



AVANTI

May/June 2014

THE VOICE OF 7-ELEVEN FRANCHISEES

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Forty Years On The Corner

The \$15 Minimum Wage

Weekly POS Activity Summary

Cleanliness Surveys

Operating Expenses

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AVANTI

THE VOICE OF 7-ELEVEN FRANCHISEES

May/June 2014

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*2014 Convention
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Member News

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Chicagoland Franchisee Featured In NPR C-Store Story

Chicagoland franchisee and 7-Eleven FOAC Vice President Hashim Syed was one of several storeowners from different franchise chains featured in a local National Public Radio (NPR) report on franchising. The report aired on Chicago NPR station WBEZ 91.5 on April 7 and was followed with an article on the station's website. It focused on how the current franchise business model places small business owners in a tight spot between their franchisors and their workers, since tighter rules from corporate tend to limit the ability of storeowners to free up resources to treat their employees better with higher wages and better benefits.

The report states that, although franchising is an efficient business model, it is "fraught with tensions" because companies

sometimes take the opportunity to increase the royalty or impose tighter rules when a franchise agreement expires. If the franchisee does not follow the rules, the company might take over that unit. Other tensions stem from the wages and work conditions of franchise employees. Syed told NPR he can't blame employees who are upset about the pay. "That worker who is working also thinks—and I know it for a fact—that I am just greedy and I want to keep all the money in my pocket instead of giving him fair wages," he said. Syed added that he feels the whole franchise model feels like a setup. "We are as much of a victim in it as the workers are," he said. "We are nothing more than a glorified manager."

NPR did a follow-up to the story on April 23, in which it reported Syed was visited by two SEI senior vice presidents a week after the first report aired. (See Syed's article, page 76)

SEI To Sell 75 Stores

SEI has retained NRC Realty & Capital Advisors, LLC to coordinate the sale of 75 gasoline stations and/or convenience stores

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San Diego FOA Golf Tournament Raises Funds For Two Charities

San Diego FOA members convened at the Salt Creek Golf Club in Chula Vista, California on May 15 to tee-off at the association's 21st Annual Charity Golf Tournament. The event raised funds for two charities: the

Warrior Foundation and Swim Across America. Pictured in the check presentation photos are: Warriors Bolivar Flores, Jeremy Benbow, Nick Wolf, Warrior Foundation Director and Board Member Judy Sexton, Gurpal Paintal (San Diego FOA Board Member), Carmen Hiebing (San Diego FOA Vice President) and Bic Sidhu (San Diego FOA President).



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May/June 2014

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THE FRANCHISEE SHAKE-UP OVER OUT-OF-STOCKS

By Romy Singh, President, Eastern Virginia FOA

Recently, there has been a shake-up within the franchisee community over out-of-stocks. Not so much that they've been occurring, but how SEI has been reacting to them—by issuing LONs and breaches. As a result, franchisees feel the company doesn't trust them to operate their stores effectively, and have lost confidence in SEI's direction.

We might agree that franchisees should be held accountable for excess out-of-stocks if they result from bad forecasting or under ordering. However, the recent rash of out-of-stocks have mostly been caused by changes in delivery schedules and by vendors being short on products.

As it presently stands, around ten to twelve suppliers make deliveries to our stores twice a week. If McLane, the CDC, or any of the DSD vendors are out of stock on an item, on average we would have 10 to 30 different out-of-stocks on a weekly basis. There are some distributors who deliver once a week. If they don't have a product in stock, it means storeowners won't see the missing product for the next 10 days.

SEI claims that we both lose revenue due to out-of-stock situations, which is incorrect. It is very rare to see a guest walking out without making a purchase if we are missing one of the products we

"The recent rash of out-of-stocks have mostly been caused by changes in delivery schedules and in vendors being short on products."

usually carry but we have a similar product of a different brand. An average store has 2,000 to 2,600 different items in their product mix with two or three different brands of each product.

I am not defending out-of-stocks, but I want to deliver the message that SEI should coach franchisees instead of enforcing the message with LONs and

breaches. When is SEI ever held accountable for the times when gasoline stores do not receive a consistent gas supply and are out of gasoline for days? What does SEI do for the franchisee when he or she is dealing with disgruntled guests and in-store sales suffer due to the gas outage? The franchisee's feet are held to the fire for being out of stock on 30 items out of 2,600 different items they carry, whereas SEI is responsible for ordering and maintaining only one item—gasoline—and has trouble doing that.



"I want to deliver the message that SEI should coach franchisees instead of enforcing the message with LONs and breaches."

We understand the company has to ensure our stores are fully stocked, but the way SEI has gone about it—by attaching it to the GEA survey conducted by our field consultants—is a nightmare. Some field consultants were coming to our stores and setting up product minimums themselves, at a number oftentimes higher than necessary. This only served to sabotage our businesses because we don't have warehouses to store ten days worth of supplies. Also, if we add more inventory it kills our gross profit, and there are higher discrepancies in audit counts. Setting up accurate minimums is the key to keeping our stores running smoothly. Minimums need to be balanced with forecasting to avoid out-of-stocks. Instead of threatening franchisees with breaches, field consultants should be helping us grow sales.

With this out-of-stock situation, it seems that SEI has developed a "cup half empty" mentality. They see 10 or 20 percent empty instead of 80 or 90 percent full. It is not a trivial task to run a 24-hour operation. Let's boost franchisee's moral. Let's start respecting each other and let's not give breaches left and right. There are other ways to hold franchisees accountable, and a breach should be the last resort. **AV**

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Member News

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Central Florida FOA Supports Arab American Festival...

Members of the Central Florida FOA set up a tent near Lake Eola in downtown Orlando on May 18 to hand out coupons for free Slurpees and help support the Arab American Community Center of Florida during the community's Arab American Festival.



...And Swim Across America

Central Florida FOA franchisees joined together on February 26 and 27 to take part in the association's golf tournament and trade show. The golf tournament, held on February 26 at the Orange County National Golf Center and Lodge in Winter Garden, benefited Swim Across America. After the event, FOA members presented a check for \$10,711 to SAA representatives.



The following day, on February 27, Central Florida FOA members gathered at the Rosen Plaza in Orlando to view the latest offerings from the vendor community at the association's annual trade show.



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in 16 states. This includes 31 locations in Florida, 14 in Virginia, six in Massachusetts and Illinois, three in Texas, two in New York, Delaware, New Jersey and Utah and one each in Arizona, Connecticut, Indiana, Maryland, Michigan, Pennsylvania, and Vermont. In a released statement, SEI said it is selling the stores because they do not fit 7-Eleven's current business model. The company added that all the stores up for sale "have solid merchandise sales and should provide good opportunities for the right buyers."

Thirty-seven of the sites being offered are fee-owned properties, and the remaining 38 are leaseholds. All sites are being sold without 7-Eleven branding. Most sites that sell fuel are offered for sale with fuel supply, which would be provided by SEI Fuels, Inc., a 7-Eleven subsidiary.

SEI's New Irving HQ

Construction on SEI's new building in the Cypress Waters development in Irving, Texas is scheduled to begin this summer, reported the *Dallas Morning News*. SEI is moving its headquarters from downtown Dallas to a 300,000 square-foot office building developer Billingsley Co. will construct just north of LBJ Freeway near Belt Line Road. The City of Irving has agreed to more than \$10 million in economic incentives to lure 7-Eleven from Dallas. Billingsley Co. already has four of the five office buildings in the project under construction. The company said it expects the development to be completed and all offices open within two years.

Complaint On Security System & Monitoring Amendment Filed

On May 16, six 7-Eleven franchisees—all NCASEF officers—filed a complaint in the United States District Court, Eastern

continued on page 26



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Member News

continued from page 24

*Join Us The National Coalition's
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Here are all the business-building opportunities and fun you can expect at this year's event!

Schedule of Events!

Saturday, July 12
12:00 p.m. - 6:00 p.m. — Franchise and Vendor Registration • Location: Convention Foyer
7:00 p.m. - 9:00 p.m. — Welcome Reception and DJ At The Dolphin • Cabana Pool Deck • Dolphin Cabana Pool Deck

Sunday, July 13
8:00 a.m. - 9:00 p.m. — Continental Breakfast • Atlantic Hall C
9:00 a.m. - 10:30 a.m. — "State Of The Coalition" With Chairman Joe Gable and The NCASEF Officers (Franchisees only) • Atlantic Hall B
9:00 a.m. - 1:00 p.m. — Franchise and Vendor Registration • Convention Foyer
10:30 a.m. - 12:00 p.m. — "Legal Talk" With Eric R. Karp, NCASEF General Counsel (Franchisees only) • Atlantic Hall B
12:00 p.m. - 1:30 p.m. — "Golf To Win" Lucky Lotto Luncheon With Prizes (Franchisees and major sponsors) • Atlantic Hall C
2:00 p.m. — "Celebrating Franchisees!" Free Afternoon • Tickets To Any Of Four Disney Parks!

Monday, July 14
Charity Golf Tournament And Blowout Bar Party
6:30 a.m. — Buses Depart: The Joe Saraceno Charity Golf Tournament at Disney's Palm Golf Course • Convention Area Covered Terrace
8:00 a.m. — Shotgun Start: Joe Saraceno Charity Golf Tournament at Disney's Palm Golf Course Benefiting Swine Action America, "Making Waves To Fight Cancer"
9:00 a.m. - 5:00 p.m. — Franchise and Vendor Registration • Convention Foyer
8:00 p.m. - 12:00 a.m. — Blowout Bar Party At The House Of Blues (Adults only) • Shuttle service from hotel to House Of Blues
7:00 p.m. to 12:30 a.m. every 15 minutes

Tuesday, July 15
8:00 a.m. - 9:00 a.m. — Continental Breakfast • Atlantic Hall C
9:00 a.m. - 10:00 a.m. — Motivational Speaker & MC: Robert Stevenson • Atlantic Hall B
10:00 a.m. - 11:00 a.m. — Discussing Maintenance: Terrell Foster, President, C-Stores, IM Facility Maintenance and John Pavia, C-Stores, IM Facility Maintenance • Atlantic Hall B
9:00 a.m. - 1:00 p.m. — Franchise and Vendor Registration • Convention Foyer
11:00 a.m. - 4:00 p.m. — "Celebrating Franchisees!" Trade Show Extravaganza • Pacific Hall
5:30 p.m. - 10:00 p.m. — Charity Auction Night Benefiting Swine Action America and the Muscular Dystrophy Association With DJ Music (Franchisees, sponsors and registered exhibitors) • Fantasia Garden Pavilion
5:30 p.m. - 7:30 p.m. — Cocktails and Silent Auction • Fantasia Garden Pavilion
6:30 p.m. - 10:00 p.m. — International Buffet Dinner • Fantasia Garden Pavilion
8:00 p.m. — Live Auction Opens • Fantasia Garden Pavilion

Wednesday, July 16
7:30 a.m. - 8:30 a.m. — Continental Breakfast • Atlantic Hall C
8:30 a.m. - 10:00 a.m. — Accounting Panel — Community Asked Questions Answered By Norm Virellino and Richard Schwarz, Ser-Vo Etc. LLC • Atlantic Hall B
9:00 a.m. - 11:00 a.m. — Franchise and Vendor Registration • Convention Foyer
10:00 a.m. - 11:00 a.m. — Are You Covered? Franchise Insurance Coverages, AOB Insurance • Atlantic Hall B
11:00 a.m. - 4:00 p.m. — "Celebrating Franchisees!" Trade Show Extravaganza • Pacific Hall
5:30 p.m. - 8:30 p.m. — Cocktail Reception • Epicor Center World Show Place
8:30 p.m. - 1:00 p.m. — Grand Banquet At Epicor Center With Disney Theme Show and Fireworks (Franchisees, sponsors and registered exhibitors) • Epicor Center World Show Place

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District of California, against SEI seeking judicial intervention to obtain a determination of their rights and duties in regard to the company's retroactive termination (effective June 30, 2013) of the Security System and Monitoring Amendment (Amendment) to the Franchise Agreement. The Amendment controls the installation, operation, use, monitoring, repairs, and maintenance of in-store cameras and recording devices and the use of the recordings from such devices.

7-Eleven Expands Into Middle East

SEI recently announced that it has signed a master franchise agreement with Seven Emirates Investment LLC to develop and operate 7-Eleven stores in the United Arab Emirates (UAE). The expansion marks the company's first entry into the Middle East region. The first 7-Eleven-branded convenience store in the UAE is expected to open in Dubai next summer. The new master franchisee plans to construct 7-Eleven stores as well as convert existing locations to the 7-Eleven brand. Internationally popular products like Slurpee frozen carbonated beverages and Big Gulp soft drinks, as well as immediately consumable fresh foods, with recipes developed for regional tastes, will be part of the convenience offerings.

Hawaii Gets Rebranded

7-Eleven Hawaii is undergoing a \$30 million rebranding campaign over the next five years—which includes all 61 of

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Member News

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Winners Of Simply Orange Refreshment Juices Incentive Contest Announced

Simply Orange has announced the winners of its 2013 7-Eleven NCASEF Incentive Expand & Grow Coca-Cola Refreshment Juices contest. To be entered, stores had to increase distribution of Coca-Cola Refreshment Juice SKUs—which include the Minute Maid, Simply Orange and Odwellia lines—by 10 percent between November 1, 2013 and January 31, 2014. Each store that stocked a minimum number of these products gained entry into a drawing for cash prizes that ranged from \$500 to \$2,500. Congratulations to all the winners!

\$500 Winners

Marcello Porcelli—Corona, NY
Gurpal Paintal—San Diego, CA
Sergio Beltran—Paramount, CA
Rogers Bush—West Concord, MA
Russ Mallery—Colorado Springs, CO
Roger Basra—Desoto, TX
Mija Hwang—Seattle, WA
Atul Lalan—Englewood, NJ
Manuel Lopez—Long Beach, CA
Parminder Dhir—Oakland, CA
Mark Guest—West Dover, VT
Afife El-Houayek—Tampa, FL
Tayyab Khan—Baltimore, MD
Prithpal Kandhari—New York, NY
Gaurav Kapoor—Austin, TX
Linda Smekens—Salt Lake City, UT
Umrik Singh—Napa, CA
Workaferah Habteyes—Baltimore, MD
Kyle Truong—San Jose, CA

\$1,000 Winners

Dilbag Rai—Auburn, WA
Adelouahab Elfernani—Clifton Heights, PA
Roger Van Sluis—Orlando, FL

Helen Kidane—Denver, CO
Yusef Kohen—Westminster, CO
Junaid Khan—Orlando, FL
Houshang Motazedi—Reseda, CA
Kuma Mamie—Silver Spring, MD
Taiwo Animashaun—Hyattsville, MD
Janice Trotter—West Valley City, UT

\$1,500 Winners

Mohammed Ursani—Hawthorne, CA
Tanweer Baig—Philadelphia, PA
Charles Wright—Sanford, FL
Elango Mani—Woodbridge, VA
Thomas Neeley—Cardiff By The Sea, CA
Madan Mohan—Hillside, NJ
Bogos Drar—Emeryville, CA
Steven Hart—Mesquite, TX

\$2,500 Winners

Davinder Sandhu—Denver, CO
Mohamad Iskandar—Boston, MA
Helen Kidane—Denver, CO
Kevin Yuong—Long Beach, CA
Joseph Carpenter—Windsor, CO



The Texas FOA made a donation of \$25,000 to Swim Across America (SAA) on June 7 at a “big check” presentation at the Harbor at Rockwall. The Texas FOA raised this money through its annual golf charity outing, held this year at the Cowboys Golf Club in Grapevine, Texas. 7-Eleven franchisees, their employees, national and local corporate vendors, and others all had the opportunity to participate in the golf outing, the funds of which went into the donation. Pictured (left to right): Daniel Watters—SAA, Andrea Dickson—SAA, Ralph Wiegandt—Texas FOA Board member, Jeanne Cunningham—SAA, and Bob Price—Texas FOA President.



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its stores in the state and new locations in the future—to reflect a more standardized look with its new “Your Neighborhood Store” concept, reported *Pacific Business News*. The rebranding is a local effort and not part of the Japan-based parent company's strategy. On average, the cost to renovate each store is about \$500,000. The company, which has about 950 employees, also is in the midst of an aggressive expansion plan, shooting for 100 stores in four years.

Franchisees Sue Over Store Seizures

Several franchisees have filed lawsuits against SEI, alleging the company stripped them of their stores for bogus reasons, reported the *Los Angeles Times*. Some of the franchisees say SEI targeted successful stores in high-traffic areas, then flipped them to new franchisees willing to pay the company higher fees.

SEI countered in court documents that some of those franchisees were stealing—depriving the company of its full share of the store profits, often by falsifying sales records. The franchisees allege company investigations led to hardball negotiations between the storeowners and SEI, which pressured franchisees to give up their stores or face potential prosecutions.

Dilip Patel and his wife, Saroj, said SEI used “storm trooper interrogation and iso-

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Chicken and Cheese Chimichangas



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McLane Full Case UIN: 4509768

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lation tactics" in such sessions when the company accused them of "double dipping" Slurpee coupons. The couple, who sued in March, ultimately gave up their Riverside, California store, which they had run since 1995, with no compensation from 7-Eleven. SEI told the newspaper in a statement that it moved to terminate the couple's contract after a "thorough and lawful investigation." The company vowed to fight the Patels' suit and others, but declined to comment on the couple's specific allegations.

Franchisee Karamjeet Sodhi alleges in his lawsuit that SEI sent agents into his six New Jersey stores, removed lottery books and money order machines and cut him off from his vendors. Sodhi and the company are currently in court fighting over control of the stores. Former SEI Corporate Investigations Supervisor Kurt McCord filed an

affidavit in Sodhi's case, alleging the



company employed a tactic known in the franchise community as "churning" by which it generates "tens of millions of dollars in additional profits" by inventing accusations of franchisee fraud, then taking back and reselling the stores.

SEI has not responded to McCord's affidavit in court, but has filed its own lawsuit against Sodhi, alleging that he and his associates manipulated cash registers to mask sales, making them appear aborted or refunded, while pocketing the money. The company said that it "amassed irrefutable evidence—documentary, testimonial and statistical"—against Sodhi.

Longtime Southern California franchisee Adnan Khan in his lawsuit accused SEI of trying to intimidate him into giving up his stores through "stalking, illegally gath-

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Legislative Update



Massachusetts Senate Votes To Raise Minimum Wage

The Massachusetts Senate voted overwhelmingly in early June in favor of a bill that would raise the state's minimum wage to a nation-leading \$11 an hour by 2017, reported the *State House News Service*. The Senate voted 35-4 to pass legislation that would gradually increase the minimum wage in three steps from its current perch at \$8 an hour to \$11 an hour in 2017, with \$1 increases taking effect on the first day of each of the next three years starting on January 1, 2015. The bill was also approved by the Massachusetts House of Representatives. The bill, which does not include automatic adjustments in the minimum wage for inflation, will now be sent to Democratic Governor Deval Patrick for his expected signature.

Seattle Workers Get \$15 Minimum Wage

The Seattle City Council unanimously passed an ordinance recently that gradually increases the minimum wage in the city to \$15, which would make it the highest in the nation, reported the Associated Press. The measure—which kicks in on April 1, 2015—includes a phase-in of the wage increase over several years, with a slower process for small businesses. The plan gives businesses with more than 500 employees nationally at least three years to phase in the increase. Those providing health insurance will have four years to complete the move. Smaller organizations will be given seven years.

Although some local businesses have come out in support of the legislation, a group of restaurant owners oppose it, saying it would force them to cancel expansion plans, decrease hiring and possibly cut service hours. The International Franchise Association, a Washington, D.C.-based business group that represents franchise owners, said it plans to sue to stop the ordinance.

Vermont Raises Minimum Wage

Vermont Governor Peter Shumlin recently signed a bill raising his state's minimum wage to \$10.50 per hour by 2018, reported the *Washington Post*. The legislation will raise Vermont's minimum wage from \$8.73 an hour—already almost a dollar above the federal minimum—to \$9.60 in 2016, to \$10 in 2017 and to \$10.50 in 2018. Beginning in 2019, the minimum wage will be indexed to inflation. That phased-in approach is aimed at reducing the impact of wage hikes on businesses. Still, local chambers of commerce and business groups have said the wage hikes will cost jobs for those who need them the most.

Hawaii Ups Minimum Wage To \$10.10 Per Hour

Hawaii has raised its minimum wage to \$10.10 per hour, putting the state among the first to meet President Obama's goal of increasing the minimum wage nationwide, reported *USA Today*. Governor Neil Abercrombie signed the minimum wage bill into

Seattle's minimum wage of \$15 will phase-in over several years.

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DID YOU KNOW?



104,605,736* CUPS!

Sold in 7-Eleven locations in 2013

Average Cups Per Location

13,764

Annual Sales**

\$176,782,758.00

Average Annual Sales Per Location

\$23,260.89

Keep Those Sales Ringing... Check Out The Machine Line-Up for July.

July 2 - September 2

French Vanilla	Option	100% Arabica Mexican HC	Option	Hot Chocolate
1	2	3	4	5

Optional Flavors:

Skinny French Vanilla Original	Steamed Milk Caramel Macchiato
--------------------------------	--------------------------------

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Legislative Update Local Legislatures Again Target Sugary Drinks

Threatening developments for the soft drink industry regarding government taxes and regulation continue to be the norm, and soda and sugary drinks continue to be the target for health campaigns. To what extent should local governments restrict choice? New York and California are two states that have taken the lead in the area of sugary drinks, drawing national attention as they continue to move in the direction of higher taxes, mandatory warning labels and banned soda sizes.

Increasing taxes on sugary drinks is the ultimate goal for many health officials and organizations. Recently, however, the approach has taken a new angle: instead of taxing the drinks themselves, health officials are proposing a separate tax for sugar or calories. For example, in one proposal a 12-ounce soda would have six extra cents of tax based on the number of calories. Depending on how much sugar (or how many calories) a product has per ounce will influence the product's price. New York City's Department of Health believes this will deter people from buying and consuming soda and other "unhealthy" products. This also addresses one concern that the soda industry has expressed in the past—being singled

"Recently the approach has taken a new angle: instead of taxing the drinks themselves, health officials are proposing a separate tax for sugar or calories."

out as the ones responsible for obesity or other health-related problems. By incorporating a broader tax, the soda industry will ostensibly feel less targeted.

Recall that former New York City Mayor Michael Bloomberg proposed placing a limit on cup sizes in 2012. That proposal was deemed unconstitutional, but in June of this year both the NYC Department of Health and Mental Hygiene and the NYC Board of Health appealed against the decision, claiming that smaller drink sizes could help fight against obesity. While the NYC Board of Health is arguing that a portion size of 16 ounces or less would decrease obesity, the American Beverage Association argues that the Board is going too far with their limitations. They are asking where the line will be drawn—if large soda portions are banned, what would stop other food and drink from being banned

By Jason Miko, NCASEF

as well? The beverage industry is claiming that this is less about obesity and more about the power of the Board of Health in limiting choices. Either way, the official decision regarding size limitations will likely happen later this year.

California recently tried a different approach to sugary drinks—instead of limiting size, state lawmakers wanted to require warning labels (such as those found on tobacco products) on any sweetened beverage. In May the California State Senate passed SB 1000, the "Sugar-Sweetened Beverage Safety Warning Act," which would have required the presence of warning labels on all sugar-sweetened beverages that contain "added caloric sweeteners" with at least 75 calo-

"New York and California are two states that have taken the lead in the area of sugary drinks, drawing national attention as they continue to move in the direction of higher taxes, mandatory warning labels and banned soda sizes."

ries per 12 ounces. Fortunately, the Assembly Committee on Health recently rejected the measure and it is now officially dead for the current legislative session. Health officials had hoped the warning labels would be a stepping stone to healthier citizens by reducing consumption, but the California American Beverage Association pointed out that sugary beverages are not the only factor of weight gain. They believe the required labels would only add confusion, and personal habits and behaviors would remain unchanged.

Other recent news coming out of California is that the city of Berkeley proposed increased taxation on sugary drinks in an effort against obesity. The vote to consider this tax will occur on July 1st.

Finally, as the issue of which products to tax and how to approach the matter continues to escalate, many people are expecting a proposal for a sugary drink tax to emerge on a federal level. This is even more probable, considering the recent developments in New York and California. Everyone concerned should continue to be aware as the issues of increasing taxes, limiting sizes and requiring warning labels are debated not only in New York and California, but each of our cities and states, as well.

Contact Jason
520.232.9840
jmiko@
russellpublic.com

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Member News

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ering personal information, and fear-involving maneuvers.” In New Jersey, franchisees Sam Younes and Tamer Atalla alleged that they were at SEI’s mercy for store repairs, causing them “to lose profits due to spoiled products and lose customers due to substandard facilities.”

7-Eleven Among Most Popular

7-Eleven has ranked #10 on *24/7 Wall St.*’s America’s Most Popular Stores list. To determine the nation’s most popular stores, *24/7 Wall St.* reviewed data from location analytics company Placed, which calculated the percentage of Americans who visited various stores in March 2014. The online publication also reviewed 2012 U.S. sales and store count data from the National Retail Federation’s Stores.org, as well as advertising expenditure figures from AdAge covering 2011 and 2012.

According to *24/7 Wall St.*, unlike other popular stores, Americans earning between \$25,000 and \$50,000 were less likely than the average American to visit 7-Eleven. Wealthier consumers, on the other hand—those earning more than \$100,000—were more likely to visit 7-Eleven. *24/7 Wall St.* also discovered that, despite its popularity



24/7 Wall St. discovered that despite its popularity in the U.S., 7-Eleven spent relatively little on advertising.

in the states, 7-Eleven spent relatively little on advertising—the chain did not make AdAge’s top 100 leading national advertisers rank in 2012.

7-Eleven’s Worldwide Count

In 1991, 7-Eleven owned or franchised about 13,000 stores around the world, of which about 4,200 were located in Japan.

At the last official count for the fiscal year ending in March of 2014, 7-Eleven owned or franchised 52,433 stores in 15 countries, reported *24/7 Wall St.* The company owns or franchises 16,319 stores in Japan and 10,642 in the United States and Canada.

The remaining countries with total store counts: South Korea—7,085; Thailand—7,429; Taiwan—4,919; China—2,001; Mexico—1,649; Malaysia—1,557; Philippines—1,009; Australia—595; Singapore—537; Denmark—196; Sweden—190; Norway—157; and Indonesia—149.

By way of comparison, McDonald’s Corp. owns and franchises 35,429 stores in 119 countries. 7-Eleven operates 17,000 more stores than McDonald’s in 104 fewer countries. Taiwan, which is about one-quarter the size of Iowa, has almost 5,000 7-Eleven stores, nearly half as many as the entire United States and Canada.

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SEI has hired real estate service company CBRE to help it find suitable retail space in Philadelphia. According to an e-mail sent by CBRE, SEI is **seeking locations with heavy pedestrian and vehicular traffic**, preferably street corners, end caps and pad sites, strip centers, or free-standing buildings. • Subway’s CEO said the sandwich chain has room to **add 7,000 or 8,000 new U.S. restaurants** in the next 10 years, adding to the current count of 26,600, reported *Bloomberg*. • As c-store chain **Wawa continues to expand in northern New Jersey**, the company has also been increasing its donations to state lawmakers, reported the *Star-Ledger*. • **Fifty years ago** on June 10, a convenience store in Westminster, Colorado activated the **first U.S. remote access self-service gasoline pumps in the country**, reported NACS Online. • **Target is reissuing its branded credit and debit cards** as Master-Card chip-and-pin cards, which are considered more secure than the magnetic stripe cards commonly in use now, reported *USA Today*. • **Raising the minimum wage to \$10.10** will not only help millions of American workers earn an extra \$1,300 a year, it will also **infuse about \$32.6 billion into the U.S. economy**, according to a new study by Oxfam America. • A group of 53 leading scientists has warned the World Health Organization **not to classify e-cigarettes as tobacco products**, arguing that doing so would jeopardize a major opportunity to slash disease and deaths caused by smoking, reported Reuters. • C-store chain **Cumberland Farms recently announced that its customers have saved \$10,000,000 on gas** since the launch of its free SmartPay Check-Link payment program in January 2013. The program lets customers save 10 cents automatically on

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Pacific Northwest FOA Board members pose for a photo before the start of their annual trade show, held on April 17 at the Embassy Suites in Tukwila, Washington.

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Maruchan. Introducing Our New Bowls!



A Full Product Line!

New Maruchan Bowls now offer 7-11 franchises a full product line of convenient ramen noodle products. For the past 16 years Maruchan has been America’s #1 selling ramen noodle soup. Stock and display the full Maruchan product line and get on the profitable side of the ramen noodle soup business.



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Hot & Spicy Chicken Flavor Bowl



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ADVANTAGE



Member News

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Japan's 1st 7-Eleven Celebrates 40th Anniversary

Japan's first 7-Eleven convenience store recently celebrated its 40th anniversary, reported *The Japan News*. The first outlet opened in the Toyosu district of Koto Ward, Tokyo, on May 15, 1974 after owner Kenji Yamamoto—who currently owns five 7-Eleven stores—converted a liquor shop he took over from his father into a 7-Eleven outlet. Yamamoto had read in the



newspaper about super-market chain Ito-Yokado Co.'s plan to team up with

U.S. retailer Southland Corp. to run convenience stores in Japan and wrote a letter to Ito-Yokado asking about the new business development. On New Year's Day in 1974, Toshifumi Suzuki, then director of Ito-Yokado, visited Yamamoto to invite him to open a convenience store. Suzuki is now chairman of Seven & i Holdings Co., which controls Ito-Yokado and Seven-Eleven Japan Co.

C-Stores Took Some Hits In 2013

The c-store industry hit some rough patches last year, with total sales and motor fuel revenue slightly down, foodservice sales growth slower than in previous years and higher expenses all negatively impacting



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profit growth in 2013, reported CSNews Online. Citing the "Convenience Store News 2014 Industry Report," the article states U.S. c-stores generated more than \$700 billion in total sales for the second consecutive year in 2013. However, total revenue was flat because motor fuel sales dropped 1.1 percent and in-store sales growth slowed significantly to 2.1 percent, after climbing by 4.7 percent the previous year.

Other findings by the report include: inside sales per store increased only 1.2 percent to \$1.34 million per store; hot dispensed beverages were down 1.4 percent, while cold dispensed were up only 1.5 percent and frozen dispensed up only 1.1 percent; and soft product categories last year included edible grocery (up only 1 per-

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Upcoming New
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My First Six Months As Chairman

BY JOE GALEA, EXECUTIVE CHAIRMAN, NCASEF

In a recent article by former National Coalition legal counsel Arnold “Arnie” Hauptman, he spelled out everything I need to accomplish as the new chairman within six months before I could relax and enjoy the rest of the year. The list included encroachment, the tiered 7-Eleven charge or “Split,” franchise fees, the DVR security system, the gasoline commission, the 85 percent recommended vendor requirement, SEI’s excessive use of LONS and breaches, and the “ever-increasing costs and ever-decreasing gross profit of 7-Eleven stores.”

Needless to say, I and the National Coalition Board and officers are still working on all of those issues—and to be quite honest, Arnie’s list has grown since he wrote that article.

One issue that was added is the new GEA survey implemented in February, because it has raised many questions and concerns from the franchise community. The National Coalition asked SEI for clarification on many aspects of the survey, and to go back and reassess it as we feel it can be very overwhelming to our stores. As of this writing, we have been told that the survey will return to the old form, and that FCs will be responsible for conducting the surveys. We understand that the NBLC is also currently charged with reevaluating the form.

We realize that growing our fast food category and hot foods program is a top priority for the company, but many of the new things added to the GEA survey made it seem better suited for evaluating cleanliness in restaurants rather than c-stores. Given that ours is a 24/7 business that also sells gasoline and grocery, health and beauty, and other products, it hardly seems reasonable to hold our stores to the same standards as a restaurant.

JOE GALEA
CAN BE REACHED AT
831-426-4711 or
joeg@ncasef.com

In the last several months, the most concerning issue related

to the GEA survey has been the LONS and breaches delivered to stores for out-of-stocks. The concern is that there is no definite guideline as to what constitutes an LON or what constitutes a breach for being out-of-stock. Even the franchise agreement doesn’t indicate what specific factors can lead to an LON or a breach for being out-of-stock.

Based on what we’re seeing, the out-of-stock LONS and breaches are being generated on an individual store basis, and there is no consistency in their application. As many of you can argue, and I



“Our biggest goal is to establish a relationship with SEI that allows us to communicate and address our concerns or ideas in an environment where we are viewed as business partners with our franchisor.”

do agree, out-of-stock is not a situation incurred by franchisees alone—it is usually the result of circumstances beyond our control. Under-ordering or not forecasting correctly would definitely be our fault, but why should we be penalized if delivery dates are changed or our supplier is out of stock, leading to an out-of-stock situation in our store?

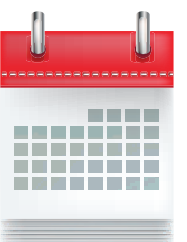
It’s not like we want to impact our business by not keeping a well-merchandised store, so consideration needs to be given—or at least a discussion held be-

“We have been told that the GEA survey will return to the old form, and that FCs will be responsible for conducting the surveys. We understand that the NBLC is also currently charged with reevaluating the form.”

tween the franchisee and SEI management—before these LONS and breaches are issued. The National Coalition has addressed this and we continue to query SEI on the matter. We have offered to sit down and suggest a criteria process to address out-of-stocks that all stores can understand and that will make the system fair for everyone.

The National Coalition’s biggest role is to protect the rights of every franchisee in our system. Our biggest goal is to estab-

lish a relationship with SEI that allows us to communicate and address our concerns or ideas in an environment where we are viewed as business partners with our franchisor. In this way we can together bring about positive changes to the system that benefit everyone. As your chairman, I promised to continue working toward that end, not only on the GEA survey issues, but on every issue affecting the franchisee community. **AV**



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Cleanliness Surveys Should Lift Us Up

BY JIVTESH GILL, EXECUTIVE VICE CHAIRMAN, NCASEF

Franchisees understand the importance of a clean operation. We understand we are competing for customers, and that we need to keep our stores clean to attract repeat business. We understand that if one store isn't clean or keeping up with established standards, that store impacts all the other 7-Elevens around it because the experience the guest has at that store reflects on all the other stores.

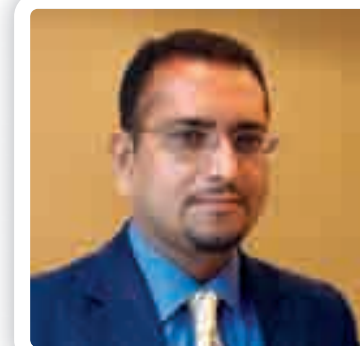
As business people, franchisees take cleanliness very seriously. The look and feel of our stores directly impacts the volume of our business and whether or not customers return to shop in our stores. However, when the company implements a cleanliness program that doesn't accurately evaluate our stores for cleanliness, and doesn't help improve the public's perception of our stores, and instead creates additional labor, work, and stress worries for franchisees, then it's time for us to go back to the drawing board.

Five years ago, the research firm Market Force conducted surveys on the appearance and cleanliness of several retail chains, and among its peers, 7-Eleven ranked third from the bottom. The survey was based on the perception and preferences of the typical c-store guest picked randomly. The perception wasn't solely based on the cleanliness of the store, but did include data on the physical plant—how stores “look” from the outside. SEI management realized there was a need for improvement, so the company developed tools to help spruce up our store image, and our guests' perception of who we are.

The cleanliness program and the forms to evaluate it originated about four years back. Originally the program was a simple tool used to help us measure how

“Even though we've been focused on cleanliness and really pushing it, our efforts have not been rewarded with improved sales nationally.”

clean we were, and it did in fact initially improve cleanliness in our stores. Over time, franchisees and their store associates started to pay more attention to cleanliness and image, and our scores started improving.



“SEI in June decided to go back to the old cleanliness form, with FCs conducting the surveys.”

Over time, however, the cleanliness survey evolved into a very subjective, punitive, moment-in-time evaluation, which was inconsistent in its application and standards. Evaluators had different interpretations of “clean,” and consequences for the franchisee were added, putting more pressure on stores to score higher. Eventually the program turned into a fix-it-all tool to evaluate all aspects

of store operation including ordering, merchandising, employee management, guest experience, and more—altogether a very demoralizing experience.

What franchisee didn't cringe when the dreaded GEA evaluator walked into the store? The cleanliness tool had become something much more: a tool to control and manage franchisees.

In the beginning, we had a third party evaluator conducting the GEA surveys. Then responsibility shifted to FCs, and this past February management decided that FCs for each subgroup would do the subgroup evaluation. A new form was rolled out, and it was so detailed, confusing and cumbersome that neither franchisees nor SEI's own field staff could figure out what was considered a good score! It was impossible to feel good about whatever you might have scored!

As SEI top management put more pressure on franchisees to perform, and on field staff to hold franchisees accountable, we started seeing LONs and breaches being handed out for GEA infractions. In some areas this pressure was greater than in others. Some franchisees claim there was pressure on FCs not to score too high, because if someone re-inspected, there could be consequences for that FC. The GEA survey became something everyone was afraid of. It caused



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Cleanliness Surveys

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anxiety and frustration all around.

On top of everything else, we have noticed over the last couple of years that even though we've focused on cleanliness and have been really pushing it, our efforts have not been rewarded with improved sales nationally. When you have a tool that's supposed to improve the guest experience, it's supposed to increase your sales as well, but in our case there seems to be no correlation. We had a great discussion about this at the NBLC, and it was pretty clear that despite the focus on GEA and how it became a big part of our business, it had not helped us improve our sales. Also, we didn't even know if it helped with how our guests perceived us.

After hearing franchisees loud and clear that the GEA survey was not working and that it was demoralizing and counter-productive, SEI last month decided to go

back to the old cleanliness form, with FCs conducting the surveys. This is a positive step in the right direction. Further, the NBLC Guest Experience Subcommittee has been tasked with coming up with a better form that treats all franchisees fairly and takes into account the problems of age and lack of remodeling of our physical plant.

Whether an independent company or our FCs conduct the survey, I think the intent should be to help the store, guide the store, and make it more of a collective evaluation rather than a "gotcha." The new form is expected to be rolled out early next year, we are all hoping for a tool that is easier to understand, evaluates our businesses as a whole and also includes performance measures that are SEI's responsibility or obligation. We need a tool, not a whip. **AV**

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continued from page 34

every gallon of gas, every day. • ConAgra, General Mills, Kellogg, Nestle, Heinz and Hillshire Brands have **joined forces for a new campaign that seeks to revive sluggish frozen-food sales**, reported *Advertising Age*. The three-year, \$30 million effort is called "**Frozen. How Fresh Stays Fresh.**" • Burger King is now offering burgers for breakfast, reported the Associated Press. The company's new "**Burgers at Breakfast**" menu includes its Whoppers, Cheeseburgers and Big King sandwiches. • **Taco Bell Corp.** will soon test a new fast-casual format designed to capture "**higher income foodies**," reported *Nation's Restaurant News*. Named U.S. Taco Co. and Urban Taproom, the new concept will offer premium tacos, thick-cut fries and shakes, and craft beer and wine. • **Walmart announced it is expanding**

continued on page 62

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What IS The Policy On Operating Expenses?

continued from page 47

and customary expense, and is absolutely required for customer safety and access to the store;

- Interest on lines of credit used at times, to make contributions to the Open Account in order to maintain the Minimum Net Worth—one of the permitted expenses is “interest” and the disallowance of that expense is contrary to the terms of the franchise agreement;
- Property taxes on inventory, furniture, fixtures, and/or equipment;
- Travel expenses between stores owned by the same franchisee, as well as travel ex-

reasonable manner. It also appears that the personnel assigned to determine whether or not Operating Expenses should be allowed are not trained properly or in a consistent way.

In addition, when a franchisee opens an accounting case on a disputed expense, unreasonable delays have been encountered in resolving these matters. In some situations, franchisees have been required to file amended tax returns based on the results.

We are also concerned that this recent campaign of excessive and unreasonable

“In addition, when a franchisee opens an accounting case on a disputed expense, unreasonable delays have been encountered in resolving these matters. In some situations, franchisees have been required to file amended tax returns based on the results.”

penses to FOA meetings and other gatherings—these expenses are clearly normal and customary expenses which any prospective franchisee would expect to incur in the operation of a business;

- Group health insurance—this is clearly a payroll related expense, and given the healthcare mandate, is an expense that many franchisees can no longer avoid;
- Group life insurance—this is also clearly a payroll related expense, and a more than reasonable benefit to be provided to employees; and
- Telephone lines for the store—this is one of the enumerated categories of permitted Operating Expenses, and there is no justification for a chargeback.

One of the more disturbing parts of this trend is that franchisees have not been treated uniformly with respect to what expenses or credits are permitted to be part of Operating Expenses. SEI has an obligation to apply its standards in this area in a uniform, nondiscriminatory and

chargebacks is being done with an eye on the Item 19 Financial Performance Representations that are being prepared and distributed by SEI. Every dollar of Operating Expense that SEI can keep off the income

statement is a dollar of profit that can

be presented to the next prospective franchisee. Moreover, to the extent that SEI disallows expenses that are properly characterized as Operating Expenses under the Franchise Agreement, or which are unreasonably disallowed, notwithstanding the fact that they are

normal and customary expenses as defined in the Internal Revenue Code, it is creating an artificial, inflated and misleading presentation of franchisee profitability.

The concerns in this area may well be related to our previously stated objections to the new GEA form. While SEI has recently announced plans to withdraw and reevaluate the form, the most

recent version consisted of 448 separate standards and 6,500 words which would have had a substantial impact on the profitability of franchised locations. Requirements that a franchisee open registers, so the line does not exceed one employee to one customer, that guests at the grill or hot foods area be greeted within 15 seconds, and that service begin within 60 seconds, will add materially to the staffing requirements of the location. This increase in payroll and related costs would have depressed profits. It is entirely possible that the drive to reduce other Operating Expenses is an attempt to offset the inevitable increase in Operating Expenses that would have resulted from the GEA form. While SEI is in the process of reevaluating the GEA form, our concerns in this area remain, and we will await the outcome of this process.

Our requests to SEI include the following:

- 1) Allow all credits and expenses to be charged as Operating Expenses to the extent expressly permitted in the Franchise Agreement;
- 2) Publish a list of Miscellaneous Expenses;
- 3) Redefine payroll expenses to include all customary benefits provided to employees, including health, dental, disability and life insurance;
- 4) Allow as Operating Expenses all ordinary and necessary expenses incurred while operating the franchise business, to the full extent permitted under the Internal Revenue Code and generally accepted accounting principles;
- 5) Provide adequate training to all personnel charged with reviewing Operating Expenses; and
- 6) Pledge to apply these standards regarding operating expenses in a uniform, nondiscriminatory and fair and reasonable manner.

We will keep you informed of our efforts to introduce fairness, balance and uniformity in the treatment of Operating Expenses. **AV**

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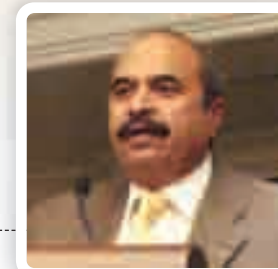
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Vice
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VALUE OF THE WEEKLY POS ACTIVITY SUMMARY

BY JAY SINGH
VICE CHAIRMAN, NCSEF



Over the last few years, SEI's Loss Prevention Department has gone through many changes, including changing their approach to handling certain critical inventory situations with franchisees. Loss Prevention has even changed its name to Asset Protection, which has led many franchisees to wonder whose assets they are protecting more—franchisees' or SEI's?

The changes within the department began with the rollout several years ago of a new POS system all over the country that employed scan data to raise questions about transactions at store level. At the time, franchisees viewed the system with

chisee anxiety levels significantly, and we questioned the triggers for these moves and how different kinds of markups were calculated. Although SEI explained new software had been installed to monitor all POS activity for "red flags" that would lead to further investigation and accumulation of data, franchisees always felt that Asset Protection did not provide enough education on what the department is looking for and what exactly triggers red flags. After many meetings between franchisee leadership and SEI on the subject, we now have a tool that tells us exactly what's been happening at the POS

"Franchisees can also compare all the Exceptions with sales total number per cashiers and figure out which Exception Category is higher for a particular cashier."



curiosity and trepidation, and we wondered how it would be operated and used by SEI. Would our franchisor use it to view how we operate our stores, or would it be used to help uncover theft and other inventory problems?

We soon got our answer, as some franchisees began receiving FIWs, coupon markups, and in some cases the markups

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for SEI's share of lost gross profit dollars based on data from this system. These actions raised fran-

level—the Weekly POS Activity Summary.

This report is sent to franchisees via the store e-mail system as an attachment every week. Franchisees may log in to 7-Connect, go to the e-mail section and print this report.

The Weekly POS Activity Summary contains aggregated data for a range of seven days. The first page gives totals by each cashier's store I.D. number for transactions, items, sales total, average basket size and amount, drawer violations and length of cash drawer open in minutes. It also gives the top three Highest Volume

"After many meetings between franchisee leadership and SEI, we now have a tool that tells us exactly what's been happening at the POS level—the Weekly POS Activity Summary."

Activities, which can differ from store to store. For example, some stores may have the highest number of item voids, no sales or penny rings, while other stores may have a higher number of manufacturer coupons than the market average.

Page two covers Exception Categories by cashiers. It gives you the market average, store totals and a breakdown of store totals by all the cashiers with details showing Count, Amount and Percentage for all sixteen categories comparable with the market average. Franchisees

can also compare all the Exceptions with sales total numbers per cashier and figure out which Exception Category is higher for a particular cashier. This would allow you to discuss with them the reason behind it and guide them to use caution. It is a good report, and once you start printing it regularly it is easier to understand and figure out the causes creating all the exceptions above market averages.

The Weekly POS Activity Summary is a good tool to narrow down to one or two store cashiers those with a higher

continued on page 53

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number of exceptions. Then you can start monitoring other reports like the Void or Abort Transaction reports, the No Sales report, or details of the transactions from your ISP via the Electronic Journal to see if the cashier is doing something wrong or stealing. At that stage you may involve your field consultant and Asset Protection manager, as they have adopted a new pol-

“The Weekly POS Activity Summary is a good tool to narrow down to one or two store cashiers those who have a higher number of exceptions.”

icy now that if you involve them you may not get a markup for SEI's share of lost gross profit dollars, although it is also a controversial subject as franchisees already pay for shortages.

Overall, the Weekly POS Activity Summary is a good report to print regularly and analyze so you can minimize your losses. **AV**

COMING SOON TO A CITY NEAR YOU: \$15 MINIMUM WAGE

BY ROGER ST. GEORGE
VICE CHAIRMAN, NCASEF

Most franchisees are probably are aware of the movement to raise the minimum wage in cities and states across the country. There are several variations of what the minimum wage should be, and some cities and states have already raised their minimum wage rates. For instance, Connecticut and Maryland just raised theirs to \$10.10 per hour, Massachusetts increased its state minimum wage to \$11 and hour, and Vermont to \$10.50. All of these efforts have a common thread—the redistribution of wealth.

In my neck of the woods, the Seattle City Council recently passed a \$15 minimum wage law to take affect on April 1, 2015 and to be phased in over a number of years. At first glance it only applies to businesses with more than 500 employees. However, it considers franchise businesses as a single business unit and counts the number of franchise employees nationwide. This is bad news for 7-Eleven franchisees with stores in the city.

The State of Washington already has the

highest minimum wage in the country—currently \$9.32 per hour—and it is tied to a price index and increases

“The Seattle City Council passed a \$15 minimum wage law to take affect on April 1, 2015 and to be phased in over a number of years.”

every year. Based on this fact, franchisees are faced with a 50 percent increase in payroll in 10 months. When challenged why franchisees of any business model are lumped together with the franchisor, Seattle Mayor Ed Murray replied that franchise businesses have a lower cost of goods and better distribution systems than independent businesses, and the franchisors need to look at their contracts with their franchisees.

The only way I see a franchisee can increase gross profit to pay for this new minimum wage is to raise prices. Whatever the retail price increase we will need to be able to cover this, SEI potentially stands to receive a substantial windfall given our system's unique retail accounting system and the gross profit split. However, raising retail prices would come with disastrous consequences.

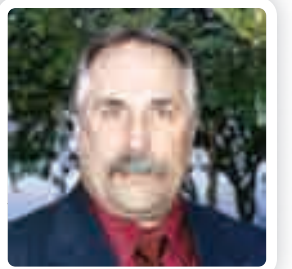
For years franchisees have expressed frustration that more and more work and responsibilities have been pushed to the franchisee side of the equation, while SEI reaped the financial rewards of our sweat.

Maybe this is the game changing tsunami that will force SEI to reevaluate their business model, because without a change in the gross profit split to compensate for the national wave of minimum wage increases, this franchise system will cease to exist.

I do not pretend to have the answer, but only know that under the current franchise agreement the \$15 minimum wage spells the doom of one the world's greatest franchise systems in the world. **AV**

Correction To The Last Article:

In my last article, I incorrectly stated that franchisees have the “contractual right to request a re-audit within 72 hours of receiving their audit results.” What the franchise agreement actually states is that franchisees have a right to request a re-audit within 24 hours of receiving their audit results, and the re-audit must be performed within 72 hours.



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HOW DID WE GET TO THIS POINT?

BY JAS DHILLON
VICE CHAIRMAN, NCASEF



What has caused the deterioration of the once sound relationship between 7-Eleven Inc. and franchisees? I doubt that anyone can pinpoint a day or event when things changed. I believe we all agree we can never return to the days when 7-Eleven was the only real player in the convenience store business. The reality of direct competition from other c-stores and the rise of new and different retail outlets all around us underscores our business environment today. Unfortunately, different views of the cures for this situation prevent both franchisees and our franchisor from fashioning a reasonable way forward.

"That Used To Be Us: How America Fell Behind In The World It Invented And How We Can Come Back," co-written by Michael Mandelbaum and Thomas Friedman, is a book published a few years ago by a renowned professor and an accomplished journalist. In it the authors highlight the challenges the United States faces in this complex world and the course we must take to survive and grow.

During the general session of the October 2011 National Business Leadership Council (NBLC), I had just read this book, and I stated that our system is under pressure from external economic uncertainty and internal factors. I used a quote from the book: "It is not the strongest of the species that survives or the most intelligent that survives. It is the one that is most adaptable to change." In no uncertain terms I was told, "7-Eleven is not in survival mode, we are in

growth mode!" I replied that I was speaking for franchisees who are getting beat up not only by competition but by

"I love this brand, but I loved it more when we were happy, fun loving, energetic and self-motivated highly profitable franchisees."

eroding income with no store remodels, AND we somehow need to learn to adapt to THEIR needs. Little did I suspect franchisee survival mode would become, and would continue to be, a self-inflicted wound seemingly created by our franchisor.

One of the key events, or set of events I believe created this atmosphere flew under the name "Project E"—the total centralization of all operational communication and decision making to headquarters in Dallas. No longer

"At the National Coalition we talk frequently about low-volume and underperforming stores because we want to help these franchisees make a decent living or get out of the business."

would market managers have the authority or the discretion to make local decisions. They became basically 'super' field consultants with a large sub-group. Relegated to the role of pantomime, they promoted the latest 7-Eleven edicts, and franchisee morale plummeted. Week after week and month after month of endless directives, threats, and regulations were issued from Dallas. Gone were dialogue, discussion and direction. In its place were terror, bewilderment, hopelessness, and despair on the part of franchisees for our businesses.

The current leadership in Dallas has branded themselves anti-relationship, anti-

FOA, insensitive to franchisees, and pretty much anything anti-franchisee. Under this administration franchisees have lost two-thirds of our gas revenue, we have been handed all credit card interchange fees, and Dallas has proven not shy about cultivating profits in the form of franchise fees.

At the National Coalition we talk frequently about low-volume and underperforming stores because we want to help these franchisees make a decent living or get out of the business. Is SEI thinking more about operational income or about helping these franchisees? We all know from experience that there is a huge supply of franchisees ready to buy stores, because they believe they can "run this store better than the previous owner." SEI's capital is amortized and the current franchisee is stuck and forced to move on.

Until Dallas truly embraces the in-

verted pyramid promoted by our CEO and returns to a spirit of mutual trust and respect for ALL franchisees, this franchisee will continue to watch over his shoulder, check his store carefully for hidden cameras installed by Asset Protection, and continue to fight for change. I love this brand, but I loved it more when we were happy, fun loving, energetic, and self-motivated, highly profitable franchisees. Perhaps one day we can get back there. That used to be us!

I want to thank all of you who write back commenting on my articles. These are my thoughts, and I would love to hear yours. **AV**

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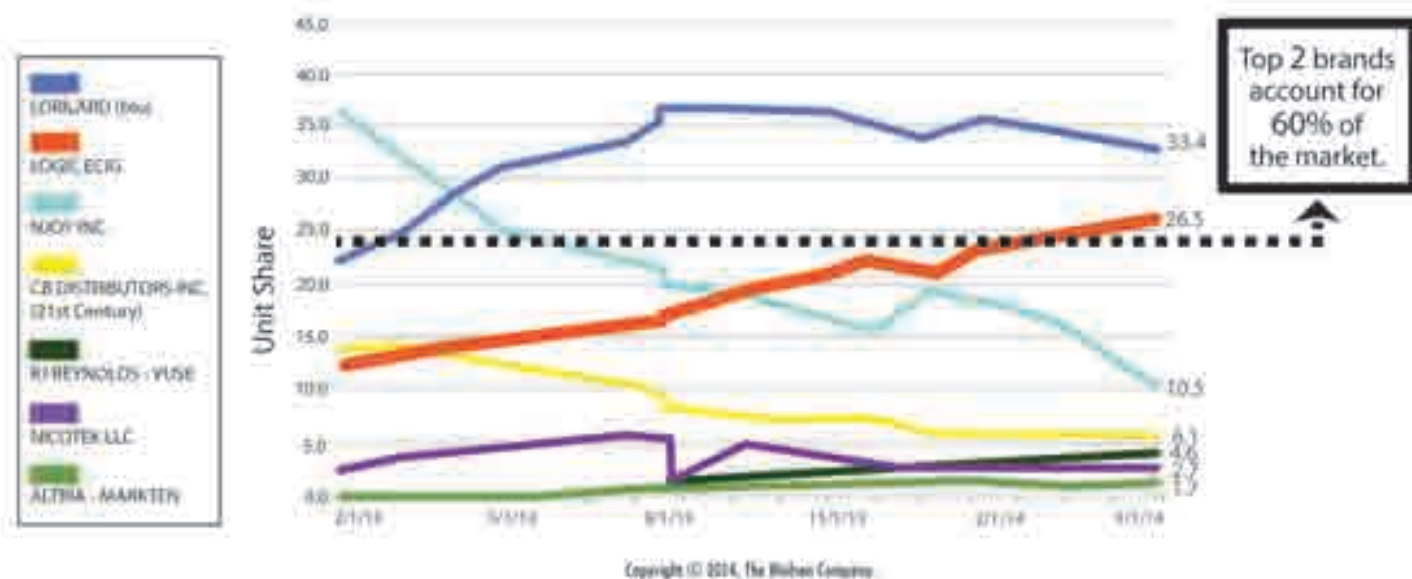
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Slip, Trip And Fall Prevention To Prevent Losses

By John Harp, Mitsui Sumitomo Insurance Group

Slip, trip and falls can result in employee or customer injuries that affect your business and impact profit. Nationally, Mitsui Sumitomo Insurance Group- insured franchisee locations suffered 25 percent or nearly 450 employee injury claims in the past 5 years as the direct result of slip, trip or fall injuries. The cost for these injuries totals \$4.5 million dollars in medical bills and lost time. If a customer should fall, the liability risk and potential cost is also significant. Making slip and fall prevention a priority is inexpensive and reduces the chances of these costly accidents.

Common Causes Of Slip And Fall Accidents

The average person does not think about the hundreds of steps that take place in your parking lot and store. But, when gravity wins because of a slippery surface, an unseen object on the floor or improper footwear, the results can be devastating, resulting in broken bones, severe strains, back injuries and permanent disability. Some things to look for:

- Spills or improper cleaning technique on the sales floor
- Cooler or vault—spills, slippery floor, poor lighting, dollies left upright
- Foreign material on shoes
- Floor mats with corners upturned
- Weather—including rain and snow
- Low stock displays
- Stock or crates left in aisles
- Leaks from machines
- Age, disability, or physical condition of the customer or employee

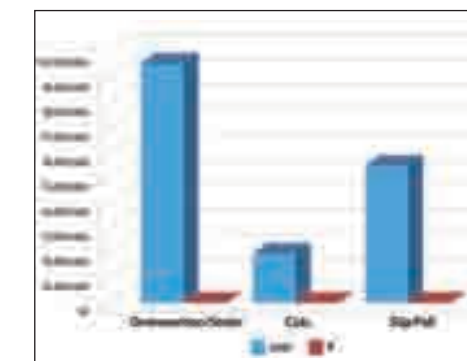


“Always remember: If you drop it, pick it up. If you spill it, wipe it up. Go where you’re looking and look where you’re going.”

In summary, a slip, trip and fall is caused by one or more of these factors: floors – footwear – walking style – obstacles.

Steps To Avoid A Slip And Fall Accident

In the Sales Area, keep stock displays full and avoid low displays, especially near front door. Also, use mats at the front door and make sure they lay flat. In regard to store



“MSIG-insured franchisee locations suffered 25 percent or nearly 450 employee injury claims in the past 5 years as the direct result of slip, trip or fall injuries.”



lighting, make sure you replace burned out or dim bulbs.

On the Sales Floor, clean spills immediately. Add cones or wet floor signs and supervise the spill. Your customers will go around the cones! Perform preventative cleaning with proper solution for your floor type. Check that the mop water is clean and use the figure 8 technique in mopping. Don't forget to use wet floor signs before, during and after mopping. Follow wet mopping with a quick dry mop, and use mats at coffee or other food service areas where spills can occur.

In the Vault and Back Area, clean the vault floors and use caution, as they can be slippery from moisture or leaks. Crate dollies should be out of the aisle and turned upside down when not in use. Lighting should be sufficient to see any trip or slip hazards. Check for leaks or spills at the sink. Make sure the floor is dry in the bathroom. Leaking soap can be a problem, so check often.

Outside your store, potholes, cracks and uneven surfaces should be repaired. Check your parking stops to see if they are misaligned or damaged. If so, immediately make contact for repair. Quality of lighting—call immediately if bulbs are out or dim. Gas islands can have oil or other liquid spills—check often and clean.

Consider the following to avoid falls: sitting stools are not safe for reaching shelves—obtain and use a proper ladder or step stool. Milk crates also are not safe—a suitable step stool should be used. Finally, climbing on shelves or dumpsters is dangerous.

Here are some Employee Safety Practices you should implement:

- Always walk with caution—no running.
- No climbing on boxes, shelves or other items that may tip over.
- Never carry items that block vision.

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- Don't leave spills unattended—cone off the area.
- Ask employees to wear shoes that have good tread and are non-slip.
- Use extra caution and watch parking lots, sidewalk, sales floor and mats when there is rain or snow.
- Only use warning signs when needed.

In case of an accident, attend to the fallen showing concern, but don't lift them to their feet. Call 911 or seek medical help when needed. Get the accident facts—take photos and save any surveillance



tape. Document the incident whether the employee or customer says they are okay. Report any potential claim to your insurance company or broker within three days of the incident.

Always remember: If you drop it, pick it up. If you spill it, wipe it up. Go where you're looking and look where you're going.

If you need assistance with your slip and fall safety program, please contact John Harp (CSP, ARM), Loss Control Consultant, Mitsui Sumitomo Insurance Group at jharp@msgusa.com. **AV**

JOHN HARP CAN BE REACHED AT
908-604-2951 or
jharp@msgusa.com

“Making slip and fall prevention a priority is inexpensive and reduces the chances of costly accidents.”



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its online price-matching tool, called Savings Catcher, to cities nationwide in the next few months, reported the Associated Press. • The price for a gallon of whole milk has risen 7.5 percent compared to a year ago, according to the Bureau of Labor Statistics. • Duracell Powermat and Starbucks announced that they have begun a national rollout of Powermat wireless charging in Starbucks locations. The new service will allow customers to charge their smartphones or tablets without having to plug into a wall outlet. • Boulder-based smoke shop Smoker Friendly is preparing to move aggressively into cannabis accessories by opening up to 10 new stores this year under the name Glass Werx, a chain that will sell a variety of pipes, bongs,

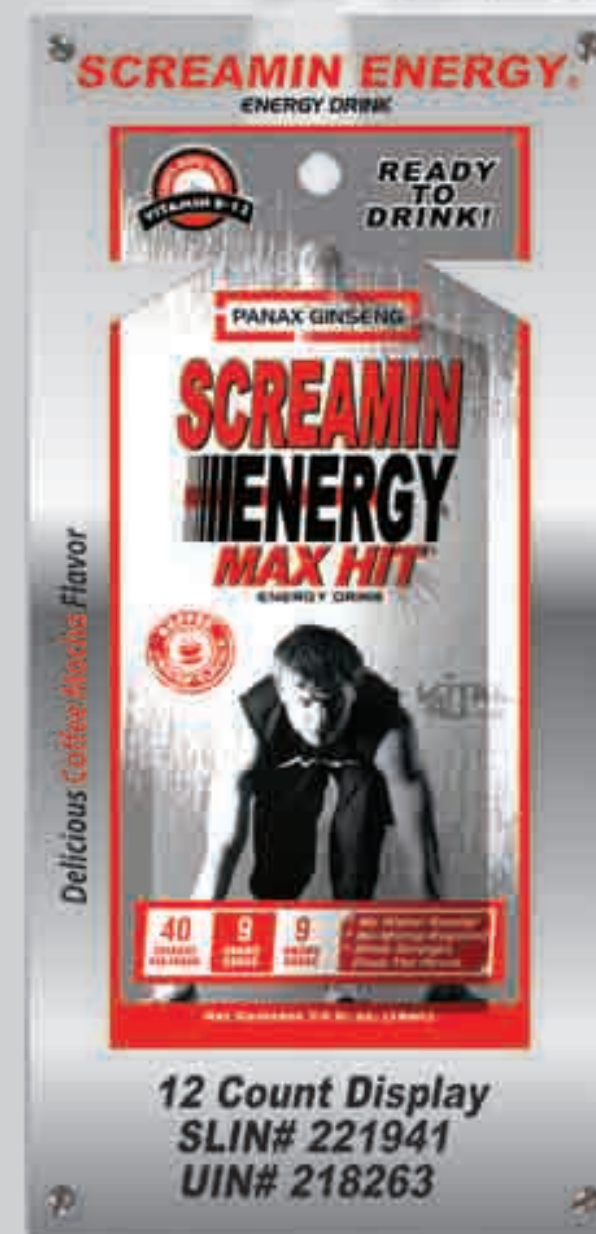
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Accountability And Conditional USE Permits

By Paul Lobana

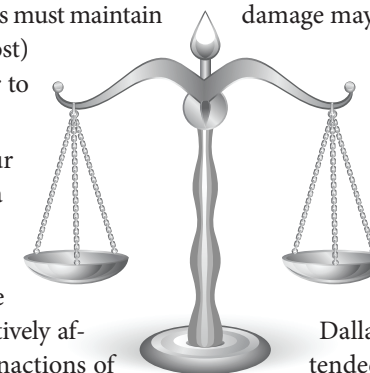
Franchisee and Vice President, Southern California FOA

As any businessperson with experience knows, good credit is essential for the successful day-to-day operation of any business, be it a one-person operation or a Fortune 500 enterprise. It is not practical for most businesses to operate on a cash only basis, as doing so requires the stockpiling, or idling, of sufficient sums of cash to adequately provide for the regular and irregular movement of goods and services. This would include the often-unpredictable large expenses that may be encountered in any business for which lack of sufficient on-hand funds (or credit) could spell the end of that business. Therefore, virtually all businesses must maintain a very good (i.e. lowest cost) credit availability in order to be agile and competitive.

When situations occur beyond the control of a franchise business owner, such as with 7-Eleven for example, in which the franchisee's credit is negatively affected by the actions or inactions of the franchisor and through no fault of the franchisee, steps must be taken by the franchisor to correct the underlying cause immediately. The time and effort expended by the franchisee to correct an erroneous credit report entry is time and energy taken away from the operation of the business at hand.

A case in point involves numerous Southern California 7-Eleven stores in which the Conditional Use Permit (CUP) renewals—the responsibility of 7-Eleven, Inc. in Dallas—were not paid in time, resulting in default notices and even court

cases being directed at the local franchisee simply because the franchisee's name was on the permit. This occurred more than once, and though the matter was either resolved, or in the process of being resolved at the local jurisdiction level, the problems resulting from these becoming a negative credit entry in the franchisee's credit reports is much harder and time consuming to correct. When this impacts the smooth functioning of the franchise in question, not only does the franchisee's income suffer, but so does the income of the corporation as a whole. If this happens at a critical time the damage may never be undone.



Some investigation among my fellow franchisees has revealed that this situation is not as isolated as most franchisees would believe, and might be the result of budget cutbacks in SEI's accounting department in Dallas, though no doubt an unintended consequence. The shortage of manpower and the resulting overworking of remaining staff have apparently resulted in paperwork processing delays and thus, these oversights. Therefore, for the benefit of all involved, including financially and the good will required for a smooth and successful business, it is critical that measures be implemented to prevent such occurrences in the future.

“Conditional Use Permit (CUP) renewals at Southern California 7-Eleven stores were not paid in time, resulting in default notices and even court cases being directed at the local franchisee simply because the franchisee's name was on the permit.”

“In each case, the matter is resolved, or in the process of being resolved at the local jurisdiction level, but the problems resulting from a negative credit entry in the franchisee's credit reports is much harder and time consuming to correct.”

One possible method could be for SEI's accounting department in Dallas to add some kind of software alert or red flag to the accounts of franchisees whose permits are nearing their due dates. Another might be to have SEI be named in the permits so that late notices would go directly to Dallas. I am sure many other ideas could be developed, but the goal must be that the franchisee should not be negatively affected by corporate functions for which the franchisee has no control. The franchisee can also participate in this by having a reminder program in the software they use daily that would keep tabs on any pending permit renewals. This way they can also be on top of the matter and follow up if necessary.

The answer seems to lie in better communication, which also benefits the entire system in many other ways. ■

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Forty Years On The Corner

By Dennis Lane
President, New England FOA
Past Chairman, NCASEF



On May 14, 1974 the Southland Corporation, after one week of classroom training in Texas and one week of in-store training in New Jersey, handed me the keys to store 11503. I was twenty-four years old. I was confident that I knew everything there was to know about running a 7-Eleven store. Piece of cake. This is going to be easy. Well, compared to the complex operation of today's 7-Eleven stores, it was easy.

The basic concepts of store operations taught back then were simple and direct: hire friendly, reliable, honest people, stay in stock, and run a clean store. There really was not much more to it than that. The biggest challenge was covering three shifts twenty-four hours a day, seven days a week.

Back then 7-Elevens owned the neighborhood. Drug stores were drug stores. Supermarkets were not twenty-four hours a day and never opened on Sunday. Every major holiday we did a week's sales in one day. Christmas Day broke records year after year. Remember flashcubes and film? We sold hundreds, and at the peak, thousands of dollars worth of batteries over Christmas. Our only real competition was the neighborhood corner store. We were more sophisticated, bigger and better, and always open. "If it's not around the house, it's just around the corner" was our tagline.

Slurpee machines were two-barrel Taylor units. You took the top off the machine and poured in syrup and water. Slurpees were clerk-served.

Coffee was regular—only regular. We had one glass pot on a burner, and one size of cup. It was a really big deal when we introduced Sanka...we now served decaf.

After a few years, post mix machines and the Big Gulp appeared on the scene. Four flavors. We iced the machine by hand and iced the Big Gulp cup for the customer.

Other innovations came and went. Fresh hot popcorn machines and hot nacho machines were the hot food program of the day. The two biggest challenges were cleaning those machines and keeping the employees hands out of the popcorn! And then there was the hot dog program—one size, steamed.

In the '80s things started to change, not rapidly but steadily. Cigarettes went from \$0.50 a pack in 1974 to over a \$1 in the '80s. Everyone said that once cigarettes broke the \$1 price point it was all over. Everyone was wrong.



"The millennial consumer is light years from the baby boomers who were my core customer in the '70s and '80s. Bubba has not gone away, but Bubba will not keep us in business."

Bottled water suddenly appeared in our stores. A generation of consumers who had grown up drinking tap water at home and from the water fountain in school, at the park or in the office suddenly discovered that bottled water was not just for health nuts, runners and people who went to the gym.

In the late '80s we started moving away from sandwiches delivered with a seven-day code and packaged pastry with a fourteen-

"In 1974, 7-Elevens owned the neighborhood. Drug stores were drug stores. Supermarkets were not twenty-four hours a day and never opened on Sunday. Every major holiday we did a week's sales in one day."

day code that we stored frozen, thawed, dated and sold. Thousands and thousands of Sarah Lee Danish were sold from my coffee counter back in those days.

As we entered the '90s, everyone in the industry suddenly realized that cigarettes were under siege. Joe Camel was accused of marketing to kids and the Marlborough Man was disappearing from the plains of the retail landscape. Could it be true? Were people really going to smoke less or even stop?

Then the millennium happened—Y2K. The world did not come to an end, and our computers did not crash, but our customers started changing. They started smoking less, drinking more bottled water and they wanted better food offerings in our stores. Bubba was becoming more sophisticated. Bubba had a cell phone, drank Monster and Red Bull, and wanted cheaper cigarettes if he still smoked.

We needed a Plan B.

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Electronic and prepaid services suddenly appeared. Energy became the big gun in the cold vault, and could it be true—soda consumption for the first time ever started to decline. The millennial consumer is light years from the baby boomers who were my core customer in the '70s and '80s. Bubba has not gone away, but Bubba will not keep us in business.

Every industry expert clearly states that food service will save the day. That is probably true. The c-stores that figure it out and execute it right will survive. It will not be easy. Take our older legacy 7-Eleven stores that were built to be traditional convenience

stores. You cannot simply install a Turbo Chef and a display case and suddenly become a successful QSR. We are competing against a new generation of c-stores built and designed to feed people.

But the biggest challenge will be the cultural change necessary to convince those of us who are neighborhood grocery stores and traditional convenience stores that we cannot compete and we will not survive without a kickass state-of-the-art food service program. We will become irrelevant.

Cigarettes and tobacco are still very important, but with the passage of a 210 percent increase in excise tax increase on

smokeless in Massachusetts last July, I lost over \$100,000 a year in sales overnight.

Focusing on all of our growth categories will help. Just figuring out the center of the store to better serve our neighborhoods could bring a lot more footsteps through our doors, but the true superstar will be food service. Not just because every other convenience store on the corner will have food service, but because we can do it better.

My store and my customers and my neighborhood have changed dramatically over the past forty years. It is no longer simple operating my store. Sometimes I feel that our policies and procedures are more important than sales and gross profit. We need to simplify in-store operations in order to direct our labor to the things that will make us profitable in the future. I plan on being on this corner for the next forty years. **AV**

DENNIS LANE
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dlane711@yahoo.com

“Focusing on all of our growth categories will help, but the true superstar will be food service—not because every other convenience store on the corner will have food service, but because we can do it better.”

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The Hidden Story Of Gasoline

By Gene Villagrana

Franchisee and Board Member, San Diego FOA



Many years ago when I came to work for 7-Eleven, Chuck Reed, South Pacific Gasoline Manager, always said to franchisees, "Gasoline can be your friend." That was true for a period of time in our history, but from my many conversations with today's franchisees it is clear they no longer subscribe. At the same time 7-Eleven management bemoans the huge credit and debit card expenses associated with the gasoline program. So what is wrong and what can be done to fix the problems?

Our Gas Customer Today

Since 1960, the income of the top 10 percent of Americans has risen 270 percent while the income of 90 percent of Americans (our 7-Eleven customers) has increased a mere 22 percent. Over this same period the buying power of the United States dollar has decreased by 90 percent. An auto that sold for \$3,000 in 1960 will cost \$35,000 today. A 3-bedroom home that cost \$15,000 in 1960 will cost you \$200,000 today. Our customers must make very tough choices with how they spend their money. With this understanding, we need to be extremely sensitive to their plight.

Our Go-To-Market Strategy

Many 7-Eleven management persons have told me that our higher gas prices do not negatively impact in-store sales. While the products are distinct and the sales ties not direct, this position flies in the face of reason. The largest price sign on the 7-Eleven prop-

customer. Our higher price to cash customers in fact forces them to subsidize the fees of credit card and debit customers. How sustainable is this 7-Eleven strategy as we continue to lose cash customers to the competition?

"The largest price sign

on the 7-Eleven property
constantly screams out to
passersby that we are

more expensive
than our closest
competitors."

The Impact On Employees And Franchisees

In 1987, the price of regular gasoline was 95 cents per gallon. Minimum wage was \$3.35 per hour. An employee who earned minimum wage could buy 3.53 gallons of gas for their car. Today that same minimum wage earner can only buy 2.02 gallons of gas for one hour of work.

In 1987, the 7-Eleven Agreement provided for compensation to the franchisee of 1 cent per gallon (7-Eleven actually compensated franchisees 25 percent of gross profits per negotiated settlement terms). At 1 cent

work. Today at 1.5 cents commission, we need to sell 533.33 gallons of gasoline. This scenario will only become uglier with time and inflation if nothing is done to correct the inequity that now exists.

Conclusion

Industry analysts laud the success of 7-Eleven and reason that the following strategies have fueled this success:

- The unique nature of the Franchise Agreement that calls for 7-Eleven and franchisees to share in the gross profit of the store.
- 7-Eleven's readiness to change to meet the needs of its customer driven by changes in economic, lifestyle, demographic and social patterns.
- 7-Eleven's willingness to listen to its franchisees.

My message should be clear by now, but just in case:

- 7-Eleven MUST change its gasoline compensation to one that allows for mutual growth and benefit with its franchisees. To not address this now betrays everything in "THE 7-ELEVEN WAY" and "SERVANT LEADERSHIP" and is just bad business for the long term.
- 7-Eleven MUST reconnect with its cash gas customer and become competitive with other dealers on price. If we do not go to split pricing we should never price our gas more than midway between the lowest cash price and the credit price of the competition. The message we must communicate in a clear, loud voice is that our gasoline is the same price whether paid in cash, credit or debit.

It is time to fix a fractured and bipolar price message to 7-Eleven customers of gasoline stores. We cannot gouge them at the pump and expect them to believe they are getting great value inside the store. It's just a matter of trust. **AV**

"Our higher price to cash customers in fact forces them to subsidize the fees of credit card and debit customers. How sustainable is this strategy as we continue to lose cash customers?"

erty constantly screams out to passersby that we are more expensive than our closest competitors trying to get their dollars.

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per gallon a franchisee could buy one gallon of gas for each 95 gallons sold. At today's commission level of 1.5 cents you need to sell 263.33 gallons to earn enough commission to buy ONE GALLON OF GAS!

In 1987, at 1 cent commission we would have to sell 335 gallons of gasoline to pay a minimum wage employee for one hour of

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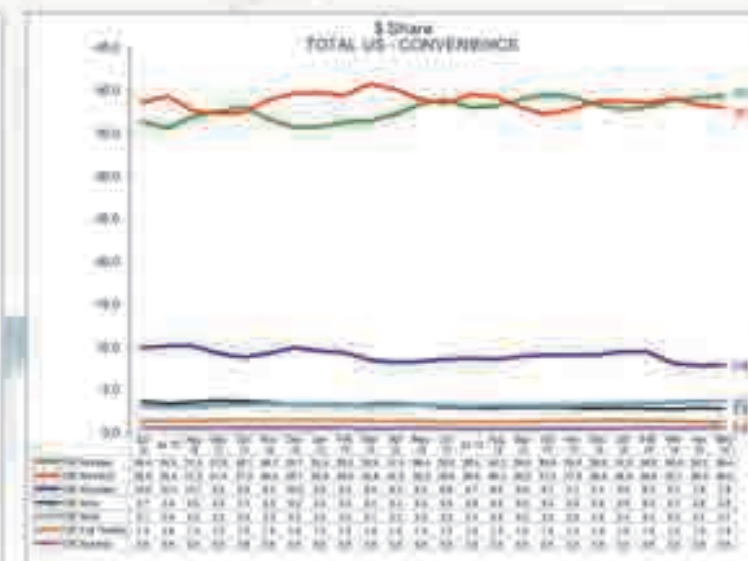
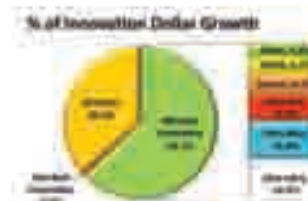


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Member News

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cent), general merchandise (up 1.5 percent), non-edible grocery (down 1.5 percent), fluid milk (down 7.5 percent), ice cream (down 1.3 percent), and health and beauty care (down 2.3 percent).

Organized Retail Crime

Organized retail crime continues to account for significant financial losses, costing retailers approximately \$30 billion a year, reported the National Retail Federation (NRF). According to the NRF's 10th annual Organized Retail Crime Survey, eight in 10 (88.2 percent) retailers report that they have been a victim of ORC in the past year, down slightly from 93.5 percent last year. Although retail stores take most of the brunt of ORC activity, criminals are now finding ways to manipulate retailers' online opera-

Eight in 10 retailers report that they have been a victim of organized retail crime in the past year.

tions. For the first time, NRF asked about the impact organized retail crime has on their online operations and nearly half (48.3 percent) say their online operations are affected. The survey also reveals the top cities

for ORC activity: Los Angeles, Miami, Chicago, New York, Houston, Atlanta, Baltimore, San Francisco/Oakland, Arlington/Dallas/Fort Worth, and Detroit.

Retailers Trying To Prevent Data Breaches

Retail giants J.C. Penney, Gap, Nike, Walgreens and others have joined forces

with the Retail Industry Leaders Association to try to protect the industry from hackers and other cybercriminals, reported the *Los Angeles Times*. Recently, the companies and the trade group launched an intelligence-sharing center in Pittsburgh designed to prevent the kind of data breach that struck Target over the holiday season. The new center, called the National Cyber Forensics & Training Alliance, will enable retailers to communicate among themselves about potential threats, and to anonymously share tips with the government through a cyber-analyst and a technician at the facility. The Homeland Security Department, Secret Service and FBI are also involved in the endeavor.

Gas Pump Skimmers

In an effort to thwart thieves that break into gas station pumps to install credit card

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A Very Successful Southern California FOA Trade Show

The Southern California FOA Annual Trade Show, held on May 21 at the Pasadena Convention Center, was a huge success with over 112 vendors participating. The SEI team, NCASEF executive team and other FOA members boosted our morale and were really instrumental in making it such a mega success. The attendees thoroughly enjoyed and scooped up special offers presented by various vendors. Many new products were launched at this show. Raffle prizes worth more than \$20,000 were given



away. The grand prize of \$5,000 was won by Jugal Kishore. We are thankful to the vendors, our SEI team, special guests and all the attendees for making it such a great event.

—Nick Bhullar, Southern California FOA President



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grinders and vaporizers, reported the *Denver Post*. • C-store owners are optimistic about summer spending, with most expecting sales to increase at both the pump and inside the store, according to a consumer survey released by NACS. • **Prohibiting federal food stamp dollars from being used to buy sodas and sugary beverages** could slash obesity and Type 2 diabetes in recipients, shows a new study by researchers from Stanford University and the University of California, reported *The Daily Signal*. • Texas-based c-store chain **Buc-ee's recently opened a 60,000-square-foot "mega" convenience store in Texas City**, reported the *Houston Chronicle*. The new location has a sporting goods store, a Texas boutique, toy store, surf shop, deli, and miniature grocery store. • **Coca-Cola plans to remove brominated vegetable oil (BVO)** from all its U.S.

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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%.

3 Protein Rich Foods

- Oscar Mayer Selects Meat
- Kraft Natural Cheese
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Usage

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mid morning and mid-afternoon

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Roasted Almonds

UIN: 126581
SLIN: 172009

Smoked Ham
Sharp Cheddar
Roasted Almonds

UIN: 134007
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Triple protein-packed energy to help fuel your active lifestyle!

13g Protein - No Artificial Preservatives

Size: 1 Ready To Eat 2oz Serving

SRP: **\$1.79**

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Lower Retail Price - \$2.99 (Vendor Funded)

AVAILABLE NOW!

- Size: 1.08oz, 12 servings
- SRP: ~~\$3.99~~ — **New \$2.99**
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A refreshing, fruity blend of exotic Acai and dark berries. Sweet blackberry, raspberry and dark cherry flavors balance the tart Acai to create the perfect, energizing drink!

3 Other Top Water Enhancers from MIO:
Black Cherry Energy, Arctic Grape Fit & Berry Blast Fit

UIN: 602094
SLIN: 221091

UIN: 127506
SLIN: 220101

UIN: 127654
SLIN: 220394



Member News

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WHERE AM I WRONG?

By Hashim Syed, Vice President, 7-Eleven FOA Chicago

I am a passionate person. I am passionate about the business we are in. I am passionate about my employees, and I am passionate about our franchisee organizations. I am also opinionated. Does that make me wrong?

Anyone who knows me will say, "He has very strong opinions!" I would think 7-Eleven, Inc. values passionate people running stores, but maybe I am wrong. Maybe they only want puppets who will dance on a string and do as they are told. I only want what is best for the customers, franchisees and yes, the company, too. I speak out to

"I would think 7-Eleven, Inc. values passionate people running stores, but maybe I am wrong."



tell the truth and help all franchisees achieve the success they deserve, nothing less.

By now most of you may know about the interviews I had with WBEZ radio in Chicago. Were there any falsehoods in those interviews? Any untruths? No—only my personal experiences, viewpoints and vision for a better future.

Since those interviews, let me share with you what has happened. Executives from the very top of the company came to my store on April 15. I was not there at the time. After walking around and entering the

back office area, they commented on some out of stock situations on the shelves. My manager responded that because McLane, the recommended supplier, changed the delivery day "for the convenience of 7-Eleven," the restocking would now occur on Wednesday instead of Tuesday. After leaving a handwritten note saying, "The MM will follow up tomorrow," they left.

The Market Manager came back the next day and claimed he was there on his own and no one at SEI required him to come. After spending time looking around, he left only to return on Friday with a Letter of Notification (LON) for being out of stock on 17 items. Along with the LON were photographs. When asked who took the pictures, he replied "Mr. Big Shot Executive" who came on Tuesday (April 15). I have never in 25 years received a breach or LON. I won the franchise Retailer Initiative award and was even approved for a second store, and now because I speak passionately, I am singled out for intimidation.

Folks, here is the key thing: at no time has 7-Eleven disputed my claims. Nowhere have they said, "You are wrong!" Instead, they try to intimidate me with Dallas executives and fictitious claims of poor store operations.

My store is clean. My store is in stock to satisfy customers and guests. My store sales are a double-digit increase. Can SEI make the same claim in their stores? No! Why? Because 7-Eleven does not have the same passion as a committed franchisee, especially one who is willing to speak the truth about conditions today for the average franchisee. **AV**

HASHIM SYED
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hj.syed@gmail.com

A Big Turnout For South Nevada/Las Vegas FOA Trade Show



Las Vegas-area franchisees stopped by the Cashman Center on April 24 to browse through the latest merchandise and deals being presented by vendors participating in the South Nevada/Las Vegas FOA's Annual Trade Show. The event also featured a raffle with great prize giveaways.



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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
5.0 lbs/case
SLIN# 178842 • UIN #385047



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



Legislative Update

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law in a ceremony on May 23, marking the first time Hawaii's minimum wage will be raised from \$7.25 since 2007. The increase will be phased in gradually over four years. Hawaii is the third state this year to increase its minimum wage to \$10.10 per hour, following Connecticut and Maryland.

Federal Minimum Wage Hike Blocked

Senate Republicans recently rejected opening debate on a Democratic bill to gradually raise the minimum wage to \$10.10 an hour, arguing the legislation would cost the nation jobs while it undergoes a tepid economic recovery, reported Politico.com. The bill, which fell short of the 60 votes it needed to advance, would have gradually increased the current minimum wage from \$7.25 to \$10.10 an hour by 2016 and eventually tie any rate hikes to inflation—as well as raise the \$2.13 an hour wage for tipped workers for the first time since 1991. Top Democrats vowed they will bring the measure up for another vote this year as part of their efforts to draw election-year contrasts with Republicans on economic policy.

New York City Seeks To Have Big-Soda Ban Reinstated

New York City officials recently asked the state's top court to reinstate the city's ban on big sodas, arguing that the local Board of Health has authority to restrict products that make people obese and contribute to disease, reported the Associated Press. The 2012 ban against selling sugary drinks larger than 16 ounces at restaurants, delis, movie theaters, stadiums and street carts was overturned by the lower courts the same month the ban was to take effect. It was pushed by then-Mayor Michael Bloomberg and since backed by Mayor Bill de Blasio.

Several judges on the Court of Appeals questioned where the Board of Health would draw the line. Judge Eugene Piggett Jr. asked whether triple-decker burgers would be next. Judge Victoria Graffeo questioned the limit in light of exclusions like mixed coffee drinks loaded with more than 800 calories.

Assistant Corporation Counsel Richard Dearing argued that the restriction isn't actually a ban, only a limit on cup size. The

Court of Appeals is not expected to rule on the Board's request until July.

California Soda-Labeling Bill Fails

A legislative committee recently rejected a bill that would have made California the first state in the nation to require warning labels on sodas and other sugary drinks, effectively killing the legislation, reported the Associated Press. The Assembly Committee on Health rejected SB1000 on a 7-8 vote as Democratic lawmakers doubted whether a label would change consumer behavior. It needed 10 votes to pass. The measure would have required warning labels on all sugar-sweetened beverages that contain “added caloric sweeteners” with at least 75 calories per 12 ounces.

Illinois Soda Tax Falls Flat

A bid to fight obesity in Illinois through taxing sweetened drinks lost its fizz as a state House committee rejected a plan that could have injected \$600 million into the state treasury, reported the *Chicago Sun-Times*. The measure, which failed by a 2-7 vote, would have charged a penny more per ounce on sweetened beverages, making a 2-liter bottle of soda cost about 67 cents more than its artificially sweetened, zero-calorie counterpart. The estimated \$600 million raised from the tax would have gone to obesity-prevention initiatives like physical education, healthier food in schools, child care centers or bike and walking paths. “I think the public policy initiative is good; I just think you're really hitting the consumer with a substantial tax that, to me, is not consistent,” said Rep. David Harris, who voted against the legislation.

Chicago Partial Ban On Plastic Bags

The Chicago City Council recently imposed a partial ban on plastic bags, reported the *Chicago Sun-Times*. Under the new ordinance all retailers covered “shall provide reusable bags, recyclable paper bags or any combination thereof” to customers to be used to “carry away goods from the point of sale.”

Chicago aldermen exempted small mom-and-pop retailers least able to absorb the financial hit for paper bags, which cost three times as much as plastic. Aldermen also excused all Chicago restaurants as well as “non-franchise” independent stores with a

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New York officials argue the city's soda ban is only a limit on cup size.

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A WINNING COMBINATION!

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PLEASE DRINK RESPONSIBLY.

1. Nielsen Scantrack Total US \$BXK 12 wks ending 9/14/13
2. Nielsen Menu Images Q2, 2013
3. BDS Barometer Survey 2013
4. Nielsen Scantrack Total US \$BXK 12 wks ending 9/14/13



Legislative Update

square footage under 10,000 feet. Stores with less than 10,000 square feet would be included only if they're part of a chain like 7-Eleven that includes three or more stores.

Compliance deadlines would depend on the size of the store. If they're bigger than 10,000 square feet, the deadline would be August 1, 2015. If they're 10,000 square feet or less, they would have until August 1, 2016 to comply. Fines would range from \$300 to \$500 for each offense.

Senators Propose Gas Tax Increase

Two senators unveiled a bipartisan plan to raise the federal gasoline and diesel taxes for the first time in more than two decades to pay for highway and transit programs, reported the Associated Press. The plan offered by Senators Chris Murphy, D-Conn., and Bob Corker, R-Tenn., would raise the 18.4 cents-a-gallon federal gas tax and 24.4 cents-a-gallon diesel tax each by 12 cents over the next two years, and then index the taxes to keep pace with inflation. The increase would be applied in two increments of 6 cents each.

Federal gasoline and diesel taxes were last increased in 1993.

The plan also calls for offsetting the tax increases with other tax cuts. The senators said that could be done by permanently extending six of 50 federal tax breaks that expired this year, but they indicated they would be open to other

suggestions for offsets. The last time the federal gas and diesel taxes were increased was in 1993 as part of plan to reduce the federal budget deficit.

New Jersey Moves E-Cig Tax Forward

Stores under 10,000 sq. ft. would be included in the plastic ban only if part of a chain.

Senate panels advanced legislation recently that would impose a wholesale sales tax rate of 75 percent on electronic cigarettes and raise the tax on other forms of tobacco—such as cigars and snuff—to be comparable with the tax on cigarettes, which is \$2.70 a pack, reported the *Philadelphia Inquirer*. Currently, consumers pay only the state's 7 percent sales tax when they buy e-cigarettes. Governor Chris Christie's \$34.4 billion budget proposal for the fiscal year that begins July 1 projects that imposing the tobacco-product wholesale tax on e-cigarettes would generate \$35 million in revenue for the state. New Jersey already bans the sale of e-cigarettes to minors and their consumption in public places and workplaces.

Delaware Bans E-Cigarette Sales To Minors

Delaware Governor Jack Markell recently signed a bill that will officially ban the sale of e-cigarettes to minors, reported WHYY NewsWorks. Lawmakers in the First State passed the bill in May, making it illegal to sell tobacco-substitute products to anyone under the age of 18. With the governor's signature, the law went into effect immediately. Earlier

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beverages—both ready-to-drink and fountain-machine—by the end of this year, abandoning an ingredient that has been targeted by food activists as potentially hazardous, reported *Bloomberg*. • **The Massachusetts State Lottery recently introduced new scratch tickets that cost \$30 a pop** and offer four \$15 million instant jackpots and 36 \$1 million prizes, reported the *Boston Globe*. During their first week on sale bettors snapped up more than \$8 million in tickets. • **SEI has quietly dropped support for the Windows Phone version of its 7-Eleven app**, reported the Windows Phone Central website. The company gave no reason for this move. • **South Jersey Gas and c-store chain Wawa have announced a joint project that will introduce compressed natural gas fueling at one of Wawa's southern New Jersey locations.** • **The Kroger Co. announced that it will be the first in Oregon to deploy a fleet of heavy-duty trucks that run on Liquid Natural Gas.** The 40 trucks will replace 40 diesel trucks currently in use. • **The California Energy Commission recently announced it plans to invest \$46.6 million to accelerate the development hydrogen fueling stations in the state,** reported *USA Today*. The investment will bring the total number of hydrogen stations in the state to 54. • **Hyundai recently debuted its first hydrogen fuel-cell vehicle** in the United States, reported *PC Magazine*. The Hyundai Tucson Fuel Cell CUV has a driving range of about 265 miles and takes less than 10 minutes to refuel. • **Domino's Pizza has launched its ordering app for iPad.** The company said digital ordering now accounts for approximately 40 percent of its sales in the U.S. • **Energy Transfer Partners, L.P. plans to acquire Susser Holdings Corporation** for approximately \$1.8 billion. Susser Holdings owns 630 convenience store locations throughout Texas, New Mexico and Oklahoma. • **A design student from Imperial**

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- #1 Orange Juice SKU in Convenience Retail: Minute Maid® 100% Orange Juice*
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- Don't miss our NEW fruit and veggie juice beverages: Tropical Blend & Berry Blend
- Made from the goodness of real fruit juice and an excellent source of Vitamin C

PUT GOOD IN.
GET GOOD OUT.®



Member News

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Legislative Update

this year state legislators also introduced a bill that would ban the use of e-cigarettes in public places where smoking is prohibited. That measure is still up for debate as the General Assembly heads into the final days of session.

San Diego Bans Vaping In Public Places

The San Diego County Board of Supervisors has adopted an amendment to the county code to prohibit the use of electronic smoking devices in places where tobacco smoking is banned, including public buildings in unincorporated areas and parks, reported Fox 5 San Diego. In March, the Board of Supervisors agreed to regulate the devices and added them into the Tobacco Use, Prevention and Cessation program. One supervisor said that, while electronic cigarettes were a “good tool to get people to quit smoking,” the county should

“protect the public in public spaces.” Another supervisor stressed that the regulations would not put electronic smoking devices out of business, but would only limit where they could be used.

North Carolina Taxes E-Cigs

North Carolina has placed a modest tax on electronic cigarettes as part of legislation adopted by state lawmakers and signed by the governor, reported Reuters. Republican Governor Pat McCrory signed a measure that adds a tax of 5 cents to each milliliter of the nicotine liquid that e-cigarettes use. Several states have considered taxing e-cigarettes

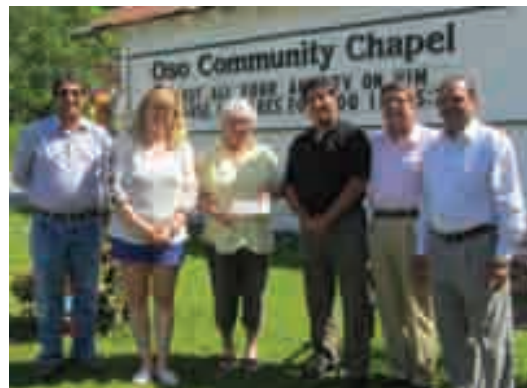
continued on page 84

North Carolina has joined Minnesota in taxing e-cig nicotine liquid.

Greater Seattle FOA Helps Victims Of Oso Mudslide

On March 22, a mudslide struck in Oso, Washington that took the lives of many local residents and disrupted the entire community. While no one can bring back the lost lives, the Greater Seattle FAO decided to help the victims by collecting voluntary contributions from member franchisees in a show of support for the community. Recently, we presented a check of \$2,000 to the Oso Community Chapel, which makes sure donations go to the affected families.

—AJ Handa, President, Greater Seattle FOA



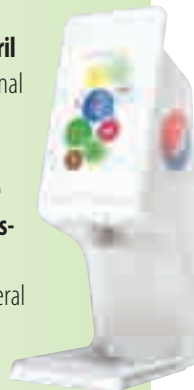
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College London has created an edible water bottle, reported Smithsonian.com. The hope is that the “Ooho” water bottle would some day replace the 50 billion plastic bottles that Americans toss out each year. • U.S. private-sector franchise jobs increased by 30,950 during the month of April 2014, according to the ADP National Franchise Report. • A new study from Deloitte reveals that 22 percent of mobile users were more likely to visit a store after browsing on their devices. • Fast-food workers in 150 U.S. cities and several countries walked off their jobs on April 15 demanding a \$15-an-hour minimum wage, reported CNNMoney.

• One in 10 U.S. smartphone owners are victims of phone theft and 68 percent of victims were unable to recover their device after the theft occurred, according to Lookout's “Phone Theft in America” report. • A 2013 report by consumer rights group Food and Water Watch found that almost everything you buy at the grocery store is made by one of these six companies—Kraft, PepsiCo, ConAgra Foods, Nestle, General Mills, and Campbell Soup Co., reported Business Insider. • Nearly 9 in 10 (88 percent) respondents say they have found several store brands that are just as good as national brands and that allow them to feel as though they are saving money without giving up anything, reveals Deloitte's American Pantry Study. • Wal-Mart Canada's share of the highly competitive Canadian grocery market has risen 0.42 percent over the past year because it invested in cutting prices to win more grocery customers, reported The Globe and Mail. • Chinese restaurant chain PF Chang's is investigating claims of a data breach involving credit and debit card data stolen from restaurant locations in the U.S. be-

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OBERTO ALL NATURAL ORIGINAL BEEF JERKY VS.

INGREDIENTS: BEEF, SUGAR, WATER, BEEF STOCK, SALT, SPICES AND NATURAL FLAVORINGS, NATURAL SMOKE FLAVOR, VINEGAR.

*Ingredient list refers to 3.25oz size of Oberto All Natural Original Beef Jerky.

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INGREDIENTS: BEEF, WATER, SUGAR, LESS THAN 2% SALT, CORN SYRUP SOLIDS, DRIED SOY SAUCE (SOYBEANS, SALT, WHEAT), HYDROLYZED CORN AND SOY PROTEIN, MONOSODIUM GLUTAMATE, MALTODEXTRIN, FLAVORINGS, SODIUM ERYTHORBATE, SODIUM NITRITE.

*Ingredient list refers to 3.25oz size of Jack Link's Original Beef Jerky.

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YOU GET OUT WHAT YOU PUT IN.

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Legislative Update

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at a rate much higher than 5 cents, on a level that is similar to traditional cigarettes. So far, only Minnesota has adopted such a tax. North Carolina taxes traditional cigarettes at 45 cents per pack.

Massachusetts City Raises Smoking Age

The Melrose, Massachusetts Board of Health recently voted unanimously to change the city's regulations to prohibit

San Diego Supervisors banned vaping to protect the public in public spaces.

the sale of tobacco products and electronic cigarettes to those not 21 years old, reported the *Melrose Free Press*. Previously, the bylaw defined a minor as someone below the age of 18. The change, which is part of a regional strategy to keep tobacco and nicotine products out of young adults' hands, will go into effect on July 1. Melrose is not the first community in the area to increase the purchasing age. Reading and Wakefield set their age minimum at 21 and Malden is currently looking to implement a similar restriction.

No EBT Equipment Under New Farm Bill

Under the Farm Bill signed into law on February 7, retailers participating in the Supplemental Nutrition Assistance Program (SNAP) will no longer be offered free Electronic Benefit Transfer (EBT) equipment, supplies and related services, reported NACS Online. In the new Farm Bill, section 4002 requires non-exempt retailers to pay for

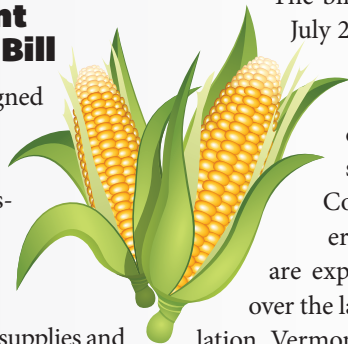
their own EBT systems. More specifically:

- Retailers that become SNAP authorized after March 21, 2014 will have to pay for their own EBT equipment, supplies and related services.
- Retailers that became SNAP authorized on or before March 21, 2014, and who have already been given free EBT equipment and services by the state, will have to pay for their own equipment, supplies and related services. At the state's option, however, those retailers may continue to use their EBT equipment and services for free until September 21, 2014.
- Retailers that already pay for their own EBT equipment and related services without assistance from the state (i.e., retailers with a consolidated system that processes commercial debit, credit and SNAP EBT) may continue paying for their systems as they have been doing pre-Farm Bill—there will be no change.

Vermont Passes GMO Labeling Law

Vermont will become the first state to enact a law requiring labels on foods with genetically modified ingredients after the governor signed the bill into law recently, reported *The Global Dispatch*.

The bill will go into effect in July 2016, but will likely still face legal challenges from major food companies like Monsanto Co. and DuPont Co—the leading producers of GMO crops. They are expected to sue the state over the law. To defend the legislation, Vermont allocated a \$1.5 million legal defense fund in the measure, to be paid for with settlements won by the state. **AV**



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tween March and May, reported the *Chicago Tribune*. • **Pepsi has unveiled a new self-service soda fountain** called Spire that is capable of making more than 1,000 beverages, reported *Business Insider*. • **Chipotle Mexican Grill recently launched the "Cultivating Thought" author series**, a new program that features original essays written by influential thought-leaders, authors, actors and comedians on its restaurant packaging. • Canada-based donut chain **Tim Hortons plans to add 300 U.S. locations** over the next five years after adding 74 last year, reported the *Columbus Dispatch*. • **Drizly**—the smartphone app for fast, convenient alcohol delivery—**announced that it has raised an additional \$2.5 million** in seed capital it plans to use to expand distribution of the Drizly service into new markets. • **Dollar General announced plans to expand its nationwide presence** into three new states within the next year—Maine, Rhode Island, and Oregon—increasing the company's presence to 43 states across the country. • **Burger King** is replacing its 40-year-old "Have It Your Way" slogan with the more personal "Be Your Way," reported the Associated Press. • E-cigarette manufacturer **LOGIC Technology announced it holds the #2 rank for both total U.S. dollar and unit shares in c-stores nationwide**, as indicated by Nielsen's C-Track Database. • **McLane Company, Inc. has committed to create 425 jobs and invest \$119 million** at a new distribution facility in Findlay, Ohio. Company officials said they expect to break ground on the new facility this summer. • Discount chain **Dollar Tree** reported that during its first quarter ended May 3, 2014, **consolidated net sales increased 7.2 percent compared to the same quarter last year**, and consolidated comparable store sales increased 2.0 percent. • The American Gaming Association has quietly **ended its push to legalize on-**

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Social Media Does Not Replace Advertising

By Jack W. Rugen, Vice President, UFOLI

Wikipedia describes advertising as “a form of marketing communication used to encourage, persuade, or manipulate an audience (viewers, readers or listeners; sometimes a specific group) to take or continue to take some action.” It continues: “Most commonly, the desired result is to drive consumer behavior with respect to a commercial offering.”

While social media does, in fact, persuade and encourage audiences, the notion that it should be used purposefully in that way to “manipulate” an audience to take action seems an affront on the very idea of being social. Then, again, social circumstances, from the sandbox to the boardroom do often, by their very nature, lead to manipulative situations.

The sandbox is really for playing, getting to know one another, learning and growing. The fact that sometimes one or another participant may manipulate another doesn't alter the primary intent of the sandbox, itself. The sandbox is still a “good place”—a place for fun, laughter and friendship.

So is social media. Social media provides an opportunity for 7-Eleven stores to build trust and provide real value that will encourage and support our customers' lifestyles. If we think of social media as an opportunity to communicate with our viewers and use our expertise to help solve their difficulties, then eventually, if we are doing our jobs, they will come to a place where they will invest in what we offer.

“Consumers do not have our stores in the back of their minds due to corporate's belief that media advertising is overrated.”

To do this we have to dig deeper than deals, and show them WHO WE ARE, as an organization and team of people. We are NOT a company with deals. We are a group of people



who have come together to help solve the problems of our guests.

This is where advertising is most successful. A former advertising professional I know says advertisements are a sneaky way to psychologically influence our everyday lives. Most of us don't even realize the effect of repetitive subliminal blips on the sub-conscious mind. As every good Psychology 101 student knows, advertisers work with the tools of stimuli—primarily the “conditioned stimulus”—to get us to buy their product. The purchase of their product leads to happiness through success, also known as the “conditioned response.”

In an advertisement the beautiful and famous Jennifer Aniston is using Aloe Vera, which leads a consumer to believe it's cool and will make them like Jennifer, if they use it too. The whole point of marketing is to attempt to appeal to the senses of the consumer. What better way of obtaining this result than to use a sort of training to help generate an association in their minds? Through this training or conditioning, people associate seemingly unrelated things together and it leads to an attraction toward the product. It's obviously effective as it is still prevalent today, since the days I walked along Madison Avenue.

Consumers do not have our stores in the back of their minds due to corporate's belief that media advertising is overrated. Our marketing team must become masters of “conditional stimulus” to get consumers to become or stay loyal to the 7-Eleven brand. There are thousands of commercials out there and they all do the same thing. Dunkin' Donuts, Mickey D's and Burger King are prime illustrations of effective media advertising, and they're pulling away from us while waving goodbye in their rear-view mirrors.

JACK RUGEN
CAN BE REACHED AT
000-000-0000
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skimmers, 7-Eleven stores across Central Florida have placed anti-fraud stickers on the lock box that contains the credit card reader to alert customers if it has been opened illegally, reported WKMG Local 6. The stickers are red with black lettering and read: “Security seal. 7-11 Cares about your ID. Please Report Immediately if 'VOID OPEN' appears.” If the tape is cut, torn, removed, or tampered with in any way, it begins to change color and eventually reveals the words “VOID OPEN.” A 7-Eleven spokesperson told Local 6 that the stickers are working, as there have not been any skimming incidents so far this year in the Orlando area.

Customers Prefer C-Store Fare

Consumers increasingly prefer the prepared food offerings of grocery and convenience stores over restaurant fare, revealed a panel at the recent National Restaurant Association Restaurant-Hotel-Motel Show, reported *Supermarket News*. A panelist from the Broad Street Licensing Group said by 4 p.m. each day, 80 percent of consumers don't know what they're going to have for dinner, and they're finding supermarkets and c-stores to be more convenient than restaurants to buy a hot entrée to take home. The panelist also said c-stores have stepped up their game when it comes to grab-and-go food, having evolved beyond “heat lights and rollers” to offerings like sandwiches made with produce that is the same as that found in chain restaurants.

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Mr. Clean Magic Eraser, 2-count SLIN 310184

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Gain Flings, 14-count SLIN 310081

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#1 Brand in Fastest Growing Quick Clean Category!
Swiffer Duster Starter Kit 5-count SLIN 310183

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Tim Hortons To Open U.S. Locations

Canadian donut chain Tim Hortons is working on a new approach to win over American customers as it lays out its U.S. expansion plans, reported *The Canadian Press*. The company recently announced plans to open 300 new U.S. locations by 2018 in various cities including St. Louis, Youngstown, Ohio, Fort Wayne, Ind. and North Dakota. More recently it added Pennsylvania and West Virginia to the list, saying it would together open as many as 20 Tim Hortons in the two states.

The company's president and CEO said Tim Hortons will take a decidedly American approach to menus at its U.S. stores in order to build loyalty beyond the breakfast day part. The chain is still trying to gain traction in the U.S., so its plans include driving more brand awareness and developing more franchises.



have shown academic growth just this year. In, addition [7-Eleven] was also a major donator to the Lincoln School carnival and its success."

E-Cig Market Grows

According to new research from Mintel, e-cigarettes have exhibited massive growth over the last two years, with sales increasing from \$283 million in 2012 to \$537 million in 2013. Furthermore, 34 percent of Americans who have quit or are interested in quitting smoking think e-cigarettes are an effective means to kick the habit, placing it second behind nicotine patches (35 percent) in perceived effectiveness.

Among the different segments of the population, Hispanic respondents show a higher-than-average tendency to smoke e-cigarettes, and tend to smoke them more regularly, with 32 percent of re-

Principal Praises Franchisee's Community Service

The principal of Lincoln Elementary School in Manteca, California recently penned an Op-Ed piece for the local newspaper praising 7-Eleven franchisee Sukhi Sandhu for his "generosity and support of student achievement and school community." In his *Manteca Bulletin* article, Principal Steve Anderson stated that Mr. Sandhu recognized student's academic success and efforts through the 7-Eleven Slurpees for Success program, generously handing out "over two hundred free Slurpee's to Lincoln students who

Ecigs have experienced massive growth, with sales increasing from \$283 million in 2012 to \$537 million in 2013.

spondents saying they have tried them, compared to a 25 percent average. Millennials also show a much higher inclination to use and trust e-cigarettes, with 63 percent of those aged 25-34 claiming that they feel that e-cigarettes are an effective way to quit smoking, which is the highest percent response across all age groups and cessation products. Men are also much more apt to use e-cigarettes, with 30 percent having tried them as opposed to just 21 percent of females. **AV**

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



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line gambling nationwide, reported the Associated Press. The casino industry's main lobbying group said the matter has sharply divided its members, so it decided to stay out of the fray. • A newly formed coalition recently launched the "**Fed Up at the Pump**" campaign to educate California motorists about a state-agency mandated **15-cent gasoline price hike** they say will have a negative impact on the state's economy. The tax hike kicks in on January 1, 2015. • **The South and West dominated the list of fastest-growing cities in terms of population between 2012 and 2013**, claiming the entire top 15 spots—seven of which were in Texas, according to U.S. Census Bureau data. • **Hackers have exposed the personal information of 110 million Americans**—roughly half of the nation's adults—in the last 12 months alone as the result of cyberattacks on retailers like Target, eBay, Adobe and Michaels, reported CNNMoney. • **Eight U.S. states**—California, Connecticut, Maryland, Massachusetts, New York, Oregon, Rhode Island and Vermont—are developing a plan to **encourage sales of 3.3 million zero emission vehicles by 2025** through a combination of consumer incentives and regulatory action, reported the *Wall Street Journal*. • **Alcohol delivery service provider Ultra is now operating in Washington, D.C.**, allowing District residents to place orders for alcohol online and have them delivered to their doorstep in 30-60 minutes, reported WNEW-CBS DC. • **In the last year, the pounds of beef sold in foodservice increased by 79 million pounds** to a total volume of 8 billion pounds, according to the 2013 Usage and Volumetric Assessment of Beef in Foodservice report. • NACS reported that **Colorado sold about \$22 million in recreational cannabis in April**, which added about \$5.3 million into the state's tax coffers. Colorado is on track to make about \$30 million this year in marijuana taxes alone. • **Walgreens**

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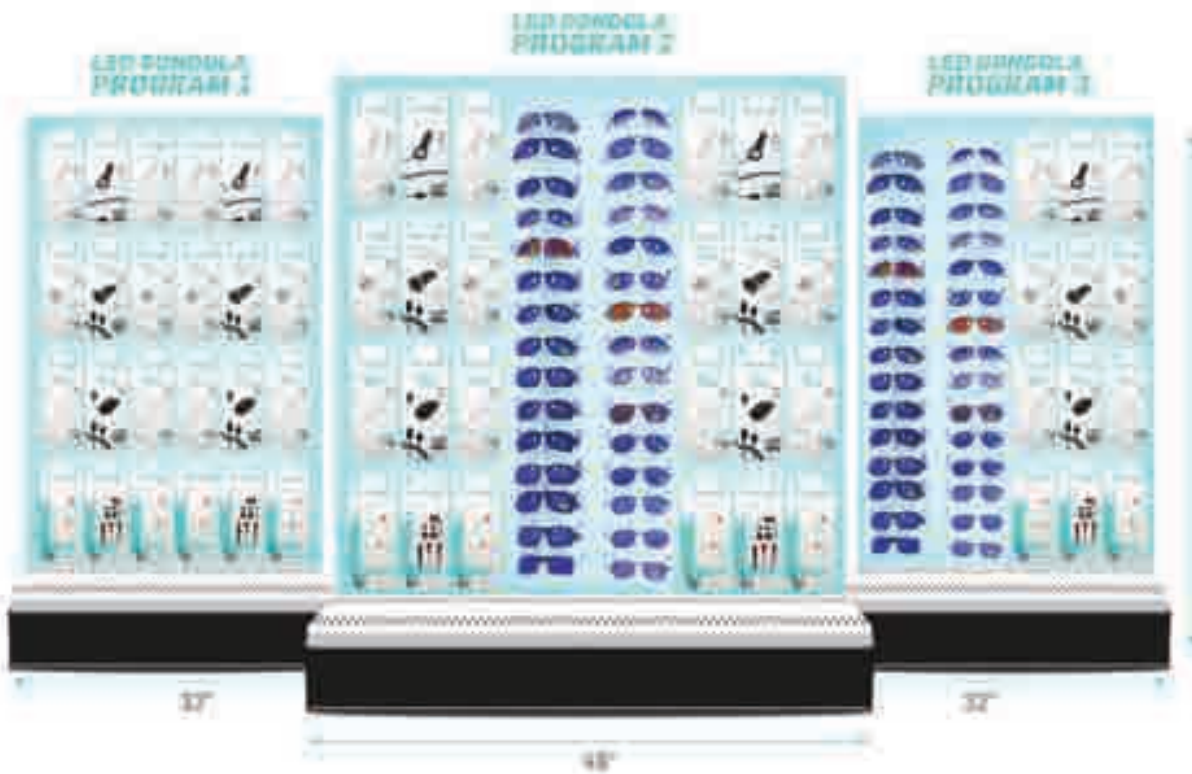
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National Coalition of Associations of 7-Eleven Franchisees

2014 7-ELEVEN NATIONAL CONVENTION AND TRADESHOW



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Member News



SEI News

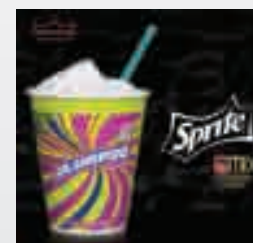


NEW DORITOS LOADED SNACK SAMPLING TOUR

SEI has teamed with Frito Lay to create a new Doritos-flavored melted cheese snack that will be available in 7-Eleven stores nationwide in July, reported the *Dallas Morning News*. To promote the new product, the company launched a social media campaign and national sampling tour in June, with free samples handed out from food trucks. The launch of Doritos Loaded comes as SEI continues its bid to attract diners as well as shoppers with its fresh food offerings. SEI first tested Doritos Loaded in Washington, D.C. in February. A box of four has 350 calories and will sell for \$1.99.

SPRITE 6 MIX BY LEBRON JAMES ADDED TO SLURPEE

SEI has exclusively introduced a game-changing flavor to its Slurpee all-star roster—Sprite 6 Mix by LeBron James Slurpee. The new flavor was inspired by the first, limited-edition Sprite flavor devel-



oped in partnership with a pop-culture icon. Combining the refreshing taste of traditional Sprite with natural cherry and orange flavors, the thirst-quenching frozen treat is just in time for summer.

Fans can download the free 7-Eleven mobile app for iPhone or Android platforms to receive a coupon for a free small Sprite 6 Mix by LeBron James Slurpee. From June 9, the coupon is available through the savings section of the 7-Eleven app and valid while supplies last. Additionally, Sprite and 7-Eleven have launched an Instagram-based photo contest. Participants can enter to win prizes from Sprite and 7-Eleven by entering photo challenges with their Sprite 6 Mix by LeBron James Slurpee in hand. Prizes include autographed LeBron James jerseys and autographed Sprite 6 Mix cans, as well as 7-Eleven gift cards and free Slurpee drinks for a month.

TEA TIME AT 7-ELEVEN

7-Eleven, Inc. is introducing fresh-brewed iced tea, available in either sweetened or unsweetened flavors, at more than 3,000 participating 7-Eleven stores this summer. Both varieties are made with a proprietary blend of black tea leaves, created exclusively for 7-Eleven stores. Stores where the fresh-brewed iced tea is available are located in Florida, Virginia, the greater Southern California, Dallas-Fort Worth and Austin, Texas;

Denver and Colorado Springs, Colo., southern Nevada, Salt Lake City, Utah, and Charlotte, N.C., areas, plus select stores on Long Island, N.Y. 7-Eleven also is introducing fresh-brewed iced coffee under its Chillers brand simultaneously with the iced tea launch.



MUSTACHE STRAWS & MASON JAR MUGS FOR SLURPEE SUMMER OF FUN

They're seemingly everywhere—on party supplies, clothing, jewelry, candy, decals, even on cars and baby pacifiers. Now, mustaches are on Slurpee drink straws too, as the perfect accompaniment to this summer's new, novelty Slurpee cup—a 26-ounce refillable, plastic Mason jar mug. Retailing for 99 cents, the mustache straw comes in four styles and colors. The suggested retail price for the clear



Fans can download the free 7-Eleven mobile app for iPhone or Android platforms to receive a coupon for a free small Sprite 6 Mix by LeBron James Slurpee.

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SEI News

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Mason jar mug with a colorful screw-top lid, reusable straw (sans mustache) and Slurpee logo is \$2.99.

The retro-like cup also comes in four colors—blue, green, orange or pink. The first Slurpee comes free with purchase of the Mason jar mug, and re-fills are discounted. The featured Slurpee flavor through June is Sprite Mix 6 by LeBron James, described as the refreshing taste of Sprite with natural cherry and orange flavors.

LOCAL FAVORITE KOLACHES
ADDED TO TEXAS STORES

7-Eleven, Inc. has added kolaches, a savory breakfast favorite of Texans, to its fresh foods menu at its participating stores in the Lone Star State.

Two varieties are being offered—Pork and Beef Sausage, and Pork and Beef Sausage with Jalapeno and Cheddar. Suggested retail price for a generously sized 4-ounce kolache is \$1.69 each, or two for \$3.

Similar to a "pig in a blanket," 7-Eleven's kolaches are heated and served warm from the Hot Foods Case. Foil packaging ensures that the kolaches stay tender and warm. First available in 50 Texas stores as a test, the kolaches are now available in approximately 450 7-Eleven hot-foods stores in the greater Dallas-Fort Worth, Austin and San Antonio areas.

NEW VERNORS SLURPEE
LAUNCHED IN MICHIGAN

Since Michigan residents love Vernors Ginger Ale and the Detroit area is the Slurpee capital of the U.S., SEI has introduced a Vernors Slurpee frozen carbonated drink that is now available in more than 200 Michigan 7-

Eleven stores. Based on early sales, it looks to be a hit with 7-Eleven customers there. Area residents have taken to social media sites like

Twitter and Instagram to spread the word that Michigan Vernors fans can now enjoy their favorite local soft drink as a Slurpee.

7-Eleven is advertising the new Slurpee flavor on local billboards and television spots.

7-Eleven moved back into the Motor City in April with the opening of its first store since the retailer last operated in the city in 2003. **AV**

SEI has introduced a Vernors Slurpee frozen carbonated drink that is now available in more than 200 Michigan 7-Eleven stores.

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reported its May sales increased 6 percent

compared to the same month in fiscal 2013. The company also said May pharmacy sales increased by 7.9 percent and total front-end sales increased 3.0 percent. • **California, Texas and Florida lead the U.S. with the most registrations of fuelefficient clean diesel and hybrid passenger vehicles,** ac-

cording to a new analysis and data released by the Diesel Technology Forum. • **Tim Hortons** has announced the launch of the TimmyMe App for Windows 8 devices that allows users to launch the mobile barcode payment screen on their **TimmyMe App** simply by saying, "Tim-

myMe Pay." The app works on all four major mobile platforms, including BlackBerry10, iOS, Android. **McLane's Ask A Category Manager** says seasonal candy dollar sales grew 25% in convenience in 2013. **CM also reported ecig dollar sales growth of 176 percent,** cof-

fee dollar sales growth of 11.9 percent, and pastry, Danish, and coffeecake dollar sales growth of 9.8%. • **Starbucks has expanded its new made-to-order Fizzio sodas** to the southern half of the U.S and Hawaii, reported *Bloomberg BusinessWeek*. The company said it hopes to offer the sodas nationwide in the coming year. • **Nearly 30 million people across Europe now use e-cigarettes,** most of which are between 15 and 24 years of age

who smoke tobacco regularly and are trying to quit, reported Reuters. • **Good Humor** has **teamed up with the New York Mets** on a campaign that features the team's mascots and **The Good Humor Man traveling through the neighborhoods of New York City** all summer and serving up free Good Humor frozen treats. • **The FAA has banned the use of drones** to deliver packages, putting a wrench in Amazon's plan to use drone carriers to deliver orders, reported TechCrunch.com ■

who smoke tobacco regularly and are trying to quit, reported Reuters. • **Good Humor** has **teamed up with the New York Mets** on a campaign that features the team's mascots and **The Good Humor Man traveling through the neighborhoods of New York City** all summer and serving up free Good Humor frozen treats. • **The FAA has banned the use of drones** to deliver packages, putting a wrench in Amazon's plan to use drone carriers to deliver orders, reported TechCrunch.com ■



Having issues in your area? *Want to talk?*
Have a problem with a vendor or with local management?



The National Coalition has Franchise Owner's Association member organizations in all 31 states in which 7-Eleven operates.

Want to find the closest FOA to you? Visit www.NCASEF.com to contact one of the 42 local Franchise owner's Associations nationwide. Want to talk to someone at the national level? Call the NCASEF Vice Chairman in your area:

■ **Jas Dhillon, East Coast, Chicago, Kansas, Florida**
jasdhillon@rocketmail.com
818.571.1711

■ **Roger St. George, California**
rdsaint@comcast.net
360-500-1248

■ **Jay Singh, Seattle and Midwest**
Jksingh2003@yahoo.com
702.249.3301

■ **National Office**
nationaloffice@ncasef.com
831-426-4711

National Coalition offices are located at 740 Front Street, Suite 170, Santa Cruz, CA 95060; 831-426-4711; nationaloffice@ncasef.com.

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IRI: Latest 24 weeks ending 5/18/14 in C-Stores, Dollar Share Fruit Snacks category

Perrier Sparkling Water L'Orange Exclusive To 7-Eleven

New Perrier Sparkling Water L'Orange is available exclusively at 7-Eleven through August 2014. L'Orange is a refreshingly unique twist on orange that's sugar-free and all natural with zero calories—a perfect alternative to sugary drinks and soda. L'Orange offers more ways to help enhance your profits: U.S. consumer testing confirms the universal appeal of L'Orange, which is delivering 79 percent of growth for Perrier's flavored range (+12 percent in volume). Average price for a 24-pack of 0.5 liter PET is \$17.92. Average unit cost is \$0.75 and average SRP is \$1.49, generating an average penny profit of \$0.74 and margin of 50 percent.



Perrier Sparkling Water L'Orange is exclusive at 7-Eleven through August.

blu Introduces New Disposable E-Cig Flavor

blu eCigs has launched the latest addition to its disposable line of electronic cigarettes—Cherry Crush. A long-time popular flavor in blu Rechargeables, the disposable version of this fan favorite is sure to stimulate consumer trial among adult smokers. blu Disposables are convenient and easy to use. There's nothing to recharge or to refill. Users simply discard after use.



blu Cherry Crush Disposable version of the popular rechargeable flavor.

Offering superior flavor and vapor production, the blu Cherry Crush Disposable features the tangy, bold burst of cherry. Cherry Crush is sure to be a hit with both new and experienced e-cigarette users, and provide a unique vaping experience. For more information about Cherry Crush Disposables, please contact your Lorillard representative.

Minute Maid Juices To Go' Shakes Things Up

Minute Maid Juices To Go welcomes two new thirst-quenching flavors to its product line, Minute Maid Tropical Blend and Minute

Maid Berry Blend. The new blends are the first Minute Maid Juices To Go products to contain vegetable juice—providing a blended fruit and veggie taste on the go. Minute Maid Tropical Blend and Minute Maid Berry Blend are available in convenient 15.2 fl. oz. single-serve bottles, which are perfect for active lifestyles.

Minute Maid Tropical Blend and Minute Maid Berry Blend Beverages contain a variety of carefully-selected fruit and vegetable juices. Minute Maid Tropical Blend is made



Juices To Go contain fruit and veggies.

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BUD LIGHT LIME APPLE-AHHH-RITA AVAILABLE THIS FALL



Bud Light Lime has introduced Bud Light Lime Apple-Ahhh-Rita, a new limited-time-only fall seasonal offering. Bud Light Lime Apple-Ahhh-Rita combines the great taste of an apple-flavored margarita with a refreshing twist of Bud Light Lime. Best enjoyed over ice, a 6 percent ABV version will be available in select markets. Pricing for Bud Light Lime Apple-Ahhh-Rita will be at parity with Bud Light Lime "Ritas" brands. Bud Light "Ritas" are the top two brands in the FMB category and four out of the top six. They are also larger than the next 10 competitors combined.

Available in 25-ounce and 8-ounce cans—as well as 15-pack 25-ounce cans, 24-pack 8-ounce cans, and 12-pack 8-ounce cans—Bud Light Lime Apple-Ahhh-Rita can be ordered from August 4 to November 3, 2014.



Bud Light Lime Apple-Ahhh-Rita available August 4 to November 3.

VENDOR FOCUS

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with carrot, pear, mango, and pineapple juices. Minute Maid Berry Blend contains pear, grape, purple carrot, pumpkin, beet, blueberry, raspberry, and strawberry juices. Both juice beverages deliver the flavor c-store fans love with essential vitamins.



Swisher Sweets Chocolate Cigarillos in three popular price points.

Indulgent Swisher Sweets Chocolate Cigarillos

Swisher Sweets had introduced a smoother, rich chocolate blend for its Swisher Sweets Chocolate Cigarillos. Adult smokers will indulge themselves with the sweet, luscious taste of chocolate. Swisher Sweets Chocolate cigarillos are available in the popular resealable foil pouches and “5-for-3” packs. The 2-count resealable pouches provide adult consumers with guaranteed fresh cigars. They are available in three popular price points: 99¢, \$1.49, and non-priced “Save on 2.” For chocoholic consumers looking for greater value in their favorite blend, Swisher Sweets Chocolate Cigarillos “5-for-3” pack provides five cigarillos for the low price of three. For more information or to place an order today, contact your Swisher representative at 1-800-874-9720.

Limited Edition Swisher Sweets Summer Twist

Swisher Sweets continues its limited edition cigarillo line with Swisher Sweets Summer Twist with the sweet lemon mango taste. Available for shipment to stores beginning in June, Swisher Sweets Summer Twist comes in a resealable two-count pouch with the “Sealed Fresh” guarantee. Summer Twist will be available in “2 for 99¢” and “Save on 2” options.

This edition of Swisher Sweets is available only while supplies last, and just like the summer, they won’t last long. Additional limited tastes are expected throughout 2014. For more information or to place an order today, contact your Swisher representative at 1-800-874-9720.



Twix Bites, the latest in unwrapped, bite-sized pieces.

Twix Bites Delivers Big Taste

Twix Bites, offering the same rich caramel, crunchy cookie and smooth milk chocolate as a full-size Twix Bar, come unwrapped and are now available nationwide. Offered in two convenient sizes—a 2.83-ounce sharing size and a 7.0-ounce re-sealable stand-up pouch—Twix Bites are ideal for a wide range of occasions and activities.

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First-Of-Its-Kind Natural Gas Synthetic Motor Oil By Pennzoil

Pennzoil recently introduced Pennzoil Platinum and Pennzoil Ultra Platinum with PurePlus Technology, full synthetic motor oils formulated from natural gas. PurePlus Technology is a patented, revolutionary process that converts pure natural gas into the first-of-its-kind, high quality full synthetic base oil. The Pennzoil Platinum line of products made with PurePlus Technology is the first major development in motor oil in more than 40 years.

Pennzoil Platinum full synthetic motor oils with PurePlus Technology are designed to provide engines Complete Protection, without compromise. Complete Protection is defined as coverage on five key areas consumers deemed as most critical for motor oil performance: 1) engine cleanliness, 2) fuel economy, 3) conservation of horsepower, 4) wear protection, and 5) performance in extreme temperatures. To help educate consumers on the new technology, a multi-faceted activation plan for the Pennzoil brand is being launched across a variety of platforms.



Named The Most Influential Burger of All Time!

Source: Time News Feed, Time Inc., January 14, 2014

The #1 Selling Frozen Cheeseburger Nationwide!

According to Nielsen and IRI

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

According to 7-Eleven



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Contact Steve Ording at 614-559-2473 or ordings@whitencastle.com

continued from page 96

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When you order Pink Lemonade flavored 5-hour ENERGY® you'll notice big differences – bright, new packaging – and a big, pink ribbon. That's because a portion of each sale of Pink Lemonade flavored 5-hour ENERGY® benefits Living Beyond Breast Cancer.® Last year you helped us donate over \$300,000 dollars. This year we want to give more. Show your customers that you support the cause. Order this special edition Pink Lemonade 5-hour ENERGY® today.



Pink Lemonade flavored 5-hour ENERGY® 120 Count Floor Stand

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Pink Lemonade flavored 5-hour ENERGY® Counter Display



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120ct SLIN #: 585075



Living Beyond Breast Cancer
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UIN 539510 Off-Invoice allow: \$5.04
72ct SLIN #: 589192
Unit Cost: \$1.38

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Charmin Basic At A Great Price

Charmin Basic bathroom tissue holds up at a great everyday price. It's 2X stronger than the leading bargain brand when wet and can be used up to 2X

less. Also, it's clog-free. Now your customers can Enjoy the Go, without spending a bundle.

Febreze Top Two Selling Scents

Febreze Air Effects is the #1 selling air care brand, and Linen & Sky and Scent of Gain are the top #2 selling scents. Febreze Air Effects eliminates odors rather than covering them up like other air fresheners do! Quickly and easily spray away tough pet, bathroom, cooking, smoke, and other odors so they're gone for good.

Febreze Air Effects Scent of Gain adds the familiar freshness of Gain throughout your home in a light, airy scent with the perfect touch of comforting softness. Febreze Air Effects Linen & Sky brings the outside in with the fresh, clean scent of breeze-dried laundry touched with hints of sweet honeysuckle.



Best-Selling Mr. Clean Magic Eraser

Mr. Clean Magic Eraser Original removes scuff-marks and dirt from walls, baseboards, floors, switch plates, blinds and more. With water-activated micro scrubbers that reach into the surface grooves, the Mr. Clean Magic Eraser Original lifts away built up dirt. It removes more grime per swipe than the leading all-purpose bleach spray cleaner. Plus, it has no harsh chemicals.

Highly Accurate Clearblue Easy Pregnancy Test

While many women think they must see their doctor for accurate pregnancy results, the truth is Clearblue pregnancy tests are as accurate as a doctor's urine test. Women can quickly check if they are pregnant with a home pregnancy test and save the time and cost of a trip to the doctor. No tests are more accurate—but Clearblue Pregnancy Tests are over 99 percent accurate.



Swiffer Dusters Starter Kit

Quick Clean is one of fastest growing categories, and Swiffer is #1 in this category. Swiffer Dusters pick up dust and lock it away with thousands of flexible fluffy fibers. Lightly coated with Dust Lock Adhesive, these fibers change shape to reach into nooks and crannies, trapping up to two times more dust than a dry dust cloth for a thorough clean.



Tide Priced To Win

Tide Simply Clean & Fresh Daybreak Fresh Laundry Detergent 40 ounce is sized and priced to sell. It. Daybreak Fresh scent with citrus, herbal and floral notes gives a fresh, clean scent in every load, and it has 2x the baking soda power to target tough odors deep in the fibers of clothes. Tide Simply Clean & Fresh is tough on odors and easy on your customers' wallets.



Gain Flings Fastest Growing Detergent Form



Easy-to-use Gain Flings 14 count unit-dose laundry detergent is the best-selling brand in the fastest growing form. Gain Flings brings 50 percent more Original scent to clothes, and Oxi boost fights stains while odors are removed with the odor-elimination technology of Febreze, so clothes are left wonderfully clean with an amazing scent.



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Going small is a big trend within the chocolate category, and Bites are one of the highest-tested items from Mars Chocolate North America. Ninety-seven percent of consumers state that Bites met or surpassed their expectations, and more than 40 percent stated that they would share Bites with friends and family. Twix Bites are the latest addition to the popular Bites portfolio which includes Snickers Bites, 3 Musketeers Bites, Milky Way Bites and Milky Way Simply Caramel Bites.

Nestlé Waters' Tea Promos Extended

Nestlé Waters' has announced it is extending its two special tea promotions for 7-Eleven franchisees in the North Atlantic and Heartland Zones until September 2!

- **North Atlantic Zone:** 2/\$1.50 on any 20-ounce Nestea beverage. 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" to 711711.
- **Heartland Zone:** 2/\$2.22 on any 20-ounce Tradewinds Tea. 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.



The Nestlé Waters tea promos have been extended until September 2.

NEW BITE SIZED YORK MINIS



The Hershey Company recently introduced York Minis—a new way to experience the classic York Peppermint Patties. Now the delicious combination of cool refreshing peppermint and smooth dark chocolate is ready to eat in smaller, unwrapped, bite-sized pieces with convenient on-the-go packaging. The chocolate Hand-to-Mouth segment continues to grow at plus 34.9 percent, with Hershey's Hand-to-Mouth category increasing by plus 10.2 percent, helping to drive the total chocolate category. York is a Hershey's Power Brand, and York Minis will further fuel Hershey's Hand-to-Mouth growth.

VENDOR FOCUS



LOGIC Strengthens #2 Position

Electronic cigarette maker LOGIC Technology announced that the latest results from Nielsen's C-Track Database indicate that of the top three brands in the space, LOGIC remains the sole company experiencing growth in both total U.S. dollar and unit shares in convenience stores nationwide. Currently, LOGIC commands 26.5 percent of the category in total U.S. unit share nationwide, growing from 24.3 percent last month. In total U.S. dollar share, LOGIC has increased to 24.3 percent, growing from 22.2 percent last month. The company said the data presented by Nielsen represents LOGIC's continued momentum as it widens the gap between lower ranked brands and approaches the #1 position. For more information on LOGIC Technology, visit www.LogicEcig.com. LOGIC e-cigarettes are available in disposable and rechargeable versions at convenience stores nationwide.

Quick & Easy 'Reload @ The Register'



Green Dot Corporation launched a new reload technology and consumer process designed to improve the retail cash reloading experience for 7-Eleven guests. Reload @ the Register is designed to make reloading cash onto a participating prepaid card faster and more convenient for the guest than using MoneyPak, which is a method commonly used. Reload @ the Register lets prepaid cardholders go directly to the register at any participating retailer to conduct their cash reload transaction.

The associate collects the cash from the guest that he or she wishes to reload to their prepaid card along with the applicable reload fee and swipes the guest's prepaid card through the POS. This transaction credits reloaded funds to the guest's card without any further action required by the guest or the associate.

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SOFT. SWEET. ADORABLY MINI.



SLIN 303467

SLIN 303469

AND THAT'S JUST THE COOKIES.

New Pillsbury®
Soft-Baked Mini Cookies

- Soft-baked texture consumers crave
- Deliciously tempting flavor varieties
- From the consumer loved Pillsbury® Doughboy™

continued from page 100

VENDOR FOCUS

Now 7-Eleven can reload over 100 additional prepaid cards, including the RushCard, AchieveCard, AccountNow or Card.com, etc., as well as Green Dot cards, increasing reload and guest retention rates. Green Dot's Reload @ the Register, just another way Green Dot is making prepaid cards a convenient and simple way for guests to manage their money.

KIND Adds Five New Flavors

KIND recently announced the extension of its KIND Nuts & Spices and KIND Healthy Grains Clusters lines with the addition of five new flavors. In the KIND Nuts & Spices line, Dark Chocolate Mocha Almond and Caramel Almond & Sea Salt expand the



line to include eight flavors containing only 5g of sugar (or less), and nothing artificial. Each bar is also crafted from a foundation of whole almonds, which recent studies have shown have life-extending properties.

The KIND Healthy Grains Clusters line has added Fruit & Nut, Banana Nut, and Raspberry with Chia Seeds. As with the original five flavors, these new offerings are made with a unique blend of five super grains including gluten free oats, millet, quinoa, amaranth, and buckwheat. Each serving of KIND Healthy Grains Clusters (50g) provides more than one full serving of whole grains.

Along with the introduction of these new flavors, KIND updated its packaging across all eight varieties to create a sleeker, cleaner design. With this new look, KIND is highlighting both the flavor profiles and the key nutritional features associated with each flavor, including protein, low fat and fiber. Additional research has indicated that people are eating granola in different ways, including as a stand-alone snack or as a cereal replacement. To help people understand the serving sizes and nutritional associated with each, KIND Healthy Grains Clusters packaging will also feature a dual nutrition panel that breaks out information by “Snack” (29g) or “Bowl” (50g).

Screamin Energy & Liquid Energy Make Their Return

Precise Nutrition Int'l, Inc. along with the Vital 4U line of products announced the return of America's favorite energy pouches, Screamin Energy Max Hit and Liquid Energy. Both of these popular items are now Recommended Items in your energy set! Precise Nutrition Int'l, Inc. is offering a special free fill on initial orders for your store. For months, consumers and franchisees alike have been trying to get this partnership back on track and beginning July 1, 2014 you will be able to once again provide these unique energy pouches to your loyal customers. Both items have been upgraded with an all-new, space saving and highly attractive merchandising

Both items come in 12 count displays with new SLIN numbers:

- Screamin Energy Max Hit (SLIN 221941) Coffee Mocha Flavor
- Liquid Energy (SLIN 222063) Coffee Flavor



Screamin Energy Max Hit and Liquid Energy are back as Recommended Items.



continued on page 104

— ONCE AGAIN, —
PENNZOIL® IS THE
#1 MOTOR OIL BRAND¹

¹ Latest 52 weeks ending December 29, 2013 by Convenience A8Scan, Total U.E.



FIRST OF ITS KIND SYNTHETIC MOTOR OIL
MADE FROM NATURAL GAS



**PENNZOIL PLATINUM FULL SYNTHETIC MOTOR OIL
WITH PUREPLUS™ TECHNOLOGY**

- No other leading motor oil provides better protection from friction¹
- Drive on average an extra \$50 miles per year vs. a dirty engine²
- Keeps pistons cleaner than any other leading competitive synthetic oil³



PERMETER® HIGH AMPLAGE VENTIL® ACTION ON

- Advanced formula that lubricates, cleans and protects engines with over 75,000 miles
- No other leading high mileage oil helps keep engines clean¹
- In 2013, the average vehicle population age was 11.3 years old and trending upwards²



PERMUTED CONVENTIONAL ANTIPOD IN

- Removes sludge that lesser oils can leave behind
- No leading conventional oil helps keep engines cleaner
- Lower viscosities such as 5W-20 and 5W-30 are growing in the conventional category²

PENNZOIL PLATINUM® 5W-30

530022689



PENNZION® HIGH MILEAGE VEHICLE® 10W-50

550022812



PENNZOIL® CONVENTIONAL 5W-20

550035002



PENNZOIL® SKUs AVAILABLE IN SIX(6) 1-QT PACK SIZES

[illegible]

4 Based on Highway V5 change to 3000 342 330 330
 5 Source: R1, Pub. NYSP Data as of 2011
 7 Based on change to 3000 342 330 330
 8 Source: NYSP R1 Data 2011, TSPS Data 2011
 9 Penna. Dept. of Transportation and Penna. Dept. of Transportation
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MAKE IT A PENNZOIL CHANGE:

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Limited-Edition Tropical Red Bull Only At 7-Eleven



Red Bull Summer Edition will be available only at 7-Eleven.

7-Eleven is giving new "wings" to customers this summer by offering an exclusive, limited-edition Red Bull flavor. The Red Bull Summer Edition will be available July and August at 7-Eleven stores across the United States and Canada, providing the effect of Red Bull Energy Drink with the new flavor of tropical fruits. In a sun-yellow can, The Red Bull Summer Edition joins the Red Bull Red (cranberry), Silver (lime) and Blue (blueberry) Editions that were launched last year as the company's first change to its well-known flavor.

The Red Bull Summer Edition performed extremely well with U.S. consumers during taste tests. The launch of the Red Bull Red, Silver and Blue Editions last year invigorated the entire energy drink category. The average five-year

growth forecast (2012-2017) from Mintel, Canadean and Euromonitor puts energy drinks at the top of the beverage category with a 48 percent growth rate.

The 12-fl. oz. Red Bull Summer Edition will be priced in line with Red Bull Energy Drink and the 12-fl. oz. offerings, including Red Bull Sugar-free and Red Bull Total Zero.



Banana Boat Sunscreen Dispensit & 7-Select Hand Sanitizer

New Summer Items From Navajo Manufacturing

Navajo Manufacturing Co. recently announced a new Dispensit item that will feature Banana Boat Sunscreen 1-ounce product for the spring and summer months. The Dispensit will come in a 24-count and retail at \$1.99 or 2 for \$3.00. This is a must have for summer!



The company also announced a 7-Select 8-ounce Hand Sanitizer in a pump, which is great for traveling on the road or for use around the office or home. This item retails at \$2.49 for a 62 percent margin.

Johnny Appleseed Hard Cider From Anheuser Busch

In development since 2011, Johnny Appleseed Hard Apple Cider is the first wholly new brand from Anheuser-Busch in eight years, and arrives at the perfect time for the fast-growing cider category. More than 750 consumers (men and women 21-34 years old) from the U.S., Canada and the United Kingdom helped to co-design the brand, from taste profile to packaging.

With an ABV of 5.5 percent, Johnny Appleseed is a refreshing hard apple cider best enjoyed on the rocks in a highball glass to bring out the full, crisp apple taste. Crafted in Baldwinsville, New York, it is



Johnny Appleseed is the first wholly new brand from Anheuser Busch in eight years.

made with apple juice sourced from apples in the U.S. and fine orchards around the globe, as well as cider yeast and other natural ingredients.

Johnny Appleseed Hard Apple Cider is available in 12-ounce bottle six-packs and 16-ounce cans. Retail for six-packs/cans is 9.99/\$1.99, GP\$ is \$2.76/\$0.68 and margin generated is 27.6 percent/34.2 percent.

Sprite & LeBron James Team Up To Reward Game-Changers

To celebrate the launch of Sprite 6 Mix by LeBron James—a limited-edition flavor of Sprite created in partnership with the basketball super-

continued on page 106

Switch to Sprint Family.

We'll greet you with free unlimited data for a year.

Get unlimited data buy-up to \$20/mo. value per line) free for a year + a \$200 Visa® Prepaid Card when you switch from another carrier to the Sprint Family Plan. Special offer for employees of 7-Eleven.

For details, visit sprint.com/7e

Offer ends July 10.

Happy Connecting

Offer ends 7/10/14. 12 Mo. Free Unlimited Data Buy-Up: SFP eligible new lines porting from other carriers to Sprint Family Plan only (\$25-\$50/mo excluding taxes and surcharges). Excludes providers associated with Sprint (i.e., Virgin Mobile USA, Boost Mobile, and Assurance). SFP discount applies first and credit is applied to buy-up balance. Credit does not apply to prepaid accounts and will appear on 1st or 2nd bill. After 12 mos., buy-up will be billed at the regular rate. To avoid charges, dial *7 or visit sprint.com manage to cancel prior to 12 mos. Usage Limitations: Other plans may receive prioritized bandwidth availability. Streaming video speeds may be limited to 1 Mbps. Sprint may terminate service if off-network roaming usage in a month exceeds: (1) 800 min. or a majority of min.; or (2) 100MB or a majority of KB. Prohibited network use rules apply - see sprint.com/termsandconditions. SFP \$200 Visa Prepaid Card Offer: Available only to eligible SFP accounts with valid Corp. ID. When supplies last. Device requires activation at point of sale. Request must be made at sprint.com/7e or Visa Prepaid Card will be declined. New line must remain active and in good standing for 45 days. Allow 10-12 wks for delivery. May not be combinable with other offers. Other req. may apply for installment customers. Restrictions apply. See store or sprint.com for details. Visa Prepaid Card: Cards are issued by Citibank, N.A. pursuant to a license from Visa U.S.A. Inc. and managed by Cit Prepaid Services. Cards will not have card access and can be used everywhere Visa debit cards are accepted. Other Terms: Offers and coverage not available everywhere or for all phone/networks. Restrictions apply. See store or sprint.com for details. © 2014 Sprint.

\$10 off

Delivers Growth and Profits!

—Al Capone SWEETS Cognac FILTER (10-pk & 2-pk) are top-ranked items in the market.

—Both items have experienced triple-digit growth over the past 12 weeks!

—Al Capone is a Top-20 OTP brand. In dollars per point of distribution Al Capone jumps to number 12!

SLIN-320715
McLane UIN-201012

SLIN-320715
McLane UIN-201012

SLIN-320715
McLane UIN-201012

SLIN-320715
McLane UIN-201012

AC SWEETS 10-pack

AC SW FILTER 10-pack

continued from page 104

star—this summer James and Sprite will change the game off the court for four deserving fans. Through the Sprite 6 Mix by LeBron



Sprite and LeBron James will reward dedicated individuals who "Change the Game."

James #ChangeTheGame contest, Sprite will award an aspiring musician, a visual artist, an entrepreneur and a civic leader with a tailor-made educational experience. James will select one game-changer to receive a \$50,000 grand prize.

People ages 18 to 30 who are changing the game through music, visual arts, entrepreneurship or community involvement can enter by creating a YouTube video and posting the YouTube URL on Twitter with the hashtag #ChangeTheGame. Each video will be judged for creativity, originality, quality of submission and the entrant's plan to use the \$50,000 prize.

Pepsi Unveils New Beverages

Pepsi announced new Lipton Brisk Blueberry Lemonade will soon be introduced exclusively to 7-Eleven stores nationwide. Available in 1-liter bottle, Lipton Brisk Blueberry Lemonade will supported with national TV tied to "7-Eleven City Slam presented by Brisk."



Lipton Brisk Blueberry Lemonade and Pepsi Made with Real Sugar.

The company is also introducing Pepsi Made with Real Sugar 20-ounce which will be available for a limited time only in Regular, Cherry and Vanilla.

Make a Muscle Make a Difference

Put your muscle, your strength and your commitment behind MDA. Together, we can provide help, hope and greater understanding in the fight against muscle diseases that affect children and adults.

Alison Sweeney

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Play The Name Game!

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



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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.

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THE FLAVOR OF TROPICAL FRUITS. THE WINGS OF RED BULL.



THE RED BULL SUMMER EDITION.

CONTINUED FROM PAGE 110

FOA EVENTS

PACIFIC NORTHWEST FOA HOLIDAY CRUISE PARTY

(location to be announced)
December 6, 2014
Phone: 253-861-6737

SOUTHERN CALIFORNIA FOA ANNUAL HOLIDAY PARTY

Disneyland Resort
Anaheim, California
December 6, 2014
Phone: 818-357-5985

GREATER SEATTLE FOA HOLIDAY PARTY

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

CENTRAL FLORIDA FOA HOLIDAY PARTY

(location to be announced)
December 13, 2014

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FOA BOARD MEETING DATES

Greater Seattle FOA

Phone: 425-308-1216
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 Welcome

San Francisco/Monterey Bay FOA

Phone: 650-996-9479
July 8
August 12
September 9
October 14
November 11

Central Florida FOA

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

South Florida FOA

Phone: 954-465-6896
August 20—Board Meeting
August TBD—General Meeting
October 9—Board Meeting
November 13—Board Meeting
November TBD—General Meeting

Greater Bay FOA

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

Columbia Pacific FOA

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

Southern California FOA

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

Cal-Neva FOA

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



Southern Nevada/Las Vegas FOA

Phone: 702-249-3301
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

Pacific Northwest FOA

Phone: 253-861-6737
August 20—General Meeting
September 17—FOA Dinner Meeting
November 12—General Meeting

FOA EVENTS

UFOLI GOLF TOURNAMENT TIMBER POINT COUNTRY CLUB

Great River, New York
(date to be announced)
Phone: 631-670-7602

COLUMBIA PACIFIC FOA GOLF TOURNAMENT

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

PACIFIC NORTHWEST FOA SUMMER PICNIC

Bellevue, Washington
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 be announced)
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

The Golf Club At Redmond Ridge
Redmond, Washington
August 12, 2014
Phone: 253-861-6737

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 be announced)
December 5, 2014
Phone: 702-249-3301

SOUTH FLORIDA FOA TABLETOP TRADE SHOW/ HOLIDAY PARTY

(location to be announced)
December 5, 2014
Phone: 954-465-6896

NCASEF BOARD MEETINGS



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



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Convention App at
NCASEF.com

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

CONTINUED ON PAGE 109

micro
Pack.
micro
Price.



69¢
MSRP



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.



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

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