past four years and for your active involvement with the FOAC. I’ve enjoyed getting to know you and helping in any way I could. I will continue to take an active role in ensuring that all franchisees are treated fairly and have the greatest opportunities for success.

I will always be just a phone call away. Being president of the FOAC has truly been a privilege and an experience for which I am most grateful. ■

**“The past four years have been extremely rewarding and I am so very proud of what the FOAC has been able to accomplish.”**



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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 11/3/2013

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stores with sales less than \$45 per day. The average per store day sales is at \$55—much less than 2012, which was at \$71 per store day.

Our area is soon to go live on Business Transformation. This is the calendar of events:

- December—Week of 12/16/13, Market 2131—25 Pilot stores go live on Electronic Check In (ECI)
- January—Week of 1/13/2014, Market

**“The primary goal of CHD online is to make it easier for stores when they have a problem.”**

**—Linda Flemming, Senior Project Manager, Shared Services, 7-Eleven, Inc.**

2131—Pilot Stores go live on Scan Audits to populate their 'I' Item Inventory

- January—Week of 1/20/2014, Market 2131—Remainder of stores go live on ECI
- February—Week of 2/16/2014, Market 2111—Stores go live on ECI
- February—Weeks of 2/23 to 3/7/2014, Market 2131—Remainder of stores go live on Scan Audits to populate their 'I' Item Inventory
- March—Week of 3/10/2014, Market 2112—Stores go live on ECI
- March—Weeks of 3/16 to 4/4/2014, Market 2111—Goes live on Scan Audits to populate their 'I' Item Inventory
- April—Weeks of 4/7 to 4/25 Market 2112—Goes live on Scan Audits to populate their 'I' Item Inventory

Currently, all three markets all have GRAs (Go Live Readiness Advisors) in the field to coach and support stores as they prepare for the various phases of Business Transformation. There are BT Kick Off Meetings for all three markets, and at these meetings there is a lot of information given.

Some franchisees are having a hard time adjusting to the twice-a-week McLane ordering. They are being forced to make these orders even though they find it unnecessary and with additional cost of over \$700 per year. Order windows are being changed without any com-

munication to the franchisee. Vendors are being told not to deliver if an order has not been placed in the system—for example, Red Bull is instructed to only deliver orders placed on the GOT. Franchisees feel they are losing their Independent Contractor Status because they are being told what to order, when to order, how to order, where to put it (cooler/door handle) how many facings, etc.

We are being told to have at least one beer display, how many SKUs of an e-cig to have, and we are directing store staff.

Newsdays, our major magazine vendor, has pulled out of most stores, and is now requiring a minimum.

Stores have an issue with their phone lines being used for

SEI's equipment. They should have their own phone line or pay for the store's existing phone line. We have had incidents where a store employee was in danger, and the employee was unable to use the store's phone line because there was a download being done at the same time.

Our Christmas party is on Saturday, December 7 at the Harrah's Rincon Hotel and Casino. Our trade show with the FOA of Greater Los Angeles is scheduled for January 15 at the Pechanga Hotel and Casino in Temecula. Our Charity Golf Tournament is slated tentatively for early May at the Salt Creek Golf Club.

## Washington, D.C. FOA

Mark Chiochankitmun, President

7-Eleven's good reputation and public image can be here today and gone tomorrow at the speed of digital headlines on social media. Some of these stories may be based on truth, lies or a mixture of both, which is often what happens as information goes viral and multiplies.

For the past few months franchisees have been dealing with nightmare news and



Shamrock Farms's Chris Perry presented new deals on Rockin' Refuel real milk with 30 grams of protein.



Rocky Mountain President Wayne Matthews spoke for transparency in National Coalition decision making and accounting.



Greater Bay FOA President Ray Dhaliwal commented during the discussion on supporting franchisees with legal problems.



Senior Project Manager Linda Flemming said the first rollout of the new CHD online will commence in January 2014.

drama coming from all sides of our operations—cooperation with SEI on the I-9 issue, giving proper and correct information to our guests and media about the New York and Virginia illegal immigration investigations, SEI suing a couple of franchisees for allegedly siphoning money from their stores, and a group of New Jersey storeowners suing corporate for allegedly misclassifying its relationship with them (independent contractors vs. employees). With all these distractions within our system, both SEI and franchisees have not been able to focus on what matters the most in our business, and that is our bottom line.

Our sales in the Washington, D.C. area have been flat, with GP percent dancing around 40 percent. All in all, our GP percent could be better if we did not get charged back when SEI made the mistake with our vendors on CPM, LDU, and bill-backs without proper backup documents prior to the process.

A Washington, D.C. lawmaker has been tasked with writing a bill to raise the city's minimum wage from the current \$8.25 per hour to \$11.50. The nearly 40 percent jump would be realized over three years: on July 1, 2014 the city's minimum wage would increase \$1.25 to \$9.50 per hour. A year later it would become \$10.50 per hour, and on July 1, 2016 the city's minimum wage would reach \$11.50. We believe our neighbor lawmakers in Maryland and Virginia are trying to pass the same \$11.50 minimum wage. Watch out, it is coming to the city near you.

## Kansas City FOA

Faisal Asad, President

Kansas City has been chosen for more commerce by many companies like BNSF Railway, Google Fiber, Unilever, Cerner, Ford, Garmin, and many others pouring billions in the local economies!

For major corporations, business and cost of living in Kansas City is cheaper than on the east and west coasts. Kansas City, Kansas and Kansas City, Missouri has aggressive plans, like introducing street cars and

**“Franchisees are afraid to go to Asset Protection. We should not be banged on for sharing information.”**

**—Overheard at the November meeting**

many projects that will make Kansas City attractive for more businesses and families to move in! St. Louis is also in a growth mode.

As we continue to sail with under 38 locations in Kansas City—out of which 27 are 30-plus year-old stores—the head winds are strong and we seriously need tail winds in the form of investments in our current stores and upgrading our image. Our competitive landscape has changed very much, and Kansas City regional players are now in Dallas and many other areas around the country. No one thought these regional players would enter these markets.

**“The BT Hybrid being rolled out in Los Angeles is a perpetual inventory system that audits item-by-item.”**

**—Daniel Garcelon, Senior IT Director, BT**



Pacific Northwest FOA Pres. Maninder Walia said franchisees are embracing the BT being rolled out in Washington state.

We should invest in our assets, and buy more assets in Kansas City and St. Louis so we can strengthen our brand footprint and image. Another opportunity is to partner with a major grocery store for gas cents-per-gallon-off program. I know a local grocery store chain (HY VEE) knocked on our door a couple of years ago for same kind of program (like our competitors) at HY VEE's expense.

For the third quarter 2013, total store count is 76. Merchandise Sales are down (\$79) APSD. Merchandise GP is down (\$27) APSD—32.50 percent 2013 vs. 32.54 percent 2012. Guest counts are down (#19) APSD. Inventory Turns: July 2013 at 15.9 vs. 16.6 2012, August 2013 at 16.1 vs. 15.9 2012, September 2013 at 15.6 vs. 15.4 2012. Inventory turns also improved from last year. We were the 87th market last year and now we are the 77th market in Inventory turns. I believe that with BT it will improve more.

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Delaware Valley FOA President Al Haffar wants 7-Eleven stores to be considered a fresh and hot foods destination.



Fin reps Rick Torgalski and Jennifer Hunter described the introductory bill-back offer of \$36 on each SKU.



SEI VP Franchise Systems Frank Gambina said we are here to help each other grow our businesses.



Vice Chairman Jas Dhillon said inventory variation reduction is huge under BT.

## Pacific Northwest FOA

Maninder Walia, President

This fourth quarter of 2013 has been a challenge for stores in our markets. Sales have been relatively flat for the last two months, and gasoline gallons are down by about 12 percent to 15 percent compared to last year. The hot foods program was installed in 50 more stores in our area. The \$5.55 pizza promotion has helped increase fresh food sales in stores, with some stores averaging about 20 pizzas PSD. Average hot food sales in our area are \$85 PSD.

BT is being launched in 25 pilot stores beginning the second week of December, and the rest of the stores will be online in early February 2014. Franchisees and employees are being trained on the new delivery system and electronic check-in of store deliveries. We are hoping this rollout will be smooth and franchisees and their employees will have minimum issues. Issues like accurate delivery check-in, damaged product returns, paper invoices, etc., were discussed with SEI team members. Franchisees are complaining about holiday pre-books worth thousands of dollars being sent to stores without their approval.

**“Franchisee morale is deteriorating because trust is starting to disappear.”**

**—Mark Chiochankitmun  
President,  
Washington, D.C. FOA**

During the November elections a ballot measure was approved by voters to raise the minimum wage of airport workers and those working in hotels and restaurants by the Sea-Tac airport to \$15 per hour. The hourly minimum wage for all workers in Washington State will increase to \$9.32 per hour starting January 2014.

Our annual FOA holiday party was celebrated on December 6 in Kent, WA and franchisees enjoyed the evening with food, drinks and entertainment. The Pacific NW 7-Eleven FOA Board wishes all franchisees across the country a prosperous and happy new year.

## UFOLI

Jack Rugen, Vice President

On the legislative front, we are taking a stiff stand against President Obama's proposed increase in the federal cigarette excise tax by \$0.95, bringing the federal tax on cigarettes to almost \$2. We are working with the Save Our Stores coalition and Forum Strategies (P.R. firm for Altria). 7-Eleven franchisees as tobacco retailers need to participate in the regulatory process through their local FOA or NCASEF to thwart this effort, albeit the revenue generated goes for a good cause. We need to insist that government find another means of generating this revenue.

Governor Andrew M. Cuomo signed legislation into law to reform New York's Unemployment Insurance System. The Unemployment Trust Fund did not have enough money to pay the cost of benefits during the recent recession. Employers are paying back



San Diego FOA President Bic Sidhu warned about employee safety if the land line is used for money orders and security.

\$3.5 billion that was borrowed from the Trust Fund, plus interest. Reform will pay back that debt more quickly and save employers an estimated \$400 million.

**Minimum Wage Increase**—The state budget contains a provision to increase the minimum wage over three years from \$7.25 to \$9 per hour in 2016. The provision also includes a minimum wage tax credit for businesses that hire teens and subsidizes the minimum wage for these businesses through a tax credit.

Downstate gas stations are legislatively mandated to install back-up power plants.

The Save Our Stores coalition and UFOLI provided strong attendance and expert testimony at the initial hearing on Mayor Bloomberg's cigarette display ban, minimum price of \$10.50 per pack and e-cig jurisdiction, and raising the legal age to purchase to 21. We were successful in eliminating the cigarette display ban, and e-cigarettes inclusion and adding increased penalties for retailers who evade tobacco taxes.

**Problems:** Some of the information on the data sheets is incorrect. The Coca-Cola

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1. Nielsen Beer, Marketing Insights, 2012 High End Premium Craft  
06/06/2013 2. National Retailer Shopper Card Data Table 52 Ending 8/26  
3. Nielsen Scantrack Total US Food & Beverage Food Market 9/14/13

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2-\$2.50 promo GP% was mis-stated at 29.7 percent when, in actuality, it was 11.7 percent. We need more accurate details on GP% on promos so as to make an informed business decision. Who knows what other information coming out of Dallas HQ is faulty. We moved this up through the BLC, also.

Negative Effects: On sales, Retailer Initiative is all but dead. Corporate makes it more and more difficult to carry what our customers want and almost impossible to manage and order. The recent change in Thanksgiving McLane delivery schedule didn't help. This needs to change before BT is rolled out here in the North Atlantic Zone.

Our annual Holiday Party was held on December 4th. We had 190 attendees. Our

**“Stores are receiving higher GEA scores, but guests are not getting a better experience due to the way things are scored.”**

**—Rich Rose, President, Cal-Neva FOA**

treasury is back up to above Tariq Khan levels. Our Board is run like a fine-tuned democracy ... a far cry from the totalitarianism of the previous President.

## Central California FOA

Sunny Chauhan, President

Month to date through November 25, Merchandise Sales are soft and are trending at 1 percent due to cooler weather. Thanks-



Aaron Choate from Swedish Match described a no-risk free trial roll via billback on Swedish Match SNUS.

giving was a week earlier last year along with Black Friday, so we should see a sales bump by the end of this week. We are projecting that we will finish positive at 2.5 percent by the end of November 2013.

There has been significant growth in PSA 17 (Food Service) in our market since the roll-out of hot foods in several stores. Our market is currently leading the country in Whole Pizza Sales at 10.1 APSD, and franchisees with hot foods stores the local consultants and the market manager are very proud of this accomplishment.

Many new stores are opening in our market area in December. One in Modesto, one BCP in Watsonville, one in Atwater, and one in Fresno in January 2014. Additionally, there was a father/son changeover in Taft and five more changeovers (franchisee-to-franchisee, and Corp-to-franchisee) scheduled in December, and one more franchisee-to-franchisee changeover in January.

Our market area was visited by SVP (West Coast) Ina Williams and Zone Leader Nancy Taylor. During this visit they stopped at several stores, spoke to franchisees, and gave them feedback on their stores. They also listened to our issues and concerns regarding CDC and Accounting, and took notes and promised to get back to us and help remove some of the obstacles.

## Columbia Pacific FOA

William Huffman, President

The Columbia Pacific FOA has welcomed five new Board members this year. They are: John (Harbarjon) Ghotra, Junaid Akhtar, Stan Singh, Tim Jewsbury, and Suzy Ho. Both Stan and Tim are on the NBLC, so we have great representation on our Board.

Sales in Oregon and Southwest Washington for the first six months of 2013 are up 4.95 percent. Gross income is up 5.3 percent, and net income is up \$1556 for this six-month period.

Current issues affecting franchisees are I-9s, maintenance charges, underperforming stores, “Red” scores on the multiple qualification scorecard, and pressure by field consultants to comply with the ever-changing 7-Eleven Business System. Stores in Southern Oregon are dealing with soft sales due to thick smoke and severe unhealthy air quality conditions caused by the tremendous amount of forest fires throughout the region.

Market 2363 has a new Market Manager, Chris Bill, who has been an outstanding field

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Virginia FOA President Waqar Sheikh said his FOA is giving \$500 to each franchisee who attends the 7-Eleven Experience.



Vice Chair Roger St. George reminded the Board that ecigs are selling but the FDA will soon rule on health concerns.



Rehan Hashmi, VP Alliance of 7-Eleven Franchisees FOA, asked for better accountability and response from SEI accounting.

consultant for almost 20 years in Market 2361, and we welcome her to our market. Our John Wilkerson Memorial Golf Tournament was held August 2nd in Salem, with almost 100 golfers attending. The weather cooperated and a great time was had by all. Our next event is a General Membership meeting October 10th in Portland.

## FOA Of Southern California

Nachhatar Bhullar, President

The FOASC had a very dynamic year, thanks to the ceaseless efforts of the entire Board and other members. With their hard work, perseverance, relentless efforts and passionate support we were able to achieve many milestones in 2013.

In 2013, the FOASC had nine Stated Meetings with excellent participation from vendors, members and SEI. Our meetings attendance averaged around 120-150, and there was terrific vendor support. SEI management gave presentations on Promotions, Sales Plans, New Store Real Estate, Franchising System, and the Multiple Criteria for Franchisees. There were also multiple presentations given on Human Resources and Labor Law issues.

The FOASC Trade Show was held on May 22, 2013 at the Pasadena Convention Center. We had over 104 booths where various vendors displayed their fine products.



FM's Trevor Foster and John Pavia urged all franchisees to sign on to www.FM24-7.com to solve problems.

The SEI team also came out with full support. They displayed food and drinks at one of the booths. The FOASC recognized the franchisees who have been with the 7-Eleven system for more than 25 years with gifts, regardless if they were members of the FOASC or not. There were also many raffle prizes given away to the various attendees.

The 27th Annual Joe Saraceno FOASC Charity Golf Tournament was successfully held at the Pacific Palms (Industry Hills) Golf

**“Franchisees taking advantage of Work Opportunity Tax Credit from the company Tax Break are not out-of-pocket on any fees.”**

Club on August 14, 2013. We strongly believe in helping the needy in whatever way we can. We donated \$ 20,711 to the Los Angeles Children's Hospital. It was possible due to the tremendous support of our vendors and our members.

The FOASC Holiday Party held at Ararat hall, Mission Hill on December 7, 2013 ended the year with a bang. It was attended by more than 600 people, which included vendors, SEI management teams and franchisee members. What a way to end the year.

We are looking forward to 2014. I am sure with all the help from vendors, members and SEI management it's going to be better than previous years. For us the sky is the limit. We still have a ways to go, and this will



Central Florida President Fari Ishani said hot foods need markup and should be changed on M01s.

only be possible with your continued support. Thank you.

## Chesapeake Bay FOA

Stuart Walters, President

The Chesapeake Bay FOA hopes this report finds everyone doing well. It's tough to manage a business amidst the turmoil of lower consumer spending, increased governmental obstacles, and just dealing with the everyday aspects of the convenience store business.

Our group has continued to focus on the things that are within our control. Two examples of this include vendor relations and franchisee/franchisor relations. We as a group, as well as each of us as individuals, try to better the deals that we have with our suppliers and vendors. When we approach vendors, I encourage each person to think about things from the other side. That is, what does the vendor really want to accomplish. While we automatically think they want a higher cost, that might not be the case. Sometimes cost isn't their objective. Their objective could be volume or location of their products.

I recall one vendor negotiation in which I was able to negotiate a lower cost in return for giving the vendor exclusive vendor status. The vendor wasn't immediately excited about offering us his products at a lower cost and thus lower profit for him. However, when we discussed his objectives, he really wanted to expand his operation. I asked him what he needed to expand and we discovered that he

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Board members heard presentations from a dozen manufacturers on day three of the meeting.

really needed a larger portion of my business. By talking with the vendor, I was able to get what I wanted—a lower cost—and he got what he needed, more business.

Oftentimes vendors need our acceptance of new products to attain their sales goals or new product introduction goals. Our trade show, which is scheduled for April 29, 2014 at the Virginia Beach Convention Center, has in the past created a good venue for

chisee how she felt getting texts at 10pm. She said, "If it were something important, something new or something I forgot, I would be more accepting of being awoken." I asked her if she asked the field consultant to stop texting her. She told me that "she did not feel comfortable." The field consultant is trying their best to improve sales, hit their numbers, etc., and they are in most cases doing what they think is right. But, back to the

right time ... I encouraged her to talk to the field consultant about her feelings, her situation and if resolution was not achieved then I would help.

I think this is the case across our FOAs. As technology improves, so does the need to think about its use. Most have smart phones that receive email, text and of course, voice mails. Most use

this technology as a primary means of communication. However, isn't face-to-face communication the best?

### Virginia FOA

Waqar Sheikh, President

I'm encouraging franchisees to attend the upcoming 7-Eleven Experience. I look at it like a family reunion, and we want franchisees to have the opportunity to meet together at least once a year. The event is being held again in Las Vegas. It is a little difficult for the east coast folks to travel and spend large amounts of money on the tickets, but there are savings on the hotel accommodations. I have requested to have this event on the east coast next year and to move it to the summer time so we could have better weather conditions. For those of us on the east coast, we would prefer a spring or summer event. SEI promised they

**"If your FC can't answer your question, your Market Manager needs to take your problem to another level."**  
—Joe Galea, President, SF/MB FOA



vendors and franchisees to interact. Our trade shows of past have brought vendors with new and hot products, vendors with products that have discounts negotiated for trade show participants, and franchisees who are ready and willing to work together for a successful event.

In improving franchisee and franchisor relations, the basis is simple. We need to have more, effective and time appropriate communication. Just as with the vendor example, our field consultants are more time-crunched now than before. They are being pushed to hit the numbers, gain more acceptance of new products, and of course, deal with all the other stuff.

The other day, a franchisee told me their field consultant was texting her and her manager late into the night and early mornings "reminding" them of the weekly push, to order new items, etc. I asked the fran-

**"Technology today puts the buying decision in the hands of the well-informed consumer."**

—Bob Cozens, Senior VP, Merchandising, 7-Eleven, Inc.



Southern California FOA Vice President Paul Lobana said the franchisee relationship strongly favored the franchisor.



Northeast FOA President Mohammed Iskandar said not enough franchisees in Massachusetts are receiving AQIP.



The representative from Tax Break said franchisees can save thousands of dollars by applying for employee tax credits.

would look into having the event on the east coast next year.

From the perspective of franchisees, we have to look at the future to see what the company has planned us and what is new. The 7-Eleven Experience gives us this opportunity and allows us to prepare ourselves and adapt to the new culture and the things that are coming. It also gives franchisees the opportunity to meet each other and see what our common problems and issues are, and how we can address them.

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We also get to see what new technology 7-Eleven has in store for us. At the last 7-Eleven Experience we had the opportunity to see a lot of new things that are coming. On the last night, there was a wonderful concert with great music. It gave us a chance to enjoy ourselves with the 7 Eleven executive team. Mr. DePinto was there and we were happy to see him, like we are all a family.

What we did last time in our FOA was we gave about 25-30 franchisees tickets to go to Las Vegas to attend the function. This year, since we have limited resources, we are offering \$200 towards the purchase of a ticket to Las Vegas to our members. The cost of a 7-Eleven Experience ticket is about \$500. I consider this to be one of the most important events of the year, the other being the NCASEF Convention. We always encourage franchisees to attend both of these events and we will do the same this year.

In regard to our FOA, we have our trade show coming up on March 27, 2014. We have a holiday party planned for December 31st. I congratulate Mr. Joe Galea on becoming the Chairman of the National Coalition. He's a very good friend and I know he reaches out to the franchisees and visits. He's been to Virginia several times. Any time we have an issue, we would call him and he would offer his assistance. I'm looking forward to working with him.

### Delaware Valley FOA

M. Al Haffar, President

Sales figures in most stores are about negative 2 percent. Many stores had welcomed the addition of hot foods program, but overall sales was not as expected. In many stores, it took away from fresh foods and grill sales. We are not being thought of as a destination for food in the Delaware Valley, while our main



SEI Director Franchise Relations Eric DeFrancisco said a new plan is being developed to step up communications with franchisees.

competitor Wawa is considered a prime destination for food with a diverse selection of both hot and cold offerings supported by strong advertising. Many stores in our region are available for sale, while demand for franchising is pretty low. Our last local meeting was very well attended; we hosted three vendors. Sales had some improvement due to recent weather conditions. ■



line. New Nielsen data for 2013 is not yet available, but 57.5 percent of retailers responding to CSNews' New Products Scorecard survey in October said they have increased the number of new products they've added to their shelves this year, compared to 50 percent who did so in 2010, the last time CSNews conducted its new products study. In comparison, only 11.3 percent said they decreased new items this year (down from 13.8 percent in 2010), while 31.2 percent said they are carrying "about the same" number of new items.

### Couche-Tard's Second Quarter Results Show Gains

For its second quarter of fiscal 2014, Canadian c-store retailer and Circle K parent company Alimentation Couche-Tard announced net earnings increased 26.8 percent to \$229.8 million. The company also said it's same-store merchandise revenues increased 4.5 percent in the U.S., 1.9 percent in Europe and 3.2 percent in Canada. Merchandise and service gross margin stood at 32.8 percent in the U.S., at 39.9 percent in Europe and at 33.2 percent in Canada. Road transportation fuel gross margin stood at US 21.56¢ per gallon in the United States, at US 11.43¢ per litre in Europe, and at CA 6.67¢ per litre in Canada.

### U.S. Beer Consumption Rises

The beer industry saw gains in both dollar and volume in 2012 after a three-year downturn, according to the recently released Beverage Information Group's 2013 Beer Handbook. Well-marketed new



## Cementing The Bond: A Simple Strategy Is Sought

By Jay Brar, President, Sacramento FOA

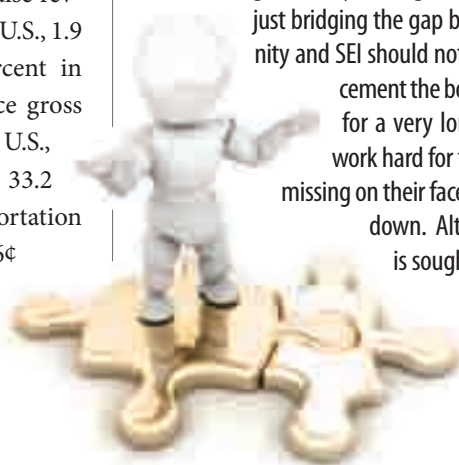
During each and every National Coalition election, Board members may not agree on the choice of leaders, but they do agree in finding the solutions to the most common, but pressing, issues. Each FOA president often carries the message from his or her association's members in regard to the most important issues, concerns, and problems, with the expectation of finding answers to their questions.

*"Franchisees today want answers. Lame excuses do not calm their anxieties."*

Now that the elections are over, we look forward to the National Coalition's new leadership using its best abilities to resolve old challenges.

I have served on the National Coalition Board through the terms of at least four Chairmen, each of who have shown their communication

skills, strong leadership, and commendable performances in bridging the gap between Dallas and the franchise community nationwide. My hat is off to all of them! However, franchisees today want to see much more done in terms of resolving issues like the franchisee fee, encroachment, DVR remote monitoring, and many others. Franchisees have very high expectations from the newly elected leadership group. Franchisees today want answers. Lame excuses do not calm their anxieties. Franchisees don't want to expect "a much delayed" answer to the "much anticipated hopefulness."



There is a definite need for a speedy solution to existing problems, a full-throttle push to extinguish the burning issues, and keeping the unity among the franchise communities. Now, just bridging the gap between the franchise community and SEI should not be good enough. We need to cement the bond that we have been carrying for a very long time. Franchisees, indeed, work hard for their livelihoods, yet smiles are missing on their faces. In brief, franchisee morale is down. Although a new shift in approach is sought from the new leadership, let time be the judge of it.

The new leadership seems to be well aware of the issues. All we need to do is to support and keep our faith to work in unity. ■

products and slight improvements in the unemployment rate contributed to the beer industry's overall growth. Although the second half of the year didn't fare as well from an economic standpoint, the industry was still able to see an increase of 0.8 percent to 2.9 billion 2.25-gallon cases.

Super-premium, Craft, Imported and Flavored Malt Beverages out-performed the industry overall, as there is increasing demand for higher-priced beer. Super-premium and Premium increased 1.6 percent, and Craft increased 13.7 percent to reach 185.2 million 2.25-gallon cases. This is the largest increase for Craft beer in more than

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PB PRETZEL SANDWICH 2.125 OZ UPC 077975-080764 UIN# 145177 SLIN# 301033	CC PRETZEL SANDWICH 2.125 OZ UPC 077975-080771 UIN# 098301 SLIN# 300811	CHOC MINI DIPS 4.5 OZ UPC 077975-082805 UIN# 103747 SLIN# 300100	WHITE CHOC MINI 4.5 OZ UPC 077975-082812 UIN# 564047 SLIN# 302440	CHOC PB SANDWICH 3.5 OZ UPC 077975-084731 UIN# 480855 SLIN# 303017	
ORIGINAL KETTLE 3 OZ UPC 041200-096882 UIN# 090449	JALAPENO KETTLE 3 OZ UPC 041200-096929 UIN# 090589	MESQUITE KETTLE 3 OZ UPC 041200-096905 UIN# 090506	YORK MINT SAND 3.5 OZ UPC 077975-088944 UIN# 003533	VEGGIE CRISP 1.25 OZ UPC 077975-028049 UIN# 098889	



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### Legislative Update

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start of the year—they count on Washington for about half of their transportation funding. To fund the current federal transportation bill, which expires next year, Congress transferred more than \$50 billion from general tax revenue.

#### Olympia Council Bans Plastic Bags

The Olympia, Washington City Council recently voted to ban thin plastic, grocery-style bags from city retailers starting in July, reported *The Olympian*. The ban will apply to all retailers, but mostly affect supermarkets, many of which use the so-called “t-shirt bags.” Shoppers will either have to bring their own reusable bags to stores or pay 5 cents per paper bag. The money will go directly to stores to offset their costs. Other plastic bags, such as the thin bags used for meat or produce and the thicker plastic bags used by department stores, are exempt from the ban. Newspaper bags, doggie bags and dry cleaning bags are also exempt.

#### New Menu-Labeling Legislation Favors C-Stores

New legislation introduced in the U.S. Senate—the Common Sense Nutrition Disclosure Act (S.1756)—includes language that would exempt most convenience stores from the Affordable Care Act’s (ACA) menu-labeling requirement, reported *NACS Online*. Under the regulations implementing this requirement chain restaurants, “similar retail food establishments,” and vending machines with 20 or more locations must provide specific nutritional information like calorie counts on menus, menu boards and drive-thru boards.

The bipartisan legislation introduced by Senators Roy Blunt (R-MO) and Angus King (I-ME) limits ACA’s menu labeling provision to establishments that derive 50 percent or more of their revenue from food that is intended for immediate consumption or prepared and processed on-site. Prepackaged food would not be considered in this equation. Given that 17 percent of convenience stores’ in-store revenue dollars is derived from prepackaged food, according to the NACS State of the Industry Report of 2012 Data, most c-stores would be exempt under the new legislation.

#### San Francisco Hit With Two Soda Tax Proposals

Shortly after San Francisco Supervisor Scott Wiener unveiled a proposal for a 2-cents-per-ounce sugary beverage tax, Supervisor Eric Mar announced his own tax proposal, reported the *San Francisco Chronicle*. The two proposals are remarkably similar—both target sugary-drink distributors, both impose a 2-cents-per-ounce tax, and both would use the estimated \$30 million a year for health and nutrition programs to fight diabetes and other health issues associated with sodas, energy drinks and other sugary beverages.

Where the proposals differ is how the money would be spent. Wiener

has proposed giving one-third to the school district, one-third to the Recreation and Park Department, and one-third to the Department of Public Health. Mar is focused on making sure the people most affected by consuming sugary beverages—namely, people of color and those with low incomes—get the majority of the funding. Ultimately, the supervisors said, they plan to work together to boil down both proposals into one piece of legislation to put before city voters next November.

#### NY Court To Hear Bloomberg’s Soda Ban Appeal

New York state’s highest court recently agreed to hear New York City Mayor Michael Bloomberg’s appeal of a decision striking down a ban on large sugary drinks in New York City, setting up the final showdown over one of the outgoing mayor’s most controversial policies, reported Reuters. The law would have barred restaurants, movie theaters, food carts and other businesses regulated by the city’s health department from selling sodas and other sugary beverages larger than 16 ounces (473 ml). In March, just one day before it was to take effect, a state judge found the policy to be illegal, ruling that the city’s mayoral-appointed health board had exceeded its authority when it approved the new regulation.

Bloomberg said he expects the state’s top court to overturn the lower-court rulings, arguing that the lower appeals court had ignored decades of case law establishing that the health board has unique powers to regulate public health.

#### NYC Raises Smoking Age

New York City Mayor Michael Bloomberg recently signed a bill into law raising the legal age to buy cigarettes from 18 to 21, reported the *New York Daily News*. This makes New York the first major city in the country to enact such a restrictive law. Bloomberg said the new law, which kicks in on May 18, 2014, “will prevent young people, we think, from experimenting with tobacco when they are most likely to become addicted.” Bloomberg also signed a bill to set a minimum price of \$10.50 for cigarettes, prohibit discount offers, and step up enforcement against evasion of cigarette taxes.

“New York City has raised the legal age to buy cigarettes from 18 to 21.”

#### NY County To Increase Tobacco Purchase Age

Lawmakers in Suffolk County, New York plan to introduce legislation in January that would raise the age to purchase tobacco and electronic cigarettes from 19 to 21, the *Times Beacon Record* reported. Inspired by New York City’s landmark legislation doing just the same, the Suffolk County Board of Health unanimously endorsed sending a letter to the Legislature just one day after Mayor Michael Bloomberg signed New York

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For more information, contact your distributor or visit [www.sunnyd.com](http://www.sunnyd.com)



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continued from page 68

a decade. Imported beer also increased for a third year, up 1 percent largely due to consumer demand for a wider selection of products.

## The Lucrative Dairy Alternative Beverage Market

The dairy alternative beverage market—which includes soy milk, almond milk, rice milk, etc.—is projected to reach a value of \$14 billion by 2018, according to the report "Dairy Alternative (Beverage) Market—Global Trends & Forecast to 2018." In 2012, Asia-Pacific was the largest market for dairy alternative beverages. The report also shows that soy milk dominated the dairy alternative beverage market, and that the market is projected to grow with continued support from the government and health associations in different regions. Additionally, the leading players in the dairy alternative beverage market prefer new product launches and expansion strategies to strengthen their position in the market, and continue to invest on R&D to launch new products in different flavors, types, pack size, etc.

## Debit Cards Vs. Credit Cards

The more than 20-year trend that had debit card purchase volume and purchase transactions gaining share versus credit cards ended in 2012, according to The Nilson Report. Credit cards accounted for 52.82 percent of spending in 2012 compared to 47.18 percent for debit cards. In 2011 credit cards accounted for 52.63 percent and debit cards accounted for 47.37 percent of \$4.301 trillion in purchase volume. In 2017, 54.72 percent is projected to be generated from credit cards and 45.28 percent from debit cards. The company reported spending for goods and services on general purpose and private label consumer and commercial credit, debit, and prepaid cards reached \$4.633 trillion in 2012, and is projected to reach \$7.285 trillion by 2017. **AV**



## Join The National Coalition

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

### National Coalition of Associations of 7-Eleven Franchisees

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



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**nounced a strategic commitment to hire veterans and active duty spouses** in response to record growth and in anticipation of a 500,000 person future global workforce. • Circle K parent company **Alimentation Couche-Tard** announced it has signed an agreement with Albuquerque Convenience and Retail **to acquire 23 stores in New Mexico**. The company said it has also signed an agreement with Publix Super Markets to acquire 13 stores—11 in Florida and two in Georgia. • **Amazon.com is working with the U.S. Postal Service to deliver packages on Sunday, starting in the Los Angeles and New York metropolitan areas**. The company said it plans to roll out this service to a large portion of the U.S. population in 2014. • **Iowa's cigarette tax revenue has dropped 9 percent** over the past six years, following a statewide ban on smoking in most public places and a federal tobacco tax increase, reported the *Des Moines Register*. • According to a new Nielsen survey, 84 percent of global respondents said they are more likely to visit retailers that offer a loyalty program. • **E-cig maker Mistic recently aired its first television commercial**, which highlights the value of its product compared to traditional tobacco cigarettes. The new ad premiered on November 1 and featured a creative short story using whiteboard animation video. • **Powermat Technologies recently launched a pilot program with specialty coffee and tea chain The Coffee Bean & Tea Leaf** to bring Duracell Powermat wireless phone charging to consumers in the Los Angeles area. • Supermarket chain **Kroger** announced recently it was named the **2013 Retailer of the Year** by Wine Enthusiast Magazine for its "dynamic growth, dedication to wine, ability to foresee trends and customer service." • **Farmer's Fridge** has begun offering a unique healthy vending concept in the Chicagoland area, offering fresh salads, sides and snacks made from scratch each morning, reported *Vending Times*. • **Gap Inc. is reporting improved sales and profits, thanks to its efforts to "omnify" its online and brick-and-mortar experiences** to sustain momentum, reported *Women's Wear Daily*. • Three in five (62 percent) consumers want to see **more hybrid-electric vehicles** over the next decade, two in five (43 percent) want to see more bat-

continued on page 74

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Legislative Update

City's bill into law. The measure's author, William "Doc" Spencer, believes the legislation is needed to protect youth, citing scientific studies that show young people are "a lot more susceptible to addiction."

Utah Lawmakers Propose Raising Smoking Age

Two Utah lawmakers want to raise the legal age to buy tobacco from 19 to 21, which would match the minimum age for drinking alcohol, reported the Deseret News. Rep. Kraig Powell (R-Heber City) and Sen. Stuart Reid (R-Ogden) presented the proposal to the Health and Human Services Interim Committee on November 20. In addition to cigarettes, the bill would raise the age for buying smokeless tobacco and e-cigarettes. Utah would be the first state to raise the tobacco-buying age to 21 should the proposal become law. Several other states, including New Jersey and Hawaii, are considering doing the same.

D.C. Jumps Into The Smoking Age Fray

Washington, D.C. is moving toward banning the sale of tobacco products to adults under the age of 21, reported U.S. News & World Report. D.C. Councilman Kenyan McDuffie recently introduced legislation to raise the age limit with at least four of his 12 council colleagues as co-sponsors. "Raising the minimum age to purchase tobacco products from 18 to 21 will decrease access to cigarettes, and, more importantly, may decrease the rate of smoking in young adults," the councilman said. Unlike the New York City law, D.C.'s proposed legislation does not ban electronic cigarettes for young adults.

Chicago Mayor Cuts Cigarette Tax Hike

Chicago Mayor Rahm Emanuel recently shaved a quarter off his 75-cents-a-pack cigarette tax hike to appease aldermen concerned about street corner sales of loose cigarettes, reported the Chicago Sun-Times. To make up for \$2 million in lost cigarette tax revenues, the fine for parking at a fire hydrant will be raised to \$150, instead of \$100. Another \$1 million will come from "indirect services" the city's corporate fund provides to O'Hare and Midway airports that has not been "fully captured." The newspaper stated Emanuel's decision to reduce the tax from 75 cents to 50 cents a pack continues his pattern of tinkering at the margins of his city budgets to appease critics without giving away too much.

States Move To Regulate And Tax E-Cigs

With federal regulation lacking, many states are pressing ahead with their own agendas on electronic cigarettes, reported USA Today. Heading into legislative sessions next year, lawmakers are expected to tackle how to classify, regulate and tax the relatively new products. The debates in states come as the FDA is considering classifying e-cigs as "tobacco products," which would extend its reach and potentially subject the devices to a host of rules and regulations that apply to tobacco cigarettes. A proposed rule was expected to be released for public comment in November, but was delayed by the government shutdown and is still pending.

In the meantime, more than half the states have banned the sale of e-cigs to minors, but others have no restrictions. Currently four states—Utah, North Dakota, Arkansas and New Jersey—have lumped the products in with tobacco under indoor smoking bans,

"Chicago's mayor has dropped his proposed cigarette excise tax hike by 25 cents."

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"Many states are pressing ahead with their own agendas to regulate e-cigs."

Visit the National Coalition Website, www.ncasef.com



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tery electric vehicles and one in three want to see more fuel cell (34 percent), natural gas, (31 percent) or flex fuel vehicles (30 percent), according to a new consumer survey conducted by NACS. • Stan Sheetz, chairman of Sheetz Convenience Restaurants, was recently inducted into the Convenience Store News Hall of Fame in recognition of his accomplishments in the convenience retail industry. • Texas-based c-store retailer Susser Holdings recently announced it has acquired all of the c-store assets and fuel distribution contracts of Sac-N-Pac Stores and 3W Warren Fuels. Sac-N-Pac owns and operates 47 c-stores in the South Central Texas corridor, and 3W Warren Fuels supplies motor fuel to those locations. • A new study conducted by researchers at Harvard University has found that raising the cost of high-calorie beverages by a few cents—and highlighting calorie content in places where they are sold—decreases sales, reported USA Today. • Among adults, water (both tap/filtered and bottled) is the top beverage consumed throughout the day, according to research by The NPD Group. Starting with the snack occasion between breakfast and lunch, water represents 46 percent of drinkings and is also the top beverage at lunch and dinner. • Forty-nine percent of shoppers planned to make Black Friday purchases from their smartphone, according to a pre-Thanksgiving survey by Asurion. Additionally, 46 percent of respondents said the smartphone would be their shopping assistant, and 35 percent said they would use their smartphone to find discount codes and coupons. • Nearly 30 percent of Americans planned to sit down to a Thanksgiving dinner that included at least one prepared ready-to-eat dish from a retailer, restaurant or caterer, according to a recent Technomic survey. This proportion has grown from 23 percent in 2011. • According to the Retail Gift Card Association, 74 percent of consumers planned to give one or more gift cards this holiday season, and nearly 30 percent surveyed noted they planned on giving five or more gift cards. • Walgreens Healthcare Clinics will soon offer mobile appointment scheduling chain-

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part of the program, Lockton is teaming up with Allied Insurance to offer IntelliCorp's platinum background check package at a special rate of \$12.95\* per search. The platinum package includes searches for criminal and sex offender records, and verification of who may be using a certain social security number.

**"One benefit of the 7-Eleven insurance program managed by the Lockton Companies is access to discounted background checks. As part of the program, Lockton is teaming up with Allied Insurance to offer IntelliCorp's platinum background check package at a special rate of \$12.95\* per search."**

#### The Benefits Of A Background Check:

- Reduces turnover—and hiring costs—by identifying potentially questionable employees.
- Reduces losses from theft and helps protect your data and assets.
- Increases safety by reducing the chance of workplace violence.

#### What Is Included In A Background Check

Some of the more common background check searches are for criminal records, sex offender records, and social security number and address verifications. Different companies offer different background check products and services. It is best to check with each company and find out what they offer.

#### Background Screenings At A Special Rate

One benefit of the 7-Eleven insurance program managed by the Lockton Companies is access to discounted background checks. As

Lockton is a partner of National Coalition of Associations of 7-Eleven Franchisees. Through its sponsorship, Lockton is able to offer important property and crime coverages, and additional benefits for 7-Eleven franchisees.

#### For More Information

To learn about the 7-Eleven business insurance program and the special background check offer, contact Tanya Sanders with Lockton at 214-969-6742 or email [tsanders@lockton.com](mailto:tsanders@lockton.com).

\*Subject to the terms and conditions of the offer negotiated between Allied Insurance and IntelliCorp

#### A TRUSTED INSURANCE AGENT

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wide through the new **iTriage app**, which will also allow patients to identify symptoms and access a directory of nationwide medical providers. • **"Made to Order: The Sheetz Story"** is a new book tracing the history of Altoona, PA-based c-store chain Sheetz. • Altria has increased the list price of its Philip Morris cigarette portfolio by 7-cents per pack. • C-Store chain **Wawa recently announced a statewide partnership with the New Jersey Lottery** to offer self-service ticket machines at all 210 Wawa stores in the state by Memorial Day. • **Online retailers saw their sales soar on Cyber Monday**, reported *Bloomberg*. The day's sales were up 19 percent over last year, according to data from IBM. • **Krispy Kreme Doughnuts** reported its third quarter of fiscal 2014 revenues increased 6.7 percent, same store sales rose 3.7 percent—the twentieth consecutive quarterly increase—and adjusted net income rose 33.8 percent. • Nevada-based internet retailer, TAG Solutions LLC, recently announced its new online store at [www.TAGsolutionsonline.com](http://www.TAGsolutionsonline.com) is open for business, offering a variety of e-liquids for electronic cigarettes. • Recently launched **Shweebo is a unique new package forwarding company** that lets people from all over the world shop in their favorite U.S. stores and have their purchases delivered right to their door for a low cost fee. • **Consumer packaged goods (CPG)** companies are underestimating the e-commerce channel's growth potential, according to a Deloitte study. The report shows that companies expect 35 percent CPG sales growth in the next year and 76 percent growth in three years, while consumers expect their online CPG purchases to increase by 67 percent in the next year and 158 percent in three years. • Despite the growth in e-commerce, **Americans still prefer to make most holiday gift purchases in stores close to home**, according to a recent national survey conducted for Family Dollar. • Soft drink giants **PepsiCo and Coca-Cola** have both teamed with biotech companies to find a way to make a tasty, low-sugar soda, reported *Advertising Age*. • SmartMetric Inc. recently unveiled its **One Card Digital Wallet solu-**



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— Jaime Anderson, Merchandising Assistant, Holiday Stationstores, 460 stores

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## SEI News

### MORE FINE WINES IN 7-ELEVEN

SEI has added four high-demand A-listers to its lineup at its top wine-selling stores—"A" as in wines that have scored 89-90 points in oenophile publications like *Wine Spectator* and *Wine Enthusiast*. The ultra-premium varietals—La Crema Chardonnay, Louis Martini Cabernet Sauvignon, Kim Crawford Sauvignon Blanc and Wild Horse Pinot Noir—not only score high in quality, but also in value. The Wild Horse is the best seller in the pinot noir varietal at a \$19.99 price point and most recently rated 89. The other three are rated 90 points on a scale of 100, and all have a suggested retail price at or below \$19.99 at the participating 7-Eleven stores.



newspaper he was not convinced about the future of CNG at first. "At the time we did it, we weren't excited about what we were seeing as far as consumer demand," Brown said. "I wouldn't have anticipated that it would have been so well received here. But now that it has, we see an opportunity there, especially given the way the product is priced in the market." At 88.9 cents per gasoline gallon equivalent, the 7-Eleven in Moore is one of the least expensive, publicly available CNG locations in the country. Brown said he now thinks the demand for CNG will continue to grow in central Oklahoma.

### BIG XBOX ONE GIVEAWAY

While temperatures were dropping, the traffic on [www.slurpee.com](http://www.slurpee.com) was heating up as Slurpee fans entered to win the much-anticipated Xbox One Entertainment System. SEI gave away 58 of the all-in-one entertainment systems—one each day through January 2, 2014. Customers who purchased a Mountain Dew Game Fuel Slurpee drink—the featured Slurpee flavor during the contest period—or any other Slurpee flavor, were able to enter their cup code to earn Slurpee Rewards points at [www.slurpee.com](http://www.slurpee.com) and use those points to enter the contest, up to five times each day. Each entry required two Slurpee Rewards points.

### 7-ELEVEN LICENSEE PLANS MORE CNG STATIONS

A 7-Eleven licensee's experiment with compressed natural gas has been such a success that the company plans to offer the fuel at other Oklahoma City locations, reported *The Oklahoman*. Jim Brown, CEO of 7-Eleven Stores, which owns the 7-Eleven locations in the Oklahoma City area, told the



Win prizes were awarded each day. Prizes included Xbox 360 arcade games, one-month and 12-month Xbox Live Gold memberships, Xbox Digital Promotional gift cards and \$200 Visa gift cards. Xbox One winners were drawn at midnight each night CST from November 6 to January 2. Instant Win prizes were awarded throughout the day.

### GIFTS FOR THE MILLENNIAL FROM TOYS TO TECH

7-Eleven stores' variety of gift options this holiday season was a pleasant one. To appeal to Gen Y or millennial-age (born between 1980 and 2000) shoppers, the selection was heavy on pop culture, pro sports, tech and toys, gadget-y stocking stuffers, video games, DVDs and gift cards. Perhaps an even better surprise was the competitive pricing 7-Eleven offered on many of its hottest gift items. Comparable to big-box retailers and even online retailers, 7-Eleven's prices allowed customers to shop easily without paying a premium for convenience.

SEI teamed with loyalty platform company Belly to launch "Give A Little & Do Great," a joint meal donation program that ran from November 22 to December 2 at participating Chicago 7-Eleven stores.

Millennials value convenience more than their Baby Boomer parents, according

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## SEI News

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to "Trouble in Aisle 5," a study of grocery shopping patterns by Jefferies investment bank and AlixPartners business advisory firm. This age group is more willing to shop a variety of retail outlets rather than relying on the traditional supermarkets. That includes convenience stores, where a higher number of Gen Y shoppers purchase everyday essentials and fresh foods than boomers. Coming of age in the recent recession, this up-and-coming purchase-power generation is also more price-sensitive than boomers. They expect value, but not at the expense of quality.

### MEAL DONATION PROGRAM LAUNCHED IN CHICAGO

SEI teamed with loyalty platform company Belly to launch "Give A Little & Do Great," a joint program that ran from November 22 to December 2 at participating Chicago 7-Eleven stores. During the program, the two companies donated a meal to the Greater Chicago Food Depository on that member's behalf. **AV**

itory each time a Belly member redeemed the 10-Point Reward for this cause. Founded in 1979, The Food Depository works with 650 pantries, food kitchens, shelters, children and adult programs across the greater Chicago-area's Cook County to address the root causes of hunger.

By collaborating with the Greater Chicago Food Depository, Belly offered its members an easy way to do good by donating their reward points to a charitable organization, rather than redeeming them for food items and other in-store goods, services and experiential rewards. The program made it easy for anyone to participate. Every time a member accumulated 10 points (two visits) and redeemed the "Give A Little" reward on the Belly tablet inside a 7-Eleven store, Belly and SEI donated a meal to the Greater Chicago Food Depository on that member's behalf. **AV**



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**tion, which stores one or many cards' information in a smart card protected by biometrics.** User authentication for unlocking the wallet is performed by simply **swiping the finger** on the swipe sensor. • Intellicheck Mobilisa has created a smartphone app called **barZapp that checks the authenticity of an ID** by reading and verifying the information encoded in the bar codes on a driver's license or other form of ID. • For the fourth straight month at least three in five consumers (61 percent) say they are **pessimistic about economic prospects, despite relatively low gas prices**, according to the latest monthly NACS Consumer Fuels Survey that examines how gas prices affect consumer sentiment. • In Nielsen's C-Store channel (roughly 70 percent of Monster Energy's U.S. sales), **Monster delivered +17.3 percent dollar sales growth** over the 4-week period through November 23, 2013. • Tennessee lawmakers recently announced an expansion of the state's Anti-Smurfing Campaign, which aims to increase public awareness about the criminal enterprise known as "**smurfing**"—the practice of **purchasing cold and allergy medicines containing pseudoephedrine** on behalf of methamphetamine criminals. ■



## Legislative Update

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even as research about possible ill-effects from second-hand vapor smoke remains limited. Some local governments have taken similar steps on their own, enacting rules for e-cigs that sometimes go beyond those in place at the state level.

### Connecticut May Add E-Cigs To Public Smoking Ban

Connecticut lawmakers are pushing legislation to extend the state's non-smoking policy to e-cigarettes, making it illegal to use them in public places, reported the *New Haven Register*. State legislators argue that the impact of e-cigarettes on health is not yet known—as safety and effectiveness have not yet been studied—nor are the ingredients known. State Sen. Edward Meyer told the newspaper lawmakers are currently asking if the definition of smoking real cigarettes should be expanded to

the electronic devices. He added that he is currently drafting a bill banning e-cigarettes from public places, which he expects would be passed in the upcoming legislative session. The Connecticut Department of Public Health has not yet taken a position on the relatively new vaporizers.

### NYC City Council Ponders E-Cig Ban

A New York City Council committee recently held a hearing on a proposal to ban electronic cigarettes anywhere smoking of real cigarettes is prohibited—like restaurants, offices, parks and other public places, reported CBS News New York. The ban is being considered because the effects of e-cigarettes on health remain unknown, the city's health commissioner said. If e-cigarettes are banned like regular cigarettes, the city Department of Health and Mental Hygiene said it would give businesses and restaurants a year to put up signs indicating there is no smoking or vaping allowed. **AV**

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# VENDOR FOCUS

## VENDOR FOCUS

### Hershey's Launches New Lancaster Brand

The Hershey Company recently announced it is launching a new confectionery brand called Lancaster, which features a line of caramel soft crèmes that will roll out nationwide in January 2014. The surprisingly soft, rich and creamy Lancaster Soft Crèmes provide a modern caramel taste experience available in three flavors—Caramel, Vanilla and Caramel, and Vanilla and Raspberry. Each flavor will be offered in 8 oz. bags that retail for \$3.99 and 4 oz. bags that retail for \$2.49.



Lancaster Soft Crèmes, Hershey's first entirely new brand in 30 years.

The introduction of the Lancaster brand marks a significant milestone for The Hershey Company, as it is the first time the company has launched a new brand that is not a brand extension or acquisition in the past 30 years. The new brand is rooted in Hershey's heritage and is inspired by Milton Hershey's original confection company, The Lancaster Caramel Company. Rollout of Lancaster Soft Crèmes will be supported by a robust integrated marketing campaign that will begin in the first quarter of 2014.

### Limited Edition Sticky Sweets Cigarillo



New Swisher Sweets Sticky Sweets is available for a limited time only.

Swisher introduces its first Swisher Sweets limited edition cigarillo just in time for the holidays, Swisher Sweets Sticky Sweets. The cigar is unmistakably Swisher Sweets with a unique flavor—sweet caramel fused with juicy peach—and an equally pleasant aroma. Sticky Sweets comes in a resealable 2-count pouch with the "Sealed Fresh" guarantee. Additional limited flavors are expected throughout 2014.

This flavor of Swisher Sweets Sticky Sweets is available only while supplies last. For more information or to place an order, contact your Swisher representative at 1-800-874-9720.

### Energems' New Look

Energems has released an updated look and packaging. The delicious energy supplement made with real milk chocolate can be found in new, sleek boxes with new updated graphics. A special energy blend with B-12 vitamins and caffeine makes each 15-calorie gem a tasty alternative to energy shots and drinks. In addition to real milk chocolate, Energems are made with peanut butter and natural mint flavor, ensuring an authentic taste for even the most discriminating palate. Three Energems are equivalent to one cup of

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### OBERTO'S NEW PACKAGING & BRANDING

Oberto Brands recently unveiled updates to its popular Oh Boy! Oberto All Natural Jerky line, marking the largest brand overhaul in the company's 95-year history. Spearheading the rebrand is a refreshed logo—"Oh Boy!" is being removed from the moniker—along with new packaging that is targeted at active consumers and boasts Oberto's new mantra to "Eat Excellent. Be Excellent." The packaging—previously dominated by all red gloss wrapping—now features a clean white matte bag emblazoned with a prominent stylized "O" with black and white sports photography within its borders, capturing all manners of active endeavors—from running to rock climbing—that appeal to the target consumer.

Fueled by brands like Oberto, jerky has recently captured the snacking spotlight as a protein-rich food option that keeps people going and helps minds and bodies perform at their best. Since switching its core jerky line to an all-natural recipe made with simple, wholesome ingredients, Oberto's sales are up nearly 50 percent. In fact, in March 2013, Oberto was named the number-one tasting jerky by a leading consumer magazine. Oberto's popular jerky is available in 2.5 oz. and 3.25 oz. bags and includes eight flavors: Original Beef Jerky, Teriyaki Beef Jerky, Peppered Beef Jerky, Spicy Sweet Beef Jerky, Hickory Beef Jerky, BBQ Pork Jerky, Teriyaki Turkey Jerky, and the newly launched Bacon Jerky.



Since switching to an all-natural recipe, Oberto's sales are up almost 50 percent.

New products and services for 7-Eleven Franchisees

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coffee and with three servings in each box, people can control when and how much caffeine they want.

Over 500,000 samples of Energems have been distributed through music festivals, athletic competitions, conferences and social media initiatives. The feedback has been overwhelmingly positive from moms, college students, business executives and other on-the-go consumers who appreciate the tasty, low-calorie alternative that allows them to conveniently power up their day when needed.



Energems has a sleek new look.

## TGI FRIDAY'S BAKED SNACKS SPICY DUO OFFER

Inventure Foods has announced a special limited time offer that is sure to drive profitable incremental impulse sales: a 12-count Clip Strip Bundle that contains six each of TGI Friday's 2.5 oz. Extreme Heat Crunchy Fries and 2.25 oz. Cheddar Cheese Jalapeno Poppers. Enjoy a \$.60 case allowance with this special deal. TGI Friday's Extreme Heat Crunchy Fries and Jalapeno Poppers Snacks add substantial spice to the already successful line of snacks inspired by the popular bar and casual dining restaurant menu.

Going beyond mildly hot jalapenos and chipotles, Extreme Heat Crunchy Fries are exactly as the name implies, extremely spicy. The crunchy fries provide the perfect treat for

the daring, flavor-seeking snacker.

Jalapeno Poppers Snack Sticks are baked to perfection, offering a light, crunchy snack option with the savory, yet spicy flare found in one of America's favorite appetizer items.

Get a \$.60 case allowance when you order the new TGI Friday's 12-count Clip Strip Bundle.



## New Smirnoff Ice Peach Bellini

Smirnoff Ice has introduced new Smirnoff Ice Peach Bellini, a flavor inspired by the fastest growing wines and sparkling cocktails. FMBs, including the new Peach, along with Smirnoff Ice Original and Screw-driver Sparkling 24-ounce flavors, appeal to women and multicultural consumers, who drive 60 percent of Smirnoff Ice sales. The new Peach allows consumers to enjoy their favorite sparkling drink on even more occasions.



FMBs outperform with women and in Hispanic markets.

FMBs outperform in Hispanic markets, and the Hispanic community in the U.S. is projected to grow 167 percent by 2050. FMBs penetrate 53 percent of Hispanic households, twice the rate of wine or spirits. FMBs are projected to have the second highest growth among Hispanic drinkers, and FMB dollar sales are up 50 percent vs. two years ago in Hispanic markets. According to Nielsen Scantrack, FMBs have shown an 18.8 percent dollar growth in the last three months. Order through your Diageo distributor or call Dave Castle at 714-414-2527.

## Mars Bites 2 for \$3 Through Feb

To continue the momentum of the Bite-Size segment, which has grown 80 percent since 2009, Mars is offering 7-Eleven franchisees 2 for \$3 pricing on King-Size items regularly priced up to \$1.89. The offer includes Snickers (SLIN 140439), Milky Way (SLIN 140548), Milky Way Caramel (SLIN 142931) and Three Musketeers Bites (SLIN 142930) available through McLane. The Bite-Size segment has grown faster than the Chocolate Category over the last five years, with high repeat rates!



# VENDOR FOCUS

## LOGIC Secures #2 Spot In C-Store E-Cig Category

LOGIC Technology, makers of premium electronic cigarettes, announced the results of the latest unit share report from Nielsen's C-Track Database and Wells Fargo Securities, LLC indicating LOGIC has secured the number two spot for electronic cigarettes in convenience stores nationwide. LOGIC has seen a steady increase in recent months and is now the top ranking independent electronic cigarette company. LOGIC now commands 19.8 percent of the category, as one of three key players within the industry. This news follows a recent report issued by the Goldman Sachs Global Investment Research Division stating that the market appears to be consolidating relatively quickly into three e-cig brands, including LOGIC, and that retailers have embraced the electronic cigarette category, seeing double-digit to triple-digit sales growth. **AV**



## Setting The Record Straight

The second to last paragraph of Vice Chairman Jivtesh Gill's article about the DVR mediation in the September/October issue of Avanti stated, "... the Justice Department suspended mediation due to its investigation on the East Coast matter." This is inaccurate—at no time was the Justice Department involved in the DVR mediation, and at no time did the Justice Department request that the National Coalition and SEI delay mediation.



## 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 it contains your name, call AVANTI's Offices at 215 750-0178 before the next magazine is published, and win this issue's total. NCASEF Members only.

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# FOA EVENTS

## CHESAPEAKE BAY FOA VENDOR TRADE SHOW

Virginia Beach Convention Center  
Virginia Beach, Virginia  
April 29, 2014  
Phone: 757-650-2929

## 7-ELEVEN FOAC TRADE SHOW ODEUM EXPO CENTER

Villa Park, Illinois  
May 1, 2014  
Phone: 847-971-9457

## SAN DIEGO FOA CHARITY GOLF TOURNAMENT

Salt Creek Golf Club  
Chula Vista, California  
May 8, 2014  
Phone: 619-713-2411

## SOUTHERN CALIFORNIA FOA TRADE SHOW

Pasadena Convention Center  
Pasadena, California  
May 21, 2014  
Phone: 818-357-5985

## ROCKY MOUNTAIN FOA CHARITY GOLF TOURNAMENT

Country Club At Cheyenne Mountain  
Colorado Springs, Colorado  
August 6, 2014  
Phone: 719-282-9141

## ROCKY MOUNTAIN FOA TRADE SHOW

Hotel Elegante  
Colorado Springs, Colorado  
August 7, 2014  
Phone: 719-282-9141

## 7-ELEVEN FOAC CHARITY GOLF OUTING

St Andrew's Golf and Country Club  
West Chicago, Illinois  
August 13, 2014  
Phone: 847-971-9457

## 7-ELEVEN FOAC HOLIDAY TRADE SHOW & PARTY

Holiday Inn North Shore  
Skokie, Illinois  
November 5, 2014  
Phone: 847-971-9457

## FOA EVENTS

### SAN DIEGO FOA & FOA OF GREATER LA TRADE SHOW

Pechanga Resort and Casino  
Temecula, California  
January 15, 2014  
Phones: 619-726-9016/619-713-2411

### CENTRAL FLORIDA FOA GOLF TOURNAMENT & TRADE SHOW

Orange County National, Panther Lakes Course & Rosen Plaza Hotel  
February 26-27, 2014  
Orlando, Florida  
Phone: 407-683-2692  
Email: centralffoa@gmail.com

### SAN FRANCISCO/MONTEREY BAY FOA THE GUARDIAN TRADE SHOW

San Francisco Airport Marriott Waterfront  
Burlingame, California  
March 1, 2014  
Phone: 510-754-1113/510-692-1492

### EASTERN VIRGINIA FOA TRADE SHOW

Virginia Beach Convention Center  
Virginia Beach, Virginia  
March 17, 2014  
Phone: 757-506-5926  
Email: www.evafoa.com

### CENTRAL VALLEY FOA/ NORTHERN CALIFORNIA FOA TRADE SHOW

Thunder Valley Casino  
Lincoln, California  
March 21, 2014  
Phone: 209-939-0679

### BALTIMORE FOA TRISTATE FOSE TRADE SHOW

Martins West  
Baltimore, Maryland  
March 26, 2014  
Phone: 262-275-3086

### DELAWARE VALLEY FOA GREATER PHILADELPHIA TRADE SHOW

Springfield Country Club  
Springfield, Pennsylvania  
April 9, 2014  
Phone: 610-306-7119

## NCASEF BOARD MEETINGS

### NATIONAL COALITION AFFILIATE MEETING

Marriott City Center  
Dallas, Texas  
February 17-18, 2014

### NATIONAL COALITION BOARD OF DIRECTORS MEETING

Marriott City Center  
Dallas, Texas  
February 19-21, 2014

### NATIONAL COALITION BOARD OF DIRECTORS MEETING

Walt Disney World Dolphin Hotel  
Orlando, Florida  
July 10-11, 2014

### NATIONAL COALITION 2014 CONVENTION & TRADE SHOW

Walt Disney World Dolphin Hotel  
Orlando, Florida  
July 12-16, 2014



### PACIFIC NORTHWEST FOA ANNUAL TRADE SHOW

(location to be announced)  
April 17, 2014  
Phone: 253-861-6737

### COLUMBIA PACIFIC FOA TRADE SHOW

(location to be announced)  
April 18, 2014  
Phone: 503-984-1398

### TEXAS FOA CHARITY GOLF TOURNAMENT

Cowboys Golf Club  
Grapevine, Texas  
April 22, 2014  
Phone: 972-896-3590

### TEXAS FOA TRADE SHOW

Irving Convention Center  
Irving, Texas  
April 23, 2014  
Phone: 972-896-3590

### SOUTHERN NEVADA/LAS VEGAS FOA TRADE SHOW

Cashman Center  
Las Vegas, Nevada  
April 24, 2014  
Phone: 702-249-3301

### PHOENIX FOA ARIZONA 7-ELEVEN GOLF CLASSIC

Whirlwind Golf Club  
Chandler, Arizona  
April 25, 2014  
Phone: 602-703-0711

# Introducing NEW





# DJARUM



## CIGARS

Share the Moments.  
Keep the Money.

More convenience stores today are selling more Djarum cigars than ever before. 2013 unit sales of Djarum increased by 20% over last year, by far the fastest growth of any top-20 cigar brand.\*

Across the country, more cigar smokers than ever are choosing Djarum to relax with. Make Djarum a 'must have' cigar brand on your shelf. Your Kretek representative has all the details. And now your CROSSMARK broker also represents Djarum, so it's even easier to add Djarum facings to your cigar section.

Display and sell Djarum. If you don't... Somebody else will.



Your Kretek representative has all the details; [salesinfo@kretek.com](mailto: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  
52-weeks ending 9/28/13