

# AVANTI

November/December 2014

THE VOICE OF 7-ELEVEN FRANCHISEES



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## Is Change In The Air?

SEI Reaching Out  
To Franchisees



**NCASEF 40th  
Annual Convention  
& Trade Show**

IN COOPERATION WITH  
FOA CHICAGOLAND

*July 27-31, 2015*

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We Are Making Progress  
Minimum Wage Increases  
Will Impact Our Businesses  
Franchisees Should Be Seen And Heard  
Dawn Of A New Era—Or Is It?  
Disconnect With Store-Level Reality?  
Our Meeting With SEI Upper Management  
Our Chicagoland Meeting  
With SEI Executives  
An Image Factor  
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Rebuild Franchisee Confidence





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1. Source: Major retailer shopper card data 52 week ending 5/18/13  
2. Source: Nielsen, Volume Growth Latest 52 Weeks ending 08/16/14 3. Source: Nielsen, Volume Growth Latest 52 Weeks ending 08/16/14



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IN COOPERATION WITH FOA CHICAGOLAND

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## Member News

### 7-Eleven Shuts Out Apple Pay

7-Eleven is among several heavyweight retailers that have decided not to accept Apple Pay, Apple's mobile payment system for the iPhone 6, reported *The Verge*. That's because SEI, Walmart, Kmart, Rite Aid, Best Buy and a significant number of other merchants—though a joint venture formed in 2012—are building their own mobile payment app called CurrentC, which is expected to launch next year. In the meantime, these retailers have no intention to support Apple Pay.

*“Other merchants—though a joint venture formed in 2012—are building their own mobile payment app called CurrentC.”*

### 7-Eleven Ranks #2 On Franchise Times Top 200

7-Eleven has come in second on the *Franchise Times* Top 200 ranking of the country's largest franchise systems, with McDonald's taking the #1 spot. The rankings measure franchise performance based on total worldwide system sales. 7-Eleven generated \$84.5 billion in sales with 45,696 international units, while McDonald's made \$89.1 billion with 21,151 units. On their own, 7-Eleven and McDonald's represent 16.5 percent of all sales in the Top 200. The top 10 franchises, meanwhile, represent nearly half of the total sales for the 200—\$292.6 billion overall. There was very little

change among the top franchises on the list. The top seven—McDonald's, 7-Eleven, KFC, Subway, Burger King, Hertz and Ace Hardware—remained unchanged this year. Circle K and Pizza Hut switched spots to No. 8 and No. 9, respectively, but there were no newcomers to either the Top 10 and the Top 25.

### Holyoke Store Banned From Selling 7-Eleven Items

A U.S. district judge recently ruled that a Holyoke, Massachusetts convenience store being sued by SEI cannot sell 7-Eleven trademarked products or “confusingly similar” items until the lawsuit is settled, reported *The Republican*. The ruling came five months after SEI terminated the storeowner's franchise agreement, claiming the store routinely shortchanged the chain by underreporting sales of cigarettes, soda and other items. The judge also rejected SEI's assertion that the storeowner and her husband should be banned for one year from doing business at the location, and also rejected a

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Congratulations to Serge Haitayan, Fresno FOA, Hashim Syed, FOA Chicagoland, and Jas Dhillon, FOA of Greater LA, who were elected vice chairmen of the National Coalition for a two-year term beginning Jan. 1. Right: Bob Price, Texas FOA, Jerry Sahnman, Phoenix FOA, and Bill Huffman, Columbia Pacific FOA served on the election committee.



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November/December 2014

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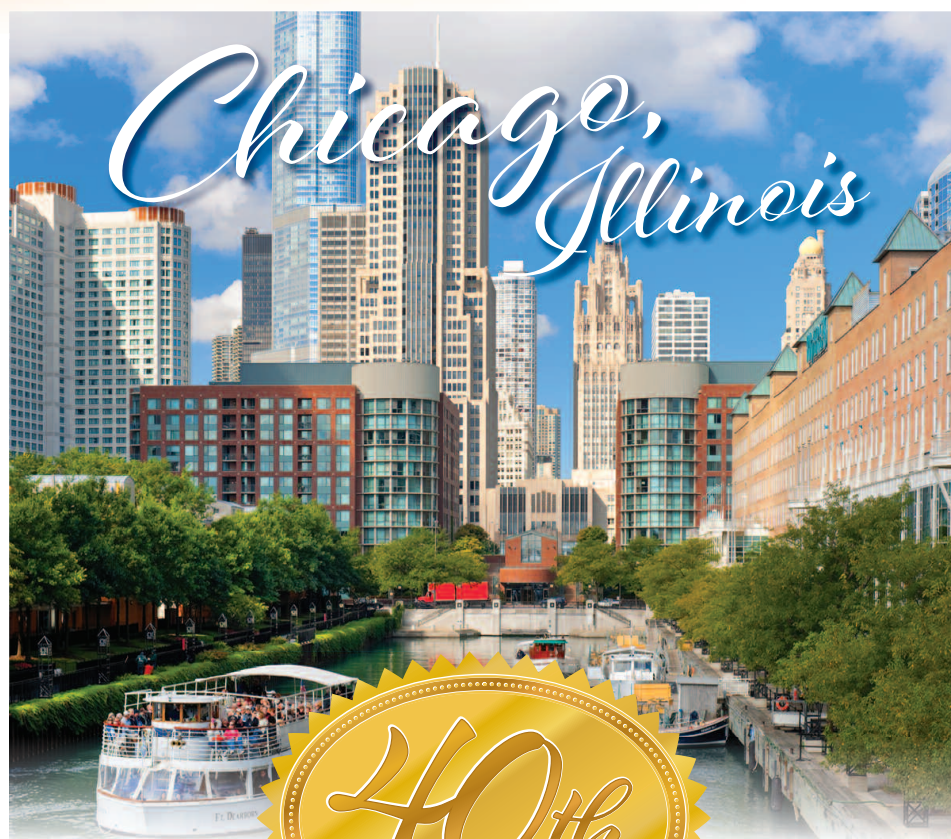






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**40th**  
ANNIVERSARY

## NCASEF 40th Annual Convention & Trade Show

IN COOPERATION WITH THE CHICAGOLAND FOA

*Sheraton Chicago Hotel and Towers*  
*July 27-31, 2015*  
Trade Show: July 30-31, 2015

Join us in Chicago as we celebrate 40 years of franchisee unity! The NCASEF Convention Committee is hard at work planning an extra special convention and trade show, one you will definitely

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request by the storeowners to reinstate their franchise rights.

During a hearing in U.S. District Court in July, the storeowner denied any financial misconduct and said she was being punished for refusing to stock blueberry doughnuts, apple fritters, egg salad sandwiches and other unpopular items. In court filings, she also cites a California lawsuit alleging that 7-Eleven has participated in a pattern of discrimination and intimidation against South Asian franchise owners.

### Couche-Tard Buys Pantry

Canadian c-store operator and Circle K parent company Alimentation Couche-Tard recently acquired Pantry Inc., which runs a network of stores in the southeastern United States, for about \$860 million in cash, reported the *New York Times*. The companies said the deal was worth about \$1.7 billion, including the assumption of debt. It is expected to close in the first half of next year. Pantry, which is based in Cary, N.C., operates about 1,518 stores in 13 states, primarily under the Kangaroo Express name. Couche-Tard has 6,300 convenience stores across North America versus 8,300 for 7-Eleven.

### 7-Eleven Promotes ObamaCare

ObamaCare ads are appearing on 7-Eleven receipts at more than 7,000 stores nationwide as government health officials expand their outreach in the second year of healthcare sign-ups, reported *The Hill*. Information about ObamaCare sign-ups now appear on the bottom of receipts for anyone using mobile payment company PayNearMe, which allows bank-less customers to pay a utility bill, rent, or buy a bus ticket in stores like 7-Eleven and Family Dollar. "Putting these reminders at the bottom of PayNearMe receipts will help get health

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### New 7-Eleven Stores Vs. Old 7-Eleven Stores: An Image Factor

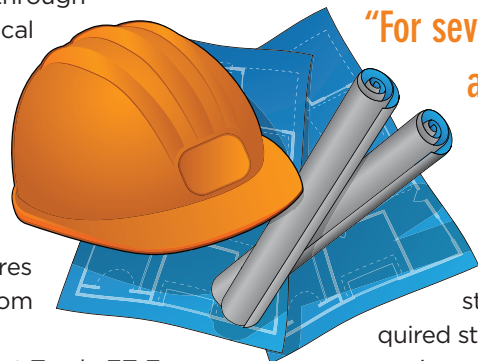
By Ajinder Handa President, Greater Seattle FOA

During the past few years, 7-Eleven, Inc. has achieved unprecedented numerical growth. This came about due to the aggressive policy adopted by the company for traditional store development, the Business Conversion Program (BCP), and acquisitions. SEI currently franchises or licenses around 10,000 stores in North America. Globally, there are more than 51,000 7-Eleven stores in 16 countries. From 2011 through

the 2013 fiscal year, the company opened more than 2,000 stores, including stores acquired from TETCO, CL

Thomas, Fast Track, EZ Energy USA, Handee Marts, Prima Marketing, ExxonMobil, Sam's Mart, Open Pantry, Strasburger Enterprises and others. This expansion netted 7-Eleven the No. 1 spot on Convenience Store News' "Top 20 Growth Chains" list.

*"Unfortunately, many old 7-Eleven stores are extremely behind nearby competition. The brand name 7-Eleven is not being represented and maintained at a high level among its competition."*



7-Eleven's total store sales increased 14 percent in the 2013 fiscal year compared to the prior year, rising to nearly \$12.3 billion. The double-digit increase was due primarily to higher gasoline sales, which were up 20 percent over the year. Net income, however, was flat at about \$220 million over the same period. This year, we can predict that 7-Eleven's net income will be around \$300 million unaudited.

**"For several years, the 7-Eleven brand has been getting numerically and financially bigger and stronger with newly acquired stores and increased profit margins across the board."**

The 7-Eleven brand has been getting numerically and financially bigger and stronger with the newly acquired stores and increased profit margins across the board. This growth has been achieved partly by siphoning the resources that were usually allotted for remodeling old stores and replacing their old equipment. There has been no high-volume national rollout to replace the old and outdated fixtures. In fact, at one point the crunch was so taxing that normal, day-to-day replacement items like shelves and glides were not easily available. The scale for replacement of the essentials has also been at a minimum, restricted to things like changing age-old slant backs and adding new candy racks in front of the sales counter.

Stores remodel for countless reasons, but the ultimate factor is competition. When a competitor develops a fresh new concept, such as introducing an expanded deli, existing stores often decide to remodel as a competitive ne-

cessity. If the existing store is aging, the retailer's desire to renovate in the face of new competition is even stronger.

Presently, a majority of old 7-Eleven stores are extremely behind their nearby competition. The brand name 7-Eleven is not being represented and maintained at a high level among its competition. There now lies a great danger that, if old stores are not brought to the level of new stores and

existing competition, we are likely to lose the competitive edge gained over these years. Patchy contractual jobs carried out in the past must give way to new, honest remodeling. There is an urgent need to equip old stores with the same new equipment being provided to new stores. An aesthetically pleasing layout and new equipment are complementary to the excellent customer service and good store operation that 7-Eleven is known for.

Old stores, which are the primary source of 7-Eleven's growing success, have been neglected for the past 10 years. Not too long ago, a young customer said to me, "I don't want to shop in a store where my grandfather and father used to shop with the same grill and Slurpee machine. I want something new." He also mentioned that such "museums" are seldom visited. 7-Eleven, Inc. needs to address the issue of store image before somebody else takes our place on the top retailers list in Forbes magazine. Time is really of the essence for this issue. **AV**

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## Member News

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coverage information into the hands of traditionally hard-to-reach consumers,” the U.S. Department of Health and Human Services wrote in a statement.

### 7-Eleven Opens First Harlem Location

SEI has announced it plans to open its first 7-Eleven store in the Harlem section of New York City in either the summer or fall of 2015, reported the *New York Daily News*. The store will be located at 256 W. 116th St., formerly home to a restaurant and a fast-food joint. SEI has been rapidly expanding

its presence in the Big Apple. It counted 124 stores in the city at the close of 2013, according to the Center for an Urban Future, which noted 7-Eleven was the latest retailer with at least 100 locations in New York. The company has plans to open additional shops up-town, but said it's too early to say where.

### Philly Franchisee Sues SEI

A Bucks County, Pennsylvania man who had started several 7-Eleven franchise stores in the Northeast Philadelphia area claims in a lawsuit that SEI wrongfully terminated his contract and seized merchan-

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dise assets without properly reimbursing him, reported *The Pennsylvania Record*. Harshal Patel, of Langhorne, Pa., said SEI's actions are part of a strategy to force out longtime franchise holders and sign new deals with new owners, a practice that allows the company to collect new transfer fees and create contracts more beneficial to 7-Eleven.

According to the complaint, Patel opened five stores in 2011 and built up a strong and loyal customer base. After more than a year of establishing a viable business, Patel claims SEI accused him of violating provisions of the franchise agreement and terminated the agreements, seizing the store

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## The Franchisee Financial Loss Worksheet

By Ray Dhaliwal, President, Greater Bay FOA

At the last National Coalition Board meeting in November in Hawaii, I presented a plan to bring about permanent systemic changes that will improve fairness and accuracy when it comes to our financial bottom lines. I call it the Franchisee Financial Loss Worksheet (FFLW), and I asked the chairman, executive officers and Board of Directors for approval to move this plan forward.

The purpose of the FFLW is to level the financial playing field by helping franchisees recover

monies lost due to accounting errors, erroneous charges, audit incompetency, demand chain inadequacy, excessive equipment down time, and government regulatory compliance failure. The process involves collecting data and documentation from our ISPs that are readily available, and putting it all together with a one page form to present to the appropriate department or authority at SEI in order to clearly point out the errors and get reimbursed.

When completed and operational, the FFLW worksheet and process will have been sancti-

need to first form a committee, then identify subject matter experts, define categories and elements of each category, develop sources of information, design the final document for submission, and finally, populate data and test run the process for validity and accuracy. Perhaps the most essential step is recruiting the subject matter experts, people who are savvy and understand the 7-Eleven accounting system inside and out. They will play a big roll in developing the FFLW process and form. The final product will be a one-page form that will inform SEI of the errors committed and the reimbursement expected, and attached to it will be all the supporting documents and data. It will be much like the front page of the FIW issued by SEI, which tells us how much we owe.

I think SEI wants to be accurate in its accounting, and we can help them be accurate. This is not an attack. This is helping SEI and us. But our franchisor is only going to respect us if we do our homework. If we document what we're saying and support it with analysis by independent experts with credibility, it cannot be challenged.

So far, Chairman Joe Galea and the executive officers have approved the formation of the committee. I will keep you updated as recruit the subject matter experts and move FFLW development forward. **AV**

fied by our accounting people—not SEI's accounting department—and by National Coalition General Counsel Eric Karp. As such, when it is presented to SEI with all supporting documents it will be fool proof—no ifs, ands, or buts. The FFLW will allow us to speak in the same language that SEI speaks to us. We work too hard in our stores, only to have money taken from us at the end of the month, whether it's a few cents, a few dollars, or thousands of dollars. With the FFLW, there will be a process and logical system in place to correct these errors and recover our money.

To get the FFLW system off the ground, we



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## Member News

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and inventory without properly compensating him for the goods. Patel claims the contract termination did not follow the process described in the agreement, including a full account of the reasons for the move and an opportunity for the franchise owner to correct any perceived wrongdoing.

### Amazon Testing Deliveries Via Taxis

Amazon.com Inc. this fall tested package delivery by licensed cab in San Francisco and Los Angeles using taxi-hailing mobile app Flywheel, reported the *Wall Street Journal*. Taxis represent Amazon's latest experiment to speed package shipments to compete more directly with brick-and-mortar retailers, and to seek alternatives to United Parcel Service, FedEx and the U.S. Postal Service after shipping delays during Christmas 2013. Since then, Amazon has tested its own delivery service, broadened its use of regional couriers, teamed up with the Postal Service to deliver fresh groceries and is expected to open a Manhattan storefront for returns, pickups and same-day dispatch. Amazon also is developing aerial drones for package drop-offs.

### More Healthy Products Hit Store Shelves

More than 30,000 healthier product choices have been made available to consumers between 2002 and 2013, according to the 2014 Health & Wellness Survey released by the Grocery Manufacturers Association (GMA). The new choices represent an additional 10,000 in just the last four years. Additionally, food and beverage companies reported that they collectively have:

- Eliminated or reduced trans fat in more than 11,000 product choices
- Eliminated or reduced saturated fat in more than 8,000 product choices
- Reduced sugar/carbohydrates in more than

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## Legislative Update



### Four States Vote To Raise Minimum Wage

Voters in four states approved measures on November 4 to raise the minimum wage. According to the *New York Times*, Alaska would set its minimum wage the highest, with a gradual rise to \$9.75 by 2016. Nebraska would go to \$9 in 2016, South Dakota to \$8.50 in 2015 and Arkansas to \$8.50 by 2017. In Alaska and South Dakota, the minimum wage would continue to rise in line with price inflation in following years, which makes an enormous difference in the long term.

The wage increase won its biggest margin of victory in Alaska, where it garnered 69 percent of the vote. In Arkansas, it received 65 percent; in Nebraska, 59 percent approved raising the minimum wage, while in South Dakota, the margin was 53 percent. Currently, 23 states and the District of Columbia have a minimum wage higher than the federal level of \$7.25. That number will jump to 26 in January, when higher minimum wages take effect in Hawaii, Maryland and West Virginia. In Illinois and counties in Wisconsin, voters on November 4 supported hikes through nonbinding advisory initiatives intended to send messages to state lawmakers.



**San Francisco is the second city in the nation, after Seattle, to raise its minimum wage to \$15.**

### City Council Raises Chicago Minimum Wage

The Chicago City Council recently approved Mayor Rahm Emanuel's plan to increase Chicago's minimum wage to \$13 an hour by mid-2019, reported the *Chicago Tribune*. Under the new ordinance, Chicago's minimum-wage workers will see their first increase next July, when the rate jumps to \$10 an hour from the current statewide hourly rate of \$8.25. It then will increase by 50 cents in July 2016 and another 50 cents in July 2017. After that, the minimum wage would go up \$1 in July 2018 and \$1 in July 2019 to reach \$13 an hour. After 2019, yearly increases would be pegged to the local consumer price index, with a limit of 2.5 percent, if the unemployment rate stays below 8.5 percent.

### Minimum Wage Raised In Two California Cities

San Francisco voters overwhelmingly elected on November 4 to gradually raise the minimum wage to \$15 an hour by July 2018, reported the *San Francisco Chronicle*. The city's Proposition J cruised to victory with more than two-thirds support, and makes San Francisco the second city in the nation after Seattle to raise its minimum wage to \$15. A similar ballot measure in Oakland had even wider support and will raise Oakland's minimum wage from \$9 to \$12.25 starting in March. Both measures needed only a simple majority to pass. Residents of a third California city—Eureka—also voted on a on minimum wage hike, but rejected the measure. In San Francisco, the minimum

continued on page 22

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## Member News

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wage will increase to \$12.25 in May 2015, to \$13 in July 2016, \$14 in July 2017, and \$15 in July 2018.

### FDA Requires Calorie Labels

The FDA recently announced that it has finalized a rule requiring that calorie information be listed on menus and menu boards in chain restaurants, similar retail food establishments and vending machines with 20 or more locations to provide consumers with more nutritional information about the foods they eat outside of the home. The agency said small grocery stores and convenience stores are covered by the rule if they sell restaurant-type food and are part of a chain with 20 or more locations, doing business under the same name, and offering for sale the same menu items.

According to the FDA, covered food establishments will be required to clearly and conspicuously display calo-



The FDA said c-stores are covered by the new menu-labeling law if they sell restaurant-type food and have 20 or more locations.

rie information for standard items on menus and menu boards, next to the name or price of the item. Additionally, the menu labeling final rule requires covered establishments to provide, upon consumer request and as noted on menus and menu boards, written nutrition information about total calories, total fat, calories from fat, saturated fat, trans fat, cholesterol, sodium, total carbohydrates, fiber, sugars and protein. Covered food establishments have one year to comply with the menu labeling requirements.

### Retail Workers 'Bill of Rights' Passes In San Francisco

The San Francisco Board of Supervisors recently passed a first-of-its-kind law aimed at securing more stable hours for retail workers, reported the *Huffington Post*. Dubbed "the retail workers bill of rights," the law requires the city's large chain retailers to post workers' schedules at least two weeks ahead of time. Workers will be owed supplemental pay if unexpected changes are made to their schedules, or if they're required to be "on call" and their shifts are suddenly canceled. The law also requires that the employers offer any extra hours they have to their current workforces, rather than bringing on more part-time or temporary workers.

The San Francisco bill already has a federal companion of sorts in Congress: the Schedules that Work Act. The legislation would require businesses to compensate workers who show up for their scheduled shift but are turned away, as well as workers whose schedules are changed without at least 24 hours' notice. Sponsored by House Democrats, the bill has virtually no chance of passing the GOP-controlled House or the soon-to-be-GOP-controlled Senate, according to the article.

### Florida Bill Would Allow Online Lottery Sales

A bill recently filed by a state lawmaker would allow Florida to become the eighth state to sell lottery tickets online, reported the *Sun Sentinel*. Currently, players can only purchase tickets with cash at brick-and-mortar outlets. Sen. Gwen Margolis, who sponsored the measure, told the newspaper the added revenue from online lottery would far outweigh any new revenue the state would get by bringing a resort casino to South Florida. The Las Vegas Sands Corp. has lobbied heavily in Tallahassee to bring a casino to Florida as part of the upcoming gambling compact negotiations with the Seminole tribe.

The new bill does not specify how the Florida Lottery would allow players to purchase tickets online. Aside from some boilerplate, the one page measure simply says the Lottery shall "have the authority to create a program that allows a person who is 18 years of age or older to make an online purchase of a Florida lottery ticket. The department may adopt rules to administer the program."

### Sugar Tax Rejected In San Francisco, But Not Berkeley

San Francisco voters rejected a tax on soda and other sugary beverages on November 4, but voters in Berkeley approved their own version, making it the first city in the country to adopt a controversial soda tax, reported the *San Francisco Chronicle*. The cities' measures were crafted differently. San Francisco's Proposition E would have levied a 2-cents-per-ounce tax on sodas and other sugar-sweetened drinks—including some juices, coffees and flavored waters—and would have raised \$35 million to \$54 million in revenue annually for children's nutrition and physical education programs. Berkeley's Measure D will levy a 1-cent-per-ounce tax on sodas and sugary drinks, and the money will go to the city's general fund. Because the tax revenues weren't intended for a specific purpose, the measure needed just a simple majority of voters to approve it.

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Source: Nielsen, 52 weeks ending 12/31/2013  
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## Member News

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5,500 product choices

- Reduced the calorie content of more than 5,500 product choices
- Reduced sodium in more than 6,500 product choices

### Government Issues Plan To Tighten Debit Card Security

Saying more must be done to stop data breaches affecting consumers, President Obama recently announced a government plan to tighten security for the debit cards that transmit federal benefits like Social Security to millions of Americans, reported the Associated Press. Cards issued by the federal government will now have an internal chip replacing magnetic strips to reduce the potential for fraud. Concern is growing over the security of Americans' financial data, with an estimated 100 million people having been affected by breaches in the past year, including at big retailers like Target and Home Depot. The White House said the idea of the government program is to lead by example, to nudge the broader financial industry and retailers toward more secure standards.

### Swisher International Acquires Drew Estate

Swisher International Inc. and Drew Estate Tobacco Company recently announced that they have entered into a definitive purchase agreement whereby Swisher International will acquire Drew Estate in its entirety. Drew Estate will continue to operate under its current management team as a subsidiary of Swisher. The transaction is expected to close during the fourth quarter of 2014. Terms of the transaction have not been disclosed.

### Dunkin' Donuts & Starbucks To Boost Dinner-Time Sales

Dunkin' Donuts and rival Starbucks plan to increase their share of later-in-the-day sales in 2015, with new menu items aimed at the dinner crowd, reported the *Patriot Ledger*. Dunkin' Donuts has already begun to introduce a dinner staple—steak—this fall, recently making a steak sandwich and a wrap

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The National Coalition would like to welcome the United Franchise Owners of North Florida and Palm Beach to the group. Pictured are, from left sitting: Mohammad Razin (Secretary), Ed DeNorio (President), Ravi Singh (Vice President Central), and David Singh (Vice President North). From left standing: Peter Hess (Vice President South), Narendra Gharia (Board Member), Rocky Singh (Board Member), Ed Jurewic (Board Member), Aman Patel (Board Member), Dhaval Patel (Treasurer), and Parag Veera (Board Member).

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



**Shrink**—comprised of shoplifting, employee or supplier fraud and administrative errors—**cost the global retail industry more than \$128 billion** last year, \$42 billion in the U.S. alone, according to the latest Global Retail Theft Barometer.

• Nestlé is working on a **fat-burning additive** they can drop into foods to replicate the effects of exercising, reported NewsLedge.com. • **Banks are gearing up for a big fight** with retailers over who covers the cost of cyber attacks, reported the *Financial Times*. Banks say they are paying most of the bill for breaches that they **blame on retailers' own security deficiencies**, and are asking for legislation that would force retailers to pay for the clean-up themselves. • Coffee chain **Starbucks is planning to launch a food and beverage delivery service in select markets** during the second half of next year, reported CNBC. • **McDonald's plans to cut the number of items on its U.S. menus** and use fewer ingredients in food in an effort to speed up service, bolster sales and offer consumers personalized options to compete better with Subway and Chipotle Mexican Grill, reported Reuters. • **Tennessee voters recently elected to allow wine sales in grocery stores** and convenience stores in the state, reported *The Daily Herald*. All 78 cities that voted on the referendum approved it, and wine sales in grocery and c-stores can start as early as July 2016. • **Sales of whisky in the U.S. will surpass those of vodka** this year for the first time since 2007 to become the country's biggest selling spirit, reported *The Drinks Business*. • Pabst Blue Ribbon beer wasn't sold to a Russian brewer after all, reported *Bloomberg Businessweek*. **An investment group that acquired Pabst Brewing Co. didn't involve Russia-based Oasis Beverages**, despite a press release

continued on page 30



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## We Are Making Progress

BY JOE GALEA, EXECUTIVE CHAIRMAN, NCASEF

A year ago, after I had been elected chairman of the National Coalition and before I officially took office, former NCASEF General Counsel Arnold Hauptman, a very wise man, wrote an article for the November/December 2013 issue of Avanti in which he offered a list of challenges I would have to resolve in my first year. If I could accomplish the tasks on the list, he said, I would have earned a well-deserved rest during my second year.

The challenges on the list included encroachment, the tiered 7-Eleven split, the franchise fee, the DVR dispute, the gasoline commission, the 85 percent requirement, excessive LONs, increasing costs, gross profit and a few others. Looking back at my first year as chairman, the National Coalition tackled all of these issues and more—like maintenance—and although we have not resolved all of the challenges on Mr. Hauptman's list, we continue to work on them diligently.

Another key issue we continue to work on is improving our communication and relationship with SEI. The key to a truly balanced partnership is open and honest dialogue, which also serves to enhance the franchisee/franchisor relationship. Since my first day in office the National Coalition has continued to reach out to SEI, extending either an olive branch or an opportunity for them to meet us for earnest discussion because we truly believe that improving the business for franchisees can only improve business for our franchisor.

Most recently, SEI has been actively reaching out to the franchisee community, thanks to the actions of the National Coalition and several FOA groups. The relationship with our franchisor has transformed to the point

where SEI upper management is now meeting with us at both local and national levels. In fact, the National Coalition Board, over 40 franchisee leaders, met with SEI executives in Dallas on November 19, and our lead speaker at that special meeting was President and CEO Joe DePinto. He explained he had been busy taking care of SEI's external challenges the last few years and delegated all the internal affairs to other SEI officers and managers, including franchisee matters. He said he made some changes in upper-



level personnel (four senior people reassigned or let go) and that he will now be more hands-on with franchisee affairs. (See Paul Lobana's article on page 43 for a more complete account of the meeting.)

During that meeting we discussed all manner of issues affecting franchisees, including low volume stores, the tiered gross profit split, the term of the new agreement, remodels and reimagining, goodwill, gasoline, maintenance costs, and more. Mr. DePinto said that it is a new era, that he is responsible for rebuilding the franchisee relationship, and that they will work with us to find solutions beneficial to both sides. Although this is a good step to mend the broken fence of our relationship, the National Coalition is



**"The key to a truly balanced partnership is open and honest dialogue, which also serves to enhance the franchisee/franchisor relationship."**

still being excluded from the decision-making process in SEI-created committees, like the NBLC, which consist of company-selected franchisees, and not the elected leaders of our local FOAs, who can report back to their members on committee progress, and deliver feedback from to the committees from their members. Our hope is that this will change in the near future.

In the meantime, we are reaching out to SEI to make them more involved with the National Coalition by inviting them to our meetings and events. Our next National Coalition Board meeting is February 18-19, in Sandestin, Florida. Our objective is to continue to work with SEI in growing our business and enhancing our brand.

I thank Joe DePinto for attending our meeting in November, and I appreciate the fact that we're talking with our franchisor about continuing talks in 2015. As I am responsible for the day-to-day operation of the National Coalition, I know for a fact that the CEO of the company is someone that folks would like to see at our meetings. It is essential for the betterment of the system that we develop a working relationship and true partnership with SEI, and it looks like we're beginning to move in the right direction. **AV**



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# Minimum Wage Increases Will Impact Our Businesses

BY JIVTESH GILL, EXECUTIVE VICE CHAIRMAN, NCASEF

Over the last few years, franchisees have had to deal with many changes within the 7-Eleven system that have affected our bottom lines. Credit card fees and gasoline commission changes are two that quickly come to mind. But there is one change on the horizon that will severely impact our businesses in the coming months and years, and that is the wave of minimum wage increases sweeping across the country.

In January and throughout the first half of 2015, many states and cities will begin to gradually increase their minimum wages over several years until they reach the set-upon goal. Some of these increases were implemented by local politicians acting to appease their constituents, while other minimum wage hikes were put up for vote and passed by the local populace.

So far, Seattle and San Francisco have the highest increase of any municipality at \$15 per hour by 2018. Voters in Alaska, Nebraska, South Dakota and Arkansas elected in November to raise their minimum wage rates to \$9.75, \$9.00, \$8.50 and \$8.50, respectively. Chicago is going to raise its minimum wage to \$13 per hour by mid-2019, and Oakland is going up to \$12.25 starting in March. All of this just happened in the last two months, and the trend is going to continue because it's a popular thing for legislators to do. No matter the amount of the increase, these higher minimum wages will have a tremendous adverse affect on our businesses.

**JIVTESH GILL**  
CAN BE REACHED AT  
209-481-7445 or  
[j2jgill@aol.com](mailto:j2jgill@aol.com)

An example: suppose you have a day with a couple of double coverage shifts and one single coverage shift. That's a

**"Seattle and San Francisco have the highest minimum wage increase of any municipality at \$15 per hour by 2018. This trend is going to continue because it is a popular thing for legislators to do."**

40-hour payroll day. If the minimum wage goes up a dollar—assuming that you're paying your employees the minimum, which isn't the case in most instances—you're looking at \$1,200 to \$1,500 per month in increased payroll. That's \$14,000

paying above the minimum, who would no doubt also expect a raise to keep them above the minimum wage.

For a store with a net income of \$50,000 to \$60,000, a payroll increase of \$14,000 to \$18,000 would mean 25-30 percent off their bottom line. That's a big hit, and will force many of us to make some choices. The easier choice, or maybe the only choice possible, is to reduce labor hours. However, when you start cutting labor hours, that's when you start impacting your standards, your image, and your business as a whole. I don't think that's a smart way to go about running a business, but faced with financial difficulties, sometimes you have no other choice.

The minimum wage issue has been raised at local FOA meetings, at National Coalition Board meetings, and at a recent meeting with SEI higher ups in Dallas, including Joe DePinto. Our CEO said he understands this is a huge issue and he understands how this is impacting the system, and is committed to putting some resources behind developing a solution. I'm hoping SEI will be open-minded to help stores stay functional and continue to do business, especially the lower-volume stores. There is going to be a pinch, and our franchisor will not be immune because of its corporate stores and because it might very well have to reverse some of its policy changes so franchisees can stay afloat—like the credit card fee. We can only increase

to \$18,000 a year per store, and these are very conservative numbers. Most stores have higher payroll hours per day, and this is just strictly including the day you have double coverage during the day and single coverage at night. I'm not even counting managers or the employees you may be



## Excessive Minimum Wage Increases

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our prices so much to compensate for the higher minimum wages, so a creative solution is definitely needed. The only good news is that the minimum wage increases are also affecting our competitors, so they're in the same boat as we are.

I would love to pay my employees \$18-\$20 per hour, but the reality is I can't afford to do so. Unfortunately, this is an industry that consists primarily of a minimum wage workforce. To those franchisees in areas where the minimum wage has already been raised, I recommend you talk to, and team up with, your local FOA. Together you should begin a dialogue with your local SEI management to work on a solution while the National Coalition and SEI executives in Dallas do the same on the national level.

**"Franchisees in areas where the minimum wage has already been raised should team up with their local FOA to begin a dialogue with local management to work on a solution, while the National Coalition and SEI executives in Dallas do the same on a national level."**

The minimum wage increase trend is a serious issue. I can't downplay the impact. Many other issues we deal with have some gray area, but this is clearly black and white. **AV**



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in September saying Oasis was part of the transaction. • **Target plans to build five more of its 20,000 square-foot TargetExpress stores next year**—four in California, one in St. Paul, Minn.—expanding a format launched in July in its hometown of Minneapolis, reported *Fortune Magazine*. • **C-store chain Wawa continues its expansion into Florida**, with plans to open three locations in the southwest part of the state by Spring 2015—two in Fort Myers and one in Cape Coral, reported NBC-2.com. The company hopes to open 12 new stores in Southwest Florida by the end of 2015. • **While the total food and beverage market grew at 1.4 percent to reach \$530 billion in 2013**, total U.S. retail sales of the private label food and beverage market increased 2 percent to \$102 billion in the last year, according to a new survey by Packaged Facts. • **India has released new graphic**

continued on page 34

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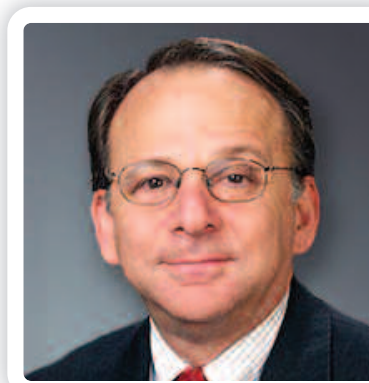
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## Franchisees Should Be Seen And Heard

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

My dear grandmother would often say that children should be seen and not heard. Her generation believed that nothing valuable could be learned from what children thought or would say to their parents or other adults. Fortunately, at least in the child-rearing arena, this theory has been completely debunked. We now know that our children thrive when we communicate with them, and they with us, starting when they are just infants.

Unfortunately, many franchisors practice this antiquated theory in dealing with their franchisees. They sometimes act like the parents of a bygone era and treat their franchisees like children who do not know anything, have no relevant experiences, and whose thoughts and opinions are of little value. They treat franchisees as if they have complete



**“Participatory, collaborative and cooperative management leads to the highest likelihood of success in meeting internal and external challenges to the business.”**

**“SEI has recently stated its intent to reset the relationship with its franchisee community in general, and with the National Coalition in particular.”**

dominion and control over them—and that is what is somehow required in order for the system to be successful.

So it is with SEI on many occasions in the past. The company has changed policies and procedures, rolled out new initiatives and changed required operating procedures without meaningful input from franchisees. This includes the DVR System, the GEA Form, BT, Scan

ERIC H. KARP  
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ekarp@wkwrlaw.com

Audits, unannounced changes in the treatment of Operating Expenses, Low Volume Stores,

FIW packages, the transfer of the franchisor’s maintenance responsibility and costs to the franchisee through the FM contract, and many other items. Each of these initiatives was rolled out without meaningful input, communication or collaboration with the franchisee community. This method of implementing system change actually is

contrary to the best interests of SEI, its parent company, its franchisees, and the system as a whole. It is truly counterproductive.

In 1996, a franchisee of the Sizzler restaurant chain brought suit against the franchisor complaining about a decision the company made to change the marketing emphasis from the buffet court to the grill concept. The franchisee believed that this was a bad idea, that it would lead to losses of sales and profit and filed suit in an effort to stop the change. One of the bases of the lawsuit was that the actions of the franchisor vi-

olated the implied covenant of good faith and fair dealing.

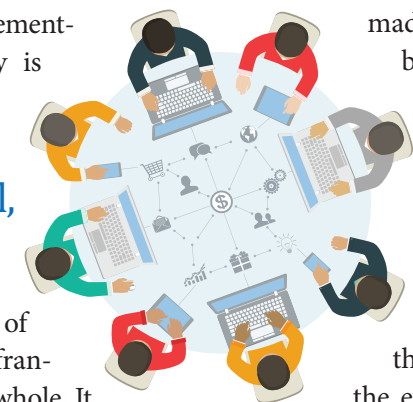
The court went to some effort to point out that this decision had indeed been made with extensive consultation with the franchisee community. In fact,

before the decision was made, the franchisor brought the matter to the National Sizzler Franchisee Association. The marketing committee of the Association studied the question and the evidence support-

ing the reasoning behind the proposed change and came to the conclusion that the franchisor was correct. It provided three separate and very specific reasons why it supported the change.

The point of relating to this case is not that the franchisee lost the case, but why the franchisee lost. The court determined that the franchisor could not possibly be acting in bad faith, because it not only had a good and sufficient reason for

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# Franchisees Should Be Seen And Heard

continued from page 33

the system change, but also because it took the extra step of asking its independent franchisee association to endorse the concept before it was implemented.

My friend and colleague, Andrew Selden (now retired from the practice of law) wrote an article on this very subject in the ABA Franchise Law Journal in 2000. Citing extensive research on efficient and productive organizations in general, he stated that change in a franchise system must stem from active collaboration between a franchisor and its franchisees, not from the franchisor's unilateral actions. He cited widespread evidence that participatory, collaborative and cooperative management leads to the highest likelihood of success in meeting internal and external challenges to the business.

This means that when considering a system change, an enlightened franchisor will bring experienced and knowledgeable franchisees—chosen by their peers—into the process at the outset, not when the process is complete and the mandate is announced. The more involved the franchisees are in the process of researching the issue and the

**“Communication without concrete changes in the way the franchisor treats the franchisees will not create sustained benefits to any stakeholders in the system.”**

details of the initiative at every stage of its development, the greater acceptance from the wider franchisee community when the process is complete.

SEI has recently stated its intent to reset the relationship with its franchisee community in general, and with the National Coalition in particular. However, as my grandmother also said on many occasions, “The proof is in the pudding.” We hope this reset will include SEI coming to and acting on the

**“There is a great deal of wisdom and operational experience within the 7-Eleven franchisee community. The path to greater success is involving franchisee leaders and taking advantage of the vast expertise.”**

understanding that there is a great deal of wisdom and operational experience within the franchisee community. We have large numbers of franchisees who have been owners much longer than many SEI managers have been on the scene. They have a great deal to contribute to making the system more competitive and more successful.

True collaboration and joint planning of system initiatives and changes will ensure greater franchisee buy-in, reduced suspicions of bad faith motives, and less resistance. Communication

without concrete changes in the way the franchisor treats the franchisees will not create sustained benefits to any stakeholders in the system. If SEI realizes that its path to greater success is taking advantage of the vast expertise and experience of its franchisee community, there will be fewer conflicts, lawsuits and angry posts on UnhappyFranchisee.com, and happier franchisees, increased store development, elevated goodwill sales, as well as enhanced revenue, profits and value creation for all. **AV**



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**health warnings that cover 80 percent of tobacco packages on both sides and has banned the sale, manufacture and use of e-cigarettes,** reported the *Hindustan Times*. • **Taco Bell recently became the first quick service restaurant to launch a mobile ordering and payment app** for both drive-thru and dining room orders. The free Taco Bell mobile ordering app for iOS and Android also allows customization of menu options. • Home improvement chain **Lowe's plans to open two small-format stores in Manhattan, NY** in late 2015, reported *Retailing Today*. The stores will be about 30,000 square feet and offer products and services that are locally relevant to customers. • During the November 4 mid-term elections, **voters opted to legalize marijuana for recreational use in Alaska, Oregon, and Washington, D.C.,** reported ABC News. • More than 80 percent of shoppers visit three or more channels to carry out their consumer packaged goods shopping journey, according to an IRI study. • **Toys 'R' Us recently announced that in 2014 it opened approximately 90 stores throughout 21 of the 37 countries** and jurisdictions in which it currently operates. • Sweden-based furniture retailer **IKEA plans to raise minimum hourly wages** an average of 17 percent to \$10.76 for about half of its 11,000 U.S. store employees, tied to the cost of living in each market, reported the Associated Press. • C-store chain **Cumberland Farms announced that it is accepting mobile payments via Apple Pay** at all of its nearly 600 retail locations across the Northeast and Florida. • **Sam's Club said it is opening a private health insurance exchange** for its members, a move that is aimed at providing the small-business owners that are its core customers with a way to offer affordable insurance coverage to their employees, reported the *Washington Post*. • **New mobile apps give grocery shoppers cash back** when they buy specific items at participating retailers like **Stop & Shop, Target and Wal-Mart,** reported the Associated Press. Apps such as Checkout 51, Ibotta, SavingStar and Snap require users to scan their receipts as proof of purchase. •

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## DAWN OF A NEW ERA—OR IS IT?

BY JAS DHILLON  
VICE CHAIRMAN, NCASEF

*"Progress is impossible without change, and those who cannot change their minds cannot change anything."*

—George Bernard Shaw

Recently, the franchisee community became aware of certain changes taking place in the top leadership positions at SEI corporate headquarters in Dallas. I am not a pessimist (perhaps a cynic at heart) but on this topic I am cautiously optimistic. As I have written in the past, for change to take place, "first I must change." Management top to bottom must buy into change in implementation and practice. I understand that 7-Eleven is a big company, and implementing change takes time, but I have also been with 7-Eleven for more than 20 years, and I understand the legacy in this company in which not everyone may be embracing this "Dawn Of A New Era." Some folks want to keep things as they are, and fear change, just as they didn't accept "Servant Leadership."

Philosopher Aristotle wrote that most humans are afraid of change—because they fear change brings chaos—but that change is a must. I agree. The night is always darkest before dawn. We have all experienced the changes in this company that brought chaos to the franchise community. Project "E" is the first example that comes to mind, followed by an unleashing of a self-centered, monomaniacal, egomaniac management team that ran the company and franchisees without oversight. Of

course there was chaos, but cleanup efforts are underway!

I have always favored the "servant leadership" manage-

**"I have always favored the 'servant leadership' management model. I believe all successful 7-Eleven franchisees practice some version of it."**

ment model. I believe all successful 7-Eleven franchisees practice some version of it. We honestly take great care of our hard-working, loyal and devoted staff who daily take great care of the thou-



**"Leadership demands that at times unpleasant opinions need expression. That is how dynamic organizations grow and thrive."**

sands of customers who enter our stores. To us Servant Leadership is a way of life, but for some in our franchisor's management ranks, we believe it seemed like a slogan.

A new day seems to be dawning, but it is not a complete about face. To date it is more like a course correction. At the last several meetings with our CEO and his team, the question of increasing franchisees' bottom lines was one of the main

concerns. The most critical impact on franchise financials is the minimum wage increase blowing across the country. Our system cannot absorb this easily. We do not have time for CSAs, committee meetings, studies, hand wringing or speeches. Rosy predictions will not save some of our colleagues who are operating mid- to low-volume stores. They will be swept away like a Southern California mudslide. The time is now to act and not wait for lobbying efforts. Nothing is going to stop the minimum wage storm.

On a different note, here is my humble request: the new thinking in Dallas should be that any tattletale side conversations with the Quisling's and Toadies in the franchisee community need to stop. The snitches who call into SEI HQ with their "reports" from National Coalition and local FOA meetings are only serving their own agendas for rewards other franchisees work hard to get. Frequently, their information is distorted, dishonest and just plain wrong.

Senior, local and all levels of management at SEI must ask themselves: A) Who in the franchisee ranks is driven in pursuit of constant improvement of the franchise system for ALL stakeholders, and B) Who in the franchise ranks only seeks self-aggrandizement and self-gain? Leadership demands that at times unpleasant opinions need expression. Anyone that makes the B

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list ought never to be consulted on anything. That is how dynamic organizations grow and thrive. Seeking to hear only the mushy music of the misinformed keeps an organization captive to unrealistic fantasies. Instead of listening to those devious and dangerous minds who seek only division and personal gain, let us continue to have passionate, meaningful, transparent and healthy conversation with the National Coalition.

While this resetting of relations is still new, we need to get aggressive and move forward at a much faster pace. The franchise community wants to see solid changes, not quick fixes and/or cheap talk. Here's one for you: roll back to the 15-year agreement without any renewal fees and no operational review. I do not see any negative financial impact to SEI's bottom line from this move. Stable, prosperous and forward-looking franchisees in the long run contribute to a stable, prosperous franchisor. After all, I keep hearing the company has had a stellar year in 2014, so why

not share some of that stellar wealth with those who created it? Let us have a real increase in franchise net income from sales and gross profit, and not from Enron-style creative accounting gimmicks like rejecting legitimate expenses from the stores.

In closing I have to talk about SEI's National Business Leadership Council (NBLC). How many of our fellow franchisees are better off today than last year, the year before, or the one before that? Why is it that an overwhelming majority of the current members of the NBLC were chosen to serve again? (Nothing against these fine friends of the franchisees.) Has the work of the NBLC added money to franchisees' bottom line? Keep in mind that SEI has had stellar years. Did most of our colleagues on the NBLC fall asleep while expenses were being shifted to franchisees? Did anyone ask about encroachment and how SEI was growing their bottom line? The National Coalition's chairman has never received an invitation

**"Now I encourage you to ask yourself, will it be business as usual or is this really a 'Dawn of a New Era?'"**

to attend an NBLC conference call, let alone attend a meeting! Did anyone ask why the current chairman wasn't invited? Why not? Was it fear, self-interest and/or just being naive? You're bestowed a title of a leader, are you one? We hope to see more franchisee leaders on the NBLC soon, to encourage the "Dawn of a New Era."

Thanks to everyone who wrote me after my last article. I received many emails, texts and voicemails with lots compliments and a few critiques. I thank you all for the interaction. My best to you and your loved ones for 2015. I hope that we are all part of the solution, not the problem! **AV**

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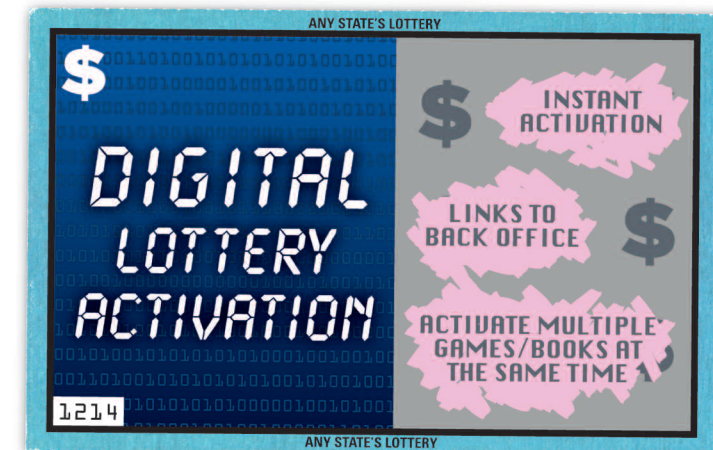
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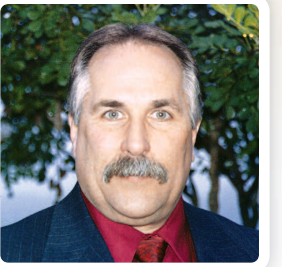
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## A DISCONNECT WITH STORE-LEVEL REALITY?

BY ROGER ST. GEORGE  
VICE CHAIRMAN, NCSEF

Franchisees dread the “Ivory Tower” syndrome that seems to permeate 7-Eleven, Inc. (SEI). The latest example showing how removed corporate is from our store-level reality was the Thanksgiving Holiday McLane ordering and delivery schedule. SEI made the unilateral decision to have its franchise stores receive a single McLane delivery Thanksgiving week. This was communicated via email on 7Hub. It also informed franchisees that all categories were orderable every order cycle through the New Year.

What was not communicated was that a few select stores would receive two

deliveries the week of Thanksgiving, but the second delivery would be delayed 24 hours. So franchisees had their order writers make their normally scheduled orders, not knowing that the second cycle order windows would never open.

As a result, order writers were left standing around while franchisees and

less frequently, and when items are over-ordered or under-ordered it's due to forecasting mistakes. In our case, the order delivered the prior week included many Thanksgiving items not needed to be delivered again, and will result in excessive out of date products in the foreseeable future.

Additionally, because there was no order written, the McLane order could not



**“The latest example showing how removed corporate is from our store-level reality was the Thanksgiving Holiday McLane ordering and delivery schedule when the decision was made in Dallas to have McLane deliver the identical order from the second order the previous week!”**

their store managers made frantic phone calls to field consultants and the Help Desk to find out why the order categories never populated. The Transmit/Delivery schedule in the ISP was printed and double-checked, but it showed the normal McLane order window and transmit time, as well as the normal second McLane delivery day. Finally, word came from the field consultant that the decision was made in Dallas to have McLane deliver the identical order from the second order the previous week!

There is not any business in any sector that orders the identical product assortment two weeks in a row! Many items are only ordered once a month or

be checked in using the vaunted normal Business Transformation process. Instead, every single item had to be scanned and the perpetual inventory had to be corrected using the Balance on Hand adjustment process—a thankless task adding many hours for the freight personnel to put away the order, costing every franchisee hundreds of dollars. But don't worry; SEI does not share in franchisee payroll expenses.

An arbitrary decision to duplicate a previous order is extremely shortsighted. One has to wonder what real world in-store experience was gleaned to come to the conclusion that this could ever be a good idea. But don't worry; it didn't cost SEI a dime! **AV**



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**MasterCard Canada announced it will reduce interchange**

**rates to 1.5 percent for consumer credit cards** across its categories after consultation and discussion with key merchant and consumer groups. • **Procter & Gamble is splitting off the Duracell battery business** in order to boost its share price and to reduce the number of shares outstanding, reported CNNMoney. • **Alcohol delivery service Drizly announced that it is expanding into Indianapolis**, making it the 8th major metropolitan market it now serves, along with Austin, Boston, Chicago, Denver, Los Angeles, New York and Washington D.C. • **Snyder's-Lance, Inc. recently announced the creation of a new, "better for you" division** as well as an increase in its investment in Late July Snacks—a leader in organic and non-GMO snacks. • **Wal-Mart Stores Inc. has opened 17**

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by Paul Lobana  
Vice President,  
Southern California FOA

## Our Meeting With SEI Upper Management

On November 19, the National Coalition Board—consisting of FOA leaders from across the country—met with SEI upper management in Dallas to discuss the many issues and concerns affecting franchisees nationwide. Here’s a recap of that meeting.

Among the SEI executives in attendance was Joe DePinto, who kicked off the meeting by expressing that, in his opinion, if franchisees are not healthy, 7-Eleven as a corporation cannot be healthy. He also emphasized the need for better communication, better relationships, and collectively working with the franchisees. Although Mr. DePinto acknowledged there are disagreements between franchisees and SEI, he said it is imperative that franchisees not “defame” the brand name because that will harm everyone involved.

In his address to the National Coalition Board, Mr. DePinto pointed out that SEI faces numerous external and internal challenges. He said the external challenges of late have consumed a great deal of his time and resources, which has been reflected in the franchisee community’s frustration with his apparent inattentiveness to our issues. He went on to explain that some of these external challenges include serious competition from other brands’ aggressive growth. This would include Walmart seeking to expand its smaller c-store type format, McDonald’s aggressively expanding its coffee business, Dunkin’ Donuts expanding to more states, and Starbucks starting home/office coffee delivery.

Mr. DePinto also stated that the so called “wage rage”—the pressure in many states to increase the minimum wage—will have a negative impact on the ability of SEI and the franchisees to remain profitable while still being competitive. Mr. DePinto stressed that these external challenges, although time consuming,

would not prevent him from also addressing the internal challenges facing SEI.

One of these internal challenges is the number of lawsuits filed by franchisees against SEI. Mr. DePinto pointed out that, although it is perfectly legitimate to disagree on various issues, franchisees in their frustration should not disparage the 7-Eleven name in the process. Doing so hurts our brand image, he said, which hurts other franchisees and even themselves in the long run.

He also touched on former SEI Corporate Investigations Supervisor Kurt McCord’s testimony about Asset Protection being a predatory department, saying that he is not a creditable witness. Mr. DePinto stated stores are taken away from a franchisee if it is established that some kind of fraud has taken place in the store—there is no racial discrimination of any kind involved.

Mr. DePinto recognized that these issues were discussed in the NBLC meeting, CEO Round Table Committee, and at some local FOA and National Coalition Board meetings. He mentioned that the NBLC was a good vehicle to have these issues resolved.

**The following is a non-inclusive list of the most common issues brought up during the meeting:**

1. Lower volume stores need a better profit split to remain viable, particularly with upward pressure on the minimum wage.
2. The practice of a progressive split based on store profit tiers should be changed to a fixed 50-50 split. Otherwise, there is little incentive for the franchisee to invest and risk everything to grow his/her business. Presently, when a franchise reaches the maximum at one tier a slight increase in store profit can actually result in a decrease in income, similar to stepped tax brackets causing a slight increase in income at the top of one tax bracket, to result in actually less take-home pay.
3. The agreement term should be changed from the current

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## Member News

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

### Legislative Update



**Jaspreet Dhillon**, Board Member, FOA of Greater Los Angeles, President, California 7-Eleven Franchisee PAC

## Fighting For Franchisee Rights In The Legislature

Although we as 7-Eleven franchisees entered the fray a bit late to get the fair franchising bill SB 610 passed, had we not campaigned for the measure it would not have cleared the Assembly floor and made it to Governor Jerry Brown's desk.

SB 610 sought to alter the relationship between franchisors and franchisees by reducing franchisors' authority to rigidly dictate the terms under which storeowners operate. Among other provisions, SB 610 would have raised the standard for refusing

**"SB 610 would have raised the standard for refusing to renew a contract from 'good cause' to 'substantial and material breach of the franchise agreement.'"**

to renew a contract from "good cause" to "substantial and material breach of the franchise agreement."

During the last few months before the governor's veto, a small army of 7-Eleven franchisees went to Sacramento

multiple times to talk to Assembly members and state senators about SB 610 and convince them to support it. Although Governor Brown shot it down, that does not mean the fight is over. The governor objected to the "substantial and material breach" part of the language. His argument was that would open a flood of litigation. What I would like to share is that we had a debriefing conference in October with all of the different franchisee organizations and associations involved with the movement to get SB 610 passed, and there were five common points everyone agreed on:

**1. We shouldn't stop.** We need to bring fair franchising legislation back during the next session after the election.

**2. We need to speak to the governor first** and make sure he doesn't pull a fast one saying, "I don't agree with the language." Some people were willing to drop the "substantial" from the language, but I feel if we do that the bill won't have any teeth.

**3. We need to hire a think tank** so we can come up with a better argument to convince the Assembly members and the senators.

**4. We need more franchise systems involved** in getting this legislation passed, not just 7-Eleven storeowners. We were so successful in campaigning for SB 610 that they identified it as a 7-Eleven bill. The bill was for all franchisees, not just 7-Eleven franchisees.

**5. We need to hire lobbyists.** Some people were blaming the author of the bill, Senator Hannah-Beth Jackson, for the measure's failure because she is considered to be radical on the left. But the truth is the franchisee groups were shopping around for senators and Assembly members to author the bill, but they couldn't find anyone. Senator Jackson was the only one who stepped forward. The good news is that I've been talking to a lot of senators and Assembly members and we have about half a dozen who are willing to author and support the bill during the next legislative session. So even though the bill failed to become law, we have managed to create awareness that



there is a problem with the franchise law, not just in California, but throughout the country.

I think this is a big win for us. We were able to carry SB 610 with the help of the Democrats and we were less than

**"Even though the bill failed to become law, we have managed to create awareness that there is a problem with the franchise law, not just in California, but throughout the country."**

2/3 of the majority. That's why the governor was able to veto it. The 7-Eleven Franchisee PAC has been working with the Republican caucus. If we can get the Republicans to join hands and get this bill to pass during the next session with a 2/3 majority, then there is nothing the governor could do about it—it would be veto proof. That is what we are working on.

It seems these days everything is an uphill battle for us—it feels like we're getting hit from all sides. I encourage everyone to get involved in legislative issues that affect our businesses so we can thrive as small business owners. ■

## Our Meeting With SEI Upper Management

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10-year term to a 15-year term, and without the current renewal fee when a term expires.

4. There is a strong need for remodeling existing stores in the common interest of "re-imaging," especially in light of the aforementioned strong competition from other brands.

5. Due to the franchise fees going up considerably and the reduction in the agreement terms combined with the term renewal fees, there is a problem with deteriorating goodwill. A strategy needs to be developed to keep the remaining goodwill intact. In many cases, the value of a franchisee's store is the only retirement money available to them, and the value of the business is tied to this goodwill.

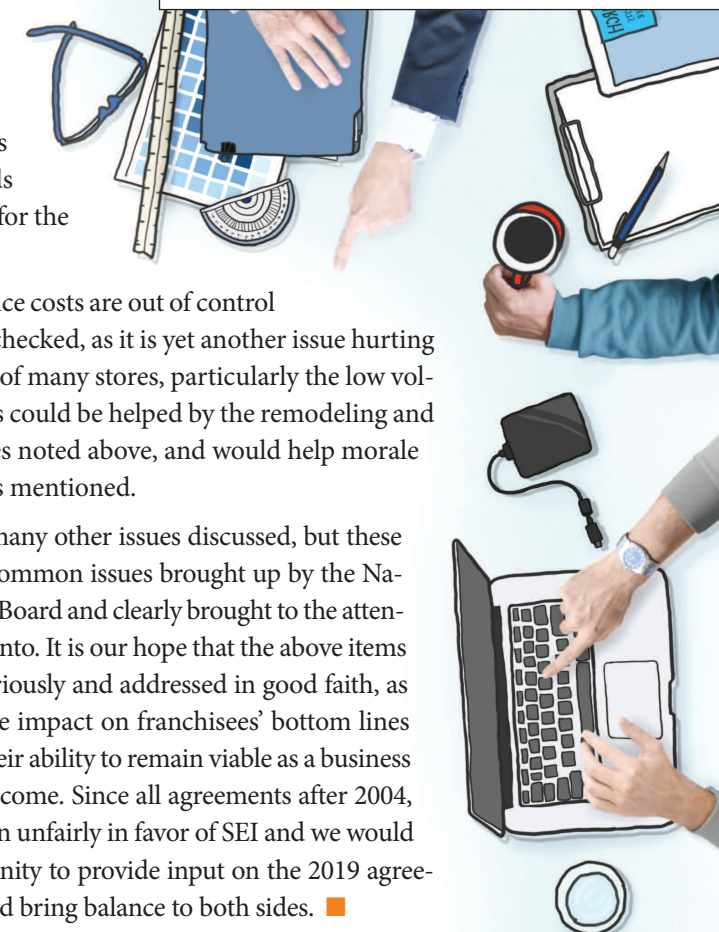
6. For those stores selling gasoline, the 1.5-cent per gallon commission is considered very low and provides little incentive to invest in the necessary facilities to engage in this business.

7. The relationship between franchisees and SEI could benefit greatly from better communication. Morale is

very low at this point, and needs to be improved for the benefit of all.

8. Maintenance costs are out of control and need to be checked, as it is yet another issue hurting the bottom line of many stores, particularly the low volume stores. This could be helped by the remodeling and expanding issues noted above, and would help morale and goodwill, as mentioned.

There were many other issues discussed, but these were the most common issues brought up by the National Coalition Board and clearly brought to the attention of Mr. DePinto. It is our hope that the above items will be taken seriously and addressed in good faith, as they have a huge impact on franchisees' bottom lines and therefore their ability to remain viable as a business and source of income. Since all agreements after 2004, the shift has been unfairly in favor of SEI and we would like the opportunity to provide input on the 2019 agreement so we could bring balance to both sides. ■



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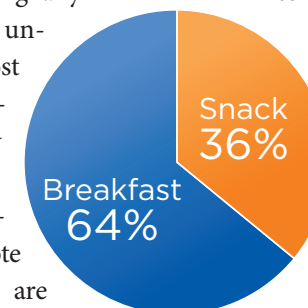
## FRESH OPPORTUNITY IN THE PACKAGED BAKERY SET

By **Kelly Fulford** Senior Category Development Manager  
General Mills Convenience & Foodservice

As today's shoppers seek out fresher, better options throughout the convenience store, it is time to freshen up the packaged bakery aisle. Don't worry, big growth drivers such as doughnuts and snack cakes are not going anywhere, but there is an untapped opportunity to boost sales even more with premium quality "bakery style" options.

With breakfast, in particular, it is important to note consumers' preferences are evolving along with their busy lifestyles. These on-the-go consumers are looking for sweet items at breakfast that not only satisfy their hunger, but also satisfy their need for convenience with items that are portable and easy-to-eat. As retailers follow consumer trends, it presents a great opportunity for convenience stores interested in enhancing their bakery offerings.

sometimes appear to have been on the shelf for months. Further, as consumer diversity grows and more women and millennials visit c-stores on a weekly basis, retailers need to adapt to their desire for fresher, better-for-you options.



These changing attitudes need to be addressed throughout the store, including the packaged bakery aisle, where existing products leave opportunity for higher quality, fresher options.

### SATISFY CONSUMER CRAVINGS FOR SWEET BREAKFAST SOLUTIONS

Overall, the packaged bakery category is showing strong growth, up almost 10 percent versus last year. Interestingly, breakfast items represent 64 percent of the nearly \$2 billion packaged bakery category, and this segment is also showing strong growth—up five percent versus last

### A CATEGORY RIPE FOR INNOVATION

The packaged bakery category is large and growing, yet hasn't seen a lot of innovation or excitement in recent years. Dominated by only a few big players and flooded by many duplicate products, the category's biggest news in the past decade was Hostess' exit and re-entry. Further, while consumers may think the current products are fine, the category is plagued by a reputation for items considered "junk food" or "products that look like they have been around for months."

Consumers today want more from their convenience stores, with 65 percent reporting they would like fresher food at local c-stores<sup>1</sup> as opposed to items that

year (snacks make up the remainder of the category).<sup>2</sup> Whether it is doughnuts, pastries, danishes or muffins, consumers are most likely to look for a packaged bakery item at breakfast to fill them up and satisfy their sweet craving.

Another key decision factor consumers are looking for at breakfast is convenience. Retailers need to cater to this on-the-go crowd and ensure that they are offering



packaged bakery items that not only deliver on taste, but are portable—coming in small portions that are easy to eat in the car, at a desk, in a line, or anywhere else along the way.

To meet this need, General Mills Convenience is rolling out Pillsbury Minis—a line of four varieties of premium bakery items designed for breakfast on-the-go with a mini size and less mess. For more information, see Sweetness On The Go on page 00.

### ENHANCING IN-STORE SUCCESS WITH PACKAGED BAKERY

C-stores looking to bolster the success of breakfast and packaged bakery options can take advantage of new options and strategies for marketing while making a

"Shoppers seeking out fresher, better options throughout the convenience store are an untapped opportunity to boost sales with premium quality 'bakery style' options."

concerted effort to focus on growing this established category.

Strategic placement, for instance, can attract consumers' attention. Retailers need to ensure they have the right products represented in their in-line packaged bakery set and organize their set by day-part, brand, and product type. Consumers spend the majority of their time shopping

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“In the packaged bakery aisle, existing products leave opportunity for higher quality, fresher options.”

in-line, and this location also has the highest level of shopper conversion. C-stores should also leverage secondary placement opportunities in high-traffic morning areas, such as the coffee bar or at the register, to highlight new or special packaged bakery items and capture that impulse sale.

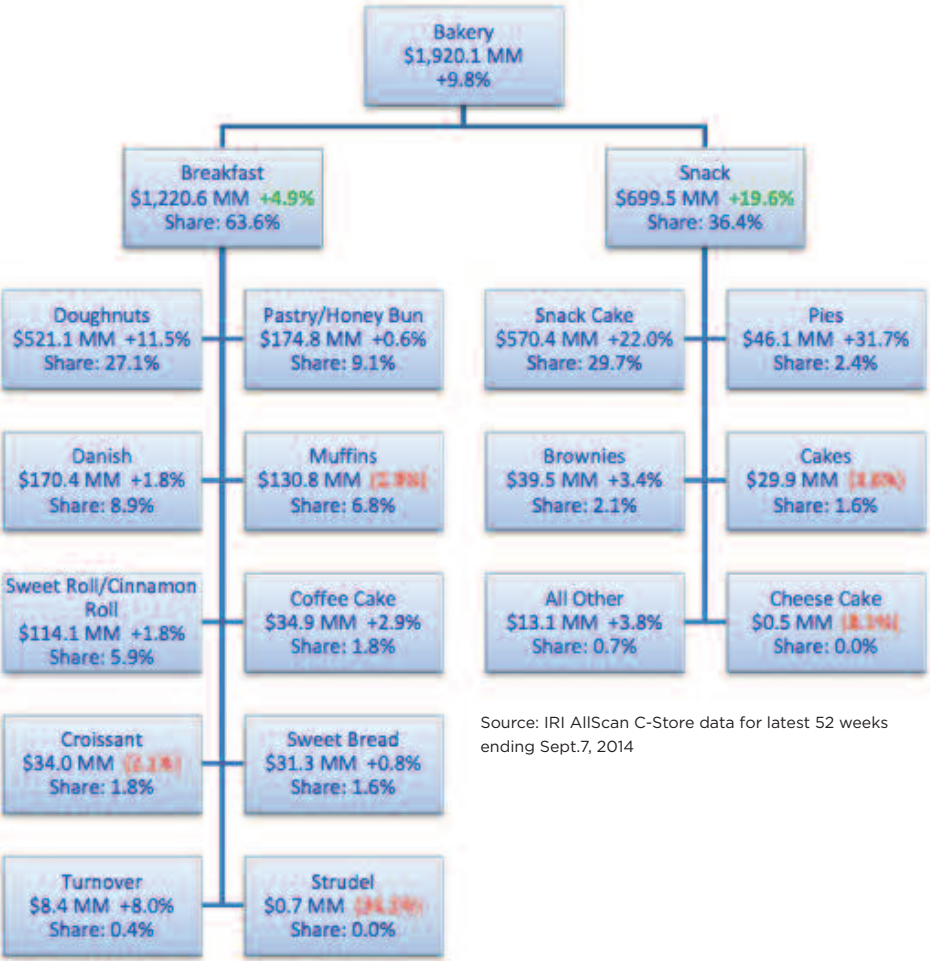
Likewise, special promotions can also draw attention to the packaged bakery area and incite new purchases. Social media continues to present inexpensive

“Pillsbury Minis, a line of four varieties of premium fresh packaged bakery items, offers breakfast on-the-go with a mini-size and less mess.”

opportunities for marketing products and promotions, allowing c-stores to encourage their Facebook, Twitter, and other fans and users to stop by to start their morning out right. Stores can highlight individual products, special deals, holiday tie-ins and other programs to garner more interest.

And, of course, stocking the right product mix can satisfy customers who are seeking the perfect solution to their current craving. When c-stores meet their customers’ needs throughout the day, offer a distinct benefit, and elicit ongoing consumer trust, the opportunities for sales and growth will naturally follow. ■

(1) Meeting Millennial Expectations in C-Stores  
(2) IRI AllScan C-Store data for latest 52 weeks ending Sept. 7, 2014



Source: IRI AllScan C-Store data for latest 52 weeks ending Sept.7, 2014



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**Walmart Care Clinics** in its retail stores in rural Texas, South Carolina and Georgia, just eight months after it entered the business of providing primary health care, reported the *Wall Street Journal*. The company said it plans to expand the clinics nationwide. • While online and nontraditional grocery shopping continue to grow, **new Technomic research shows that shoppers rate traditional "brick-and-mortar" retailers significantly higher on a large number of key attributes**, like quality of perishables, convenience, and shopping experience. • Although nearly half of surveyed consumers said they were victims of a data breach, 45 percent said **they have not changed their behavior when using credit and debit cards**, and 69 percent admit to using the same password for more than one device or website, according to a new study by RSA. • Australia-based food retailer **100% Genuine is testing new facial recognition payment technology at its stores in China**. The company's facepay system reportedly stores a memory of each customers' face and hands and scans them each time at the register for payment. • **There are opportunities to grow the E85 market**, but only if prices remain significantly below those of regular grade gasoline and the automobile industry continues to produce flex-fuel vehicles at historic rates, according to a new report by the Fuels Institute. • A coalition of national and state retail and merchant associations recently sent a letter to congressional leaders **calling for a single national standard for notifying consumers when a business suffers a security breach** involving financial data or other sensitive personal information. • The private equity owners of **Hostess Brands**—Apollo Global Management and C. Dean Metropoulos—are **planning to put the maker of Twinkies and Ding Dongs up for sale** in early 2015 after receiving inquiries from potential buyers about selling the cake business, reported Reuters. • Nationwide, **the percentage of workers who commute by car declined from 88 percent in 2000 to 86 percent** in 2010-2013, according to a new report by the Pew

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<sup>1</sup> BASES, February 2012

<sup>2</sup> Nielsen xAOC+Conv, \$Vol, TTL Mainstream Chocolate, 2010-2012. Key Peanut Butter Franchises = Reese's, Snickers, M&Ms, Key Peanut Butter Line Extensions = Reese's Mini Cups, Reese's Big Cup, Snickers Squared, and M&Ms Peanut Butter

<sup>3</sup> Nielsen xAOC+Conv, \$ % Chg vs. YA, YTD ending 7/13/2013

# FOAC

## Our Chicagoland Meeting With SEI Executives



By Ken Patel  
President, FOA Chicagoland

The 7-Eleven FOAC held its annual holiday party and trade show on November 7, and it turned out to be quite special because among our guests were many SEI executive officers—including President and CEO Joe DePinto—who gladly accepted our invitations. We took this unique opportunity to also schedule a meeting between the Dallas dignitaries and our FOA Board to discuss franchisee issues.

Along with Joe DePinto were Vice President Franchise System Greg Franks, Vice President Field Operations Dan Soper, Vice President and Assistant General Counsel Art Rubinett, Senior Director of Government Affairs Keith Jones, and Heartland Zone Leader Mike Scales. Many National Coalition officers also attended, specifically Executive Vice Chair Jivtesh Gill, Vice Chair Jas Dhillon, Treasurer Maninder Walia, and Vice Chair-elects Serge Haitayan and Hashim Syed.

When we received word that Mr. DePinto was going

to attend, we asked if he would like to sit down with our FOA Board and he readily accepted. A day before the meeting I sent out an email with all of the issues we would talk about, and our entire Board was present.

*“Mr. DePinto said he takes full responsibility for what's happened over the past three years, for SEI's soured relationship with franchisees, and explained that he's back in command to set everything right.”*

For the first hour Mr. DePinto spoke. He explained that for the last couple of years he focused his attention on 7-Eleven's external challenges, like growing the system through acquisitions and competition from Walmart Express, Uber delivering convenience products, and Dunkin' Donuts getting into our business. He also spoke about all the lawsuits filed by franchisees lately, and mentioned Kurt McCord and said how untruthful that whole story is.

Then he said he takes full responsibility for what's

happened over the past three years, for SEI's soured relationship with franchisees, and explained that at the time he did what a CEO would do—he delegated all franchisee-related matters while he concentrated on the external challenges. Mr. DePinto admitted this strategy didn't work out, and now he's back in command to set everything right.

I then took the floor, and thanked Mr. DePinto and the other SEI executives for taking the time to

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### Issues Discussed With CEO Joe DePinto In Chicago, November 7, 2014

1. Minimum Wage: The gross profit split must be reevaluated based on annual store sales in light of the minimum wage factor. The current gross profit split formula is totally unfair for low volume stores and it requires an immediate fix without any conditions by SEI.
2. Gasoline Commission: There must be a new reasonably fair gasoline commission as the current structure is totally unfair. The current contract does not consider that inflation and minimum wages are increasing.
3. Reduce Credit Card Fees to boost franchisee income across the country. Reconsider the structure and use of the Advertising Fee to benefit franchisees.
4. Goodwill: No good is left in the goodwill value of the stores for franchisees because of the new increased franchisee fee. Franchisees have almost nothing to fall back once they decide to retire even after being in the system for a long time (even after 25 years). Franchisees were promised a safe financial future for old age if they built their business, so what happened to that promise?
5. Contract: Franchisees need a 15-year contract with no renewal fee and the freedom to buy from whomever we can to get the lowest cost of goods, since SEI has failed to deliver on that promise.



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come out to Chicago to attend our event and listen to our issues and concerns. It's been many years since this has happened, and for the last three years Chicago franchisees have felt like the orphaned kids of 7-Eleven because we haven't had a relationship with SEI management.

I then stated that for the last six years, franchisees have lost a lot of income as a result of all the new policies and the new contract that have been put into place. The top three policies that have negatively impacted franchisees the most are the advertising fees, the credit card fees and the gasoline commission, which has been stuck at 1.5 cents since 2009. The new contract, which has a term of 10 years, has a 20 percent renewal fee. Previously, the contract had a 15 percent renewal fee with a 15-year term.

We then went on to discuss the biggest issues we are facing now: low volume stores, the minimum wage increase and cost of goods. The one thing Mr. DePinto said in response was that low volume stores is something he is working on with his team. He said they are working hard to help out low volume stores, and that we will see something very soon on that.

He also said we have to look at every-



## Our Chicagoland Meeting With SEI Executives

**“One thing Mr. DePinto said in response was that low volume stores is something he is working on with his team.”**

thing holistically. He said, “We hear you, but we can't fix everything right away.” When I was in Dallas recently, I asked Mr. DePinto if he had a timeline for when we will see some positive changes. Again, he just said we have to look at this holistically. I don't know what that means. Is he being optimistic? Cautiously optimistic? I don't know.

For the last five or six years our relationship with SEI has been one sided, and fairness is overdue. It's about time that 7-Eleven looks at franchisees as partners and treats us accordingly. We're happy that Mr. DePinto is out and about talking to the franchisee community, which hasn't happened in a long while. We're also happy with the changes we've seen of late, but unless we see changes that put more money in our pockets—especially for our low volume stores—it's all just talk. ■

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Charitable Trusts. • Target is partnering with Kaiser Permanente to

open **four clinics in Southern California** that will offer an expanded range of health services—including pediatric primary care, vaccinations, and management of chronic illnesses, reported MedCityNews.com. • **IndiaMART, India's largest online marketplace for businesses, revealed it has hired renown actor Irrfan Khan** as the new face for its upcoming mega brand campaign. • The U.S. Department of Labor's Occupational Safety and Health Administration sent out a letter to all retail employers in early November encouraging them to implement safety measures to prevent workplace injuries during major sales events, including Black Friday. • **Almost 23 percent of high school students currently use a tobacco product**, according to new data published by the Centers for Disease Control and Prevention. • **More than 90 percent of those using a tobacco product are using combustible tobacco products** such as cigarettes, cigars, hookahs, and pipes. • According to candy makers Mars Inc. and Barry Callebaut AG, consumer demand for chocolate will exceed cocoa supply by

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## Having issues in your area?

Have a problem with a vendor or with local management?

*Want to talk?*



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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](mailto:jasdhillon@rocketmail.com)  
818.571.1711

■ **Roger St. George, California**  
[rdsaint@comcast.net](mailto:rdsaint@comcast.net)  
360-500-1248

■ **Jay Singh, Seattle and Midwest**  
[Jksingh2003@yahoo.com](mailto:Jksingh2003@yahoo.com)  
702.249.3301

■ **National Office**  
[nationaloffice@ncasef.com](mailto: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](mailto:nationaloffice@ncasef.com).



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# Presidents'

## - R E P O R T S -

### UFOLI

#### Jack Rugen, Vice President

UFOLI elections were held November 18. We have a new President—Jack Rugen, and a new First Vice President—Basit



NCASEF Vice Chairman Jas Dhillon said franchisees should have the freedom to order whatever we want.



Executive Vice Chair Jivtesh Gill noted some opening of communication and approach from 7-Eleven, Inc.

Khurshid. All the other Board members remain in place and we have picked up two former Board members.

We are looking to bring UFOLI to a higher level of concept-driven reasoning and management. We intend to work closely with local middle management to mend and renew our relationship. We pledge to change the dynamic of the Board by building a Board that represents the diverse ethnicity of our membership. We promise to help franchisees in any way possible while building a strong working relationship with 7-Eleven, Inc. and maintaining a solid relationship with our vendors.

Sales are flat to negative in all four markets. New stores should be in double digits, but are not. The 50-cent small cof-

fee we promoted in September grew coffee sales an average of 1,000 cups per week per store with the help of local TV and radio spots. As soon as the promotion ended, sales went back to usual. There have been no TV or radio spots since.

We are enthusiastic about Joe DePinto's renewed engagement with the National Coalition. We are hopeful it will trickle down to local management. Recently, our Zone Leader held his first-ever Zone Leadership meeting but, none of our Board members were made aware of it. We hope to change this dynamic.

### DELAWARE VALLEY FOA

#### Al Haffar, President

Sales are up an average of 5 percent in many stores. Some stores surrounding the city of Philadelphia have experienced a huge spike in cigarettes sales, while some stores within the city of Philadelphia have suffered as much as a 30 percent drop due to a city cigarette tax increase of \$2.

Sales in our area may have had a soft increase, but have remained less than expected due to fierce local competition



Treasurer Maninder Walia reported on the state of the National Coalition's finances.

from Wawa, Dunkin' Donuts, McDonald's and Starbucks. Two factors have worked against us: outdated stores reflecting an old image, and a lack of advertising. Cost of goods and contract renewal have been troubling to many franchisees. Elections in our FOA were conducted last August 4 for the four positions of officers. Good luck to all officers elected.

### WASHINGTON, D.C. FOA

#### Mark Chiochankitmun, President

The Hybrid Business Transformation system has been implemented in Washington, D.C. over the past few months. So far we are seeing a lot of great things in the "not so near future." In the meantime, franchisees have been spending a lot of money to get their employees and themselves trained and practiced on the new system. Franchisees have also been facing some problems, like inconsistency with McLane, CDC and DSD delivery windows.

There have also been many glitches in our ISP due to RISE, which means we are spending too much time on cycle counts to ensure the true "I"—especially on the holiday delivery when McLane could not deliver under our new Hybrid BT system and had to manually check in McLane under the old system, then do all the cycle counts again on every item in the store in order to populate the true "I." This is a real pain I do not want any other franchisee to deal with, and we have asked SEI to fixed all these is-

sues prior to implementing the Hybrid BT in the other areas.

Our morale has been at an all-time low because of the direction taken by all levels of SEI management to force new systems and programs upon us. From SSC in Dallas down to the local field consultant, we are constantly being threatened with LONs and Breaches just to make sure SEI gets full participation from franchisees with no questions asked.

I met our CEO Joe DePinto twice last month, unexpectedly. Not many of us have had the opportunity to see and have



Attorney John Holland reported via video feed on the status of the DVR discussions.



General Counsel Eric Karp summarized 7-Eleven's position on the DVR for the Board.

a conversation with him for the past few years. I told him about our issues and concerns, including the worse communication we have ever had within our system, morale at all-time lows, encroachment continuing to harm existing franchisees, and the cost of goods being too high and unacceptable through the CDC and Hybrid BT. Joe DePinto said, "Sorry,

### "THE FM PRICE INCREASE IS ON HOLD."

—John Pavia, Vice President,  
FM Facility Maintenance

I've been away. I accept full responsibility. I am back. I'll fix it."

I believe he was sincere, and this is the first time in a long while that I am seeing light at the other end of our tunnel. It's been two weeks since I met our CEO and things seem to be very quiet in the best way possible. Washington, D.C. sales are up 5 percent due to additional cigarettes sales we picked up from one of our competitors, who chose to stop selling tobacco products.

### CAL-NEVA FOA

#### Rich Rose, President

As the holiday season is upon us, we as 7-Eleven franchisees realize that

2014 is coming to an end ... and what a year it has been. This year the Northern Nevada and Lake Tahoe area has seen many changes, from changeovers, to stores going back to the corporation and then franchised

again, to one store being closed permanently. Sales district-wide are up between 3 and 4 percent, and franchisees are reporting that equity contributions are being saved up in order to get through the winter months.

The Cal-Neva FOA held our first vendor's Table Top Showcase this past September, and it was well received by both

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franchisees and vendors alike. The Lou Magnotti Gold Classic was very successful, with monies raised going to the MDA and to fight Batten's Disease, as well as to the Boys and Girls Club. October was our second annual local fundraiser for the fight against breast can-

## Presidents' - R E P O R T S -

**"WE ARE NOT INTERESTED IN DIALOGUE FOR DIALOGUE'S SAKE. WE WANT RESULTS."**

—Eric Karp, General Counsel, NCASEF



Eastern Virginia FOA President Romy Singh urged the Board to help franchisees having trouble making ends meet.



Southern California Vice President Paul Lobana said the DVR issue needs resolution.



NCASEF Vice Chairman Roger St. George said franchisees need the ability to add items to McLane orders.



Swedish Match rep Aaron Choate said White Owl and Game are driving growth.



Suburban Washington FOA President Pete Gragnano said BT's introduction in the Liberty Zone has caused some shortages and overages.



Simply Orange's Tim Zeigler presented new Fruit Punch and Tropical Punch drinks.

cer. Money earned in that benefit is still being collected by all of the Cal-Neva 7-Eleven franchise stores.

distributors. First, 7-Eleven has the wrong lowest deliverable unit (LDU) set-up, causing massive corrections by franchisees on product. These corrections

often come out two to three times above the true retail. This problem has been reported several times by franchisees and field consultants.

Another vendor problem is that invoices that are paid with cash are still being submitted for payment. Even stores that do not pay with cash have problems with this same vendor. What is happening is that when there is a correction to be made on the invoice, the driver makes that correction and signs the invoice, but the company does not honor the written credit for these items. The full non-corrected invoice is then sent to 7-Eleven and the franchisee must then report all mistakes that were not credited, or pay for all the items not received. The franchisee must then make an inventory adjustment to get the due credit.

There are way too many hoops to jump through. This is not proper accounting procedure and the problem needs to be solved. The concern of many franchisees is why 7-Eleven is not correcting these problems, and leads some to believe that it is because there are large ramifications for the franchisee with Inventory Variation at the store level if these corrections are not made.

## EASTERN VIRGINIA FOA

### Romy Singh, President

Our FOA is working beyond boundaries. There is a saying: "Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime." Our FOA established a committee that will help struggling franchisees. We will send our volunteers to any franchisee who needs help, regardless of their membership. Our representatives will sit with these franchisees and share their expertise, to help them to succeed.

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Our FOA recently conducted a franchisee satisfaction survey and the results were shared with our zone leader directly. There were issues with field consultants, but we were assured by our zone leader that they will be sorted out promptly.

Our FOA had a franchisee meeting on October 22. We asked Asset Protection to come and talk about the common mistakes franchisees were making so we could limit the amount of FIWs franchisees received for unintentional mistakes. Terry Drivas, head of Asset Protection in the Patriot Zone, and his team answered all franchisee concerns. Three of our four market managers were also present at the meeting and they answered all franchisee concerns. There were questions raised regarding CDC delivery/in stock/merchandising and several other issues. We assured them that these mistakes will be fixed by the next meeting.

There are challenges in every business. I hope that by implementing BT next year and with the use of RISE this year, we will be able to resolve several of our issues. We also hope BT will be launched in a timely manner that will not adversely impact our summer sales, particularly in the Virginia Beach area. A smooth transition is of utmost importance.

We try our best to work on franchisee issues and frustrations and pass them on



Central Florida FOA President Fari Ishani urged the Board to focus on the issue of gas commissions.

to our local operations team to collectively find the right solutions. Open communication with local SEI operations is key to resolving lower level issues and frustration. The new approach SEI has taken is welcome and I hope it will boost the morale of franchisees. At our most recent RI meeting, I was presented an award for leadership and Best Coordination by Terry Drivas. I was truly honored to receive the recognition.

I wish everyone a Happy New Year and success for your business.

## GREATER SEATTLE FOA

**Ajinder Handa, President**

Because of Mother Nature's warm generosity, we had an excellent summer this year. Our zone enjoyed a sales increase of about 3 percent across the board. Market 2360 enjoyed a net sales increase of 2.67



Perfetti Van Melle's Scott Swanson said Extreme is overtaking Mentos as the main business driver.



FM Facility Maintenance execs Trevor Foster and John Pavia said they have no problem sharing their contract with franchisees.

percent, which is \$127 APSD, whereas Market 2361 had a 4 percent (\$202) sales increase. Moreover, fresh food sales are up compared to last year, around \$51 per store. However, Mother Nature has not been so kind to Western Washington lately, so November has been flat so far.

RISE was supposed to be implemented in November, but was postponed until further notice due to some issues. However, we are looking forward to RISE's implementation in our area. It has been tested in some pilot stores with some very mixed results, just like BT. We will await its arrival to see the results ourselves.

There has been a lot of concern within the franchisee community about RGIS for our audits. Some franchisees have been very

continued next page



Central Valley FOA Vice President Sukhi Sandhu said franchisees have stepped up and gotten involved.

frustrated, finding numerous mistakes by audit personnel when audits are finished. The same goes for accounting—more and more mistakes are being found by franchisees as time continues. To address this issue there is a new way of making a case on 7-Hub for accounting, but in reality it is no different than what we had before. It's time to have a live person with whom franchisees can communicate accounting needs.

Because fresh food service sales are getting more intense than ever, our local SEI management has reintroduced the SEAL team, whose motive is to help franchisees improve their food service. SEI claimed that the SEAL team has helped franchisees in the Portland area look at fresh foods from a different perspective, and even reintroduced fresh sandwiches, fruit, salad, and bakery products. We will give our feedback once this program is fully implemented and tested.

## SUBURBAN WASHINGTON FOA

**Peter Gragnano, President**

Business Transformation was introduced in the Liberty Zone in June, with the last market in the Zone starting the program at the end of September. At this point all stores have had inventory audits conducted to "populate the I," but this has not been as smooth as anticipated. A number of stores have seen unusually high shortages (some as high as \$30,000) while others have experienced overages.

Once again the ability of RGIS, the company used by SEI to perform our audits, has come into question. Auditors have been found to count like items (for

example, different bread SKUs or chicken wings) as a single total, thus defeating one of the primary purposes of BT. In other instances they have been found not to be following SEI directions, such as "walking the store" before and after the audit, or providing a "mid-point" report for store review during the audit.

On a related matter, stores continue to have issues with McLane in regard to delivery procedures outlined by 7-Eleven as



Chairman Bruce Maples urged the Board to consider additional development of the NCASEF bylaws.



General Mills rep Randy Johnson said franchisees have a unique opportunity in fresh packaged bakery.

part of the BT process. Not only do we not have any say as to when we want the delivery to take place, McLane also will not bring chilled or frozen items into the vault, or stage the delivery at the direction of the store. A meeting has been scheduled with

## "SEI MUST QUICKLY RESOLVE THE ISSUE OF MINIMUM WAGE HIKES ACROSS THE COUNTRY."

—Jivtesh Gill, NCASEF Executive Vice Chairman



Southern California FOA President Nick Bhullar said BT is working and most franchisees value the system.

McLane Mid-Atlantic, SEI, and the local FOAs to try to reach a mutually acceptable compromise, and to remind both SEI and McLane that we are the customer.

In September a number of stores received via McLane the Njoy Vapor display, which they did not order. After numerous phone calls and emails, it was found that the items had been ordered by the various market managers in our Zone under pressure from Dallas to meet the fill rate for the promotion. After consulting with the National Coalition office that this was a violation of our independent contractor status, the local FOAs met with Liberty Zone Leader Jim Summers to protest this practice. We have been assured that changes have been made in Dallas, which will preclude the ordering of any pre-book if not done at the store's ISP.

We will be having a joint holiday party with the Baltimore FOA on December 6 at the Maryland Live Casino. A buffet dinner, concert at the Casino's theater, and gambling on the casino floor will be the highlights of the evening.

Together with the Baltimore and Washington, D.C. FOAs under the umbrella of the TriState FOSE Association, we held our annual golf tournament to benefit Johns Hopkins Children's Center in September, and will be presenting the

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Hospital with the proceeds of the event before the end of the year.

We wish all franchisees a happy, healthy and prosperous 2015.

## JOE SARACENO FOA

**Matt Mattu,  
President**



Hashim Syed, FOA Chicagoland, Serge Haitayan, Sierra FOA, and Jas Dhillon, FOA of Greater Los Angeles prevailed in National Coalition elections for vice chairmen 2015-2016.



Bob Price, Texas FOA, Jerry Sahnan, Phoenix FOA, and Bill Huffman, Columbia Pacific FOA kept track of votes and executed the voting procedure.

The Joe Saraceno FOA would like to extend its warmest greetings for the season and best wishes for happiness in the new year, with holiday blessings to all the 7-Eleven franchisees throughout the nation and their loved ones!

At the last Zone Leadership, in attendance were all of our market managers, Zone Leader Norm Hower, Vice President Field Operations Western Hemisphere Dan Soper, along with our NBLC representatives and local franchisee leadership. We discussed various issues affecting franchisees, and it

was declared these meetings will be results-oriented so the issues can be resolved in a timely manner. Hopefully this trend will continue so we can progress as a unit.

GP is up 0.24, an average of 39.19 percent. Inventory turns are 21.5, an increase of 0.36. Net income is up by 6.83 percent.

The private brands were discussed due to quality of packaging and freshness issues, with the goal being 7 to 8 percent of store carried items.

The McLane reroute with six-day delivery is a problem for some of

the stores. Local management is helping to solve issues at the store level. Customer Profitability Model (CPM) was discussed



McLane Senior Vice President Stuart Clark provided an overview and discussion of strategic sales opportunities for franchisees.

and we were informed we would get clear answers.

The minimum wage increase is a big issue with the franchise community, because it may increase to \$13.50 per hour. We have been arranging and attending meetings with the local councilmen and senators, but we need help from 7-Eleven.

Joe DePinto, along with his executive team, met with the National Coalition Board in Dallas and promised to bridge the gap of involvement and communications. He also committed himself to attend the National Coalition meetings to hear the concerns of the franchise community first hand. As we all know, and acknowledged by Joe DePinto, there has been a communication gap for the last few years. Hopefully the outcries of the franchisees will be heard in a timely manner, as a higher level of SEI involvement leads to a higher quality relationship between the franchisor and the franchisees. I am hoping that 2015 will be the year of change for the 7-Eleven system, to the benefit of us all.

## CENTRAL VALLEY FOA

**Sukhi Sandhu,  
Vice President**

2014 has been an exciting and challenging year, but we are all excited to see what 2015 brings us. In 2014, our area saw an increase of sales over 2.5 percent. Our leading category was Fresh Foods at plus 10 percent, with our highest increase coming from the Hot Foods category as we continue to add more hot food stores in the East Bay area and Central Valley. We enjoyed our collaboration products like Doritos Loaded, and look forward to the BBQ chicken pizza. The great combo deals with multiple pizza purchases, wings and pizza, and pizza, 2-liter soda

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



### THEATER BOXES

HOT TAMALES® Cinnamon 5oz Theater Box 12ct box	363945	142072
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MIKE AND IKE® Original Fruits 5oz Theater Box 12ct box	364091	142822
MIKE AND IKE TROPICAL TYPHOON® 5oz Theater Box 12ct box	364281	140154
MIKE AND IKE BERRY BLAST® 5oz Theater Box 12ct box	364356	142352
MIKE AND IKE® RED RAGEOUS!™ 5oz Theater Box 12ct box	364505	142070
MIKE AND IKE® LEMONADE BLENDS® 3.6oz Theater Box 12ct box	438333	140369

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### BIG BOXES

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### COUNT GOODS

HOT TAMALES® Cinnamon 1.8oz Count Goods 24ct box	491266	140135
MIKE AND IKE® Original Fruits 1.8oz Count Goods 24ct box	491373	141374
PEANUT CHEWS® Original 2oz Count Good 24ct box	348524	142271

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and chips have definitely helped expand the hot foods market basket.

Fresh Bakery has also helped our sales, with a 16.5 percent sales increase. Our Zone's "focus donut" and the muffin and coffee promo have been proven successes. I can't remember a time when our



Cal Neva FOA President Rich Rose said that BT has had a successful introduction in the Reno-Tahoe market.

Zone averaged 24 muffins PSD. Other leading categories were Alcoholic Beverages (+8.2 percent), Services (+7 percent), and Snacks (+4.4 percent).

A really exciting thing we are looking forward to in 2015, other than making more money, is combining our efforts with two other FOAs (Greater Bay and Northern California) to host an amazing trade show. It's become evident that we can offer our members a more rewarding and beneficial trade show experience by combining our FOA efforts. Our trade show will take place on March 13, 2015 at Thunder Valley Casino and Resort, right before our best selling season—summer.



Bon Appetite's Mike Kawas said the company has several prebooks in the works for 2015.

## Presidents' - R E P O R T S -

We are all anticipating the results of both the company and National Coalition FOA survey giving the franchisees a voice to express their opinion of services provided. The value of any survey is what one does with the results.

To all, Happy Holidays and let's make 2015 a very successful and profitable year!

California PAC President Jas Dhillon reported on the need to continue to support fair franchising legislation like SB610.



## FOA OF GREATER LOS ANGELES

**Kathy York,  
President**

As we close out 2014, we are still having bill-back issues. These errors are why we want the allowances on the invoices. I understand there is an accrual for November so it doesn't distort gross profit,



Monster reps Trusha Patel and Kellen Flores thanked franchisees for supporting Monster Black.

but bill-back issues have been a concern for too long.

FOAGLA attorney Craig Kennedy and I are working with SEI to resolve and come to a resolution regarding the requests for mediation we have for 39 stores. Last month, all of the FIWs were recalculated, as the first ones were calculated incorrectly.

We're looking forward to our annual Christmas party on December 12 and our annual trade show in January that we do jointly with the San Diego FOA.

## KANSAS CITY FOA

**Faisal Asad, President**

Franchisees in Kansas City and St. Louis are looking forward to changes from SEI top leadership, which may impact franchisees' morale and bottom lines. Franchisees welcomed the news about the recent meetings of SEI top leadership and their commitment!

We need to be on the forefront of testing new concepts or models in Market 1951



Kansas City FOA President Faisal Asad emphasized the importance of gas competition.



Anheuser Busch rep Ralph Talamantez said their company needs quicker response from franchisees.

because QT, On The Run, U Gas, and Kicks 66 are all in our backyard. Grocery store HyVee has been opening up its own gas stations and QT is still in bed with Price Chopper for gas co-op. We need to adopt quickly to stop losing guests to the grocery channel and gas co-ops. We must have in-store promotions for gas discounts! Gas is important to guest perception in our area, and doing nothing will erode our gas business.

The Kansas City area is on a boom, and if SEI invests right in this marketplace, KC will reap a big return on investment in coming years. Lastly, I was told that Market 1951 was not a growth Market. I hope that changes and we open up new stores in downtown KC and St. Louis, and if possible get branded gasoline from Conoco Phillips like some of the stores in our area.

Some YTD facts: Merchandise sales are up 2.04 percent; Merchandise GP is up 3.33 percent; Total GP is up 6.54 percent; Inventory Turns are up 8.78 percent (from 14.8 to 16.1); T-counts at 99.1 percent, down (0.9) from 876 to 873 APSD.

## SAN FRANCISCO/MONTEREY BAY FOA

**Joe Galea, President**

Currently, we are looking at a sales growth of 6-7 percent throughout our FOA area, which includes four different markets. Our customer counts are also up. The main area of concern, however, is that our gross profit is down—either by promotions or other factors—which is also reflected in income for the franchisees.

Another concern is the RIS program that is in the process of rolling out. It has been implemented in a couple of markets, but some have put it on hold until the end of January 2015. There have been many questions, concerns and confusion about the rollout. Compounded with that, we are hearing more and more about prob-

lems with the 7-Eleven accounting system, especially in July when there were numerous mistakes made to merchandising reports. There are also many unanswered questions regarding the accounting and 7-Eleven procedures as far as getting issues resolved.

Business Transformation was rolled out in the middle of the year, but there are still many concerns and



Franchisees and affiliate member vendors broke into groups to tackle issues like accessibility to non-recommended products, the value of DSD vendors, service levels by vendors, schematics, and managing inventory data in product purchasing.



issues, even though there is an understanding of the concept. Among the trouble we're having with BT is the ability to add on to our orders. Additionally, our attempts to purchase Store Supported Items keep being rejected in Dallas, which is conflicting with our independent contractor status and hampers franchisees from growing their business.

We look forward to 2015 with optimism, especially now that the folks in Dallas are more receptive to meeting with franchisees to discuss our concerns. Our local SEI management in the last three months has been very supportive of franchisees and we are extremely happy that they are working with the local FOA groups. We need to develop a true work-

ing partnership so franchisees, SEI and our vendors can all prosper.

Our recent holiday party was well attended. We had our membership there, and SEI was very supportive. Our team did a great job of putting that event together. In April we are going to participate in the first-ever Northern California trade show, which is also going to include the two FOA groups in Fresno, one in Bakersfield and Sacramento, and part of the Cal-Neva group. The San Francisco/Monterey Bay FOA will host this group trade show, which is going to consolidate our vendors into one huge event. The trade show will be held at the Santa Clara Marriott on April 11, 2015. Call upon any of the FOA presidents for further information. **AV**



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## Healthcare Insurance Open Enrollment Is Happening NOW!

### Put The Law To Work Helping You And Your Store Employees

Since the Affordable Care Act was passed in March 2010, there's been a lot of confusion about this law. For many franchisees this confusion has led to uncertainty and stress. However, regardless of whether you're for or against the healthcare mandate, the good news is that the Affordable Care Act is a win-win for the 7-Eleven franchisee community.

#### HOW CAN THIS BE?

Win #1 is for YOU: You now have the ability to easily and quickly shop for health insurance coverage for you and your family during the open enrollment period, which started on November 15, 2014. You may evaluate and select the plan that best fits you and your family's needs. Even better, regardless of your health history, you can't be turned down for health insurance!

Win #2 is for your EMPLOYEES: In the past it may have been very difficult for you to offer an affordable group health insurance plan for your employees. Under the Affordable Care Act, most 7-Eleven franchisees are not required to offer medical coverage. This actually benefits your hourly employees, as many of these employees are eligible to enroll in Medicaid. Further, their incomes will likely allow them to enroll in the health insurance plans available through the Exchanges and not only receive heavily subsidized premiums, but also receive heavily subsidized coverage for out of pocket costs. In short, the Exchange plans will likely offer better coverage with pre-

mium and protection subsidies beyond anything you, as an employer, could likely afford to offer.



**“You now have the ability to easily and quickly shop for health insurance coverage for you and your family during the open enrollment period, which started on November 15, 2014 and ends February 15th.”**

#### HOW DOES THIS HELP MY BUSINESS?

If you are an employer with less than 100 employees at all commonly owned businesses in 2015 (this is slated to change to less than 50 full-time employees in 2016), you have a significant advantage over larger employers because:

1. You are under NO obligation to offer a health insurance plan.
2. The Exchange plans are likely to offer a better deal for both you and your employees than if you offered a group health plan.

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3. As a small employer, you have the ability to offer your hourly employees a 40-hour workweek. On the other hand, larger employers may feel compelled to aggressively cap the amount of hours their employees work to less than 30 hours per week (otherwise, they may be required to offer a group health insurance plan or pay substantial fines). This should help you become the employer of choice, compete with larger employers, and select better employees in the labor marketplace.

#### WHAT SHOULD I DO NEXT?

You can make this information available to your employees. Log onto [www.7-eleven.lewer.com](http://www.7-eleven.lewer.com) for free, printable information you can include as a handout and flyers that you can post in your break room. It's as easy as that.

The Lower Agency, through the 7-Eleven Franchisee Benefits program, is providing you and your employees a simple and quick way to shop, compare, and enroll in the Exchanges. This service is at no cost to your business. Go online or call today to compare plans and get enrolled.

Limited-time open enrollment ends February 15th. Enroll today to secure your 2015 benefits. ■

For more information visit [www.7-eleven.lewer.com](http://www.7-eleven.lewer.com) or call 1-866-588-7696. Also see ad opposite page.





## Member News

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## REBUILD FRANCHISEE CONFIDENCE AND PAVE A ROAD TO SUCCESS

By Romy Singh, President, Eastern Virginia FOA

As I look back on my 7-Eleven career, I see the 7-Eleven franchise system as a great system that allowed storeowners to make a decent living and comfortably support their families. Franchisees countrywide could put in an honest day's work and make an honest buck, and we could expect a reward at the end of our contract. Today things seem to have changed. Franchisees work harder and I'm wondering how many of us are earning the same income or less. We desperately need to get our system back on the right course so franchisees can once again feel like we are getting a reasonable return on our investments of time and money.

Franchisees don't mind putting in the long hours, as long as the extra effort leads to higher sales and profits, but the truth of the matter is that many franchisees seem to be struggling just to get by. Some are working 10 to 12 hours every day with no vacation, but are barely able to make ends meet. Others have decided to return their low-volume stores and leave the system entirely because they didn't see a bright future for themselves or their families with 7-Eleven.

Our franchisor may claim franchisees are earning "much more," but the reality is we are dealing with declining incomes and increasing expenses. Our maintenance costs have increased by 30 percent in the last 10 years, and our labor costs continue to rise every month. I can't even predict what will happen in the next few years when minimum wages

rise and a \$15 minimum wage becomes the norm. How many of us will be left with no other recourse than to return our stores and find a different way to make a living? It certainly doesn't help that, after ten years of building our store sales to a decently profitable level, we are asked to pay an additional franchisee fee to renew our own contracts. We franchisees should be rewarded for our efforts and accomplishments, instead of being made to re-qualify and pay a higher fee.

Since the 2009 Agreement, SEI's portion of our gross profit split has made franchisees feel there is no longer a 50-50 partnership with our fran-

**"It certainly doesn't help that after ten years of building our store sales, we are asked to pay an additional franchisee fee to renew our own contracts."**

chisor. Franchisees feel a store has to generate sales of \$1.35 million just to break even with expenses. Then, if a franchisee grows sales from \$2 million to \$3 million with his or her hard work, SEI starts taking a bigger cut.

Encroachment is another issue affecting our livelihoods. SEI's store growth, some 2,000 stores over the last three years, is a direct challenge to existing 7-Eleven franchisees. SEI should reevaluate its expansion plan so it doesn't open new stores close to existing 7-Elevens and instead expand in areas where growth is needed. It's been said time and again: we can compete with any other c-store, but we can't compete with another 7-Eleven, especially when it's newer.

Developing store sales plans that generate more profits will also help alleviate some of our pain. Presently, we have too few promos with adequate funding from our vendors. SEI also needs to get us better cost of goods. I have seen too many instances where vendors are selling at lower cost to our competitors and even to mom and pop c-stores. The vast majority of franchisees strongly believe that we are not getting the best price of goods.

SEI needs to work with franchisee leaders in the National Coalition and at the local FOA level to rebuild confidence within the franchisee community. We need a true 50-50 contract. Now is the time for SEI to seriously develop a plan and make changes in our operations that will make franchisees more profitable.

**ROMY SINGH**  
CAN BE REACHED AT  
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**"Franchisees don't mind putting in the long hours as long as the extra effort leads to higher sales and profits."**







## Member News

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### Legislative Update

#### Massachusetts Voters Approve Paid Sick Time

During the November 4 elections Massachusetts voters approved Question 4, a measure allowing workers at companies with at least 11 employees to earn paid sick time, reported Boston.com. When the law goes into effect next July, employees whose companies do not offer sick time as a benefit will be able to earn one hour of paid time off for personal illness or medical appointments, for an illness in the family, or to deal with a domestic abuse situation for every 30 hours worked. Employees will not be able to earn more than 40 paid hours per year. The new law will also give workers at companies with fewer than 11 employees the chance to earn unpaid sick time.

#### Bid To Expand Massachusetts Bottle Law Sunk

Massachusetts voters overwhelmingly rejected a ballot initiative on expanding the state's bottle deposit law during the November elections, reported the *Boston Globe*. Nearly three-quarters of voters rejected Question 2, which sought

Massachusetts voters approved a measure allowing workers to earn paid sick time.

to include bottled water, sports drinks, and other noncarbonated beverages among the bottles subject to a nickel deposit. The effort to expand the bottle law was defeated with the help of a barrage of television advertisements financed with nearly \$9 million by the beverage industry and large supermarket chains. Supporters of the measure contended that expanding the law would increase recycling, reduce litter, and save cities and towns millions of dollars by reducing the amount of trash sent to landfills. Opponents argued that the bottle law is an inefficient, antiquated program that raises prices for consumers.

#### NYC Considers New Ways To Cap Soda Size

Mayor Bill de Blasio's administration is exploring new ways to regulate the size of large sugary drinks in New York City, holding high-level meetings behind closed doors with health advocates and beverage industry executives, reported the *Wall Street Journal*. These talks could revive an issue championed by Mayor de Blasio's predecessor, Michael Bloomberg, who oversaw a sugary drink ban in 2012 that was eventually overturned by the courts. Mayor de

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2020, creating a gap in supply and demand of 1 million metric tons, reported *Bloomberg*. • **Starbucks recently unveiled Powermat wireless charging** in approximately 200 of its stores in the San Francisco Bay Area. This launch is the first step in Starbucks strategic plan to offer Powermat throughout its U.S. locations. • While total consumer traffic to U.S. restaurants was flat in the quarter ending September 2014, **the QSR categories of fast casual, coffee/donut/bagel, and Mexican posted visit gains**, according to The NPD Group's foodservice market research. • **Washington's legal recreational marijuana market is bringing in more tax revenue to the state than originally predicted**, reported the Associated Press. The industry is expected to generate more than \$694 million through the middle of 2019, up from the previously forecasted \$636 million. • A new survey from CashStar reveals that **a majority of consumers would like to receive gift cards instead of physical gifts, but many feel guilty admitting that they want to receive them**. • Dunkin' Donuts announced that it has recently achieved two big digital milestones, having **reached two million DD Perks Rewards** loyalty members and surpassing more than 10 million downloads of its mobile app. • **Allstate** helped shoppers find their parked cars this holiday season by adding a **free Parking Reminder feature to its mobile app**. • Black Friday weekend retail spending fell about 11.3 percent compared to last year, and total shopping traffic in stores and online dropped by 5.2 percent, according to a new survey by the National Retail Federation. • A national health survey conducted by the Centers for Disease Control and Prevention found that **17.8 percent of U.S. adults—or 42.1 million people—were "current cigarette smokers" in 2013, the lowest percentage since the annual survey began keeping**

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### Play The Name Game!

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



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## Member News

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### Legislative Update

Blasio has vowed to find a way to limit the size of drinks—a move public-health advocates say would help fight obesity—but has yet to sign off on a new approach.

#### Indiana Business Coalition Pushes Sunday Alcohol Sales

Some prominent Indiana business groups have formed a new coalition in an effort to legalize Sunday alcohol sales at groceries, drugstores and liquor and convenience stores, reported the *Indianapolis Star*. Hoosiers for Sunday Sales—a coalition of consumers and retailers from across Indiana—kicked off a campaign in early December in support of legislation to allow expanded alcohol sales on Sundays. The group already has support from the Indiana Chamber of Commerce and the Indiana Retail Council, which represents grocery stores.

Indiana business groups have launched a campaign to legalize Sunday alcohol sales.

The creation of Hoosiers for Sunday Sales is just the latest indication of renewed momentum for those who want to repeal the Prohibition-era ban

on carryout alcohol sales. More than 52 percent of Indiana residents support an expansion of Sunday alcohol sales, while about 46 percent of those surveyed oppose the change, according to a recent WISH-TV/Ball State Hoosier Survey.

#### More Cities Raise Tobacco Age To 21

A grass roots movement to raise the legal age for buying cigarettes and other tobacco products to 21 years from 18 is gaining traction, reported the *Wall Street Journal*. Most recently, the city council in

Evanston, Illinois banned tobacco sales to anyone under the age of 21. In the past year, the list of communities passing laws banning tobacco sales to anybody under 21 has grown—from New York City to Healdsburg in Sonoma County wine country. In Massachusetts alone, 30 communities have passed or enacted such regulations in 2014, inspired by a big drop in teen smoking in the town of Needham. Now, states are taking notice. New Jersey's senate in June approved a bill to raise the purchase age to 21; its house is expected to vote next year. Colorado's legislature defeated a similar proposal in March, but is expected to revisit the issue.

#### Virginia Endorses Licensing Of Cigarette Retailers

The Virginia State Crime Commission recently endorsed the licensing of cigarette retailers as a way to help curb illegal trafficking to other states, reported the *Richmond Times-Dispatch*. Under the proposed legislation, the Virginia Department of Alcoholic Beverage Control would manage the licensing, which would also cover other tobacco products. Thirty-six other states already require similar licenses.

At 30 cents per pack, Virginia has one of the lowest cigarette excise taxes in the country, which attracts traffickers from nearby high-tax states who can make tens of thousands of dollars in profit but face penalties less severe than drug traffickers if caught. The commission said one advantage of licensing is knowing who is retailing cigarettes in the state. Some fraudulent operators claim to legally retail cigarettes bought wholesale in Virginia, but instead send them to other states for illegal sale. **AV**

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**track in 1965.** • The Hershey Co. plans to **replace the high-fructose corn syrup in some of its candy**—like Take 5, PayDay, Almond Joy and York Peppermint Pattie—with sugar, reported *The Daily Mail*. • **Discover sued Visa recently, alleging the world's largest cards company has been using anti-competitive practices** in its debit card business, reported Reuters. • Baltimore-based c-store chain **Royal Farms plans to expand in the Delaware Valley, a suburb of Philadelphia**, in which Wawa has long dominated, reported the *Philadelphia Business Journal*. • **Wawa Inc. recently announced it will become the first national retailer in the convenience store channel to offer the Coca-Cola Freestyle soda fountain chain-wide.** The touch screen beverage machine will roll out to all Wawa stores by May 2015. • **Starbucks recently announced plans to double its U.S. food revenue to over \$4 billion over the next five years.** The company also said that by the end of FY2019, 20-25 percent of its stores in the U.S. will offer the **Starbucks Evenings experience**, adding approximately \$1 billion in revenue. • The Hershey Company announced that it has completed the purchase of **The Allan Candy Company**, a leading North American manufacturer of quality confectionery products—including Allan, Big Foot, Hot Lips and Laces—based in Ontario, Canada. •

**Livability.com** recently named the 10 Best Beer Cities 2014, which offer innovative breweries, residents who consume beer at higher rates, sophisticated beer tastes and a high-quality of life for beer lovers: **1. Bend, OR; 2. Denver, CO; 3. San Diego, CA; 4. Albuquerque, NM; 5. Tampa, FL; 6. Grand Rapids, MI; 7. St. Louis, MO; 8. Bellingham, WA; 9. Hershey, PA; 10. Billings, MT.** • **McDonald's plans to expand its Create Your Taste test to 30 locations** in five states right away before rolling it out in 2,000 units next year, reported *USA Today*.

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with eggs permanent additions to its menu. Only 40 percent of Dunkin's sales come after 11 a.m., leaving a lot of room for growth. With hardier menu items typically reserved for dinner, sales could grow at the more than 2,300 Dunkin' Donuts in the U.S. that are open 24 hours, the company said.

Meanwhile, Starbucks is pressing ahead with its evening menu, which consists of wines and beer and small plates to be shared, after testing the menu in 32 U.S. stores in seven markets since 2012. The coffee chain now offers 10 standard small plate options as part of its evening menu, such as truffle macaroni and cheese and double chocolate brownie bites. There are also five choices of red wine, three white wines, a sparkling rose and prosecco.

#### Banks Can Sue Target Over 2013 Credit Card Hack

A District Court judge in Minnesota recently ruled that a group of banks can proceed to sue Target for negligence in the December 2013 breach that resulted in the theft of 40 million consumer credit card numbers, reported *Ars Technica*. The banks alleged that Target had “failed to heed warning signs” that would have prevented the banks' losses.

The decision could lead to significant changes in the way the cost of fraud is distributed among parties in the credit card ecosystem. Where once banks and merchant

acquirers would have to shoulder the burden of fraud (which is how they have long justified increasing Interchange Fees), now, potentially, the judge's order could pave the way for more card-issuing banks to sue merchants for not protecting their POS systems properly.

#### Couche-Tard's Net Earnings Increase

For its second quarter of fiscal 2015 ended October 12, 2014, Canadian c-store retailer Alimentation Couche-Tard announced net earnings of \$286.4 million, up 24.6 percent over the second quarter of fiscal year 2014. The company said its same-store merchandise revenues increased 2.8 percent in the U.S., 2.1 percent in Europe and 3.0 percent in Canada. Couche-Tard also reported merchandise and service gross margin stood at 32.7 percent in the U.S., at 41.2 percent in Europe and at 33.5 percent in Canada, for a consolidated margin of 34.0 percent, an increase of 0.2 percent. Additionally, same-store road transportation fuel volume increased 2.1 percent in the U.S., 2.2



The Columbia Pacific FOA held elections for its officers' positions in November. Congratulations to the elected Executive Officers: (from left) Stan Singh (Vice President), Ravinder Waraich (Vice President), Harbhajan Ghotra (President), Junaid Akhtar (Treasurer), and Rehan Ashraf (Secretary).

*“Couche Tard's 2014 U.S. second quarter same-store merchandise sales revenue increased 2.8 percent.”*

percent in Europe and dropped 1.1 percent in Canada.

#### Disability Lawsuits Against Small Businesses On The Rise

Small-business owners face a growing number of disabled-access lawsuits in the wake of a recent appeals-court ruling giving rise to disabled “testers,” as well as the release of detailed federal specifications for curb ramps, self-opening doors and other standards, reported the *Wall Street Journal*. For the year through June 30, the number of lawsuits filed under a section of the federal disability law setting out accessibility requirements for businesses and other public places increased nearly 55 percent to 1,939 from 1,254 over the year-earlier period. Many of the lawsuits originated in California, New York and Florida, and most end in quick settlements, often of less than \$10,000.

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## Member News



#### 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

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## Member News

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Last year, such lawsuits increased 9 percent to 2,719 from 2,495 in 2012.

### Seven-Eleven Japan In Coffee War

Japan's convenience store operators are jostling for eminence in a famously cut-throat industry, and one product in particular has them entangled in a fierce battle—coffee, according to a Reuters report. Inspired by a popular 100 yen (\$0.93) blend launched by McDonald's in 2008, Seven-Eleven Japan touched off a boom in c-store coffee in 2013, lifting Japan's long-stagnant coffee market and irking rival businesses.

Coffee, more than anything else, attracts both new and repeat customers, who typically also spend money on other items, convenience store executives say. C-stores in Japan have been serving machine-made coffee for years, but it never caught on due to quality reasons. That all changed in January 2013, when Seven-Eleven gave rivals a jolt with black coffee that was not only low-priced but also considered high quality. The 100 yen, grind-on-the-spot all-Arabica "Seven Cafe" ignited a coffee war that has intensified as FamilyMart and Lawson matched the price.

The popularity of "conbini coffee"—Seven-Eleven alone aims to sell 600 million cups in the year to February—pushed coffee consumption in Japan up 4 percent in 2013 to a record 446,392 tons, according to the All

Japan Coffee Association. Data so far suggests another rise this year.

### NACS To Host 16 Update Luncheons In 2015

NACS announced that its President and CEO Henry Armour will host 16 industry update luncheons in various cities around the country in 2015 to share and discuss insights, issues and opportunities that are relevant to convenience and fuel industry retailers and suppliers. The NACS Industry Update Luncheons bring together regional convenience and fuel retail and supplier leaders for a unique experience to connect, exchange ideas and hear industry performance trends and metrics in a casual setting. Topics to be discussed include NACS State of the Industry Report data relevant to the venue's region, important legislative and regulatory issues facing the industry and NACS efforts to advocate on your behalf, and Topical Initiatives for retailers—including nutrition and anti-obesity campaigns, motor fuels, tobacco regulations, card swipe fees and mobile commerce. For questions and more information, contact Carolyn

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Members of the Eastern Virginia FOA recently attended a Zone meeting that included a franchisee training class with Asset protection. Overall, it was a very productive meeting.



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Create Your Taste lets customers skip the counter and head to **tablet-like kiosks** where they can customize their burger. • The U.S. Supreme Court recently rejected energy giant BP PLC's challenge to a **class-action settlement of claims stemming from the Deepwater Horizon rig explosion** in 2010, giving businesses along the Gulf Coast six months to file new claims against BP. • **A new vending machine** created by Italy-based Rhea Vendors **uses facial recognition and customers' medical records to determine if they should be allowed to buy an unhealthy snack**, reported *Spring-Wise.com*. • **Amazon.com now offers one-hour delivery for a range of "daily essentials" in Manhattan**, reported Gizmodo. The company said it plans to introduce the service, called Prime Now, to additional cities in 2015. • A new federal survey the National Institute on Drug Abuse has found that **e-cigarette use among teenagers has surpassed the use of traditional cigarettes as smoking has continued to decline**, reported the *New York Times*. • **E-cigarettes appear to be less addictive than cigarettes for former smokers** and this could help improve understanding of how various nicotine delivery devices lead to dependence, according to Penn State College of Medicine researchers. • **The retail industry will lose an estimated \$10.9 billion to return fraud in 2014**, and retailers estimate \$3.8 billion will be lost to return fraud this holiday season, according to the National Retail Federation's 2014 Return Fraud Survey.

• **Valero's Boyett Petroleum completed the purchase of fuel distribution contracts for 90 branded 76 and Valero gas stations in California** from MCW Fuels • Lotteries are becoming a gamble for most states, as data from the North American Association of State and Provincial Lotteries (NASLP) reveals lottery sales in 2014 Q3 remained flat compared to a last year. ■

# RELOADING IS FASTER & EASIER



## Now you can reload over 100 prepaid cards at the register. No MoneyPak® needed

\$4.95 reload fee applies. Reload and card balance limits apply. Your receipt is proof of reload.



The MoneyPak product currently in stores will be replaced with education-only MoneyPaks to assist our guests in making the transition.





Schnare atcschnare@nacsonline.com or (703) 518-4248.

## Iowa To Implement Digital Driver's License

With the rise of services like Apple Pay and Google Wallet, smartphones could soon replace the traditional wallet. With that in mind, Iowa is developing a free driver's license app that would display an image of an Iowa citizen's driver's license just like it would appear on a plastic card, reported the *Dayton Daily News*. It could be used anytime an Iowa resident needs a driver's license, such as for traffic stops, purchasing alcohol or security screenings at Iowa airports. Iowa is one of 30 states that allow drivers to show proof of insurance on their phones. The app is still in development and is planned for testing sometime in 2015, with the hope of a full rollout in 2016.

## Smokers Are Best Shoppers For Dollar-Store Chains

Although dollar-stores chains are relative newcomers to selling cigarettes, they've quickly discovered that smokers are some of their best customers, reported *Bloomberg*. Dollar General Corp. and Family Dollar Stores Inc.—the two largest dollar-store chains—began adding cigarettes in 2012 and 2013, at a time of increasingly pressure to drop the products. Dollar-store customers are more likely to be smokers than typical Americans, making it a hard market to resist.

At Family Dollar, about a quarter of customers smoke and that rises to 35 percent among the chain's most frequent shop-



## Franchisee Continues Holiday Coat Donation Tradition

Sierra FOA President and NCASEF Vice Chair-Elect Serge Haitayan continued his holiday tradition of donating coats to disadvantaged children in the neighborhoods served by his store. This season, Serge purchased 400 coats and donated them to three schools: Turner Elementary, Bakman Elementary and Fancher Creek Elementary. The kids, their parents and teachers were very appreciative of Serge's generous gift. Serge said he started the tradition eight years ago when he discovered that many children in his area go the entire winter without coats.

pers, the company said. That compares with just 18 percent of all U.S. adults, according to the Centers for Disease Control and Prevention. After Family Dollar started selling cigarettes in 2012, Dollar General entered the market the following year. Like Family Dollar shoppers, Dollar General customers smoke at higher rates than the

general public. The companies have almost 20,000 locations combined, making them two of the largest retailers in the country.

## CVS Revenue Rises On Pharmacy Strength

CVS Health Corp. posted a stronger-than-expected 9.7 percent increase in revenue for the third quarter, as strength in its pharmacy business offset a decline in front-of-the-store sales partly caused by the absence of cigarettes, reported the *Wall Street*

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*Journal*. The company changed its name to CVS Health from CVS Caremark in October when it stopped selling cigarettes and other tobacco items. CVS said the loss of tobacco sales weighed on sales in the front of the store. Revenue from the retail pharmacy business rose 3.1 percent to \$16.7 billion. Overall same-store sales rose 2 percent, with pharmacy sales rising 4.8 percent, offsetting a 4.5 percent decline in front-of-the-store sales.

## Illinois Tax Fraud Operation Nets \$100 Million

Illinois Attorney General Lisa Madigan and the Illinois Department of Revenue (IDOR) recently announced that their joint ongoing criminal enforcement operation to prosecute gas station owners who evaded sales tax payments has recovered over \$100 million for the state. The ongoing operation led by Madigan's Special Prosecutions Bureau and IDOR's Bureau of Criminal Investigation was launched to recoup sales tax losses from gas stations throughout Illinois that underreported revenues to avoid paying taxes to the state. Of the 50 gas station owners that have been charged to date, 40 defendants have been already convicted, many of whom were imprisoned. Additionally, tens of thousands of tax dollars have been recouped through IDOR audits.



## POS Malware Infections Spiked Before Holiday Season

Going into the holiday season, hackers ramped up their efforts to attack retailers and

other businesses with point-of-sale malware, reported CNBC. BackOff, which is one of the most effective strands of POS malware and is undetectable by most anti-virus software, saw a huge spike in the third quarter. BackOff infections increased 57 percent in August and 27 percent in September, according to a report by the security firm Damballa, and is to blame for many of the recent POS breaches—

*"BackOff, which is one of the most effective strands of POS malware and is undetectable by most anti-virus software, saw a huge spike in the third quarter."*

like Home Depot in September, followed by Dairy Queen and Kmart. In fact, more than 1,000 businesses have been infected with BackOff, the Department of Homeland Security recently stated.

## NACS Offers Protection Tips On Protests

As the number of staged public demonstrations over employee wages and benefits continue to grow, NACS offers a series of steps for c-store owners to follow in the event of a planned protest. The guide, developed by Fisher & Phillips LLP (a national law firm representing management in labor and employment law matters), indicates that retailers should be prepared to address the following aspects in the event of a planned protest nearby:

- Identify the activity: The nature of the activity will typically determine the extent of your rights as a neutral employer.
- Know the general ground rules: Understand what picketers are and are not permitted to do, under law.
- Protecting your property rights: In most

states, third parties are not permitted to access your private property to engage in these activities. While protesters may be permitted to lawfully air their disputes on public property, they generally do not have the right to use your private property to carry out their objectives.

- Communicate with your customers and employees: While picketing and related activity threatens to disrupt virtually any business, there are steps that can be taken to reassure employees and customers alike.
- Respond to the participants themselves: If the protesters do show up, the best advice is to remain calm. It is important to remember that the protest is ostensibly directed against someone else.

## East Coast FOA Files For Mediation With SEI

The East Coast FOA recently hit SEI with a demand for mediation pursuant to the Franchise Agreement over conduct it says "is unlawful, wrongful, deceptive and constitutes a breach of contract." In a letter to SEI attorneys, sent by the group's lawyers, the FOA claims its members are "subject to excessive control from 7-Eleven" via its strict policies governing products, vendors and prices. The FOA further claims that SEI "manipulates the terms of the Franchise Agreement to deprive [East Coast] of equity in its stores" by refusing to "provide an understandable accounting," failing to "respond effectively to franchisee inquiries" and failing to "obtain competitive pricing," among other things. SEI, through its legal representation, responded to the group by stating that it only mediates with individual franchisees as per the Franchise Agreement. SEI also invited the FOA to identify any members desiring mediation—and the disputes that member wishes to mediate—so the company can "make an informed decision concerning the request." ■

*"Dollar store chains Dollar General and Family Dollar began adding cigarettes in 2012 and 2013."*



# BRAND NEW WEBSITE FOR FRANCHISEES! OHTHANKHEAVENFORFRANCHISEES.COM



OhThankHeavenForFranchisees.com showcases Franchisees, celebrating your success with your peers. It provides information on technology, innovation, products, and advocacy efforts that are helping drive sales.

*When Franchisees and 7-Eleven Inc. work together, GREAT things happen!*

- [www.facebook.com/7elevenfranchisees](https://www.facebook.com/7elevenfranchisees)
- [www.pinterest.com/ohthankheavenfo/](https://www.pinterest.com/ohthankheavenfo/)
- [www.twitter.com/711Franchisees/](https://www.twitter.com/711Franchisees/)
- [www.instagram.com/711franchisees](https://www.instagram.com/711franchisees)







## SEI News

### NY FRANCHISEE CROWNED 'QUEEN OF COFFEE'



Southampton, New York franchisee Laurie DeFelice was recently honored by SEI for having the busiest franchise in the 8,000-store chain in the United States, reported *The Southampton Press*. To celebrate her store selling roughly 1,400 cups of coffee and 400 donuts on a daily basis, Ms. DeFelice was crowned the Queen of Coffee outside her store on County Road 39 while surrounded by friends and family. According to SEI's vice president of marketing, the company decided to name the first Queen of Coffee this year to celebrate the 50th anniversary of 7-Eleven first offering coffee to go.

### SEI MAKES RECORD DONATION TO CSP'S CARRE



SEI President and CEO Joe DePinto recently presented a record contribution of \$50,000 to CARRE—the Charitable Alliance of Restaurant & Retail Executives—during CSP's 2014 Outlook Leadership conference, reported *CSP Daily News*. In total, \$101,000 was raised by the CARRE Foundation, with all proceeds benefitting the Folds of Honor Foundation, which supports the spouses and children of soldiers killed or disabled in service to our country. "We applaud the important work of CARRE and its mission to support our industry, its members and our community, and wish you continued success," DePinto said. The annual CSP Outlook Leadership

conference brought together convenience store and petroleum retailing executive-level retailers and suppliers, and took place in Scottsdale, Arizona, from November 16-19.

### 7-SELECT OTC DRUGS INTRODUCED

7-Eleven has entered the private-label drug business with its own 7-Select-branded, non-prescription medicines, at a savings of up to 85 percent per pill or ounce for equal-to-or-better quality, SEI announced. Participating stores carry 7-Select OTC remedies in five major categories: pain relief, cold-flu-allergy, gastro-intestinal upset, cough/throat, and sleep aids. SEI has partnered with Perrigo, the largest generic medication supplier in the U.S., to create its assortment. Most 7-Eleven stores will continue to carry popular national brands in single-dose and larger packages alongside its 7-Select options. Some stores may choose to carry only the new value-priced, private-brand children's pain, cold and allergy remedies, the company said. 7-Eleven is one of the first convenience retailers to carry its own extensive line of private-brand OTC medicines—up to 34 varieties—with more planned for the future.



### SAN DIEGO STORE OPENING BENEFITS LOCAL MUSIC PROGRAM

SEI recently hosted a ribbon-cutting ceremony for its newest El Cajon, California store that included free coffee, donuts and guitars for local schools. As part of the event, the local market manager presented a \$711 check to the San Diego Music Foundation. The donation, equivalent to the cost of three Taylor guitars, will ultimately benefit area El Cajon Schools through the foundation's "Guitars for Schools" program, the company said in a released statement. The Second Street 7-Eleven location is the 19th in El Cajon and is available to franchise.

### 'PAY-IT-FORWARD' PIZZA CAMPAIGN HELPS THE NEEDY

7-Eleven stores in the metropolitan areas of Buffalo and Rochester, New York, Pittsburgh, Detroit, Cleveland and Charleston, West Virginia recently invited residents to help put food on the tables of their less fortunate neighbors through its "pay-it-forward" with pizza campaign. During the three days leading up to Thanksgiving customers were encouraged to donate a pizza, or several, for just \$5.55 each. The pizzas were delivered to nine food banks in the participating areas: Food Bank WNY in Buffalo; Foodlink in Rochester; Greater Pittsburgh Community Food Bank in Duquesne, Pennsylvania; the Greater Cleveland Food Bank in Cleveland; Gleaners in Pontiac, Michigan; Forgotten Harvest in Oak Park, Michigan; Old Man Rivers in Parkersburg; The Salvation Army in Clarksburg; and Mountain Mission in Charleston, West Virginia.

continued next page

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## SEI News

Last August, these same 300 7-Eleven stores invited customers to give away pizzas to the needy. To say it was a success is an understatement. In one day, customers contributed more than 11,600 pizzas, with the top-selling 7-Eleven store, located on 150th Street in Cleveland, selling 165 pizzas to be donated to the local food bank.

During the Halloween weekend, stores in Portland, Oregon also held a "pay-it-forward" pizza campaign. More than 90 7-Eleven stores participated in the three-day drive, and the pizzas were delivered to the Oregon Food Bank and Birch Community Services in Portland and the LINKS food program in Vancouver. The Portland stores held their first "pay-it-forward" campaign in December 2013, and the idea took off. One store—the 7-Eleven on NE Kane Drive in Gresham—sold 45 pizzas in a single day, and the customers donated more than 1,300 pizzas during the holiday campaign.



### FREE CAR WASHES ON VETERAN'S DAY

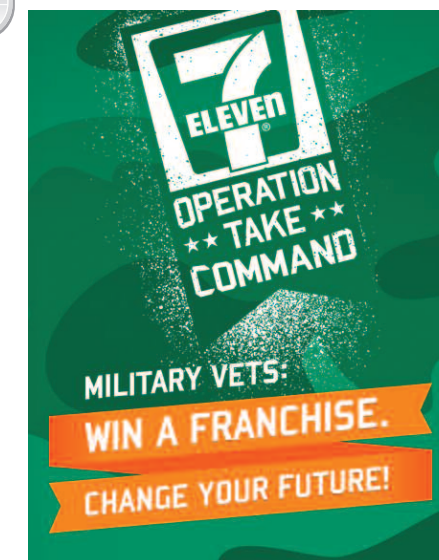
U.S. military personnel and veterans were invited to wash their cars free of charge on Veterans Day, November 11, at participating 7-Eleven stores that operate car washes. The free car washes were available from 12:01 a.m. until 11:59 p.m. This was the third year 7-Eleven has offered free car washes on Veteran's Day for retired and

active military personnel of any branch of the U.S. Armed Services. SEI operates more than 300 car washes in 16 states—California, Colorado, Florida, Illinois, Kansas, Michigan, North Carolina, Nevada, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Utah, Virginia and Wisconsin.



### 7-ELEVEN URGES CUSTOMERS TO 'GO BANANAS'

SEI recently joined the Feeding America network of food banks in a pay-it-forward campaign to buy bananas for food-insecure individuals and families in the U.S. To participate, 7-Eleven customers purchased two Del Monte bananas for \$1, which were donated to Feeding America and distributed through its network of local food banks to families in need. For every two bananas donated by a customer, 7-Eleven contributed an additional dime for the Feeding America network, up to \$100,000. The campaign ran from November 6 through December 2. Customers who made a contribution at their local 7-Eleven store were also invited to sign a holiday donation recognition card that was displayed in the store during the campaign.



### FRANCHISE GIVEAWAY FOR U.S. MILITARY VETERANS

SEI started enlisting U.S. military veterans on Veteran's Day, November 11 for Operation: Take Command, the company's first franchise giveaway contest. The winner will receive a waiver of the franchise fee, valued at up to \$190,000, to franchise any 7-Eleven store available in the continental U.S. at the contest's culmination. Interested veterans who are first-time 7-Eleven franchise applicants can enter online at [www.VeteransFranchiseGiveaway.com](http://www.VeteransFranchiseGiveaway.com) through January 25, 2015. The winner will be announced in April 2015.

The Operation: Take Command franchise giveaway is a multi-phased competition that includes meeting 7-Eleven's franchising qualifications, interviews, a Facebook video contest by 10 preliminary finalists, and an interview with 7-Eleven President and CEO Joe DePinto for the three finalists. The competition is for first-time prospective franchisees, those veterans who do not already franchise a 7-Eleven store. **AV**





**FOD**  
2/16/15

## LITTLE BITES OF SWEETNESS TO SATISFY YOUR ON-THE-GO CRAVINGS!



### UNIT SPECIFICATIONS

#### Product Description

Pillsbury Minis Blueberry Muffins with Streusel

Pillsbury Minis Chocolate Chip Muffins

Pillsbury Minis Cinnamon Crumb Cakes

Pillsbury Minis Cinnamon Rolls

Pillsbury Minis Blueberry Muffins - Unit



Pillsbury Minis Cinnamon Crumb Cakes - Unit



Pillsbury Minis Chocolate Chip Muffins - Unit



Pillsbury Minis Cinnamon Rolls - Unit



AVAILABLE IN FOUR  
**GREAT**  
TASTING  
**FLAVORS!**

### PILLSBURY™ MINIS

- Mini form makes it easy to eat on-the-go.
- Homemade taste from Pillsbury consumers know and love.
- Bakery style and re-sealable packaging lets product quality shine.

# VENDOR FOCUS

## New Mars Chocolate Products To Jolt Your Sales

Mars Chocolate North America recently announced a wide range of new products that will hit store shelves in the coming months, and two of the items are back by popular demand. Fan favorites M&M'S Brand Crispy Chocolate Candies and SNICKERS Xtreme Bar will join newcomers 3 MUSKETEERS Mint Bites, COMBOS Baked

Snacks in two sweet and salty flavors, DOVE Whole Fruit Dipped In Dark Chocolate, TWIX Creamy Peanut Butter Cookie Bars and festive seasonal shapes. Mars Chocolate unveiled these innovations, along with merchandising tools for the convenience store industry, at the NACS Show in Las Vegas in early October.

### New items from Mars Chocolate include:

- **M&M'S Brand Crispy Chocolate Candies**, a limited edition in 1998, feature a unique, crispy center covered in creamy milk chocolate, enclosed in a colorful candy shell. Available in January 2015 in 1.35 oz. single, 2.83 oz. Sharing Size, 9.9 oz. bag.
- **SNICKERS Xtreme Bar** lives up to its name, with 50 percent more caramel and 14 percent more peanuts than the original SNICKERS Bar. A limited edition in 2010, the bar offers a single layer of crunchy roasted peanuts and smooth caramel, enrobed in milk chocolate. Available in December 2014 in 3.59 oz. 2 To Go Bars.
- **3 MUSKETEERS Mint Bites** are bite-sized treats featuring refreshing mint-flavored fluffy nougat enrobed in silky dark chocolate. (December 2014, 2.83 oz. Sharing Size and 6.0 oz. Stand-Up Pouch)
- **COMBOS Baked Snacks Sweet & Salty Caramel Creme Pretzel** delivers the nostalgic taste of caramel creme candy and a salty pretzel crunch. Available in November 2014, 6.0 oz. bag.
- **COMBOS Baked Snacks Sweet & Salty Vanilla Frosting Pretzel** takes the cake by bringing together the flavors of salty pretzels and vanilla frosting. Available in November 2014, 6.0 oz. bag.
- **DOVE Whole Fruit Dipped in Dark Chocolate** is a delicious combination of real fruit dipped in silky smooth DOVE Dark Chocolate. Available in September 2014: Cranberry and Blueberry in 6 oz. Stand-Up Pouches; January 2015: Cherry in 6.0 oz. SUP and Cranberry and Blueberry in 2.83 ounce Sharing Size bags.
- **TWIX Creamy Peanut Butter Cookie Bars** unite a layer of savory peanut butter on a classic TWIX Cookie Bar, all coated with delicious milk chocolate. The new recipe includes a traditional crunchy TWIX Cookie Bar in-

stead of a chocolate cookie. Available in January 2015 in 1.68 oz. package of two bars, 2.80 oz. 4 To Go.

- **Seasonal Shapes** in singles and 2 To Go formats make snacking more festive. Shapes include TWIX Brand Ghosts, Santas, Hearts and Eggs, as well as SNICKERS Brand Pumpkins, Nutcrackers, Hearts and Eggs.

Seasonal confectionery sales continue to increase as consumers celebrate the holidays with their favorite brands in themed packaging and shapes. The company notes that holidays are the perfect time to add shippers and other secondary displays around the store. In fact, displays help drive sales year-round, as 83 percent of all chocolate candy purchases are on impulse, according to the 2012 Candy Category Report by Point of Purchase Advertising International.

Mars offers retailers several display options, from traditional counter units and shippers to a new Mixed Singles Skinny Tower that requires minimal floor space. Convenience retailers can sign up for the Mars Chocolate Everyday Display Program, which features themes centered on "key moments" that bring family and friends together. Some of the 2015 moments include: Super Bowl, NASCAR, M&M'S Brand Movie Mania and Road Trip. A Performance Rewards Program is available to c-stores that incorporate certain Mars products and displays.

Mars also offers retailers a Convenience Store Brochure that includes advertising and consumer promotions, new items, a c-store calendar and monthly highlights. In addition, Mars24seven.com provides shopper insights, merchandising options, trends and product photos. Buyers can contact their Mars Chocolate representative for details.





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Pillsbury Minis Offer Little Bites Of Sweetness On-The-Go

General Mills Convenience announces Pillsbury Minis, an exciting new addition for your packaged bakery set with little bites of sweetness from the Pillsbury brand consumers know and love. Pillsbury Minis come in four great-tasting flavors: Mini Cinnamon Rolls, Mini Blueberry Muffins with Streusel, Mini Cinnamon Crumb Cake and Mini Chocolate Chip Muffins. The bite-size, bakery style goodies come in packages of four with a suggested retail price of \$2.29.

Pillsbury Minis are easy to eat on-the-go, making them a great option for busy consumers, particularly at breakfast when they are most likely to be looking to fulfill a sweet craving with a convenient

and portable solution. The minis offer premium quality and homemade taste with no trans fats.

The new item is sure to stand out in the packaged bakery aisle with its clear, re-sealable packaging that lets the

product quality shine. With its long-standing reputation for great taste and its strong brand awareness, Pillsbury addresses consumer and re-

Pillsbury Minis are an easy-to-eat on-the-go breakfast option.

ROCKIN' REFUEL SALTED CARAMEL HAS THE MUSCLE TO SELL

Shamrock Farms has unveiled a new Rockin' Refuel Muscle Builder flavor: Salted Caramel. The new flavor is made with real milk, is lactose free, is low in carbs and sugar, contains 30 grams of high quality protein and only 190 calories, and has up to 100 days refrigerated code life. The salted caramel trend is not a fad—since gaining popularity in 2008, it has become a mainstream flavor. Order through McLane or call 1-800-456-3247 for more information.



tailer needs with a fresher breakfast option designed to satisfy sweet cravings on the go.

Bigger Is Better With The New Kayak Man Can



Swisher's Kayak Man Can fits in automobile cup holders.

Swisher International proves that oversized can still be convenient with its new Kayak Man Can. The newly designed packaging contains 12 regular-sized cans worth of quality moist snuff tobacco and fits perfectly in a cup holder, so adult consumers can conveniently take it in the car, truck or boat.

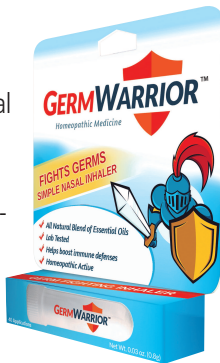
The Kayak Man Can includes a refillable 1.2-ounce can, providing customers with the equivalent of 12 cans for the price of 11. It is available in Long-Cut Wintergreen, Long-Cut Straight, and Fine-Cut Natural blends. This is one "oversize load" that's perfect on the go!

For retailers, eight Kayak Man Cans come in each case. Order through McLane today or for more information, contact your Swisher representative at 1-800-874-9720.

Germwarrior Offers Germ Protection In One Easy Sniff

Boca Health Remedies, Inc. introduces GermWarrior, a homeopathic nasal inhaler that harnesses the power of lemon balm and essential oils to effectively fight airborne germs, boost immune defenses and temporarily relieve symptoms of the common cold. In vitro laboratory testing has shown that this proprietary blend of all-natural ingredients is effective in inhibiting commonly encountered airborne germs with just a quick sniff instead of the hassle associated with other germ-fighting remedies that require mixing or taking with water.

Portable, affordable and fast acting, GermWarrior is perfect for use anytime, anywhere, whether the user is on the go or in crowded public spaces like planes, trains, schools, offices and hospitals. The inhalant can be used up to six times per day, and each GermWarrior inhaler contains a minimum of 40 applications. GermWarrior has a suggested retail price of \$6.99. For more information, visit [www.germwarrior.com](http://www.germwarrior.com) or call 888-944-GERM.



GermWarrior fights airborne germs and helps boost the immune defenses.

Kellogg Unveils Special K Protein Inspired Café Shakes

Special K Protein Café-Inspired Shakes combine everything c-store customers love about coffee, plus 10 grams protein, 5 grams fiber and 5 grams fat per serving to keep them full in the morning. With as much caffeine as a cup of coffee (a 5.5 oz. cup of drip-brewed coffee and Special K Protein Café-Inspired Shakes both have 65 mg of caffeine), these portable shakes are available in two creamy flavors: Dark Chocolate Mocha and Vanilla Cappuccino. The product is packed four 10 oz. bottles to a carton, with 6 cartons per case, for a total of 24 bottles per case. For more information, call 877-511-5777 or visit [www.kelloggsconvenience.com](http://www.kelloggsconvenience.com).



Special K Protein Café Shakes—drinkable nutrition for coffee lovers.

Tecate Diablo Lands In U.S. Stores

Tecate—the one and only authentic Cerveza "con Carácter"—announced the introduction of Tecate Diablo, a bold Mexican beer mix based on the authentic Michelada recipe of beer, tomato juice, lime, salt, chili pepper, and other spices. Diablo leverages the growing popularity of tomato-based beer mixes and Tecate's position as the authentic Mexican beer brand that offers a bolder, more authentic taste verses the competition.



Tecate Diablo leverages the growing popularity of tomato-based beer mixes.

FOA EVENTS

ROCKY MOUNTAIN FOA CHARITY GOLF TOURNAMENT

Colorado Country Club  
Cheyenne Mountain Resort  
Colorado Springs, Colorado  
August 5, 2015  
Phone 710-233-9758

ROCKY MOUNTAIN FOA TRADE SHOW

Hotel Elegante  
Colorado Springs, Colorado  
August 6, 2015  
Phone 710-233-9758

SOUTHERN CALIFORNIA FOA GOLF TOURNAMENT

TPC Valencia  
Valencia, California  
September 14, 2015  
Phone: 626-256-1264

FOA BOARD MEETING DATES

7-Eleven FOAC

Phone: 312-944-5392

January 22, 2015  
February 19, 2015  
March 19, 2015—General Meeting  
April 23, 2015  
May 14, 2015  
June 18, 2015  
August 20, 2015  
September 17, 2015  
October 22, 2015—General Meeting  
November 19, 2015  
December 17, 2015

FOA Of Greater LA

Phone: 951-766-7490

January 13, 2015  
February 17, 2015  
March 17, 2015  
April 21, 2015—w/Mini Trade Show

May 19, 2015  
June 16, 2015  
August 18, 2015—w/Mini Trade Show  
September 15, 2015  
October 20, 2015  
November 17, 2015—w/Mini Trade Show  
December 2015—No Meeting

Central Florida FOA

Phone: 407-683-2692

January 15, 2015—Board Meeting Orlando  
February 5, 2015—General Meeting Lakeland  
April 23, 2015—Board Meeting Lakeland  
May 21, 2015—General Meeting Orlando  
July 16, 2015—Board Meeting Orlando  
August 20, 2015—General Meeting Lakeland  
October 22, 2015—Board Meeting Lakeland  
November 19, 2015—General Meeting Orlando

FOA CHICAGOLAND HOLIDAY PARTY & TRADE SHOW

November 6, 2015  
Phone: 847-971-9457

FOA GREATER LA HOLIDAY PARTY

December, 2015  
Phone: 619-726-9016

CENTRAL FLA FOA HOLIDAY PARTY

December, 2015  
Phone: 407-683-2692

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## FOA EVENTS

Want your event listed here? Send email with event name, location, dates and contact phone and email to [avantimag@verizon.net](mailto:avantimag@verizon.net)

### FOAGLA & SAN DIEGO FOA TRADE SHOW VENDOR

Appreciation Reception  
Pechanga Resort and Casino  
Temecula, California  
January 20, 2015  
Phone: 619-726-9016

### FOA OF GREATER LOS ANGELES & SAN DIEGO FOA TRADE SHOW

Pechanga Resort and Casino  
Temecula, California  
January 21, 2015  
Phone: 619-726-9016

### CENTRAL FLORIDA FOA GOLF TOURNAMENT

Orange County National Golf Center  
Winter Garden, Florida  
March 4, 2015  
Phone: 407-683-2692

### CENTRAL FLORIDA FOA TRADE SHOW

Orlando World Center Marriott  
Orlando, Florida  
March 5, 2015  
Phone: 407-683-2692

### TRISTATE FOSE TRADE SHOW

Martin's West  
Baltimore, Maryland  
March 25, 2015  
Phone: 301-572-6811

### VIRGINIA FOA TRADE SHOW

Hilton Springfield  
Springfield, Virginia  
March 26, 2015  
Phone: 540-270-7934

### METRO NEW JERSEY FOA TRADE SHOW

Tropicana Hotel  
Atlantic City, New Jersey  
April 9, 2015  
Phone: 908-232-1336

### SAN FRANCISCO/MONTEREY BAY FOA

#### THE GUARDIAN TRADE SHOW

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

### EASTERN VIRGINIA FOA PATRIOT ZONE TRADE SHOW

Hilton Garden Inn  
Suffolk, Virginia  
April 20, 2015  
Phone: 757-506-5926

### SOUTHERN NEVADA/LAS VEGAS FOA TRADE SHOW & CHARITY GOLF TOURNAMENT

(location to be announced)  
April 22-23, 2015  
Phone: 702-249-3301

### COLUMBIA PACIFIC FOA ANNUAL TRADE SHOW

Doubletree Lloyd Center  
Portland, Oregon  
April 24, 2015  
Phone: 503-984-1398

### CHESAPEAKE BAY FOA TRADE SHOW

(location to be announced)  
April 30, 2015  
Phone: 757-650-2929

### SOUTHERN CALIFORNIA FOA TRADE SHOW

Pasadena Convention Center  
Pasadena, California  
May 21, 2015  
Phone: 626-256-1264

### FOA OF GREATER LA GOLF TOURNAMENT

(date & location to be announced)  
June, 2015  
Phone: 619-726-9016

# NCASEF BOARD MEETINGS

### NATIONAL COALITION AFFILIATE MEETING

Hilton Sandestin  
Sandestin, Florida  
February 16-17, 2015

### NATIONAL COALITION BOARD OF DIRECTORS MEETING

Hilton Sandestin  
Sandestin, Florida  
February 18-19, 2015



### NCASEF 40TH ANNUAL CONVENTION & TRADE SHOW IN COOPERATION WITH THE CHICAGO FOA

Sheraton Chicago Hotel and Towers  
Chicago, Illinois  
July 27-31, 2015  
Trade Show: July 30-31, 2015

### 7-ELEVEN FOAC FAMILY PICNIC

(location to be announced)  
June 13, 2015  
Phone: 847-971-9457

### 7-ELEVEN FOAC CHARITY GOLF TOURNAMENT

(date & location to be announced)  
July, 2015  
Phone: 847-971-9457

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# New Juicy Fruit Gum in the Starburst Flavors Everyone Loves!



# NEW GUM!

SLIN# 143989/UIN# 091017/15PC JUICY FRUIT STARBURST STRAWBERRY GUM  
SLIN# 143903/UIN# 090969/15PC JUICY FRUIT STARBURST CHERRY GUM

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 **DJARUM** *It's what's inside.*

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