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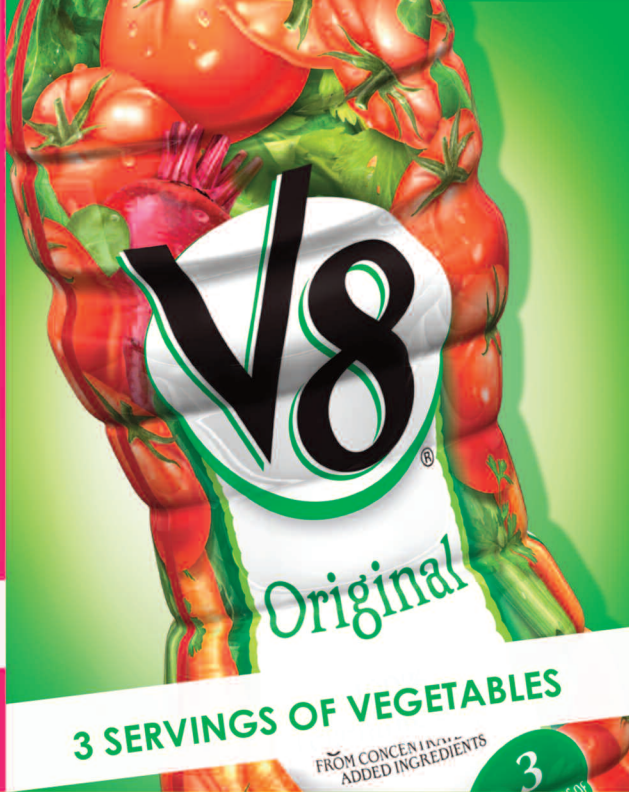
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12 oz V8®/V8 V-Fusion® Refreshers (Includes \$1.50 bill back)

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Unit Cost:	\$0.92	Margin:	54%

* bill back will be paid through 7Eleven to the stores

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1. Nielsen S1 2013, FDCM+ 2. Nielsen FY 2012, FDCM+ 3. HUSA Environcell 2012



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2014 Convention & Trade Show

Celebrating FRANCHISEES!

39th Annual NCASEF Convention & Trade Show

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AVANTI is published by the National Coalition of Associations of 7-Eleven Franchisees for all independent franchisees, corporate store managers, area licensees and interested parties. National Coalition offices are located at 740 Front Street, Suite 170, Santa Cruz, CA 95060. For membership information, call 831-426-4711, e-mail nationaloffice@ncasef.com or fax to 831-426-4713. AVANTI Editorial and Advertising Offices are located at 116 Bellevue Ave., Suite 304, Langhorne, Pennsylvania 19047. For advertising information, call Sheldon Smith at 215 750-0178 or fax to 215 750-0399; on-line, send messages to sheldon.smith5@verizon.net.



Member News

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7-Eleven #1 On Top Growth Chains List

7-Eleven has been ranked #1 on this year's Convenience Store News Top 20 Growth Chains list. CSNews has partnered with Nielsen TDLinX to identify the c-store retailers that added the most convenience stores in the past year. The list reveals 7-Eleven added 258 stores between January 2013 and December 2013, bringing its total store count to 8,245 in North America. No. 2 GPM Investments LLC added 256 new locations, while third place Alimentation Couche-Tard added 114. TDLinX defines a convenience store as a store that includes a broad merchandising mix, extended hours of operation and a minimum of 500 SKUs. In all, this year's Top 20 Growth Chains added 1,080 stores to their portfolios year over year.

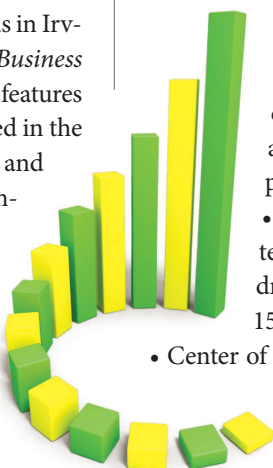
City officials have reportedly offered SEI an incentive package that includes a 74 percent rebate of the sales tax generated during the first seven years of the agreement and an average of 88 percent of the ad valorem tax on business personal property for the first six years of the agreement. To qualify for the incentives, SEI would need to move its corporate offices to Irving by December 31, 2016 and would be required to generate more than \$15 million in annual taxable sales and keep more than \$1 million in business personal property at the new corporate office.

C-Stores Hit Record In-Store Sales In 2013

U.S. convenience stores hit record in-store sales in 2013, with sales climbing 2.4 percent to \$204 billion, according to data released by the National Association of Convenience Stores (NACS). Combined with motor fuels sales of \$491.5 billion, overall c-store sales were \$695.5 billion. In-store sales last year were led by continued growth in foodservice (2.4 percent), driven by prepared food and commissary. The industry's 2013 numbers were announced at the NACS State of the Industry Summit in early April.

The breakdown of 2013 in-store sales is as follows:

- Tobacco (cigarettes and other tobacco products): 37 percent of in-store sales
- Foodservice (prepared and commissary food; hot, cold and dispensed beverages): 18 percent
- Packaged beverages (soda, alternative beverages, sports drinks, juices, water, teas, etc.): 15.5 percent
- Center of the store (candy; sweet, salty and alternative snacks): 9.9 percent



“CSP Magazine ranks 7-Eleven at the top of all convenience store chains with 7,790 stores in the U.S. and Canada.”

SEI Considers Moving HQ

SEI may be looking to move its headquarters from downtown Dallas to a new 300,000-square-foot office campus in Irving, Texas, reported the *Dallas Business Journal*. The new site, which also features a 500-car parking garage, is located in the northwest corner of Ranch Trail and Interstate 635 in Irving. The company, which appears to be outgrowing its leased space in One Arts Plaza, could bring 1,250 full-time employees with an average income of \$100,000 to Irving if it relocates under a 15-year lease.

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The Voice of 7-Eleven Franchisees
March/April 2014

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Member News

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- Beer: 7.9 percent
- Other: 11.7 percent

Foodservice was the category that drove profits, accounting for 29.1 percent of gross profit dollars. Packaged beverages were second, accounting for 19.6 percent of gross profit dollars, and while tobacco products constituted 37 percent of in-store revenue dollars, they accounted for only 18.7 percent of gross margin dollars.

SEI Expands Franchising In San Antonio

SEI has announced on its company blog its plans to expand its franchising opportunities in San Antonio, Texas. The

“7-Eleven is inviting entrepreneurs to apply for 7-Eleven stores in San Antonio.”

company wrote it discovered the city’s potential for success upon reopening there in 2012, after leaving in 1989 and witnessing the city’s growth over the years. It is now inviting entrepreneurs to apply for 7-Eleven stores in San Antonio. In 2007, SEI announced its goal to become entirely franchised in the U.S. and said it is now 75 percent of the way there.

DePinto Stresses Customer Service

Servant leadership was the focus of the address by SEI president and CEO Joe DePinto at the University of Mary Hardin-Baylor’s annual McLane Lecture in late March, reported the *Killeen Daily Herald*. In a packed house at the Sue and Frank Mayborn Center, DePinto promoted the idea of servant leadership as a key to making businesses grow and stressed the importance of listening to customers. It has been a cultural journey for DePinto, who said management’s under-

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DELAWARE VALLEY FOA TRADE SHOW ATTRACTS TRI-STATE FRANCHISEES

Franchisees arrived from Southeastern Pennsylvania, New Jersey, and as far as Baltimore, Maryland to attend the Delaware Valley FOA’s Annual Trade Show, held on April 9 at the Springfield Country Club in Springfield, PA.



The event featured lots of new products and attractive trade show-only deals showcased by the vendor exhibitors, followed by a sumptuous dinner with raffle giveaways.



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standing of customers' needs is the most important part. To weave this new mentality into the corporate culture, DePinto told the audience he initiated a robust training and feedback program. "Today our associates at 7-Eleven, across the entire organization, won't get hired, promoted or developed or receive bonuses without working to lead or leading utilizing our core principles," he said.

7-Eleven Leads CSP's 'Convenience Top 101'

CSP Magazine recently announced its Convenience Top 101 list, which ranks the largest convenience store chains by store count (owned/operated and franchised locations, licensed or dealer stores not included) in the U.S. and Canada, and 7-Eleven is #1 with 7,790 stores. Alimentation Couche-Tard (Mac's, Circle K) is #2 on the list with 5,700 North American units, and CST Brands Inc. (Valero) is #3 with 1,887 stores. CSP reported 7-Eleven continues its accelerated growth in key markets, which include Los Angeles, New York City, San Diego, Chicago, San Francisco, Washington, D.C./Baltimore, Seattle, the Tidewater region of Virginia (Virginia Beach, Chesapeake, Portsmouth, Norfolk, etc.), Dallas-Fort Worth, and Orlando and Tampa in Florida.

Consumer Snacking Up

Snack consumption is on the rise, as half of today's consumers (51 percent) say they eat snacks at least twice a day, an increase from the 48 percent who said the same in 2012, according to a new Technomic study. Additionally, about a third of consumers (31 percent) said they're snacking more frequently than they were just two years ago. Not only are consumers snacking more often, they're broadening their definition of a "snack." These days, a

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Member News

continued from page 18

wider range of foods—and beverages—are now viewed as snacks, and convenience stores and other retailers are sparking competition with restaurants in order to meet the growing demand.

To help foodservice executives understand the latest behaviors, preferences and attitudes of consumers regarding snacking, Technomic has published an update of its Snacking Occasion Consumer Trend Report. Interesting findings include:

- Nearly half of consumers (49 percent) eat snacks between meals and 45 percent re-

percent in 2012—cite portability as an important or extremely important factor when choosing a snack.

C-Store Visits Drop In Last Quarter Of 2013

In spite of favorable gas prices and improved consumer confidence, traffic volumes for convenience stores were down 3 percent in the fourth calendar quarter of 2013, according to c-store market research conducted by The NPD Group. A tightened grip on consumer spending and a

historically soft December contributed to the decline in c-store visits, NPD's Convenience Store Monitor reveals.

Both loyal-to-one-c-store customers and those who visit multiple c-stores cut down on their visits in the fourth quarter of 2013, reported NPD. Loyal consumers decreased their visit share by 1.3 percent compared to year ago, and those who use many c-stores reduced their share by 1.6 percent. On the flip side, the c-store customer core segment—those consumers who visit two to three c-stores—increased their visit share by more than 3 percent in the period, and they remain the largest group at 51 percent of buyers.

Average product units purchased per visit per buyer were 3.3, which was flat compared to year ago. The average product incidence (percent of customers who bought a specific product) remained somewhat steady for most categories, except for growth categories like lottery tickets, cigarettes, and candy/gum.

NCASEF Targets Cancer With Swim Across America



The National Coalition of Associations of 7-Eleven Franchisees has chosen Swim Across America (SAA) as its "Charity of Choice" for 2014. SAA is dedicated to raising money and awareness for cancer research, prevention and treatment through swimming-related events. With the help of hundreds of volunteers nationwide and past and current Olympians, SAA is helping find a cure for cancer through athleticism, community outreach and direct service.

"Our 7-Eleven family of franchisees is proud to be able to give back in ways that make life better for all Americans," stated Joe Galea, chairman of the NCASEF. "Swim Across America is a fantastic organization doing literally life-saving work to help those afflicted with cancer through research, prevention and treatment, and we applaud their work. We are honored to be able to designate them as this year's charity of choice and look forward to working with them throughout the year."



Andrea Dickson, Event Director, SAA Dallas, Dr. Alan M. Miller, Director, Baylor Charles A. Sammons Cancer Center, Joe Galea, NCASEF Chairman and Jeanne Cunningham, Event Director, SAA Dallas during the Board's visit to the center during the Board Meeting in February.

Attorneys General Urge Retailers To End Tobacco Sales

Twenty-eight attorneys general from 24 states, three U.S. territories and Washington, D.C. are pressuring five retailers, including Walgreens and Wal-Mart, to

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"Most small business owners don't get the police involved when they catch an employee stealing."

place one or two daily meals with a snack.

- Forty-five percent of consumers who order snacks at restaurants order from the dollar or value menu.
- Fifty percent of consumers indicate that healthfulness is very important to them when choosing a snack.
- Portability is increasingly vital: 60 percent of today's consumers—compared to 55



New National Coalition office staffers Nancy Wenz (left) and Laurel Jarnagan (right) with Board meeting helper Yvonne Slusser at the National Coalition Board meeting in Dallas, February 17-21, 2014. Say hi when you call the National Office!

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*Source: IRI Total US Convenience 52 wks ending 10/6/13

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follow the move by pharmacy chain CVS Caremark and end sales of tobacco, reported the *Los Angeles Times*. The other retailers are Safeway, Kroger and Rite Aid. In the letter to the five retailers, the state officials noted that tobacco-related disease kills 480,000 people in the U.S. each year. They also said healthcare costs and productivity losses attributable to smoking cost the country at least \$289 billion a year. CVS Caremark in early February announced it would stop selling cigarettes and other tobacco products because they are inconsistent with its purpose. The pharmacy and retail chain has been increasing its business providing medical care through clinics.

Most Small Businesses Don't Report Employee Theft

Most small business owners don't get the police involved when they catch an employee stealing from them, reported *BusinessNewsDaily.com*. While 64 percent of small businesses have experienced employee theft, only 16 percent of those reported the incident to police, according to new research by a University of Cincinnati criminal justice researcher. The study cites four main reasons why employers are hesitant to get the authorities involved.

- No real victims: The business owner does not see the victimization as serious enough to warrant his or her time and trouble beyond firing the employee.
- Attorney advises against it: The business owner seeks counsel from a third party, usually his or her attorney, who often advises that the employer's costs in time and effort for a successful prosecution outweigh any likely benefits to the employer.
- Emotional ties: Many of those em-

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Legislative Update



Congress Passes Bill To Change Definition Of Full-Time Workers

The House of Representatives recently voted to approve HR 2575, a bill that would change the Affordable Care Act's definition of full-time employees from those who work 30 hours per week to 40 hours, reported the *Wall Street Journal*. The bill, which is supported by the restaurant and retail industries, gained bipartisan support and passed with the help of 18 Democrats.

Currently, under the Affordable Care Act, companies with more than 50 full-time employees must provide health-care coverage for employees working 30 or more hours a week or face penalties starting at \$2,000 a worker, beginning in 2015. Supporters of HR 2575, also known as the Save American Worker Act, argue that the law's requirements could cause businesses to reduce workers' hours to avoid providing coverage. Senate Democratic leaders are not expected to bring up the bill anytime soon, and President Obama said he would veto it if it makes it to his desk.

U.S. Appeals Court Upholds Swipe Fee Rules

A U.S. appeals court recently upheld the Federal Reserve's controversial rules for debit card swipe fees, reversing a lower court's decision to throw them out after merchants argued the charges were too high, reported Reuters. In 2011, the Fed limited the fees to 21 cents per transaction. A U.S. district court in July 2013 agreed with a group of retailers that lawmakers intended for the cap to be lower and overturned the Fed's rule. However, the three-member panel of the U.S. Court of Appeals for the District of Columbia Circuit sided with the Fed on March 21, saying the law's "ambiguity" gave regulators leeway to set a higher fee cap. Banks, which opposed capping fees and supported the Fed's defense of its higher limits, applauded the appeals court's decision.

Connecticut Raises State Minimum Wage

Connecticut lawmakers recently approved raising the minimum wage to \$10.10 an hour by 2017, the highest for any state in the country and the same rate that President Barack Obama wants for the federal minimum wage, reported the Associated Press. Under current law, Connecticut's minimum wage was already scheduled to climb by 30 cents to \$9 on January 1, 2015. But under this bill, it would instead increase to \$9.15 an hour. It would go up to \$9.60 on January 1, 2016 and to \$10.10 on Jan. 1, 2017. While the \$10.10 wage is the highest imposed by a state, there are higher minimum wages imposed by cities, including \$10.74 in San Francisco. Washington, D.C., will raise its minimum wage to \$11.50 by 2016. California's minimum wage will increase to \$10 by 2016.

"Connecticut lawmakers recently approved raising the state's minimum wage to \$10.10 an hour by 2017."

Chicago Voters Support \$15 Minimum Wage

Voters in Chicago's primary election in March voted by a wide margin—87 percent—in support of raising the city's minimum wage to \$15 per hour, reported *The Huffington Post*. The results, however, come with a number of caveats. First, the non-binding advisory referendum was only included on the ballot in about 5 percent of the city's precincts in the low turnout

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Member News

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ployees caught in theft have worked alongside business owners for many years, and may even be family.

The research also found that the most common item stolen was cash. Overall, 40 percent of thefts in small businesses are of money. The cash thefts reported in the study ranged from \$5 to \$2 million, with \$20,000 being the average amount stolen. In addition to cash, 18 percent of thefts were of products sold by the business, 12 percent were of materials (items that

“Twenty-eight attorneys general have asked Walgreens, Wal-Mart, Safeway, Kroger and Rite Aid to end sales of tobacco.”

go into the production of a firm's product offerings), 8 percent were of tools and 6 percent were equipment.

Nutrition Labels Are Getting Updated

The Food and Drug Administration (FDA) recently proposed several changes to the nutrition labels placed on packaged foods and beverages, reported CNN. If approved, the new labels would place a bigger emphasis on total calories, added sugars and certain nutrients, such as Vitamin D and potassium. The FDA is also proposing changes to serving size requirements in an effort to more accurately reflect what people usually eat or drink. For example, a consumer who buys a 20-ounce soda will probably not stop drinking at the 8-ounce mark. The new rules would require that entire soda bottle to be one serving size, making calorie counting simpler. This is the first overhaul for nutrition labels since the FDA began requiring them more than 20 years ago.

Illinois Lottery App Riles C-Store Owners

The Illinois Lottery's new smartphone app is drawing criticism from c-store owners who don't appreciate giving gamblers a reason to stay away from their shops, reported the *Chicago Tribune*. The lottery app—launched in January—allows customers to purchase popular games like Mega Millions and Powerball, and quickly check winning numbers through their smartphones. While the

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7-Eleven stores Canada held its first-ever **Bring Your Own Cup Day Slurpee promotion on March 20 to celebrate the first day of spring.** During the event, customers were able to take their own cup to their local 7-Eleven and fill it with Slurpee flavors for \$1.49. • A report published by Americans for Tax Fairness states **Walmart's low-wage workers cost U.S. taxpayers an estimated \$6.2 billion** in public assistance, including food stamps, Medicaid and subsidized housing, reported *Forbes*. • According to an AlixPartners survey, **consumers now prefer getting their out-of-the-home breakfasts** at convenience and grocery stores 13 percent of the time, their **lunches** there 6 percent of the time, their **dinners** 4 percent of the time, their **late-night food** 24 percent of the time and their **snacks** a whopping 49 percent of the time. • Residents of Orlando shine when it comes to saving money. **The Florida city took the number one ranking on the "Most Frugal U.S. Cities" list**, according to the 2013 Coupons.com Savings Index. • ATMs at 50 St. Louis convenience stores—and another 50 c-stores in Kansas City—now offer **Powerball** and **MegaMillions** quick pick purchases, thanks to a new partnership between the Missouri Lottery, select c-stores and Welch ATM. • **7-Eleven Japan recently set up shop in the virtual world of the Sega game Phantasy Star Online 2**, reported *Anime news Network*. From March 5 to April 23, users were able to **purchase various 7-Eleven themed virtual goodies** in the online game for their My Rooms. • **Gap Inc. plans to raise its minimum hourly wage to \$10** by next year, reports the *Wall Street Journal*. The company said it began contemplating a wage increase last fall and made a strategic decision to gain an advantage over its competitors. • **Seven-Eleven Japan ex-**

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FOAC's Hashim Syed Receives 'Good Neighbor Award'

7-Eleven FOAC Vice President Hashim Syed was recently honored with the "Good Neighbor Award" by the Chicago Math & Science Academy (CMSA). The academy said Hashim, who owns a 7-Eleven store in the Rogers Park section of the city and is the first recipient of this award, has supported CMSA's efforts to provide its students with a college prep, STEM-focused education since the school opened. "I believe education helps lead people to a better life with more opportunities and CMSA is helping the children achieve these goals," Hashim said.

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Member News

continued from page 24

app is free, there's a \$5 minimum purchase.

C-store owners claim the app hurts their customer base, and feel they have been double-crossed since they have been supporting the Illinois Lottery since its inception 40 years ago. The fear is that allowing players to play their favorite lottery games on their phones means they'll stop buying from the local c-stores, denying stores the chance to sell them lottery tickets as well as cigarettes, milk, candy and other items. Lottery officials argued that players who try the lottery app might be more inclined to try other lottery games such as scratch-off tickets when they stop at c-stores.



Study Shows Soda Taxes Don't Cut Obesity

A new report funded by the Robert Wood Johnson Foundation casts serious doubt on efforts by state legislators to curb obesity through tax increases on sweet sodas and energy drinks, finding in some cases that people simply shift to other sweets and gain weight, reported the *Washington Examiner*. The report, published in "Health Economics," looked at the impact of soda taxes on obesity on the national level and in two states where taxes have been imposed—Ohio and Arkansas.

On the national level, an increase in taxes on sugary drinks actually resulted in adults adding 27.7 calories to their daily intake with soda substitutes. "An important conclusion," said the report, "is that this evidence demonstrates that large increases in soft-drink taxes are unlikely to reduce total caloric intake."

In the studies of state data, the report found a decrease in obesity in Arkansas, but the data was limited, so the experts from the Universities of Wisconsin, Iowa and Washington focused on Ohio where more and better information was available. The result: "We cannot detect a significant weight effect because of a large soft drink tax increase," said the report.

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The Value Of Weekly Meetings With Your Business Consultant

BY JOE GALEA
EXECUTIVE CHAIRMAN, NCASEF

In the past, it used to be that visits from our business consultants to our stores consisted of discussing new items, planning sales opportunities, and generally having them assist us in resolving certain issues in our stores that affect our businesses and us financially. Now that the 7-Eleven system has changed—and continues to do so with the implementation of many new programs and policy changes—so has our relationship with our business consultants.

Over the last few years, as our system has transformed—from BT rolling out in all areas, to the recent change to scan audits, the high standards of the monthly GEA surveys, and many others—what I've been hearing most from franchisees is, "I'm being told to do so many things in so little time." Additionally, franchisees say they are increasingly growing frustrated because they are not getting the in-store support they used to from their business consultants to help implement and adjust to these changes, let alone to help resolve problems. Many franchisees I've spoken to said they've been told the primary function of the business consultant is to execute programs, not help resolve issues. This is unfortunate because there are many business consultants out there who truly want to help franchisees, but their access to resources is as limited as our own.

These days if you have an issue, you have to create a case on CHD online. How many times have cases been entered or questions asked with no answer? More often than not the case gets closed before you've even gotten an answer, which creates frustration and lowers morale. The recommendation is that you take the issue to your business consultant and to your market manager. I highly recommend that you get your local FOA involved because they can bring your concerns to the top, where at least there is documentation of your issue.

Whenever we meet with our business consultant—or for that matter, our market

manager or Zone leader—to talk about anything that may impact our stores, the recommendation is to take notes and recap everything discussed in writing because even a minor suggestion can lead to a bigger problem down the road. By you having documentation of your meeting with your business consultant, if something were to arise in the future you can go back and prove the matter was discussed and any decisions made or disagreements were noted. Let them know that, as SEI has said, we want quality time to discuss growing our business and working it.

Once you've recapped your meeting with your business consultant, on their next visit to your store you should immediately take the lead and say to them, "I just want you to verify this is exactly what we talked about last week and make sure you are in



“Whenever you meet with your business consultant—or for that matter, your market manager or Zone leader—to talk about anything that may impact our stores, the recommendation is to take notes and recap everything discussed, in writing.”

agreement.” Then, have them acknowledge it. This way you are taking control of your meeting and you're on the same level as they are, because you need to protect your store.

If you have any incident—regardless of whether it's maintenance, financial, a GEA score, a concern over an audit, or a request for store improvements—taking notes and having it all written down and documented can potentially save you aggravation and money



down the road. If you have a running weekly report of what was discussed with your business consultant, they can't claim, "I didn't know that," or "We didn't discuss that."

“The recommendation is that you take your issues to your business consultant and to your market manager. I highly recommend that you get your local FOA involved because they can bring your concerns to the top, where at least there is documentation of your issue.”

The same goes for LONs. If you receive an LON or a breach from your market manager, it is the recommendation of the National Coalition and our FOA groups that you respond in writing and back up your actions with notes on why you did what you did. Fax, email or overnight your letter to

SEI's legal department, but keep a confirmation that your information was sent. If you must meet with SEI to solve the LON or breach, it is prudent to have someone along with you at the meeting. Often, FOA representatives are available to attend.

Documentation may not be an issue today, but in the final analysis it will help franchisees to be judged by the same standards as our franchisor. **AV**

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Transforming Asset Protection Into A Supportive Unit

BY JIVTESH GILL, EXECUTIVE VICE CHAIRMAN, NCASEF

Ideally, the relationship between Asset Protection and franchisee stores should be a productive one, but more importantly one that helps build a business culture conducive to increasing sales and profits for franchisees and SEI. Currently, there seems to be a checklist mentality at 7-Eleven, where Asset Protection looks for faults and punishes us with LONS and breaches and comes after us with charge-backs rather than help us improve our businesses. What we really need is a relationship with positive communication wherein franchisees can openly go to Asset Protection for help in monitoring our businesses so we can avoid losses and concentrate on growing sales. With input from your NCASEF and FOA leaders, Asset Protection is slowly but surely getting there.

We all experience internal theft in the store at one point or another. In the past, when franchisees have asked Asset Protection to analyze the transaction data with their advanced tools to figure out where the theft was coming from there was usually a hefty charge involved, which amounted to the lost gross profit on SEI's side. Some stores were charged thousands of dollars as a result of an investigation into employee theft. Franchisees want to be able to get some help if they are having chronic shortages audit after audit without being billed for it. After several talks, Asset Protection has agreed not to charge a franchisee who requests a deep dive into their transaction data if the shortage is the result of

“What we really need is a relationship with positive communication wherein franchisees can openly go to Asset Protection for help in monitoring our businesses so we can avoid losses and concentrate on growing sales. With input from your NCASEF and FOA leaders, Asset Protection is slowly but surely getting there.”



“If you get a markup or an FIW that goes back more than 45 days, now you can request this data and it will be loaded into your system so you can look at it in your store.”



purely employee theft. Another change with Asset Protection involves access to data. Currently in our back room ISP we only have access to 45 days of data. This is disadvantageous if you have a markup or FIW that goes back longer than that and you need to verify the information. Moving forward, if you are in a situation where

you get a markup or an FIW that goes back more than 45 days, you can request this data and it will be loaded into your system so you can look at your transaction data and other financial information in your store.

Along the same lines, access to the POS analytics report is closer to becoming a reality. We asked Asset Protection and SEI, rather than catching inconsistencies or errors and coming back to us up to a year later with a markup or FIW, why not give us support so we—at the store level—can fix the problem as we find it? They agreed and the POS analytics report is in the testing stage and should be rolled out soon. The POS analytics is based on exception reporting and it compares your store's data on the 16 criteria with the market's. This will be a great help to the stores because the report breaks the data down to your employee level so you can see which employee is flagging higher on those exceptions.

The Coupon Reconciliation Report is also being made available. There have been a number of charge-backs related to the difference between what the store was reporting on their cash reports and what NCH, the coupon clearinghouse company, was reporting. Normally,

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when NCH gets the coupons they reconcile them and then report to SEI what they received from each store. In many cases, what the store was reporting on the cash report and what NCH was reporting back to SEI was not matching up. The Coupon Reconciliation Report will allow us, on a monthly

basis, to reconcile what is on our cash report to what was reported by NCH to SEI so

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

any discrepancies could be resolved in a timely manner.

These reports and access to information are helping franchisees. They will help us control shortages, which will help our stores financially. They are also positive steps that will help foster a people culture rather than a numbers culture. At the end of the day, every franchisee would like to see Asset Protection serve less as an investigative unit and more as a supportive unit. **AV**

“The Coupon Reconciliation Report will allow us to reconcile our cash report with what was reported by NCH to SEI so discrepancies can be resolved in a timely manner.”

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pects to have sold 450 million cups of

coffee between January 2013 and the end of February 2014, reported *Asia News Network*. Sales of freshly brewed coffee at major c-stores in Japan have been brisk, as customers look for a quick cup of real coffee at a reasonable price. • A new report by the Federal Trade Commission reveals that **identity theft was the top consumer complaint in 2013**. Of the 2 million consumer complaints the commission received last year, **290,056**—or about 14 percent—were related to identity theft. • **The number of franchise establishments in the U.S. is expected to increase by 1.7 percent** in 2014, ahead of the 2013 pace of 1.4 percent, according to a new study by the International Franchise Association. The organization also predicts **total franchise employment will grow 2.4 percent**. • Facing an increase in retail competition,

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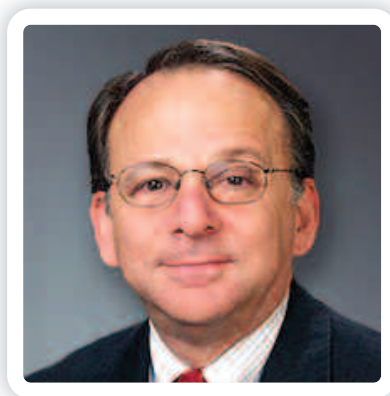
Proud To Join The Team

ERIC H. KARP, ESQ.,
GENERAL COUNSEL TO NCASEF

This is my first Avanti column as the newly appointed General Counsel to the National Coalition, so I thought some introductory comments would be in order.

First, I am honored and humbled by the vote of the Board to confirm Joe Galea's nomination of me as General Counsel. I pledge to serve in that capacity with energy, efficiency and clarity. From my perspective, I am the General Counsel to the entire National Coalition, and will at all times keep in mind that my client is the organization, and not any particular subset or group. I will strive to provide objective, unbiased and unvarnished advice, and in baseball terms, to "call them as I see them."

Second, I wanted you to be aware that my connections to the National Coalition and to 7-Eleven franchisees span more than two decades. I had the privilege to work with two Chairmen of the National Coalition while serving for 10 years on the



I have worked with the New England 7-Eleven Franchise Owners Association.

Third, it is my hope that the work I do with other national franchisee associations will provide a broad perspective on franchise issues, which will assist me in providing advice and assistance to the National Coalition. It is my goal to establish a working and hopefully constructive relationship with my counterparts in Dallas,

"It is my goal to establish a working and hopefully constructive relationship with my counterparts in Dallas."



fecting 7-Eleven franchisees all over the coun-

try. These include a) the new and highly intrusive DVR System, b) the new GEA assessment form that treads on the independent contractor status of franchisees, c) deep and systemic flaws in the auditing process, d) arbitrary and unreasonable application of system standards for Fresh Foods, e) unreasonable barriers to transfers and refunds, f) unilateral development of a variety of system standards changes without input from or consultation with the National Coalition, and many other issues.

At the end of the day, I know that 7-Eleven franchisees seek a mutually respectful and balanced relationship with their franchisor, marked by cooperation and collaboration, a recognition of the substantial and continuing investment of capital and effort they make in their franchised businesses, freedom from unreasonable and unnecessary intrusions into the day-to-day operations of their stores, a fair and equitable return on their labor and capital, and an opportunity to harvest the value that they have created. To these ends, I pledge my vigorous efforts on your behalf. **AV**

"In the coming months, we will be dealing with some weighty and vital issues including the DVR System, the GEA assessment form, flaws in the auditing process, standards for Fresh Foods, transfers and refunds, and other system standards changes."

Board of Directors of the American Franchise Association. I was also an elected delegate to the 1995 White House Conference on Small Business. The franchisee delegation to the White House Conference had more 7-Eleven franchisees in atten-

dance than franchisees from any other brand in the country. In addition, for a number of years

as I have been able to do with in-house counsel of other franchisors in whose systems I represent independent franchisee associations. Similarly, the work that I have done at the federal and state level, seeking legislation that would create more balance, fairness and equity in the franchise relationship, will inform my work for the National Coalition.

In the coming months, we will be dealing with some weighty and vital issues af-

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THE NATIONAL BUSINESS LEADERSHIP COUNCIL

BY JAY SINGH

VICE CHAIRMAN, NCASEF



Several years ago, SEI dissolved the President's Leadership Council (PLC), which had as its members all the FOA presidents from across the country and many corporate higher-ups. The PLC achieved many good things for franchisees and the 7-Eleven system, due in part to the effective dissemination of information by the PLC members to their area franchisees.

Now SEI has the National Business Leadership Council (NBLC), which operates in a much different manner than the PLC. When this new organization was first announced, the criteria for membership qualification was posted on 7-HUB and prospective candidates had to go through an application and answer all the questions online. All the candidates had to apply to get selected for the NBLC, unlike the PLC, which had all FOA presidents as members to represent franchisee

After some time, however, it was felt that most of these members were not in touch with the average franchisees in their areas, as many of them did not attend local FOA Board meetings or general meetings. As such, their input to the NBLC was not known to the general franchisee community, although some information about the decisions made at the NBLC did flow to franchisees via quarterly sales meetings. Nevertheless, it was clear a big communication gap existed. Most of us did not know what kind of decision-making was happening during these NBLC meetings, and my area was not an exception.

The Las Vegas FOA has a very positive relationship with our local SEI man-

“Our area NBLC members have started attending our FOA Board meetings and general meetings so they can address our issues during their NBLC meetings.”



One offered to write an article about his committee and the other two gave their committee reports that were forwarded to our area franchisees. Now our area NBLC members have started attending our Board meetings and general meetings so they can address our issues during their NBLC meetings. Our FOA Board is very thankful to them, because now we have another avenue to take our issues to the next level.

While we do have some FOA presidents and National Coalition Board members who are members of different NBLC committees and could keep us informed of what's happening in the group, there are some areas still out there that have no communication from NBLC members. My suggestion is that local FOAs involve the SEI team of those areas to convince these NBLC members to bridge that gap, as they all promised to do when they applied for their NBLC positions. I am confident most of them will meet this challenge, which will benefit us all. **AV**

“Local FOAs need to involve their local SEI team to convince NBLC members to bridge the communication gap with franchisees, as they all promised to do when they applied for their NBLC positions.”

interests. Market Managers and Zone Managers were also asked to give their input about these candidates, and most of the candidates selected did not hold any positions in their FOAs. Regardless, most of these representatives are excellent store operators and franchisees.

agement. They occasionally attend our Board meetings, and they almost always attend our general meetings, during which the SEI team usually addresses issues faced by our franchisees. Last year, we informed the team about our concern over the lack of communication by NBLC members, and with their assistance all three of our area NBLC members responded back to our FOA Board.

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RGIS—THE SINGLE SOURCE SOLUTION?

BY ROGER ST. GEORGE
VICE CHAIRMAN, NCASEF



SEI recently made the decision to change to a single source vendor to provide the quarterly mandated audits of franchisee stores. What is concerning is that RGIS was not one of the top companies recommended by the Audit Selection Task Force that reviewed the audit process and interviewed the audit companies that participated in the Request for Proposal process in 2010.

One of SEI's criteria at that time was the need for two audit companies in order to not put all of our stores in one basket. How times have changed! One other concern was the training program and the aggressive rollout schedule of the companies under consideration. The current management seems to be ignoring these concerns with the selection of RGIS as the nationwide provider of audit services.

Franchisees fear the audit. The results of the quarterly audit can ruin the livelihood of a franchisee and may even occasionally cause a franchisee to lose a store. SEI seems to

be callous to the impact an audit can have on a franchisee and his or her family. The Asset Protection personnel say the new Scan Audit process does not change the outcome of an audit, that the results would be the same with a Financial Audit versus a Scan Audit.

What is ignored is the competency of the audit team. Many team members

seem to be arrogant in their approach to scanning the store. The initial walk-through protocol often

“The Asset Protection personnel say the new Scan Audit process does not change the outcome of an audit, that the results would be the same with a Financial Audit versus a Scan Audit.”

is skipped and every step is an interruption to achieving the end result, which is getting to the next store so they can go home. True, a Scan Audit may not produce a different outcome when compared to a traditional Financial Audit. However, the availability of additional tools to verify a count of a section is tantalizing to the

“Franchisees have the contractual right to request a re-audit within 72 hours of receiving their audit results, and if the audit is changed by more than one percent, the franchisee does not pay for the audit.”

franchisee, but it seems the auditors are in such a hurry that entire shelves are skipped. Pizza is counted as a whole pizza instead of one slice. The sections that SEI does allow to be printed and verified have numerous errors, and the retail may be correct, but the item count is incorrect. A whole box of a hot food item is counted as one unit because the auditor relies on the scan write-off sheet instead of counting units in an inventory count.

Additionally, there seems to be a great deal of confusion as to how to handle vendor deliveries during and after the audit. I

wrote an Avanti article previously about SEI's refusal to account for pending invoices for charges or credits, and how this can greatly affect the results of the audit and the financial impact on the franchisee and their financial well being.

When the BT stores do their cycle count, the errors are brought to light. In my store there were 16 out-of-stocks in the candy section, while the out-of-stock report only listed two. There are dozens of negative numbers for dozens upon dozens of items. Unfortunately, it is too late to correct the audit when the store does the recommended cycle count and discovers the errors.

Franchisees do have the contractual right to request a re-audit within 72 hours of receiving their audit results, and if the



audit is changed by more than one percent, the franchisee does not pay for the audit. This is a recourse every franchisee needs to avail themselves of. There is no discussion about the availability of the audit company—it is your contractual right!

One has to wonder why SEI will not let franchisees have the tools to review any section of the store requested. What is SEI afraid of franchisees discovering? All we want is to run our stores efficiently so we can generate higher sales and profits. After all, healthy franchisees beget a healthy 7-Eleven system. **AV**

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THE BEATINGS WILL CONTINUE UNTIL THE MORALE IMPROVES!

BY JAS DHILLON
VICE CHAIRMAN, NCASEF



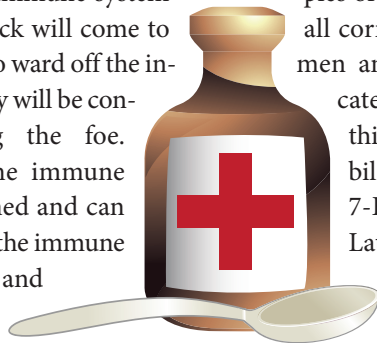
An organization is in many ways a living, breathing organism. It will have a structure, a purpose and a mission. The various parts must be in relative cohesion to the whole lest chaos prevails, and if there is chaos then the organism may well get sick and possibly die. This applies to entities great and small, from families to far-flung international corporations. The word corporation has its origin in Latin meaning body. If the body turns on itself then decay and decline ensue.

The human body's immune system when faced with an attack will come to the defense of the body to ward off the invader. All available energy will be consumed with defeating the foe. However, sometimes the immune system becomes weakened and can no longer fight or worse, the immune system turns on its host and begins attacking itself. When that happens the body is in for a long battle. Cancers overwhelm the immune system, leaving little energy to fight outside invaders.

Lately, it seems that this is what is happening in our own "7-Eleven body." Our body is made up of SEI, the franchisees, the vendors and even our guests. The external invader is the competition, whether it is another chain, or the store down the street. But we seem to have turned on ourselves. The new marketing slogan from Dallas seems to be, "The Beatings Will Continue Until Morale Improves!" Operations folks, from field consultants to market managers to zone leaders, seem to be engaging in threats

of reprisal for various franchisee failures to comply with ever changing, ever moving standards based on *ill-defined criteria*. Each week field consultants are "requesting" adherence to processes and procedures that have not shown any reasonable likelihood of generating profits, only to have a new technique "requested" later. This saps the energy of the body to ward off attacks from the real enemy.

I have had the privilege of having met and worked with some of the finest examples of franchisee leadership from all corners of this country. These men and women each are dedicated to one thing and one thing only, the growth and stability of their store(s) and the 7-Eleven franchise system. Lately, their efforts have been



"Operations folks, from field consultants to market managers to zone leaders, seem to be engaging in threats of reprisal for various franchisee failures to comply with ever changing, ever moving standards."

challenged. All too often lately I am getting frantic calls about representatives of our franchisor engaging in threatening and abusive behavior. The morale of the franchisee community is at an all-time low, and taking care of our guest is no longer a priority today, because we all must ensure that the checklist is complete ... or else! Why is this so, and where does it lead? Does anyone benefit when the "Four Horsemen: Terror, Bewilderment, Frustration and Despair" arrive at the store for another round of "my way or the highway?"

Nicholas Kristoff, a reporter for the *New York Times*, did an interesting piece, "When Happy Cows Produce Happy Milk," September 8, 2012. The owner of this dairy farm stated, "Live stocks don't have to be abused to be profitable for their owners." Do you see where I am going with this? (You can email me to get the link to this article.) The bottom line is that if the franchisees and many of the other folks on this Dallas "ranch" are not being appreciated and/or taken care of, then we are all in for a bad ride.

Folks will turn to legal remedies, which will only worsen the current cancerous atmosphere. I'm a self motivated and an objective person, and for the last few years listening to many franchisees and off-the-record comments from SEI folks, we all feel that we are not being appreciated

and not being heard. These are the same comments that I shared with Joe DePinto and his team in August 2011 at our co-chairs meeting, and my concerns were confirmed by Jeff Schenck as he had just attended our NCASEF Convention. Sadly, the relationship, instead of getting better, has gotten worse and is still suffering.

I would love to hear from you. As a franchisee are you better off today than when you signed your contract? Is the new agreement really workable? Do feel appreciated by SEI? These are my thoughts and I would love to hear yours. **AV**

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Maximizing Your Profits With Upscale Beer

By Nicholas Lake, Senior Director, Category Management, Heineken USA



7-Eleven is already the nationwide leader in beer sales within the c-store channel. But there are simple steps you can take to extend this leadership even further and increase your beer sales. In this challenging economy and increasingly competitive environment, driving maximum growth from major categories like beer is an efficient way to increase your store's total profitability.

As shoppers face an increasing number of options for their beer purchases, including dollar and grocery stores, it is more important than ever to ensure your beer assortment meets your shoppers' needs and delivers your volume and profit objectives.

7-Eleven beer shoppers are not converting to beer buyers as often as shoppers at other c-store retailers. This means there's an opportunity to increase revenue from your beer category by nearly \$84 million. By slightly altering your approach, you can boost your overall beer sales volume by up to 5 percent.

It starts with understanding the shopper's motivation. The majority of c-store shoppers are buying cold beer for casual, everyday consumption. Since they spend just 20 seconds in the beer section, having the right beer assortment available and stocked in the cooler is critical. Tailoring your product assortment to their unmet wants not only increases the chances of converting shoppers but also improves the shopper experience.

Having the optimal mix of SKUs is the difference between making and losing a sale. More SKUs is not necessarily better. In fact,

fewer SKUs will also help minimize out-of-stocks—something to keep in mind when considering new product introductions (NPIs). Yes, exciting new products delight customers and create a point of difference for 7-Eleven, but the key is to enhance variety without devoting too much space or causing too much duplication.

Why Upscale?

Within the beer segment, there is one clear winner: upscale. Upscale is defined as any beer priced at 1.25 times the average price of all beers. Imports, craft beers and ciders all fit into this category.

We know that nearly 75 percent of consumers buy upscale at some point, while only 61 percent buy premium beer. We also know that upscale consumers are the most loyal consumers in the business: 30 percent buy exclusively upscale, while only 18 percent of consumers are similarly loyal to mainstream.

Upscale beers are more profitable than the average beer—and the segment has been growing fast. In fact, upscale is driving c-store growth. Over the past two years, upscale has contributed over \$730 million in dollar growth, 10 times more volume growth than



“Within the beer segment, there is one clear winner: upscale. Imports, craft beers and ciders all fit into this category.”

mainstream. In the past year alone, upscale grew more than 10 percent in a flat beer category. Upscale 12-packs are the best-selling multipacks in convenience stores, and upscale single serves are posting ever-stronger gains.

What are the fastest growing c-store retailers doing? They are leading with upscale, carrying 27 percent more upscale SKUs and 47 percent more import SKUs than the average c-store—and they are pricing their upscale assortment 3 percent lower than their competitors.

With limited space, winning c-store operators are balancing variety and avoiding duplication. And when they lead with upscale beers and optimize their assortment, they are capturing a valuable shopper and growing more than three times faster than the

channel average. They've realized that adding more beer SKUs does not lead to more purchases, and instead are adding unique and differentiated items to their assortment to increase incremental volume and drive higher basket rings.

Why Imports?

While it is important to offer and promote upscale beer, it is even more important to know which brands in your upscale portfolio will turn the fastest. The greatest growth within upscale is coming from imports. While crafts, cider and innovative brands play a vital role in attracting shoppers, imports are the ones driving the most volume, profit and traffic.

“Upscale is driving c-store growth. Over the past two years, upscale has contributed over \$730 million in dollar growth, 10 times more volume growth than mainstream.”

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Craft beers are hot right now, and for good reason. They are extremely desirable among customers, producing strong growth and a high dollar ring. Yet as a retailer, it is important to remain wary of overinvesting in the “long tail” of craft. The rate of sale for these items is typically well below what you can achieve with a broader range of import packages.

Imports have other valuable advantages over craft. Import shoppers make 11 percent more shopping trips and spend 25 percent more in-store than craft shoppers. In addition, import shoppers are 28 percent more likely than craft shoppers to convert and become buyers in c-stores. Offering a strong import assortment will position retailers to capture this valuable shopper who visits



“The greatest growth within upscale is coming from imports. Import shoppers make 11 percent more shopping trips and spend 25 percent more in-store than craft shoppers.”

the store more often and spends more money on each visit.

Imports also drive more efficient volume growth for retailers. According to Nielsen, although c-store retailers are carrying on average about as many SKUs for imports (13.8) as they are for craft (11.1), imports deliver 2.5 times more dollars per point of distribution than craft, making them the most financially productive use of c-store retailers’ limited space.

Considerations For NPIs

NPIs are critical for c-stores, and over the past year new innovations drove \$372 million in new revenue, representing over 40 percent of the beer category dollar growth. For 7-Eleven franchisees, being the first to provide unique new products to your shoppers remains a key priority, and imports are loaded with choices right now. If you choose a new product introduction, you will want to ask yourself three questions: Is it really unique to the marketplace? Will the brewer work hard

to support this product? And how much growth is expected from this product?

At Heineken, we are well aware of the importance of launching NPIs that create meaningful growth for the category and strive to bring new products that expand occasions and basket rings. And we are heavily supporting NPIs so that they deliver strong, sustainable volume growth for our retail partners.

Consider the red-hot cider market, which has more than tripled in size to \$56 million in the past year in c-stores. Cider brands can be segmented into two groups: craft-like ciders to be savored during lower-energy occasions and more premium badge brands for higher-energy occasions. We’re convinced that badge cider brands have a tremendous upside, and

we’re backing up our view by investing heavily to support Strongbow. Not only is Strongbow now available with new packaging, including an innovative proprietary bottle, but the brand is also launching an exciting new flavor to the segment: Honey & Apple. This special flavor will be sure to generate additional consumer buzz and sales for the Strongbow brand.

We’re also betting on some innovative beer products. Desperados, our new Latin-inspired European import (5.9 percent ABV), is a one-of-a-kind blend of tequila-barrel-aged lager and natural lemon and tequila flavors. Desperados will be available in key 7-Eleven states including Florida, South Carolina, and North Carolina. Another new Heineken USA product to consider is Dos-A-Rita (7.2 percent ABV), the first authentic Mexican brand to offer a ready-to-serve lager-margarita. Dos-A-Rita is based on the original cocktail recipe and sweetened with 100 percent agave. This item will be available in key 7-Eleven states like Texas, California, Nevada, Colorado, New Mexico, Florida, North Carolina, and South Carolina.

Those innovations will appeal to a vital group of c-store customers: multicultural shoppers. Imports (more than any craft or mainstream beer) are a preferred choice for multicultural shoppers, especially Hispanics. Multicultural shoppers spend almost 40 percent more on imports than general market shoppers and spend more on imports than any other segment. C-stores attract nearly 30 percent more multicultural beer shoppers than grocery stores and 11 percent more than drug stores, and are best positioned to capitalize on future demographic shifts. Focusing on imports will not only bring more multicultural shoppers into your store, but also grow total beer sales and basket sizes.

Our Recommendations

We know your shelf space is always top-of-mind. Space is so critical it is imperative to avoid items that do not add incremental volume for your store. To maximize the productivity of the shelves, retailers like 7-Eleven should carry more Upscale beer to capitalize on this segment’s strong growth in c-stores. Specifically, carrying and displaying Imports will convert those shoppers who visit the store and spend more during each trip, leading to more frequent and greater basket rings. Devoting at least 70 percent of upscale space to imports will ensure you have enough variety and inventory to meet the needs of this valuable shopper while maximizing the sales rates and productivity of your shelves. Leverage Upscale NPIs, especially Imports, to generate shopper interest and drive traffic and incremental sales.

Lastly, using a combination of imports and the right selection of carefully chosen national and local crafts and ciders will result in the most efficient use of your space. C-store retailers who optimize their assortment will benefit from more shopper traffic, higher basket rings, and greater volume and profits from their beer assortment. **AV**

Source: Nielsen Total USA Convenience, 52 weeks ending 3/1/14, Nielsen panel data, Total USA Convenience/Gas, 52 weeks ending 12/28/13

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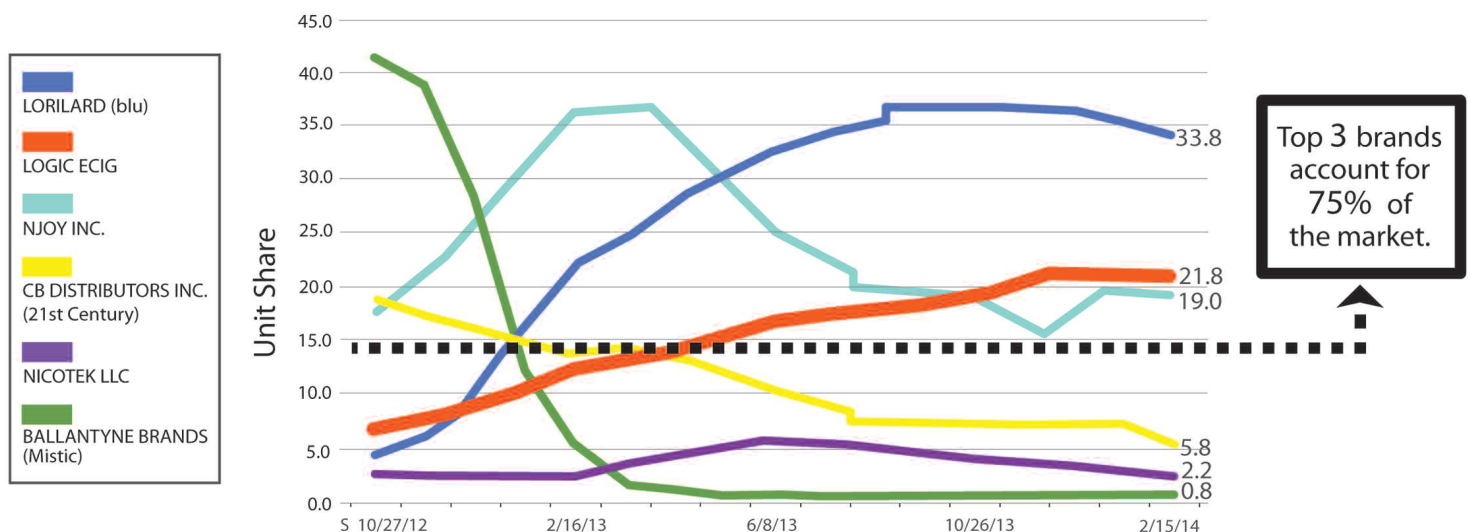
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C-Store Channel - e-Cigs Category, Unit Share by Company between 10/27/12 – 2/15/14



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Importance Of Premium Bottled Water In Convenience

By Chelsea Allen

Senior Manager, Nestlé Waters Category & Shopper Solutions



It is no secret that Americans are focusing on their health and wellness more than ever before. In a recent study through Kantar(1), 58 percent of Americans said they prefer to drink beverages that are good for them. The #1 choice of change among those who made lifestyle changes was to drink more water and the #3 choice was to consume fewer unhealthy beverages(2).

As a result of this shift, new users have entered the category and current buyers have increased their consumption in healthier-for-you beverages like Still and Sparkling Water and Ready-to-Drink Teas.

Bottled Water Top Growth Driver

In the Convenience Channel the largest healthier-for-you category is Bottled Water, which has seen tremendous growth of +23 percent since 2010. 7-Eleven has outpaced this growth at +33 percent.

The Bottled Water category not only grew volume and dollar sales, but over 30,000(3) new households purchased the category in this channel during the same time period. With this significant growth new brands have emerged and the bottled water category has evolved into three distinct segments. This segmentation is centered on demographics and price points which are defined as Premium, Popular and Value brand offerings. The Premium segment is where the majority of the cutting-edge innovation is being introduced.

Premium Shopper Is Valuable & Unique

In convenience stores this shopper is very unique within the Bottled Water category. The shopper skews female (70 percent) fitting the millennial demographic averaging in age from 16-34. She is most likely to live in a single member household and, even though she tends to be younger, she does skew towards a higher annual household income(8).

She is purchasing these brands for “Replenishment”(4) and “Purification”(5). Key attributes and added benefits within the premium bottled water that she is looking for include Electrolytes, Added Minerals, Antioxidants, Vitamin Enriched and All Natural(9), to name just a few.

Consumption in this segment is done more out of the home, so it pairs perfectly with 7-Eleven and your immediate consumption proposition. 7-Eleven is experiencing a 169 percent(6) dollar growth in the Premium segment and is outpacing the channel seven times over in growth!

Premium New Core Segment For 7-Eleven

The Premium segment is a critical driver and an important pillar for the C-Store channel and 7-Eleven. It holds 18 percent share in terms of dollars in the channel, and even larger at 7-Eleven at 30 percent. This is significant as we look at the Supermarket channel, where the segment only holds a 12 percent share(7).

These shoppers believe in choosing their preferred brand based on their attributes and are willing to pay more than the average bottled water shopper to get the product that they desire. As a result of the higher household income, this shopper is very valuable to your stores as they spend more than double what the average bottled water shopper spends, shops more often and has a higher overall basket while shopping in your stores(10).

Premium Bottled Water is not just a cold vault item. Forty-seven percent of shoppers prefer to purchase Bottled Water at room temperature and this shopper preference also skews towards females(11). Consideration should be given to incremental ambient placement like a rack, end display or warm shelf in your stores.

“In the Convenience Channel the largest healthier-for-you category is Bottled Water, which has seen tremendous growth of +23 percent since 2010. The shopper skews 70 percent female, averaging in age from 16-34.”



resource Next Leading Brand

Nestlé Waters’ offering within the Premium Waters segment is the recently-launched resource Natural Spring Water. resource is unique within this category as it combines three winning attributes of Natural Spring Water, Naturally Occurring Electrolytes and packaging consisting of 50 percent recycled plastic. Further, resource is positioned perfectly within the Premium segment by combining a higher retail ring and very strong margins.

Convenience retailers are clearly focused on the expansion of Premium. The growth of this segment has been driven, and led, by Convenience and is over \$1 billion in revenue today(12). When promoted in select 7-Eleven regions, resource reached the top percentile in terms of velocity for the segment. resource is poised to become the next leading brand and growth driver of Premium Still in 2014 and beyond. ■

SOURCES: Category trend and share data provided by IRI/7-Exchange and Nielsen 2010-2013

NOTES: 1,4,5,9 Kantar World Wide Panel 2013

3,10 Nielsen Homescan Panel 2010-2013

2 Package Facts Market Research 2011

6 7-Exchange IRI 2011-2013


7,12 Nielsen Scan Track FY 2010-2013

8 Nestlé Waters Shopper Profiles 2012

11 Communispace Shopper Communities 2012



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Cappuccino



Hot
Chocolate



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Tough Times Spell Tense Times

By Mike Rarus
Franchisee
Central Florida FOA



When the going gets tough at 7-Eleven (in regard to budgetary shortfalls), things tend to get tense. Not just for the corporate folks who have to deal with the mandated numbers games, but for franchisees as well, who are suddenly impacted by a barrage of new checklists, store walks, Power of One rankings, Top 200 checklists, Sales Calendar readiness, Sales Calendar verification, 4-step processes on multiple initiatives, and... whew, that's enough for now.

We all face challenging times in many different areas. Many locations continue to be profitable, given their demographic makeup, but many locations continue to suffer due to increased 7-Eleven store expansion, questionable gas pricing strategies that do not help us to be competitive, and a lack of capital expenditures to upgrade aging facilities.

What is one to do, given the circumstances he/she is dealing with on an everyday basis? Sink or swim. Buy or sell. Every franchisee has similar issues; every franchisee has different issues. So how do we deal with all of these as a Coalition? I am not too sure, but I would say the first place to start is to continue to believe in your local FOA presidents and Board members. They have been elected for a reason. They have your best interests at heart. We know that the company is charged with making budgets, hence the increased pressure being brought to bear on all involved.

We know there are many over-performing franchisees out there, as well as many who are not up to snuff. Let's face the facts: either we get along, to go along with our franchisor, or

we do not. If we choose to do everything asked of us we are no better than corporate managers, and we certainly are not in that category, given the massive amounts of money we have invested in our store(s). If we choose to selectively participate in corporate initiatives, we get hounded by our corporate friends. Regardless of demographic, regardless of individual Store Retailer Initiative, 7-Eleven wants it all these days, which leads to a rising tension between the parent company and the thousands of individual owners that are effectively paying the salaries of the folks who are now telling us what to do.

Is tension in the air? For sure. How to best relieve that tension is not for me to say, but rather for all of us, as franchisees, to say. Attend your local FOA meetings and call or email your local FOA officers to let them know of your frustrations. Provide concrete examples of how you feel you have been shortchanged, but do not cry wolf. The only



“If we choose to do everything asked of us we are no better than corporate managers, and we certainly are not in that category given the massive amounts of money we have invested in our store(s).”

way we can effectively start to turn the tide back to a more even level is to provide to our franchisor with concrete, solid, well-thought-out details of the things that have been causing harm to many of us. While they certainly will not agree on all points, if we fail to provide feedback we will ultimately fail in the future. Conversely, if we as franchisees are not doing the basic everyday work to meet the expectations of our guests with regard to cleanliness/OOS issues and training of our teams, we cannot argue any point with our franchisor. We need our ducks in a row before we start slinging arrows.

“Attend your local FOA meetings and call or email your local FOA officers to let them know of your frustrations.”

There is much litigation ongoing today across the country between 7-Eleven and their partners called franchisees. If we do not document our issues, and if we are not able to provide documentation down the road to folks we might seek out to assist us, then we bear the blame. If we are able to provide and document the issues, then the tension will continue to rise on 7-Eleven's end and perhaps the tide will turn back, slowly, into more reasonable requests made upon us.

As we move forward this year, and into the next, it seems important to remind ourselves that documenting concerns, and maintaining files is now a necessity.

Keep an open line of communication with your field consultant at all times. Do not shut anyone down due to personal concerns. It does no good for anyone to put themselves in possible jeopardy from a business standpoint by not trying to fix issues noted during QVs. Do the best you can, make notes of what you can and have done, as well as notes of all requests you have made for image upgrades and other improvements to your store. Our franchisor asks us to complete things on a timely basis, and it is only right that we expect the same

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from them when it comes to our requests for assistance.

I believe 7-Eleven has the resources to help all of us in many areas. There are many wonderful things they do for us as a franchisor, and we as independent operators continue to want more and more. As more stores open across the country, demands on the time of the folks in Dallas increase. Just like the demands on our time and lives increase each week with every new initiative mandated by 7-Eleven. If they are able to hold us to a set of standards on new initiatives, then we have every right and expectation to hold them to the same set of standards. So document those failed promotions on day one

that are not keyed in time, and document those image issues that do not get fixed. Document your concerns about the growth of fresh foods with no advertising beyond store signage. The list could go on and on.

The shame of all of this is it has reached this point. Every relationship has tough moments—boyfriend/girlfriend, husband/wife, manager/employee, and tough times equal tense times. As long as we are doing everything we can to keep up our end of the bargain, then maybe the tough times will ease and the tension will dissipate. Only time will tell for sure. I hope this short diatribe does not upset anyone at either end. Good luck, and continued best wishes for a successful 2014. **AV**

“There are many wonderful things 7-Eleven does for us as a franchisor, and we as independent operators continue to want more and more.”



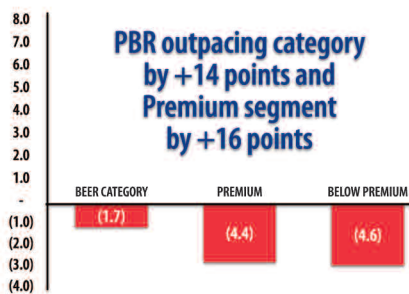
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Family Dollar Stores Inc. is closing about

370 stores and conducting a review to improve its business, reported *Bloomberg Businessweek*. The review includes cutting jobs, lowering prices on items and slowing new store growth. • **The FDA recently issued orders to stop the further sale and distribution of four tobacco products** made by Jash International, marking the first time the agency has used this authority under the Family Smoking Prevention and Tobacco Control Act. • **Colorado**, the first state to tax legalized recreational marijuana sales, **expects to bring in an estimated \$98 million in revenue this year**, exceeding the state's original expectations by 40 percent, reported Reuters. • MasterCard has partnered with Syniverse to **make it more difficult for unauthorized users to buy goods with stolen credit cards**, reported CNET. **Using geolocation data**, the

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PBR ROCKS IN C-STORES WITH DOUBLE DIGIT GROWTH!



8.6%



24 oz single cans are the fastest growing PBR package at +32%

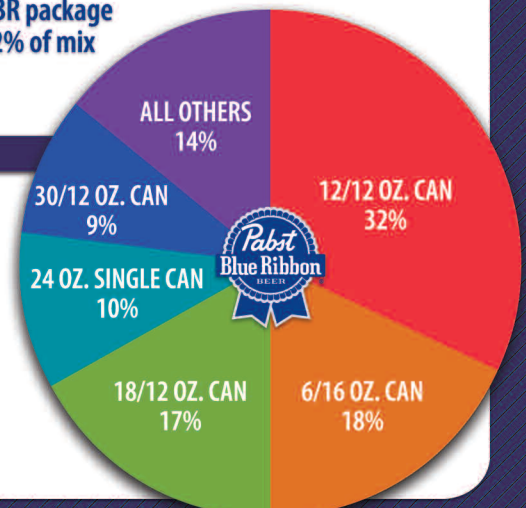


12 pack 12 oz cans are the #1 PBR package with 32% of mix

SOURCE: NIELSEN — TTL US CONV - YTD WE 12/31/13

7-ELEVEN RECOMMENDED PACKAGES

PRODUCT	SELLABLE UPC	ORDERABLE UPC	SLIN
 PBR 24 OZ. CAN	 0 22100 00004 9	 0 22100 11209 4	101229
 PBR 6 PK 16 OZ. CAN	 0 22100 00074 2	 0 22100 00173 2	101151
 PBR 12 PK 12 OZ. CAN	 0 22100 00170 4	 0 22100 00170 4	100541



The State Of E-Cigarettes

By Jason Miko

Russel Communications, NCASEF

Electronic cigarettes, or e-cigarettes, are causing quite a stir across the country. As these devices—which are designed to vaporize a nicotine-based liquid—continue to gain popularity, cities, counties and states are examining their own policies and regulations regarding them. This is important because franchisees will be impacted from these updated local (and potentially federal) laws. The controversy surrounding e-cigarettes is focused on health, age restrictions, increased taxes, and acceptable locations to use them—including public areas and airlines.

At this point e-cigarettes in the U.S. are not regulated on a federal level, although legislation is being considered. Marketing and selling e-cigarettes to minors are the major concerns, since exact health risks are not yet known. Some claim e-cigarettes emit toxins into the air and possibly metal in the user. Many expect the federal government will take steps toward requiring health warnings on labels and banning e-cigarette advertising, as the European Parliament did in February 2014. The Food and Drug Administration (FDA) is also expected to get involved with making official restrictions and testing the safety of this product.

being considered from California to New York; each state is asking itself where they should stand on the issue. Alaska and Utah have taken their e-cigarette restrictions a little farther, requiring the age to be 19 instead of 18.

Placing higher taxes on e-cigarette products is controversial throughout the states—some bills are aiming for higher taxation, while others are calling for tax exemption. As of March



Kentucky to a whopping 81.25 percent increase in Oregon. New York has two opposing bills: the Assembly Bill would include e-cig-

arettes in the 75 percent tobacco tax, while the Senate Bill would allow e-cigarette tax exemption. Washington State initially proposed a 95 percent tax increase for their e-cigarette products, but the most recent proposal went down to a 75 percent increase. Tennessee is

“The controversy surrounding e-cigarettes is focused on

health, age restrictions, increased taxes, and acceptable locations

to use them—including public areas and airlines.”



2014, Minnesota is the only state that has officially passed a tax on e-cigarettes. However, nine states (and that number is growing) have proposed bills to incorporate higher taxes for e-cigarette products.

not including e-cigarettes with other tobacco products; they are currently looking at a House Bill that would define e-cigarettes as “vapor products,” which would exclude e-cigarettes from their tobacco tax.

E-cigarettes are not only lumped into the same category as tobacco products when it comes to taxes, but also concerning acceptable places to use the devices. Many states are currently figuring out legislative actions regarding e-cigarettes and the places people should (and shouldn't) be allowed to “vape.” Numerous states, as well as individual cities, are banning e-cigarettes from most public places. If there is a “no-smoking” sign, e-cigarettes are most likely included.

“New Jersey, Arkansas, Utah, North Dakota, and Washington, D.C.

have all officially categorized e-cigarettes with

traditional cigarettes in regard to acceptable areas to use them.”

Although there is no current federal law regarding the purchasing age for e-cigarettes, more than half the states are enforcing—or are in the process of enforcing—age restrictions. It is already illegal to sell e-cigarette devices to anyone under 18 in Colorado, Minnesota, New Hampshire, New Jersey and Tennessee. Statewide age restrictions are

These include Indiana, Kentucky, New Jersey, New York, Oklahoma, Oregon, Rhode Island, Tennessee and Washington. The majority of these states are proposing bills to include e-cigarettes with tobacco product taxes—even though e-cigarettes don't have tobacco in them.

If these bills are passed, the amount of tax would range from a 15 percent increase in

New Jersey, Arkansas, Utah, North Dakota, and Washington, D.C. have all officially categorized e-cigarettes with traditional cigarettes in regard to acceptable areas to use them. In Los Angeles the ban includes parks, restaurants, most work places, city-sponsored farmers' markets and beaches. Chicago, San

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Francisco and Boston are all eliminating the use of e-cigarettes in most indoor public places. Restaurants, non-hospitality workplaces, bars and gambling facilities in North Dakota, New Jersey and Utah will no longer tolerate e-cigarettes. Arkansas and New Hampshire are prohibiting e-cigarettes on any school district property or grounds.

Oklahoma, Kansas and South Dakota do not permit e-cigarettes in any corrections facilities, for either the employees or inmates. Delaware does not allow e-cigarettes in any public place—indoors or outdoors. This includes buildings, parking lots and restaurants. Oregon is not permitting them in any state agency buildings or grounds. States consider-

“Although there is no federal law regarding using e-cigarettes on airlines, most major U.S. airlines are prohibiting them.

This includes JetBlue, United, American Airlines, Delta and Southwest.”

ing banning e-cigarettes in most public places include Florida, Maryland and Michigan. However, Wisconsin is not with the majority—a bill just cleared their Senate committee that will allow e-cigarettes indoors.

Another interesting area for e-cigarettes is current airline policies. Cigarette smoking has been prohibited in airplanes since 1998, and many smokers were hopeful that e-cigarettes could provide an alternative for them while travelling. Although there is no federal law regarding using e-cigarettes on airlines, most major U.S. airlines are prohibiting them. This includes JetBlue, United, American Airlines, Delta and Southwest. Airports, however, are another story. “Vaping” is still allowed in Ronald Reagan Washington National Airport, Las Vegas McCarran Inter-

“It is already illegal to sell e-cigarette devices to anyone under 18

in Colorado, Minnesota, New Hampshire, New Jersey and Tennessee.

Alaska and Utah have taken their e-cigarette restrictions a little farther, requiring the age to be 19 instead of 18.”

national Airport and Charlotte Douglas in North Carolina. Limited, designated areas for e-cigarettes can be found at San Francisco International, Philadelphia International, Los Angeles International and all Chicago airports. Some airports, including John F. Kennedy International in New York City, permit e-cigarettes in some terminals but not in others.

As the e-cigarette controversy continues to unfold, it will be fascinating to see the direction of both federal and individual state, county and city policies. This issue will continue to gain attention and controversy through the years ahead, though at this point the trend points towards more regulation in regards to age, taxes, and acceptable locations. And that cannot be good for business. **AV**

“Chicago, San Francisco and Boston are all eliminating the use of e-cigarettes in most indoor public places.

Restaurants, non-hospitality workplaces, bars and gambling facilities in

North Dakota, New Jersey and Utah will no longer tolerate e-cigarettes.”



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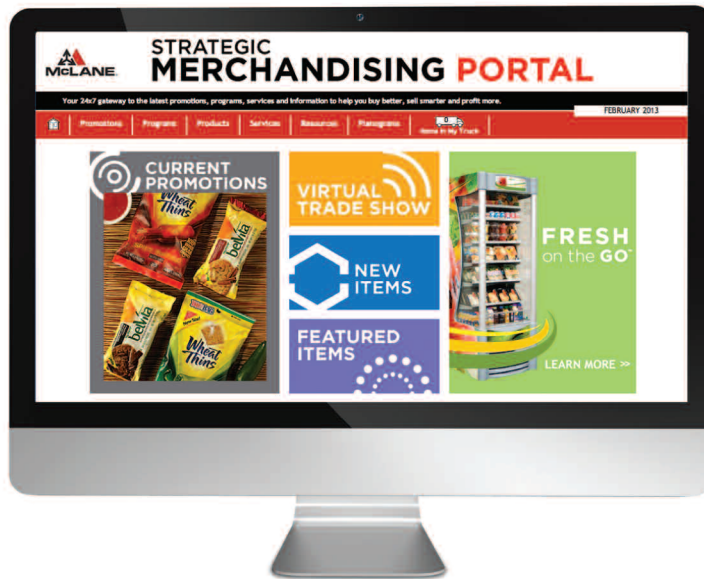
idea is that a users' credit card cannot be used unless it is within close range of their smartphone. • Office-supplies chain **Staples plans to close 225 locations**—12 percent of its North American stores—and cut as much as \$500 million in costs as online competition continues to hurt its sales, reported *Bloomberg*. • **RadioShack announced plans to close up to 1,100 stores** after a disappointing holiday season and a quarterly loss bigger than expected. The closings would leave the company with more than 4,000 U.S. stores. • **Walmart is expanding its mobile in-store Scan & Go application to give users the ability to clip coupons** by tapping their smartphones and having the savings automatically applied when they check out, reported *Mobile Commerce Daily*. • **The FDA recently missed another self-imposed deadline** to get out final rules on the **menu calorie-labeling requirement under the Affordable Care Act**, reported the *National Review*. The agency said it hopes to issue final regulations by the end of the year. • New data published by the Centers For Disease Control and Prevention show a **43 percent drop in obesity rates** among children ages 2 to 5 during the past decade. • **Burger King announced that its crinkle-cut Satisfries**—with 40 percent less fat and 30 percent fewer calories—will become the standard fries served in its Kid's Meals nationally. • Concerned Pantry Shareholders recently sent a letter to the shareholders of The Pantry **highlighting the prolonged underperformance at The Pantry** and the critical need for significant change in the company's Board of Directors. • **Wal-Mart is adding Wild Oats organic foods**—which is owned through a partnership agreement by Yucaipa Cos. and former 7-Eleven CEO Jim Keyes—to its stores saying **the brand is priced 25 percent or more below national brand organic products**, reported the *Dallas Morning News*. • Marriott Hotels announced the addition of mobile checkout to its **Marriott Mobile app for smartphones**. The hotel chain said later this year the entire Marriott Hotels brand—all 500 properties worldwide—will offer mobile check-in and checkout. • Pennsylvania-based c-store chain **Wawa celebrated it's 50th birthday on**

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WHAT'S OUT



WHAT'S IN



Technology Evolves Over Time — Just Like Your Business.

Outsmart your competition and connect to McLane's Strategic Merchandising Portal, a web-based system that features new items and current promotions, up-to-date planograms and easy online ordering. It's designed for businesses of all sizes and is available at no cost to McLane customers, helping them to buy better, sell smarter and profit more.

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> PRESIDENTS' REPORTS



FOA Of Greater Los Angeles

Kathy York, President

As of 2013 year-end the Los Angeles area is no longer on Consolidated BT—we are now able to deal with our vendors direct. More importantly, we are able to give our customers what they want. We lost some sales by not being able to offer packages from our soda vendors that our customers wanted.

Effective February 1 we no longer have WIS as our audit service. We are now using RGIS, as are many other areas. We are trying to get printouts for more sections in order to verify counts more accurately. It is ironic that we are on item-by-item counting and ordering, but are unable to verify retails by item that we so badly need to ensure correct audits.

The minimum wage goes to \$9.00 effective July 1, 2014. On January 1, 2015 it goes to \$10.00 per hour.



Franchisees met with 7-Eleven Government Affairs representatives from their local regions to understand the major legislative issues affecting their businesses (above).



Greater Bay FOA President Ray Dhalwal commented during discussion on use of the digital video recorder.



New England FOA president Dennis Lane asked for a plan for neighborhood grocery stores.

host to a vibrant and growing micro brew climate. If you enjoy a sip of beer from time to time, you will have plenty of choices of unique libations.

Our FOA is growing—we are now at 79 stores strong. Our trade show is April 18 at the DoubleTree in Portland and we are planning on having over 100 stores represented at it.

Markets 2363 and 2362 went live with BT in April. This is a fundamental change in how merchandise is received in the

Columbia Pacific FOA

Bill Huffman, President

The Columbia Pacific FOA is excited to host the spring National Coalition meetings in Portland. Portland is a great walking city, with many culinary delights. Portland is also

“Quality is necessary to develop the Hot Foods program.”

—Sean Duffy, Senior VP, 7-Eleven, Inc.

stores. At our April general membership meeting, we brought in Texas FOA President Bob Price to have a conversation about how BT works. Bob gave us a great understanding of BT from a franchisee perspective.

We also had a presentation at our general meeting from Oregon Lottery. 7-Eleven is the Oregon Lottery's largest customer, and the lottery customer is a vital part of our customer base. Oregon Lottery has never presented at a RI meeting, and it was very interesting to hear how they want to partner with us.

Sales YTD through February are up 3.4 percent, gross income is up 1.6 percent, inventory variation is down 6.5 percent and net income is down 11.3 percent versus 2013.

Eastern Virginia FOA

Romy Singh, President

The EVAFOA had a successful trade show on March 17 at the Virginia Beach Convention Center. Despite the bad weather we had a turnaround of about 225 members. Patriot Zone Leader Brian Voss, along with all the Market managers, NCASEF Executive Vice Chair Jivtesh Gill, NCASEF Vice Chair Jay Singh, Southern California FOA President Nick Bhullar, NCASEF Treasurer Maninder Walia, Metro New Jersey FOA President Karamjit Sodhi, and FOA Chicagoland VP Hashim Bhai joined us to show their support. There were discussions between the operations team and national leadership at the trade show. Most of the issues raised were settled at the trade show. Terry Drivas from Loss Prevention conducted a training session on scan audits for the franchisees. Overall, it was very successful event.

San Diego FOA

Bic Sidhu, President

Since BT rolled out in Market 2131 in December 2013, franchisees have had many issues. Franchisees, the FOA and SEI con-



Legislative issues in California include plastic bag bans, sugary drink taxes, cigarette and OTP taxes, minimum wage increases, and e-cig usage.

continue to work on these hurdles. We worked on getting the vendor invoice cost to match the purchase summary on many items. With the help of the Market 2131 franchisees—

“Asset Protection needs to reach out to FOAs and start forming relationships.

—Joe Galea, Chairman, NCASEF



who sent me their vendor invoices, purchase summaries, and MOIs—we were able to work closely with SEI's BT team and get many of these item costs corrected. There are still some errors and we will continue to correct these items.

Market 2121 BT rolled out on February 17 and Market 2131 the second week of March. We invited the market managers to our Board meeting on March 20 to discuss and bring to their attention BT issues. Some of the issues are: CDC and McLane invoices not provided for cost reconciliation; franchisees not being able to call McLane to add items to their orders; the change of the McLane order window from 48 hours to 24 hours; the combination of the vendor orders (McLane orders grouped with CDC, Coke, Pepsi, etc.); and credit issues with DSD ven-

dors. Our Charity Golf Tournament benefiting Swim Across America, Wounded Warriors and many other local charities is on May 15.

UFOLI

Jack Rugen, Vice President

Sales in Market 2499 are flat, at best. Whole pizza pies are averaging 3-4 per day. Some stores are very successful and selling much more. Encroachment continues. We were unsuccessful in stopping the cigarette purchase-age increase to 21 in the Suffolk County legislature. The new law takes effect January 1. Difference was one vote. New York city passed a similar law

last year that is to take effect around May 1. Nassau County is now looking at similar legislation.

Greater Seattle FOA

AJ Handa, President

Food service has, for quite some time, been at the forefront of the 7-Eleven, Inc. strategy. It has been a major focus to achieve the stated goal of 20 percent food service by the end of 2015. To achieve this long-term goal, a 14 percent foodservice goal was established for the end of 2014. 7-Eleven introduced new items while creating a new wave at the store level to make franchisees focus on these items (mainly through plus-selling and sampling). Despite all of their efforts, some stores in our area have not been able to successfully reach the target. Some of these efforts have actually been harmful. 7-Eleven's efforts to remain plus-stocked is causing excessive write-offs, thus making it harder to draw a line between building up food service at the store level while producing higher write-offs and lower profitability.

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Our Pacific Northwest Zone was up by 9 percent in foodservice during the first two months of 2014. Although we are not where we should be, there has been positive change. A primary goal of our Zone is to increase foodservice, but we need more innovative efforts to be implemented. Merchandise sales also need improvement. Market 2360 was down 3.3 percent in January and 5.4 percent in February in total merchandise sales, whereas Market 2361 was up by 3.0 percent in January and 2.9 percent in February.

Last year 7-Eleven, Inc. created a SEAL team whose purpose was to help franchisees improve their food service sales. The SEAL team helped franchisees look at the fresh food from different perspectives and reintroduced fresh sandwiches, fruit, salad, and bakery products. The dedicated efforts of the team, their formal interaction with franchisees, and step-by-step analysis and coordinated efforts did bring about some great results for some of the stores.

In addition, the much-awaited Business Transformation program was rolled out this year with Market 2360 taking the lead.



Delaware Valley Treasurer Anas Abboud talked about the importance of documenting discussions with field consultants and market managers.



Campbell's John Harper said that all V8 products have been activated through McLane and promos are coming.

“The wing and tender size has changed because the vendor can no longer meet the specifications.”

—Sean Duffy, Vice President,
7-Eleven, Inc.

Twenty-five pilot stores in Market 2360 went live in the second week of January, while the rest of the stores followed suit three weeks later. Efforts were made to apply the lessons learned from the pilot stores to the rest of the rollout. The efforts during the second half of 2013 for making the stores BT-ready paid good dividends. As with any new venture, the BT rollout experienced some imminent issues. Franchisees and Markets are still struggling with some of these issues, although the majority of them have been resolved. The instructional teams, as well as the franchisees, are still busy training for the post-BT rollout sessions, such as how to control inventory variation, and how to increase sales and profit. There has been a mixed response on the BT rollout from franchisees—some have found it very useful, while others narrate their not-so-good experiences.

Stores experienced great sales due to some very successful promotions, like the new Butterfinger PB Cup B0G0, Snicker Squared Regular B0G0, 3/\$3 Mix & Match Grill Items, and the \$5.55 Whole Pizza. Competitive pricing in alcohol was implemented to increase sales in the alcohol category, especially in 12- and 6-pack.



Southern California FOA Vice President Paul Lobana said the profit split must be fair to low volume stores.

We celebrated our first Holiday Party on December 14, the party was a huge success, and we got kudos and accolades from all. The attendance of the franchisees, their families, vendors, and 7-Eleven field consultants who celebrated the occasion with us was so great that by no stretch of imagination could any one guess that this was a new FOA. We are also working on our first trade show, which will be held on April 3, 2014. The dedicated efforts of the team, I am sure, will make this event a similar success.

Wishing all good selling and great profits.

Washington, D.C. FOA

Mark Chiochankitmun,
President

The unity between the Baltimore FOA, the Suburban Washington FOA and the Washington, D.C. FOA is the most important key ingredient to the success of our TriState Trade Show, TriState Charity Golf Tournament, and especially in dealing with our local issues or concerns with SEI.

Mother Nature has not been so kind to our areas this past winter. It has not been this brutally cold and snowy in the past 40 years. As I write this President's Report, it is supposed to be the first week of Spring but the temperature is still sitting on 19 degrees. This was one of the major reasons for our decrease in sales and profits, including many lost opportunities through "out of the stock" products due to the inability of vendors to deliver products to the stores.

Our Hybrid BT began on the second

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Consulting attorney Arnold Hauptman believes pushback on the DVR issue is an option.



**GIVE THEM THE
PERFECT COMBINATION
OF PEANUT BUTTER
AND CHOCOLATE**



MILK CHOCOLATE
Reese's
4 PEANUT BUTTER CUPS

**KING
SIZE**



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Reese's *perfect.*

week of April 2014. Between getting ready for the Hybrid BT and installing every shelf tag in the store, our expenses increased while our earnings did not because of the long and cold winter. We have also had lots of extra work dumped on us without any help at all from SEI, our partner. The good news is all of our franchisees and their team members have been seeing the clearer picture more than ever, and truly understand what the 7-Eleven system could bring.



Delaware Valley FOA President Al Haffar said franchisees have to do the right thing and not worry about the relationship.

Cal-Neva FOA

Richard Rose, President

At first glance, when I look around the Cal-Neva market can see signs of things turning around. Store sales and customer counts are on the rise. However, much of the increase in sales is due to the mild winter. There are many stores in the area that are getting hit hard by the lack of snow. These stores rely on seasonal tourists, and having a poor ski season has left them searching for creative ways to draw new guests. We are still seeing an influx of new and old competitors like Dollar General, Quik Stop, Jacksons, and Maverick's, and these competitors are getting more aggressive with print and radio advertising.

This coupled with an increase in sales

“SEI questions us with numbers. We have to be able to respond with numbers.”

—Phil Castaldo, United Franchise Owners Association of Long Island

due to mild weather are signs that point to more struggles ahead for the market.

In response, the Cal-Neva FOA, Nestlé and Model Dairy are planning a major advertising promotion. This will be our biggest promotion ever—each store in the market will feature a single-speed cruiser bike to give away.

Although it is still months away, we are looking forward to Business Transformation in our area. Just like every other area that has gone through this change, we were skeptical at first, but after hearing about all the benefits of the



Mike Kawas from Bon Appetit said their bakery items were up 28 percent year to date when delivered through DSD.

new system, we are cautiously ready to start.

The Cal-Neva FOA is also planning the Lou Magnotti Golf Classic, which will be held earlier this year on June 19, 2014 at the beautiful Lakeridge Golf Course. Every year that we have held this tournament, we have raised more money for the fight against MDA, research of Battens Disease, the prevention of Breast Cancer, and support of the local Boys and Girls Clubs. We are hoping this year is no exception. We are looking forward to seeing all of our friends for a fun day on the links and hopefully good golf!

Sacramento Valley FOA

Jay Brar, President

In regards to BT, it is a matter of months—even as early as a few weeks—before area franchisees will be scanning in the truckload of deliveries to their stores. It is believed to be a huge shift in the store operations. A sense of better control or management, mixed with nervousness and anxiety, can easily be judged on the faces of franchisees.

The new under-counter shelving dis-

plays started getting installed this month, giving stores more room to display candy, snacks, energy shots, and other top-selling items. Also, we started getting the new Top 200 report for stores to use as a tool to make sure they have all the top sellers in stock.

The new sales plan for Gatorade exclusive flavor Fierce Green Apple, a new hot food item—6-piece Chicken Dipper for \$1.99, new Corn dog for the grill, and a Big Gulp for 99 cents are some of the promotional highlights we have seen over the past several months de-



Columbia Pacific FOA President Bill Huffman said promos running out of product are costing franchisees money.

signed to answer our competition.

Merchandise sales were up 4.5 percent in March. An increase of 12.7 percent was noted in the Fresh Foods category. The Zone average is \$146 APSD in Hot Food sales. Top performing categories in March were Alcoholic Beverages up 8 percent, Dairy up 6.9 percent, and Food Service up 12.7 percent.

Each franchisee must decide for him or herself whether the new tools and strategies are good enough to generate more income for their pockets.

South Nevada/ Las Vegas FOA

Jatinder Singh, President

Some stores in the Las Vegas area received Hot Foods at the end of 2013. It is going well according to Zone figures, with some stores doing very great. Overall the Hot Foods rollout proved to be a success. Now SEI is considering rolling it out to more stores based on grill performance, space in stores and tenure of lease. Both Markets are up in

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THE **BOMB** & Breakfast Burritos

"Top Selling Burritos In C-Stores Nationwide!"



**Whole Egg, Bacon
& 3 Cheese - 12/7oz**

SLIN #170394 • UIN #610170



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



**Whole Egg, Sausage
& 3 Cheese - 12/7oz**

SLIN #170425 • UIN #070359



**Beef, Bean with Red Chile
& Cheese Sauce - 12/14oz**

SLIN #171117 • UIN #592980



**Spicy Red Hot Beef
& Bean - 12/14oz**

SLIN #171120 • UIN #592956



**Beef with Green Chile
& Cheese Sauce - 12/14oz**

SLIN #171313 • UIN #047860



Monster Chili Cheesedog (Bulk)
6.58 lbs/case
SLIN #174022 • UIN #354688



Mini Breakfast Empanada Bites
6.0 lbs/case
SLIN# 178842 • UIN #385047



Beef Mini Tacos (Bulk)
5.25 lbs/case
SLIN #171164 • UIN #540757

sales—Market 1607 is up 2.59 percent compared to last year, and Market 1608 is up 2.10 percent. The Las Vegas economy is finally taking a positive turn after a long time in the dumps. It is hard to believe, but now new homes are being built in some areas. We had a successful second General Meeting on March 28, 2014. Our FOA holds five to six General Meetings per year and our Board

“FM currently services 6,660 active franchisee sites. Our objective is to minimize non-contract charges and normalize the scope of PMs across all stores.”

—Trevor Foster, Senior Director, FM Facilities Management

meets twice a month. Our annual trade show is on April 24, 2014 at the Cashman Center. Our charity golf event is on October 2, 2014 at the Rhodes Ranch Golf Course.

New England FOA

Mark Guest, Senior Vice President

Overall sales in New England are suffering in 2014. With one of the harshest winters in years, fewer people were venturing out into the snowy, cold streets. Most stores continue to suffer from declining cigarette sales. On top of this, our largest store contributor in New England—Massachusetts—has been dealing with a 210 percent excise tax increase on smokeless tobacco. This has led to a 50 percent decline in smokeless tobacco sales!

An idea gaining traction in communities throughout New England is to raise the purchase age on tobacco to 21 years of age. This type of legislation usually takes foot in eastern Massachusetts and moves quickly throughout the country.

The Hot Foods program has seen a lot of focus in the past year. Sales in Hot Foods are up around 50 percent in most stores. The primary reason is the new SKUs and the better value to the customer. There is a huge

focus on take-home pizza sales company-wide. Many stores are averaging over several take-home pies a day, with many stores selling many more. This type of result can reap huge benefits to the store, as it can quickly transform the image of the stores' food service program in the eyes of the customer, as well as the staff. Many franchisees will tell you that Hot Foods is driving their success

and customer counts for the last two quarters, and if it weren't for Hot Foods it would have been much worse.

A concern among some stores is that there is so much pressure to achieve lofty goals that many operators are "cross ringing" 7-Eleven pizzas out of the freezer into the Hot Foods numbers to inflate the numbers and make

Dallas happy. This practice is strongly frowned upon. No one will benefit from this in the long term.

Virginia FOA

Waqar Sheikh, President

BT is coming to the Liberty Zone starting in 25 model stores June 16 and the rollout will be completed around September 15. We have been preparing for BT since the beginning of the year. We were told to go in each category and remove dead items and introduce new items, and to carry the 200 fast-moving market items. In the process, in-stocks got better because of this exercise. Now we are told to set realistic minimums. We always set minimums, but now we are making them more realistic and set the minimums and forecasts. I think our Virginia stores will benefit from this.

BT is a good program from the perspective that the in-stock situation has improved in the seven stores I have visited. The empty holes are gone and the focus is to make the display look better. It's a good initiative. I'm looking forward to working with the company to make sure franchisees understand it and adopt it.

We will have to train our employees, es-



Keith Jones from SEI's Government Affairs brought with him legislative specialists from each area of the country to talk with franchisees about regional issues.



Delaware Valley Vice President Sam Takiedine said 7-Eleven should subsidize hot foods for the first several months so franchisees can be generous introducing and bringing up the program.



Northeast FOA Vice President Neil Shah said snow removal has decimated franchisees in the northeast.



Coke's Paul Prendergast presented Vitam-inwater's new Energy product and three new Fruit Water SKUs.

pecially our night employees who are receiving deliveries. They need to know how to receive it, and in order to do that 7-Eleven has provided us with classes that they are conducting from now on until the system is complete at different times for the convenience of employees. Since we are 24/7, night employees can attend in the evening or in the morning. There is flexibility. I have taken one class and I intend to take a couple of more. Everyone needs to understand the importance and the right procedure to receive deliveries.

We just had a trade show in March, which was very successful. Joe Galea was kind enough to come to our trade show and meet franchisees. We are thankful he came and listened to franchisee's concerns.

Northern California FOA

Raj Brar, President

The Northern California FOA represents two markets, 2364 and 2365. For year-end 2013, Market 2364 experienced a sales increase of 1.6 percent with a similar guest count to 2012. Market 2365, however, was flat year-over-year and experienced a slight decrease in guest count. At year-end 2013, both of these markets had 55 Hot Foods stores combined. Twenty percent of the stores with the Hot Foods program have experienced incremental sales gains, while the remaining 80 percent are still struggling to gain traction with Hot Foods, even with extra labor.

While the Midwest and the East Coast have experienced one of the coldest winters on record, the West Coast so far has experienced the opposite with some of the warmest temperatures on record for this time of year. Mainly due to the warm and the dry weather, franchisees in the NCFOA markets have experienced increased year-over-year sales for the first few months of 2014.

There has been a lot of concern within the Northern California franchisee community regarding the new audit company, RGIS. Franchisees are reporting finding a lot of mistakes by RGIS personnel. The greatest source of frustration of the franchisees, however, is related to the new audit rules, which restrict the

“Minimum wage, e-cig regulation, interchange fees, credit card readers, Obamacare, and menu labeling are our major national issues.”

—Keith Jones, Government Affairs, 7-Eleven, Inc.

audit re-count to only 5 sections. Scan Audit was supposed to be easy and accurate, but that has not been necessarily the case so far.

Additionally, franchisees have concerns about FIW packages from Asset Protection (AP). Franchisees in our area have requested AP to alert them when AP becomes aware of any abnormalities within the store operations. This would not only alert the franchisee to the issues, but it allows them the opportunity to fix the problem immediately.

In other news, the Northern California and Central Valley FOAs held a joint annual

trade show on March 21, 2014. We are happy to report that it was a very successful event with great turnout from franchisees, as well as the vendors. A great time was had during the trade show, as well as the dinner party afterwards.

Suburban Washington FOA

Pete Gagnano, President

Like most retailers throughout the country, the harsh winter has taken its toll on our business. Extreme cold temperatures, combined with predicted and actual snowfalls, all led to school and government closures, with a resulting minor increase in sales in our area in general, as Maryland sales declined compared to a increase in Northern Virginia.

For the Liberty Zone, sales were up 1.9 percent month-to-date compared to 2013, which is strong given the unfavorable sales

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“No matter how intimidated you are, do not sign anything on the spot without talking to your lawyer first. It's only prudent.”

—Craig Kennedy, Consulting Counsel, NCASEF



Sierra FOA President Serge Haitayan asked the Board to consider the impact of FIWs on individual franchisees.



SEI Senior VP Sean Duffy said he believes in the Coalition and the value of forming a relationship.



UFOLI President Phil Castaldo said franchisees have to fight numbers with numbers, not attorneys.

conditions we have been experiencing. In addition, the average transaction is up \$0.15; on days that we had good weather there were double-digit increases compared to last year.

On the legislative front, stores in our area were faced with the following initiatives on a state level:

- **Minimum Wage**—While an increase in the minimum wage has already been adopted in the Maryland counties of Montgomery and Prince Georges, as well as in Washington, D.C., it also has passed the Maryland State Legislature and is being sent to the governor, who has said he will sign it into law.

- **Lottery Commissions**—The governor's proposed 2015 budget included a reduction in the lottery commissions paid to retailers as a means of closing a budget gap. Working with SEI, its lobbyist and other retail associations, we were able to keep the commission at its current rate, but were unsuccessful in gaining the increase in commissions previously promised by the State Lottery as a means of mitigating reduced income due to the opening of casinos throughout the state.

- **Energy Drink Bill**—A bill was introduced in the House of Delegates that would have restricted and made a criminal offense the sale or possession of energy drinks to anyone under the age of 18. Once again working with SEI, its lobbyist and other retailers, we were able to defeat this bill within committee.

In conjunction with the Baltimore and Washington, D.C. FOAs, and under the umbrella of the TriState FOSE Association, we held our annual trade show on March 26. The show was well attended by the franchise community and well received by our vendor supporters.

We have been advised that Business Transformation will be implemented in our Zone starting in July. SEI has been meeting with recommended vendors to outline the process. Some non-recommended vendors

have expressed concerns that they will be unable to serve our stores, and we have been reaching out to other FOAs throughout the country to use their experiences in this area to insure that this does not occur.

Also of concern is SEI's directive to McLane to make deliveries to our stores outside of the store's delivery profile or ignoring store time preferences, thereby causing us to question who is McLane's customer—SEI or the store.

Pacific Northwest FOA

Maninder Walia, President

Merchandise sales in the Pacific Northwest region have been relatively flat. Whole pizza sales have been growing, with some stores selling 30+ pizzas PSD. BT implementation is complete in both markets 2360 and 2361. Besides a few issues, the overall process has simplified store ordering and inventory controls. Franchisees in our zone are receiving LONs or breaches for out-of-stock numbers in stores without any due process.

Franchisees of Washington state organized a community kitchen from April 12-14, in which more than 3,000 people participated. The Pacific NW FOA's annual trade show on April 17 was a great success, with franchisees taking advantage of one-day only deals.

Rocky Mountain FOA

Wayne Mathews, President

Let's start with the positives: Our FOA hit another milestone, 204 members as of February. We launched our RMFOA App for the iPhone and Android phones last year, and are seeing positive numbers visiting our app. We also added two new board members in 2014—Jay Khan and Jas Grewal. We want to welcome them to the board. We have our charity golf and trade show coming up in August in Colorado Springs. We hope to see you there.



Central Florida FOA's Ben Ackerman asked the Board to revisit the issue of gas commissions.



Mondelez representative Heather Johnson spoke about new Sour Patch and Mini Oreo products.



NCASEF Vice Chairman Roger St. George said franchisees have the right to request a re-audit within 72 hours of receiving their audit results.

Well, with the best being said, like many of you across the country we in Colorado are feeling under fire from SEI in many areas. GEA, top 200 list, OOS, Loss Prevention and Pizza sales. It seems that SEI's new year's resolution is to operate with a hammer and LON in hand. In the eight years I have been a franchisee I have never felt more micro-managed. It always amazes me that about once or twice a year SEI can only focus on one thing, such as currently the whole pizza sales regardless of GP. Field consultants are

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“Dialogue on the DVR issue is intended to bring 7-Eleven back to the table for more discussion.”

—Overheard at the most recent National Coalition Board Meeting

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pressuring franchisees to hit a number, which in many stores is unrealistic. All this has accomplished, as far as I can see, is a greater division between the franchise community and SEI. I, like some other great franchisee philosophers, dream of the day our franchisor realizes what a true business relationship is, reinforces the independent contractor and retailer initiative, and helps us move the business forward.

Utah FOA

Zach Weatherman,
President

On the local level, we've reached out to our market managers to participate in a round table meeting with franchisees in July to address local issues. We are polling our local members for issues. High among them are LONs and breaches, and decreasing net income and decreasing gross profits. Only two stores in our area are getting Hot Foods, and mine is one of them. SEI is remodeling the front-end counter of most of our stores. Sales are down about 2-3 percent in our area. Lawmakers here are considering raising the smoking age to 21. Our trade show is scheduled for July 31 and our golf will be on August 1.

Kansas City FOA

Faisal Asad, "President

GP\$ and GP% are up for Market 1951. We had our subgroup meetings regarding the new GEA forms. In a perfect world, one would hope that both franchisee and field consultant shall decide on the GEA evaluation (co-prosperity)!

Our FOA is reaching out to communities to do our part as a supportive and responsible retailer. Kansas City was big in roller grill sales and Slurpee sales, but for the last few years we are losing our punch. We shall be considered for grill, fresh brewed tea test products and advertising Slurpee with a value price on billboards around our growing city. Kansas City is growing at a faster pace (dirt cheap and low rent), so investing in

Kansas City and upgrading our stores will pay off in long run!

Chesapeake Bay FOA

Stuart Walters, President

I hope this month finds everyone enjoying better weather, which hopefully leads to better sales. We all have experienced a more tumultuous winter than we are used to dealing with and I, like you, hope for a better spring and summer than we are used to experiencing.

With the many different priorities, objectives, and evaluations with our businesses, we often look for support, guidance and camaraderie from our fellow franchisees. Here lately, I have noticed that there have been many different spin-off FOA groups, new FOA groups, and the like. I'm fine with new groups or spin-offs. While some feel that bigger is better, we all know that smaller groups have more communication within the group versus larger ones. While I'm not against larger FOAs, the main point is that everyone must feel things out for themselves and figure out what works best for them. My group, in fact, is a break up of another group. For various reasons a group of people weren't happy with the direction the old group was going. Consequently, two groups formed out of the original group. When this split happened, some were disgruntled, others happy.

Regardless of the reasons, groups split. But here is one thing that doesn't change. The groups are still comprised of franchisees who look for the positive guidance from their leadership and the mutual sharing of best practices. Isn't this why we decided to join an FOA, to learn from others, to share good ideas, to provide guidance for those who do not know how to handle a particular issue? The bottom line, regardless of your affiliation within a local FOA, you and your organiza-

"A small business investment PAC, freedom of association, transfer and termination rights, termination cure period, and renewal rights are important to CFA members."

—Keith Miller, Coalition of Franchise Associations

tion should be supportive of other FOAs. I would take this one step further and say that you should go out of your way to support other FOAs, especially ones that are your closest neighbors. It's these groups that most closely share the same vendors, CDC, McLane, SEI leadership, etc.

I could go further and talk about how a group planned their FOA meeting at the same time as their closest neighbor's trade show, but the specifics of that have been called out to that president directly, as one person agreed on supporting while the other supported with a competing FOA meeting.

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Attorneys John Holland and Eric Karp provided input and answered questions on SEI's use of the DVR system.



Coalition of Franchise Associations spokesperson Keith Miller talked with the Board about national issues in franchising.

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Notwithstanding that it was wrong, too often times its stated, "Why can't we all just get along?" However, its relevance is very applicable in group dynamics such as our FOA, national and local groups. While individuals and groups may differ in their opinions on the small details, we all as franchisees should understand, and exhibit the values and understanding that we are all in this group for the positive reasons stated previously—that we should share amongst each of our local groups and nationally, that we should be supportive versus being counterproductive.

So as you read these notes, I challenge you to take the extra step of being helpful and supportive of your fellow franchisee versus questioning their affiliation within a partic-

ular FOA. I am thankful for those people such as Peter in Suburban Washington FOA, who consistently shares best practices and helpful information that is good for all franchisees.

So the point is clear. I challenge each franchisee who is reading this right now. What have you learned in the past few days, weeks or since the last meeting you had with whomever, that would be helpful to the organization? Have you shared it? Are you working with your neighboring FOA? Have

"When franchisees have gas, there are many costs that don't fall within 1.5 cents."

—Matt Mattu, President,
Joe Saraceno FOA



you reached out to them to mutually support each other? Even if you have been wronged once in the past, I ask, "Are you better off being right, or happy?" ■



Member News

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tled "Non-linear Effects of Soda Taxes on Consumption and Weight Outcomes."

Mega-Regions Drive U.S. Economy

New research reveals there are 12 mega-regions that propel the U.S. economy, reported TheAtlanticCities.com. A mega-region is greater than the sum of its parts and produces more than \$100 billion in economic output, according to the website's analysis. Bos-Wash is the largest mega-region identified, home to 56.5 million people. Denver-Boulder is the smallest, with just shy of 5 million. Still, when compared to the world's largest economies, Denver-Boulder's economic output would rank among the 50 largest.

The mega-regions identified by TheAtlanticCities.com include:

- Bos-Wash—Stretches from Boston through New York, Philadelphia and Bal-

timore to Washington, D.C. The region generates \$3.75 trillion in economic output, meaning that, if Bos-Wash were a separate country, it would be the fourth largest economy in the world, behind only the U.S., China, and Japan and ahead of Germany.

- Chi-Pitts—Extends north and west from Pittsburgh through Cleveland, Detroit, Indianapolis, Chicago, and Minneapolis, and generates \$2.3 trillion in output. Its economy is just a bit smaller than the United Kingdom's, about the same size as Brazil's, and bigger than all of Russia's.

- Char-lanta—Takes in 45 metros, including Atlanta, Georgia; Raleigh, North Carolina; and Birmingham, Alabama. With more than a trillion in economic output, its economy is bigger than South Korea's.

- So-Cal—Runs from L.A. through San Diego and spills into Tijuana, Mexico, accounting for more than one trillion in economic output.

- So-Flo—Includes Miami, Orlando and Tampa and produces more than \$750 billion in economic output, making it about the same size as the Netherlands or Turkey.

- Nor-Cal—Includes San Francisco, San Jose, Oakland and 14 other metros sur-

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April 16. • McDonald's recently began discounting its Mighty Wings by 40 percent after **disappointing sales left the burger chain with about 10 million pounds of frozen wings at the end of 2013**, reported *Bloomberg Businessweek*. The company launched Mighty Wings in September. • Prepaid product services company InComm has partnered with rent payments and mobile communications company Rezzcard to offer a new service that will **allow Rezzcard cardholders to pay their rent in cash at over 70,000 approved Cashtie-enabled retail locations** nationwide. • *Prevention* has added Red Rose Tea's **Organic India Single Estate Blend Green Tea** to its list of the 2014 Cleanest Packaged Food Awards. The award was given to the best, healthiest and cleanest boxed and bagged foods on the market. • **Snyder's of Hanover teamed with ESPN Radio during March** for a month-long promotion called "**Boldest Play**" that featured a contest where sports fans could vote for the week's boldest play in college basketball for a chance to win a **trip for two to attend a college basketball tournament at Madison Square Garden** in New York City. • This year **Tastykake turns 100 years old**, and is celebrat-



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Legislative Update

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primary. Second, the referendum only applies to larger corporations and businesses that pull in at least \$50 million in gross revenue in a year. Nevertheless, wage hike advocates said the results should send a strong message to lawmakers.

Chicago Mayor Rahm Emanuel and Illinois Governor Pat Quinn have both stated they support a minimum wage increase, but neither of the proposals they back come anywhere near \$15 per hour. Governor Quinn is pushing for a statewide \$10 minimum wage, up \$1.75 from the current \$8.25, while Emanuel said he supports President Barack Obama's push for a \$10.10 federal minimum wage.

Maryland Lawmakers Approve Higher Minimum Wage

The Maryland General Assembly recently gave final approval to incremental increases in the state's minimum wage over several years to \$10.10 by 2018, reported TV news station CBS DC. The minimum wage, which was last raised in 2006, will increase from \$7.25 an hour to \$8 in January, then to \$8.25 in July 2015, \$8.75 in July 2016, \$9.25 in July 2017 and \$10.10 in July 2018. Supporters say the increase will provide more money for people to spend to help boost the economy. But opponents contend it will hurt businesses and lead to job losses.

Federal Bill To Ban Online Lottery Sales

Two U.S. lawmakers—Senator Lindsey Graham (R-SC) and Representative Jason Chaffetz (R-UT)—recently introduced bipartisan legislation that would restore the long-standing interpretation of the Wire Act and reverse the Department of Justice's December 2011 decision to expand online gaming, reported NACS Online. NACS said it has strongly opposed that decision and supports the bill, known as the Restoration of America's Wire Act, because it would block lotteries from going online and thus protect lottery ticket sales at c-stores.

White House To Change Rules For Overtime Pay

The White House is rolling out a new project that will require businesses to pay more in overtime wages to workers currently classified as executive or managerial employees, reported CBS News. In some cases, these managers or executives could be shift supervisors at a fast food restaurant, or an overnight manager at a convenience store. A White House official said the change is needed because the overtime rules that establish the 40-hour workweek have been eroded due to years of neglect.

The Labor Department sets the requirements for overtime pay to executive or managerial workers. Right now, employees that make \$455 per week—or roughly \$24,000 a year—don't have to receive overtime pay over that threshold. This level was established in 2004 and has eroded be-

cause of inflation. President Obama intends to use an executive order to the Labor Department to raise that threshold, although the amount has not been specified. California recently set its threshold at \$640 a week and New York \$600 a week. Former White House economists have publicly lobbied the president to raise the threshold to nearly \$1,000 a week.

Colorado To Forbid Online Lottery Sales

The Colorado House has introduced a bill that would forbid the Colorado Lottery Commission from approving the sale of lottery tickets online, reported the Associated Press. The measure would only allow in-person sales at licensed stores. The bill's sponsor said it's a way to curb underage gambling. Opponents of the legislation called it a protectionist measure to stop market forces, while supporters noted that the state lottery falls under the purview

of lawmakers and it's up to them to make decisions on how it's run.

San Francisco To Apply Same Smoking Laws To E-Cigs

Smoking electronic cigarettes in bars, restaurants and businesses will soon be illegal in San Francisco, after the Board of Supervisors recently voted unanimously to treat the devices like combustible cigarettes, reported the *San Francisco Chronicle*. The legislation is intended to limit children's use of the nicotine product, which supporters contend has been marketed heavily toward young people, and to protect all members of the public from the second-hand vapor emitted by the devices.

Under the legislation, San Francisco would include e-cigarettes in its strict antismoking laws, banning them in most public places besides curbside on city streets, requiring sellers to secure a special permit, and prohibiting their sale in pharmacies and other businesses where tobacco sales are banned. The measure will become law after the mayor, a supporter, signs it.

Obama Proposes Cigarette Tax Hike

The federal excise tax on tobacco products would nearly double if Congress approves President Barack Obama's proposed fiscal year 2015 budget, reported the *Winston-Salem Journal*. Obama's budget would raise the tax on cigarettes by 94 cents a pack—up from \$1.01. There would be similar increases on most other tobacco products. Obama plans to use the increased tax revenue to expand access to free



“Two U.S. Lawmakers recently introduced a bill that would prohibit online sales of lottery tickets.”

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Legislative Update

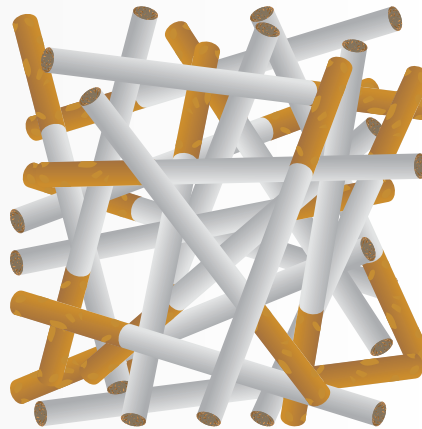
pre-kindergarten education. Altogether, the proposed tobacco tax increases would raise \$78.1 billion over 10 years, according to the U.S. Office of Management and Budget. Analysts said the size of the proposed tax hike could be an overreach by Obama, or just serve as a point to start negotiations in Congress that could yield some increase.

L.A. Bans E-Cig Use In Public Spaces

The Los Angeles City Council recently voted to join New York and Chicago in banning the use of electronic cigarettes in many public areas, reported *Bloomberg*. The ban, which kicked in on April 18, treats e-cigarettes the same as conventional tobacco products, which California has restricted since 1995. As with traditional cigarettes, the ban means e-cigarette use—commonly known as “vaping”—is now prohibited in bars, restaurants, and many workplaces and public spaces, with the exception of specially designated vaping lounges. Supporters of the new law claimed vapors exhaled by e-cigarette users could contain particulate matter and potentially toxic chemicals. E-cigarette manufacturers argued there was no conclusive research that second hand smoke from the devices was harmful. Many users said the e-cigarettes have helped them quit smoking tobacco.

NY County Raises Tobacco Purchase Age To 21

The Suffolk County, New York executive recently signed into law a bill that raises the age to purchase tobacco products and electronic cigarettes from 19 to 21, one of the toughest anti-tobacco laws in the nation, reported *Long Island Newsday*. Stores caught



selling to customers under 21 face fines ranging from \$300 to \$1,000 for the first offense, and up to \$500 to \$1,500 for the second offense. Health advocates believe the new law, which would take effect January 1, will help lower the number of new smokers. But convenience store owners told the newspaper 19 and 20 year olds will only go to other sources for cigarettes, while their shops are hurt.

C-store owners said they were preparing for an economic hit from lost sales from not only cigarettes, but from high-profit products like cigars, rolling papers and e-cigarettes. “I don’t think they realize the gravity of it, really,” said Jack Rugen, who owns a 7-Eleven franchise in Rocky Point and is vice president of the United Franchise Owners of Long Island. He estimated his store would lose \$60 to \$90 a day in sales to 19 and 20 year olds, who would instead go to stores in nearby Nassau County or online.

State E-Cigarette Legislation Update

With most state legislative sessions now under way, there have been a number of bills introduced regarding electronic cigarettes, reported *Tobacco E-News*. While some state legislatures are considering taxing e-cigarettes under several different tax rates, other have bills pending that would ban the sale

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Register NOW for the National Coalition’s 2014 Convention at www.ncasef.com



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ing with a yearlong “Birthday Moments” initiative in partnership with the USO and new, limited edition Birthday Cake Cupcakes. •

MasterCard and Visa announced the formation of a new cross-industry group focused on enhancing payment system security. The group will initially focus on the adoption of EMV chip technology in the U.S. •

Candy maker Mars has agreed to buy 80 percent of Procter & Gamble’s pet food business—including brands Iams, Eukanuba and Natura—for \$2.9 billion, reported *Forbes*. • **Smokey Mountain Snuff** announced its sales continue to grow—up **+30 percent** over last year, according to A.C. Nielsen AOC—as more and more consumers continue to look for premium quality tobacco alternatives. •

Quiznos recently filed for bankruptcy protection, reported *CNN Money*. The sandwich chain has agreed to a restructuring plan that will reduce its debt by more than \$400 million. • In 2013, **craft brewers reached 7.8 percent volume of the total U.S. beer market**, up from 6.5 percent the previous year, according to the Brewers Association. Also, retail dollar value from craft brewers was estimated at \$14.3 billion in 2013, up from \$11.9 billion in 2012. •

Colorado’s energy industry broke a 60-year state record by producing 63.2 million barrels of crude oil in 2013—a 28 percent jump from 2012, reported the *Denver Business Journal*. • **Subway is planning to open 1,300 new outlets** in the UK and Ireland by 2020, creating about 13,000 new jobs, reported *The Guardian*. • More than 71 percent of American adult consumers—over 170 million—**now have a debit card**, up almost 14 percentage points in five years, according to a new report by Packaged Facts. •

Drizly, the smartphone app for fast alcohol delivery, announced that it has expanded its distribution to Brooklyn, New York and that the app is now available for Android phones via Google Play. • A new study by the Tax Foundation reveals that **New**

continued on page 76

“Los Angeles has banned the use of e-cigarettes in many public places.”

Kraft

Oscar Mayer

NEW!

INTRODUCING P3 PORTABLE PROTEIN PACK



Fuel For Your Body

Protein snacking category (*string cheese, nuts, protein bars, protein drinks and meat snacks*) is growing strong at +5%

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13g Protein - No Artificial Preservatives

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➤ SRP: **\$1.79**

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UIN: 127654
SLIN: 220394

Kraft



Member News

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Legislative Update

of e-cigarettes to minors. The following is a brief summary of the e-cigarette bills that the National Association of Tobacco Outlets (NATO) is monitoring (only those states where 7-Eleven operates are listed):

Kentucky: The governor has proposed taxing e-cigarettes at a 20 percent OTP rate. House Bill 220 redefines "alternative tobacco products" to be "other tobacco products" and imposes a 15 percent tax on these products. House Bill 319 defines an e-cigarette as a tobacco product and imposes a 15 percent OTP tax.

New Jersey: The governor announced a



cluding electronic cigarettes.

Connecticut: Senate Bill 24 prohibits the sale of e-cigarettes to minors.

Delaware: House Bill 241 defines tobacco substitute to include electronic cigarettes and prohibits the sale to a minor.

Kentucky: House Bill 299 defines vapor products and prohibits the sale of vapor type products to anyone under the age of 18.

New Mexico: House Bill 15 prohibits the sale of e-cigarettes to minors.

Vermont: House Bill 632 would ban the sale or possession of electronic cigarettes by anyone of any age.

Virginia: Senate Bill 96 adds vapor products and alternative nicotine products to the definition of tobacco products and prohibits the possession of these products by minors and outlaws their sale to minors.

West Virginia: House Bill 4237 would prohibit the sale of e-cigarettes to minors.

C-Stores Okayed For Alcohol Sales In Two Illinois Cities

SEI has successfully pushed for ordinances to allow convenience stores in two Illinois cities—Park Ridge and Wheaton—to sell alcoholic beverages, reported the *Chicago Sun-Times*. In Park Ridge, the ordinance allows c-stores to sell alcohol between 8 a.m. and 10 p.m. The new liquor license there sets restrictions on the amount of space allowed for packaged alcohol to be displayed, requires the stores to have an electronic scanning device to read driver's licenses and identification cards, and requires "hard spirits" to be stored in a locked shelving unit that is only accessible by

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"SEI has successfully pushed for ordinances to allow c-stores in two Illinois cities to sell alcoholic beverages."

new budget proposal that would tax e-cigarettes on the same basis as traditional cigarettes, which is currently \$2.70 per pack.

New York: Senate Bill 6255 would exempt e-cigarettes from state taxation. However, Assembly Bill 8594 would impose the state's 75 percent OTP tax rate on e-cigarettes.

Rhode Island: The governor's fiscal year 2015 budget includes e-cigarettes within the state's current definition of "tobacco products," which means e-cigarettes would be subject to Rhode Island's 80 percent tax on tobacco products. House Bill 7133 incorporates the governor's proposed tax on e-cigarettes.

E-Cig Bills Banning Sales To Minors

Colorado: Senate Bill 18 prohibits furnishing or selling nicotine products to minors, in-

Register NOW for the National Coalition's 2014 Convention at www.ncasef.com



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York has the highest inbound cigarette smuggling rate in the country, at 56.9 percent. Arizona has the second highest at 51.5 percent. • **Starbucks plans to expand its evening alcohol and light bites menu**—which includes bacon-wrapped dates and Malbec wine—to thousands of stores over the next few years, reported *Bloomberg*. • Consumers are turning to **big box stores** like Walmart and Target—as well as convenience stores, dollar stores and pharmacy chains—to fulfill their grocery lists, reported *Forbes*. A new survey by King Retail Solutions found that **77 percent of respondents bought groceries from a non-grocer in 2013**. • A new Congressional Budget Office report found that **raising the federal minimum wage to \$10.10 an hour would eliminate about 500,000 jobs** by 2016 but increase pay for millions of Americans and lift nearly a million out of poverty, reported the *Wall Street Journal*. • **Coffee consumption dropped 2 percentage points** to 61 percent in 2013 compared to the previous year, according to a study by the National Coffee Association of USA. **Consumption of lattes, cappuccinos and other espresso beverages increased 5 percentage points** to 18 percent in 2013. • **Walgreens** announced plans to close 76 unprofitable drugstores by August as part of a plan to save \$40-\$50 million per year beginning in its fiscal 2015, reported the *Chicago Tribune*. • Mexican food chain **TacoTime recently announced an eGift program** that allows customers to send and receive TacoTime gift cards via email or smartphone. • Texas-based retail electric provider **Tara Energy recently launched a new app for mobile devices that allows customers to view their bill**, account and payment information, as well as pay bills with their credit card. • Adverse drug events due to negative effects of **polypharmacy**—the use of five or more prescription drugs at once—are to blame for over **120,000 emergency room**

smuggling rate

Starbucks plans to expand its evening alcohol and light bites menu

Consumers are turning to big box stores like Walmart and Target—as well as convenience stores, dollar stores and pharmacy chains—to fulfill their grocery lists, reported Forbes.

A new survey by King Retail Solutions found that 77 percent of respondents bought groceries from a non-grocer in 2013.

A new Congressional Budget Office report found that raising the federal minimum wage to \$10.10 an hour would eliminate about 500,000 jobs by 2016 but increase pay for millions of Americans and lift nearly a million out of poverty, reported the Wall Street Journal.

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Adverse drug events due to negative effects of polypharmacy—the use of five or more prescription drugs at once—are to blame for over 120,000 emergency room

continued on page 78

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1 Nielsen Beer Marketer Insights May 8, 2013
2 Nielsen Spectra 2012
3 National Retailer Shopper Card Data Latest 52 Weeks Ending 8/26



Legislative Update

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employees. Sales must also be monitored by cameras. SEI told the newspaper it did not know exactly when alcohol sales will begin at its Park Ridge stores, adding that it is dependent on the length of the application process.

In Wheaton, new licenses will cost \$3,000 and allow for the sale of beer, wine and liquor in c-stores over 2,000 square feet, Monday through Sunday, from 7 a.m. to 10 p.m. Under the approved ordinance, the portion of the store that sells alcohol is limited to less than two percent of the entire premises. Beer cannot be sold in quantities less than four cans or bottles, and wine and spirits cannot be sold in containers less than 750 milliliters. The stores with the licenses will also be required to have equipment that can scan the identification of customers to verify their ages.

San Francisco Bans Plastic Water Bottle Sales

San Francisco has become the first major city to ban the sale of plastic water bottles on public property, building on a nationwide effort to curb the billion-dollar industry, reported *The Examiner*. The ban phases out during the next four years 21-ounce or less plastic water bottles on city



properties—both indoor or outdoor—which will impact park vendors, food truck operators, street fairs and places like Moscone Center, the city's convention facility. Waivers are permissible if an adequate alternative water source is not available. Violators would face fines of up to \$1,000. The American Beverage Association, which includes The Coca-Cola Company and the Pepsi Cola Company, said in a statement that the ban was "nothing more than a solution in search of a problem. This is a misguided attempt by city supervisors to decrease waste in a city of avid recyclers."

"San Francisco has banned the sale of plastic water bottles on public property."

New Jersey Lawmaker Proposes Gas Tax Hike

New Jersey Senator Raymond J. Lesniak recently proposed a plan that would increase the state's gas tax by 5 cents a year over three years, reported *The Express-Times*. The plan includes a "lockbox" provision guaranteeing that the funds generated by the tax increase would be used solely to repair the state's highways, bridges and roads. The proposal could face an uphill battle, however. A Rutgers-Eagleton poll found that 65 percent of New Jersey voters oppose an increase to the gas tax. ■

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visits annually, according to the American Society of Consultant Pharmacists. • **Phusion Projects, LLC**, maker of supersized alcopop brand Four Loko, recently signed an agreement with **19 State Attorneys General and the San Francisco City Attorney to restrict the company's youth-targeting marketing practices**. • Overall soda volumes fell 3 percent in 2013, the ninth straight yearly contraction and more than double the 1.2 percent decline in 2012, reported the *Wall Street Journal*. • Shell recently announced the grand prize winner of its **How I FRN Contest, which invited consumers to submit a photograph or video that represents their experience with the Fuel Rewards Network (FRN) program**. The winner will receive **a year's worth of Shell V-Power Premium Gasoline**. • The New York state Attorney General's Office is **suing FedEx for \$70 million for allegedly shipping about 80 million contraband, untaxed cigarettes between 2006 and 2012**, reported the *Wall Street Journal*. • Global Sources' spring **China Sourcing Fairs**—held on April 12-15 and April 27-30 at AsiaWorld-Expo in Hong Kong—featured 11 specialized trade shows with more than 6,800 booths. A survey conducted by Harris on behalf of Cintas reveals that **94 percent of U.S. adults would avoid a business in the future if they encountered a dirty restroom**. • McDonald's reported its first quarter profits net income fell 4 percent and same-store sales dropped 1.7 percent, due to the **harsh winter weather** and increased competition from higher fare QSRs like Chipotle. • **Apple announced it has expanded its recycling program** and now every Apple store will take back and recycle all Apple products, reported Forbes. • Retail food chain **Kroger recently announced that its Fry's Marketplace** in Phoenix is the company's 500th location to earn the **ENERGY**



Washington, D.C. FOA President and proud father Mark Chiochankitmun recently celebrated his daughter Nina's graduation from St. George's University medical school. She will begin practicing emergency medicine in New York City at Newark Beth Israel Medical Center.

Member News

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STAR designation from the U.S. Environmental Protection Agency and U.S. Department of Energy. Kroger said it has reduced its average grocery store electricity usage by over 34.3 percent since the year 2000. • **Dunkin' Donuts announced the signing of multi-unit store development agreements** with two new franchise groups to develop 20 new restaurants in South Orange County and the San Fernando Valley area in California over the next several years. • **Domino's Pizza said it is adding even more convenience** to its customer experience by integrating **Google Wallet** with its Android ordering app. Domino's customers who have an Android device can now pay for their online orders using Google's digital wallet. ■

rounding San Francisco Bay. It produces more than \$900 billion in output, roughly the same as Indonesia, and more than Turkey.

- **Tor-Buff-Chester**—Stretches north from Buffalo and Rochester, taking in Toronto, Ottawa and Montreal in Canada. It generates output of nearly \$600 billion, more than Sweden.
- **Dal-Austin**—Encompasses Dallas, Austin, and San Antonio, Texas. It pro-

duces more than \$700 billion in economic output, more than Sweden or oil-rich Saudi Arabia.

- **Hou-Orleans**—Stretches from Houston through Mobile, Alabama to New Orleans. It produces more than \$750 billion in economic output, about the same as the Netherlands.
- **The Cascadia Mega-Region**—Stretches up from Portland, Oregon through Seattle and into Vancouver, Canada. It generates economic output of about \$600 billion, comparable to Switzerland.
- **Phoenix-Tucson**—Generates economic output of more than \$250 billion, just slightly less than Hong Kong.

continued on page 80

“Twelve business and population center mega-regions propel the U.S. economy.”

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7-Eleven
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• Denver-Boulder—Has \$256 billion in economic output, more than Finland, Greece or Ireland.

Couche-Tard Third Quarter Earnings Rise

Canadian c-store retailer and Circle K parent company Alimentation Couche-Tard announced its net earnings for the third quarter of fiscal 2014 increased 28.2 percent to \$182.3 million. The company also said same-store merchandise revenues were up 3.8 percent in the U.S., 0.9 percent in Europe and 2.2 increased in Canada. Merchandise and service gross margin stood at 32.7 percent in the U.S., at 43.2 percent in Europe and at 32.7 percent in Canada.

“Walmart plans to open 270 to 300 Walmart to Go stores in 2014.”

Wal-Mart Opens First Walmart To Go C-Store

In an effort to capture a different and growing element of the retail market, Wal-Mart Stores Inc. recently opened its first Walmart to Go convenience store in Bentonville, Arizona, reported TheCityWire.com. The small store is a hybrid format—part traditional convenience store, part grocery, part quick serve restaurant. With this new format Wal-Mart hopes to grab some of the \$415 billion quick trip

market share it is losing to Dollar General and other convenience stores. The company also announced plans to open between 270 and 300 of the small stores throughout 2014, more than double its initial forecast of 120 to 150 stores it publicized last October.

FDA Announces Proposed E-Cig Regulations

The Food and Drug Administration recently proposed rules that call for strict regulation of electronic cigarettes and other tobacco products, reported CNN. Currently, the FDA only has regulatory authority over cigarettes, smokeless tobacco and roll-your-own tobacco. Under the proposed regulations, the age limit to buy the e-cigarettes is expected to be at least 18, although individual states could choose to set it higher. Health warnings would also be required and the sale of the products in vending machines would be prohibited. Manufacturers would be required to register all their products and ingredients with the FDA. They would only be able to market new products after an FDA review, and they would need to provide scientific evidence before making any claims of direct or implied risk reduction associated with their product. Additionally, companies would no longer be allowed to give out free samples.

After the 75-day public comment period and once the proposed rules are finalized, manufacturers will have 24 months to submit an application to allow their products to remain on the market or submit a new product application. The FDA said these regulations are necessary because e-cigarettes have not been fully studied and it's unknown what health risks they pose, how much nicotine or other chemicals are actually being inhaled or whether there is any benefit to using them. ■



Successful Trade Show For The Eastern Virginia FOA

Members of the Eastern Virginia FOA are proud to announce they had a successful trade show on March 17 at the Virginia Beach Convention Center. Despite the bad weather, more than 225 area franchisees attended, along with Patriot Zone Leader Brian Voss, all the market managers, NCASEF Executive Vice Chair Jivtresh Gill, NCASEF Vice Chair Jay Singh, NCASEF Treasurer Maninder Walia, Southern California FOA President Nick Bhullar, Metro New Jersey FOA President Karamjit Sodhi, and FOA Chicagoland Vice President Hashim Bhai. The event included discussions between SEI's operation team and national leadership, as well as a training session conducted by Terry Drivas from Loss Prevention.

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SEI News

'PIZZA FOR LIFE' SWEEPSTAKES

7-Eleven, Inc. plans to give some lucky pizza-lover a lifetime of hot, cheesy pizza in the first-ever Pizza for Life Sweepstakes. The contest runs through Friday, May 16, which happens to be National Pizza Party Day. Pizza for Life Sweepstakes entry forms are available on the 7-Eleven smartphone app. The app is available for download via the App Store or Google Play. To enter, customers only have to click on the "What's in Store" calendar tab, then the 'gimmepizza' icon and fill in name and email address on the pop-up entry form. Entrants must be at least 18 years old to participate and can enter once a day. After the entry is completed, an option appears on screen to share the sweeps information on Twitter or Facebook with the hashtag #GIMMEPIZZA4LIFE. The prize value is \$10,500, and the winner will be notified by the end of May.

'KWIK-E MART' MAKEOVER A MEMORABLE MARKETING MOVE

Advertising Age has crowned SEI's promotional tie-in with 20th Century Fox's "The Simpsons Movie" as one of fifteen "Marketing's Most Memorable Experiential Moves." During the July 2007 month-long promotion, SEI partnered with the film studio and advertising agency Tracy Locke to bring Kwik-E-Mart convenience stores to the



Some lucky pizza-lover could win a lifetime of pizza in 7-Eleven's first-ever Pizza for Life Sweepstakes.

real world by transforming a dozen stores into their "Simpsons" counterpart. The stores sold specially created items including Squishees, the fictional frozen beverage similar to 7-Eleven's Slurpees; pink-frosted Sprinklicious doughnuts (of which 1 million were sold that month), and boxes of KrustyO's cereal.

7-ELEVEN RETURNS TO DOWNTOWN DETROIT

More than 40 years since opening its first Detroit store and 11 since closing its last, SEI brought back its brand of convenience retailing to the Motor City on April 5. On that day Detroit native

and new 7-Eleven franchise Robert Taylor celebrated the grand opening of his new store at 2660 E. Jefferson Ave. The event featured music, sampling, discounted food and beverages, coupon giveaways and prizes to customers who visited the Rivertown District store. Small-size Slurpee drinks and Big Bite hot dogs were on sale for just 50 cents each.

The new Detroit 7-Eleven store may be a little different from the than stores from the 1980s and 1990s. Hot pizza, taquitos, chicken tenders and wings, introduced in stores more recently, are popular items. Value pricing for the doughnuts, two for \$1, and a large, hot pizza at \$5.55, have made both items big sellers. The store also includes a workstation for Detroit police officers to use while in the neighborhood.

SOUTHWEST FLORIDA FRANCHISEES WANTED

7-Eleven continues to expand in Florida, and SEI recently held a series of seminars in the state's Southwest region to fill 22 franchise opportunities in the greater Fort Myers area. For local entrepreneurs interested in managing their own business,

the company held free three-hour franchise seminars at the 7-Eleven office in Fort Myers March 25, April 22 and May 14. The seminars provided

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SEI recently held seminars in Florida's Southwest region to fill 22 franchise opportunities.



SEI News

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an overview of the 7-Eleven franchise system, business model, benefits of franchising and local success stories. Among the 7-Eleven stores available for franchise in Southwestern Florida are locations in Bonita Springs, Cape Coral, Fort Myers, Naples, North Fort Myers, Port Charlotte and Venice.

SEI has also been touting its Business Conversion Program to local independent c-store owners interested in converting their retail operation to a 7-Eleven store, and its military veterans franchise program, which allows qualified veterans to become first-time franchisees with a 10 percent discount on the franchise fee.

CHICKEN DIPPERS NEWEST STAR ON HOT FOODS MENU

As meals and snacks continue to morph into interchangeable eating occasions, SEI has added another small-snack, big-value item to its hot foods line-up. Chicken Dippers are pieces of 100-percent, high-quality white-meat chicken with no fillers that are lightly breaded in a tasty coating and served with a choice of Ancho Chipotle, Ranch or Honey Mustard dipping sauce. A cup-holder in the specially designed Dippers packaging helps keeps the sauce

New Chicken Dippers proved very popular during in-store tests.

from spilling. Six "dippers" and sauce are value-priced at \$1.99 at participating 7-Eleven stores.

The new Chicken Dippers are heated in Turbo Chef ovens, just like the company's whole and slice pizza, chicken tenders, chicken wings, mozzarella sticks and mini tacos. "Chicken Dippers proved so popular during limited-time in-store tests that store operators asked to keep them at the conclusion of the trial period," the company said in a released statement.

DIET COKE FROST CHERRY PULLED

SEI and Coca-Cola recently pulled Diet Coke FROST Cherry from 7-Eleven Slurpee fountains across the country because it did not freeze properly. The move came just one month after Diet Coke's first frozen offering was introduced. In a joint statement the companies said a "significant number of stores experienced dispensing quality issues involving the product freezing consistency," and they removed the product in keeping with both companies' quality standards. Diet Coke FROST Cherry was introduced in 7-Eleven stores nationwide in late February, and was to remain a 7-Eleven exclusive product until the end of May.



PRIVATE LABEL STRATEGY

SEI has a three-pronged approach when it comes to its private/store brand product development: creation, reinvention and improvement, reported CSNews Online. This insight was provided by Sean Thompson, SEI's senior director of private brands, during the Store Brands Decisions Innovation & Marketing Summit. Thompson explained the company's strategy allows it to create and maintain a high-quality store brand program by constantly reinventing and tweaking these products according to the changing marketplace and shifting consumer tastes.

In the creation phase, Thompson said his team develops a new product by analyzing industry data, internal data and consumer insights to understand unmet guest needs. For the reinvention phase, his team performs a "significant update across a product portfolio" to bring assortments in line with guest needs. Finally, during the improvement phase, Thompson and his team perform ongoing testing to ensure quality is constantly being challenged, from products and packaging to their presentation in stores.





SEI News

'FRESH TO GO' SANDWICH RECALL



Fresh food manufacturer HC Schau and Son of Woodridge, Illinois recently recalled 3,422 individual 8-ounce units of Fresh To Go

Tuscan Style Combo on Tomato Basil Bread because they may have contained undeclared Pine Nuts (tree nuts). People who have an allergy or severe sensitivity to Pine Nuts ran the risk of serious or life threatening allergic reaction had they consumed these products. The sandwich was distributed through 7-Eleven stores in Illinois, Indiana and Wisconsin. To date there have been no reported illnesses associated with the affected products. **AV**

The National Coalition Office Has Moved!

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 Santa Cruz, California. All queries and requests for information should be directed to:

NCASEF Offices

740 Front Street, Suite 170

Santa Cruz, CA 95060

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VENDOR FOCUS

Dale Jr. Sour Only At 7-Eleven

AMP Energy and racing superstar Dale Earnhardt Jr. are excited to announce the debut of a new sour grape flavor—Dale Jr. Sour—available for a limited time at participating 7-Eleven stores across the country. Dale Jr. chose the new sour grape flavor for this limited edition AMP Energy product, which features him and his No. 88 Chevrolet SS on the can.

On April 10, six Charlotte, N.C. 7-Eleven locations featured unique Dale Jr. Sour energy stands, where consumers were given the opportunity to try the new flavor. In addition, Dale Jr. surprised his fans by making an appearance at one of the six locations, where he handed out limited edition giveaways and samples of Dale Jr. Sour onsite.

Fans can submit their best #SourFace via the AMP Energy Facebook page for a chance to win limited edition gear. One grand prize winner will win a pair of tickets and accommodations to an upcoming race.



AMP Energy's Dale Jr. Sour, exclusive at 7-Eleven.

New Cig2o Premium Personal Vaporizers & E-Liquids

Spark Industries and Kretek International recently announced the launch of the Cig2o brand line of premium e-liquids and Personal Vaporizer kits. The new Personal Vaporizer kits include choice of colors and battery activation, a 5 ml sample of Cig2o classic tobacco premium e-liquid, plus USB battery charger. The kits are contained in a slide-top hard shell carry case for continuing protection and cleanliness.

There are two Cig2o Personal Vaporizer models to choose from—ePro with a push-button battery, and MAXX with direct-flow vapor activation. Both models can be stocked and sold in 6 different finish colors including stainless, blue or red metallic, white, pink, and black. Both Cig2o units feature high performance rechargeable lithium ion batteries and patented features such as an advanced atomizer and digital technology designed by Spark Industries.

Cig2o premium e-liquids are available in 12 flavors including three tobacco choices, menthol, blue frost, red hot, and six popular fruit flavors. Each flavor has proven popularity with adult consumers in Cig2o rechargeable and disposable e-cigs.



First ship date is May 1 for Cig2o's premium e-liquids and Personal Vaporizer kits.

The e-liquids come in 10 ml bottles with four different nicotine choices. Bottles carry a tamper-evident seal and child-resistant twist-off cap.

Cig2o has developed several introductory displays to drive trial and volume, including 3-count value packs, 12-pack counter cartons, and a combo acrylic merchandiser that fits with other Cig2o display items. Pre-book orders are being accepted through Kretek International. First ship date for all items is May 1, 2014. Cig2o is a leading retail e-cigarette brand now reported #3 in distributor unit volume shipments, according to MSAi. Call 1-800-358-8100 or email salesinfo@kretex.com for more information.

5-hour Cherry To Support Troups

Living Essentials, LLC continues to support military causes with the introduction of a new, limited edition cherry flavor of 5-hour ENERGY. From May 1 through July 31, 2014, Living Essentials will

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SWEDISH MATCH GARCIA Y VEGA 1882 ROLLED LEAF CIGARS

Garcia y Vega recently introduced its entry into the rolled leaf segment. 1882 is a refined rolled-leaf cigar made in the Dominican Republic using premium leaf and quality filler. Available in four satisfying flavors—Sweet Aromatic, Honey Berry, White Grape, and Bourbon—1882 will be offered in \$.82 Singles (including 25-percent-off displays), 3/\$1.82 re-sealable pouch (including 10-percent-off displays), and 5 Cigar re-sealable open stock pouches. 1882 will be available in May 2014.

New products and services for 7-Eleven Franchisees

continued from page 87



Sales of 5-hour Cherry will support the Special Operations Warrior Foundation.

donate five cents from the sale of every specially marked red, white and blue bottle of cherry flavored 5-hour ENERGY to the Special Operations Warrior Foundation, a top-rated nonprofit organization that supports the military's special operations forces and their families through college scholarships, family services, and financial stipends.

The minimum guaranteed donation is \$75,000. To order Cherry flavored 5-hour ENERGY contact your distributor or 5-hour ENERGY sales representative at 866-960-1700.

Dos Equis Unveils Dos-A-Rita



Dos Equis Dos-A-Rita is the first lager margarita.

Dos Equis has announced the launch of Dos Equis Dos-A-Rita, the premium, ready-to-serve Lager Margarita that will hit retail accounts this spring. Modeled after the popular cocktail recipe originally created on-premise in Texas, Dos-A-Rita is a blend of Dos Equis Lager and classic Margarita flavors, sweetened with 100 percent premium Agave nectar.

Dos Equis' Dos-A-Rita is the first imported, authentically Mexican ready-to-serve lager margarita on the market. Available in 24-ounce single serve cans and 8-ounce cans in a 12-pack, Dos-A-Rita Lager Margarita has 7.2 percent ABV (alcohol by volume). Marketing support by way of custom designed displays, price cards, cooler stickers and sampling bin POS elements, along with local out-of-home, radio and digital advertising and sampling activations (where legal), will foster consumer purchase interest, drive shopper traffic and increase sales.

New Cookies By Bart & Judy's Bakery

Bart & Judy's Bakery cookies offer a great merchandising opportunity, as well as incremental sales and profits. The display rack fits nicely on your coffee bar or front counter for plus-sale opportunities. Baked with real ingredients,

Bart & Judy's Bakery cookies are available in four varieties:

- **Chocolate Chip** (UIN 354464)—made with Belgian chocolate chips
- **Gluten-Free Chocolate Chip** (UIN 354613)—with regular chocolate chips
- **Oatmeal Raisin** (UIN 354621)—made with organic oatmeal and raisins
- **Peanut Butter** (UIN 354514)—made with organic peanut butter



Enjoy incremental sales with Bart & Judy's Bakery cookies.

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DJEEP'S 24-COUNT TRAY FITS ANYWHERE



DjEEP's new tray display can deliver more than \$24 of retail profit.

Kretek International recently unveiled DjEEP's new 24-count lighter tray display. The new compact unit uses less than ¼ of a square foot of counter space, and each disposable tray can deliver more than \$24.00 of retail profit. The unique DjEEP shape and design offers instant visibility and around \$1.00 profit per lighter.

The trays also provide stronger product presentation for cash & carry wholesalers. The displays come shrink-wrapped with proper DOT and HAZMAT labels, with 18 trays per DOT-approved master shipper. Kretek is promoting the new tray to enhance marketing of DjEEP's Marilyn Monroe collector series, as well as new Denim and Camouflage designs.

First ship date is May 10, 2014. Your Kretek sales representative has details. Call 1-800-358-8100 or email salesinfo@kretek.com.

DJEEP OLD DENIM LIGHTERS

Kretek International has introduced DjEEP's Old Denim collection, available to ship May 10. The worn Denim series of lighters features photo-images of the most comfortable jeans on the planet. Rather than imprinting the DjEEP logo on the lighters, the lighters themselves are part of the denim pocket designs. The new lighters are available on DjEEP upright and 3-tier displays, as well as on DjEEP's new 24-lighter counter-tray unit. The trays provide strong

product presentation for cash & carry wholesalers. All DjEEP lighters have proper DOT and HAZMAT certification. The new lighters will also be highlighted in DjEEP's new trade ad campaign "If your lighter lasts longer than your jeans, it's probably a DjEEP."

First ship date is May 10, 2014. Your Kretek sales representative has the detail on opening order promotions. Call 1-800-358-8100 or email salesinfo@kretek.com.

The Old Denim series highlights DjEEP durability, style and comfort.



The display racks (UIN 396077) must be ordered as a "distribution" item only, but the open stock will be available upon demand.

Heineken Debuts New 8.5 oz Slim Can

Heineken USA recently introduced the first 8.5-ounce slim can format in the premium price segment. The 8.5-ounce can is the perfect size for outdoor and sports-viewing occasions. The smaller can size ensures a colder liquid per serving while Heineken's taste and contemporary upscale pack graphics provide consumers with a premium and memorable beer drinking experience.



Heineken's 8.5 oz. slim can, a first in the premium segment.

The 8.0-8.9-ounce can size experienced explosive growth in 2012—growing 356 percent in case volume and 522 percent in dollar volume, and is still growing. Forty-two percent of that growth is generated in the c-store channel, where the 8.5-ounce can format is outpacing all other sizes and is a preferred pack size among ethnic consumers. Heineken's 8.5-ounce slim can caters to the growing Hispanic and African American demographic who prefer upscale beer and Heineken to mainstream counterparts.

Two New Strongbow Hard Apple Cider Flavors

Strongbow Hard Cider recently launched two new flavors: Strongbow Gold Apple Hard Cider and Strongbow Honey & Apple Hard Cider. With over 125 years of cider-making heritage,



Men and women both prefer the new Strongbow flavors.

Strongbow offers a distinct kind of refreshment from other ciders with these new flavors.

Strongbow Gold Apple Hard Cider delivers a perfectly balanced, crisp apple taste that hits the "bull's-eye" by capturing the sweet and tart notes of the Golden Delicious apple, along with hints of Honeycrisp apple and pear. Strongbow Honey & Apple Hard Cider is a seamless blend of fresh apple taste and silky honey, a flavor new to the cider market. Extensive research found that both men and women strongly prefer the new crisp, refreshing flavor profile.

Both Strongbow Gold Apple and Strongbow Honey & Apple are gluten free, 5 percent ABV, and contain 172 and 195 calories per 11.2-ounce bottle, respectively. The launch is supported through a mix of traditional and paid media, digital, PR, experiential marketing, and extensive sampling where legal with adults 21+.

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They get one bill



He gets his own



Them too

MIX BUSINESS & 'FRAMILY' WITH SPRINT

Share the savings without the hassle of sharing a bill. Join the new Sprint "Family" plan and get unlimited talk, text and 1GB of data for as little as \$25 a month per line! They can be friends, family, employees and people that you or your other Family members just kinda know, but want to share awesome savings with. Everyone gets unlimited talk and text guaranteed for life and 1GB of data while on the Sprint network, with the option to add unlimited data for life. No annual service contracts. No early termination fees. PLUS, offers for employees AND franchisees of 7-Eleven receive an 18 percent discount on select monthly rates.

Perrier L'Orange Exclusive At 7-Eleven

Nestlé Waters has launched new Perrier L'Orange, exclusively in 7-Eleven stores nationwide through August 2014, with a special 2/\$2.00 promotion running from May 21 to July 8, 2014. Perrier L'Orange is a refreshingly unique twist on orange, and is perfect as an alternative to sugary drinks and soda as it has zero calories, is sugar-free, and all natural. Perrier L'Orange also offers more ways to help enhance profits: Perrier Sparkling Natural Mineral Water is the #1 Sparkling Brand at c-stores; Perrier sells 1 billion bottles per year in more than 140 countries; and U.S. consumer testing confirms the universal appeal of L'Orange, which is delivering 79 percent of growth for Perrier's flavored range.



VENDOR FOCUS

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Sprite & LeBron James Sprite 6 Mix



LeBron James new, personalized Sprite flavor.

Sprite 6 Mix by LeBron James is a limited-edition Sprite flavor formulated in partnership with the NBA champion and cultural icon. The beverage combines the refreshing taste of traditional Sprite with a splash of cherry and orange flavor. The flavor formulation, packaging graphics and product name of Sprite 6 Mix were co-developed with James to truly reflect his style and taste preferences.

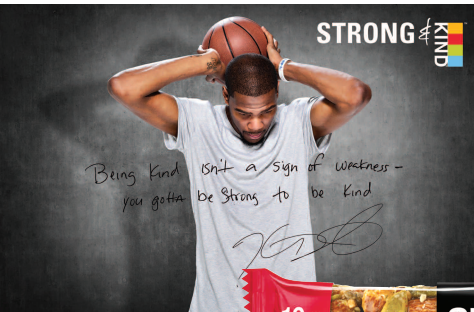
Sprite 6 Mix by LeBron James is available nationwide for a limited time in 20-ounce bottles and 19.2-ounce cans. Special packaging for the new flavor features a custom logo sporting James' name and jersey number, and his initials appear on the background of the label. The packaging also features a custom "6" with a crown integrated to represent James' most popular nickname—"King James." More information is available at Sprite.com/6mix-story.

KIND Shows 'It's Strong To Be Kind'

KIND Healthy Snacks announced the release of STRONG & KIND, the brand's first-ever savory snack line and a movement aimed at changing the way people view strength and kindness.

STRONG & KIND helps feed people's inner strength with 10 grams of natural protein (soy-and-why free) from ingredients you can see and pronounce—including whole almonds, seeds and legumes—

which when combined pack all nine essential amino acids. The new line features five flavors that will rev up taste buds: Honey Smoked



BBQ, Honey Mustard, Roasted Jalapeño, Hickory Smoked and Thai Sweet Chili. Suggested retail price is \$1.79 per bar.

STRONG & KIND bar sales support the Kevin Durant Charity Foundation.



KIND has partnered with NBA player Kevin Durant to prove that the best way to show strength is to choose kindness—that it's strong to be kind. In conjunction with the movement, KIND and Durant are looking for one million people to join them in taking the STRONG & KIND pledge to support a \$1 million donation from KIND to the Kevin Durant Charity Foundation. The donation will be used to create programming for at-risk youth to teach them how to be STRONG & KIND.

Voodoo E-Vapor Liquids & E-Pen Vaporizers



Kretek International recently rolled out its new line of Voodoo brand e-vapor liquids and personal e-pens. Voodoo e-liquids are available in 20 flavors from Apple to Wild Berry. Pop-up counter cartons display 10 bottles in

single flavors, or in a series of variety packs. Each bottle can deliver up to 5 refills for a Voodoo E-pen tank. Voodoo e-liquids are available in 2.1 percent, 0.6 percent and

Voodoo's slim e-pens allow users to customize and mix flavor combinations.

zero nicotine levels. The 10 ml Voodoo bottles have tamper-evident seals and child-resistant

twist-off caps. A refillable crystal tank and slim size make the Voodoo e-vapor devices convenient and portable. Voodoo e-pens come in three styles.

Voodoo brand retailers are supported by a full line of merchandising options, as well as strong introductory promotions and social media. Visit www.voodoohookah.com to learn more. Ask your Kretek sales representative for details on displays and promotions. Call 1-800-358-8100 or email salesinfo@kretek.com.



Nestlé Waters' Summertime Tea Promos

Nestlé Waters is offering two special promotions for 7-Eleven franchisees in the North Atlantic and Heartland Zones.



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Duracell AA 4pk
0 41333 41501 7
UIN 512483
SLIN 160070



Duracell AAA 4pk
0 41333 42401 9
UIN 512541
SLIN 160115



Duracell C 2pk
0 41333 21401 6
UIN 512467
SLIN 160072



Duracell D 2pk
0 41333 21301 9
UIN 512418
SLIN 160073



Duracell 9V 1pk
0 41333 11601 3
UIN 512525
SLIN 160068

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

SMART POWER...ALWAYS

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

DURACELL®

VENDOR FOCUS

continued from page 90

- **North Atlantic Zone:** 2/\$1.50 on any 20-ounce Nestea beverage from May 21 to July 8, 2014. There will also be a daily contest that will give customers a chance to win free Nestea for a year, 7-Eleven gift cards, and beach towels and totes simply by texting "PLUNGE" too 711711.

- **Heartland Zone:** 2/\$2.22 on any Tradewinds Tea 20-ounce from May 21 to July 8, 2014. Also during that period there will be a daily contest for customers to win a pair of Lollapalooza one-day passes by texting "Lolla" to 711711.



Mistic Unveils Haus Personal Vaporizer

The Haus Personal Vaporizer introduced by the Mistic brand of electronic cigarettes is available through McLane and is currently being sold in 20,000 store locations nationwide as vapor continues to be one of the fastest-growing segments of the e-cig category.

Offered in blue or black with stainless steel fittings and a light activated on/off control, Haus' high-powered 650 lithium-ion battery gives more powers to users while they spend less time between charges. Retailing for \$24.99, the Haus Personal Vaporizer by Mistic comes as a complete starter system, equipped with a wickless tank, and a sleek, soft handle for added comfort and style, plus USB charger and lanyard for easy carrying access. Each starter kit is the size of a traditional pack of cigarettes for easy merchandising and comes safety sealed with a branded hologram. A Haus display also is available preloaded with 64 pieces.



Haus Personal Vaporizer by Mistic is available in a preloaded display with 64 pieces.

Allowing vapers the flexibility to choose from a variety of taste profiles, five distinct blends will be available to use with Haus—American Blend, Cool Ice, Washington Red, Java and Ocean Mist. Retailing at \$7.99 for a 10mL tamper- and child-proof, slow-drip bottle with laser code dating for tracking, Haus' e-liquid is made and bottled in the United States.

New Diageo Tragos Frescos For Your Hispanic Customer!

Diageo's Tragos Frescos combines the traditional Latin Aguas Frescas—a cool, refreshing, sweet combination of fresh water, fruit, floral, sweetener & citrus—with the popularity of malt beverages. Tragos Frescos is available in three flavors—Limeade, Mandarin and Tamarino, and Watermelon and Hibiscus—that would traditionally appeal to Hispanic shoppers. Malt Beverages penetrate 53 percent of Hispanic households, two times that of wine & spirits, and flavored malt beverages have the second highest Hispanic Volume Index in Malt Beverages. In addition, dollar sales are up 50 percent versus two years ago in the Hispanic Food Market, and the Hispanic FMB market is projected to grow 167 percent by 2050 (Nielsen Beer Marketer Insights). Order Through Your Smirnoff Ice Distributor.



New Tragos Frescos appeals to mainstream and Hispanic customers.

Gatorade Fierce Green Apple Only At 7-Eleven

Now available exclusively at 7-Eleven stores nationwide is Gatorade Fierce Green Apple. This exciting new Gatorade flavor provides hydration and fuel to athletes on and off the field of play. It comes in 28oz and 32oz bottles, and is being offered at two for \$3. **AV**



Gatorade Fierce Green Apple is available exclusively at 7-Eleven.

FOA EVENTS

7-ELEVEN FOAC CHARITY GOLF OUTING

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

SOUTHERN CALIFORNIA FOA GOLF TOURNAMENT

Industry Hills Golf Club At Pacific Palms Resort
City of Industry, California
August 20, 2014
Phone: 818-357-5985

TRISTATE FOSE GOLF TOURNAMENT

Little Bennett Golf Course
Clarksburg, Maryland
September 17, 2014
Phone: 301-572-6811

SOUTHERN NEVADA/LAS VEGAS FOA GOLF TOURNAMENT

Rhodes Ranch Golf Course
Spring Valley, Nevada
October 2, 2014
Phone: 702-249-3301

7-ELEVEN FOAC HOLIDAY TRADE SHOW & PARTY

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

SOUTHERN NEVADA/LAS VEGAS FOA HOLIDAY PARTY & TABLETOP TRADE SHOW

(location to come)
December 5, 2014
Phone: 702-249-3301

SOUTH FLORIDA FOA TABLETOP TRADE SHOW/

Holiday Party
(location to come)
December 5, 2014
Phone: 954-465-6896

GREATER SEATTLE FOA HOLIDAY PARTY

(location to come)
December 13, 2014
Phone: 425-308-1216

CENTRAL FLORIDA FOA HOLIDAY PARTY

(location to come)
December 13, 2014
Phone: 407-715-9998

FOA BOARD MEETING DATES

Greater Seattle FOA

Phone: 425-308-1216
May 07—Dinner Meeting
June 18—Board Meeting
June 25—Dinner Meeting
July 23—Board Meeting
August Board Meeting prior to Golf Tournament
September 03—Dinner Meeting
October 15—Board Meeting
November 12—Board Meeting
November 19—Dinner Meeting
December 06—Board Meeting

Metro New Jersey FOA

Phone: 908-232-1336
August 21—Limited Vendors
November 13—Vendors Welcomed

Greater Bay FOA

Phone: 707-328-3960
May 20
June 17
July 15
August 19
September 16
October 21
November 18
December 16

Southern Nevada/Las Vegas FOA

Phone: 702-249-3301
May 15—Board Meeting
May 29—Board Meeting
June 12—Board Meeting
June 26—General Meeting
August 14—Board Meeting
August 28—General Meeting
September 11—Board Meeting
September 25—Board Meeting
October 16—Board Meeting
November 6—Board Meeting
November 20—General Meeting/Elections

Central Florida FOA

Phone: 407-715-9998
June 12—Lakeland
September 10—Sarasota
October 9—Orlando
December 4—Lakeland

Pacific Northwest FOA

Phone: 253-861-6737
May 14—FOA Dinner Meeting
June 18—FOA Dinner Meeting
September 17—FOA Dinner Meeting

South Florida FOA

Phone: 954-465-6896
May 8—Board Meeting
May 14—General Meeting
June 25—Board Meeting
August 20—Board Meeting
August TBD—General Meeting
October 9—Board Meeting
November 13—Board Meeting
November TBD—General Meeting

Cal-Neva FOA

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

San Francisco/ Monterey Bay FOA

Phone: 650-996-9479
May 13
June 10
July 8
August 12



September 9
October 14
November 11

Southern California FOA

Phone: 818-357-5985
May 14
June 11
July 9
August 13
September 10
October 8
November 12
December 10

Columbia Pacific FOA

Phone: 503-984-1398
July 24—Board Meeting
December—Board Meeting & Elections

FOA EVENTS

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 15, 2014
Phone: 619-713-2411

SOUTHERN CALIFORNIA FOA TRADE SHOW

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

GREATER BAY FOA GOLF TOURNAMENT

(location to come)
June 9, 2014
Phone: 707-328-3960

METRO NEW JERSEY FOA GOLF TOURNAMENT

(location to come)
June 11, 2014
Phone: 908-232-1336

METRO NEW JERSEY FOA TRADE SHOW

Tropicana Casino & Resort
Atlantic City, New Jersey
June 12, 2014
Phone: 908-232-1336

UFOLI TRADE SHOW

Long Island Marriott
Uniondale, New York
June 17, 2014
Phone: 631-670-7602

CAL-NEVA FOA GOLF TOURNAMENT

Lakeridge Golf Course
Reno, Nevada
June 19, 2014
Phone: 775-826-7111

COLUMBIA PACIFIC FOA GOLF TOURNAMENT

McNary Country Club
Keizer, Oregon
July 25, 2014
Phone: 503-984-1398

PACIFIC NORTHWEST FOA SUMMER PICNIC

(location to come)
July 26, 2014
Phone: 253-861-6737

UTAH FOA TRADE SHOW

Doubletree Suites
Salt Lake City, Utah
July 31, 2014
Phone: 801-450-4538

UTAH FOA GOLF TOURNAMENT

Stonebridge Golf Club
West Valley City, Utah
August 1, 2014
Phone: 801-450-4538

GREATER SEATTLE FOA GOLF TOURNAMENT

(Location & date to come)
August 2014
Phone: 425-308-1216

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

PACIFIC NORTHWEST FOA CHARITY GOLF TOURNAMENT

(location to come)
August 12, 2014
Phone: 253-861-6737

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NCASEF BOARD MEETINGS

NATIONAL COALITION BOARD OF DIRECTORS MEETING

The Nines Hotel
Portland, Oregon
May 8-9, 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

NATIONAL COALITION AFFILIATE MEETING

Hyatt Regency Maui Resort & Spa
Lahaina, Hawaii
October 28-29, 2014

NATIONAL COALITION BOARD OF DIRECTORS MEETING

Hyatt Regency Maui Resort & Spa
Lahaina, Hawaii
October 30-31, 2014

Register NOW for the National Coalition's
2014 Convention at www.ncasef.com

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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

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