

January/February 2015

THE VOICE OF 7-ELEVEN FRANCHISEES

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Open Communication & Dialogue Operating Expense Procedures

Meetings Yielding Some Positive Results

Money, Power & Prestige

Why Are Franchisees Upset?

Are We Partners Or Not?

Meeting With SEI On The FM Price Increase NCASEF 40th Annual Convention & Trade Show July 27-31, 2015

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SHERATON CHICAGO HOTEL & TOWERS

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Dialogue

What Is True Communication? The Need To Revisit The Past Franchisee Survivability The Disintegration Of The Quality Visit



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

IN COOPERATION WITH FOA CHICAGOLAND AND ALLIANCE OF 7-ELEVEN FRANCHISES FOA

July 27-31, 2015

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JANUARY | FEBRUARY 2015 AVANTI 13



C-Stores Continue Retail Channel Growth

The U.S. convenience store count increased to 152,794 stores as of December 31, 2014, a nearly 1 percent increase from the year prior, according to the 2015 NACS/Nielsen Convenience Industry Store Count. The study reveals that the link between fuels and convenience retailing continues to grow. Overall, 83.5 percent of convenience stores (127,588) sell motor fuels, a 0.7 percent increase (930 stores) over 2013.

Convenience stores account for 33.9 percent of all retail outlets in the United States, according to Nielsen, which is significantly higher than the U.S. total of other retail channels including drug stores (41,799 stores), supermarket/supercenter (41,529 stores) and dollar stores (26,572 stores). The report further shows that the convenience retailing industry continues to be dominated by single-store operators, which account for 63.0 percent of all convenience stores (96,318 stores total) and 83.5 percent of store growth in 2014.

Among the states, Texas continues to lead in store count with 15,434 stores. The rest of the top 10 states for convenience stores are California (11,403), Florida (9,810), New York (8,247), Georgia (6,766), North Carolina (6,301), Ohio (5,539), Michigan, (4,907), Illinois (4,670) and Pennsylvania (4,604), which nudged Virginia out of the top 10.

The convenience retailing industry has roughly doubled in size over the last three decades. At year-end 1984, the store count was 85,300 stores, at year-end 1994 the store count was 98,200 stores and at year-end 2004 the store count was 138,205 stores.

7-Eleven #1 On CSP's **Convenience Top 101**

For the second consecutive year, 7-Eleven is #1 on CSP's annual Convenience Top 101, which ranks the largest convenience store continued on page 16



San Diego FOA Board members pose for a photo with honored guests at their Annual Joint Trade Show with the FOA of Greater Los Angeles, held on January 21 at the Pechanga Resort in Temecula, California. Pictured left to right: Gene Villagrana, Susan Davis (Nestlé Professional), Bob Elkins (FOA President), Carmen Heibing, Roger Sandoval, Vijay Booter, Gurpal Paintal, Mark Gramlich (Kellogg's), Bic Sidhu, Joe Galea (NCASEF Chairman), George Azzam, Cindy Keller (FOA CFO), Gary Singh (FOA Vice President), and Nancy Langford.

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chains by store count-owned/operated and franchised locations-in the U.S. and Canada. According to the list, 7-Eleven operates and franchises 7,790 stores in North America. Canadian c-store retailer Alimentation Couche-Tard came in second with 5,700 stores, and CST Brands Inc. (Valero) ranked #3 with 1.887 units. Rounding out the top 10 are Casey's General Stores (#4-1,759 stores), The Pantry (#5-1,567 stores), Speedway LLC (#6-1,468 stores), Hess Corp. (#7-1,354), Murphy USA Inc. (#8-1,184 stores), BP America (#9-950), and Kroger Co., Convenience Division (#10-784).

Limited-Time Zero **Franchise Fee Initiative**

Between now and June 30, SEI will waive the franchise fee on a select number of its U.S. stores available for franchise, a savings of up to \$80,000. The Zero Franchise Fee Initiative was announced by 7-Eleven President and CEO Joe DePinto at the company's 7-Eleven Experience in Las Vegas in February. While the more than 200 available stores are located in cities across the country, many of the Zero Franchising Fee opportunities are in markets like Charlotte, N. C., where 7-Eleven has acquired a significant number of stores. Over the last four years 7-Eleven has grown

continued on page 22









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The Need To Revisit The Past

By Jack Rugen, President, United Franchise Owners Of Long Island

Competition for the convenience store customers' disposable income has never been greater. Supermarkets are remodeling their stores to accommodate busy consumers. Speedway has bought Hess Marts; Quick Chek has already bought many sites in my neck of the woods-Long Island, NY. Convenience stores like Bolla Market are solid competitors. Walmart and Target are actively pursuing small-store formats. Starbucks, McDonald's, Burger King, Panera Bread and now Taco Bell have taken a share of the breakfast segment. Subway, Chik-fil-A and Wendy's have taken some of our lunch business, and everywhere you turn there's a pizzeria.

Our customers come to our stores to get their needs met. But it seems corporate's category managers, if they can stay in the job for more than six months, do not fully understand what our customers want, and efforts to capture more of the c-store consumers' wallet have missed the mark.

Locally and regionally, what my guests request might be different than what the category manager sitting in Dallas headquarters thinks my purchaser needs. Consumers in Manhattan and the five boroughs are refined, well-educated shoppers. The residents on

"We cannot serve the diverse, refined shoppers in New York with the same products served in Charlotte, Tucson, or Detroit."

the south shore of Long Island are middle class, blue collar. The north shore is more white collar. "EastEnders" are more urbane and sophisticated consumers. "Upstaters" are more frugal with their purchases. And all of these areas are culturally-diverse in one sense or another.

they want, when they want it?" The CDC infrastructure was developed to provide daily distribution of perishable products like milk, hot dogs, taquitos, burritos and many other fresh food products. CDC items were supposed to be available to order twice a day, which was impractical and costly, and it was narrowed down to once. Then, instead of catering to our customer, the CDC caters to their own business partners by limiting the ordering schedule on milk to accommodate our

Whatever happened to the CDC

mantra of "Giving our customers what

milk company's delivery schedule. Now, dairy products are not available on

most certainly will, impact impulse shopping at our stores, now and in the future.

One of the most critical challenges we face as convenience store operators is dealing with shifting customers' preferences. Optimizing product assortment to make us more relevant to the customers at EVERY STORE is one way. We should consider localizing assortments by clustering store characteristics and

offering the right merchandise at the store level, so that individual consumer tastes are accounted for. This means balancing chainwide merchandising with local

> merchandising. I have made this argument many times: regional and local store-specific product mixes

"One of the most critical challenges we face as convenience store operators is dealing with customers' shifting preferences."

weekends-the busiest days of the week. Fresh cut fruit and other major items are also not available at certain times during the week.

Have you gotten my point yet? This "cookie cutter" approach put in place by our business partners is not working! It didn't work in the past, it certainly has

> proven to be challenging now, and it will certainly be puzzling in the future. We cannot serve diverse, refined shoppers in

New York with the same products that are served in areas of Charlotte, Tucson, or Detroit. According to Convenience Store Decisions 90 percent of consumers are eliminating unnecessary purchases, and 67 percent are making shopping lists prior to shopping. These new economic actions by consumers have, already, and

were very successful back in the '90s. Back then, at my insistence and the persistence of many at the national level, the then-Southland Corporation introduced an Individual Store Development Program that focused on precise product mixes for single, specific stores. This strategy, with the assistance of the field consultants, seemed to satisfy the cultural, ethnic and individual needs of "the store," separately and individually from the balance of the collective states and even honed in on individual outlets within a particular market. At that time, we had double-digit sales increases, albeit, the economy was in much better shape than the current one. But the economy is rebounding, although slowly, and now is the time to be proactive and lay the groundwork for some form of an Individual Store Development Program, before we lose more business

continued on page 60

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its store base by more than 1,300 units. Now that a 7-Eleven customer base has been established at these locations, the company is looking to transition these stores to franchise operations.

Other cities where specific Zero Franchise Fee stores are available include the Dallas/Fort Worth area, Manhattan, Baltimore, Richmond, Va.; Orlando, Fla.; Portland, Ore., and Jacksonville, Fla. These stores typically have lower sales volume compared to the national average, and because of this they may qualify for additional, limited-time financial support. SEI said it is offering these stores to qualified, prospective franchisees as well as existing 7-Eleven franchisees who want to grow their retail business by adding 7-Eleven stores.

7-Eleven On Entrepreneur's 2015 Franchise 500

7-Eleven has made it onto Entrepreneur Magazine's 36th Annual Franchise 500 list, ranking #10. To make it on the list,

— What Is
⊢ ∩ ∪ ⊖ Communication?

In a recent issue of Focus magazine, Mr. Joe DePinto wrote that he realizes the lack of communication between corporate and franchisees is a problem, and that SEI needs to communicate more. I welcome his remarks as a wellneeded change. All relationships need clear communication in order to work, so I would like to raise a few points that have been troublesome to me.

> By now it is very clear that to run a successful low or medium volume store operation, many franchisees need to work 60 to 70 hours each week. We have been communi-- **1** - cating this to our field operation for years now. We have to work these long hours to keep stores in com

"SEI is having a stellar year with record profits, and franchisees seem to be left in the rain."

We were told by SEI that the revolutionary BT system would solve all of our problems, from ordering to delivery. But the truth many franchisees are realizing is that the new ordering process sometimes takes longer, and adds labor hours due to inefficiencies in McLane deliveries. Adding to this, our bottom line is being adversely affected by the increased use of credit cards by customers and minimum wage increases, which are climbing through the roof as many cities set their own minimum wages, oftentimes higher than the state minimum wages.

This is not helped by monthly promotions and the fresh foods program that are driving GP down; even the hot foods program has

"Together, SEI and franchisees have made the 7-Eleven brand number one in the convenience industry."

pliance with the GEA demands, and we have to struggle against an ordering process that is complicated and

unforgiving.

By Gary Singh Vice President, San Diego FOA

> historically generated low GP. We took a bet on lowering margins and increasing volume, but we've seen no benefits from our gamble as labor costs have increased.

companies are judged on several factors, including financial strength and stability,

growth rate and size of the system. 7-Eleven

has 54,500 stores operating worldwide,

added 330 units in 2014 in the U.S. and

Canada, and will open a similar number

this year. Entrepreneur writes of the com-

pany: "Clearly 7-Eleven's strategy to go be-

yond the typical convenience store (which it has fostered for the last half-decade) is

paying off. Its huge range of inexpensive yet

continued on page 24

When real estate was at its peak and rents were high, we worked together on a split-scale gross profit to compensate SEI. But now we have mounting expenses with no end, and they pile up on us alone.

Together, SEI and franchisees have made the 7-Eleven brand number one in the convenience industry. Together we have achieved recognition from the vendor community for our buying power. Now in the spirit of open communication I ask: Are we financially sound today? SEI is having a stellar year with record profits and we as franchisees seem to be left in the rain. Our income has been decreasing for years with no sign of relief in the near future. How long can franchisees survive this system?

Together we have made this brand succeed, and now it is time to communicate to upper management at SEI that they must

help reduce the financial burden on franchisees and make the system profitable for all.







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high-quality private-label products-from beer and wine to nuts and batteries-has been a hit with consumers. But what's really driving growth is a focus on feeding the public, not just with Slurpees and chips but with an ever-growing selection of hot foods, including more healthful options."

7-Eleven Returns To Charlotte

7-Eleven is among a group of c-store chains showing a renewed interest in expanding in Charlotte, South Carolina, reported The Charlotte Observer. After a 24-year absence, SEI made its return to Charlotte in 2012 when it bought 55 Sam's Marts in the region and began converting them into 7-Elevens. It has also acquired CB Mart and Fast Track locations in the Carolinas, and built new stores. 7-Eleven now has 71 locations in Mecklenburg and five neighboring counties, and it's planning on opening at least 10 more Mecklenburg stores in 2015.

The newspaper states 7-Eleven and other c-store retailers in the area will face a bulked-up competitor after Canada's Alimentation Couche-Tard, the parent of Circle K, completes a planned acquisition of Carybased The Pantry, which operates primarily under the Kangaroo Express banner. The two chains have about 110 stores in the Charlotte area combined

Opportunities For C-Store Foodservice Growth

As convenience store foodservice continues to face stiff competition and works to overcome consumers' negative quality and freshness perceptions, nominal growth of about 2 percent is expected in 2015, according to Technomic's Convenience Stores Marcontinued on page 28

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Legislative Update



Twenty States Raise Minimum Wage On New Years Day

The minimum wage rose in 20 states and the District of Columbia on January 1, as laws and automatic adjustments

were made with the start of the new year, reported the *Washington Post*. In nine states, the hike was automatic-an adjustment made to keep the minimum wage in line with rising inflation. But in 11 states and D.C., the rise is the result of legislative action or voter-approved referenda. Two more states-Delaware and Minnesota-will get legislatively driven hikes later in the year, while New York will raise its minimum wage on December 31, 2015. Twenty-nine states now have minimum wages above the federal minimum of \$7.25.

The size of the hikes range from 12 cents in Florida to \$1.25 in South Dakota. Among those states hiking the minimum wage, Washington state's was the highest at \$9.47. Oregon's is next at \$9.25, followed by Vermont and Connecticut at \$9.15. Massachusetts and Rhode Island now have \$9 minimum wages. Of the states where the minimum wage increased due to legislative or voter action, five-Alaska, Michigan,

Minnesota, South Dakota, Vermont-and D.C. also implement inflation indexing, bringing the number of states that tie future minimum wage hikes to inflation to 15.

New York Minimum Wage Increase Proposed

New York Governor Andrew Cuomo recently announced that he plans to submit a proposal to raise the minimum wage to \$11.50 an hour in New York City and \$10.50 an hour in the rest of the state, reported The Huffington Post. The current minimum wage in New York State is \$8.75, after the state legislature in 2013 passed a graduated increase to \$9 by the end of 2015. The governor said he was acting because "the wage gap is continuing to grow," despite last year's minimum wage increase. The second tier for New York City reflects the higher cost of living there, he added.

Two More States Consider Minimum Wage Hikes

Indiana and Kansas are considering upping their minimum pay, reported Fortune. Democratic state senators in Indiana recently proposed raising the state's minimum wage by almost \$3 from \$7.25 to \$10.10 per hour. The bill's sponsor said the proposal would ensure that people who worked 40 hours per week did not fall below the federal poverty level. A state representative in Kansas proposed a similar raise to that state's minimum wage. The Democrat lawmaker wants to raise the \$7.25 rate by \$3 over the next three years, bringing it to \$10.25 by 2017. Both bills will likely face opposition from Republicans, who control both state legislatures.

continued on page 26





The proposal

would ensure

that people

who worked

40 hours per

week did not

fall below the

federal poverty

level.

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Employers Rally Behind 40-Hour Workweek Definition

Business leaders have rallied around the Save American Workers Act, which would increase the number of hours employees have to work to qualify for employer-provided health insurance to 40 hours per week, reported U.S. News & World Report. The White House, however, has threatened to veto the bill.



The Affordable Care Act requires large employers to provide health insurance for full-time employees or pay a penalty. It changes the definition of a full-time workweek, however, from the traditional 40 hours a week to 30 hours a week so that more peo-

The Affordable Care Act requires large employers to provide health insurance for full-time employees or pay a penalty.

ple can be covered. Critics say this could encourage employers to cut their employees' workweek to under 30 hours.

Employers say implementing a traditional 40-hour workweek would benefit employees through providing them with more hours, and therefore a higher income. Businesses could then focus on growth and expansion rather than on restructuring their workers, advocates say. Nearly two-thirds of Americans currently have insurance under their employers.

Kansas Grocery & C-Stores Push New Liquor Law

A group of Kansas retailers is working to convince state lawmakers to allow supermarkets and convenience stores to sell "strong beer," wine and liquor, reported the Lawrence Journal-World. The Uncork Kansas coalition is seeking legislation to end the longtime Kansas law that limits liquor sales only to licensed liquor stores. Although previous attempts to change the law have failed, the group's leader said Uncork Kansas is proposing a new plan this year.

Unlike past efforts, convenience stores would not be allowed to sell liquor and wine under the new proposal, but would be able to sell "strong beer." Grocery stores would also be allowed to sell wine and liquor, but would be required to purchase a liquor retail license from an existing liquor store. Opponents of the law change said convenience stores would not need to buy an existing liquor license to begin selling strong beer, and that would potentially add thousands of new competitors to liquor stores, many of which rely heavily on beer sales.

Federal Paid Sick Leave Measure Proposed

During his State of the Union speech in January, President Barak Obama called on Congress to require companies to give workers up to seven days of paid sick leave a year, reported USA Today. Obama also wants Congress to spend \$2.2 billion to help states and cities develop paid family leave programs. The legislative proposal is modeled on a bill by Rep. Rosa DeLauro (D-Connecticut) and Sen. Patty Murray (D-Washington). Their proposal would apply to companies that employ at least 15 workers. Employees at those businesses would earn one hour of paid sick time for every 30 hours worked, up to 56 hours of paid sick time a year.

Lawmakers Call For Federal Gas Tax Hike

Low gas prices have rekindled talk on Capitol Hill about raising the federal gas tax to eliminate huge annual deficits in the federal Highway Trust Fund that pays for road and bridge work around the country, reported USA Today. Two senators have proposed raising the federal gas tax by 12 cents over two years and indexing it to inflation. To make the concept more palatable to fiscal conservatives, the measure would lower other taxes.

The 18.4-cent-per-gallon gas tax hasn't been raised since 1993. As vehicles have become more efficient, the revenue generated by the tax has dropped. Current stopgap funding for the Highway Trust Fund expires in May, and transportation officials in several states are holding back projects until uncertainty about the federal money is addressed.

California Plastic Bag Ban On Hold

California's first-in-the-nation statewide ban on single-use plastic bags is on hold, and unlikely to go into effect as planned on July 1, 2015, reported National Public Radio. That's because opponents of the ban, backed by the plastic bag industry, appear to have gathered enough signatures to put a referendum on the ballot in November 2016 to overturn the ban. If enough of those signatures are valid and the referendum qualifies, the ban on single use plastic bags will be suspended until voters weigh in, nearly two years from now.

Plastic Foam Ban Hits NYC In July

New York City will ban food establishments from using plastic foam containers starting this summer, making it the largest city in the country following San Francisco, Seattle and Portland, Oregon to do so, reported the Associated Press. The ban will go

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ket Intelligence Report. Comprising approximately 28 percent of retail foodservice and generating \$11.2 billion in sales, proprietary c-store foodservice has become a key area of opportunity across the country. Additionally, c-stores serve as a prime destination for younger generations and people seeking fast, on-the-go options, and there are plenty of opportunities for growth, the report states. Other interesting findings from the study include:

• Breakfast sandwiches continue to thrive on c-store menus, and their numbers climbed 20 percent from Q2 2013 to Q2 2014.

• More than 9 out of 10 consumers say the

most important elements are taste and flavor of the food and food quality.

• Energy drinks saw a significant surge in availability at c-stores, contributing to the category's nearly 23 percent growth in menu items.

7-Eleven Stores Team Up With Police To Fight Crime

Twenty 7-Eleven stores in the Tacoma and Federal Way areas of Washington State recently helped end a 30-day crime spree with the coordinated efforts of SEI's Asset Protection team, franchisees, sales associ-

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CALIFORNIA FRANCHISEE SPREADS **Holiday Cheer**

Several years ago, San Francisco/Monterey Bay FOA members Sherry Dang and Kirk DiCicco started a Holiday Season tradition of giving back to the communities their stores serve, so this past Thanksgiving and Christmas they were back at it. Before Thanksgiving, Sherry and Kirk held a turkey give-away at each of their four





stores in Watsonville, Salinas and Santa Cruz, handing out 50 16-18 pound turkeys via a raffle.

During Christmas, Santa (played by Kirk) visited their four stores and left gifts for children whose parents signed up at the stores. Kirk said they handed out more than 700 gifts and the kids took photos with Santa, which were printed and available for the parents the following week. Kirk added that the excitement on the kids' faces was priceless, not to mention well appreciated by the parents.



A recently released FBI report recommends that all retail store employees—not just security personnel — be engaged in regular training for emergency scenarios like shooting incidents, reported the National Retail Federation. • Philippine Seven Corp., the exclusive local licensor of 7-Eleven convenience stores in the country, plans to open 500 new stores this year, reported Manila Standard Today. • The beer can turned 80 years old on January 24, reported Fox News. The first beers ever sold in a can were Krueger's Finest Beer and Krueger's Cream Ale, hitting shelves in Richmond, Va. in 1935. • Although the Department of Labor recently announced that the **U.S. unemployment** rate has dropped to 5.6 percent, the number does not include the 30 million Americans who are either out of work or severely underemployed, reported Gallup.com. • For the entire two-month holiday season, mobile accounted for 22.6 percent of all e-commerce sales, an annual increase of 27.2 percent, reported Mobile In*sider*. • Delaware is aiming to be the first state to offer virtual driver's licenses accessed through a secure smart phone app, reported USA Today. The State Legislature recently adopted a resolution directing the Delaware Division of Motor Vehicles to study and consider digital licenses for motorists. Anheuser-Busch recently launched its new Bud Light Button, a beer delivery app that allows users to order Bud Light with a tap of the finger and offers unique "Up for Whatever" experiences that could accompany special deliveries. The app and service is currently

available only in the Washington, D.C. area. Dunkin' Donuts recently announced that it

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BY JOE GALEA, EXECUTIVE CHAIRMAN, NCASEF One of the main objectives of the National Coalition as we ended 2014

and headed into the New Year was to develop more open dialogue with SEI's upper management so we could address our issues and concerns, and discuss ways we could work together to maximize profitability. After all, communication is a two-way street, and to be effective both parties need to be in agreement and willing to support each other.

As such, the National Coalition reached out to SEI in an effort to bring our franchisor to the table so we could begin discussions in earnest. We have had numerous meetings with 7-Eleven upper management since October and things were moving at a very slow pace. However, as we engaged more and more with SEI we eventually hit a turning point, and the National Coalition officers were finally invited to



"Compromise is something that you do willingly, and there has been plenty of give and take during our discussions with SEI."

Dallas to meet with Joe DePinto and his executive board in January.

Dialogue during our first meeting with SEI executives was very open. We covered many topics, and we made a commitment to maintain communication with each other and work to ad-

dress each other's **JOE GALEA** concerns. From CAN BE REACHED AT October through 831-426-4711 or the current period joeg@ncasef.com we have realized

spect was given to everyone's viewpoint, regardless of whether it was an issue or a suggestion.

Our intention is to continue on this pace and to grow from it, now that SEI is also committed to the process. We are even engaging SEI local management now-zone leaders and such-with our FOA presidents to address any concerns we may have, from store operations to even merchandising or vendor questions. SEI has also

*One 12 ct. Tray of Spearmint Mix 60 ct. Packs Offer Expires 12/31/15. While Supplies Last.

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Open Communication And Dialogue

that there is more discussion, more dialogue, and more interest coming from SEI. Most recently in February, the entire National Coalition Board traveled to Dallas to meet with 7-Eleven's executive board.



It's the first time that I can recall in 16 years that this has ever happened. This meeting was also very open, and re-

"From October through the current period we have realized that there is more dialogue and interest coming from SEI."

invited us to add a couple of our people to their committees in order to find a fair balance between the National Coalition repre- sentation and SEI's franchisees that they have selected. We, in turn, have extended the same courtesy to SEI-they have an open invitation to attend our meetings to honestly discuss anything.

Compromise is something that you do willingly, and there has been plenty of give and take during our discussions with SEI. Case in point, we had an increase due for our maintenance fees. After a discussion with SEI, a decision was made to freeze the prices until we could work together to find a fair solution on the increase. This is a prime example of how good open communication and dialogue can benefit both parties. I very much appreciate that SEI put a freeze on the maintenance fee increase for the time being, and it's probably leading the way for other discussions where we can evaluate our entire business and our relationship so we can work more productively.

We hope this open dialogue continues throughout the coming year. With optimism I believe we are on the right path.

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Meetings With SEI Are **Yielding Some Positive Results**

BY JIVTESH GILL, EXECUTIVE VICE CHAIRMAN, NCASEF

Our relationship with SEI has improved over the last several months, but franchisees are still cautiously optimistic about the sudden turnaround in corporate's attitude and approach in dealing with franchisees. We want to believe that our corporate partners are sincere in establishing a positive working relationship with the franchisee community, but, as the old proverb says, "The proof of the pudding is in the eating."

The NCASEF officers and Board of Directors have already had a number of meetings with Joe DePinto and his executive team in Dallas, and Mr. DePinto has visited a few FOAs across the country in an effort to mend fences with franchisees. Both sides seem willing to comprise for the betterment of our system and brand, and we have had what seem to be candid and open discussions.

As a result of these meetings, SEI top management is hearing directly about the reality of the franchisee situation and the need to implement changes to help alleviate the burden storeowners have been carrying for the last several years. One such change involves the nearly impossible to understand, even more difficult to correct Financial Impact Worksheet (FIW), which has been costing franchisees lots of money. Mr. De-Pinto informed us that the company is going back to the drawing board with FIWs and revamping the program to make it simple and easier to understand.

Additionally, although SEI de-**JIVTESH GILL** cided last July not CAN BE REACHED AT to issue any more 209-481-7445 or FIWs, Mr. Dej2jgill@aol.com Pinto declared

and open discussions."

been completed.

Another issue the NCASEF officers and Board have been bringing up at



company is willing to implement changes

these meetings-and for many years now—is providing help to low volume stores. They could be older stores that have come into a lot of competition or newer stores that have never reached a sales level that could make them sustainable and viable, and these stores have been asking for help for a long time.

"SEI is now seeing eye-to-eye with franchisees on a number of issues, thanks to candid

they will not restart the program until this simplification process has

"As a result of our meetings with SEI executives, the benefitting franchisees."

SEI has recognized this and recently unveiled a new program to help low volume stores, assuring that any store below \$185,000 gross income will get assistance up to \$185,000, based on your last 12 months of rolling GP average. So, if your gross income is \$150,000, you will be supported with the difference up to \$185,000. This program doesn't have a lot of criteria, is easy to qualify for, and is practical. Furthermore, qualifying franchisees with low volume stores interested in acquiring an additional store would not be charged a franchise fee. There is a short window of time to apply, up until July, but Mr. DePinto said they would extend the deadline if needed.

Also discussed with SEI's higher-ups was the pending increase in maintenance fees. The National Coalition started pushing hard on this last year, as soon as we learned about the increase. It was supposed to go into effect in October 2014, but after several meetings with SEI and FM Facility Maintenance, SEI delayed it until the beginning of this year so a comprise could be worked out. After a couple more meetings the increase was delayed to March 1, 2015. Now it's been delayed indefinitely because a comprise suitable to all sides hasn't been reached.

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Meetings With SEI Are Yielding Positive Results

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During one of our more recent meetings, SEI announced that over 800 stores will be remodeled this year. Our request to them was that we want to see actual remodels, rather than just changing a couple of grills and installing a new floor or a new soda machine. We also urged SEI to improve the exterior of our stores in order to enhance curb appeal. When the remodel is completed, the stores definitely have to have a fresher, newer look. That's the focus. We want to attract the millennials and a new generation of guests, and stave off competition from the likes of Wawa and Sheetz, which have really fresh looking stores.

Other issues and concerns that SEI is looking into as a result of our meetings are encroachment, our request for a 15-year contract with no renewal fee,

"SEI has shown a commitment to work on our issues, but we are cautiously optimistic."

the graduated gross profit split, the gasoline split, credit card fees, the minimum wage increases spreading throughout the country, and getting us the lowest cost of goods, especially through the CDC. These are the issues that are dramatically hitting franchisees' bottom lines.

What we're hearing a lot at these meetings and other conversations with SEI top leadership is that they are doing a "holistic review" of these issues. We have asked them for a timeline of when

we could expect some action or resolutions. We didn't get a clear answer, but they said it is an on-going thing and they will consider each issue while doing the holistic review.

SEI has shown a commitment to work on these issues, and while we appreciate the changes SEI has made with FIWs, the maintenance fee, and the program for low volume stores, over the last five years franchisees have lost a lot of ground, and too many expenses have shifted to our side of the ledger. We need to look at these issues, and to be fair and equitable, we need to put some money back on the franchisees' bottom lines. We need to balance the system, and for the long-term sustainability of the system, we need to keep it balanced.

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SEI Revises Operating Expense Procedures

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

One of the issues at the top of the agenda for the National Coalition for nearly a year has been the changes SEI made to its policies and procedures regarding Operating Expenses. In a letter to SEI dated June 17, 2014 and in an article published that month in this magazine, we made the point that the new policy was more restrictive than the historical treatment of Operating Expenses, and in many cases was contrary to the specific terms of the Franchise Agreement.

Many franchisees reported inconsistent treatment of operating expenses, and the disallowance of many categories of operating expenses previously



We brought these matters to the attention of SEI, seeking a uniform and fair approach to Operating Expenses, which was also consistent with the definition of Operating Expenses found in Exhibit F to the Franchise

"SEI will no longer review expense paidouts, nor will it reclassify expenses to unauthorized draw, as it had been doing."

approved by SEI. These included outside landscaping; snowplowing; interest on lines of credit used to make contributions to the Open Account to maintain Minimum Net Worth; property taxes on inventory, furniture, fixtures and equipment; travel expenses between stores owned by the same franchisee; group health

chisee; group health insurance; group life insurance; and tele-617-423-7250 phone lines for the stores. Agreement at page F-53. We requested that SEI: • Allow all credits and expenses to the extent expressly permitted in the Franchise Agreement; • Publish a specific list of Miscellaneous Expenses;

Redefine allowable expenses, to include all customary benefits provided to employees, including health, dental, disability and life insurance;
Allow as operating expenses all expenses legally deductible as ordinary

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"Franchisees will no longer be required to send copies of supporting invoices and receipts for expense paid-outs."

and necessary expenses under the Internal Revenue Code; and

• Apply all standards regarding operating expenses in a uniform, nondiscriminatory and fair and reasonable manner.

We also suggested that one of the reasons SEI was restricting expense

paid-outs to a greater extent than it had in the past was because reducing allowable expenses would increase the profit of franchised stores as reflected in the Item 19 Financial Performance Representations contained in the SEI Franchise Disclosure Document. No doubt, SEI was also aware that many of the new requirements it has been imposing on franchisees, with respect to Fresh Foods and the GEA Form, as just two examples, were also increasing expenses and reducing profit.

On January 9, 2015, Operations and Accounting issued a written message to all franchisees, which indicated that changes were being made to the continued on page 38

SEI Revises Operating Expense Procedures

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processing of expense paid-outs "... based on franchisee feedback."

The essential changes are as follows:

First, franchisees will no longer be required to send copies of supporting invoices and receipts for expense paid-outs.

Second, SEI will no longer review expense paid-outs, nor will it reclassify expenses to unauthorized draw, as it had been doing in the more recent past.

Third, starting mid-March 2015, the paid-out screen will contain a representation by the franchisee that all reported paid outs are legitimate store related expenses for the reported category.

"In many ways, this new policy exceeds the request that we made on behalf of franchisees."

Fourth, while SEI will no longer review paid-outs on a regular basis, it does reserve the right to perform such a review if there is excessive paid-out activity or other unusual activity related to the reporting of operating expenses.

In many ways, this new policy exceeds the request that we made on behalf of franchisees. It reflects in part, SEI's determination that its interests have not been served by excessive intrusion into the franchisees' choices of operating expenses, which, after all, is their money to begin with.

However, there are two points that every franchisee should bear in mind going forward:

> 1. Franchisees should only report as paid-outs those expenses which are ordinary and necessary business expenditures which would be deductible on their business tax returns or on Schedule C to their personal tax returns, in any event. SEI has reserved the right to review these expenditures after the fact, and the IRS always reserves the right to do so as well.

> > 2. SEI has indicated that it may

well start to reduce the amount of financial performance information it provides to prospective franchisees in Item 19 of its Franchise Disclosure Documents. We hope and trust that this will not be because they fear that adding legitimate op-

erating expenses will create a less rosy picture for prospective franchisees. No decision appears to have been

made on this point, and we will continue to urge SEI to continue to make its Financial Performance Representations as complete and transparent as possible.

We are pleased that the issue of operating expense paid-outs has been resolved in a manner that is highly favorable to the franchisee community. However, there are many other issues facing franchisees and will continue to advocate on behalf of all FOAs and their constituents in the most energetic and effective manner possible.



has entered into a longterm master franchise agreement with Golden Cup Pte. Ltd. to open

more than 1,400 Dunkin' Donuts restaurants across China over the next 20 years. The company presently has 16 locations in the country. • Massachusetts-based c-store chain **Cumberland Farms** recently offered free coffee, tea, and hot chocolate to municipal, state and private plow drivers who worked to clear the public roads after winter storm Juno hit the state in late January. • Americans saved \$13 billion in the closing months of 2014 because of **cheaper gas**, according to For*tune*. Approximately \$1.5 billion of that money was spent at food and beverage stores, and another \$1 billion was spent on certain leisure products like cigarettes. • GE's new \$3,300 Café series refrigerator features a Keurig K-Cup brewer that uses the fridge's filtered water to make a single cup of joe, reported CNN Money. • Circle K recently announced plans to open 55 new stores across the Middle East in 2015 in order to better serve its growing customer-base in the region. • More than \$45 billion in gift cards have gone unredeemed since 2005, according to TowerGroup and CardHub estimates. • Keurig Green Mountain, maker of the single-serve K-Cup coffee pods, recently entered into an agreement with Dr. Pepper Snapple Group to develop and sell Dr. Pepper beverage capsules for the company's soon-to-be-released sodabrewing machine, Keurig Cold, reported Bidness Etc. • Healthcare insurer Aetna recently announced it will increase its minimum wage base to \$16 an hour for its lowest-earning employees. • Fast-food chain Wendy's has pulled soda from its kids' meal menu boards, joining chains including Mc-Donald's, Subway, Arby's and Chipotle in stressing other beverages for children including milk, water and juice, reported USA Today. • MillerCoors teamed with Boston-based alcohol delivery startup Drizly to offer free delivery of Miller Lite beer through Twitter to football fans in Boston, New York, Seattle and Washington during the NFL season, reported the Chicago Tribune. • Walmart opened its 500th smaller format Neighborhood Market store on January 7 in Springfield, MO. The company is testing a 5,200-square-foot c-store and gas station format called Walmart To Go at one location in Arkansas, reported CSP Daily Daily News.

continued on page 52



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MONEY, POWER AND PRESTIGE

BY JAS DHILLON VICE CHAIRMAN, NCASEF

My last Avanti article—"Dawn of a New Era....Or Is It?"-generated much conversation and feedback. Some supported my thesis, while others criticized. In either case, it tells me folks read it. That is the mark of effective communication. The article got folks talking and some just plain mad! The intent of this piece is the same as the last-to get people inside and outside the organization to start thinking and talking. Before you get too much further I must warn you, some may not like the commentary, but others may say, "Right on! It's about time!"

Recently, I came across an article by Daniel Goleman entitled "Power, Prestige or Money: What Drives Us." I found it fascinating in that I have long pondered the motivations of both peers and the people inside SEI. I cannot help but wonder as I watch and observe otherwise intelligent human beings succumb to the allure of false satisfactions brought on by money, power and prestige.

Oh yes, let me stop right there. We are in the convenience store business to make money, nothing wrong with that. I hope that drives us all. But how far will some go to accumulate wealth? Is it ultimately good for the person? Is it ultimately good for the system? When individuals or groups of individuals put aside all considera-

,	aside all considera-
JAS DHILLON	tions to personally
CAN BE REACHED AT 818-571-1711	enrich themselves at
or	the exclusion of oth-
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	mind that pursuit of

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money is wrong. These pursuits can include selling out one's principles to gain additional stores or get a "free" trip to a sporting event, music concert and other types of swag. When people who should be protecting the livelihoods of others easily forego that responsibility for personal gain it is not leadership—it is theft, and that is wrong. In my opinion there is just far too much of this behavior at all levels in both the corporate and franchise organizations.

functional relationships, can take on many forms, but usually those who seek it or think they have power go to great lengths to lord it over others. They may take a "my way or the highway" approach to various interactions. They may





"When individuals are motivated by a relentless drive for access and power, the system is weakened and franchisees lose."

The pursuit of power, the next attribute that causes disordered and dys-

arbitrarily promulgate rules on the pretext it is their ball game. They may shut down reasonable debate on topics that threaten their position. These pampered, perfumed princes of privilege prance around like a parade of pashas expecting others to bow down and sub-

mit to their greatness, when in fact the position and perceived power was only acquired by hijacking it from wellmeaning franchisees.

Far too many of us are extremely busy in our stores and in our lives to give additional time to safeguard and improve the franchise system. Unfortunately, many of those who do (not all!) are motivated by a relentless drive for access and power. When that happens, the system is weakened and franchisees lose. We become led by a cadre of entitled sycophants willing to ignore

> the goal of a better, stronger franchise system for the temporary benefit of perceived power and thirty pieces of silver. This problem is not just within the franchise ranks. On the company side, the desire for power and position taints

outlooks, attitudes and approaches to problems. How many times has the truth been sacrificed on the altar of "looking good" and avoidance of irritating higher ups?

The last, and most destructive, continued on page 42



personality trait on display within the organizational hierarchies is the desire for prestige. This soul sickness manifests itself in countless ways. The chronic sufferers of the drive to "be somebody" may be found seeking the company of those who have perceived power or influence. Their telltale calling card is the convenient "name drop" when it builds their self-esteem. They will often tell of their exploits on the corporate jet with company executives and let everyone know that folks at the top confide in them. The similarity between these folks and our celebrity culture is unmistakable. Instead of being content with an honorable profession as successful merchants, they need to be seen as important cogs in the vast machine and they have a need to appear indispensable to the functioning "In light of these things, we committed franchisees and executives of good will must purge our ranks of self-seeking, self-serving individuals whose only concern is themselves."

of the organization. Frankly, they are a huge distraction, but busy executives mistake them for influential and important players.

Our business, our system is nearing a crossroad. Far too many stores have sales and profits that cannot financially support an operator and a family. The scabs of neglect present far too many stores as woefully outdated and worn out.

The dire need for a major upgrade in plant and facilities threatens our longterm survival. The advances by regional competitors like Wawa and Quik Trip are setting a new standard of excellence that will be difficult, but not impossible, to overcome.

In light of these things, committed franchisees and executives of good will must purge our ranks of self-seeking, self-serving individuals whose only concern is themselves. We must rid ourselves of the perfumed princes of privilege who seek to build up their credentials. We must take back our system, our stores, and our livelihoods from those who wish to destroy.

As I continue to challenge everyone for the betterment of franchisees and our brand-these are my thoughts, and I'd love to hear yours!



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ARE WE PARTNERS OR NOT? HASHIM SYED

NCASEF VICE CHAIRMAN, FOAC VICE PRESIDENT

I truly believe that 7-Eleven franchisees want to work in harmony with SEI.

Despite years of broken promises and, in many cases, unfair treatment, franchisees ultimately want to maintain peace with the powers that be. And, I can understand why. Their livelihoods depend on it. They don't want to rock the boat or confront SEI out of fear of having their businesses taken away from them. They will do anything and everything in their power to protect what's theirs, even if it requires some sacrifice on their part. They have chosen to remain silent in order to preserve the peace and guard the 7-Eleven brand.

But despite the non-confrontational approach taken by my fellow franchisees, and their willingness to "go with the flow" and accept the unfair treatment by upper management, SEI continues to implement plans and schemes that have caused emotional and financial distress to its franchisees.

And now, as we all know, there are lawsuits in various parts of the country between SEI and its franchisees because of the unfair way in which franchisees are being treated by corporate. Believe me, franchisees didn't pick this fight; it was forced upon them. I don't know any of my fellow franchisees who would choose to pursue a

with

legal battle like HASHIM SYED CAN BE REACHED AT this. The time and hj.syed@gmail.com money involved, or coupled 847-293-8551 tremendous stress,

is not something anyone would wish for. But here's the reality: good partners shouldn't have to settle their disputes in the courtroom. Good partners should have open and honest communication in order to discuss their issues and find resolution. A healthy, growing franchise system like 7-Eleven should be able to compromise and find a way to work together so they can develop a strong re-

that it will build a stronger partnership "The steps our CEO is takbetween SEI and the franchiseesing in an effort to repair something both parties want. I hope and believe that Joe will rise SEI's relationship with to the challenge and do what's right. We its franchisees must be need to resolve the issues for the benefit of all franchisees. Our future and our matched by real actions." success as partners depend upon it.

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lationship with their franchisees and build a partnership based on mutual respect and trust.

SEI's president and CEO, Joe De-Pinto, realizes this and thankfully has started the process of rebuilding trust.

> He is reaching out to franchisees all over the country to hear what they have to say, which is certainly commendable. However,

"A healthy, growing franchise system like 7-Eleven should be able to compromise and find a way to work together and develop a strong relationship with their franchisees to build a partnership based on mutual respect and trust."

> the steps he is taking in an effort to repair SEI's relationship with its franchisees must be matched by real actions. It's time that SEI considers giving back to franchisees what was unfairly taken away over the past several years.

> There's no doubt that it's going to be a very challenging time for Joe DePinto and his team. It's going to require courage to make some much needed changes, but in the end I am confident

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WHY ARE FRANCHISEES UPSET?

SERGE HAITAYAN NCASEF VICE CHAIRMAN, PRESIDENT, SIERRA FOA

DISCOVER THE ENTIRE COLLECTION

CLASSIC FLAVOR COLLECTION



ARTISAN FLAVOR COLLECTION FOD: 3/23/15



Over the past seven years, 7-Eleven franchisees have experienced unprecedented attacks from our franchisor on our income and independent contractor status, so it amazes me when folks from SEI ask me why franchisees are upset. Where should I begin?

Let's start with the gasoline commission reduction to a ridiculous and unsustainable penny and a half per gallon at a time when 7-Eleven gasoline income was skyrocketing. This action devastated many of our gasoline stores. Then came the credit card fees. I remember SEI telling us back then that the average

store will only pay around \$450 a month in fees, but in reality we are

paying \$1,000 a month and climbing. Next, we were asked to embrace and thank our gods for Project E, which left SEI practically operating with a skeleton crew at the local, regional, and national levels. The infamous Project E ended up causing loss of income because of the uncountable number of frustrating hours we had to spend trying to correct Project E-created mistakes, like inaccurate billing that would take forever to get reversed.

Of course, we cannot forget the tens of millions of dollars that somehow

-----SEI is collect-**SERGE HAITAYAN** ing from ven-CAN BE REACHED AT dors in the sergez@comcast.net form of proor 847-293-8551

tiate somehow. Nor can we forget that

franchises have been subsidizing an antiquated CDC model that has not been financially viable since its inception 15 years ago. We are paying millions of dollars a year more in higher cost of goods for items like hot dogs, Taquitos and snuff by going through the CDC instead of McLane, just to keep these CDCs open (a purely SEI responsibility). Last but not least,

ment and the hiring of FM Facility Maintenance with the promise of a decrease in maintenance fees, which actually ended up being a 25 percent increase, instead.

To add insult to injury, we were introduced to a new and improved Asset Protection Department that became according to their own admission-a revenue-generating department. Guess where the revenues were generated? If you are having difficulty with that question, please email me.

Concurrent to all of this, SEI waged an unprecedented attack on our independent contractor status with programs like BT-which places all sorts of restrictions on how we place





motion fees/expenses in lieu of lower cost of goods that they could not nego-

> the elimination of SEI's maintenance depart

orders and receive deliveries-and the all-intrusive DVR security system installed in our stores.

Franchises have complained and have tried very hard to reason with SEI in order to reverse all of these courses, but with no success. So what is next? Where do we proceed from here?

After exhausting all venues, we have found ourselves backed in a corner with only one recourse left to us-fight back. We did not put ourselves in that corner; we were shoved and pushed there by SEI's actions. I, for one, am not happy in that corner. However, I am here, stuck and not afraid to fight back.

"SEI can take us out from the corner we've been backed into by stopping and reversing the trends of draining money from our pockets."

How do we get out of this fighting corner? The answer is very clear: only SEI can take us out from there by stopping and reversing the above-mentioned trends of draining money from our pockets and pouring it into theirs, and by treating us more as independent contractors rather than some un-glorified store managers.

Until such time we will continue to be vocal and vigilant and not let our guards down. None of us enjoy being in this position. We will talk and engage SEI to improve our bottom lines, but we are not removing our eyes from the main objectives mentioned in this article.

This is my opinion and I welcome yours.



The Disintegration Of The Quality Visit



By Benjamin Ackerman Board Member, Central Florida FOA

Around 2008, I was hired as a field consultant with 7-Eleven, Inc. I was young, had a great college education and was eager to excel in the area of serving the franchise community to the best of my abilities. I remember asking my fellow field consultant peers about the best way to earn the respect of the franchisees in my subgroup. After all, I was hired by SEI to be a consultant to franchisees, some of whom have been operating their stores for more years than I've been alive!

coast to coast. I have I'll never forget the advice that was given to me by some senior field consultants: "Ben, if you want to earn the respect of the franseen the effects of Projfranchisees, some chisees, MAKE THEM MONEY! If you help increase franchisee ect E. I have seen Opof whom have been eration Take-Back of net income, not only will they make more money, but you will operating their stores stores. I have seen Loss make your bonus and earn their respect." This was the best advice I could have received. This was Joe DePinto's "co-prosperity" Prevention change to for more years than Asset Protection. 1 model in its simplest form. So over the forthcoming months, that I've been alive!" was exactly what I did—I looked for ways to generate more sales have seen the impleand profits inside the store. I didn't just limit myself to moving mentation of the regiproducts from this end cap to that end cap, but instead I thought mental Cleanliness Program (CEC/GEA). I have seen the "out of the box." I rolled up my sleeves and got involved. I sourced consistent decline of franchisee net income as SEI has continued non-recommended vendors that had great margin items that were to shore up their financial books at the expense of ours. And most relevant to the clientele of their stores. disappointingly, I have seen the demise of Joe DePinto's "Servant During my Quality Visits, I had real conversations about in-Leadership" paradigm.

creasing real bottom-line dollars. We as field consultants would In these short five years, I cannot tell you the last time I interacted with a field consultant that had much "Quality" in their Visit. talk to each other and brainstorm together to come up with new The entire corporate culture has changed so drastically and so and fresh ideas to touch the customer base. I can recall one particular idea that I came up with that resulted in bringing in an adquickly! I don't necessarily blame field consultants for this. They ditional \$5,000 of gross profit in one month for one particular are no longer being trained on how to be Servant Leaders and store! This franchisee was very happy, to say the least, and so was Business Consultants. Rather, they are being taught to do checklist I. After all, if I can help increase franchisee net income, SEI will after checklist in a militarized fashion. If a franchisee does not make more money, I will make my bonus, and I will gain the reserve the field consultant in the way they demand, then use the spect and trust of the franchise community. weapon of LON and Breach. Field consultants (and even market

"I have seen firsthand the enormous decline in franchisee morale from coast to coast. I have seen the consistent decline of franchisee net income as SEI has continued to shore up their financial books."

Franchisee Guest Column

Now fast-forward seven years. I have been a multiplestore franchisee for five years now. I have seen firsthand the enormous decline in franchisee morale from

"Right out of college I was hired by SEI to be a consultant to

managers) are no longer empowered to make decisions but they themselves have been reduced to robot-like soldiers that can't even tell you why they have to do half the things they are required to do.

The Quality Visit (QV) used to be a

The Disintegration Of The Quality Visit

continued from page 51

meeting between two business professional partners on how to make the business more profitable. The FCs would utilize their business knowledge and acumen to provide valuable input to help move the business forward. Now, the QV has disintegrated into endless checklists where SEI acts as the employer/master and we are their employees/servants. Unfortunately, it seems the days of co-prosperity are long gone, but not forgotten.

I would challenge you to two things: 1) Ask yourself how your FC has tangibly and quantifiably helped you improve your business; and 2) Keep a brief log-

BENJAMIN ACKERMAN CAN BE REACHED AT benjaminackerman.711@gmail.com or 626-428-1779

book of what your FC discussed with you during your weekly QV. After all, your FC is already keeping meticulous documentation of every little thing that they deem to be an infraction by you. This way we can have detailed docu-

"I have seen the demise of Joe DePinto's 'Servant Leadership' paradigm."

mentation on their performance as well, if and when they decide to hand out LONs and breaches and criticize our business practices.

Hopefully, our CEO Joe DePinto will take recognize the decline of morale and will seek to rebuild the bridges that have burned so we can get back to the basics of servant leadership and co-prosperity.

continued from page 38 Chocolate maker Her-

shev said it would buy Krave Pure Foods to enter the fastgrowing meat snacks market, after higher demand for meat and bakery snacks hurt chocolate sales in the fourth quarter, reported Reuters. • Target will close its 133 stores in Canada after less than two years

and seek court approval to liquidate the merchandise, reported *Bloomberg*. The business unit racked up more than \$2 billion in losses since 2011. • The New Hampshire Lottery recently launched its first scratch-n-sniff ticket—the I Heart Bacon Scratch

Ticket—which features a \$1,000 grand prize and the aroma of bacon. • Anheuser-Busch InBev is acquiring Seattle-based Elysian Brewing Co., reported the Wall Street Journal. It is the fourth craft brewery acquisition by the company in the last five years.

continued on page 56





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FRANCHISEE SURVIVABILITY

By Roger Beazley

Franchisee and President Emeritus, United Franchise Owners Of Long Island



In my last guest column in UFOLI's Soundwave magazine, I wrote about the uncertain financial future of franchisees. This article is somewhat of a

follow-up, but here I wanted to talk about one franchisee who was adversely affected by 7-Eleven, Inc.'s ongoing detrimental agreements and rigid policies.

Having been in the system a long time, the ultimate fate of this franchisee wasn't due to inexperience. The doom of this franchisee was due to his inability to sustain profitability in his store, given the new agreement his business partner forced upon him at renewal in order for him to remain in the system. This franchisee then had to compete not only with Starbucks, Hess Marts and Dunkin' Donuts, but with other stores 7-Eleven opened in close proximity.

For this franchisee the new stores built by corporate-one only 1.5 miles awayamounted to a twenty percent drop in sales in the first few months. For a store with merchandise sales of one million dollars per year, a twenty percent drop equates to \$200,000; for a store doing two million per year the damage is \$400,000. Further, the loss in gross profit is \$156,000, and once 7-Eleven takes their share, the franchisee profit loss is more than \$73,000 per year. Try meeting payroll and all the other expenses, many of which have been shifted to franchisees' side of the ledger, after experiencing losses like the above.

Coincidentally,

ROGER BEASLEY approximately one CAN BE REACHED AT year prior, this nyroger@yahoo.com franchisee was deor 631-987-2866 nied a second store

by local management, even though the franchisee was promised a second store by the prior management. When the change was made in management and infrastructure, the ous. promise was not honored.

management will tell you their choice of sites for new stores is to prevent other competitors from acquiring those sites and competing with area 7-Eleven stores. Obviously, this mindset makes sense for this convenience store giant, but can have devastating effects on area franchisees. And, if you ask the affected franchisees what they think of their franchisor's rationale, they will tell you it's hogwash. To the contrary, 7-Eleven, Inc.'s self-serving objective is to increase business for themselves with little thought of the harmful effects to existing franchisees.

The harm our business partner does when opening new stores close to other franchised units emphasizes the importance for 7-Eleven franchisees to own multiple stores. By doing so, the franchisee can then afford to earn less from each location and still survive financially.

Unfortunately, the deck is stacked against the average franchisee since multiple locations are, more often than not, offered only to franchisees who are in the good graces of 7-Eleven. There is no intent to disparage these franchisees; I'm certain they work hard and are dedicated to their businesses. But, so are many other franchisees not even considered for multiple stores. They too, I'm sure, are just as hard working and dedicated, yet do not stand a chance at multiple-franchising. The likely rationale is they don't walk the line faithfully that 7-Eleven establishes.

Franchisee Guest Column



Middle and upper echelons of corporate

In my opinion, the corporate mindset in this regard is somewhat disingenu-



Every franchisee operates their store to be successful, and it is unlikely they would do anything to lessen that success. Unfortunately, it appears our franchisor possesses the conviction that the only good idea is one that they create; and that franchisees have nothing substantive to offer. It is for this attitude that I no longer attend market meetings, since the meetings are venues only for

"I wanted to talk about one franchisee who was adversely affected by 7-Eleven, Inc.'s **detrimental** agreements and rigid policies."

corporate management to express their plans for franchisees to follow their lead, without considering any input from the franchisees in attendance.

I'm not implying that the franchisee portraved in this article would have fared better if he owned multiple stores or had a fairer and more-equitable agreement, but surely the odds would have been better. Moreover, considering these agreements our franchisor is currently plying on franchisees, it is becoming increasingly more difficult for franchisees to progress financially.

continued on page 56

"Every franchisee operates their store to be successful, and it is unlikely they would do anything to lessen that success."

Adding to the difficulty of obtaining suc- ness. While there might have been some cess, many stores are undergoing declining sales due to adverse economic conditions, ineffective sales plans, and little, if any, advertising. These three factors provide little stimulus for improving sales and profits. Further, the sales plans offered by corporate executives are uninspiring at best, and leave much to be desired. When we offer repetitive promotions month after month the trend becomes monotonous and customers become unresponsive.

Years before Seven-Eleven Japan took control of this company, we promoted beer at low price points that required huge inventory displays to satisfy customer demands. The suits in Japan must have decided this business model was wrong and ushered in the Everyday Fair Value way of doing busi-

minimal merit to this plan, the most meaningful component missing was the high customer traffic we were previously experiencing, especially when one considers the competition we would eventually be confronted with. Maybe 7-Eleven should reconsider the current business model by trying the previous business model or some variation of both. It certainly couldn't hurt.

Some might look at my comments as an attempt to harm this franchise system, but that is not my intent. To the contrary, my hope is to arouse and stimulate the thinking of 7-Eleven, Inc. in such a way that they will consider more fair and equitable treatment of franchisees. If they did, maybe fewer franchisees would be forced out of the system.

Only time will tell.

continued from page 52 More than **a third of** American clergy

members are obese, with stress, longer hours, being underpaid and lack of selfcare among the reasons, according to a Baylor University study. • The recent significant drop in gasoline prices is taking a toll on U.S. alternative fuels like biodiesel, reported the Business Times. Makers of biodiesel—a fuel made from vegetable oil or animal fats—are slashing prices and margins in an effort to stay competitive. • The e-cigarette category was up almost 14 **percent** in December for total chain-wide sales across participating retailers compared to a year prior, reported NACS Online, citing the latest Balvor Retailer Composite (BRC) numbers. However, the "average per store week" data reports that dollar sales are up more than 25 percent year-over-year. • Nearly 7 in 10 consumers prefer to **save** continued on page 62

Coca-Cola Announces Winners Of Refreshment Juices 'Expand & Grow' Contest

Coca-Cola has announced the winners of its 2014 7-Eleven NCASEF Incentive Expand & Grow Coca-Cola Refreshment Juices contest. To be entered, stores had to increase distribution of Coca-Cola Refreshment Juice SKUs-which include the Simply Orange and Minute Maid lines—by 10 percent between November 1, 2014 and January 31, 2015. Each store that stocked a minimum number of these products gained entry into a drawing for cash prizes that ranged from \$500 to \$2,500. The number of store entries into the drawing was determined by using the store Maid level data for eligible SKUs. Congratulations to all the winners!

\$500 WINNERS

Billy Scarborough–McKinney, TX Ariful Matubbar–Boston, MA Phuong Duong–Austin, TX Singh Ranmeet—Hanover, MD Anil Bhambi–Lacey, WA Nebivou Menladralh–Desoto, TX Dennis Reilek-Long Beach, CA Samson Yosef—Fort Worth, TX Montri Supapinant–Whittier, CA Kiran Hussain–Los Angeles, CA Khalil Laleh–Lakewood, CO

\$1.000 WINNERS

Gurinder Sikand–Salinas, CA Tim Swortzel–Staunton, VA Kevin Noakes–Denver, CO Kuldeep Dhaliwal–Moreno Valley, CA Manreet Bajwa—Colorado Springs, CO

\$1,500 WINNERS

Harold Davis—Tampa, FL Paul Sandhu–Westland, MI Jagdeep Singh-Rocklin, CA



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OUR MEETING WITH SEI ON THE FM PRICE INCREASE Price Increases On Hold Until Issues Resolved

By Rehan Hashmi, Vice President, Alliance of 7-Eleven Franchisees FOA



In an FM Facility Maintenance contract meeting held January 26 at 7-Eleven headquarters in Dallas, President and CEO Joe DePinto promised franchisee leaders he would review our maintenance contract questions and hold off on price increases indefinitely until some SEI/FM issues are resolved internally. Na-

tional Coalition Chairman Joe Galea had asked for the meeting with dance also agreed that out-of-code products are generally an operational SEI senior management and FM executives at the request of the Naissue and should be addressed separately. 2. Electrical Spikes and Surges: Why is this a franchisee cost? Electional Coalition Board to resolve franchisee dissatisfaction with FM Facility Maintenance's request for price increases that totaled up to 32 trical surges and spikes generally result from power flow issues from percent in some franchised areas. the utility company. Contractors would need to have documentation Present at the meeting were NCASEF officers Joe Galea, Chairto show that the electrical problem was caused directly by the franman, and Jivtesh Gill, Executive Vice Chairman; NCASEF Board chisee; otherwise the issue should be attributed to normal wear and tear. SEI attendees promised to look into this section of the contract. members Bruce Maples, President, Tucson FOA; Dennis Lane, Presi-

dent, New England FOA; Ray Dhaliwal, President, Greater Bay FOA; Jawad Ursani, Board Member, Southern California FOA, and myself.

Representing 7-Eleven were Joe De-Pinto, President and CEO; Stan Reynolds, Executive Vice President and CFO; Greg Franks, VP, Franchise System; Sean Duffy, SVP Development, Shane Hall, Director Facilities, and Jeff Schenck, franchisee liaison. Also attending were FM Facility Maintenance representatives Jim Reevey, CEO, and Trevor Foster, Executive Vice President.

"AS OF OCTOBER THE INCREASE **WAS COSTING** SEI AN ADDI-**TIONAL \$850,000** PER MONTH.'

Over the course of several hours, Joe DePinto and his team were very receptive and listened to our concerns. Even before we got through our list of concerns he committed to providing better service to franchisees and guests before we revisit the maintenance price increase discussion. FM CEO Jim Reevey gave a presentation that covered numbers of service calls, feedback, costs, reimbursements, and technology upgrades, generally FM's reasons for requesting the pricing increases.

While the intent of the meeting was to discuss the FM price increase, additional FM contract issues we discussed included:

1. Out of Code BIB: SEI will review store data to see if the data suphouse with spare parts potentially dedicated for time-sensitive parts. ports franchisee claims that in 95 percent of cases out of code BIB prod-6. Asset List Update: Franchisees raised the possibility that the

"Even before we got through our list of concerns our CEO committed to providing better service to franchisees and guests BEFORE instituting a maintenance price increase."



ucts do not cause a machine malfunction, and franchisees should not be charged the additional \$100 fee. SEI agreed to remove it from the contract. All in atten-



3. Duct Cleaning: A review of the preventive maintenance schedules by FM shows semi-annual cleaning of return and discharge HVAC for grills as an SEI expense; but there are no records to show when duct cleaning was last performed. In many stores duct cleaning has not been done for decades. CEO DePinto agreed that this service should have been done and will be a regular part of the preventive maintenance program.

4. Signed Work Tickets: Franchisees requested signed work tickets be left in stores at the time of service, to record the franchisee billable charges and franchisee avoidable charges (previously referred to as a nuisance charge) and that the work had actually been performed. The proposed solution is for FM contractors to have handheld devices for work tickets to be able to email invoices to the franchisee's personal email (not 7connect) while the contractors are still in the store. In addition, franchisees will be able to review charges on the FM 24/7 website. This switch to paperless work tickets will not begin until all of the service providers have hand-held devices and are trained to use them. In addition, travel time charges for contractors will be restricted.

5. Expense Approvals: When equipment breaks down, sometimes it takes up to two weeks to repair due to 7-Eleven expense approval delays or because parts are not immediately available. Joe DePinto was concerned about the effect this would have on franchisees' business as well as their relationships with guests. He talked about a central ware-

> asset list is inaccurate and overstates the equipment. Some pieces of equipment decommissioned years ago may still be on the list, and may be contributing to the cost increase. Franchisees can't justify an increase without knowing the exact continued on page 60

OUR MEETING WITH SEI

continued from page 59

number of pieces of equipment to be serviced in a given market. With an accurate asset list we can evaluate the price increase.

7. P1, P2, P3 Classifications: We raised the point that these classifications are outdated and don't match our business model. We are a foodservice destination now, and our guest expectations have changed. SEI agreed to revisit the priority classifications and revise them.

8. FM 24/7 website. We spoke about how only 24 percent of franchisees are using the FM24/7 website to open and track cases of maintenance service and we had some discussion about how to get franchisees sign on and use the website more. Since franchisees do not have Internet access in our stores, we suggested an FM 24/7 app so we could open and track cases from our smart phones.

Overall, the meeting was constructive and I am optimistic about maintenance services getting better and more efficient over time. As of October, the increase was costing SEI an additional \$850,000 per month. I am also optimistic that our CEO understands our problems and is committed to making changes. He has promised to invite us back again once these ,----, **REHAN HASHMI** problems are solved CAN BE REACHED AT and we can revisit the rehan711@vahoo.com price increases. or 847-845-8477

The Need For More Local Store Customization

continued from page 20

to our competitors.

Take our coffee program, for example. Over the past 10 years McDonald's and Dunkin' Donuts have done a great job of picking our pockets, and both have opened up opportunities in the breakfast segment by introducing specialty drinks to a new group of consumers. As the once-dominant coffee retailer, 7-Eleven has willfully given up that niche to these competitors, and is currently in fourth place.

Furthermore, we are losing the mid-day snack segment. Many consumers are substituting non-healthy snacks with specialty, iced and frozen coffee drinks. We are behind the curve in regard to espresso drinks, and other specialty coffee drinks somewhat because of the equipment problems with the new specialty coffee program. That program was due out this year to the rest of the stores, but subsequently cancelled. Last year, 5.1 billion cups of specialty coffees were served, and the sub-category is growing by double digits year-over-year. My bet is we did not capitalize on those sales.

The onslaught of radio and television spots by our competitors is having a devastating effect on our coffee sales. Here in New York, we need a better product, a better experience and better positioning. Our loyalty program app is a good start, but it is not enough to have a significant impact on our bottom lines. Corporate

needs to educate our consumer, but we also need to target the regional customer via focus groups and benchmarking. We need to add new items for local markets based on local market research.

How about promoting frozen specialty coffees, especially as an afternoon snack, differentiating ourselves with more variety, and backing up our customers' choices with media advertising? The ultimate in customizationthe K cup-could be the next big thing for c-stores and Subway is already using it in their stores. Where are we? We're still behind the curve. It's time to get ahead of the curve and get back to the coffeehouse experience our customers expect and deserve.

Project E was supposed to bring efficiency and increase communication with franchisees, but it has proved to be disastrous, frustrating and, in reality, alienated the franchisee community by impaling our ability to communicate to local and upper management.

SEI executive management is fixated on building for the future, but has failed to manage today. The new paradigm has been turned on its head, while the new rhetoric is optimistic. Will the "new paradigm" re-emerge? Or will the new rhetoric essentially develop into a "leap of faith" for franchisees? I don't believe it is, but I hope, as that great rock band The Who once sang, "We don't get fooled again!"

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



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

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

- Jas Dhillon, East Coast, Chicago, Kansas, Florida iasdhillon@rocketmail.com 818.571.1711
- Roger St. George, California rdsaint@comcast.net 360-500-1248

- Jay Singh, Seattle and Midwest Jksingh2003@vahoo.com 702.249.3301
- National Office nationaloffice@ncasef.com 831-426-4711

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Legislative Update

into effect July 1. Beginning that day, food establishments from food carts to Chinese takeout will not be allowed to use plastic foam cups or containers. Packing peanuts will also not be allowed to be sold within the city, though peanuts can still be placed within packages that are shipped to New York from elsewhere. The ban will have a grace period, without fines, until January 2016. City officials believe that the ban will remove nearly 30,000 tons of expanded polystyrene from the city's streets, waterways and landfills.

Gas Tax Increase Coming To Utah

Legislative leaders in Utah announced recently that gasoline and other transportation taxes almost surely will go up this year and likely will undergo a vast transformation, reported the Salt Lake *Tribune*. The plan includes a proposal not only to increase the gasoline tax maybe by 10 cents a

Lawmakers are also proposing to let counties increase their sales tax by a quarter-cent per dollar purchase to help fund local road projects.

gallon-but also to restructure it so that it could automatically adjust once a year to keep pace with inflation. Lawmakers are also proposing to let counties increase their sales tax by a quarter-cent per dollar purchase to help fund local road projects, although areas with mass transit systems would be required to use much of the extra revenue for bus and train service. The Utah Legislature is trying to cover an estimated \$11 billion shortfall for priority projects in the state's unified transportation plan through 2040. The state has even stopped maintaining some rural highways for lack of money.

New Bill Would Raise California Smoking Age

Alarmed by the prevalence of tobacco use among teenagers, California State Senator Ed Hernandez recently introduced legislation that would raise the legal minimum smoking age in the state from 18 to 21, reported the Los Angeles Times. Hernandez, who is an optometrist, has support for the bill from health groups including the California Medical Association, the American Cancer Society and the American Lung Association, but the legislation is likely to face strong opposition from the tobacco industry. The proposal was denounced by the western regional representative of The Smoker's Club, a smokers' rights group. continued on page 68

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continued from page 56 coupons on their mobile devices rather

than print them as they integrate mobile into their grocery shopping, according to the NinthDecimal Mobile Audience Insight Report. Seventy-one percent of millennials would rather go to the dentist than listen to anything the big banks have to say, according to the **Millennial Disruption Index**, a three-year study conducted by Scratch/Viacom Media Networks. • Hoping to reverse the sales slide it experienced in 2014, McDonald's started the new year with an updated brand vision that features a series of new ads reaffirming the burger chain's decade-old "I'm Lovin' It" campaign with an upbeat message, reported Nation's Restaurant News. • Japan's packaging industry is being forced to dramatically change its formats, portion sizes and adopt technologies such as light-weighting and downsizing its products thanks to a rise in 'konbini' convenience stores, reported Food Production Daily. • Residents of some highrise tenements in Vancouver, Canada will soon have access to convenience store items without leaving their buildings with the introduction of Happy Vending refrigerated grocery vending machines, reported CTVNews. The machines are stocked with staples like eggs, milk and bread as well as non-edibles like bandages and toiletries. • The Federal Reserve recently issued "Strategies for Improving the U.S. Payment System," which

presents a multi-faceted plan for collaborating with payment system stakeholders—including businesses, card networks, payment processors, consumers and financial institutions—to enhance the speed, safety and efficiency of the U.S. payment system. • The amount of fast food children eat may be linked to how well they do in school, according to a nationwide study by Ohio State University. Researchers found that the more continued on page 66









Item	UPC	SLIN
4 oz. Strawberry Shortcake Bar - 1/24pk	0 52548155816	190227
6 oz. Vanilla Ice Cream Sandwich - 1/24pk	0-52548155813-0	190135
8 oz. Giant Vanilla Cone - 1/12pk	0-52548-55814-7	190169
7 oz. Vanilla Cookie Sandwich - 1/12pk	0 52548 55815 4	190207



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ates and local law enforcement agencies, reported LP Magazine. From November 26 until Christmas Eve, one man committed crimes at 207-Eleven stores, as well as at other retail establishments in that area. But on December 24, he was apprehended when he struck again, thanks to consistent communication between 7-Eleven, its retail partners and local law enforcement.

"Franchisees, store managers and sales associates all played crucial roles in this case by quickly reporting incidents to the Asset Protection Hotline," says Mike Aldridge, 7-Eleven Asset Protection Specialist & Law Enforcement liaison. "The faster an incident is reported, the faster the Asset Protection team can respond and help bring resolution." SEI's Asset Protection team reviews all robbery incidents reported to the company's Asset Protection Hotline. The team analyzed surveillance video and images from each incident to help solve the case and prevent future incidents from occurring.

Higher Gas Taxes Ring In The New Year

While gas pricing continued to drop earlier in the year, drivers in some states saw higher prices at the pump as 2015 ushered in new gasoline taxes, reported NACS Online. In Pennsylvania, gasoline taxes



National Coalition Board members and SEI Accounting Department team members met February 3 in Dallas in the first accounting meeting involving direct feedback from the NCASEF in several years. NCASEF Board members, led by Greater Bay FOA President Ray Dhaliwal, presented 27 specific accounting points they would like Dallas Accounting to address.

went up by 9.5 cents per gallon and diesel taxes rose by 13 cents per gallon on January 1, the second of three hikes imposed by a 2013 law to boost funding for highway, road and bridge construction. The third tax increase will take place in 2017. Pennsyl-

vania is already among the states with the highest fuel taxes.

Virginia's state gas tax increased from 11.1 cents per gallon to 16.2 cents per gallon on the first of the year as part of a \$6billion-dollar transportation funding package. This new rate will be in effect until June 30, 2015. California's cap-andtrade policy for gasoline and diesel fuel also went into effect on January 1, adding

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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"C-stores experienced more sales and foot traffic due to low gas prices since August."

an estimated 10 cents per gallon of fuel. The revenues from fuel alone are expected to bring in about \$1.7 billion to California in the coming year.

Lower Gas Prices Leading To Higher C-Store Snacking

Many convenience stores, including 7-Eleven, experienced more sales and foot traffic as gas prices plunged in the second half of last year, reported the Dallas Morning News. Increasingly, experts say, drivers are taking the windfall saved at the pump and spending it inside the nearest c-store. Because profit margins on a gallon of gas are so thin, sales of drinks and merchandise are much more profitable for a convenience store operator than fuel sales, the experts said. That means potentially lower 2014 revenue,

UNILEVER ICE CREAM #1 for Sales & Profits











Member News

continued from page 64



ported eating fast food in fifth grade, the lower their growth in reading, math, and science test scores by the time they reached eighth grade. • Miller-Coors recently launched **Coors Peak Copper** Lager—the company's first "naturally **gluten free" beer**—in the Seattle and Portland markets reported Ad Age. To make the beer gluten-free, MillerCoors replaced barley with brown rice, malted brown rice and protein from peas. • To help its customers track their delivery orders while watching the Big Game on February 1, Domino's Pizza launched its Domino's **Tracker app** on Samsung Smart TVs. • The average consumer is saving about \$60 a month on lower gas prices, but instead of spending big recession-wary consumers are saving the **extra cash and using it to pay** down debt, reported the Wall Street Journal. Economists say gas prices will have to stay low for several months before people take to shopping with the extra funds. • Even with gas prices near six-year lows, consumers are still looking for the best gas prices, according to a new consumer survey released by NACS. Sixty-three percent of consumers say they would drive five minutes out of their way to save 5 cents per gallon, and 72 percent say they would pay by cash if they could save five cents per gallon. • Target Corp. announced it plans to **open 15 stores in** 2015, including eight of its smaller format TargetExpress stores in San Francisco, San Diego, St. Paul, Minn., Washington D.C., and Chicago. • McDonalds gave some lucky customers in February the **chance to pay for** their hamburgers with hugs rather than money during its "Pay with Lovin" promotional campaign, reported The Telegraph. RadioShack recently filed for Chapter 11 bankruptcy protection, after working out a deal to sell between 1,500 and 2,400 of its

continued on page 68

but stronger margins for key convenience store players, including market leader 7-Eleven, Inc. "We are seeing an uptick in sales," an SEI spokesperson told the newspaper. "Gas sales, in-store sales and customer counts are up."

Of all gas purchased by consumers in the U.S., roughly 80 percent flows from cstore pumps, according to an industry expert, and only 10 percent of sales come from traditional service stations. The other 10 percent is sold at larger grocery and big box stores. Out of the nearly 153,000 cstores in the U.S., more than 80 percent have gas pumps.

Doughnut War Brews In Japan

C-stores in Japan are hoping to get a piece of the nation's doughnut market in 2015, and Seven-Eleven Japan plans to grab a big part of it, reported Japan Times. To accomplish this, the unit of Seven & I Holdings Co. plans to sell doughnuts for at a low price, cut calorie content through a quick frying process, and sell them alongside coffee at store counters. The chain sells 600 million cups of coffee annually. The doughnut market was worth 117.3 billion yen in 2013, and Seven-Eleven Japan hopes to have 17,000 outlets selling doughnuts by summer and achieve annual sales of 60 billion yen. Lawson Inc. and FamilyMart Co. are also trying out doughnut sales in their stores.

Millennials Love C-Stores

A new study by research firm NPD Group reveals that for food and beverage stops, convenience stores are almost twice as important to Millennials as fastcasual restaurants, reported *USA Today*. Convenience stores accounted for 11.1

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percent of Millennial food and beverage stops in 2014, compared to 7.7 percent in 2006. By comparison, fast-casual accounted for 6.1 percent in 2014 vs. 3.1 percent in 2006, according NPD's annual "Eating Patterns in America" study.

Millennials are more likely to stop and buy items, particularly food items, at convenience stores than any other age group, said NACS spokesman Jeff Lenard. "That's why the future of convenience stores is food, not gas," he said. This explains why big convenience chains such as 7-Eleven have upgraded their fresh food offerings and menus over the past few years and tried all sorts of new food twists. Last year, 7-Eleven began to offer large, take-out pizzas for \$5.55. Last fall, some 7-Eleven stores in Southern California began selling a line of "nutritionally-balanced" fresh sandwiches, wrap and salads under the banner of fitness guru Tony Horton Kitchen. These changes were directly targeted at healthconscious Millennials, the article stated.

Small Businesses Added More Workers In 2014

Small businesses closed out the year with another strong month of hiring activity, a sign that the recovery on Main Street may finally be hitting its stride as we head into 2015, reported the *Washington Post*. Small employers added 106,000 workers to their collective payrolls in Decontinued on page 70

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Legislative Update

E-Cig Tax Bills Making The Rounds In State Legislatures

Bills were introduced in January in eight state legislatures to tax e-cigarettes or the nicotine liquid solution used in ecigarettes, reported Tobacco E-News. They include:

• Arkansas-House Bill 1156 would assess a tax of 7.5 cents per milliliter of nicotine liquid solution.

• Indiana-Senate Bill 384 would tax ecigarette vapor products at a rate of .83 cents per milligram of nicotine in each milliliter of nicotine liquid solution.

• Nevada—Senate Bill 79 would place a tax on nicotine liquid solution at the rate of 30 percent of the wholesale price.

• New Mexico-Senate Bill 65 would assess a tax of four cents per milligram of liquid nicotine liquid solution in an electronic cigarette.

• New York—Assembly Bill 296 and Senate Bill 722 would tax e-

Bills were introduced in January in eight state legislatures to tax e-cigarettes or the nicotine liquid solution used in e-cigarettes.

> cigarettes and e-cigarette cartridges at a rate of 75 percent of the wholesale price.

- Oregon-Two bills, D1037 and D2268, would expand the definition of tobacco product for purposes of taxation to include e-cigarettes and nicotine liquid solution in order to apply the state's tobacco tax rate of 65 percent of the wholesale price.
- Virginia-House Bill 1310 would im-

pose a tax on e-cigarettes and other vapor products at a rate of 40 cents per milliliter of nicotine liquid solution.

• Washington-House Bill 1645 and Senate Bill 5573 would impose a tax on electronic vapor products at a rate of 95 percent of the taxable sales price.

Obama's Budget Would Double Tobacco tax

In his recent budget proposal for 2016, President Barak Obama called for nearly doubling the tax on tobacco products, from \$1.01 per pack to \$1.95 per pack, and index the tax for inflation, reported NACS Online. The tax increase would generated about \$95 billion, which would help pay for an extension of the Children's Health Insurance Program, part of the Affordable Care Act which is due to end in September if Congress doesn't revive it, and early childhood education programs and an early childhood home visit program, part of ongoing proposals to guarantee universal access to preschool.

Kansas Seeks Cigarette & **Alcohol Tax Increases**

Kansas would nearly triple its cigarette tax, among other measures, to balance its budget under proposals presented by Governor Sam Brownback, reported the Associated Press. Brownback presented detailed recommendations to the Legislature for

eliminating projected shortfalls totaling more than \$710 million in the current budget and for the fiscal year beginning July 1. He proposed increasing the cigarette tax to \$2.29 a pack from 79 cents and raising the tax on other tobacco products to 25 percent from 10 percent as one way to accomplish this. He also wants to increase the tax paid by consumers on beer, wine and liquor at continued on page 70



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the Wall Street Journal. Hedge fund Standard General will buy the stores, and Sprint will open branded shops in about 1,750 of the locations. • About 88 percent of retailers say they deploy mobile strategies with the goal of bringing more shoppers to their stores, according to a Retail Systems Research survey. • Carmaker Volvo is developing a range of "self-filling" cars that would never need to visit a gas station, reported the Daily Mail. When the tank is close to empty, the car would send a message via smartphone to a mobile fuel supplier to go wherever the vehicle is parked and top it off. • Google is among a group of merchants that recently agreed to drop their lawsuits against Visa and Master-**Card**—which claimed the credit card companies conspired to fix swipe fees under undisclosed settlement terms, reported Law360. • C-store chain Wawa recently launched an initiative to remodel older, legacy stores to reflect Wawa's latest store design and food service offering. The company said it will remodel **40 existing stores** throughout 2015. • Snyder's-Lance, Inc. recently announced creation of a new snack food division— Clearview Foods—that will focus on developing innovative and better-for-you snacking options, growing the Snack Factory Pretzel Crisps, Eat Smart and Late July Organic Snacks products. • DVD and Bluray rental company Redbox is pulling its rental kiosks out of Canada, citing failure to generate sufficient business at its 1,400 rental kiosks across the country, reported The Globe And Mail. • SplashDataits has released its annual "Worst Passwords" list. and making the top five are (from #1 to

and qwerty. • One of the most promicontinued on page 70

#5): 123456, password, 12345, 12345678,

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cember, according to data issued by payroll processing firm ADP. That's up from 99,000 added the month before and the fourth consecutive month of employment growth exceeding 90,000. Over the year, small businesses added more than 1 million employees, averaging monthly additions of 90,000 workersup from last year's pace of about 80,000 per month. The broader economy sustained its recent momentum, too, with employers of all sizes adding 241,000 jobs in December.

Immigrant-Owned Businesses Contribute To Main Street Growth

Between 2000 and 2013, immigrants accounted for all net Main Street business growth nationally and in 31 of the 50 largest metropolitan areas in the country,

reported NBC News, citing a new study by the Americas Society/Council of the Americas (AS/COA) and the Fiscal Policy Institute. The report examined Census figures and business owner surveys, and included documented and undocumented immigrants.

Though they account for only 16 percent of the U.S. labor force and 18 percent of business owners, immigrants make up 28 percent of Main Street small business owners. Immigrants make up more than six-in-10 Main Street business owners in Los Angeles and over half the business owners in Miami and the Washington, D.C. metro areas. Immigrants are also credited with helping reverse population declines in some of America's cities. This is the case in Philadelphia, Pennsylvania, where immigrants were 12 percent of the population in 2013 and 28 percent of the Main Street business owners.

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Legislative Update

continued on page 68

liquor stores to 12 percent from 8 percent. The increases would raise \$394 million over two years, starting in July.

High Court Rejects Swipe-Fee Challenge

The U.S. Supreme Court recently declined to hear a challenge to the 21-centsper-transaction cap on debit-card interchange fees set by the Federal Reserve after the Dodd-Frank Act passed in 2010, reported Bloomberg Business Week. The National Association of Convenience Stores (NACS), the National Retail Federation (NRF), and other retail groups filed the original lawsuit in 2011, saying the caps should be set lower. The decision "means retailers will keep paying billions

of dollars more than they should, and that fee-hungry banks will continue to rake in unearned profits that ultimately come out of consumers' pockets," NRF General Counsel Mallory Duncan said. The high court's action also removed lingering uncertainty for the banking industry by ending a three-year federal court battle over the fees, and did little to ease a continuing feud between banks and retail merchants of transaction fees.

New Colorado Bill Would Limit Credit-Card Fees

A new bill recently introduced in Colorado seeks to exempt retailers in the state from having to pay credit-card interchange fees on local taxes they collect, re-

ported the Denver Business Journal. The proposal sets up a battle between businesses—who say they should not have to pay thousands of dollars per year to the banks that issue credits on tax revenues that they simply collect and pass through to the state-and Colorado bank executives who argue the bill essentially would require them to provide a service for free.

The banks require store owners to pay a percentage-often around 2 percent-of the total charges they rack up on their cards in swipe fees, and they lump in both the actual costs of the goods sold and the taxes retailers must charge for state or local governments. The bill will try to make Colorado the first state in the country to prohibit fees on the portion of transactions that represent state and local taxes.



in the last few years has been the introduction of lower-denomination bills like ones, fives and tens, reported CNBC. • Fifty-four percent of consumers are optimistic about the economy, a drop from 57 percent in January but still the second highest level since January 2013, according to survey results released by the National Association of Convenience Stores (NACS). • Drive-thru store chain Farm Stores announced that it will begin franchising for the first time. The brand, which has been operating stores across Florida since 1957, is targeting gualified single-unit and multi-unit candidates, as well as area developers nationwide. • Sheetz recently announced plans to open its second "campus **concept**" c-store later this year. The store will be located near Penn State University in State College, PA, and will feature a **beer cave** and casual dining options.

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Wawa Plans Move Into South Florida

C-store retailer Wawa is planning a South Florida expansion beginning in Broward and Palm Beach counties in 2017, reported the Sun Sentinel. Wawa is scouting sites and expects to begin building a handful of stores by late 2016. If all goes according to plan, the stores will be up and running by 2017. Wawa's longterm plan maps out 100 to 150 stores in the region in 10 years. Projections for 2019 are 17 to 23 stores in Palm Beach County, up to 20 in Broward and five to 14 in Miami-Dade. Wawa's president told the newspaper South Florida is a natural fit for the company because of the region's dense population and its number of northeastern transplants who know the brand. South Florida is already home to several other convenience store chains, including 7-Eleven, which has 121 stores in the area and 231 stores in Florida overall.

Sales Of Smuggled **Cigarettes Increase** Nationwide

The trend of state and local governments increasing taxes on tobacco products has created lucrative incentives for black market cigarette trafficking between states, and as a result the sale of smuggled

cigarettes is on the rise nationwide, according to the latest report from the nonpartisan Tax Foundation. Using the latest data from the Mackinac Center for Public Policy, the report details each state's total inflow or outflow of smuggled cigarettes

in 2013. The key findings include: • Smuggled cigarettes make up substantial portions of cigarette consumption in many states and greater than 20 percent of consumption in fifteen states.

• The highest inbound cigarette smuggling rates are in New York (58.0 percent), Arizona (49.3 percent), Washington (46.4 percent), New Mexico (46.1 percent), and Rhode Island (32.0 percent).

• The highest outbound smuggling rates are in New Hampshire (28.6 percent), Idaho (24.2 percent), Virginia (22.6 percent), Delaware (22.6 percent),

and Wyoming (21.0 percent). • Smuggling rates jumped substantially in Illinois after hikes in state and county excise tax rates, from 1.1 percent of consumption in the last edition to 20.9 percent in this edition.

• Cigarette tax rates increased in 30 states and the District of Columbia between 2006 and 2013.

• Large differentials in cigarette taxes across states create incentives

for black market sales.

The biggest change in this year's edition of the study is in Illinois. Strapped for cash, Illinois policymakers sought out new sources of revenue, including increased cigarette taxation. However, the additional revenue from taxing tobacco fell short of expectations because policymakers didn't account for the substantial uptick in smuggling that would result from increasing cigarette taxes. In 2013, 20.9 percent of

"The sale of smuggled cigarettes is on the rise nationwide as state and local governments raise tobacco taxes."

all cigarettes consumed in Illinois were smuggled in from other states, compared to 1.1 percent in 2012.

Murphy USA Selling Lottery Tickets At The Gas Pump

Murphy USA announced it has partnered with Linq3 to introduce Play at the Pump at its locations in Missouri and Minnesota in early February. Play at the Pump

> is a new way for motorists to buy tickets for lottery jackpot games right from the gas pump. Stores in Buffalo, Minnesota and Osage Beach, Missouri are the first Murphy USA locations to go live with the program, and it will then be rolled out to additional sites over the coming weeks, the company said.

The Play at the Pump feature allows motorists to

play Mega Millions or Powerball via the gas pump with the same card swipe they use for fuel. A digital ticket is created for each player and is associated with the payment card they use to make the purchase. With this technology, prizes up to the taxable limit (typically \$600) are automatically credited back to their payment card. The system also allows the user to enter their cell phone number, which is used to send the player their numbers and also alert them to any prizes they may have won. If the player opts to not enter a cell phone number, they will still receive a receipt from the gas pump with their numbers. Age is also automatically verified at the time of purchase at the pump to ensure the player is of age to purchase lottery.

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Protein Plus¹⁺ **Blended** Coffee 71464 01627

Strawberry Parfait Breakfast Smoothie dering Code: 33378 71464 32759

Protein Plus¹⁺ Chocolate Ordering Code: 488700

Multi-V GoodnessTH Cherry Lare Ordering Code: 642256 71464-01664 ELEVEN

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■ ALL HAIL THE 7-ELEVEN COFFEE QUEEN!

All hail the queen, Local business owner Laurie DeFelice was honored Friday morning by the 7-Eleven corporation for having the busiest franchise in the 8,000store chain in the United States. To celebrate her store's selling roughly 1,400 cups of coffee and 400 donuts on a daily basis, Ms. DeFelice was crowned the Queen of Coffee...



■ 7-ELEVEN RECRUITS US MILITARY VETERANS FOR ITS FIRST FRANCHISE

■ BRAVING THE COLD FOR WORLD VISION 6K FOR WATER

7-Eleven was at the World Vision 6k for Water on Nov. 1 in Chicago. Franchisees and operations team members braved 32 degree temperatures and 40 mile per hour winds to provide water and refreshments to runners. In all, we provided 50 gallons of fresh coffee and 4,000 each of doughnuts, bottles of water, bananas, bags...



≡ CHILLING OUT WITH LOCAL POLICE

It's not every day an event at one of our stores draws 15 police officers, 5 squad cars, 1 police motorcycle, and a crime fighting dog. Then again, not every day is Slurpee with a Cop day. On Aug. 4, franchisee Chongmi "Crystal" Yoon and sales associate Tim Young invited the Mount Holly, NJ community.... 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!

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VETERANS SIGN UP FOR OPERATION: TAKE COMMAND

SEI announced enlistment has been brisk for Operation: Take Command, the company's first franchise giveaway contest targeted exclusively to U.S. military veterans. More than 1,200 veterans



SEI News

have completed the contest application by the January 25 deadline, exceeding SEI's expectations for the first-time promotion. The winner will receive a waiver of the franchise fee, valued at up to \$190,000, to franchise any of the company's 7-Eleven convenience stores available in the continental U.S. at the contest's culmination. The winner will be announced in April.

The Operation: Take Command franchise giveaway is a multi-phased competition that includes meeting 7-Eleven's franchising qualifications, interviews, a Facebook video contest among the 10 preliminary finalists and an interview with 7-Eleven President and CEO Joe DePinto for the three finalists. To qualify for the contest, an entrant must be age 21 or older, a U.S. citizen or permanent resident, an honorably discharged veteran, have excellent credit and at least three years of leadership, retail or restaurant experience. SEI said contestants will go through the same qualification process as all 7-Eleven franchise applicants including interviews, credit evaluation, a leadership test, preparing a business plan and budget, and location preferences.

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T3 SELECTED AS NEW DIGITAL AGENCY OF RECORD

SEI recently announced that it has chosen T3, a top-ranked independent innovation agency, as its new digital agency of record. T3 and 7-Eleven began working together in 2012 on the retailer's award-winning app. "T3 has impressed us with its commitment to drive innovation," said Laura Gordon, 7-Eleven's vice president of marketing. "The people at T3 take a fresh, creative approach to their work and are not afraid to push the limits." T3's new work on 7-Eleven's digital strategy will begin immediately with the first campaign rolling out in the spring of 2015.

CVS Earnings Increase Despite Ending Cigarette Sales

CVS Health Corp., the largest provider of prescription drugs in the U.S., recently posted fourth-quarter earnings that beat analyst estimates as demand for medicine outweighed the drop in revenue from a decision to stop selling tobacco products, reported *Bloomberg.* The company reported sales rose 13 percent to \$37.1 billion. Analysts had projected \$36 billion on average. Growth in prescription drug sales, driven by new health insurance available to millions of previously

able Care Act, is helping the company weather the loss of tobacco revenue. CVS stopped selling cigarettes in September, making the fourth quarter the first full financial period without any tobacco-related revenue. CVS previously generated about \$2 billion annually in tobacco sales.

uninsured Americans through the Afford-

NRF Forecasts Retail Sales To Increase

The National Retail Federation released its 2015 economic forecast recently, projecting retail industry sales (which exclude automobiles, gas stations, and restaurants) will increase 4.1 percent, up from the 3.5 percent growth seen in 2014. NRF also announced it expects non-store sales in 2015 to grow between 7 and 10 percent. The 4.1 percent increase would mark the biggest annual growth since 2011 when retail sales for the year increased 5.1 percent. Additional economic insights from the National Retail Federation include:

A baseline outlook for growth in the economy as measured by GDP is expected to land between 2.7 and 3.2 percent over last year;
Growth in the labor market should average between 220,000 – 230,000 new jobs per month throughout the year;

• Unemployment is expected to drop to 5 percent by year's end.

SAME Inspired by the look of our we're updating



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

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NEW PACKAGING SAME PRODUCT

Inspired by the look of our Turquoise, Gold, Dark Green & Green packs, we're updating the look of our entire family.





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

The #1 Selling Frozen **Cheeseburger Nationwide!** According to Nielsen and IRI

GIVE YOUR CUSTOMERS

THE BEST!

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

VENDOR FOCUS

Better-For-You 7-Select GO!Smart Fruit & Nut Bars

7-Eleven, Inc. has introduced two premium, betterfor-you snack bars under a new private-label banner, 7-Select GO!Smart. Weighing in at less than 200 calories each, the yogurt-drizzled fruit and nut bars are avail-

able in two varieties—Cran-



GO!Smart Fruit and Nut

berry Cashew and Pistachio and Mixed Berries—for a suggested retail price of \$ 1.79.

GO!Smart is part of 7-Eleven's growing 7-Select family of high-quality, private-brand offerings and the first designated specifically for the better-foryou category. The gluten-free, low-sodium snack bars carry a simpler, all-natural in-

eners like agave and brown rice syrups. These natural sweeteners have a lower glycemic index than sugar. New packaging features a transparent window so shoppers can see the natural ingredients.

Tecate Light's Popularity **Continues To Grow**



Mexican light beer with bold 'cerveza' (beer) flavor is the fastestgrowing mainstream light beer in key U.S. mar-

kets. Since its Tecate Light is the fastestlaunch in 2007.

Bars for health-conscious customers.

aredient list with organic sweet-

Tecate Light, the



growing mainstream light beer in key U.S. markets.



Year-to-Date ending October 25, 2014). • Ben & Jerry's Salted Caramel **Core**—Sweet cream ice cream with blonde brownies and a salted caramel core. Consumers can customize each bite to get the perfect amount of ice cream, chunks, and "swirls" (SLIN 191099).



Freezer Case 6-packs (SLIN #180139)

Grab N Go 2-packs (SLIN #171585)

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P.

thin mints

consumers have recognized that Tecate Light is a light beer 'con sabor y carácter' (with flavor and character) that is perfect for any occasion. Its distinctive flavor has helped establish the brand as a powerhouse choice for consumers of legal drinking age in both Mexico and the U.S.

New Simply Juice Drinks Refresh **Beverage Sales**

The makers of Simply Orange and Simply Lemonade are giving fans an all-new way to enjoy a refreshing taste experience. Simply continued on page 80

Heat Up Summer Sales With New Unilever Frozen Treats

Warm weather is coming and Unilever Ice Cream is bringing lots of innovative, new items to grow your Frozen Treats category sales and profits:

• Magnum Double Peanut Butter—A rich peanut butter ice cream dipped in a chocolatey coating, a creamy peanut butter sauce, and made with Belgian Chocolate. Peanut Butter

& Chocolate is a natural combination—the #1 Candy in the

U.S. combines these flavors (SLIN 190886). • Good Humor Girl Scouts Thin Mints Treat—Brings one of the most

beloved flavors in cookies to the Frozen Novelty world. This delicious chocolate stickless bar is full of mint flavoring and cookie pieces, and is then enrobed in chocolatey coat-

ing with even more cookie pieces (SLIN 190851)!

• Ben & Jerry's Cookie Cores (Boom Chocolatta, Peanut **Buttah)**—This next generation of Cores will bring trendy cookie butters into ice cream through a thick cookie butter core surrounded by ice

cream and a variety of mini cookies. Boom Chocolatta is mocha and caramel ice creams with chocolate cookies, Fudge Flakes and a Chocolate Cookie Core (SLIN 190737). Peanut Buttah is peanut butter ice cream with crunchy peanut butter sugar bits and peanut butter cookies surrounding a peanut butter cookie core (SLIN 190718).

Ben & Jerry's is the #1 super premium packaged ice cream across all selling channels, and the #1 overall ice cream in 7-Eleven. Four of the top five selling pints in 7-Eleven are Ben & Jerry's. (Sources: IRI 7-Exchange data L52wks ending December 28 2014, Nielsen Scan-track



VENDOR FOCUS

continued from page 79



New Simply Juice Drinks in Fruit Punch,

Tropical and Mixed Berry.

304

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Juice Drinks, a premium line of all-natural, not-from-concentrate juice drinks, are now available in three great-tasting flavors: Fruit Punch, Tropical and Mixed Berry. Each flavor offers real fruit taste and features the premium, simple, all-natural ingredients for which Simply Beverages are famous. Simply Juice Drinks have no added preservatives, colors or artifi-

All three great-tasting, refreshing flavors are available in the 59 fl. oz. multi-serve Simply carafe. The Fruit Punch and Tropical fla-

Rockin' Refuel by Shamrock Farms has debuted its latest flavor innovation-

Salted Caramel—exclusively in 7-Eleven stores nationwide. The flavor is unique to

Rockin' Refuel "gold standard" for taste. Salted Caramel joins

and strength. Its 12-oz packaging makes it a convenient on-the-go option to drink before or

after a workout, or as a guick meal replacement. It's also lactose free. For more information on

Salted Caramel and the full range of Rockin' Refuel products, visit RockinRefuel.com.

Salted Caramel ular Muscle Builder line delivering high quality pro-

the protein drink category and complements Rockin' Refuel's diverse product lineup

that has been singled out by industry experts as the

Chocolate and Vanilla as part of Rockin' Refuel's pop-

Salted Caramel Muscle Builder is packed with 30

tein, low sugar and low carbs to active adults.

grams of protein and only nine net grams of carbs,

and is formulated specifically to help build muscle

vors also will be offered in the convenient, grab-and-go, 11.5 fl. oz. single-serve carafe size. Simply Juice Drinks are available

Flavor Only

At 7-Eleven

cial flavors.

will provide retailers a complement to premium Garcia y Vega's 1882 award-winning brand that was launched in 2014 in the Swedish Match brand portfolio. Game Leaf will be available in four exciting flavors (Sweet Aromatic, Wild Berry, Natural and Cognac) in two different value price points: 2/99¢ and "Save on 2" FoilFresh

pouch.



Kit Kat White Minis outperformed other bite-size products.

Are Here! The demand for white chocolate is growing, and Kit Kat Milk Chocolate

Kit Kat White Minis

Minis have the highest trial and repeat rate among Year 1 hand-to-mouth launches and outperformed sales of competing bite-size products.

The Kit Kat Franchise accounts for 7.3 percent of chocolate king size sales and 10.6 percent of growth. The sales promos for Kit Kat White

> Minis includes a full year of Kit Kat brand TV, digital, radio and Hispanic advertising.

New Gatorade Lemon Ice Exclusive To 7-Eleven

Gatorade is bringing back its most requested heritage flavor, Lemon Ice, exclusively for 7-Eleven guests! Flavor plays an important role in Gatorade's history, and this clear offering is highly unique within the portfolio. Last year's 7-Eleven exclusive Fierce Green Apple sold close to 1 million cases—and Lemon Ice will be ever bigger. Gatorade Lemon Ice is available in a 28-

ounce PET bottle and can be ordered starting March 16. Lemon Ice is line priced with the Gatorade portfolio, and is now running 2/\$3 through August.

continued on page 82





Peach-Mango Extra Strength 120-Bottle Floor Display UIN 281246 Unit Cost: \$1.75*

Call Vince Sullivan @ 210-788-1547 or your local McLane representative if you have any questions

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80 AVANTI JANUARY | FEBRUARY 2015
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to "value conscious" rolled Leaf segment users and

in PlantBottle packaging, the first-ever 100

percent recyclable plastic bottle made from

Swedish Match's New

With the launch of Game Leaf, retailers

and consumers alike that are "lost in the

up to 30 percent plant-based material.

Game Leaf



New Game Leaf at 2/99¢ and in "Save on 2" FoilFresh pouch.



Gatorade Lemon Ice, exclusive at 7-Eleven stores.

Coming Soon New Peach-Mango 5-hour ENERGY



You like 5-hour ENERGY: 5-hour ENERGYlikes you. So for a limited time you will be able to carry new Peach-Mango Extra Strength 5-hour ENERGY. exclusively.

About the program

- Six-month exclusive on new Peach-Mango Extra Strength flavor (May-Oct 2015)
- Special pricing: 2 for \$5.50 in P3 May-June sales plan.
- Versatile shipper can be displayed on the floor or power wing.
- Order Dates: Feb 9 through Mar 1, 2015
- Delivery Dates: Apr 20-26, 2015
- Distribution through McLane.

Why order?

- 5-hour ENERGY- is 7-Eleven's best selling energy shot brand.
- Peach-Mango flavor trends high across all demographics, and especially high among Hispanics.
- · Stores that carry incremental displays have higher sales than those that don't.
- 5-hour ENERGY- marketing program to stimulate sales.

Financial	Prebook	
Cost	\$217.92	
Billback	\$8.40	
Net Cost	\$209.52	
Retail	\$418.80	
GP Percent	50%	
GP Dollars	\$209.28	
Quantity	120	
SRP	\$3.49	

"Includes McLane upcharge

These statements have not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure or prevent any disease.

Individual results may vary. See www.Shourenergy.com for more details. 7-ELEVEN is registered trademark of 7-Eleven, Inc. 02015 Living Essentials Marketing, LLE, All re-

VENDOR FOCUS

continued from page 80

KRAFT ANNOUNCES SNACK PRODUCTS

Kraft recently introduced several new snack products that will add to spring and summer sales and profits.

SALAMI BLACK PEPPI

STACKED

10110

 Kraft Stacked White Cheddar Salami And Pepper—A refrigerated snack that selectively combines of Kraft Natural Cheese and Oscar Mayer Premium Meat in one hunger-fighting snack. Suggested retail is \$1.49; expected profit is \$0.67; expected margin is 45 percent.

• Planters S'Mores Bag Shipper—A sweet and salty blend of peanuts, cocoa almonds, chocolate drops, yogurt covered grahams and marshmallows. According to consumer data, 61 percent of S'mores sales are spur of the moment, 40 percent of S'mores consumers make them one or more times weekly, from June to August, and S'mores consumption peaks May thru October. The shipper contains 36 count, 6.5oz Gusset Bags. Pre-book begins March 16 and ends on

April 6 with a 12 percent deal. In store on May 25. SRP is \$2.99; cost is \$73.80; GP\$—\$20.04; GP%—38 percent. Distributed by McLane.

• Planters Flavored Nuts—Available in Salted Caramel and Sea Salt & Vinegar in a super tube size.



Flavored nuts are now 23 percent of the category, with growth outpacing unflavored. Suggested retail is \$0.99, expected profit is \$0.48, and expected margin is 49 percent.

• Velveeta Cheesy Bowls Bean & Rice Burrito Bowl—Velveeta Bowls offer hearty recipes that promise to deliver on

quality and sustenance. New flavor Bean & Rice Burrito Bowl replaces the Lasagna flavor and joins Ultimate Cheeseburger Mac and Chicken Alfredo. Velveeta Cheesy Bowls were finalist in CSP's 2014 Retailer Choice—Best New Product. Suggested retail is \$3.99, expected Profit is \$1.40, and expected margin is 35 percent.

• Kraft Big Cheese Colby Jack And Mild Cheddar—"Sol-

dier-style" upright caddies are 1/3 the width of other brand's caddies, freeing up more space on you deli shelf. Stands tall for easy shelf visibility and creates space to build full cheese snacking portfolio. Suggested retail is \$1.79, expected profit is \$0.73, and expected margin is 41 percent.

> • Oscar Mayer P3 Protein Power Pack—New flavor Rotisserie Chicken, Monterey Jack & Cashews has been added to the lineup,

which includes Smoked Ham, Cheddar & Almonds and Smoked Turkey, Colby & Almonds. Contains

three sources of protein—meat,



BOWLS





• Corn Nuts—Taste the real roasted corn kernels and hear the ultimate crunch. Crunchy corn

• New MiO Energy Flavors—Two ex-

kernels flavored to perfection. Corn Nuts are a top-performing salty snack. Available in Ranch, Chili Picante, Original, BBQ, Nacho, Ultimate Heat and Jalapeno Cheddar flavors. Suggested retail is \$1.49. continued on page 84



Item Description

NEW

TGI Fridays Cheddar & Bacon Potato Skins TGI Fridays Jalapeno Cheddar Potato Skins TGI Fridays Sour Cream & Onion Potato Skins TGI Friday's Sweet Potato Skins 2.75oz/6ct TGI Fridays Happy Hour Snack Mix - Sweet & Spicy TGI Fridays Happy Hour Snack Mix - Cheddar Bacon



Weight Ounces	Pack Size	McLane UIN	7-Eleven SLIN
3.0	6	603936	301629
3.0	6	604025	302461
3.0	6	603977	303389
2.75	6	275362	New! (FOD April 9)
2.65	6	287508	New! (FOD April 9)
2.65	6	287334	New! (FOD April 9)

continued from page 82

Coca-Cola Introduces **Fairlife Milk**

Coca-Cola has entered the premium milk market with Fairlife Ultra-Filtered Milk, which has 50 percent more protein, 30 percent more calcium, and 50 percent less sugar than ordinary milk, and it's lactose

free. To achieve this, the milk flows through soft filters to concentrate the natural goodness, like

protein and calcium, and filter out the sugars. That allows the company to bottle only delicious, nutrient-rich, good-for-you milk with a powerful combination of protein and calcium.

Fairlife Ultra-Filtered Milk meets the needs of today's health-oriented onthe-go consumers, with

fairlife fairlife fairlife fairlife ----

New Fairlife milk has more protein, less calcium and less sugar, and is lactose free.

three out of four people wanting more protein in their diet (Source: U.S. Consumers Want More Protein In Their Diets And Look to A Range Of Sources For It, NPD Group). Fairlife is transforming a household staple to provide families across America with the extra nutrition they want without sacrificing the wholesomeness and great taste they expect from high quality milk.

New Monster Rehab Peach Tea + Energy

Monster Energy recently introduced the newest addition to its Rehab line, Monster Rehab Peach Tea + Energy.



Packed with B vitamins, electrolytes and coconut water, Rehab Peach Tea + Energy packs a triple threat

MURSTER Monster Rehab Peach Tea +

Energy with B vitamins, electrolytes and coconut water.

fires you up, and is the perfect choice after a hard day's night. Monster Rehab Peach Tea + Energy landed on shelves nationwide February 2 in 15.5 ounce cans. It is the company's sixth flavor in the Rehab family joining Tea + Lemonade, Tea + Pink Lemonade, Tea + Orangeade, Rojo Tea + Energy,

and Green Tea + Energy. For more information on Monster Rehab visit http://www.monsterenergy.com.

VENDOR FOCUS

Bolthouse Farms Announces Two New Smoothies

Bolthouse Farms—the brand that blends crisp veggies, ripe fruit and delicious dairy to make great-tasting juices, smoothies and protein shakes—introduces two delicious smoothies to the 7-Eleven system: Berry Boost and Tropical Goodness. Berry Boost is a blend of six different berries (blackberries, elderberries, raspberries, boysenberries, strawberries and blueberries) all coming together to deliver an in-

tense berry flavor. Tropical Good-

Spice Up Your Roller Grill With New Fajita Sausage

Hot 'N Spicey, Inc. introduces new Fajita Sausage made of the best cuts of beef and pork melded with Hatch Peppers, Monterey Jack cheese and a flavorful blend of Fajita spices to create a distinct spicy flavor. SRP for Gourmet To Go Brand Fajita Sausage is



New quality Fajita Sausage for your roller grill

\$1.49, and each case contains 60 links.

Swisher Diamonds: The Un-Sweet Cigarillos

Swisher International Inc. is introducing new Swisher Diamonds Cigarillos, the un-sweet Swisher. These cigarillos are everything adult smokcontinued on page 86





New Bolthouse Farms smoothies flavors Berry Boost and Tropical Goodness.



INTRODUCING

Pillsbury

A Second s		
SLIN		P
180007	Pillsbury™ Heat-N-Go	M

ness is made of the exotic

deliciousness of dragonfruit, guava and pineapple mixed in with coconut water and ground chia seeds. Both come in 15.2oz bottles. For more information, please call (239) 209-3857 or visit www.bolthouse.com.





Product Maple Burst'n[™] Mini Pancakes



VENDOR FOCUS

continued from page 84

ers love about Swisher without the sweet; just a smooth, rich taste created by master tobacco blenders. Swisher Diamonds cigarillos are available in a 2-count reseal able pouch at

three popular



Swisher Diamonds Cigarillos are available at three price points.

price points: 99¢, \$1.49, and non-priced "Save on 2." All SKUs are available nationwide. For more information or to place an order today, contact your Swisher representative at 1-800-874-9720.

Dr. Laura Berman **Endorses VirMax**

Natural Product Solutions, LLC and Kretek International, Inc. recently announced that Laura Berman, PhD has agreed to be spokesperson for the VirMax line of dietary supplements. In her new role, Dr. Berman will offer her insights and perspective on how these clinically-tested natural supplements can help men and women live healthier, happier lives.

Dr. Berman is a world-renowned sex and relationship educator and therapist as well as a popular TV, radio and Internet host. She is also a New York Times bestselling author and assistant clinical professor of ob-gyn and psychiatry at the Feinberg School of Medicine at Northwestern.

VirMax is the original natural male enhancement brand. It is available to in 2-pack size packaged in 12-count display cartons. Since its inception, VirMax has introduced several specific formulas designed to benefit a wide range of adult men and women of all ages. VirMax now offers VirMax T (testosterone), VirMax P (prostate), VirMax for Her (response booster) and VirMax E energy enhancement for exercise and workouts. VirMax is also packaged in 30count boxes designed to encourage a regular regimen of use. VirMax

NEW DJEEP STARS 'N BARS LIGHTERS

Kretek International, Inc. presents the new DjEEP Stars 'n Bars collection, available to ship April 1. The new patriotic series of lighters features symbols of the greatest country in the world from the most dependable and durable lighter on the planet. Inspired by Old Glory, the new lighter series are part of DiEEP's upscale collector's look along with Marilyn Monroe, black leatherette and Denim. The new lighters are available on DiEEP 36-

count 3-tier displays, as well as on DjEEP's new 24-lighter



New DiEEP Stars n' Bars American series available on 36-count 3-tier displays and new 24-lighter counter-tray unit.

counter-tray unit. All DjEEP lighters are insured and have proper DOT and HAZMAT certification. First ship date is April 1, 2015. Your Kretek sales representative has the details on opening order promotions. Call 1-800-358-8100, or email

Internationally respected sex therapist and relationship expert Dr. Laura Berman is the new VirMax spokesperson.

salesinfo@kretek.com.

products are made in the USA and have enjoyed 15 years of distribution and consumer use free of legal challenges or issues. A Kretek sales representative has details for the c-store channel. Call 1-800-358-8100, or email salesinfo@kretek.com.

5-Hour Energy Peach Mango **Coming To 7-Eleven First**

New 5-Hour Energy Peach Mango is coming soon exclusively to 7-Eleven for a limited time. From May to October 2015, 5-Hour Energy Peach Mango will be available only in 7-Eleven stores nationwide. The program features special pricing of 2 for \$5.50 in P3 May-June sales plan, as well as a versatile shipper that can be displayed on the floor or power wing. 5-Hour Energy is 7-Eleven's best selling energy shot brand. Peach Mango trends high

across all demographics, and especially high among Hispanics. Delivery dates are April 20-26, 2015 and the product is distributed through McLane. Net cost is \$209.52 for 120 bottles and retail is \$418.80, generating a GP% of 50

percent and GP\$ of \$209.28. Call Vince Sullivan at 210-788-1547 or your local McLane representative for more information.



5-Hour Energy Peach Mango will be a 7-Eleven exclusive from May to October 2015.

HARIBO SOUR GOLD-BEARS GOLD-BEARS

Now

available

in sour!

HAPPY WORLD OF HA

SOURI

NET WT. 4.5 OZ. (127 GRAMS)

▲ \

Kids and grown-ups love it so, the happy world of Haribo*

HARIBO OF AMERICA, INC. 1-800-638-BEAR





HARIBO GOLD-BEARS GUMMI CANDY ORGINAL Gold-Bears 5 oz. UN: 819979 SLIN: 140609

America's #1-selling Gummi Bear*



FOA BOARD MFFTING DATES

7-Eleven FOAC

Phone: 312-944-5392

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

Central Florida FOA

Phone: 407-683-2692 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 Of Greater LA

Phone: 951-766-7490 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

Greater Seattle FOA

Phone: 425-308-1216 March 18, 2015—Board Meeting May 27, 2015—Dinner Meeting June 17, 2015—Board Meeting July 9, 2015—Dinner Meeting July 22, 2015—Board Meeting October 2015—Board Meeting (exact date TBD) November 11, 2015—Dinner Meeting December 2, 2015—Board Meeting

Metro New Jersey FOA Phone: 908-232-1336

All meetings include tabletop trade shows. Vendors are welcomed to participate. April 2, 2015 June 4, 2015 September 17, 2015 November 19, 2015

Northern California FOA

Phone: 916-782-4144 April 15, 2015 May 20, 2015 June 17, 2015 August 19, 2015 September 16, 2015 October 21, 2015 November 18, 2015—FOA Election and Meeting

San Diego FOA

Phone: 619-713-2411 April 16, 2015 May 21, 2015 June 18, 2015 July 16, 2015 August 20, 2015 September 2015—General/Safety Meeting October 15, 2015 November 19, 2015

Southern California FOA

Phone: 626-256-1264 March 11, 2015 April 8, 2015 June 10, 2015 July 8, 2015 August 12, 2015 September 9, 2015 October 14, 2015 November 11, 2015

Southern Nevada/Las Vegas FOA

Phone: 702-249-3301 March, 12, 2015—Board Meeting March 26, 2015—General Meeting April 9, 2015—Board Meeting April 20-21, 2015—Special Setup For Trade & Golf May 14, 2015—Board Meeting June 11, 2015—Board Meeting June 25, 2015—General Meeting August 13, 2015—Board Meeting August 27, 2015—General Meeting September 10, 2015—Board Meeting October 8, 2015—Board Meeting November 12, 2015—Board Meeting November 19, 2015—Board Elections

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Nestle Ice Cream	
Nestle Professional	
Perfetti Van Mele	
Precise Nutrition	
Santa Fe Tobacco	
Shamrock	
Simply Orange	
Swedish Match	
Swisher International	
Unilever Ice Cream	
White Castle	
Whitewave Foods	
Wrigley	
Windsor	
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FOA EVENTS

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SOUTHERN CALIFORNIA FOA TRADE SHOW

Pasadena Convention Center Pasadena, California May 20, 2015 Phone: 626-256-1264

FOA OF GREATER LA **GOLF TOURNAMENT**

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

7-ELEVEN FOAC FAMILY PICNIC

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

PACIFIC NORTHWEST FOA CHARITY GOLF TOURNAMENT

(location to be announced) June 16, 2015 Phone: 253-476-2548

TUCSON FOA CHARITY GOLF OUTING

Ritz Carlton, Dove Mountain Marana, Arizona June 19, 2015 Phone: 520-747-8433

METRO NEW JERSEY FOA PICNIC

(location to be announced) June 20, 2015 Phone: 908-232-1336

7-ELEVEN FOAC CHARITY GOLF TOURNAMENT

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

GREATER SEATTLE FOA GOLF TOURNAMENT

(location to be announced) August 3, 2015 Phone: 425-308-1216

ROCKY MOUNTAIN FOA

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

SAN DIEGO FOA **DEL MAR HORSE RACES**

Del Mar Surfside Race Place Del Mar, California August 28, 2015 Phone: 619-713-2411

GREATER SEATTLE FOA PICNIC WITH TABLETOP TRADE SHOW

(location to be announced) September 12, 2015 Phone: 425-308-1216

SOUTHERN CALIFORNIA FOA **GOLF TOURNAMENT**

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

TRISTATE FOSE ASSOCIATION CHARITY GOLF TOURNAMENT

Little Bennett Golf Course Clarksburg, Maryland September 16, 2015 Phone: 301-572-6811

SAN DIEGO FOA VENDOR APPRECIATION EVENT

(date & location to be announced) October 2015 Phone: 619-713-2411

SAN DIEGO FOA HOLIDAY PARTY & TRADE SHOW

(location to be announced) November 6, 2015 Phone: 847-971-9457

CHARITY GOLF TOURNAMENT

FOA OF GREATER I A HOLIDAY PARTY

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

CENTRAL FLORIDA FOA HOLIDAY PARTY

(date & location to be announced) December 2015 Phone: 407-683-2692

SAN DIEGO FOA HOLIDAY PARTY

(date & location to be announced) December 2015 Phone: 619-713-2411

NORTHERN CALIFORNIA FOA CHRISTMAS PARTY

(location to be announced) December 4, 2015 Phone: 916-782-4144

SOUTHERN NEVADA/LAS **VEGAS FOA** HOLIDAY PARTY

(location to be announced) December 4, 2015 Phone: 702-249-3301

PACIFIC NORTHWEST FOA HOLIDAY PARTY

(location to be announced) December 5, 2015 Phone: 253-476-2548

GREATER SEATTLE FOA HOLIDAY PARTY

With Tabletop Trade Show (location to be announced) December 12, 2015 Phone: 425-308-1216

METRO NEW JERSEY FOA HOLIDAY PARTY

(location to be announced) December 19, 2015 Phone: 908-232-1336

FOA EVENTS

Want your event listed here? Send email with event name, location, dates and contact phone and email to avantimag@verizon.net

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

PACIFIC NORTHWEST FOA TRADE SHOW

Hilton Seattle Airport Seattle, Washington March 12, 2015 Phone: 253-476-2548

NORTHERN CALIFORNIA FOA NOR CAL UNITED FOAS TRADE SHOW

Thunder Valley Casino Resort Lincoln, California March 13, 2015 Phone: 916-782-4144

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

GREATER SEATTLE FOA TRADE SHOW

(location to be announced) April 2, 2015 Phone: 425-308-1216

Columbia Pacific Foa Annual trade show

Doubletree Lloyd Center Portland, Oregon April 3, 2015 Phone: 503-984-1398

METRO NEW JERSEY FOA TRADE SHOW

Tropicana Hotel April 9, 2015 Atlantic City, New Jersey 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 21, 2015 Phone: 757-506-5926

SOUTHERN NEVADA/LAS VEGAS FOA TRADE SHOW

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

SOUTHERN NEVADA/LAS VEGAS FOA CHARITY GOLF TOURNAMENT

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

TEXAS FOA CHARITY GOLF TOURNAMENT

Dallas Cowboys Golf Club Dallas, Texas April 28, 2015 Phone: 972-335-2180

TEXAS FOA TRADE SHOW

Irving Convention Center Irving, Texas April 29, 2015 Phone: 972-335-2180



NATIONAL COALITION BOARD OF DIRECTORS MEETING

Laguna Cliffs Marriott Dana Point, California May 7-8, 2015

NCASEF 40TH ANNUAL CONVENTION & TRADE SHOW IN COOPERATION WITH THE CHICAGO FOA & ALLIANCE OF 7-ELEVEN FRANCHISEES FOA

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



CHESAPEAKE BAY FOA TRADE SHOW

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

SAN DIEGO FOA CHARITY GOLF TOURNAMENT

Sycuan Golf Resort El Cajon, California May 14, 2015 Phone: 619-713-2411

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New Juicy Fruit Cum 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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90 AVANTI JANUARY | FEBRUARY 2015

The smoke that speaks to the soul.

What's inside Djarum makes for a uniquely satisfying smoke. Its rich aroma, authentic clove smoothness and unmistakable crackle offer a distinct moment of pleasure unlike any other. No wonder more smokers than ever are asking for Djarum by name.

> Are your stores carrying the brand they crave?

> > BLACK

I2 CIGARS

Your Kretek representative has all the details; salesinfo@kretek.com

djarumcigar.com



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