



# AVANTI

July/August 2014

THE VOICE OF 7-ELEVEN FRANCHISEES

## What a Convention!

View And Download Convention Photos at [www.ncasef.com](http://www.ncasef.com)

## Celebrating FRANCHISEES!



39th Annual NCASEF Convention & Trade Show

**NCASEF & FOAs Raise Record \$230,000 For Swim Across America**

**Franchisees Villagrana And Foster Honored**



- Your Monthly Financial Statement
- Middle Ground On The DVR
- Who Is the Customer, Anyway?
- Where Do We Go From Here?
- New RISE Software Brings Many Improvements
- The Role Of The CDC
- The Mission Or The Men?
- You Did Not Pick This Fight
- Fair Franchising Legislation In Four States

TRY OUR NEW VERY, VERY  
**CHERRY**  
 FLAVOR



**ORDER NOW**  
**FOD: 8/18/2014**  
**SLIN: 246051**

- **FANTA IS THE WORLD'S #1 FRUIT FLAVOR SSD\***
- **YTD JUNE FANTA® +110%\*\***
- **YTD JULY 6<sup>TH</sup> TOTAL FANTA® A\$PSPD \$9.64\*\***



THE  
**COOLEST FLAVORS**  
 FOR HEALTHY PROFITS



Magnum® Infinity Bar  
 SLIN #190029  
 UPC# 77567-29988

Fruittare® Coconut & Milk Bar  
 SLIN #181932  
 UPC# 77567-38341



MAGNUM.



FRUITARE





# #1 Best Selling Ice Cream at 7-Eleven



**Order Today!**



0 76840 30281 9  
SLIN 190505

©2014 Ben & Jerry's Homemade, Inc. 3028  
Dairy Allergy (Select 2014)

**Now Available Every Day!**



EST. 1887



White Owl® MANGO  
2-for-99¢ Pouch  
UIN# 470039

## GUARANTEED FOILFRESH®

FOR MORE INFORMATION, CONTACT YOUR SWEDISH MATCH REPRESENTATIVE. 800-367-3677 [customer.service@smna.com](mailto:customer.service@smna.com)

©2014 SWEDISH MATCH NORTH AMERICA, INC.



**New**  
**JOHNNY  
 APPLESEED**  
 HARD APPLE CIDER  
 REFRESHINGLY  
*Sweet & Intense*

Enjoy Responsibly Over Ice.

© 2014 KELLOGG'S BRANDS, A DIVISION OF KELLOGG CO. ALL RIGHTS RESERVED. PHOTO BY MICHAEL GOODMAN. BEVERAGE LLC, BALTIMORE, MD 21201

# 2/\$3.00 MIX or MATCH

Promaster 100% Vendor Funded  
 Valid September 3rd - December 31st, 2014



*stock up today!*

**Kellogg's**  
 Specialty Channery

Single Serving Size	KLM	KIM
French Vanilla	245581	194837
Milk Chocolate	245580	194886
Vanilla Cappuccino	241314	079525
Chocolate Mocha	241239	079517

© 2014 Kellogg's

# mentos<sup>Gum</sup>

## Mentos® Gum Pure Fresh Pocket Bottles Proven Winners in C-Store!



Mentos® Gum Sales  
**Up 27.8%** While Total Gum  
**Down 4.3%**

\*All Sales US C-Store Scan Data, 54 weeks ending June 8, 2014 (Dollar Sales % Change)

Mentos Pure Fresh Gum -  
Fresh Mint  
SLIN 142129 / UIN 187617



0 73390 01393 6

Mentos Pure Fresh Gum -  
Spearmint  
SLIN 142601 / UIN 014357



0 73390 01387 5

Mentos Pure Fresh Gum -  
Wintergreen  
SLIN 142120 / UIN 187625



0 73390 01394 3

Contact your local representative or customer service at 1-800-283-5988

# 2/\$2.00

1-Liter Bottles

## #1 Bottled Water at 7-Eleven!\*

Top choice among shoppers for convenience and hydration while on-the-go!

### WHILE ON PROMOTION

- Nestlé Waters Regional Spring Water Brands average 22+ units per store, per day!
- Promo take rate over 80%!
- Velocity continues to grow promotion after promotion! Averaging +71% in June!

\*Promotion ends December 31, 2014

Shoppers have a temperature preference with this size, cold OR room temperature, offering the perfect opportunity to dual merchandise and satisfy all shoppers' needs!



Arrowhead® Brand  
1 Liter  
SKU# 0011000

Deer Park® Brand  
1 Liter  
SKU# 0021719

Ice Mountain® Brand  
1 Liter  
SKU# 0022714

Ozarka® Brand  
1 Liter  
SKU# 0024113

Poland Spring® Brand  
1 Liter  
SKU# 0022715

Zephyr Blue® Brand  
1 Liter  
SKU# 0021108

\*SOURCE: IRI Exchange and Metrics, Jan 1, 2014 - July 11, 2014

©2014 Nestlé Waters North America Inc.



Shake Things Up  
This Season

LIMITED EDITION  
Candy Cane & Cherry Apple Twist



Counter Unit  
XU1500222  
24 Units of Candy Cane &  
12 Units of Cherry Apple Twist



Available to ship  
September 2014  
MCLANE# UIN470294

©2014 Ferrara. All Rights Reserved.



Build a Better Coffee Bar™  
with PUMPKIN PIE SPICE!

AVAILABLE AUGUST 25 FOD  
THROUGH DECEMBER 2014

The Coffee Bar Experts™

## The Fall Favorite Returns!

- Consumers want seasonal creamers
  - 66% are interested\*
  - 25% will go out of their way to get them\*
- Pumpkin is a seasonal staple for QSR's and Specialty Coffee Houses
- Self-display carton has a new modern look

Call the Coffee Bar Experts to learn more:  
888.620.9910 | [whitewavefoodservice.com](http://whitewavefoodservice.com)



Place display case  
on coffee bar

Quart is  
available  
in select  
markets



Portion Control	SLIN	Quart	SLIN
McLara	230249	GDC	230035
GDC	230107		



The Coffee Bar Experts™



\*Source: Mintel, Specialty Coffee House Survey, 2013

# DISCOVER *the* SALES BEHIND *the* DOS EQUIS MASQUERADE



**20.6%**  
Lift

Dos Equis Masquerade program drives huge lift in your retail volume<sup>1</sup>

## Top 10 Occasion

Halloween is the year's #6 beer-selling occasion<sup>1</sup> and falls on a Friday<sup>2</sup>

**\$8 Billion**

In 2013, Halloween sales reached \$8B, with consumers spending \$80 per person<sup>3</sup>

**Over 50%**

More than half of adults will attend or host a Halloween party featuring alcohol<sup>3</sup>

The Dos Equis Masquerade rallies your shoppers to make more of their Halloween with limited-edition bottles and packaging, premium POS, and relevant offers by state. Ask your local sales representation for details. This proven program also features a sweepstakes for a chance to attend the thrilling New Orleans Masquerade!

Contact your HEINEKEN USA representative for more information!

STAY THIRSTY, *my friends*

[www.DosEquis.com/MASQUERADE](http://www.DosEquis.com/MASQUERADE)

ENJOY **XX** RESPONSIBLY  
©2014 Heineken USA, Inc. All rights reserved.

# AVANTI

THE VOICE OF 7-ELEVEN FRANCHISEES

July/August 2014

## Contents

### 33 A True Analysis Of Your Monthly Financial Statement

By Joe Galea, Chairman, NCASEF



### 37 Finding Middle Ground On The DVR Issue

By Jivtesh Gill, Executive Vice Chairman, NCASEF

### 41 Who Is the Customer, Anyway?

By Eric H. Karp, Esq., General Counsel, NCASEF

### 47 Where Do We Go From Here?

By Jas Dhillon, Vice Chairman, NCASEF

### 55 New RISE Software Brings Many Improvements

By Kevin Nijjar, Vice President FOA of Greater Los Angeles



## SPECIAL FEATURES

### 16 You Did Not Pick This Fight

By Mike Foster, Franchisee Emeritus, St. Louis, Missouri

### 18 What Comes First, The Mission Or The Men?

By Allison Talaske, Vice President, New England FOA

### 22 The Role Of The CDC In Our Businesses

By AJ Handa, President, Greater Seattle FOA

### 26 Fair Franchising Legislation In Four States

By Jason Miko, Russell Communications

### 80 Greater Seattle FOA Golf Tournament Raises Funds For Make-A-Wish Foundation

### 20 NCASEF Flexes Charity Muscles



National Coalition Convention

Page 56

View The 2014 Convention Photos At [WWW.NCASEF.COM](http://WWW.NCASEF.COM)

## Member News.....14

Franchisees Sue SEI, Seven & I Increased Profits, Stores' Top Lists, 39 West Virginia Stores, NJ Suit Moves Forward, Gas Margins Razor Thin, McDonald's Labor Ruling, Banks Not Ready, NACS Fresh Program, Ikea Minimum Wage, Higher Wage Benefits Workers, Family Dollar, Dollar Tree, Dollar General, Target Mini-Store, Reynolds Acquires Lorillard, Dunkin' Upsell, Swipe Fee Case, Shoppers Love Gift Cards, Japan's C-Store Giants, CVS Cigarette Ban, NYC Bans Tobacco Discounts

## Legislative Update.....24

Calif. Senate Approves Franchising Bill, California Minimum Wage, Rhode Island Minimum Wage Increase, Indiana Cold Beer, Sugar Tax, NYC Large Soda Ban, Federal Soda Tax Bill, NACS Swipe Fee Appeal, Tougher E-Cig Regulation, Tobacco & E-Cig Legislation Update

## SEI News.....88

SEI's Venture Capital Arm, Discount For Military Veterans, 7-Eleven Weeklong Celebration, Carolina Cheerwine Slurpee, Probable Cause, Dollar Hot Dog Day, Doritos Loaded Snacks

## Bits & Pieces.....28

## Vendor Focus.....91

## Franchisee Calendar.....102



## PRESIDENTS' REPORTS



Page 60

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



### Franchisees And California FOAs Sue SEI

Five California 7-Eleven storeowners, and the FOA of Greater Los Angeles (FOAGLA), representing the support of every California FOA except Southern California, filed a lawsuit against SEI on July 11 in U.S. District Court for the Central District of California, Eastern Division, claiming the company violated their rights as franchisees and individuals under federal and state laws. The plaintiffs—who include NCASEF Vice Chairman Jas Dhillon, Franchisee Gurtar Sandhu, Fresno FOA President Serge Haitayan, Greater Bay FOA President Ray Dhaliwal, and Franchisee Tarlochan Rangi—allege racial discrimination, invasion of privacy and illegal surveillance retaliation against franchisees, and misclassification of employment relationship with franchisees.



A central argument in the complaint is that SEI is engaging in "churning"—a ploy in which franchisors terminate franchise agreements in order to resell locations for a higher franchise fee. The plaintiffs further believe that South Asian franchisees have been churning targets through harassment, false accusations and disenfranchisement, reported the *Los Angeles Times*. Furthermore, the lawsuit claims SEI diminished the role of the franchisee from independent contractor and small business owner to the role of a low-level employee with no say in the operation of their store, according to *Courthouse News Service*.

An SEI spokeswoman told *Courthouse*

News: "The allegations made in this complaint are false. 7-Eleven is proud of its very diverse, independent franchisee population."

The plaintiffs, who are being represented by attorney Eric Schindler, are seeking a court declaration that SEI has violated state and federal laws in relation to its treatment of franchisees.

### Seven & I Reports Increased Profits

SEI parent company Seven and I Holdings recently posted a 5.1 percent increase in operating profits for the fiscal quarter ending May 31, 2014, reported Reuters.

*"7-Eleven Japan convenience stores posted a 12 percent operating profit rise in Q2 2014."*

The company said its own-brand merchandise helped drive growth, and its premium goods and fresh-brewed coffee helped drive sales at its 7-Eleven Japan convenience stores, which posted a 12 percent operating profit rise. Seven and I said it was still going ahead with plans for a record expansion in the financial year to next February with the opening of 1,200 new stores in Japan, despite a labor shortage that has started to squeeze Japan's construction and retail sectors. The company kept its full-year operating profit forecast unchanged at a record 356 billion yen, for a 4.8 percent increase.

### SEI Franchising 39 West Virginia Stores

SEI has 39 stores in West Virginia available for franchising, part of a group of 72 stores the company purchased from Prima Marketing LLC in 2012, reported the *Charleston Daily Mail*. Seven of the

continued on page 18

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

#### NATIONAL OFFICERS

**Joseph Galea**  
NATIONAL CHAIRMAN  
831-426-4711 • joeg@ncasef.com

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

**Eric H. Karp, Esq.**  
GENERAL COUNSEL  
617-423-7250 • ekarp@wkwrlaw.com

**Roger St. George**  
VICE CHAIRMAN  
360-500-1248 • rdsaint@comcast.net

**Jatinder Singh**  
VICE CHAIRMAN  
702-249-3301 • jksingh2003@yahoo.com

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

**Maninder Walia**  
TREASURER  
253-861-6737 • maninderswalia@yahoo.com

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

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

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



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

**John Santiago**  
ASSISTANT EDITOR  
215 750-0178  
AVANTIMAG@VERIZON.NET

**Tricia Kessler**  
GRAPHIC DESIGN  
KESSLER DIGITAL DESIGN

The Voice of 7-Eleven Franchisees  
July/August 2014

©2014 National Coalition of Associations of 7-Eleven Franchisees

Avanti Magazine is the registered trademark of The National Coalition Of Associations Of 7-Eleven Franchisees.

# When it comes to PROFITS don't be left out in the cold!



SNICKERS<sup>®</sup> Brand Ice Cream Bar #190584

#1 in ice cream novelty sales\*

TWIX<sup>®</sup> Brand Ice Cream Bar #190579

Consistently a top-selling novelty item



Same great flavors available in 16 oz. pints!



SNICKERS<sup>®</sup> Brand Pint #190102

TWIX<sup>®</sup> Brand Pint #190112



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

©/TM trademarks ©Mars, Incorporated 2013





# YOU DID NOT PICK THIS FIGHT

By Mike Foster, Franchisee Emeritus, St. Louis, Missouri

I was both shocked and awed recently. Awed at the impressive outpouring of support and celebration at the National Coalition of Associations of 7-Eleven Franchisees' Convention and Tradeshow in Orlando Florida, and shocked by the buzz surrounding the events that have led to litigation between franchisees and SEI.

I have spent nearly 30 years with 7-Eleven, with almost 25 as a franchisee. During that time I was a witness to impressive growth, an ill-fated LBO, an unavoidable bankruptcy and



**“Over the last several years, SEI has implemented plans and schemes that have caused heartache and pain for franchisees.”**

eventual acquisition by Seven-Eleven Japan. I saw our business transform from neighborhood “git-n-go” stores selling milk and groceries to desired destinations offering a tasty assortment of fresh and exotic foods. I watched 7-Eleven and her franchisees go from times of joy and prosperity characterized by mutual trust and respect to periods of mistrust, suspicion and hostility.

Over the course of my years in the system, I was privileged to consult on numerous councils and committees. I was part of the New Agreement Work Group (NAWG), National Advisory Council (NAC), Presidents Leadership Council (PLC) and the National Business Leadership Council (NBLC). On the last two assignments, I served as a subcommittee franchisee co-chair. That position with the NBLC included an invitation to participate on the “steering committee,” which meets with senior management several times per year. I was also a member of the NCASEF Board of Directors.

One constant theme kept reoccurring on every board I served: when SEI wanted to implement a change in a process or a policy because of perceived abuses by an extremely small minority of franchisees, we loudly responded, “Don’t penalize everyone because of a few—address the bad apples separately!” For many years this worked. Based on my time of service to the franchise system I can honestly say, “You did not pick this fight.”

Generally, I deplore using the courts to resolve disputes. A healthy growing franchise system does not need to resort to litigation. If a strong relationship exists based on mutual trust and respect, then any issue can be resolved with an amicable outcome. Like a marriage, differences are a part of life. But, with mutual submission to the greater good of both parties, any obstacle can be overcome. I hope it is not too late. However, remember: YOU DID NOT PICK THIS FIGHT! **AV**

**“Every National Coalition chairman since that time has attempted to seek redress for franchisees. Some made small gains; most were rebuffed.”**

Slowly, over the last several years, SEI has implemented plans and schemes that caused heartache and pain for franchisees. I am not writing to catalog everything; we all have our painful memories. Once the ink was dry on the 2004 agreement—an agreement that was born of litigation—the painful encroachments started. Every National Coalition chairman since that time has attempted to seek redress for franchisees. Some made small gains; most were rebuffed.

The seminal incident that brings us to the events of today can be traced to 2011: when the NBLC Franchise Systems Committee learned of SEI’s intention to roll out the DVR security system that included unrestricted remote access, your leadership became alarmed. Most franchisees thought the upgrade was to replace an aging 20-year-old VCR security system. Little did they know SEI’s real plan. The DVR was not to protect guests and franchise employees, it was to enforce and intimidate more and more stringent arbitrary standards upon franchisees.

At the April 2012 NBLC steering committee meeting, after very vocal discussions by all franchisees present, it became obvious that SEI had dug in their heels. They were going to proceed with their plan regardless of any moral or legal issues. Defiantly, one 7-Eleven vice president challenged the body as he abruptly ended the meeting, “Do what you have to do. We are going to do what we have to do.”

SEI seems to have adopted a strategy of MORE! This former franchisee recommends franchisees adopt the strategy of ENOUGH!

MIKE FOSTER  
CAN BE REACHED AT  
mfoster762@aol.com  
or 314-640-0513

# LIMITED EDITION EXPERIENCE THE EXTREMES



An Intense Taste Of **SPICY HOT CINNAMON**



Blazing Fire 5.99 SLIM #121910



Blazing Fire Save on 2 SLIM #121910

A Blast Of **ICY MINT**



Arctic Ice 5.99 SLIM #121910



Arctic Ice Save on 2 SLIM #121910

FBO



Exclusive  
SEPT - OCT



800.874.9720 • SWISHER.COM

Swisher Sweets 2 for 99¢ pouches available in select states. Pouches also available in "Save on 2" where authorized.



available stores are in Charleston, three are in St. Albans, two are in South Charleston and one is in Nitro. SEI held an open house for potential franchisees on August 7 at a 7-Eleven in Charleston. The newspaper stated franchise costs include a one-time franchise fee that averages between \$50,000 and \$120,000, as well as about \$28,000 for the store's inventory and supplies, licenses and a change fund. Qualified retired veterans are eligible for a 20 percent discount on their first store's franchise fee.



### 7-Eleven On Stores Top Lists

7-Eleven is one of two c-store chains to make it onto *Stores Magazine's* 2014 Top 100 Retailers list, coming in at No. 35. The other

Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)

c-store retailer, Canada-based Alimentation Couche-Tard, ranked No. 82. The Top 100 Retailers are ranked by 52/53-week annual retail sales. According to *Stores Magazine*, 7-Eleven generated \$11.625 billion in sales in 2013, an increase of 8.7 percent over 2012. Walmart took the No. 1 spot, with \$334.302 billion in U.S. sales in 2013. Supermarket and c-store retailer Kroger ranked second, with \$93.598 billion in sales.

7-Eleven also earned a spot on *Stores' Hot 100 Retailers* list, checking in at No. 45. The Hot 100 Retailers is the annual ranking of the nation's fastest-growing retail companies. Rankings are determined by increases in domestic sales between 2012 and 2013. According to the list, 7-Eleven's sales increased 8.7 percent during that time.

## What Comes First, The Mission Or The Men?

By Allison Talaske, Vice President, New England FOA

In the Army, this fundamental question of leadership is posed to every person who wants to be a leader. This is a paradox because without your men (team), you cannot complete your mission, and without a mission there is no point in assembling the men (team). This philosophy rings true for ANY organization today.

leader. A leader's actions speak louder than their words.

Any organization without these attributes in their leaders will be on the verge of failure. The organization is only as strong as its weakest leader. Leaders need to always keep in mind they must move the mission forward without sacrificing the men completing it. Never lose sight of the big picture and the goal to improve life for the group as a whole. Leadership is the manifestation of the truth through strength, integrity and character. It is evolutionary and not revolutionary. Great leaders evolve and continue to lead over time.

**"The motivation to lead should always be for the good of the whole and not self-interest."**



The answer is it's a trick question. Answer: Mission first, men always. Mission-critical thinking and decision-making are fundamental attributes of anyone wishing to be a leader in any organization. One must ask oneself, "Why do you want to be a leader?" The motivation to lead should always be for the good of the whole and not self-interest. The outcome of leading should not be forcing change or ideas—creating "political" spin—onto others. Change is achieved by inspiring others through vision and open, honest communication. It comes down to the passion and what you believe in and the integrity and character of the

The late Norman Schwarzkopf said, "Leadership is a potent combination of strategy and character. But if you must be without one, be without strategy." In the absence of all else, always be a leader of high moral character.

**ALLISON TALASKE**  
CAN BE REACHED AT  
[allisontalaske@me.com](mailto:allisontalaske@me.com)  
or 757-870-6709

### NJ 7-Eleven Franchisee FLSA Suit Moves Forward

Citing 7-Eleven's pervasive control of its franchisees' operations, a Camden, New Jersey federal judge recently denied a motion by SEI to dismiss franchisees' claims that they are employees of the company and have been denied compensation and overtime pay in violation of the Fair Labor

*"A New Jersey federal judge recently denied a motion by SEI to dismiss franchisees' claims that they are employees of the company."*

Standards Act, reported the *New Jersey Law Journal*. The judge found the plaintiffs—four New Jersey franchisees—provided sufficient evidence that they are employees to survive SEI's motion to dismiss claims under the FLSA and the New Jersey Wage and Hour Act. The plaintiffs further claim in their suit that they are subject to harassment by SEI and are being pressured to give up their franchises with-

continued on page 20

# Smirnoff Ice® Screwdriver

The No. 1 Smirnoff Ice® Flavor Is Now Available In 16-Ounce Cans

Flavored Malt Beverages are 6% of the malt beverage market, but had 21% of FMB growth in 2013!

STOCK UP NOW!

16 ounce cans are the #1 size in c-stores!

Smirnoff Ice Screwdriver, the #1 Smirnoff Ice Flavor nationally, has double digit growth across all channels



SLIN 106867

Display with FMBs on your top shelf, or drive impulse purchases off cold box sales.

PLEASE DRINK RESPONSIBLY.

1. Nielsen S2W44 ending 3/1/14  
2. Nielsen XADC-CORV +14Q

ORDER FROM YOUR SMIRNOFF ICE DISTRIBUTOR!



out compensation for the substantial equity they have built up over many years.

The judge also denied SEI's motion to dismiss a count claiming the company breached an implied covenant of good faith and fair dealing and that it violated the New Jersey Franchise Practices Act by holding franchisees to unreasonable standards. However, the judge did grant SEI's motions to dismiss claims that the plaintiffs—who are all of Indian descent—were discriminated against on the base of their ethnicity, in violation of the Law Against Discrimination, and also granted the company's

*“The average privately-held gasoline station made only two cents of profit on each dollar of gas sales last year, according to Inc. Magazine.”*

motion to dismiss the plaintiffs' claim that they were subject to constructive termination under the New Jersey Franchise Practices Act.

## Margins At Gas Stations Razor Thin

According to private company financial statements from 2013, the average pri-

Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)

vately-held gasoline station made only two cents of profit on each dollar of gas sales last year, making it part of one of the least profitable retail industries in the country, reported *Inc. Magazine*. The publication partnered with financial information company Sageworks to find out if gas stations reap huge profits when gasoline prices go up. Instead, the magazine discovered very little of the money spent at the pump is going into the pockets of the gas station owners. According to the article, this meager 2 percent profit margin was actually the

continued on page 22

## NCASEF Flexes CHARITY MUSCLES

The National Coalition of Associations of 7-Eleven Franchises (NCASEF) and its partners made two sizable donations to its charities of choice recently at its national convention in Orlando, Florida. Representatives from Swim Across America (SAA), an organization dedicated to fighting cancer and finding a cure for it, and the Muscular Dystrophy Association (MDA), which battles neuromuscular diseases, were presented with checks for \$230,000 and \$345,711 respectively from the NCASEF leadership.

The charity donations for SAA were raised through a series of activities at the convention including the annual golf tournament, and both a silent and live auction. Other funds for this donation came from



local Franchise Owner's Association (FOA) events held during the year by the Texas FOA, Central Florida FOA and San Diego FOA. The charity donations for MDA were raised through the annual mobile and canister programs where 7-Eleven guests are encouraged to make donations in canisters placed on checkout counters at 7-Eleven stores throughout the year.



# BUY 2 GET 1 FREE

## SNICKER'S KING SIZES

### SEPTEMBER 3 TO NOVEMBER 5



- Snickers King Size  
SLIN 140501
- Snickers Unwrapped Bites  
SLIN 140439
- Snickers Almond King Size  
SLIN 140519
- Snickers Peanut Butter King Size  
SLIN 141619

**SNICKERS**

Order Now Through McLane!



## The Role Of The CDC In Our Businesses

By AJ Handa, President, Greater Seattle FOA

Long before 7-Eleven started using the CDC to deliver goods, there must have been plenty of discussion and testing to ensure the CDC was capable of taking on its role. Input from various committees must also have been taken into account, aside from examining the then-existing systems of distribution. In retrospect one wonders whether the role dictated the organization, or the organization dictated the role. I am making an endeavor to state the role, functions, gains, and above all the relevance, of the CDC.

The infrastructure of the CDC was developed to provide daily distribution of perishable merchandise like milk, hot dogs, taquitos, burritos, and other fresh food products, so as to reduce stocking and provide smaller quantities for sales to the stores. Besides this primary function, other roles for the CDC included:

- Reduction in the cost of goods by negotiating COG with vendors who do not now need to supply to individual stores and could in turn supply at a "Bulk Breaking Point" where the supplies received from the vendors are broken into store loads and dispatched.
- Reduction in the minimum quantity that the stores could order—smaller LDU due to the distribution being on a daily basis.
- Better control of the foodservice items being fresher and in stock; stores would not have to wait for the McLane ordering cycle.

**"All the vendors who were supplying the stores before the CDC are still working with us in the same way without any reduction of their visits."**

Remove the middlemen to save on costs.

Currently, the CDC is delivering tobacco, limited items of confectionary, limited drinks, food, bakery, and some other items to stores to provide convenient merchandising.

Some franchisees, however, feel that CDC has not delivered on many of the points it promised.

For instance, most of the vendors who were supplying the stores before the CDC are still doing the same without any reduction in their visits. Also, the handling charges of these vendors are much less than what the CDC charges. Furthermore, the system of increasing the cost with shortages reported by the stores was not taken well by some franchisees. For some time, the LDUs remained small, but gradually were increased to even more than the original LDUs of the original suppliers.

There is a general feeling among the franchisees that the new items not designed to be part of the CDC distribution were added and LDUs of the existing items were raised exponentially to do more business in terms of dollars, and thus provide sustenance to the CDC. So, they are questioning if there was ever a monetary gain to the franchisee and if the CDC ever fulfilled the role and charter that it was designed to meet.

The need for quick delivery of high potential items is driving some of the foodservice and convenience chains to create their own distribution systems. Some, like Kwik Trip and Sheetz, are investing in distribution centers and warehouses that accommodate direct store delivery (DSD), where the company ordering the product is also the company delivering the product and merchandising. In view of the present environment, is there a need to realign the CDC to meet the aspirations and our business needs? ■



**"Is there a need to realign the CDC to meet our business needs?"**

**AJ HANDA**  
CAN BE REACHED AT  
425-308-1216 or  
ajinderhanda@hotmail.com

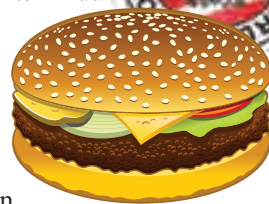
Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)

strongest average margin that private gas stations had seen in the past ten years.

## McDonald's Labor Ruling Could Impact Franchise Industry

The general counsel of the National Labor Relations Board (NLRB) recently ruled that McDonald's qualifies as a joint employer of workers at its franchise restaurant locations, a decision that—if upheld—could hold the company responsible for employee conditions and ease the fast food industry's path toward unionization, reported *Fortune*. McDonald's said it plans to contest the decision. The ruling came in response to 181 unfair labor practice complaints filed in New York by the Fast Food Workers Committee, which accused McDonald's of retaliating against workers who took part in organized activity. Finding that 43 of those complaints had merit, the NLRB general counsel said that he would include McDonald's as a joint employer in those cases going forward.

The ruling could spell potential upheaval for the fast food industry—which for decades has largely operated under the franchise structure—and for other franchise systems, as well. According to *Los Angeles Times* business columnist Michael Hiltzik, the ruling punches a hole "in the claim used by retailers and restaurant chains to dodge responsibility for their front-line workers: that working conditions are set by the small businesses operating the franchises, not by corporate headquarters." He added, "McDonald's,



continued on page 24

It's not  
**S'MORES**



without  
**HERSHEY'S**



Give your customers the classic stack.



© 2014 7-ELEVEN is a registered trademark of 7-Eleven, Inc.



like many other franchisors, exercises rigorous control over almost all aspects of a franchisee's operations—uniforms, food quality and preparation, store design, hours, prices.” But when the chips are down and trouble arises, Hiltzik said, the franchisors “claim that they just provide a big umbrella under which thousands of small businesses find some shade.”

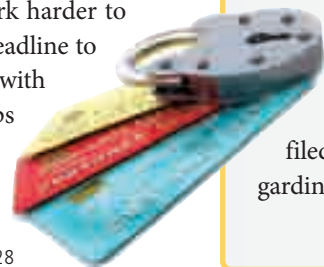
### IKEA Increases Minimum Wage



Furniture retailer Ikea is hiking the minimum wage for its workers to an average \$10.76 an hour, adjusted in different areas for cost of living, CNN Money reported. Ikea workers in Woodbridge, Virginia will get the highest—at \$13.22 an hour. Workers in Pittsburgh and West Chester, Ohio will get the lowest, at \$8.69. The changes go into effect on January 1, 2015. On average, Ikea's pay change will be a 17 percent increase, the company said. Ikea will base the pay differences on the MIT Living Wage Calculator, which takes into account the cost of housing, food, medical, transportation and taxes.

### Banks Not Ready For Smart Credit Cards

Despite the hacking theft of some 40 million debit and credit card numbers from Target last holiday season, most banks say they are not yet ready to begin large-scale distribution of the more secure cards that are common in Europe, reported the *Boston Globe*. Issuers have said the Target breach has spurred them to work harder to meet an October 2015 deadline to replace the current cards with ones whose microchips generate unique codes for every transaction. The chip cards—also



continued on page 28

## Legislative Update



### California Senate Approves Fair Franchising Bill

The California Senate recently voted 23 to 9 in favor of Senate Bill 610, a measure that gives franchise owners more flexibility in managing their businesses. It now awaits Governor Jerry Brown's signature to become law. Backers of Senate Bill 610 called the measure a boon to small business owners, giving them more freedom to sell their franchises and making it more difficult for franchising parent companies to cancel contracts, reported the *Sacramento Bee*. They said owners of franchises currently have little leverage in shaping the terms under which they can run their stores. The measure, which was sponsored by the American Association of Franchisees and Dealers, also reinforces the right of franchisees to join and participate in franchisee associations.

### California Minimum Wage Increase Kicks In

California's minimum wage rose one dollar on July 1 to \$9 an hour, reported the *Los Angeles Times*. The state's new minimum wage is the fourth highest in the country, behind the District of Columbia at \$9.50 an hour, Washington state at \$9.32 and Oregon at \$9.10. California's minimum wage is scheduled to rise again to \$10 an hour on January 1, 2016. The city of San Francisco, which has the highest minimum wage in California at \$10.74 an hour, has put a measure on the November local ballot to gradually raise it to \$15 on July 1, 2018, and index it with inflation. The Bay Area cities of Oakland, Berkeley and Richmond are considering similar moves. In Los Angeles, the City Council is working on a law that would raise minimum wages for thousands of hotel workers to at least \$15.37 an hour starting July 2015.

California's new minimum wage is the fourth highest in the country, behind the District of Columbia, Washington state and Oregon.

### Indiana C-Stores File Federal Appeal Over Cold Beer

The Indiana Petroleum Marketers and Convenience Store Association (IPCA) announced recently that they will continue their legal challenging Indiana's law governing the sale of cold beer with an appeal in federal court, and a lawsuit in state court challenging Indiana's alcohol law. Under the current law, convenience, grocery and pharmacy stores are only allowed to sell beer warm, while their competitors in the carryout market are allowed to sell beer cold. A U.S. District Court's decision in June failed to overturn this old law.

In the federal appeal filed in July in the U.S. Court of Appeals, Seventh Circuit, IPCA and its members claim there is no rational basis to allow liquor stores to hold a monopoly on cold beer, particularly when their compliance rate with Indiana alcohol laws is so poor. In addition, the IPCA and its members have filed a lawsuit in Marion County Superior Court claiming Indiana's alcohol law regarding cold beer sales violates the Indiana Constitution.

continued on page 72

Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)

# DRIVE GROWTH with Theater Boxes that Fly Off the Shelf!



THEATER BOXES		MIN	\$LIN	BIG BOXES		MIN	\$LIN
HOT TAMALES® Cinnamon 3.5oz Theater Box 12ct box	363945	142072	HOT TAMALES® Cinnamon 8.5oz Theater Box 12ct box	368688	141452		
HOT TAMALES® 3 Alarm 5oz Theater Box 12ct box	364844	143501	MIKE AND IKE® Original Fruits 8.5oz Theater Box 12ct box	368902	143455		
MIKE AND IKE® Original Fruits 3oz Theater Box 12ct box	364091	142822	<b>COUNT GOODS</b>		MIN	\$LIN	
MIKE AND IKE TROPICAL TYPHOON® 3oz Theater Box 12ct box	364281	140154	HOT TAMALES® Cinnamon 1.8oz Count Goods 24ct box	491266	140135		
MIKE AND IKE BERRY BLAST® 3oz Theater Box 12ct box	364356	142352	MIKE AND IKE® Original Fruits 1.8oz Count Goods 24ct box	491373	143374		
MIKE AND IKE® FRED HAGEOUS® 3oz Theater Box 12ct box	364505	142070	PEANUT CHEWS® Original 2oz Count Good 24ct box	348524	142271		
MIKE AND IKE® LEMONADE BLENDS® 3.6oz Theater Box 12ct box	408334	140269					



A great candy isn't made...It's JUST BORN®



## Legislative Update Fair Franchising Legislation In Four States

By Jason Miko, NCASEF



California, Maine, Massachusetts and Pennsylvania have each introduced legislative bills in the past several years regarding fair franchising, and each of these bills is geared toward creating more accountability and stricter rules between franchisees and franchisors. Although each bill is slightly different, the overall focus is to improve the relationship between franchisor and franchisee in a variety of matters.

For instance, the bills stipulate that a franchisor must allow a substantial amount of time for a franchisee to fix any failure of agreements before termination, a franchisee would not be obligated to remain open during unprofitable business hours, and a franchisee would be free to join and participate with other franchisees in associations. Of all the measures, Senate Bill 610 in California and House Bill 1620 in Pennsylvania look the most promising for success thus far. Here is the most recent information for each bill:

California has introduced two bills—Senate Bill 610 and Assembly Bill 1141. SB 610 focuses on protecting franchise relationships and allowing storeowners to join franchisee associations. The bill also seeks rights for franchisees regarding sales, transfers and terminations, so a franchisor would not be permitted to waive any prior agreements with their franchisee. This measure would also give individual franchisee associations more leverage when it comes to negotiating agreements and terms with franchisors. SB 610 passed the Senate on May 28, 2013 and was read for a second time on July 1, 2014. It was ordered to a third reading on August 4. It passed the Assembly on August 14, the Senate on August 22, and now awaits the governor's signature.

The second bill in California, AB 1141, concentrates on increasing and clarifying both termination and transferring rights for franchisees. Unfortunately, the bill was filed with the chief clerk pursuant to Joint Rule 56, meaning it was returned to the Chief Clerk of the

“Pennsylvania House Bill 1620 would require a franchisor to provide written notice to the franchisee owner at least 120 days before establishing a nearby franchise.”

Assembly and will inevitably be delayed. The Senate and Assembly in California are in session January through August of each year.

The latest news for Maine's fair franchising bill—Legislative Document 1458—is not looking good for franchisees. The bill held through the second year of the legislative cycle to be further studied, but in April of this year it was “indefinitely postponed,” as the House

Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)

agreed to put off the bill and accompanying papers. LD 1458 was placed in legislative files and is considered dead for now. This bill would have allowed franchisees to close their stores between 10pm and 6am, renew their licenses without an increase in fees or royalties, and set their own prices on products they sell. Maine's legislature is in session January through May of each year.

On June 10 of this year, Massachusetts Senate Bill 73 (S73) was discharged to the Committee on Senate Ethics and Rules to further examine the bill. Unfortunately, this often indicates that a bill will not be advancing. Bill S73 attempted to establish the need for a good cause in any franchisee termination and to prohibit the restriction or interference of a franchise transfer. Some other details of the bill coincide with Maine's LD1458, such as allowing a franchisee to close during the unprofitable hours of 10pm to 6am. Massachusetts' legislature is in session all year.

**“California Senate Bill 610, which focuses on protecting franchise relationships and seeks rights for franchisees regarding sales, transfers and terminations, has passed and awaits the governor's signature.”**

Pennsylvania House Bill 1620 is currently in the House's Consumer Affairs Committee, and has been since July 2013. This bill would require that a franchisor provide a written notice to the franchisee owner at least 120 days before establishing another nearby franchisee. In addition, franchisees would be permitted to purchase necessary items from a number of approved sources. Pennsylvania does not currently have a franchise law; this bill aims to bring balance between the franchisors and franchisees and make agreements between them more equitable and fair. There is no indication regarding the next steps for the bill at this time. The Senate and Assembly in Pennsylvania are not currently in session; they meet early January and go through early July, and then again from mid-September to mid-November.

As with many legal processes, the journey of fair franchising legislation has been gradual for these four states. The bills in Maine and Massachusetts, and the Assembly bill in California, do not appear to be moving forward. However, keep your eyes on SB 610 in California and HB 1620 in Pennsylvania for their progression.

**CONTACT JASON**  
520.232.9840  
jmiko@  
russellpublic.com

# Get Ready for Cold and Flu Season With The Top Brand Consumers Know And Trust



 Tylenol Cold & Flu  
SEVERE 24ct Caplet  
SLIN 221501  
UIN 051003



 Tylenol Extra  
Strength 24ct  
SLIN 221286  
UIN 706085

Children's Tylenol is the most recommended brand of pediatric pain reliever\*\*



 Children's Tylenol  
4oz Cherry Blast  
SLIN 221343  
UIN 751800



 Tylenol Sinus Congestion  
and Pain SEVERE 24ct  
Caplet  
SLIN 221416  
UIN 669879



 Tylenol Extra  
Strength 10-Caplet  
Vial  
SLIN 220722  
UIN 274431

Available now from McLane to your shelf!



known as smart cards and EMV cards—make it more difficult for thieves to use fake cards made with stolen data.

However, a report by a Boston-based consultancy, Aite Group, estimates 30 percent of credit cards and nearly 60 percent of debit cards will not have the new technology by October 2015. After that date, the payment processors Visa and MasterCard have said, any card issuer or retailer that has not adopted the new technology will foot the bill for any fraudulent transaction that could have been prevented by EMV chips.

*“NACS and United Fresh plan to identify best practices that can assist convenience store operators in developing their own fresh produce supply chains.”*

stores. NACS and United Fresh plan to identify best practices that can be shared across the industry to assist convenience store operators in developing their own fresh produce supply chains and in-store management. With more than 151,000 locations across the country, convenience stores are increasingly seen as

a convenient destination for consumers to buy fruit and vegetables. In 2013, produce sales at convenience stores were up 16.7 percent, more than doubling the overall 7.3 percent growth rate of produce in the United States.

continued on page 30

## NACS Unveils Fresh Convenience Program

NACS and the United Fresh Produce Association recently announced a new partnership to significantly increase the sales of fresh produce in convenience

## Thanks For The Honor!

What a surprise it was to be invited to the 2014 NCASEF Convention and Trade Show. Visiting old friends and acquaintances, plus making new ones, is the biggest void we have felt since leaving our 7-Eleven store in 2012. While leaving the 7-Eleven system was not an easy decision, we recall with fondness the many good people we met over the years, from customers and franchisees to vendors, plus many SEI folks.



The highlight of the week was being invited to the stage during the Grand Banquet for an award for meritorious service to the system. We were deeply humbled. We would like to thank the NCASEF Executive Board and leadership team for the generous outpouring of friendship and support.

This business has always been about relationships—franchisee to customer, franchisee to vendor, franchisee to their employees, and yes, franchisee to SEI. May it always remain so!

*—Mike and Cheryl Foster, St. Louis, Missouri*

Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)



**The Coca-Cola Company and Monster Beverage Corporation** announced that they have formed a long-term strategic partnership that is expected to accelerate growth for both companies in the fast-growing, global energy drink category. As part of the deal, Coca-Cola will transfer **ownership of its worldwide energy business to Monster**, and Monster will transfer its non-energy business to Coca-Cola. • The number of job applicants at Gap and Old Navy jumped 10 percent after **Gap announced plans to raise its hourly wage to \$9 this year and \$10 next year**, reported *Bloomberg*. • The city of Boston recently installed solar-powered benches called "Soofas" that allow two phones to be charged at a time and also collect information like air quality and noise level data, reported *Dailytech.com*. The city teamed up with **MIT Media Lab firm Changing Environments to make the benches**. • The National Retail Federation calculated retail industry **employment** (excluding autos and gasoline) **increased by 27,000 jobs in July**. The NRF also calculated that retail gained 232,000 jobs year-over-year. • **Americans get 5 billion emails a day that are designed to do nothing but sell them things, and 70 percent of them are viewed on mobile devices**, according to *PYMNTS.com*. • Circle K parent company Alimentation Couche-Tard may continue its c-store growth by teaming up with U.S. supermarket chains like **Kroger** or **Safeway** and operating their gas stations, reported the *Financial Post*. • General Mills said it plans to **remove aspartame from its reduced-calorie yogurt Yoplait Light** and replace it with sucralose, the sweetener used in Splenda, reported the *Associated Press*. • **NXT-ID** has introduced **Wocket**, a next generation smart wallet designed to protect your identity with

continued on page 34

# If your lighter lasts longer than your jeans, it's a DjEEP.

NACSSHOW

Visit Us at Booth 3015



NEW

Delivered in convenient pre-packed counter displays with 24, 36, or 108 lighters.



**Simply the Best.**

Up to 4,000 lights. Made entirely in Europe. Durability, style, and Design like no other lighter. Every Lighter Guaranteed.

Remember: Child-resistant lighters are not childproof. Keep all lighters away from children.



# Member News

continued from page 28

## Family Dollar Expands Beer & Wine Offerings

Family Dollar has been experimenting with selling beer and wine at about 200 of its stores this summer, and the results have been strong enough for nationwide expansion of the program, reported *Bloomberg Businessweek*. The discount-store chain has been stocking up on grocery items to spur more business as the U.S. economy continues to batter its core, low-income customers, who have been making fewer trips there and spending less money. Family Dollar announced the accelerated alcohol strategy in mid-July after reporting another weak quarter, with hopes that the strategy

will encourage customers to return to the stores more frequently.

## Higher Minimum Wage Benefits Workers

A new study and interactive map released by international relief and development organization Oxfam America shows for the first time the real benefits in every Congressional district in the country of a

Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)

\$10.10 federal minimum wage. According to the study, raising the minimum wage to \$10.10 will not only help millions of American workers earn an extra \$1,300 a year—enough to buy 10 weeks of groceries for a family of four—but will also give nearly 14 million women in America, including 6 million working mothers, a raise; support 14 million American children in low-wage families; provide nearly three million working single parents with greater financial security; and infuse about \$32.6 billion into the U.S. economy.

While a Congressional Budget Office report released earlier this

*“Raising the minimum wage to \$10.10 an hour, an extra \$1,300 a year, is enough to buy 10 weeks of groceries for a family of four.”*

continued on page 78



## Fall's favorite flavor is back... Pumpkin Spice Latte

The irresistible flavors of pumpkin, cloves, nutmeg, cinnamon, and brown sugar. Be sure you are ready with this #1 selling seasonal favorite starting in September! F.O.D. 8/18/2014

## Introducing Caramel Apple Cappuccino

The flavors of a crisp apple covered in gooey caramel transform this favorite fall treat into a decadent cappuccino. F.O.D. 9/22/2014



rockin'  
the protein your customers want



Starts With Real Milk. Ends with Real Results.

CHRIS PERRY > 602.803.7487 | [chris\\_perry@rockinrefuel.com](mailto:chris_perry@rockinrefuel.com)  
[rockinrefuel.com](http://rockinrefuel.com)



Insight Beverages proudly partners with 7-Eleven to celebrate 50 Years of On-The-Go Coffee!







Put even more  
**Olé** in your sales!



**NOW** available in Chicken & Cheese

Steak and Cheese Chimichanga



73202 89251

Chicken and Cheese Chimichanga



73202 89253 7

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

SLIN: 180005  
McLane Single Pick UIN: 176024  
McLane Full Case UIN: 4509768



www.JoseOle.com



## A True Analysis Of Your Monthly Financial Statement

BY JOE GALEA, EXECUTIVE CHAIRMAN, NCASEF

Since becoming chairman of the National Coalition, one of the issues that has been brought to my attention consistently has been the reclassification of 7-Eleven franchisee operating expenses. This was brought to SEI's attention in February, and at our Portland Board meeting in May it became a bigger issue of concern with franchisees. During our recent convention in Orlando, many franchisees expressed the same concern as well as their frustration because there really is no clear understanding as to what expenses are allowed anymore.

Generally, up to about mid-2013, SEI has pretty much accepted all of the operating expenses we've submitted in our financials. But between then and now, SEI has been examining the expenses we list more closely and has been changing what is allowed as operating expenses.

Allowable operating expenses are listed in our franchise agreement as Exhibit F. The definition includes ten categories of expenses or credits permitted to be charged against the Open Account. But there is a catchall that allows other miscellaneous expenditures as operating expenses, which SEI has not disclosed to the franchise community.

Basically, some of the operating expenses that were acceptable in the past SEI is now disallowing. For instance, outside landscaping and maintenance is clearly permitted in the franchise agreement, but in some cases it is being removed by SEI. Interest on lines of credit used to maintain

**JOE GALEA**

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

minimum net worth are now being voided out. Travel expenses between stores or to meetings are being

looked at a lot closer. Group health insurance is now being disallowed, and in some cases is being charged back, along with telephone lines for the stores. Anyone who may have purchased a laptop or a computer for home use pertaining to the business is being declined when they try to list it as an operating expense.

There is concern among franchisees that allowable operating ex-



**“There is concern among franchisees that allowable operating expenses are being decided arbitrarily, and franchisees have no recourse to correct the expenses they have already submitted.”**

penses are being decided arbitrarily, and franchisees have no recourse to correct the expenses they have already submitted. Additionally, there is concern that once these expenses are moved to unauthorized draws it is inflating the franchisee's income and not really reflecting the true income of the store. The bigger question is where can we draw the line in trying to get this rectified.

We consulted our general counsel Eric Karp about this, and his understanding is

**“Since about mid-2013, SEI has been**



**examining the expenses we list more closely and has been changing what is allowed as operating expenses.”**

that under the franchise agreement SEI has reserved the right to make a reasonable judgment about whether a miscellaneous expense is allowable regardless of the classification by the Internal Revenue Service. We can argue whether their judgment is reasonable or not, but in the agreement

they have expressed that they do reserve this right, which they are apparently using.

More worry is placed on franchisees when they review these financials and see these expenses being removed because SEI has of late been using strong-arm tactics for what could be considered curable infractions. I have found out that in some cases, if you do have one of these charges that has been applied to Unauthorized Draw, you should create a case within 72

continued on page 34

# Monthly Financial Statement

continued from page 33

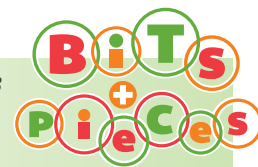
hours to research and possibly reclassify. This entire situation puts a burden on our relationship with SEI because nothing is clearly spelled out in terms of allowable operating expenses.

Back in February, the National Coalition reached out to SEI and offered to work with them in trying to define a policy that we could send out to all franchisees to clarify it and make it work. The National Coalition has shown, and continues to show, our willingness to work with SEI cooperatively on our national standards regarding operating expenses in order to avoid the inconsistent application of these standards in all parts of the country. We will continue to work on a resolution to this issue because it's probably the concern I'm hearing most from franchisees and represents the majority of the calls we receive at our national office.

I want to take this opportunity to thank all of the franchisees, our vendor

**“This entire situation puts a burden on our relationship with SEI because nothing is clearly spelled out in terms of allowable operating expenses, even given the extensive IRS guidelines.”**

partners, the executive team, my office staff and the volunteers who worked together to make our national convention and trade show in Orlando very successful. My biggest enjoyment was being able to actually communicate one-on-one with a lot of folks and talk about our business. Thank you all for the support you have given to the National Coalition, and please feel free to reach out to me any time you may need assistance. **AV**



continued from page 28

biometrics and replace all the cards in your wallet, with no smart phone required. • **CFI Group's Retail Satisfaction Barometer reveals that the use of mobile applications for shopping purposes doubled in the past year**, with 41 percent of consumers actively using mobile apps while shopping. • **Drivers prefer to fuel their cars at grocery stores and wholesale clubs** rather than at traditional gas stations, according to a study by Market Force Information. • On August 1, **Minnesota's minimum wage increased to \$8 from \$6.15**, the first of three annual hikes that will push the state's minimum wage to \$9.50 by 2016, reported the *Pioneer Press*. • Toyota is launching its **hydrogen fuel-cell sedan in the U.S.** next summer, reported *PC Magazine*. The sedan features performance similar to that of a gasoline-engine vehicle, with a cruising range of 435 miles and a refueling time of about three minutes. • **Almost 1.2 million shoplifters and dishonest employees were apprehended in 2013** by just

continued on page 49



**Brendan Gaughan**  
NASCAR Nationwide Series  
Smokey Mountain Snuff  
& 7-Eleven Chevrolet Camaro

**Wintergreen Flavor**  
McLane UIN# 498543  
SLIN # 320027



**Classic Flavor**  
McLane UIN# 498535  
SLIN# 320028



# Maruchan. Introducing Our New Bowls!



## A Full Product Line!

New Maruchan Bowls now offer 7-11 franchisees 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.



Chicken Flavor Bowl



Hot & Spicy Chicken Flavor Bowl



Hot & Spicy with Shrimp Bowl

MARUCHAN, INC. 15800 Laguna Canyon Road • Irvine, CA 92618



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



**Make today a Sunny Day!**  
**Better Cost—More Profits**



**New Blue Raspberry Flavor!**

See your distributor today for details on how to earn a FREE case of Blue Raspberry!



© 2014 Sunny Delight Beverages Co.

# Finding Middle Ground On The DVR Security System

BY JIVTESH GILL, EXECUTIVE VICE CHAIRMAN, NCASEF

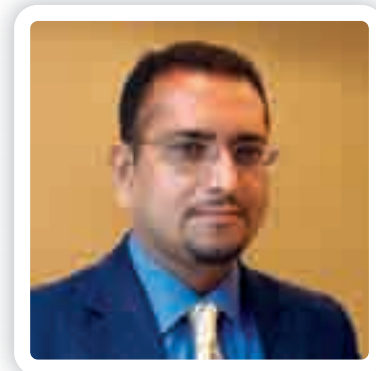
On August 22, the National Coalition filed a revised complaint to SEI's new Security System and Monitoring Amendment, which allows the company to remotely monitor our stores via the new DVR security surveillance system. The circumstances leading up to this moment began in 2012, when SEI first started rolling out the new security system.

Prior to the new system, all 7-Eleven stores were equipped with a rather antiquated VHS security system, with the camera recording system located in the franchisee's office. This system did not give SEI the capability to monitor our stores from a remote location, and the security amendment to our franchise agreement only allowed company personnel to enter our stores and review the security camera recordings in cases involving a slip and fall or a crime or casualty or some other accident or law enforcement need. SEI could do this only with the consent of the franchisee, and typically needed to ask to gain access to the recordings.

About two years ago, upon persistent demand by franchisees to upgrade the security system in our stores because the VHS system was so old, SEI spent some \$40 million to roll out a new, upgraded, state-of-the-art DVR system to all stores in the country. This new security system features the latest surveillance camera hardware with 24/7 digital audio and video recording capabilities, and all the videos are stored off-site. Additionally, the new system monitors POS data and alerts the Asset Protection folks in Dallas of any nefarious activity. Even more importantly, the new system then makes it possible for SEI to remotely view any store in the country, from Dallas, whenever it wants.

**"SEI maintains they will use video recorded by the DVR security system only in cases involving crime, casualty, slip and fall, or fraud by a franchisee or his/her employee."**

Needless to say, the franchisee community is less than thrilled by this aspect of the new DVR security system. Although SEI still maintains they will use video recorded by the DVR security system only in cases involving crime, casu-



**"The franchisee community is threatened by the prospect of being watched round the clock."**

alty, slip and fall, or fraud by a franchisee or his/her employee, we remain concerned about SEI using that information to monitor all aspects of a franchisee's store: when we come in, when we leave, who has what uniform on, how long the hotdogs have been on the grill, how long the coffee has been out, which vendors are coming into the store, and many other in-store activities. It's like big brother watching us all the time and they have all

that data to mine and potentially hold against us at their will.

After much discussion, the National Coalition Board of Directors agreed that the franchisee agreements we signed didn't give SEI the right to physically watch us, 24 hours a day, every day of the year. We agreed that unrestricted remote access was not part of our original agreements, and we voted to dispute it through mediation in May 2012. After several meetings and conference calls, the formal mediation session actually took place in December 2012, and we went through some three or four rounds of back and forth offers in an effort to find a middle ground both sides could agree on.

In the first few months of 2013, with all the negative publicity on the East Coast involving several franchisees, illegal immigration and fraud, and ICE, Homeland Security and the IRS, SEI pulled their last offer from the mediation table. They said they would not mediate again until after the East Coast issues were settled. By October 2013, there was no indication that SEI was going to return to the mediation table any time soon. In the meantime we were hearing franchisee-reported incidents wherein the recordings from the DVR security system were used by the Operations team to confront franchisees and say, "We've seen you do this," or "We saw a vendor standing there too long," or "Your employees managed the grill without gloves." Even as SEI was insisting they

continued on page 38

## Finding Middle Ground... continued from page 37

were not fishing for information to use against us, and that they don't have the physical capacity to watch 8,000 stores, some aggressive Operations team members had looked at the recordings and went into stores to intimidate franchisees.

In October 2013, at our meeting in Dana Point, the NCASEF Board decided to move ahead and file a lawsuit on the basis that remote viewing violated the terms of the Security System and Monitoring Amendment. However, NCASEF had a change in chairman, so the lawsuit did not get filed at the time. At the first meeting of this year in Dallas, the issue was brought up again and the consensus was to continue with the lawsuit. While we were preparing it, SEI cancelled the amendment and issued a notice saying the 2014 amendment that we signed had expired back in June 2013.

Basically, SEI said we had no Security System and Monitoring Amendment for about a year. This seemed like a legal ma-

neuver on their part—to delay progress on the mediation. When we asked to eliminate the monthly fee, which pays for the security system, SEI issued the current amendment.

We requested that the stores be given time to review the new amendment and not be forced to sign it right away. At the

**“We remain concerned SEI will use this information to monitor all aspects of a franchisee's store.”**

same time, we revised the original complaint to reflect that we don't agree with the new Security System and Monitoring Amendment, and we filed that amended complaint in August.

This is not a personal matter with the company. We are hopeful that both sides can find common ground, but we have

agreed to disagree and let legal minds settle the matter. As franchisees we are overjoyed at the prospect of help with theft, accidents and slip and fall, and we understand that intelligent use of new technology inside the store helps our franchised system move forward. SEI maintains on their side that they won't use the information collected by the DVR security system to abuse or intimidate us, but we have seen some evidence to the contrary.

The thought of big brother looking in on us every day and shaking their finger is disconcerting, but if both sides are sincere in their efforts there is a good possibility that we can come up with an amendment that's acceptable. The objective of this action is to find a mutual solution. We want to avoid prolonged litigation, for the good of the system, the company, the relationship and franchisee moral. **AV**

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

## Don't Roll the Dice on Your Workers' Compensation!

We know how hard you work to make your store profitable, and we work very hard at keeping your insurance costs as low as possible. The biggest part of your insurance premium covers loss expense—when losses go up, premiums go up.

Did you know...

**Robberies** are on the rise! Make sure you and your staff are clear on security procedures. Maybe a monthly review makes sense?

**Over 75%** of franchisee claim expense is related to slip and falls, both inside and outside of the store. Make sure your floors are dry, and remove ice from your walkways.

Reporting claims quickly helps reduce the cost. On average, we receive **more than 30%** of franchisee claims two weeks or more after they occur. Report your claims as soon as possible so we can start to work them immediately.

**Help us help you. The better we control losses, the lower your cost of workers' compensation insurance!**

**Contact:**  
To learn more contact **Tonya Laffali** or **Maria Martinez** at **1.800.627.9034**

E-mail address: [7-ElevenFranchiseProgram@aon.com](mailto:7-ElevenFranchiseProgram@aon.com)  
Fax #: 847-953-2100

Risk. Reinsurance. Human Resources.

**AON**  
Empower Results®



## New 24-Count Coffee-mate Liquid Creamer Singles



High-turn 24 count

Convenient self-dispensing package

No refrigeration. Merchandise anywhere!

Narrow facing—merchandise multiple flavors!

Original  
&  
French  
Vanilla

Original  
SKU: 240786  
UPC: 020329  
French Vanilla  
SKU: 241154



Now Available For  
Your Roller Grill



Bahama Mama  
Smoked Spicy  
German Sausage  
3 to 1



519694

Bahama Mama  
Smoked Spicy  
German Sausage  
6 to 1



040048

Gourmet To Go  
Jalapeno 'N Cheddar  
Sausage  
3 to 1



577452

Gourmet To Go  
Jalapeno 'N Cheddar  
Sausage  
6 to 1



577445

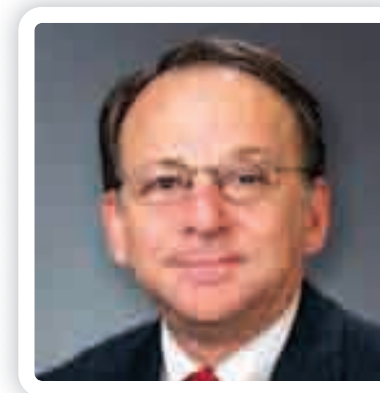
Hot 'N Spicy, Inc. 1-800-641-5661

## Who Is the Customer, Anyway?

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

In my high school and college years, I proudly worked in retail. Each of my employers reminded me to always respect the customer, because without them, they would correctly say, I would not have a job. In my later years as a shopper, I have rarely encountered someone who did not treat me with the same measure of respect that I, having been once been in their shoes, always give them. On those occasions when I'm not properly treated as a customer I pause and say, "Excuse me. I'm a bit confused. Perhaps you could help me? Please remind me: Which one of us is the customer?"

In the case of SEI and the relationship between McLane, FM Facility Maintenance, TNG GP, and other vendors on



the customer of McLane and other suppliers. Section 15(g) of the franchise agreement describes the franchisee as the purchaser of the inventory for the store. SEI takes the position that the franchisee bears the risk of loss, theft and spoilage with re-

**"Section 2 of the franchise agreement states clearly and conspicuously that the franchisee is an 'independent contractor' who is not only permitted, but required to 'control the manner and the means of the operation of the store.'"**

**"Increasingly, SEI has been acting in a manner that contradicts their assurances that the franchisee is the customer."**



the one hand, and the franchisees on the other, your franchisor has been saying one thing and doing another. "Watch what we do, not what we say," was the famous advice President Richard Nixon's first Attorney General, John Mitchell, gave the press at the onset of the Nixon presidency in 1969. This is good advice for us to follow in examining what SEI is saying and what it is doing in this area.

spect to that inventory, all of which are attributes of a purchaser and owner of that inventory. In addition, under the franchise agreement, SEI pays McLane, the CDCs and other vendors "on your behalf," meaning that it is paying your debt to those vendors. This makes you the buyer and the customer.

These provisions of the franchise agreement must be read in concert with section 2 of the franchise agreement, which states clearly and conspicuously that the franchisee is an "independent contractor" who is not only permitted,

but required to "control the manner and the means of the operation of the Store." Of course, one of the central aspects of the operation of the store is the purchase of inventory.

For its part, SEI has repeatedly stated that the franchisee and not SEI is the customer of McLane. For example, in emails sent by the Logistics and Demand Management Team on July 17, 2012 and March 26, 2013, SEI stated, "The 7-Eleven Franchisee is the customer of McLane... We want McLane and the Franchisees to develop the relationship as business partners..."

In addition, under the franchise agreement, SEI is required to use commercially reasonable efforts to obtain the lowest cost products and services from each vendor on a market basket basis. The market basket analysis is based upon product mix, service area, payment terms and frequency of delivery. In its letter to all franchisees dated July 25, 2011 announcing the five-year renewal of the McLane contract, SEI represented that all franchisees would have the opportunity to improve their overall

continued on page 42

ERIC H. KARP  
CAN BE REACHED AT  
617-423-7250  
ekarp@wkwrlaw.com

### What SEI Says

Your franchise agreement makes plain that you are

## Who Is The Customer, Anyway?



continued from page 41

wholesale net cost, stating “we are committed to working aggressively to continue to lower our cost of goods...”

### What SEI Does

Increasingly, SEI has been acting in a manner that contradicts their assurances that the franchisee is the customer, as if its assurances had never been given and the relevant provisions of the franchise agreement did not exist. SEI leverages the fact that it has the contractual relationship with McLane, not to mention with many other similar vendors who see SEI as the gatekeeper, and thus has become the party to whom these vendors must listen and accommodate. This means that the terms and conditions of the economic relationship between the franchisee as the customer and the supplier as the seller have been taken over by SEI. This has resulted in higher costs of goods, increased labor costs, and many inconveniences and operating inefficiencies to franchisees.

• SEI has taken to actually placing orders with McLane for inventory, to be delivered to a store, without any prior notice to or the consent of the franchisee. This is not a case of SEI trying to be helpful, because in many circumstances the inventory ordered is excessive, and thus does not meet the needs of the Store.

• Some franchisees are being told that they cannot add items to their McLane order without permission of their FC. In one case, the franchisee re-

quested an opportunity to speak directly to McLane, and was refused.

• SEI is exercising increasing control over when orders must be placed with McLane and other suppliers—what day

**“SEI leverages the fact that it has the contractual relationship with McLane, not to mention with many other similar vendors who see SEI as the gatekeeper.”**

of the week, as well as what time of day they will be delivered and the route McLane delivery trucks will travel in making deliveries to franchisees.

• On May 27, 2014, a Category Manager for SEI announced that SEI has decided to move the magazine wholesale supply for all store locations to TNG GP. This change, which again, was implemented without any consultation with any franchisee, will result in higher costs of newspapers to franchisees. In addition, it violates the provision of the franchise agreement that allows the franchisee to purchase up to 15 percent from Bona Fide Suppliers of his/her choice.

• On July 31, 2014, a Zone Merchandiser for SEI announced a new order and delivery schedule for New

England Ice Cream, which was to take place 11 days later, and about which no franchisee had been consulted.

• One portion of the new FM Facility Maintenance contract requires all franchisees to pay \$62 per month as a service contract for lighting. For some franchisees, this is as much as 300 percent of the actual cost of lighting maintenance services for their locations.

• SEI repeatedly fails to ensure that franchisees receive the kind of service to which they are entitled from suppliers and vendors as their customers. For example, McLane deliveries often occur inside the blackout windows (early morning and lunchtime) and drivers frequently fail to scan inventory in the store, often doing it in the truck in order to save time, which often create discrepancies that are nearly impossible to resolve.

• Prices charged by McLane and the CDCs are in many instances higher than the price at which the franchisee could buy the same product at retail. One franchisee (who shall remain nameless for obvious reasons) reported that McLane charged him \$229.10 for a candy shipment that could have been purchased at Costco for less than \$200. This may violate the provision of the franchise agreement that requires SEI to make a commercially reasonable effort to obtain the lowest cost of products and services.

It is well past time for SEI to match its actions with its words, to treat franchisees as independent contractors, to insist that vendors and suppliers treat franchisees as the customers they are, and to stop treating franchisees as if they were store managers. In the coming weeks, we intend to bring these issues front and center to SEI and all Recommended Vendors. **AV**

**“This means that the terms and conditions of the economic relationship between the franchisee as the customer and the supplier as the seller have been taken over by SEI.”**

**ZIG-ZAG ORDER TODAY!**

**3 CIGARS FOR 99¢**

**ZIG-ZAG CIGARILLOS**

Available in States: CA, DC, DE, FL, IL, Inverness Cook County, IL, KS, KY, ME, MI, MO, NC, NJ, NY, OH, PA, SC, TX, VA, WV

<p>WHITE GRAPE 1 CARTON - 15 THREE PACKS SLIN 321408 - UIN 773705</p> <p>7 84762 07235 1</p>	<p>STRAIGHT-UP 1 CARTON - 15 THREE PACKS SLIN 321019 - UIN 773713</p> <p>7 84762 07232 0</p>	<p>SWEETS 1 CARTON - 15 THREE PACKS SLIN 321349 - UIN 773721</p> <p>7 84762 07236 8</p>
<p>GRAPE 1 CARTON - 15 THREE PACKS SLIN 321336 - UIN 634485</p> <p>7 84762 07230 6</p>	<p>MANGO 1 CARTON - 15 THREE PACKS SLIN 321033 - UIN 634505</p> <p>7 84762 07234 4</p>	<p>PEACH 1 CARTON - 15 TWO PACKS SLIN 321218 - UIN 244293</p> <p>7 84762 07351 8</p>
<p>STRAIGHT-UP 1 CARTON - 15 TWO PACKS SLIN 320376 - UIN 244335</p> <p>7 84762 07352 5</p>	<p>MANGO 1 CARTON - 15 TWO PACKS SLIN 320849 - UIN 244376</p> <p>7 84762 07354 9</p>	<p>WHITE GRAPE 1 CARTON - 15 TWO PACKS SLIN 320760 - UIN 198168</p> <p>7 84762 07355 6</p>
<p>GRAPE 1 CARTON - 15 TWO PACKS SLIN 320375 - UIN 244285</p> <p>7 84762 07350 1</p>	<p>STRAWBERRY 1 CARTON - 15 TWO PACKS SLIN 320874 - UIN 198226</p> <p>7 84762 07353 2</p>	<p>STRAIGHT-UP 1 CARTON - 15 TWO PACKS SLIN 320376 - UIN 244335</p> <p>7 84762 07352 5</p>
<p>GRAPE 1 CARTON - 25 TWO PACKS SLIN 321442 - UIN 555383</p> <p>7 84762 07200 9</p>	<p>BLUEBERRY 1 CARTON - 25 TWO PACKS SLIN 321446 - UIN 554800</p> <p>7 84762 07201 6</p>	<p>MANGO 1 CARTON - 25 TWO PACKS SLIN 321476 - UIN 74021</p> <p>7 84762 07206 1</p>
<p>CHERRY 1 CARTON - 25 TWO PACKS SLIN 321445 - UIN 554834</p> <p>7 84762 07204 7</p>	<p>MELON 1 CARTON - 25 TWO PACKS SLIN 321444 - UIN 555102</p> <p>7 84762 07205 4</p>	<p>ORANGE 1 CARTON - 25 TWO PACKS SLIN 320884 - UIN 214429</p> <p>7 84762 07210 8</p>
<p>APPLE 1 CARTON - 25 TWO PACKS SLIN 321447 - UIN 553826</p> <p>7 84762 07202 3</p>	<p>STRAWBERRY 1 CARTON - 25 TWO PACKS SLIN 321477 - UIN 74128</p> <p>7 84762 07207 8</p>	<p>VANILLA 1 CARTON - 25 TWO PACKS SLIN 320814 - UIN 214452</p> <p>7 84762 07211 5</p>
<p>PEACH 1 CARTON - 25 TWO PACKS SLIN 321443 - UIN 555201</p> <p>7 84762 07203 0</p>	<p>STRAIGHT-UP 1 CARTON - 25 TWO PACKS SLIN 321478 - UIN 74833</p> <p>7 84762 07208 5</p>	<p>CHIAI BLEND TOBACCO 1 CARTON - 8 PACKETS SLIN 320238 - UIN 555831</p> <p>7 84762 07175 0</p>
<p>STRAWBERRY 1 CARTON - 25 TWO PACKS SLIN 321287 - UIN 680876</p> <p>7 84762 07877 3</p>	<p>MANGO 1 CARTON - 25 TWO PACKS SLIN 321288 - UIN 680900</p> <p>7 84762 07867 4</p>	<p>ORANGE 1 CARTON - 24 BOKKLETS SLIN 320298 - UIN 504902</p> <p>0 08660 00724 7</p>
<p>GRAPE 1 CARTON - 25 TWO PACKS SLIN 321289 - UIN 680918</p> <p>7 84762 07807 0</p>	<p>BLUEBERRY 1 CARTON - 25 TWO PACKS SLIN 321292 - UIN 680884</p> <p>7 84762 07817 9</p>	<p>WHITE 1 CARTON - 24 BOKKLETS SLIN 320843 - UIN 504388</p> <p>0 08660 00702 5</p>

**ZIG-ZAG CIGARETTE PAPERS**

NATIONAL TOBACCO COMPANY™ ©BTC 2014

# ULTRA BLACK

ZERO CALORIES ZERO SUGAR



*Exclusive!*

ONLY AT



## P6 MERCHANDISING



FOR INFORMATION CONTACT TRUSHA PATEL (951) 403-8493  
TRUSHA.PATEL@MONSTERENERGY.COM

MONSTERENERGY.COM

### Energy Category Innovation

- Lead with innovation, Monster Energy® is the growth engine of the Energy Drink Category.
- In the most recent 52 weeks the Energy Category is up +6.2% in Convenience, while Monster Energy® is up +13.8% in the same period.
- Monster Energy® innovation items make up 63.1% of growth of new items in the energy category.
- Red Bull innovation items make up 0.6% of growth of new items in the energy category.

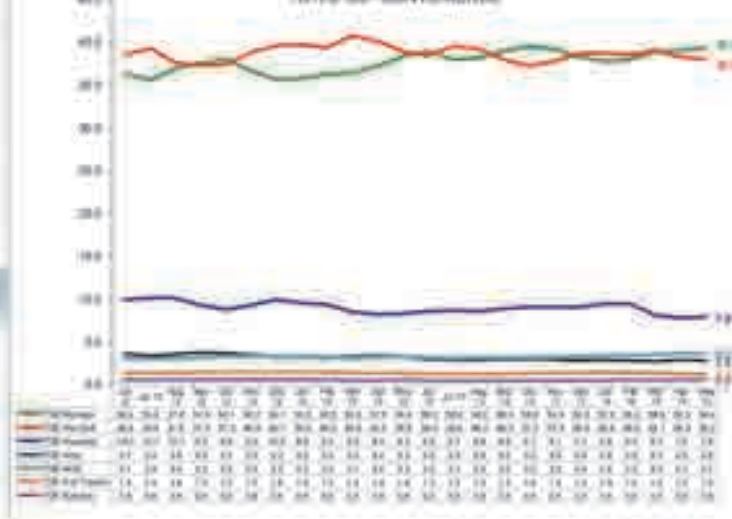
Dollar Sales Ctg vs YR



% of Innovation Drives Growth



3 Store TOTAL US - CONVENIENCE



SEPTEMBER THROUGH OCTOBER! GROSS PROFIT 55 PERCENT!

BUY 2  
STOUFFER'S  
FROZEN  
MEALS

GET ONE  
STOUFFER'S  
NEW MAC  
CUP FREE!

Stouffer's is the undisputed  
leader in frozen prepared meals!

BUY 2

Stouffer's Macaroni  
& Cheese 12 oz.  
SLIN 0180010

Stouffer's Lasagna With  
Meat & Sauce 10 oz.  
SLIN 0180011

Stouffer's French Bread  
Pepperoni Pizza 11.25 oz.  
SLIN 0180130

Stouffer's French Bread  
Pizza Deluxe 12.375 oz.  
SLIN 0180053

Stouffer's Macaroni & Beef  
In Tomato Sauce 12 oz.  
SLIN 0180054

Lean Cuisine Chicken  
Club Panini 6 oz.  
SLIN 0180224

Stouffer's French Bread  
Cheese Pizza 10.375 oz.  
SLIN 0180226

GET 1 FREE!

Stouffer's Mac Cup  
Cheesburger 12 oz.  
SLIN 0180706

Stouffer's Mac Cup White  
Cheddar Bacon 12 oz.  
SLIN 0180707



Available now through McLane!



## WHERE DO WE GO FROM HERE?

BY JAS DHILLON  
VICE CHAIRMAN, NCSEF

Where do we go from here? This is the big question percolating among members of the franchise community, SEI, and even within the vendor community.

In 1967, Dr. Martin Luther King, Jr. isolated himself from the demands of the civil rights movement he helped found. He rented a small house in Jamaica with no telephone, and labored over his final manuscript. In this prophetic work—entitled, *Where Do We Go from Here: Chaos or Community?*—he lays out his thoughts, plans, and dreams for America's future, including the need for better jobs, higher wages, decent housing, and quality education.

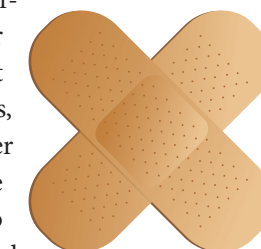
Sadly, the country still is not where Dr. King would have wanted it to be. Why? Simply put—corporate greed! This greed is beginning to kill the American dream. Think about the most recent financial meltdown. Who and what caused it? A handful of CEOs who put their self-interest and greed over the greater good. Millions of people lost their homes, retirement savings, pension plans and many other investments, yet not a single Wall Street CEO has gone to prison, let alone been charged with a crime. Finally, the U.S. government had to step in and bring stability to financial markets and calm world economies.

This same virus of rapacious greed has infected the very fabric of our once thriving business model. Policy changes and revisions to the franchise agreement have effectively taken millions of dollars from fran-

**“SEI needs to understand that the relationship is EVERYTHING.”**

chisees and moved it to SEI's side of the ledger, while sticking franchisees with many expenses that previously belonged to the company. Let's take a look at what has come our way in the last six years:

- Fifty percent of the credit card swipe fee expense, which is estimated to be well over \$80 million.
- Our gasoline income has been taken away, estimated at over \$50 million.
- Our 15-year agreement with no renewal fees—gone.
- We now have a 10-year agreement, with renewal fees that will cost hundreds and



**“Restoring and healing the severely damaged relationship with franchisees must involve permanent, sincere and authentic change on the part of SEI.”**

thousands of dollars.

- A graduated split fee as much as 57 percent in SEI's favor. Add the 1.75 percent advertising fee and it is nearly 60 percent for SEI and 40 percent to the franchisees. And the more profitable a store is, the more SEI takes.
- The Assured Gross Income (AGI) has been eliminated, and there is ZERO relief for the low volume stores.
- Colossal increases to franchise fees,

which wiped away most of our goodwill. •Encroachment with uncontrolled and senseless growth to pad SEI's bottom line, with millions of dollars in franchise fees, all to benefit the company only.

Okay, I will stop here. So ask yourself if this is true or not, then ask your field consultant, market manager, zone leader or anyone in SEI—if they were the franchisee, would they be happy?

I did ask this question to the executive team in Los Angeles when they met with us in June. The SEI senior executive in the room answered, “These were policies. They should never have been there in the first place and I don't know why and or who put them there. We knew these wouldn't be popular decisions.” Not only were we told that the new agreement is fair and balanced, he stated that “in certain stores the franchisee makes more money than SEI!”

My thoughts and the thoughts of some that gathered after the meeting was that this administration is not going to do anything to change these issues for the betterment of franchisees, and they will continue to take more from us and stick us with more expenses. In my opinion, the system needs a complete overhaul with input from real franchisees that seek real, deep and lasting change for today and the future.

continued on page 49





IT'S HERE.

**NEW! CHERRY CRUSH DISPOSABLES**

Contact Your Lorillard Representative.



Custom Shelf Management System supports the full line of blu™ distribution

- Classic Tobacco Disposable - SUN 321017
- Magnificent Menthol Disposable - SUN 320060
- Cherry Crush Disposable - SUN 320705
- Classic Tobacco Cartridge - SUN 321975
- Magnificent Menthol Cartridge - SUN 321976
- Cherry Crush Cartridge - SUN 321974
- Vivid Vanilla Cartridge - SUN 322034
- Classic Tobacco Rechargeable Kit - SUN 322290
- Variety Rechargeable Kit - SUN 322302

NOT FOR SALE TO MINORS. ©2014 B&W T Co., Inc. blu eCigs and the blu logo are trademarks of Lorillard Technologies, Inc. WARNING: This product contains nicotine and may be addictive. Quitting now will save your life.

SEI needs to first understand that the relationship is EVERYTHING, and that the actions of one of the parties will always be viewed with suspicion if the relationship is broken. Ultimately, sales and profits suffer and no one gains in the end. Temporary fixes on small and major issues is not the answer, and neither is a "slogan" or "new" program.

Restoring and healing the severely damaged relationship with franchisees must involve permanent, sincere and authentic change on the part of SEI. A revised checklist is not enough. The adversarial aspect inherent in the current agreement requires a totally new contract—today! Band-Aid maintenance and slap dash remodels must give way to high quality investment in facilities because our image begins at the curb.

True lowest cost of goods with absolute transparency must also be the order of the day. A former CEO of SEI, now long retired, used to say, "Our job is to get you the highest quality at the lowest cost, and if we don't shame on us. Your job is to order and sell these products, if you don't shame on you."

Until SEI truly embraces and practices what it preaches in their servant leadership culture, the slogan, "If you're not serving an external customer, then serve someone who is," becomes empty rhetoric. I want us to go where honest and fruitful conversation can be the norm and not the exception. I want a happy, productive, prosperous and growing franchise community and not chaos. I'm sure you all want the same.

These are my thoughts, and I'd love to hear yours. **AV**



continued from page 34

23 large retailers who recovered over \$199 million from these thieves, according to the 26th Annual Retail Theft Survey conducted by Jack L. Hayes International. • The national **average retail gasoline price was \$3.70 per gallon in early July**, the highest average heading into the Fourth of July holiday since 2008, according to the U.S. Energy Information Administration. • According to a survey by A.T. Kearney, **90 percent of all U.S. retail sales still occur in physical stores**. Pure-play online retailers like Amazon account for about 5 percent of total sales, while another 5 percent go through the online channels of traditional brick-and-mortar stores like Walmart and Best Buy. • **Walgreens, which has been increasing its grocery offerings, reported its July sales jumped 6.1 percent** compared to the same month in fiscal 2013. The company also said its comparable store front-end sales increased 1.1 percent, while basket size increased 3.7 percent. • Canadian c-store retailer **Alimentation Couche-Tard reported its fiscal year 2014 net earnings increased 21.6 percent** compared to fiscal year 2013, and its

continued on page 74

**DON'T MISS THE CHANCE TO INCREASE SALES & PROFITS... WITH A NEW FRONT END MERCHANDISER**

**NO COST TO YOU. JUST ASK YOUR FRITO-LAY REP!!**

Replace Your Old 4-Shelf F.E.M. With A New One!

Place The New Unit Across From The Register And Increase Snack Sales Upwards Of 30%!



# Simply Beverages™

- #1 Juice SKU in 7-Eleven: Simply Orange® Pulp Free¹
- #1 Lemonade Brand in Convenience Retail¹
- Simply Orange® with Mango is the fastest growing Simply SKU at 7-Eleven
- All Natural, Never From Concentrate, Always Delicious



Honestly Simple.

Make sure you are stocking the new  
Simply 11.5oz bottle in your store!



**SIMPLY ORANGE®  
PULP FREE**  
(11.5 fl oz)  
UIN #:152405 / SLIN #:248051



**SIMPLY  
LEMONADE®**  
(11.5 fl oz)  
UIN #:152173 / SLIN #:248027



**SIMPLY LEMONADE®  
WITH RASPBERRY**  
(11.5 fl oz)  
UIN #:152264 / SLIN #:248028



**SIMPLY ORANGE®  
WITH MANGO**  
(11.5 fl oz)  
UIN #:152314 / SLIN #:248029



**SIMPLY CRANBERRY  
COCKTAIL™**  
(11.5 fl oz)  
UIN #:152389 / SLIN #:248052



**SIMPLY  
LIMEADE®**  
(11.5 fl oz)  
UIN #:152249 / SLIN #:248050



**SIMPLY  
APPLE®**  
(11.5 fl oz)  
UIN #:152074 / SLIN #:248049



Don't forget to  
stock Simply 59oz  
in your store!



**SIMPLY ORANGE®  
PULP FREE**  
(59 fl oz)  
UIN #:650119 / SLIN #:0242566



**SIMPLY  
LEMONADE®**  
(59 fl oz)  
UIN #:443358 / SLIN #:0243848



**SIMPLY LEMONADE®  
WITH RASPBERRY**  
(59 fl oz)  
UIN #:733832 / SLIN #:0244450



Simply  
Beverages.

# LOGIC

PREMIUM ELECTRONIC CIGARETTES

MADE BY E-CIG EXPERTS!



**The 2<sup>nd</sup> largest**  
National Brand offering one of the  
category's highest retail margins.\*

Your customers are  
looking for their brand ...  
**DO YOU CARRY IT?**

Complimentary  
Category  
Solutions



Logic has 6 of the top 10 selling SKUs in dollar share for C-Stores in the US according to Nielsen.\*

For more information on how to partner with Logic<sup>®</sup> to improve your category profitability, please contact us. Wholesale and Retail inquires please call: 954-780-8540

[www.logiccig.com](http://www.logiccig.com)

\*LOGIC<sup>®</sup> retail share is based in part on data reported by Nielsen through its Service for the Total Anti-smoking Product category for the 4-week period ending 7/4/14, for the total US market and Total Convenience channel. Copyright © 2014, The Nielsen Company.

LOGIC<sup>®</sup> products must be used by persons of legal smoking age according to each state law. Identification of all persons under the age of 21 is required before purchase.

## MANUAL



## AUTOMATIC



**NOW THERE'S A FASTER, EASIER & MORE ACCURATE WAY TO HANDLE DSD PRODUCTS.**

The McLane Smart Handheld DSD application allows any product from any distributor to be checked in and accounted for in real-time, all from one single device. Plus, you can easily prepare orders, take inventory and create shelf labels for all your McLane and DSD products.

The McLane Smart Handheld DSD application eliminates inconsistencies, streamlines processes, reduces errors, saves time and money, and empowers you to order the products that you need to run your business.

To learn more, visit [mclaneco.com/goto/dsd](http://mclaneco.com/goto/dsd)



## New RISE Software Brings Many Improvements

By Kevin Nijjar

Vice President, FOA of Greater Los Angeles



Retail Information Service Evolution (RISE) is a new computer program developed by 7-Eleven that is currently being tested in four stores across the country, including mine in Anaheim, California. As such, I thought I would share my impressions of the new software.

The purpose of RISE is to help franchisees streamline cash reports, simplify the ordering process, and better manage inventory. SEI provided a dedicated team to each test store to help smooth out any bumps during the implementation, including seven people in Dallas who are available 24/7 for support. Initial download of the software took about six hours.

As one of its major functions, RISE streamlines the cash report. Rather than going to multiple screens there is now one main screen when you do your cash report. There are also tabs you can open up without leaving that screen, with multiple functions for lotteries, POS systems and cash management. This simplifies everything so you can stay on one main page to process it.

With RISE, I would say ordering is really expedited. There are now more functions on one page and it is more user friendly for the order writer, because additional information is available. From that standpoint it is much easier to place an order. There are also multiple items on a screen rather than one item per screen, which makes ordering faster. Additionally, with this new software the orders are approved every ten minutes automatically so there is no chance to for-

get. With the previous software you could place an order and forget to approve it, then the order would not arrive. Now, if you keep ordering, the system automatically approves the order every ten minutes.

RISE contains many improvements in inventory management. For one, it tells you the quantity of your inventory—it will tell you how many days of product you have available,

**“The purpose of the new RISE (Retail Information Service Evolution) software is to help franchisees streamline cash reports, simplify the ordering process, and better manage inventory.”**

when you are going to run out, and when your next order date will be. So it lets the order writer know, for instance, that your store is going to run out of Monster Energy on Wednesday and the next order date is Thursday. This is a very positive improvement.

It will also identify your best selling items, your slow sellers and your dead items. It will show you if you have an item that sells only one unit per month, or if it would take ten months to sell a particular item. It will show you in real dollars how much inventory you have sitting, the gross profit on a particular item, and the amount of money tied up in dead items. This makes it easier for you to focus on your best sellers and to cut down on your dead items. Overall, RISE offers better management of your inventory.

The software update has added Hot Food to the grill management tool. Previously, we would have to input the numbers ourselves. Now the system populates and gives you a forecast on an automatic basis. It lets you know your roller grill and hot food sales per and gives you an automated suggested forecast based on your real numbers that your staff can follow. This helps cut down on write-offs.

As you all know, we currently have an issue in California where we cannot add three-digit lottery packs. We can only go up to 99, but we cannot go up to game numbers 111 or 220. With the new software we will be able to add up to four digits. First we're going to three and eventually we'll have the ability to enter four digits in five years' time. Also, when you enter the lotteries you are doing everything on one screen. The lottery tool has a lot of efficiencies built in, as does the rest of RISE, so you'll spend less time doing paper work.

Once SEI is confident that the franchisees in the pilot program don't have any problems, RISE will be rolled out to all franchisees nationwide. During this testing period the company is asking for our opinions and taking our suggestions for improvements. Once all the bugs are fixed and changes are made, I believe RISE will be a very helpful tool to help us manage our stores. ■

**KEVIN NIJJAR**  
CAN BE REACHED AT  
714-726-4300 or  
[knijjar711@yahoo.com](mailto:knijjar711@yahoo.com)

# National Coalition Convention Combines Franchisee & Vendor Optimism

Five days of business, fun and entertainment marked the National Coalition's 39th Annual Convention and Trade Show when franchisees converged on the Dolphin Hotel and Walt Disney World July 12-16 in Orlando, Florida.

Over 1,500 attendees including franchisees, vendors and their families descended on the resort that has something for everyone, including Mickey, Minnie, Donald, and a fabulous aura of honest, family fantasy entertainment, for over 80 years.



For FOA leaders and NCASEF Board members, the meeting before the convention began on a serious note, with the tackling of difficult issues at the National Coalition Board Meeting for two days prior to the convention. The mood quickly shifted to one of business optimism and sales when franchisees gathered for seminars and the annual trade show, where over 300 companies ready and willing

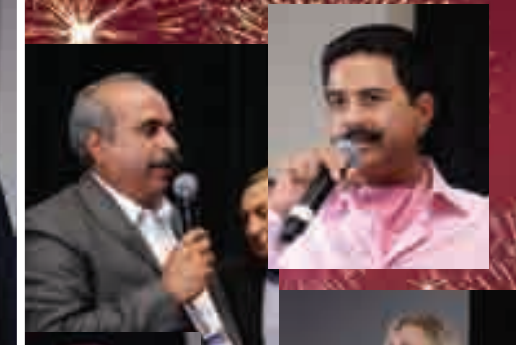


to share their wares displayed the latest and greatest products for ordering.

On the first full day of the Convention, Chairman Joe Galea, the NCASEF officers, and General Counsel Eric Karp hosted franchisee members in general sessions. Franchisees were able to ask pointed questions about recent public events involving 7-Eleven, claims of churning, asset protection monitoring,

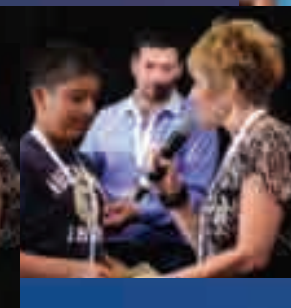
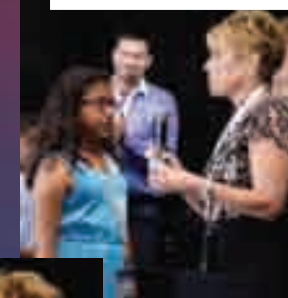
minimum wage increases, and how to get help from the National Coalition and local FOAs.

Counsel Eric Karp's Legal Seminar covered a range of topics extremely important to franchisees, including changes to the system, resources being turned against franchisees, out of stocks, fresh food standards, audits, FIWs, allowable operating expenses, and how to respond to LONS and breaches.



The spirit of charitable giving was on display on the fourth night of the convention when franchisees, vendors and Franchise Owners Associations themselves ponied up over \$230,000 for the Coalition's 2014 Charity, Swim Across America. The money, raised through the Coalition's Joe Saraceno Charity Golf Tournament, silent and live auctions at the convention, and Franchise Owner's Association events in Dallas, Central Florida and San Diego, will support SAA's fight against cancer, and help raise awareness for cancer research, prevention and treatment. Over 28 years, with the help of hundreds of volunteers and current and past Olympians, SAA has raised approximately \$50 million for cancer awareness and treatment, largely through swim-related events.

The Muscular Dystrophy Association (MDA), which battles neuromuscular diseases, was presented with a check for \$345,711 from the NCASEF leadership. The charity donations for MDA were raised through the annual mobile and canister programs where guests are encouraged to make canister donations.



Kellogg's Mark Gramlich worked with several FOAs on SAA events.



During the day FM Facility Maintenance President Trevor Foster, and VP John Pavia gave a presentation on maintenance and answered franchisee questions. Foster told franchisees that dollars needing to be spent per store is well below the NACS benchmark, and uptime for all equipment in all 7-Eleven stores is above 99 percent. He said that in the future, all FM technicians will use global positioning systems and complete real-time reporting on-line for review by all interested parties.

Wednesday, the last day of the convention, accounting experts Norm Winslow and Richard Schwarz of Ser-Vis-Etc., who perform accounting for some 300 franchised stores in California, answered any and all accounting questions franchisees were able to ask.

The blockbuster two-day NCASEF Trade Show, always the highlight of the national convention, lived up to its billing with over 300 companies providing products ranging from Lottery Apps that share proceeds with franchisees, to new baked brownies and line extensions by the majority of major manufacturers.

On the last night of the convention during the grand banquet, NCASEF honored several franchisees and three manufacturers prior to a blockbuster Disney Revue show with over 30 live actors. Franchisees Mike Foster from St. Louis, and Gene and Bobbie Villigrana from San Diego all received the Chairman's Leadership Award for their long-term contributions to the franchisee community.



## Convention Photos

If you attended the 2014 National Convention, take a look at the Convention 2014 Photos at [www.NCASEF.com](http://www.NCASEF.com). Download any photo you want!

Anheuser Busch, Coca Cola USA, and Swedish Match North America all received the Chairman's Recognition Award for efforts above and beyond in serving the franchised community.

In addressing franchisees Chairman Joe Galea said, "Franchisee dissatisfaction does not affect the rise of units or SEI revenue. Therefore, the Coalition must become more strategic, with plans, and not be just reactive."

Check the National Coalition website for news of next year's 40th Anniversary convention in Chicago!



# A Massive Thanks To Our Major Sponsors and Exhibitors!

### PLATINUM

- Coca-Cola Refreshments
- McLane
- PepsiCo

### GOLD

- Anheuser-Busch
- FM Facility Maintenance
- Kellogg's
- MARS Chocolate, Ice Cream & Wrigley's
- Nestlé USA Snacks & Confections
- Nestlé Waters
- Unilever Ice Cream

### SILVER

- Acosta
- Advantage Sales & Mktg
- Altria
- Bon Appetit
- Crossmark Convenience
- Dr Pepper Snapple Group
- FIN Branding Group
- General Mills
- GreenSmartLiving
- Heineken USA
- InComm
- Jack Link's Beef Jerky
- Logic Technology
- MillerCoors

- Mondelez International
- Perfetti Van Melle USA
- Red Bull North America
- Swisher International

### BRONZE

- Aon Risk Services
- Barbot Insurance
- Bolthouse Farms
- Bridgford Foods
- Commonwealth Altadis
- Dean Foods
- Diageo-Guinness USA
- Ferrero USA
- Kan Pak
- Kraft Foods Group
- Kretex International

- MONSTER Energy Company
- Mother Parkers Tea & Coffee
- Nestlé DSD/Dreyers
- Nestlé Professional
- Nestlé Purina PetCare
- PATCO Food Safety
- Pugs
- Ruiz Food Products
- Shamrock Farms
- Snyder's Lance
- Sunny Delight Beverages
- Swedish Match North America
- The Hershey Co.
- Whitewave Foods

> PRESIDENTS' REPORTS

Board members from 39 of 43 Franchise Owner's Associations met July 10 & 11, prior to the 39th Annual Convention, to tackle a number of difficult issues and share opportunities. Topics covered included the DVR litigation, LONs for out-of-stocks, FIWs, GEA surveys, maintenance, BT, ecigs, McLane deliveries, plus minimum wage increases, and other legislative issues. Board members also handled a number of business items including vice chairmen's regional reports, the treasurer's report, a Vendor Advisory Committee update, and a discussion of charity involvement with MDA and Swim Across America.

**Greater Seattle FOA**

AJ Handa, President

The quarter was marked with significant activities that indicated our FOA is doing extremely well. It takes a dedicated team and a group of positive-minded franchisees to achieve the things we did this quarter. I give all the credit to the great franchisees of our FOA who showed their trust in us. We are all confident that we shall be able to live up to their expectations.

Our first FOA trade show was April 3, 2014. The unity and solidarity of our fran-

chisees was so evident that the vendors could not help but praise it openly. This was our first trade show, so there was some doubt about the strength of our membership. But as soon as the first rush of franchisees entered the arena like a torrent, all these apprehensions were set aside. In addition, our dedication to our vendors was very apparent in terms of the number of orders they received. They all left very happily with a promise to be our dedicated long-term partners. We are grateful to Mr. Jivtesh Gill, NCASEF Executive Vice Chairman, and Mr. Jay Singh, NCASEF Vice Chairman, who graced the occasion with their presence and added much-needed strength and momentum to the show.

Our trade show was also a success in other ways. A few weeks ago, a natural calamity of a massive landslide took place in Arlington, Washington. A large number of lives were lost and it affected a vast segment of the community. At the trade show we collected \$2,000 in donations to provide help to the victims, and our decision to collect voluntary contributions was lauded by the community.

Aside from our first trade show, we had many other important events. For the



Treasurer Maninder Walia gave an update on the NCASEF's financial position.



General Counsel Eric Karp said franchisees must respond to all LONs and breaches in writing, without exception.

first time in Seattle, the top brass of the Pacific Northwest Zone and top leadership of the NCASEF met with the franchisees at a general dinner meeting to address their concerns. The most difficult questions were put across in a logical manner to Zone Leader Larry Hughes and Market Mangers Holland Ricker and Dave Strachan. Most of the questions were answered by Zone Leader Larry Hughes and the market managers in a good way. Not only general questions about our functionality, but also many

**“The objective of any mediation is to reach an agreement.”**

—Eric Karp, NCASEF General Counsel

impromptu questions were welcomed by these guests. They also had a one-on-one discussion with a number of franchisees and promised them to look into their issues.

The aim of having the 7-Eleven hierarchy involved in solving our day-to-day problems was fully achieved. The great gesture of NCASEF Chairman Mr. Joe Galea and NCASEF Vice Chairman Mr. Jay Singh accepting our invitation to attend our general body meeting went a long way to provide the meeting a different and elevated status. We all thank them for their tremendous contribution to our success.

The Greater Seattle FOA is now busy with our next grand event: our golf tournament on July 28. Not settling for even the second best, the FOA has chosen the Beer Creek Country Club in Woodinville as the venue. The golf course boasts of being Washington's gem located in the Cascade Mountain foothills, with lush green rolling terrain and magnificent Jack Frei-designed championship layout. Our all-out efforts are on to make this event a grand success.

Pacific NW Zone has some mix success. Market 2360 has improvement in fresh food +\$37.80 PSD, but total Market is down by \$0.24 PSD. Market 2361 is doing well in both, fresh food is up by \$41.13 and total Market is +\$153.56.

**Columbia Pacific FOA**

Bill Huffman, President

Summer has arrived in the Northwest, bringing both great weather and tourists, but also forest fires and destruction. Early this summer the city of Bend, Oregon lost homes inside the urban boundaries and the forest fire was visible from at least one 7-Eleven store.

The Columbia Pacific FOA enjoyed hosting the National Coalition meeting in Portland in May, which several of our Board members attended. We certainly hope everyone had a nice time in Portland and we hope the National Coalition visits the Rose City again.



National Chairman Joe Galea said franchisees need to “reset the relationship between the NCASEF and SEI.”

The John Wilkerson Memorial Golf Tournament was held July 25. We had 106 golfers registered and the course—just outside of Salem, Oregon—was praised by the players. Mother Nature cooperated with sunny skies and temperatures in the mid 80s.

Current franchisee concerns include the Security Amendment, surveys that have been done via telephone by SEI, where can the cost of the promotions be found, con-

**“Unplugging the DVR would constitute a violation of the contract.”**

—John Holland, Dady & Gardner, NCASEF Counsel



cern about where the GEA survey will be going in 2015, the lack of response by McLane to franchisee requests to rationalize delivery schedules, and what the 2019 contract will look like.

Sales in the Oregon stores were up 0.9 percent in June, and up 2.3 percent year-to-date. Gross Profit was down 4.1 percent in June and is down 0.7 percent YTD. Total Selling Expenses are down 3.4 percent in June, but up 2.2 percent YTD (inventory variation year to date is down 17 percent).

Net income, before G&A, is down 9.3 percent in June and is down 15.4 percent YTD.

**Rocky Mountain FOA**

Wayne Mathews, President

Wow, where has the time gone? As I near the end of six years as the President of the Rocky Mountain Franchise Owners Association, time seems to have passed quickly. I look back when the FOA was founded with our starting membership at 18, and just

seven years later we are one of the largest FOAs in the country with 200 members.

The FOA, along with the National Coalition and all of our members, sent a message to SEI that the new GEA was unrealistic. Our voices were heard and SEI went back to the much shorter previous form. It may not be perfect, but it's far better than the one rolled out early this year.

We are heading into our annual charity golf event to support MDA and our fourth annual trade show, with both looking to be our biggest turnouts again. Looking to the future, we will be holding elections for members interested in joining the FOA Board for the 2015-2016 terms. We will be sending out letters for

self-nominations for those wanting to serve our membership. We will close the year with our Holiday party, which will be a great night to spend with fellow franchisees and some of our vendor partners.

We are asking members to provide their email address and those with either an iPhone or Android phone to download our free app to get instant info on all the goings on with 7-Eleven and our FOA. I want to close with reminding all members we have serious issues

continued on page 62

that arise quite often, and we need to discuss these issues at our quarterly meetings, so please clear your calendar to attend.

## Cal-Neva FOA

Richard Rose, President

This was a busy summer for the Cal-Neva FOA and our Reno-Tahoe area. We began the summer with the largest kick-off ever in time and dollars invested in a promotion with our vendor partner, Model Dairy. Every store gave away at least one bike, with many stores giving away two or more for a total of 91 bikes. This promotion—while still early to read—shows some great results, with sales increasing for the first time this year in this category and no double-digit decreases at the start of the promotion. In the Frozen Treats category we are showing strong growth. On behalf of the Cal-Neva FOA, I say thank you to Model Dairy, the Wheelhouse Bike Store, E-Media and all the committee members that put this together. The message to other local vendors is that the Reno-Tahoe area is primed and ready to work on cooperative promotional campaigns.

The Reno-Tahoe Market, which covers Northern Nevada and Eastern California to

The major concern for franchisees in our area is that we are our vendors' customers and we are independent contractors, which will determine the operation of our stores. It seems some of our vendors and service vendors are forgetting this. We are experiencing this attitude and perception with delivery drivers, as well as by vendor service representatives, telling us that only field consultants can make requests or changes. This is also the biggest challenge we, as 7-Eleven franchisees, are experiencing with our partner, SEI. Everyone, vendors and SEI alike, must remember that we are Independent contractors.

The Cal-Neva FOA said goodbye to a long-term 7-Eleven franchisee when Jim and Marilyn Lundy recently sold their store. We extend to them good luck and best wishes. We also welcome new 7-Eleven franchisees to our Reno-Tahoe area: Chander Adlukha and Harjinder and Sunny Kaur.

## FOA Of Greater Los Angeles

Kathy York, President

FOAGLA has been having town hall meetings to reach out to as many franchisees as possible. We are going to different cities in hopes of getting attendance from people who may not belong to any FOA. Matt Mattu of the Joe Saraceno FOA and I are partnering in this endeavor, and will partner with Bic Siddhu of the San Diego FOA when we head south. The purpose of the meetings is to keep all franchisees informed of current topics and to get their feedback. Our Zone is getting ready for RISE. Training begins in October.

**“LONs and Breaches for out-of-stocks raises franchisee concerns about the adequacy of the delivery system.”**

—Joe Galea, National Chairman

Redding, has shown a steady growth of 3 percent monthly. This month, BT deliveries begin in our area and many stores are eager to start the process. Vendors have to understand that under no circumstance are we not going to service our customers, so if needed our stores will do what we have to satisfy the customer. I'm sure that when we look back at the introduction of BT we will see the advantages, especially when we introduce RISE.

## Chesapeake Bay FOA

Stuart Walters, President

I hope this report finds all doing well as we approach the tail end of the summer. On the East Coast, it hasn't been as hot or as sunny as we have wanted, but life is hardly ever rough when you live near a beach. With all the things we deal with as fran-

continued on page 64



Cal-Neva FOA President Rich Rose said franchisees must have advertising support for products and promotions year round on national as well as local media.



Vice Chairman Jas Dhillon reviewed the difficulties franchisees are facing in challenging SEI on independent contractor status, DVR access and other legal issues.



Washington, D.C. FOA President Mark Chiochankitmun protested the cost of minimum wage increases for franchisees.



UFOLI President Phil Castaldo suggested every franchisee change their license address to their home or store.

## NEW GUM ITEMS COMING SOON!

**STRIDE SOUR PATCH KIDS Gum Redberry**  
Already Top 10 SKU For 7-Eleven



SLIN TBD

DENTYNE ICE WINTER CHILL  
16-piece



SLIN TBD

STRIDE SOUR PATCH KIDS GUM ORANGE  
14-piece



## NEW KING SIZE NUTTER BUTTER

Upcoming New King Size Item

FREE FILL  
AVAILABLE IN  
SEPTEMBER  
2014



SLIN TBD

New King Size Nutter Butter  
8 cookies





chisees, I sometimes feel like that Corona commercial where they talk about finding your own beach. So with that in mind, I'm looking to provide you with a bit of beach, metaphorically.

At our most recent FOA meetings we discussed the great number of awesome deals that were available at the National Coalition's trade show a few weeks ago in Orlando, Florida, as well as the deals we had at our local show. Orlando is always a great place to have a convention and trade show, given the vast amount of meeting space and plenty of things to see and do. I'm personally looking forward to our own trade show for next year, as this past year's was very successful with tons of vendors and really good deals to be had. The National Coalitio trade show and local FOA shows are great venues to see new products and get great deals. I especially enjoyed the Reese's folding chair that was given out for ordering even better-priced Hershey's and Reese's products that I sell every day.

At our most recent meeting, as with all, we discussed local issues like labor, operations, government relations and of course, ac-



Chesapeake Bay FOA Treasurer Brian Bonfiglio helped explain a solution for the factoring problem with S-18s.



Central Valley FOA President Sukhi Sandu discussed changes in the new lighting agreement.

**"The franchise agreement says franchisees have the right to set retail pricing."**

—Eric Karp, NCASEF General Counsel

counting. One of the thorns in my side for several years has been dealing with custom retail invoice issues, otherwise known as processing S-18s. For some unknown reason various items entered into the merchandising system are factored, usually creating an inventory shortage for the franchisee unless the invoice corrections are processed before an audit, but not any later than ninety days after the invoice. Sounds like fun. It's not something I've enjoyed dealing with, but losing money is way worse. A couple of weeks ago, a field consultant gave me a tip on how to eliminate the factoring I was experiencing—create a CRP for the item that was factored. I went into the pricing screen and kept the same price as the SRP. However, for some reason the CRP eliminated the factoring.

I'd like to think I would have come up with the idea myself to fix the factoring, but it transpired through the increased communications encouraged by our market manager, who put together a group of field consultants, franchisees and others to discuss local issues and find resolutions. For the same reasons that our National Coalition meets with 7-Eleven, local FOAs should seek to have ongoing meetings with market managers, zone



FM President Trevor Foster said franchisees now have 99.35 percent uptime of all equipment in their stores.

leaders, and neighboring FOAs. The more avenues of effective communication we have, the better the organization, and hopefully everyone is finding their "beach." I can't say that the tip that solved my S-18 issue gave me my beach, but I was thankful for the information as it likely gave me a little more time back in my day to go to the beach!

## Washington, D.C. FOA

Mark Chiochankitmun, President

On July 1, the minimum wage in Washington, D.C. increased from \$8.25 an hour to \$9.50 an hour, with an additional \$1.00 an hour increase per year for the next two years. By the year 2016 the minimum wage in Washington, D.C. will be at \$11.50. This minimum wage increase will cost our franchisees approximately \$15,000 to \$28,000 per year, depending on the size of the payroll.

The Washington, D.C. FOA has been reaching out to NCASEF and SEI for help dealing with this issue, which potentially will put a big dent to our operational budgets and may put many franchisees into financial hardship, especially the low volume stores. The minimum wage increase issue will also affect an additional 38 states throughout the country in the near future. The Washington, D.C. FOA leaders had our first meeting with SEI on August 1 to analyze the current situation and develop action plans. SEI understands the potential burden minimum wage increases will have on our franchisees, and our East Coast Operations Senior Vice President Bill Engen and our Zone

continued on page 66



Suburban Washington FOA President Pete Gragnano said franchisees are concerned about minimum wage increases.

# NEW! DURACELL QUANTUM

Replaces Duracell Ultra



**DURACELL with Duralock Power Preserve™ Technologies**



Coppertop AA 8pk



UIN 160633



Coppertop AAA 8pk



UIN 160634



Coppertop C 2pk



UIN 512467



Coppertop D 2pk



UIN 512418



Coppertop 9V 1pk



UIN 512525

Leader James Summers are committed to supporting our franchisees on this matter.

While we know significant minimum wage increases will certainly hurt us as small business owners, we also realize that 76 percent of the U.S. population supports these increases (in D.C. 90 percent), which makes it nearly impossible to oppose minimum wage increases no matter where it is.

**UFOLI**

Jack W. Rugen,  
Vice President

UFOLI covers Markets 2421, 2422, 2423 and new Market 2424 (Manhattan)—in all, about 450 stores. In an attempt to pump-up sales the Market Manager in 2422 has instituted a Minimum Retail Price on cigarettes allowed by law strategy that incorporates only

those stores south of the Long Island Expressway (LIE) or South Shore stores. Stores on the North side of the LIE (North Shore) are not going with the program since the demographics are such that Minimum Legal Price (MLP) is not warranted. The average store loses 2-3 GP% initially. Some stores are picking up 150 customers/day. Initial M/D hurts to the tune of 2-3 percent, but by about 4 months

To help, SEI has developed an estimated labor impact worksheet for franchisees to identify their payroll impact. The company has also issued a bi-weekly pricing optimization survey of key items and competition for franchisees to use, and is considering using a targeted retail strategy—NOT a blanket retail increase. Franchisees also insisted that SEI revisit and must do a better job on getting us the lowest cost of goods both through the CDC and Hybrid BT (McLane).

Our next meeting with SEI is set for August 26. As a president of the Washington, D.C. FOA, I believe we are heading in the right direction with SEI. However, I do not believe SEI is aggressive enough on our recommend suggested retail price increases to offset the minimum wage increase. Also, SEI is hesitating to use those extra profits generated from the price increase as an incentive for franchisees to promote good guest service.

BT is finally hitting home in D.C. and franchisees are paying dearly with extra expenses, as many of our employees have to be out of the store for different training classes and we have to cover their travel expenses, plus we have to pay for extra coverage for in-store learning. I hope all of the sweat, time and money we spent on BT to populate the "I" will reward us with sales and profit increases for many more years to come.

breakeven occurs, in many cases.

It seems it is working for some stores, but others are losing GP%, GP dollars although their cigarette sales may have increased. Some stores have opted out and others have returned to SRP. However, the tactics that the Zone Leader and Market Manager have implemented fly in the face of

the franchise agreement's paragraph 15 (f), where it clearly states that the franchisee is the only one who sets retail prices. Zone Leaders and Market Manager have used scare tactics in order to force franchisees into this price structure in total violation of every agreement since 2004. The Nassau County legislature is planning a measure to raise the cigarette-purchase age to 21.

Market 2421 has implemented the same minimum retail price allowed by law policy, also south of the LIE with similar results.

Market 2423 has mentioned it briefly, but doesn't seem likely. At a recent Retailer Initiative meeting, this MM had some very interesting comments in regard to coffee flavors. It seems the company has finally listened to the franchisees in this region and is bringing back some of the hot coffee flavors that were discontinued last year, and is extending the offering of others like Pumpkin Spice. The state's new cigarette purchase age of 21 will be effective January 1, 2015. Current purchase age is 19 years in Suffolk County.

Cigarette discounting is not legal in Manhattan. There are many new stores that have been on the sales market for some time with no suitors. A new cigarette purchase law of 21 and discounting restrictions went into effect August 1.

Speedway bought out the Hess Marts, and QuikTrip is planning to open many sites on Long Island. We are poised to re-capture some of our cigarette sales from CVS since their CEO issued a major policy change on not carrying cigarettes as of October 1.

It seems the original plan of the CDC to "give our customers what they want, when they want it" has fallen to the wayside. It seems SEI is succumbing to pressure placed by the vendors who support the CDC program because dairy is not available on weekends—the busiest time of the week. Fresh cut fruit and other major items are also not available certain times of the week. The Long Island/Queens

continued on page 68

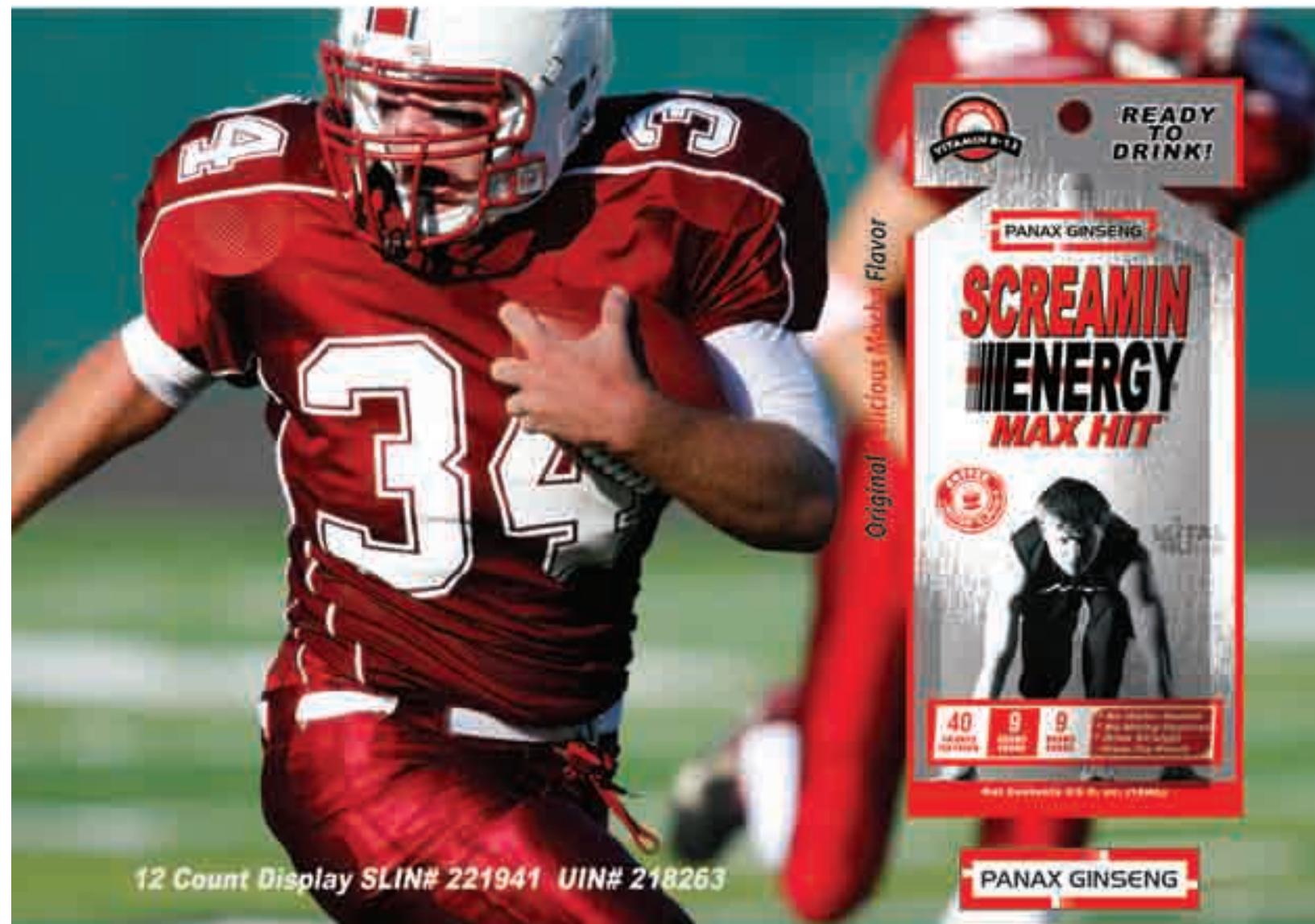
**“CFA (Coalition of Franchise Associations) and IFA (International Franchise Association) together filed suit on the \$15 minimum wage in Seattle.”**

**“Franchisees should not be forced into a minimum price structure for cigarettes.”**

—Jack Rugen, Vice President, United Franchise Owners Of Long Island



Perfection In A Pouch  
What Your Customers Want, At Half The Price, So Go Ahead And Triple Your Sales!



12 Count Display SLIN# 221941 UIN# 218263

Unique packaging offers a much higher return on inventory investment



Search for us with @Vital4U · 800545-8546 Or at www.VITAL4U.com

CDC was the first to come online in the mid 1990s and we may be the first to fail. In fact, the Norris family has sold the business to Lufthansa Sky Chefs.

Sales are beginning to trend upward. Most likely it's the uptick in employment and optimism about the economy.

## Baltimore FOA

Barbara Graham, President

Linda Haddaway, the president of the Baltimore FOA for many years, has sold her store and has stepped down from her leadership role in our association. She will be truly missed. Everyone in our association wishes her the best of luck. News in our area: we had the Doritos Loaded launch, BT has arrived, and minimum wages are on everyone's minds. Our FOA has been working with the other FOAs in our area on these issues.

We will be having our annual charity golf tournament on September 17, benefiting the Johns Hopkins Children Center. We would like to thank all of our vendors for their support.

## Suburban Washington FOA

Peter Gragnano, President

It's summer time in the Baltimore/Washington, D.C. area, which means hot and humid temperatures, thereby driving an increase in customer counts and vault sales.

Business Transformation was introduced in the Liberty Zone starting in June, with the entire zone expected to be on BT by the end of September. As with any new program of this magnitude, there have been a number of glitches that have hindered its introduction. Ordering windows not opening as expected, vendor deliveries outside of the daily cutoff, and implementation mistakes during the check-in process have all been part of the learning curve for our area.

McLane has seen its delivery window shortened significantly by BT, and has responded by strictly following the delivery criteria supposedly contained in its contract with 7-Eleven. In many cases they now refuse to bring chilled and/or frozen product into

**"Franchisees need an organization that utilizes the current NCASEF structure and provides feedback to our franchisor."**

—Overheard at the National Board Meeting

the vault, and insist on following 7-Eleven's guidelines as to staging all cartons in a single aisle, even to the extent of blocking access to the coffee bar. To date, our franchisor has been unable to persuade McLane to return to their prior delivery methods, thus causing an increased workload at the stores.

In addition to the implementation of BT, stores in Washington, D.C. saw an increase in the minimum wage from \$8.25 to \$9.50 effective July 1, while stores in neighboring Montgomery and Prince George's counties will face a similar situation in October.

Concerned with the impact on our bottom line, franchisees met with Zone Leader Jim Summers, Keith Jones of Governmental Affairs, and Ellen Valentino, the company's local lobbyist, to discuss the issue. We were given the bad news that nationally, approximately 75 percent of all voters favor an increase in the minimum wage, and according to Ms. Valentino, it is clearly possible that D.C. and its surrounding Maryland counties may follow the lead of Seattle and seek a \$15 minimum wage in the future.

In our meeting with 7-Eleven, a number of ideas were proposed by the franchisees to mitigate our increased payroll expense. Proposals such as adding a surcharge to every transaction or changing the gross profit split were rejected by our franchisor, who favors price increases across selected categories after performing competitive analyses.

While franchisees favor price increases as a means of increasing revenues, our unique situation—in which 7-Eleven splits the gross profits with us—will cause the company to reap a windfall, while the franchise community barely covers its increased expense. We have countered that if such a plan is implemented, the company should give its share of the increase back to the franchisees, or else

continued on page 70



Baltimore FOA President Barbara Graham questioned the direction of the new GEA inspections.



Charity Coordinator Iris Yost asked FOAs to donate during the live and silent auctions for Swim Across America at the convention. Franchisees and FOAs raised over \$230,000 for SAA and cancer research.



Convention Manager John Riggio described the upcoming convention activities and registration for the Board.



Utah FOA President Zach Weatherman said out-of-stocks could easily be caused by McLane mispicks or other vendors being unable to fulfill orders.



# THE BOMB & Breakfast Burritos

## "Top Selling Burritos In C-Stores Nationwide!"



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



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



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



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



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



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



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



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



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

the franchisees will have to “double” the increase in order to remain whole. More meetings have been scheduled to try to reach a solution that is acceptable to all.

Our annual summer event will take place on August 28, where our members and a guest are invited to attend a dinner theatre performance of *The Pirates of Penzance*.

In conjunction with the Baltimore and Washington, D.C., FOAs and under the umbrella of the TriState FOSE Association, we will be holding our sixth annual charity golf tournament on September 17 at the Little Bennett Golf Course in Clarksburg, Maryland, with the proceeds once again being given to Johns Hopkins Children Center.

## Eastern Virginia FOA

Romy Singh, President

Our FOA conducted a member's meeting on June 23, which was attended by 109 franchisees, our Zone leader and three market managers. Members were given a chance to ask questions and voice their concerns directly to the Zone leader.

The main concern raised by franchisees was about field consultants. Our Zone leader assured us Operations will look into this issue. Some franchisees are also concerned with FIWs issued by LP. We recommended that franchisees use all their options before they acknowledge an FIW.

Our FOA is conducting a franchisee survey to pinpoint issues so we can pass them along to the Operations team to fix. This survey will be mailed to all franchisees in our Zone regardless of their FOA membership.



Bakersfield FOA President Yogi Solanki emphasized the impact of minimum wage increases on low volume stores.

## Pacific Northwest FOA

Maninder S. Walia, President

Merchandise sales for Pacific Northwest region stores were up by 4 percent over the last two months, with increases in Cold Dispensed Beverages, Food Service, and Non-Alcoholic Beverages fueled by Red Bull Summer series

**“A new technology rollout will allow FM to implement an analyzed pricing system that shows parameters on what pricing should be.”**

—Trevor Foster, President, FM Facility Maintenance

limited edition cans. Declining GP% is still an issue with a lot of stores in our area, with some stores only averaging about 28 percent to 29 percent, making it difficult for franchisees to employ more labor.

The City of Seattle passed the minimum wage bill, thereby raising the minimum wage to \$17.25 per hour in the next 10 years. Beginning April 2015 all businesses employing more than 500 employees will have to pay \$15 per hour. Unfortunately, individual franchise owners employing 5-50 employees are considered part of the large corporations and will be required to pay the \$15 per hour minimum wage. The International Franchise Association has filed a federal lawsuit against the Seattle minimum wage law and the U.S. Chamber of Commerce has also joined the IFA lawsuit. The current minimum wage in



Delaware Valley FOA President Al Haffar questioned whether franchisees have freedom of speech with management.

Washington State is \$9.32. Payroll being the major expense for franchisees, a lot of them will not be able to operate their stores unless SEI comes up with a solution to compensate franchisees for this huge expense.

Market 2360 welcomes their new Market Manager, Ms. Theresa Sigurjonsson, and wish her all the best in her new position.

Theresa replaces Mr. Holland Ricker, who has been moved to merchandising. Franchisees of Market 2360 are relieved and happy that Mr. Holland Ricker has been moved to a different position.

We held our annual charity golf tournament on August 12 at the Redmond Ridge Golf Club. I would like to thank all vendor partners and franchisees that participated

and made it a successful event. This year's charity tournament benefitted a local charity called "Project Honduras." **AV**

## PRESIDENT'S REPORTS

President's Reports are published in Avanti as a service to all franchisees for the purpose of sharing information from each FOA throughout the country. Topics include financial information about your market or division; sales performance, trends, and opportunities; changes, problems and issues in your area; and FOA charitable events, trade shows, golf tournaments, holiday parties and other FOA activities. Each FOA president is asked to prepare a President's Report in Avanti three times per year.



Central Florida FOA President Fari Ishani said franchisees need to research the validity of FIWs being issued.

**PLANTERS NUT-RITION**  
**MEN'S HEALTH MIX ARRIVING TO STORES THIS SEPTEMBER**

**EXPANSION OF NUT-RITION WILL SUPERCHARGE CURRENT CATEGORY GROWTH!**

Planters NUT-rition +155% YTD at 7-Eleven!

- Highly Incremental:
  - Bring new guests into category, especially Millennials who over-index with PLANTERS NUT-rition.
- Perfect "Better for Me" snack:
  - High in protein & a nutrient dense offering for the health-conscious, on-the-go guest

**All NUT-rition Now \$1.79 SRP**

**and now...**

**Kraft**

**Men's Health Mix**  
18ct / 1.5oz  
UIN: 480772  
SLIN: 303888

Sustaining Energy Mix Honey Nut  
12ct / 1.46oz  
UIN: 079855  
SLIN: 902631

Sustaining Energy Mix Chocolate Nut  
12ct / 1.72oz  
UIN: 079827  
SLIN: 302649

Heart Health Mix  
18ct / 1.5oz  
UIN: 480756  
SLIN: 303794

**Oscar Mayer**

**STOCK UP ON P3**

**For Period 6 Promo: 2/\$3**

**NEW!**

**Fuel For The 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
- Planters Nuts

**Usage**  
On-the-go snacking mid morning and mid-afternoon

**Now Available!**

**Triple protein-packed energy to help fuel an active lifestyle!**

13g Protein - No Artificial Preservatives

**Size: 1 Ready To Eat 2oz Serving**

**SRP: Promo 2/\$3 Regularly \$1.79ea**

Turkey Breast  
Monterey Jack  
Roasted Almonds

Smoked Ham  
Sharp Cheddar  
Roasted Almonds

UIN: 126581  
SLIN: 172009

UIN: 134007  
SLIN: 172000



Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)

### Legislative Update

continued from page 24

#### Rhode Island Passes Minimum Wage Increase

Rhode Island Governor Lincoln Chafee recently signed a bill to increase the state's minimum wage by \$1 to \$9 an hour, reported Reuters. The hike will take effect next year. Rhode Island joins nine other states and the District of Columbia, including neighboring Connecticut and Vermont, in passing state minimum wage increases during the 2014 legislative session, according to the National Conference of State Legislatures. In June, Massachusetts Governor Deval Patrick signed a law that will raise the state's minimum wage to \$11 per hour by 2017, the highest level of any U.S. state. Also in June, the Seattle City

A Connecticut lawmaker has launched a national effort to tax soda at 1 cent for each teaspoon of sugar.

Council approved a sharp hike in the city's minimum wage to \$15 an hour over the next seven years. Seattle was the first major U.S. city to commit to such a high base level of pay.

#### Two California Cities To Vote On Sugar Tax

Residents of San Francisco and Berkeley in California will vote this November on a proposed tax on sugary drinks that would pay for health and nutrition programs in both cities, reported the *Washington Post*. The San Francisco Board of Supervisors voted in late July to put the measure on November's ballot. If passed, sugary drinks would be taxed at a rate of 2 cents per ounce. The Berkeley city council voted earlier in July to put a 1 cent-per-ounce tax on the ballot. The taxes would be levied on beverage distributors, meaning prices would appear higher on store shelves.

Sugar taxes don't have a winning record when facing voters. Only two state legislatures—Washington's and Maine's—have levied a tax on beverages. Voters repealed those taxes at the ballot box just months after each measure passed the legislature. Similar taxes failed in the California cities of El Monte and Richmond in 2012.

San Francisco and Berkeley residents will vote this November on a proposed tax on sugary drinks to pay for health and nutrition programs in both cities.

#### New York City Loses Final Appeal Of Large Soda Ban

New York's highest court recently refused to reinstate New York City's controversial limits on sales of jumbo sugary drinks, exhausting the city's final appeal and handing a major victory to the American soft-drink industry, which bitterly opposed the plan, reported the *New York Times*. In a 20-page opinion, the judge wrote that the city's Board of Health "exceeded the scope of its regulatory authority" in enacting the proposal, which was championed by former Mayor Michael R. Bloomberg. Two lower courts had already ruled against the city, saying it overreached in attempting to ban the purchase of sugared drinks in containers larger than 16 ounces, about the size of a medium coffee cup. The decision most likely will be seen as a significant defeat for public health advocates who have urged state and local governments to actively discourage the consumption of high-calorie beverages, saying the drinks are prime drivers of a nationwide epidemic of obesity.

#### House Rep Introduces Federal Soda Tax Bill

A Connecticut lawmaker recently launched the first national effort in years to tax soda drinks, the latest bid by regulators and politicians to stem rising obesity and diabetes rates by curbing the consumption of sugary drinks, reported Reuters.

Democratic Representative Rosa DeLauro of Connecticut introduced the Sugar-Sweetened Beverages Tax Act on July 30. The legislation would levy a one-cent tax on manufacturers for every teaspoon of sugar in beverages. The law, which would exempt drinks such as milk and 100 percent fruit juices, targets drinks with significant amounts of added sugars. That would translate into a tax of about 15 cents on a 20-ounce bottle of Coca-Cola.

According to the article, DeLauro is under no illusion about the chances that her measure will become law. She does not even expect the bill to come to a vote. But she wants to bring the debate to Washington for the first time in years, hoping it might help galvanize local efforts to levy similar taxes.

#### NACS Asks U.S. Supreme Court To Hear Swipe Fee Appeal

The National Association of Convenience Stores (NACS), along with several merchant associations and companies, recently filed a writ of certiorari with the U.S. Supreme Court asking the



continued on page 74

# NEW TO 7-Eleven IN 2014, STOCK UP TODAY!



Periside® Creamsicle® Bar  
SLIN #110017  
UPCA 77567 - 30340



Klondike® Mrs. Fields® Premium Cookie Sandwich  
SLIN #110110  
UPCA 77567 - 00489



Good Humor® Vanilla Chocolate Giant King® Cone  
SLIN #110082  
UPCA 77567 - 00822



Breyers® Chocolate 48oz.  
SLIN #110106  
UPCA 77567 - 25420



Breyers BLASTS!™ Thin Mint® Girl Scout Cookie® 48oz.  
SLIN #111332  
UPCA 77567 - 27476



\*Mrs. Fields® is a registered trademark of The Mrs. Fields® Bakery, LLC. Klondike® and the GIRL SCOUT® name, mark and all associated trademarks and logos, including GIRL SCOUT COOKIES®, THIN MINT® and the Thin Mint® are owned by Girl Scouts of the USA. Klondike is an official GSCUSA licensed vendor.



Legislative Update

Court to hear their appeal of the D.C. Circuit Court of Appeals ruling that upheld the Federal Reserve's debit swipe fee rules. NACS initially challenged the Fed's swipe fee rules soon after they became effective in 2011. The U.S. District Court agreed with NACS that the Fed's rules did not follow the law, but the D.C. Circuit later disagreed, which is why NACS has now asked the Supreme Court to decide the case. Other groups litigating the case along with NACS are the Food Marketing Institute, National Restaurant Association, National Retail Federation, Boscov's department stores and Miller Oil Company.

The Fed initially proposed a debit swipe fee rule that was largely consistent with the law passed by Congress, limiting price-fixing by the card companies and largest banks to reduce debit card swipe fees that merchants and their customers pay. After heavy lobbying by the banks, however, the Fed abruptly changed its view of the law and dramatically inflated the amount of the fees that the big banks could charge, NACS explained in a released statement. This caused the fees that many businesses pay to go up rather than down.

Attorneys General Call For Tougher E-Cig Regulation

Now that the FDA has proposed a new rule that would extend the agency's tobacco authority to

Attorneys general from 29 states are calling for more stringent e-cig regulations, similar to tobacco.

regulate electronic cigarettes, 29 attorneys general—including from New York and New England—are calling for more stringent regulations, reported Northeast Public Radio WAMC.org. The attorneys general claim current regulations do not go far enough to protect public health and particularly young people from the harms of cigarette smoking.

New York State Attorney General Eric Schneiderman claims e-cigarettes contain and are based on highly addictive nicotine, which can be a gateway to combustible cigarette use. Among other recommendations, the attorneys general pressed the FDA to prohibit flavors in e-cigarettes and to restrict advertising and marketing for e-cigarettes in the same manner as for tobacco cigarettes. In New York, there is an effort underway to add "electronic cigarette" to the definition of "smoking," thus banning the smoking of e-cigarettes in public areas where cigarette and other tobacco smoking is already prohibited.

State Tobacco & E-Cig Legislation Update

So far this year, very few tobacco and e-cigarette bills have been passed and enacted into law, reported CSP's Tobacco E-News. This is despite the fact that 25 state legislatures considered cigarette and/or tobacco tax-rate increases, 16 states debated bills to assess a tax on e-cigarettes, and 14 states deliberated bills to restrict the use of e-cigarettes and vaping in public places.

continued on page 76

Visit the National Coalition's website at www.ncasef.com



continued from page 49

fourth quarter 2014 net earnings rose 10 percent compared to the same quarter the previous year. • AVT, Inc. announced its new Micro-Store Self-Service Systems, which allow entrepreneurs to open a new business with almost no overhead while attracting customers and selling products 24-hours-a-day through a combination online and automated store. • McDonald's is testing a new smartphone app in Columbus, Georgia that allows users to place and pay for orders thru their iPhones or Android-based devices, reported the Ledger-Enquirer. • The U.S. Food and Drug Administration said it is spending \$270 million on nearly 50 research projects to determine the risks of e-cigarettes before millions more Americans become hooked on the devices, reported Reuters. • This year Wal-Mart will open more smaller grocery and convenience-type stores than supercenters, reported the Wall Street Journal. The company is also making a big push into gasoline, with plans to add filling stations to some 2,000 new Wal-Mart stores in the coming years. • Isis, the mobile digital wallet service in which 7-Eleven is a participating member, is changing its name in the wake of the rise of the ISIS terrorist group which has quickly come to prominence in Iraq, reported CNNMoney. The new name has yet to be announced. • C-store chain Wawa kicked off its expansion into Southwest Florida by opening three new locations in Fort Meyers in July, reported News-Press.com. Wawa has 43 stores open in Florida—27 in Orlando and 16 in Tampa. • New Orleans recently launched a pilot program to collect and recycle cigarette butts, reported the Associated Press. The butts, which are made of cellulose acetate, will be recycled into plastic pellets for industrial use. • Automated retailing company AVT, Inc. announced it is working with several companies to develop vending machines that offer high-end items like gourmet food and expensive jewelry in order to cater to upscale customers. • Georgia Lottery officials

continued on page 76

Tragos FRESCOS Limeade Mandarin & Tamarind Watermelon & Hibiscus

For Your Hispanic Customer! New!

The Hispanic market is projected to grow 167 percent by 2050!



Three NEW flavors inspired by the Latin tradition of Aguas Frescas. Each refreshing combination is made with natural fruit flavors and a splash of alcohol.

THESE EXOTIC FLAVORS ARE LOVED BY HISPANICS AND GAINING IN POPULARITY WITH EVERYONE

52 PERCENT OF BARTENDER PANELISTS REPORT FRUIT FLAVORS ARE HOT

FLAVORED MALT BEVERAGES HAVE THE SECOND HIGHEST HISPANIC VOLUME INDEX IN MALT BEVERAGES

Malt Beverages penetrate 53% of Hispanic households, 2x wine & spirits

Order Through Your Smirnoff Ice Distributor Today! Or Call Dave Castle at 714-414-2527.





## Legislative Update

Tobacco tax increases were proposed but failed in Alabama, Florida, Hawaii, Kansas, Kentucky, Maine, Maryland, Mississippi, Missouri, Nebraska, Oklahoma, Oregon, Rhode Island, Tennessee, West Virginia, Wisconsin and Wyoming.

Vermont enacted a 13-cent per pack tax increase on cigarettes/little cigars and smokeless tobacco effective July 1, 2014, for a new rate of \$2.75 per pack.

Those states with tobacco tax increase bills still pending are:

- California—\$2 per pack cigarette tax increase.
- Massachusetts—bill to increase the tax on other tobacco products to 45 percent designated for a revenue study.
- Michigan—bill to tax moist snuff at 53 cents per ounce as opposed to the current 32 percent tax rate.
- New York—\$1.65-per-pack cigarette tax increase.
- Ohio—60 cents per pack cigarette tax increase over two years and 49 percent tax on other tobacco products over two years.
- Pennsylvania—bill to allow the City of Philadelphia to assess a \$2-per-pack cigarette tax to fund the Philadelphia Public School District.



Bills to assess a new tax on e-cigarettes were proposed but not enacted in Hawaii, Indiana, Kentucky, New Jersey, Oklahoma, Oregon, Rhode Island, South Carolina, Vermont and Washington. North Carolina enacted a tax on nicotine in a solution used for vaping products at a rate of 5 cents per fluid milliliter of consumable nicotine solution product.

Those states with a proposed e-cigarette tax still pending include:

- Michigan—a tax of 15 cents per 1.5 milliliters of the nicotine solution in vapor products including electronic cigarettes.
- New York—a 75 percent tobacco products excise tax on e-cigarettes.
- Ohio—a proposal to assess the \$1.85-per-pack cigarette tax on e-cigarettes. Bills to restrict the use of e-cigarettes in public places were proposed but failed in Alaska, Hawaii, Kentucky, Louisiana, Maryland, New York, Oregon, South Carolina and Vermont. Minnesota enacted a law prohibiting the use of e-cigarettes in government-owned buildings and schools. Those states with e-cigarette/vaping-use bills still pending are California, Delaware, Massachusetts and Pennsylvania. **AV**

## The National Coalition Office Has Moved!

The strength of an independent trade association lies in its ability to promote, protect and advance the best interests of its members, something no single member or advisory group can achieve. The independent trade association can create a better understanding between its members and those with whom it deals. National Coalition offices are located in Santa Cruz, California.



### NCASEF Offices

740 Front Street, Suite 170  
Santa Cruz, CA 95060  
Office 831-426-4711  
Fax 831-426-4713  
E-mail: nationaloffice@ncasef.com

Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)



continued from page 74

announced a record \$945 million transferred to the State Treasury's Lottery for Education Account this fiscal year, **an increase of \$17.6 million over the previous year.** All Georgia Lottery profits go to pay for specific educational programs. • **Walmart has opened six primary care clinics** in Texas and South Carolina, with plans to open six more by the end of the year, in an effort to become a primary medical care provider, reported the *New York Times*. • **Dunkin' Brands**, parent company to Dunkin' Donuts and Baskin-Robbins, is doubling down on its own diversity efforts in the franchising space by partnering with the NAACP to connect people of color with an in-depth look at the franchising business model, reported *QSR Magazine*. • **A Russian crime ring has amassed the largest known collection of stolen Internet credentials**, including 1.2 billion user name and password combinations and more than 500 million email addresses, reported the *New York Times*. **The information was stolen from 420,000 websites**, including household names and small Internet sites. • A federal judge recently ruled that a **2011 FDA committee report on menthol cigarettes is faulty** because three of the panel's members had **conflicts of interests**, reported Reuters. The judge barred the agency from using the panel's findings, which said removing menthol cigarettes from the market would benefit public health. • C-store retailer **Cumberland Farms recently launched its free SmartPay Check-Link Business payment program**, which enables business owners to save 10 cents on every gallon of gas for their fleet of vehicles. • Food chains nationwide like **Panera Bread** and **Chipotle Mexican Grill** are voluntarily looking for solutions to serving only **antibiotic-free meat** amid worries that overuse in factory farming is fostering antibiotic-resistant bacterial strains. • **R.J. Reynolds has chosen Atlanta for a clinical trial of the safety of secondhand smoke from elec-**

continued on page 78

# LIKE BACKWOODS? TRY 1882™



**ALL NATURAL ROLLED LEAF CIGARS**  
Crafted for the perfect balance of  
aroma, body and flavor.



FOR MORE INFORMATION, CONTACT YOUR SWEDISH MATCH REPRESENTATIVE. 800-367-3677 [customer.service@smna.com](mailto:customer.service@smna.com)

BACKWOODS is a Registered Trademark of Max Rohr, Inc. and BACKWOODS Cigars are Produced by Altadis U.S.A., Inc.  
©2014 SWEDISH MATCH NORTH AMERICA, INC.



continued from page 30

year found that a minimum wage of \$10.10 an hour could cost 500,000 jobs nationwide, the state-by-state hiring data released in July by the Labor Department reveals that the 13 states that raised their minimum wages at the beginning of this year are adding jobs at a faster pace than those that did not, reported the Associated Press. In those 13 states, the number of jobs grew an average of 0.85 percent from January through June. The average for the other 37 states was 0.61 percent.

### Dollar General, Dollar Tree Bidding For Family Dollar

Discount chain Dollar Tree, Inc. recently announced plans to purchase competitor Family Dollar Stores, Inc. in a cash and stock transaction worth about \$8.5 billion. The deal, which has been unanimously approved by the Boards of Directors of both companies, was expected to close by early 2015. With the acquisition of Family Dollar Stores, Dollar Tree would have over 13,000 stores in 48 states and five Canadian Provinces, sales of over \$18 billion, and more than 145,000 associates. The company said it would continue to operate under the Dollar Tree, Deals, and Dollar Tree Canada brands, and when this transaction is complete, it will also operate under the Family Dollar brand. Many analysts believe this acquisition would put Dollar Tree in a great position to negotiate with suppliers on price and become a strong competitor for convenience stores and other discount retailers like Walmart.

More recently, Dollar General stepped in with its own

*“Dollar Tree and Dollar General are both bidding to acquire Family Dollar Stores.”*



### DOLLAR GENERAL



proposal to acquire Family Dollar Stores for \$78.50 per share in cash, in a transaction valued at \$9.7 billion. The proposal was conveyed in mid-August to Family Dollar's Board of Directors. Dollar General said the combination would solidify its position as the largest small-box discount retailer in the U.S. with nearly 20,000 stores in 46 states and sales of over \$28 billion.

### Study Shows U.S. Shoppers Love Gift Cards

New consumer research from the Retail Gift Card Association (RGCA) reveals that Americans love giving and receiving gift cards, which presents retailers with significant incremental sales opportunities. RGCA's key findings include:

- 77 percent of consumers have given a gift card in the past year and 90 percent have received at least one in the past year.
- Most consumers don't require a sale or promotion to purchase a gift card.
- 65 percent of consumers prefer the convenience of gift cards when giving a gift from a group.
- Gift cards get shoppers in the door to purchase more—72 percent do some shopping for themselves when going to a store or website to purchase a gift card. Also, gift cards increase sales during redemption—45 percent of

continued on page 82

Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)



continued from page 76

**tronic cigarettes**, reported the *Atlanta Business Chronicle*. • The Senate Appropriations defense subcommittee recently approved a defense spending bill that would **eliminate the 25 percent discount that members of the armed services enjoy** when buying tobacco products at commissaries and elsewhere, reported the Associated Press. • The National Retail Federation recently announced the **formation of the Small Business Retail Council** to organize, recruit and engage Main Street merchants and independent community retailers in grassroots advocacy activities. • Alimentation Couche-Tard announced it has **acquired 55 Super Pantry convenience stores**—51 in Illinois and four in Indiana—from Tri Star Marketing. Once the deal is finalized all of the stores will be operated under the Circle K brand. • New research from Mintel suggests **sales of craft beer (including craft-style offerings) will reach \$20 billion in 2014**, more than doubling sales of five years ago. • Walmart has rolled out its **"Savings Catcher"** grocery price-matching program at all U.S. stores, reported *The News & Observer*. The program offers a refund if customers can prove that a name-brand item is sold for a lower price at a competing store. • **Cold Stone Creamery announced it will open seven new stores in Kenya** over a five-year period. The first location, in the capital city of Nairobi, is scheduled to open in late September 2014. • PepsiCo and The Nature Conservancy have partnered on a new program that will **expand the availability of recycling bins at retail locations like gas stations and c-stores**. The aim of the program is to help grow the beverage container recycling rate to 50 percent by 2018. • Galen.me, which offers a combination of web-based and mobile applications that **enable patients to price shop for nearby doctors and clinics**, has recently launched its first trials in Cheyenne, Wyoming. • **Procter & Gamble plans to cut as many as 100**

continued on page 82

# #1 Take-Home Packs at 7-Eleven!\*

- High dollar ring & growth year over year!
- To date: dollars +34% and units +31% at 7-Eleven, exceeding TL U.S. convenience.

Perfect pack size to fill in at home, for sports games or the office, and as an add-on purchase in your stores!



\*SOURCE: TradeAge and Bituminous, Jan 1, 2014-July 11, 2014. NETILE, FINE LBS, 2000, 1700, 1000, 1.5% and Big Bottle Best are trademarks of Unilever USA Products, Inc., New York, NY. All other trademarks are owned by their respective owners.





Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)

## Greater Seattle FOA Golf Tournament Raises Funds For Make-A-Wish Foundation



The Greater Seattle FOA recently collected \$2,050 at its first annual charity golf tournament at Bear Creek Country Club in Woodinville, Washington. This amount will be donated to the Make-A-Wish Foundation, an organization that grants one wish to every child diagnosed with a life-threatening medical condition, whether they wish for lunch with their favorite celebrity or for their school's baseball field to be remade. Make-A-Wish released the following statement about the program:

"A wish come true helps children feel stronger, more energetic, more willing and able to battle their life-threatening medical conditions. For many, the wish marks a turning point in the fight against their illnesses. Doctors, nurses and other health professionals say the wish experience works in concert with medicine to make their patients feel better emotionally and



Various Greater Seattle FOA Board members and franchisees at the association's first annual charity golf tournament.

even physically. That is why wishes matter. That is why we grant wishes."

We would like to thank all the members who participated in the tournament and congratulate them for aiding us in such a good cause. About 110 people participated in the event, including franchisees, vendors, and our partners from 7-Eleven, Inc. Our Zone Leader, Dr. Lawrence Hughes, said this family (franchisees, vendors, and SEI) needs to get together more often to strengthen relationships. No doubt, the best way to do this is through conjoined efforts to do good in the community as one organization. We look forward to our next charity event in hopes that it will be even more successful and fulfilling.

—AJ Handa, President, Greater Seattle FOA



Greater Seattle FOA Vice President Dilbag S Rai, Greater Seattle FOA Secretary Charan Jit, Zone Leader Larry Hughes, and Greater Seattle FOA President AJ Handa



Greater Seattle FOA Vice President Avtar Rana, Greater Seattle FOA President AJ Handa, Make-A-Wish Foundation Area Coordinator Liz Kent, Greater Seattle FOA Secretary Charan Jit, and Greater Seattle FOA Board member Chander Shakhar

**SETTLE FOR NOTHING LESS**  
HAND ROLLED • NATURAL LEAF CIGARILLO

Hand-rolled in the Dominican Republic, these natural leaf cigarillos are available in two enticing blends - Vanilla or Natural. 3 Cigarillos per pouch, 15 pouches per display. Attractively priced "Buy 2 Get 3".

Available in select markets on September 1, 2014

**BUY 2 GET 3**

**King EDWARD VII**

**NATURAL**  
FINEST QUALITY CIGARILLOS  
SLIN# 321275

**BUY 2 GET 3**

**King EDWARD VII**

**VANILLA**  
FINEST QUALITY CIGARILLOS  
SLIN# 321438

**CATER TO THE KING IN YOU • WWW.THEKINGCIGAR.COM**

SWISHER INTERNATIONAL, INC. **800.874.9720**



continued from page 78

shoppers will spend more than the value of the gift card when they redeem.

## New York City Bans Tobacco Discounts

A ban on tobacco product discounts in New York City went into effect on August 1 after Altria, Lorillard, and Reynolds American opted not to appeal a ruling by a U.S. District Court judge, reported the *Winston-Salem Journal*. The Big 3 had argued that not allowing discounts violated their free-speech rights, and that city-level limits were superseded by state and federal laws. The judge ruled in June that “the ordinance only regulates an economic transaction—the sale of tobacco products below the listed price. It does not restrict the dissemination of pricing information and thus, it does not violate the First Amendment.”

The discounts allow stores to sell tobacco products below list prices. Discounts can include running sales, redeeming coupons, offering bulk discounts or providing free lighters or other non-tobacco products with purchases. Cigarettes sold in New York are subject to a city tax of \$1.50, a state tax of \$4.35—the highest in the country—and the federal tax of \$1.01, for a total tax of \$6.86. According to industry analysts, discounting can be worth billions of dollars a year industry-wide in the

United States. The three tobacco companies declined to comment when asked why they decided to forego an appeal.

## Dunkin’ Urges Cashiers To Upsell

In an effort to boost its sales later in the day, Dunkin’ Brands is pushing cashiers to upsell afternoon customers, reported the *Associated Press*. While upselling is a common sales tactic, it’s not a strategy Dunkin’ has aggressively pushed in the past because most of the chain’s business is in the morning when customers are in a rush and speed is the top priority. Since customers tend to be more relaxed in the afternoon, the company said it sees an opportunity wherein cashiers can take the extra few seconds to ask customers if they want a doughnut, cookie or even a sandwich along with that coffee. Dunkin’ said upselling would be emphasized in an upcoming talk with U.S. franchisees.

## First Target Mini-Store Opens In Minneapolis

Target recently opened a 20,000-square-foot TargetExpress store in Minneapolis near the University of Minnesota, reported *Minnesota Daily*. In a space that’s a fraction of an average Target’s size, TargetExpress carries about

one-fifth of what its normal stores do, including school supplies, groceries, household items, home décor and a small electronics section. It also offers fresh produce, meat, deli, bakery, frozen and dry food items, as well as cosmetics, health and pharmacy items. Prices are

continued on page 84

Visit the National Coalition’s website at [www.ncasef.com](http://www.ncasef.com)

continued from page 78

**brands** to focus on about 80 brands—like Tide—that generate 95 percent of the profits and 90 percent of sales, reported the *New York Times*. • A new scientific study by the medical journal *Addiction* has found that **electronic cigarettes are less harmful than conventional cigarettes** to users and bystanders. • A Spanish physicist has developed a new form of ice cream that changes colors as it is licked, reported *Tech Times*. **The ice cream, called Xamaleon, starts pale blue and turns pink** as it is consumed, and tastes similar to tutti-frutti ice cream. • SABMiller and Molson Coors Brewing Company reported that **MillerCoors second quarter underlying net income grew 8.0 percent** versus the same period in the prior year, driven by positive pricing, sales mix and cost savings. Total net sales increased 2.2 percent. • An ongoing shopper behavior study conducted by The Integer Group and M/A/R/C Research shows that **income does not determine shoppers’ private-label preference**, as most shoppers across income groups say they regularly compare prices between private label and national brands. • **QuikTrip Corp. has made more than \$1.5 million in payments to 47 disabled people** for violations of the Americans with Disabilities Act at its gas stations and c-stores, reported *TulsaWorld.com*. **The plaintiffs claimed the stores had ramps that were too steep** and doors that were too difficult to open, among other violations. • Solutionreach recently launched a smartphone app—**PatientReach Mobile**—that will help healthcare professionals stay connected with their patients outside of the practice environment by allowing HIPAA secure SMS messaging to be exchanged between provider and patient, complete with file or image sharing and push notifications. • Accepting climate change science on its face, companies like **Pepsi, Coca-Cola, Kellogg’s, General Mills, Mars, Nestlé, IBM and Microsoft are taking steps in various ways to respond to climate impacts** affecting their supply chain business and bottom line, reported *U.S. News & World Report*. • Participating McDonald’s in South Florida are testing a **60-second**



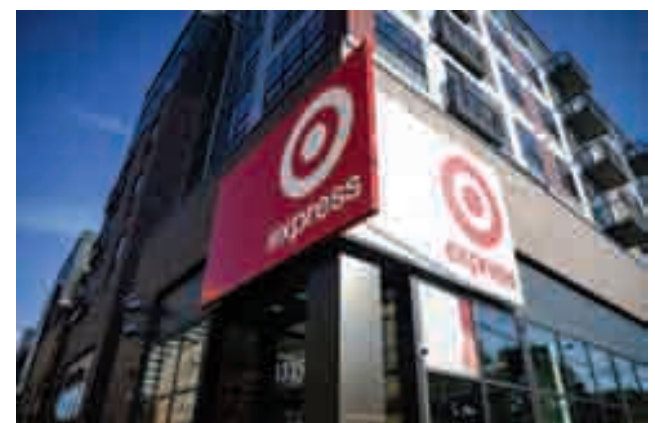
continued on page 89

INCLUDED IN ALL PROGRAMS

- CELLPHONE ACCESSORIES
- ENCAP OR INLINE
- GUARANTEED SALE
- TRY-ME FEATURE PACKAGE
- COVERS 90% OF ALL PHONES
- ODD SERVICE
- HIGH PROFIT MARGIN
- LED LIGHTS IN DISPLAY WITH REMOTE CONTROL
- 34 DIFFERENT COLORED LIGHTS
- CAN ALSO BE ATTACHED TO WALL OR COUNTERS
- TERMS THROUGH TRANSCENTA



- ▶ MILLIONS SOLD
- ▶ LIFETIME WARRANTY
- ▶ SUPERIOR QUALITY & DESIGN
- ▶ HUNDREDS OF PRODUCTS & DISPLAYS
- ▶ 25 PATENTS & COPYRIGHTS
- ▶ OFFICES AND DISTRIBUTORS WORLDWIDE





continued from page 82

similar to local Target stores, but comparatively priced to competitors in the campus area. As Target tests its inaugural small-store format, it will openly solicit feedback from students on product availability and shopping experience. The company said

after experimenting with its mini-store, TargetExpress could crop up in other urban areas where there isn't room for a regular Target or CityTarget.

*“CVS Caremark earned a lot of praise and goodwill, but stands to lose \$2 billion in revenue over a full year, for ceasing the sale of cigarettes in its 7,700 stores.”*



## CVS Cigarette Ban Drives Down Revenues

Although CVS Caremark earned a lot of praise and goodwill when it announced in February that it would stop selling cigarettes in its 7,700 stores, the move came with a hefty price: the company stands to lose \$2 billion in rev-

Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)

## 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.



enue over a full year, reported *Bloomberg BusinessWeek*. In the second quarter, sales

continued on page 86



## Scan Based Trading \$5.99 Holiday Movie Promotion

Replace your current Treasure Hunt display with Gift Quality holiday movies!

Promo consists of:

- \$5.99 - DVD Movies (20)
- \$5.99 - TV Series on DVD (20)
- \$5.99 - Blu-Ray Movies (20)



17.5"W x 15"D x 47.5"H

Pre-Book September 2014

Details:

SRP: \$5.99

Quantity: 60 Units

Program: Pay on Scan

Distribution: FedEx

1

### Why Order SBT Promo?

- ZERO COST to inventory until sold.
- INVOICING weekly based on POS sales.
- REORDERS automatic replenishment based on store sales.
- SHRINK Covered to national average. Above average evaluated on store by store basis.

2

### Product Details

#### Holiday Display

- 20 - \$5.99 DVD Movies
- 20 - \$5.99 TV Series on DVD
- 20 - \$5.99 Blu-Ray Movies

3

### Execution

- After Prebooking the promotion, MUB will ship in the pre-packed floor display with return label to send back the Treasure Hunt ONLY.
- Place the new floor display with product in high-impulse area.
- Keep current inventory of \$4.99 DVD on in-line wire shelf.

Contact Movies U Buy sales today!

800-234-7480

[mike@sqsmv.com](mailto:mike@sqsmv.com)

**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*

ALISON SWEENEY  
Proud member  
MDA Muscle Team

Be the next to flex.

**MDA** Muscular Dystrophy Association  
Fighting Muscle Disease

(800) 572-1717  
[mda.org](http://mda.org)



at the front end of CVS stores—where the cigarettes have been kept—dropped 0.4 percent. The article states CVS isn't just facing lost revenue from the sales of cigarettes, it's also losing money on all the other stuff that those smokers might have

bought. Plus, CVS has locked itself out of an emerging business when it didn't stock e-cigarettes at the time of its tobacco-free announcement because it's waiting for guidance from the FDA before making a decision about selling the vaping devices.



### NORTHEAST FOA'S FIRST TRADE SHOW A TRIUMPH!

It's a great pleasure and a proud moment for the Northeast FOA to announce that we had a very successful first tradeshow on June 5 at the Hyatt Regency Cambridge in Cambridge, Massachusetts. Despite the bad weather on that day, the show was very well attended by more than 100 franchisees and more than 35 vendors.

I would like to thank all the franchisees who showed up at the trade show, for being with us and for taking the time out from your stores to attend the event. I'm confident that the contacts you made at the trade show and the valuable knowledge you gained will help you continue to grow your business and become even more profitable in the future. I'm so glad you were able to join us.

I would also like to thank all three SEI Market Managers, plus NCASEF Chairman Joe Galea, Executive Vice Chair Jivtesh Gill, Vice Chairs Jay Singh and Roger St. George, Treasurer Maninder Walia and Metro New Jersey FOA Vice President Hemang Patel for taking out time from their busy schedules to attend our trade show.

Last, but certainly by no means least, I would like to express our sincerest thanks and appreciation to all the vendors who have shown their commitment to our FOA by exhibiting at our trade show. Thank you for your partnership and for helping to make the 2014 NEFOA trade show such an enormous success.

I extend my sincere gratitude to our FOA President Mohammed Malik and other Board members for their hard work and dedication to making this trade show immensely successful. Your efforts and time are truly appreciated and I feel fortunate to have you guys on our team. Working together is the key to our success!

—Neil Shah, Northeast FOA Vice President

Visit the National Coalition's website at [www.ncasef.com](http://www.ncasef.com)

### Reynolds Acquires Lorillard

Reynolds American Inc., maker of Camel and Pall Mall cigarettes, agreed to buy rival Lorillard Inc. for \$27.4 billion including debt, reported *Bloomberg*. The deal reduces the 400-year-old U.S. tobacco industry to two major competitors. Reynolds will pay a mixture of cash and stock valuing each Lorillard share at \$68.88. British American Tobacco Plc will maintain a 42 percent stake in Reynolds, and Imperial Tobacco Group Plc of the U.K. will acquire brands including Kool and blu e-cigarettes for \$7.1 billion. Together, Reynolds and Lorillard have a market value of about \$58 billion and annual sales of more than \$13 billion.

### Visa & MasterCard Face Swipe Fee Case

Visa and MasterCard recently lost their bid to dismiss more than 30 lawsuits by retailers seeking potentially billions of dollars in damages over swipe fees, reported *Bloomberg*. Merchants including Target and Macy's pursued their cases after dropping out of an earlier \$5.7 billion settlement over swipe fees. In July, a federal judge in Brooklyn, New York, refused to throw out those lawsuits. He also rejected Visa's request to dismiss a similar lawsuit filed by Walmart seeking at least \$5 billion in damages.

The same judge in December 2013 approved the card companies' settlement

*"Merchants including Target and Macy's pursued their cases after dropping out of an earlier \$5.7 billion settlement over swipe fees."*

with merchants nationwide following years of antitrust litigation over the fees. Dozens of large retailers appealed the approval of the accord. Many also dropped out of the deal and filed their own lawsuits, contending it wasn't enough compensation for the hundreds of billions of dollars in fees paid.

### Japan's C-Store Giants Tower Over Smaller Rivals

As major convenience store chains in Japan race to expand their networks around the country, their smaller rivals are falling behind, reported the *Japan Times*. Seven-Eleven Japan Co., Lawson Inc. and FamilyMart Co. each had growth in their more than 10,000 domestic stores by the end of May, while smaller c-store operators Circle K Sunkus Co. and Ministop Co. saw their outlets decrease between March and May. The decrease at Circle K Sunkus was caused by a franchise shift to Lawson, while Ministop closed unprofitable stores. More recently, Seven-Eleven—a unit of retail giant Seven & I Holdings Co.—has been stepping up efforts to open stores in train stations. ■

### FANTASTIC TURNOUT & SUPPORT AT SOUTHERN CALIFORNIA FOA CHARITY GOLF TOURNAMENT

On August 20, the Southern California FOA held its 28th Annual Joe Saraceno Golf Tournament at the Pacific Palms Resort in the City of Industry. The proceeds of the event benefited two great charities: the Children's Hospital Los Angeles and Swim Across America. Both organizations received a check for \$11,711, totaling \$23,422. The Greater LA Zone also contributed to the fundraising effort with a check to the Children's Hospital Los Angeles for \$2,500.

Many vendors, franchisees, and SEI senior management attended the event, which totaled over 150 golfers. Monster Energy, Anheuser-Busch, PepsiCo, and Frito Lay were the Diamond Sponsors. SEI's senior executive team—Darren Rebelez, Sean Duffy, Ena Williams, and Greg Franks—traveled from Dallas to attend the event. Greater LA Zone Leader Norm Hower, along with all the Market Managers, also came out to support the event. Former chairman Bruce Maples, Jivtesh Gill (NCASEF Executive Vice Chair), Jay Singh (NCASEF Vice Chair), and Roger St. George (NCASEF Vice Chair) showed their support and attended the event, too.

It was truly a day to remember as vendors, franchisees, and the SEI team came together to play golf and support two great charities.



**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](http://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
- Jay Singh, Seattle and Midwest  
jksingh2003@yahoo.com  
702.249.3301
- Roger St. George, California  
rdsaint@comcast.net  
360-500-1248
- 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.



# SEI News



## PROBABLE CAUSE FOR A FREE SLURPEE

This summer, for the 19th year, SEI has partnered with local police departments to distribute up to 1 million free Slurpee coupons through Operation Chill, its popular community-service program. Through Operation Chill, law enforcement officers from participating local police and sheriff departments "ticket" youngsters who are caught in random acts of kindness, good deeds or positive community activities with free Slurpee coupons. Appropriate "offenses" might include helping another person, wearing a bicycle helmet while riding or skateboarding, deterring crime or participating in a police athletic league. This year, SEI distributed Operation Chill coupons to approximately 700 agencies—big-city police departments and small-town forces alike—across the U.S.

## 7-ELEVEN DAY TURNS INTO WEEKLONG CELEBRATION

7-Eleven celebrated its 87th birthday this year with several days of free offers, beginning on Friday, July 11, or 7-Eleven Day. Participating stores gave

away millions of small Slurpee drinks between 11 a.m. and 7 p.m. on that day, and each day through July 24 a coupon for a different, free item was featured on 7-Eleven's smartphone app. The promotion was initially slated to end on July 19, but the company extended it after a technical glitch with the offer section of the 7-Eleven app forced it to suspend the program for two days. The daily birthday offers included a free Big Gulp soft drink, M&M's Birthday Cake Flavor candies, Grandma's Cookies, Hostess Twinkies, Snickers or Twix brand ice cream bar, Quaker Chewy Yogurt snack bar, and a Pillsbury cookie.

## DOLLAR HOT DOG DAY AT 7-ELEVEN

SEI celebrated National Hot Dog Day on July 23 by offering \$1 Quarter-Pound Big Bite all-beef hot dogs. The dollar dogs were available all day at participating stores while supplies lasted.

Since 7-Eleven was still celebrating its birthday that day with weeklong offers, guests were able to wash down their Big Bite hot dog



Americans eat 9 billion hot dogs each year during the peak hot dog season, between Memorial Day and Labor Day.

with a free Big Gulp soft drink, which was the day's free item featured on the 7-Eleven smartphone app. Since 1957, July has been designated National Hot Dog Month to celebrate the All-American wiener and bun.

The National Hot Dog and Sausage Council estimates that Americans eat more than 20 billion hot dogs each year, almost 40 percent during the peak hot dog season, between Memorial Day and Labor Day.

## 20 PERCENT DISCOUNT FOR MILITARY VETERANS

Serious about growing its franchisee ranks with qualified military veterans, SEI announced it has increased its franchising-fee discount to 20 percent capped at \$50,000 as an added incentive for qualified veterans who have left the service in the last five years. The company said it will continue to offer a 10 percent franchise fee discount to all other military veterans who meet the company's franchisee qualifications. SEI first instituted the incentive for retired and separated veterans of the U.S. Armed Forces in 2009 to help them achieve the American dream of owning one's own business. 7-Eleven has been recognized as a military-friendly company for its veteran hiring practices, military veterans' franchise program and a charitable mission to support military families.

continued on page 89



# SEI News



continued from page 82

guarantee for customers who place lunch orders at the drive-thru between noon and 1 p.m., reported FoxNews.com. Patrons who do not receive their meal within a minute get a free lunch item on their next visit. • **Sheetz had to halt beer sales at its Shippensburg, PA location** shortly after receiving a liquor license because a local community group filed an appeal against the Liquor Control Board's decision to allow beer sales in the store, reported *The Patriot News*. Sheetz is presently fighting to get rules changed in the state to allow c-stores to sell beer. • **The California Lottery has significantly upgraded its "Lucky Retailers" online site** to help lottery players find retailers that sell the most winning tickets, reported the *Sacramento Bee*. • **Consumption behaviors in the U.S. have become less household-oriented** and more individualized than previous generations, and now over 50 percent of eating and beverage occasions happen when consumers are alone, according to The NPD Group. • **Visa Inc. announced it is helping U.S. fuel retailers prevent credit and debit card fraud at the pump with intelligent analytics that identify higher-risk transactions** that may be fraudulent. • **San Antonio-based CST Brands has agreed to acquire Lehigh Gas**, the general partner of **Pennsylvania-based Lehigh Gas Partners**, reported *The Morning Call*. The deal combines two companies pursuing aggressive growth strategies in the convenience retail and motor fuels business. • **LA Top Distributor**, a top provider of c-store items in Los Angeles, has offered the following advice on how c-stores can improve their sales: **make sure the check-out area is clean and uncluttered, know your customer base, make sure you're always in stock, and follow overall market trends.** • **The Postal Service continues to be mired in debt because of \$5 billion in future retiree health care.** ■

continued from page 88

## CAROLINA 7-ELEVEN OFFERING CHEERWINE SLURPEE

Carolina Cheerwine followers can find their favorite cherry-flavored beverage in frozen form at 131 7-Eleven stores in North and South Carolina. Cheerwine, the "legendary soft drink of the South," has been described as best served bone-chilling cold, which makes it a perfect new Slurpee flavor. SEI began experimenting with local flavors earlier this year with the introduction of a Vernors Ginger Ale Slurpee drink in its Michigan stores, which drew enthusiastic crowds. Likewise, Cheerwine aficionados are discovering the Slurpee version of their favorite. Other local Slurpee flavors include Squirt in Los Angeles-area 7-Eleven stores and Big Red in greater San Antonio 7-Eleven outlets.

## DORITOS LOADED SNACKS & MTN DEW SOLAR FLARE LAUNCH

On July 2, SEI and PepsiCo kicked off the national launch of two complementary food and beverage product innovations for 7-Eleven customers this summer: Doritos Loaded, a bold, new snack sensation, and Mtn Dew Solar Flare, the first-ever exclusive Mountain Dew flavor for 7-Eleven's Big Gulp fountain drinks. The products were developed to be easily paired and were



launched with an integrated marketing and consumer-engagement program.

Doritos Loaded is triangular in shape, loaded with melted cheese and encrusted with bold Doritos Nacho Cheese flavor. The melted-on-the-inside, crunchy-on-the-outside, nacho cheese creation is a portable, easy-to-eat hot snack. Doritos Loaded can easily be paired with Mtn Dew Solar Flare, which started to roll out in May. The beverage has the bold citrus flavor of Mountain Dew with a blast of tropical punch.

## SEI'S VENTURE CAPITAL ARM

Google has Google Ventures, Intel has Intel Capital, and 7-Eleven has a venture capital arm, too, reported Re/Code.net. Called 7-Ventures, the company is using its investment arm to back experimental food and beverage startups, as well as tech companies that can help it interact with customers in new ways. According to the article, 7-Eleven

"sees itself not just as a place to get a hot dog or nachos, but potentially as the first or last mile for all manner of commerce." Since 7-Ventures launched in August 2013, it has already invested in customer loyalty firm Belly and KeyMe, a digital locksmith startup. AV

7-Ventures has invested in customer loyalty firm Belly, and KeyMe, a digital locksmith startup.

# Cakeballz™



Emotionally healthy!

Order today!

When sold through



.65 average units sold per day!  
(June-July 2014)



Birthday Cake  
UIN#230433



Chocolate  
UIN#230458



Red Velvet  
UIN#230557

# VENDOR FOCUS

## blu eCigs Introduces Newest Flavor In Disposable Line



blu Cherry Crush Disposable is sure to be a hit with both new and current e-cig users.

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

## Fresh Tasting Cakeballz With Extended Shelf Life

Cakeballz—bite-sized pieces of cake covered in icing—are refreshing the category with their unique production methods, great taste and eye-catching packaging. Until the introduction of Cakeballz, finding a consistent, boutique bakery item with an extended shelf life and a uniquely fresh taste has been rare in the world of mass retail.



Bite-sized Cakeballz are already selling big in select 7-Eleven stores.

Available through many major distributors, Cakeballz (a product of National Cake Ball Brands, LLC) have rolled onto the scene and appeared in select 7-Eleven stores across the nation. In their first two months, the product has sold an impressive average of .65 units per day. The product is offered in three original flavors: Birthday Cake, Red Velvet, and Chocolate, as well as several seasonal/holiday offerings. The bite-sized treats are shipped frozen, sold at ambient temperatures and retain a 45-day shelf life.

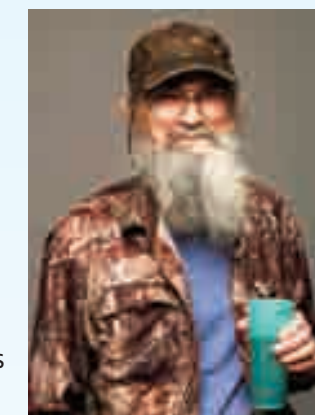
When sold at ambient temperature, the Cakeballz come 3 to a pack, and are sold to retailers via display cases that contain 12, 3-count packages. Additionally, a new three-tier wire rack is now also available. The SRP is \$1.99 and is shipped through McLane. For more information contact Sales@cakeballz.com.

## Dippin' Stix Return To 7-Eleven

Dippin' Stix is back in 7-Eleven and can be ordered through McLane. Available in two varieties—Sliced Apples & Caramel (McLane UIN—508770; SLIN—175989) and Carrots & Ranch Dip (McLane UIN—508762; SLIN—176166)—Dippin' Stix is geared

continued on page 92

## IS THAT UNCLE SI'S ICED TEA?



Consumers can finally get their hands on Uncle Si's Iced Tea, made popular by "Uncle" Si Robertson of A&E's Duck Dynasty fame. Brewed with premium select teas, real juices and natural ingredients, Uncle Si's Iced Tea fills broad-based consumer demand for natural RTD beverages. Available in four flavors—Sweet, Un-Sweet, Peach, and Half & Half (half iced tea/half lemonade)—Uncle Si's Iced Tea has attracted a lot of attention since its official launch at the Duck Commander 500 NASCAR race on April 7 at the Texas Motor Speedway in Ft. Worth. In fact, it has acquired a community of more than 160,000 Facebook fans on [www.facebook.com/DrinkUncleSi](http://www.facebook.com/DrinkUncleSi) in the first



Uncle Si's Iced Tea by Si Robertson of A&E's Duck Dynasty fame.

100 days since launch. Distribution of Uncle Si's Iced Tea is growing via a list of key partners including Prairie Farms, Core-Mark, US Foods, Choice Brands, and Hiland Dairy.

New products and services for 7-Eleven Franchisees

## VENDOR FOCUS

continued from page 91

toward the convenience channel with its value price points of \$1.69 or 2 for \$30. Consumers are trying to eat healthier (71 percent), and fruit and vegetable snacks are a growing category. In fact, sliced



apple sales were up 42 percent last year. Take advantage of the sales opportunities Dippin' Stix offer. With a cost of \$1.02, Dippin' Stix generate GP\$ of \$0.57/\$0.96 (2 for \$3) and GP Margins of 36 percent/32 percent.

**Dippin' Stix have re-launched in 7-Eleven.**

continued on page 94

### ENJOY HIGHER SNACKS SALES WITH THESE NEW KELLOGG'S C-STORE PRODUCTS

#### Keebler Chips Deluxe Bite-Size Cookies With M&M's

Continuing its tradition of creating intriguing flavor combinations, the Kellogg's Convenience Team has launched a new cookie: Keebler Chips Deluxe Bite-Size Cookies with M&M's leverages the magic of Keebler and the popularity of M&M's to bring busy consumers a rich, fun-to-eat snack.

These extra-thick, rich and golden cookies are made with quality ingredients and loaded with real chocolate chips and classic M&M's. Keebler Chips Deluxe Bite-Size Cookies with M&M's join a proven portfolio of offerings and are an exciting addition to the sweet set. The product is delivered in a 3-ounce grab 'n go bag with a punch hole for easy displaying or flow-through carton for shelf display. For more information, call 877-511-5777 or visit [www.kelloggsconvenience.com](http://www.kelloggsconvenience.com).



#### New Kellogg's Krave Treat Bars

Leveraging the huge popularity of Kellogg's Krave Cereal, Kellogg introduces Krave Treat Bars. Like the cereal, Kellogg's Krave Treat Bars are made with multi-grains and real chocolate, but takes it to a new level by adding marshmallow crème to the S'mores flavor and chocolate crème to the Brownie flavor. Both of these bar varieties are drizzled with chocolatey coating and the Brownie Bar is topped with chocolate chips. Order Kellogg's Krave Treat Bars by the case with 8 units per display carton with 8 cartons per case.



#### Pringles Tortilla Crisps Add Zest To Salty Snacks Sales

Just as the growth of tortilla chips is outpacing the Total Chips Segment\*, Pringles introduces Tortilla Crisps. Packaged in the signature can, these flavorful crisps have the familiar saddle shape but are bursting with crazy fresh flavors like Truly Original, Nacho Cheese, and Southwestern Ranch. With great crunch, taste, and texture, Pringles Tortilla Crisps offer real snack satisfaction. (\*Nielsen Total US XAOC 52 weeks ending June 15, 2013)



#### Gluten Free & Flavorful Special K Popcorn Chips

Special K Popcorn Chips are uniquely light and crispy oven baked chips made with 100 percent real corn—and they're gluten free! Available in popular Butter and Kettle Corn flavors, Special K Popcorn Chips leverages the strong saleability of popcorn with a great tasting chip that appeals to all consumers, especially those looking for gluten-free snacks.



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

**Call 1-800-982-7454**  
for more information on Natural American Spirit.

Organic tobacco does **NOT** mean a safer cigarette.

No additives in our tobacco does **NOT** mean a safer cigarette.

**CIGARETTES**  
Natural American Spirit® is a registered trademark of Santa Fe Natural Tobacco Co. © SFNTC 3 2014

## VENDOR FOCUS

continued from page 92

### Green Dot 'Send Money' Feature Streamlines Transfers

Green Dot recently introduced "Send Money," a feature allowing personalized Green Dot cardholders to conveniently send money to U.S. residents who have a Green Dot Bank issued card or PayPal account.

The process is simple: Users log in to their account at greendot.com and navigate to the "Send Money" feature within the "Pay Bills & People" tab. Cardholders input the recipient's name, their email or mobile number, and the total amount they'd like to send to the recipient. Senders also have an option to draft a short message to accompany the funds. The recipient is then notified via email or text that someone has sent them money and can choose to load the money onto an existing Green Dot Bank issued card, load the money onto an existing PayPal account, get a new Green Dot Prepaid debit card, or decline the transfer altogether.

The new Green Dot Send Money feature streamlines the process of sending cash to friends and family and is just another example of Green



Green Dot cardholders can now send money to other cardholders.

Dot's dedication to fulfilling the needs of its cardholders. For more info, visit greendot.com.

### Chef Robert Irvine's Fit Crunch Baked Bars Taste Incredible

World-renowned Chef Robert Irvine and FortiFX founder/industry pioneer Sean Perich have teamed up to create a protein bar that provides real great-taste and nutrition—Fit Crunch Baked Bars, the only 6-layer baked bars on the planet. Each bar delivers the highest quality protein blend, starting with Whey Protein Isolate. With low sugar, Fit Crunch Baked Bars eliminate the sugar spike while making it easy to stay on track with fitness goals. Additionally, the baking



Fit Crunch Baked Bars have redefined the protein bar experience. technology provided by Sean Perich and the gourmet inspired taste of Chef Robert Irvine is what sets Fit Crunch Baked Bars apart from the rest.



### Swisher Sweets' Limited Edition Cigarillos Only At 7-Eleven

Swisher Sweets has joined the 7-Eleven FBO program to offer its newest limited edition cigarillos exclusively to 7-Eleven franchise owners during September and October. 7-Eleven stores will be the only place for adult consumers to buy Swisher Sweets Blazing Fire and Swisher Sweets Arctic Ice cigarillos through October.

These two new limited edition cigarillos round out the immensely popular Swisher Sweets limited edition cigarillos introduced throughout the year. Swisher Sweets Blazing Fire has



Swisher Sweets Blazing Fire and Swisher Sweets Arctic Ice cigarillos only at 7-Eleven through October.

### VAPORMONES NICOTINE FREE VAPING LIQUIDS

Scientific Scents introduces Vapormones, innovative nicotine free e-liquid juices. Featuring direct response olfaction—the newest technique in self-improvement—Vapormones offers fourteen 10 mL formulas, each affecting a particular target region of the brain that is responsible for a certain activity. Some of the targeted activities include elevating mood, reducing stress and anxiety, increasing memory and focus, facilitating natural pain relief, lowering blood pressure, improving sexual satisfaction, decreasing appetite, and promoting fat burning.

Vapormones are nicotine free, completely safe, natural vaping liquids. They are created in an FDA registered USA manufacturing facility in accordance with GMP standards.



Nicotine-free Vapormones quickly and efficiently target various areas of the brain.

continued on page 97



## The FASTEST GROWING Segment In The Coffee Industry Today!

Billions of single serve coffee cups will be sold this year. Make sure your store is a part of what is the fastest growing segment in the coffee industry.

100% VENDOR FUNDED

# BUY ONE GET ONE FREE!\*

Order 2 cartons of Authentic Donut Shop Blend and get billed back for only 1!

\*Get unlimited BOGOs while supplies last, for a limited time. Offer ends October 15, 2014.

### Order From McLane Today!

With its great taste and cool retro look, Authentic Donut Shop Blend is our best selling coffee, loved from coast to coast.



SLIN: 211095  
LDU: 1 x 12ct Box  
Retail: \$9.99  
Cost: \$5.44  
Margin: 45.5%





# RELOADING IS FASTER & EASIER



No MoneyPak<sup>®</sup> needed

- collect cash
- swipe
- done

Now you can reload over 100 prepaid cards at the register:



USE SOME for details. Reload and card balance limits apply. This receipt is proof of reload.

© 2014 Green Dot Corporation



# VENDOR FOCUS

## VENDOR FOCUS

continued from page 94

an intense cinnamon taste that's both sweet and spicy. Swisher Sweets Arctic Ice provides a cold and frosty blast of icy mint.

Both limited edition cigarillos are available to ship to 7-Eleven stores beginning September 1. They come in resealable 2-count pouches with the "Sealed Fresh" guarantee, and are available in "2 for 99¢" and "Save on 2" options. Swisher Sweets limited edition cigarillos are offered only while supplies last, so get them while they're hot (and cool).

For more information and to place your order today, contact your Swisher representative at 1-800-874-9720.

### Vital 4U Liquid Energy & Screamin Energy Back In 7-Eleven

Vital 4U Liquid Energy and Screamin Energy are back in 7-Eleven, and the response has been exciting. All stores were offered free 6 units of each, and just about every store in



the 7-Eleven system has received their free samples. Customers are excited to have their favorite Ginseng Drinks back in 7-Eleven. Remember to reorder Vital 4U Liquid Energy (SLIN# 222063) and Screamin Energy (SLIN# 221941) and give your customers the Ginseng Drinks they want when they come to your store.



Vital 4U Liquid Energy and Screamin Energy are now Recommended Items.

Liquid Energy is available in the original Colombian Coffee Flavor and Screamin Energy is available in the delicious Coffee Mocha flavor. Both items are Ready-To-Drink straight from the package with no mixing necessary, and they do not need to be added to water or a beverage. Easy to take with you anywhere you go, the Vital 4U Ginseng Drinks are worth giving a try for your customers' benefit.

continued on page 98

## 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<sup>®</sup> 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/love](http://sprint.com/love)

Offer ends July 10

Not available in all areas.

Restrictions apply. See store for details.

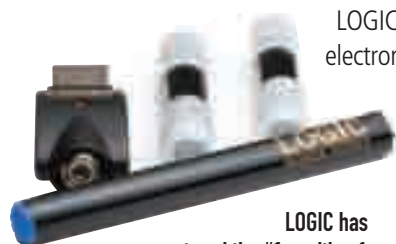


Happy Connecting

Offer ends 7/10/14. 12 Mo. Free Unlimited Data Buy Up: SDP eligible new lines porting from other carriers to Sprint Family Plan only (\$25-\$35/mo excluding taxes and surcharges). Excludes providers associated with Sprint (i.e., Virgin Mobile USA, Boost Mobile, and Assurance). SDP 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/](http://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](http://sprint.com/termsandconditions). SDP \$200 Visa Prepaid Card Offer: Available only to eligible SDP accounts with valid Corp. ID. When supplies last. Device requires activation at point of sale. Request must be made at [sprint.com/love](http://sprint.com/love) 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. Offer req. may apply for installment customers. Restrictions apply. See store or [sprint.com](http://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 cash 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](http://sprint.com/) for details. © 2014 Sprint. NS45395CA

continued from page 97

## LOGIC E-Cigs Capture #1 Spot In C-Stores



LOGIC has captured the #1 position for unit share in c-stores nationwide.

LOGIC Technology, makers of premium electronic cigarettes, announced the latest results from Nielsen's C-Track Database, indicating that the brand has captured the #1 position in the U.S. for unit share in convenience stores nationwide. Additionally, LOGIC continues to maintain a strong hold on the #2

rank for dollar share across the U.S.

Currently, LOGIC leads the category in total U.S. unit share at 24.3 percent. In total U.S. dollar share, LOGIC holds the #2 rank at 22.9 percent. For more information on LOGIC Technology, visit [www.LogicEcig.com](http://www.LogicEcig.com). LOGIC electronic cigarettes are available in disposable and rechargeable versions and can be ordered for 7-Eleven stores nationwide.

## Smirnoff Ice Screwdriver Now In 16-Oz Cans

Diageo-Guinness announced that its #1 Smirnoff Ice flavor nationally—Smirnoff Ice Screwdriver—is now available in 16-ounce cans. Smirnoff Ice Screwdriver has double digit growth across all channels.



Flavored Malt Beverages are 6 percent of the malt beverage market, but had 21 percent of FMB growth in 2013 (Nielsen 52wks ending 3/1/14). Additionally, 16-ounce cans are the #1 size in c-stores (Nielsen XAOC- CONV + LIQ). Display with FMBs on your top shelf, or drive impulse purchases off cold box sales. Contact your Smirnoff Ice Distributor or call Annmarie Olind at 469-766-2528 for more information.

Stock up on #1 Smirnoff Ice Screwdriver in 16-ounce cans.

## Boost Your Frozen Foods Sales With New Stouffer's Deal

Take advantage of a hot new deal offered by Nestlé Confections to increase your frozen foods sales: Buy 2 Stouffer's Frozen Meals, Get 1 Stouffer's New Mac Cup Free! This deal runs September through October and is available now through McLane.



Don't miss out on Nestlé's new Stouffer's deal.

Nestlé is the clear leader in the frozen prepared foods category, and Stouffer's is the undisputed leader in frozen prepared meals. This deal offers a Gross Profit of 55 percent.

Customers can buy any two of the following Stouffer's Frozen Meals: Stouffer's Macaroni and Cheese 12 oz. (SLIN 0180010); Stouffer's Lasagna With Meat & Sauce 10 oz. (SLIN 0180011); Stouffer's French Bread Pepperoni Pizza 11.25 oz. (SLIN 0180130); Stouffer's French Bread Pizza Deluxe 12.375 oz. (SLIN 0180053); Stouffer's Macaroni & Beef In Tomato Sauce 12 oz. (SLIN 0180054); Lean Cuisine Chicken Club Panini 6 oz. (SLIN 0180224); Stouffer's French Bread Cheese Pizza 10.375 oz. (SLIN 0180226); and get one free Stouffer's Mac Cup Cheesburger 12 oz. (SLIN 0180706) or Stouffer's Mac Cup White Cheddar Bacon 12 oz. (SLIN 0180707).



## Kraft Unveils New Planters & Oscar Mayer Items

Kraft introduces two new products designed to increase your protein snack category sales.

**Planters Nut-rition Men's Health Mix** (UIN: 480772, SLIN: 303888) is arriving to stores in September. Expansion of the Planters Nut-rition line will supercharge current category growth. Planters Nut-rition is +155 percent YTD at 7-Eleven and Men's Health Mix will help bring new guests into the category, especially Millennials who over-



## SMOKEY MOUNTAIN SNUFF THANKS 7-ELEVEN!

Smokey Mountain Herbal Snuff has partnered with Richard Childress Racing and the No. 62 Chevrolet Camaro of Brendan Gaughan for the NASCAR Nationwide Series O'Reilly Auto Parts Challenge on Saturday, November 1 at Texas Motor Speedway. During this event, as a way of saying "Thank You" to its 7-Eleven Partners, the 7-Eleven logo will be shown prominently on the upper quarter panels and decklid of the No. 62 Smokey Mountain Snuff/7-Eleven Camaro.

The event will be televised on ESPN2, MRN Radio and SiriusXM NASCAR Channel 90 beginning at 3:30 PM ET on Saturday, November 1. Brendan Gaughan has made 25 starts at Texas Motor Speedway across all three of NASCAR's top touring divisions since 2001 and the Las Vegas, Nevada native has four wins at the Fort Worth, Texas track, including 207 laps led.

Please tune-in to cheer for the Smokey Mountain Snuff/7-Eleven team!

index with Planters Nut-rition. Planters Nut-rition Men's Health Mix is the perfect "better for me" snack—a high in protein and nutrient dense offering for the health-conscious, on-the-go guest.

With the introduction of Men's Health Mix, all Planters Nut-rition items are now \$1.79 SRP. The Planters Nut-rition line includes Sustaining Energy Mix Honey Nut (UIN: 079855, SLIN:

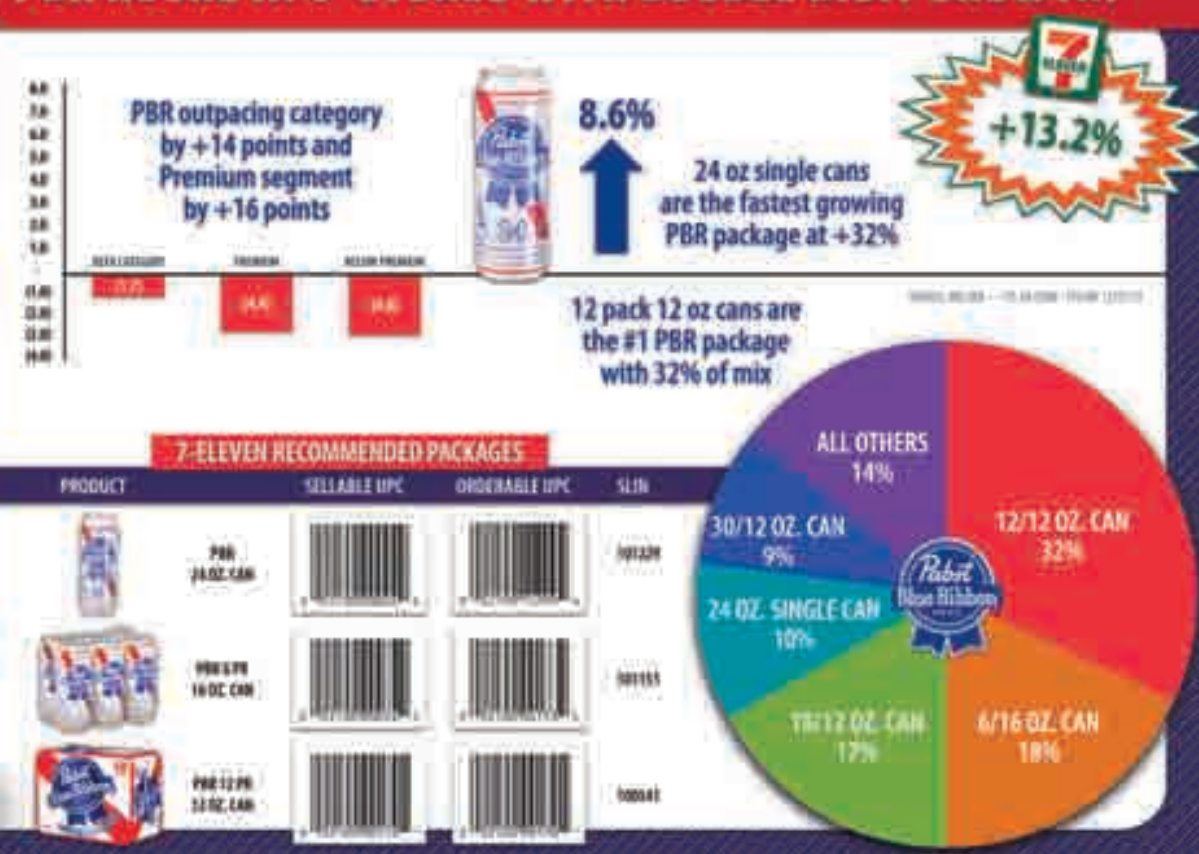


Grow your protein snack sales with new Planters Nut-rition Men's Health Mix and Oscar Mayer P3.

continued on page 100



## PBR ROCKS IN C-STORES WITH DOUBLE DIGIT GROWTH!



## VENDOR FOCUS

continued from page 99



302651), Sustaining Energy Mix Chocolate Mix (UIN: 079822, SLIN: 302649), and Heart Health Mix (UIN: 480756, SLIN: 303794).

**Oscar Mayer P3 Protein Power Pack** contains three protein-rich foods to help fuel an active lifestyle: Oscar Mayer Selects Meat, Kraft Natural Cheese and Planters Nuts. The protein snacking category (string cheese, nuts, protein bars, protein drinks

and meat snacks) is growing strong at +5 percent, so don't miss out on the Period 6 promo of "2 for \$3" (regularly \$1.79 each) to grow your category sales.

Oscar Mayer P3 is available in two varieties: Turkey, Monterey Jack and Roasted Almonds (UIN: 126581, SLIN: 172009) and Smoked Ham, Sharp Cheddar and Roasted Almonds (UIN: 134007, SLIN: 172000).



### Movies U Buy Continues Scan Based Trading For 7-Eleven

Scan Based Trading (SBT) is becoming the newest industry standard across the country for retail stores. With SBT, Movies U Buy offers their full product line of the highest selling DVD and Blu-ray selections—at no cost to your store until it sells. There are no inventory costs and displays are maintained by refilling based on sales data to maximize sales. Take advantage of the latest SBT Holiday prebook! This promotion includes a selection of Blu-ray, TV Series on DVD, and DVD Movies all at a \$5.99 retail price point. Since its introduction in November 2013, participating 7-Eleven stores have increased total retail sales by 54 percent! **AV**



With SBT, Movies U Buy offers their selections at no cost to your store until movies sell.

## FOA BOARD MEETING DATES

### Cal-Neva FOA

Phone: 775-826-7111

September 17  
October 15  
November 19  
December 17

### Central Florida FOA

Phone: 407-715-9998

September 10—Sarasota  
October 9—Orlando  
December 4—Lakeland

### Columbia Pacific FOA

Phone: 503-984-1398

December—Board Meeting & Elections

### FOA Of Greater LA

Phone: 951-766-7490

August 19  
September 16  
October 21—Mini Trade Show  
November 18  
December—No Meeting

### Greater Bay FOA

Phone: 707-328-3960

September 16  
October 21  
November 18

### Greater Seattle FOA

Phone: 425-308-1216

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

November 13—Vendors Welcomed

### Pacific Northwest FOA

Phone: 253-861-6737

September 17—FOA Dinner Meeting  
November 12—General Meeting

### San Diego FOA

Phone: 619-713-2411

September 18—General/Safety Meeting  
October 16—Monthly Board Meeting  
November 20—Monthly Board Meeting

### Southern California FOA

Phone: 818-357-5985

September 10  
October 8  
November 12  
December 10

### South Florida FOA

Phone: 954-465-6896

October 9—Board Meeting  
November 13—Board Meeting  
November TBD—General Meeting

### San Francisco/Monterey Bay FOA

Phone: 650-996-9479

September 9  
October 14  
November 11



### Southern Nevada/ Las Vegas FOA

Phone: 702-249-3301

September 11—Board Meeting  
September 25—Board Meeting  
October 16—Board Meeting  
November 6—Board Meeting  
November 20—General Meeting/Elections

# Get The Best Selling P&G Brands Now Recommended!

**#1 Brand! 2 Top Scents!**  
Febreze Air Effects Scent of Linen & Sky SLIN 310081

**Best Selling Brand at the Right Price!**  
Febreze Air Effects Scent of Gain SLIN 310084

**Best Selling Brand!**  
Tide Simply Clean & Fresh 40 ounce SLIN 310081

**Best Seller! Innovative!**  
Mr. Clean Magic Eraser, 2-count SLIN 310184

**Convenient to Use!**  
Gain Flings, 14-count SLIN 310081

**Best Selling Brand!**  
Charmin Basic 4 Roll Double Roll SLIN 200370

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

**Order Through McLane Today!**

## FOA EVENTS

### UFOLI DUFFERS' GOLF CLASSIC

Timber Point Country Club  
Great River, New York  
September 4, 2014  
Phone: 631-680-7611

### 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

### FOA OF GREATER LA HOLIDAY PARTY

(location and date to be announced)  
December 2014  
Phone: 951-766-7490

### 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

### EASTERN VIRGINIA FOA ANNUAL CHRISTMAS PARTY

(location to be announced)  
December 5, 2014  
Phone: 757-247-6152

### 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 BAY FOA HOLIDAY PARTY

Marriott Oakland City Center  
Oakland, California  
December 6, 2014  
Phone: 707-327-2989

### SAN DIEGO FOA HOLIDAY PARTY

La Gran Terraza  
San Diego, California  
December 6, 2014  
Phone: 619-713-2411

### 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  
Phone: 407-715-9998

### VIRGINIA FOA HOLIDAY PARTY

(location to be announced)  
December 15, 2014  
Phone: 301-568-9216

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

Santa Clara Marriott  
Santa Clara, California  
April 11, 2015  
Phone: 510-754-1113

## NCASEF BOARD MEETINGS

### 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

## Advertisers Index

Anheuser Busch .....	6	McLane .....	54
Aon Risk Services Southwest .....	38	Mondelez .....	63
Blu Ecig .....	48	Monster .....	44-45
Cake Balz .....	90	Movies U Buy .....	85
Coca-Cola .....	Cover 2	National Tobacco .....	43
Diageo Guinness USA .....	19,75	Nestle Confections & Snacks .....	46
Don Miguel .....	69	Nestle Professional .....	39
Duracell .....	65	Nestle Waters .....	9,79
Ferrero .....	10	Papst .....	98
Fifo Wireless .....	83	Perfetti Van Mele .....	8
Frito Lay .....	49	Precise Nutrition .....	67
Green Dot .....	96	Procter and Gamble .....	101
Heineken .....	12	Santa Fe Tobacco .....	93
Hershey .....	23	Shamrock .....	30
Hot 'N Spicy .....	40	Simply Orange .....	50-51
Insight Beverages .....	31	Single Cup Coffee .....	95
Johnson&Johnson .....	27	Smokey Mountain .....	34
Just Born .....	25	Sprint .....	97
Kellogg's .....	7	Sunny-D .....	36
Kraft .....	71	Swedish Match .....	5,77
Kretek .....	29, Cover 4,	Swisher .....	17,81
Logic Ecig .....	52-53	Unilever .....	3,4,73
Mars Chocolate .....	21	Whitewave Foods .....	11
Mars Ice Cream .....	15	Wrigley .....	Cover 3
Maruchan .....	35	Windsor .....	32

CURIOSLY  
COOL  
MINTS

ALTOIDS

— . ARCTIC . —  
CURIOSLY COOL MINTS

America's top-selling mint\* is now being joined  
by Altoids Arctic, the Curiously Cool Mints.

\*ALTOIDS® Peppermint 1.76 oz. tin is the top-selling mint SKU in the U.S. (2013 year-end Nielsen scan data)

©2011 & ©2014 K. Brown. All Rights Reserved. Brand, Curiously Cool and all affiliated designs are trademarks of K. Brown or its affiliates.



# DJARUM

NACSSHOW

Visit Us  
at Booth  
3015



## CIGARS

Over the past 5 years, Djarum has provided more than a billion shared moments of pure relaxation and escape for millions of cigar lovers\*. That's because no matter which Djarum style your customers choose, the rich aroma and pure clove smoothness of Djarum satisfies their expectations. So no matter where they are, there's another Djarum smoker someplace sharing the moment. Proudly stock Djarum. The 'must have' brand for your packaged cigar section.

Share the Moment.  
Earn the Profit.



Your Kretek representative  
has all the details; [salesinfo@kretek.com](mailto:salesinfo@kretek.com)

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



©2014 Kretek International, Inc.  
\*Source: Independent national consumer usage survey  
ECH Solutions, Cincinnati, OH August 2013.

PHOTO: GETTY IMAGES