

# AVANTI

March/April 2015

THE VOICE OF 7-ELEVEN FRANCHISEES

15-Year Agreement

The Proof Of The Pudding

Relationship Status

With SEI

NLRB And The

Franchise

Model

Minimum Wage Increases

Combined Trade Shows

Invest In A Low Volume Store?

Function Of An FOA

Increase Profits As You Hire

Costs After Employee Injury

Frozen Novelty Sales

## Can We Dream?



NCASEF 40th Annual  
Convention & Trade Show

July 27-31, 2015

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Presidents'  
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<sup>1</sup>Q. Research Consumer Test, May 2013

<sup>2</sup>Nielsen AOD Latest 52w W/E 8/16/14

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\* 7-Eleven, IRL, 52 weeks ending 4/5/15

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of 7-Eleven Franchisees

# AVANTI

THE VOICE OF 7-ELEVEN FRANCHISEES

March/April 2015

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

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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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## Member News

### 7-Eleven Expands In Washington, D.C.

7-Eleven is moving aggressively into the Washington, D.C. area—adding more than a store a month, sometimes within blocks of existing ones, reported the *Washington Post*. There are two reasons for this expansion: Washington, D.C. is growing and 7-Eleven follows people, and Washingtonians like the food at 7-Eleven.

The article states Washington, D.C. is the No.1 market in the country for the convenience store chain when it comes to hot foods. Among the top sellers: pizza (both whole and sliced), chicken wings, mini tacos, sandwiches and the chain's trademarked Big Bite hot dogs. Other grab-and-go foods like bakery items (mostly doughnuts and muffins) along with soft drinks and coffee are also bigger sellers in Washington compared with other urban areas.

SEI officials told the newspaper the hot food sales are an indicator of the large number of singles, young people and people who are busy and don't always have

time to cook. The chain has 433 stores open or under construction in the area—including 45 in D.C. proper—and it added 16 in the area last year alone. Many of the new stores are in areas where new apartment buildings are going up and thousands of new residents have moved in recent years.

### 7-Eleven Ranks High On Top 100 Global Franchises List



7-Eleven is the top-ranked c-store chain on *Franchise Direct's* 2015 Top 100 Global Franchises list, coming in at #5. The other c-store retailer on the list, Circle K, ranked #29. Taking the #1 spot is Subway, followed by McDonald's, KFC, and Burger King.

The franchises that comprise the Top 100 Global Franchises stand out from thousands of franchises that have invested in international expansion strategies. The franchises were ranked using objective and measurable criteria, which includes: sys-

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National Coalition officers (left to right) Joe Galea, Hashim Syed, Serge Haitayan, Jivtesh Gill, and Jas Dhillon with Elizabeth Stansbury and Jessie Miller of St. Jude Children's Research Hospital.

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The Voice of 7-Eleven Franchisees  
March/April 2015

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## THE BOMB & Breakfast Burritos

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Whole Egg, Sausage  
& 3 Cheese - 12/7oz  
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7-Select Spicy Beef, Beans & Cheese  
Bomb Burrito - 12/7oz  
SLIN #174033 • UIN #272625



7-Select Chicken Chile Verde & Beans  
Bomb Burrito - 12/7oz  
SLIN #174030 • UIN #272633



Fiery Mini Tacos (Bulk)  
5.25 lbs/case  
SLIN #172790 • UIN #327437



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



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





## Member News

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## NCASEF 40th Annual Convention & Trade Show

IN COOPERATION WITH THE FOA CHICAGOLAND AND THE ALLIANCE OF 7-ELEVEN FRANCHISEES FOA

*Sheraton Chicago Hotel and Towers*

# July 27-31, 2015

Trade Show: July 30-31, 2015

Help us celebrate 40 years of franchisee unity! 2015 marks the 40th Anniversary of the NCASEF's Annual Convention and Trade Show, so we've planned a blowout event to celebrate this special milestone! Enjoy the many attractions of downtown Chicago over five days of informative seminars,

charity fund raising events, and a spectacular two-day trade show at the renowned Navy Pier!

- Low \$149 registration fee covers all meals and events!
- Bargain Hotel Rate at the Sheraton Chicago Hotel and Tower!
- FREE Trade Show Only Registration for any franchisees driving in!

**Franchisees and exhibitors can see the full schedule of events and register now at [www.ncasef.com](http://www.ncasef.com)!**

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tem size based on numbers of units, revenue for the system, stability and growth, number of years in operation, and market expansion. The ranking is also based on best practices in the areas of franchisee support and training, environmental policy, and social responsibility.

## 2014 A Successful Year For C-Store Industry

Boosted in part by low fuel prices, the U.S. convenience store industry had record in-store sales of \$214.9 billion in 2014, higher than overall industry sales in 1998, according to figures released by the National Association of Convenience Stores (NACS). Overall industry sales for 2014 reached \$697.5 billion, evidence that the value of convenience continues to resonate with consumers.

The industry's in-store sales of \$214.9 billion represent an increase of 4.6 percent over 2013, which was itself a record year. Although more gallons of fuel were sold in 2014 than 2013, total industry fuel sales decreased by 1.8 percent, due to gasoline prices that were 4 percent lower in 2014 than the previous year.

NACs said in-store sales growth in 2014 was driven by sales gains in both foodservice and merchandise, with the highest growth in commissary (e.g., packaged sandwiches, deli salads) up 9.8 percent, salty snacks (up 8.5 percent) and packaged beverages (up 6.5 percent). Here's how in-store sales were broken down in 2014:

- Tobacco (cigarettes and OTP): 35.9 percent of in-store sales
- Foodservice (prepared and commissary food; hot, cold and dispensed beverages): 19.4 percent
- Packaged beverages (soda, alternative beverages, sports drinks, juices, water, teas, etc.): 15.4 percent

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# SNAPPLE 32 OUNCE



Snapple  
Kiwi Strawberry 32 oz.  
SLIN 241285



Snapple  
Peach Tea 32 oz.  
SLIN 240667



Snapple  
Mango Madness 32 oz.  
SLIN 242375

## Premium Teas Are Up 18 Percent Over The Last Year!

32 oz. Snapple  
is up +37.8%  
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- fairlife® has the ability to drive **incremental volume**, delivering **+4% unit volume growth to total milk** and **15% unit volume to Value Added Dairy** in retail tests<sup>2</sup>

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McClane UIN#: 162750 / SLIN#: 0151459



Fairlife 2% Reduced Fat  
Ultra-Filtered Milk 52 fl oz  
McClane UIN#: 487520 / SLIN#: 0151454



Fairlife 2% Chocolate  
Ultra-Filtered Milk 52 fl oz  
McClane UIN#: 162776 / SLIN#: 0151453







## Member News

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- Center of the store (candy; sweet, salty and alternative snacks): 10.6 percent
- Beer: 7.3 percent
- Other: 11.4 percent

Meanwhile, foodservice accounted for 33.5 percent of gross profit dollars, a 4.4 percentage point increase over 2013. While tobacco products constituted 35.9 percent of in-store revenue dollars, they accounted for only 17.3 percent of gross margin dollars. Packaged beverages were third, accounting for 18.5 percent of gross profit dollars.

### Seven & I Banks On C-Stores



Seven & I Holdings recently forecast another year of record profits and convenience store openings, expressing confidence in the strength of its 7-Eleven business despite a slump in Japanese consumer spending, reported Reuters. Japanese consumers tightened their wallets after a sales-tax hike last April eroded their purchasing power, with household spending haven fallen every month since then. However, 7-Eleven has held resilient, with Japan same-store sales up 2.4 percent in the fiscal year just ended, attracting customers with fresh coffee and donuts and an array of private-label goods. 7-Eleven overseas also enjoyed foreign-exchange gains stemming from a weaker yen.

The company projected an 8.6 percent rise in operating profit to 373 billion yen (\$3.1 billion) for the year that started on March 1, a record for a fifth straight year, on revenue of 6.4 trillion yen. Seven & I said it plans to open a record 1,700 7-Eleven stores in Japan this fiscal year, for a net increase of 1,100, bringing its total to nearly 18,600. It also plans to open another 400 outlets in the United States.



### Papa John's Ordered To Pay Back Wages

A Papa John's pizza franchise in New York must pay its workers nearly \$800,000 in unpaid wages over allegations the business underpaid employees and failed to pay overtime, a state judge ruled recently, reported *RH Reality Check*. New York Attorney General Eric Schneiderman in December sued Emstar Pizza Inc., which operates seven Papa John's franchise locations in Brooklyn and Queens, alleging that Emstar underreported hours worked by employees over the past six years, rounded employee hours down to the nearest hour, and did not pay overtime. Attorney General Schneiderman is also considering legal action against the franchisor, Papa John's International Inc., on the theory that it is a joint employer and thus liable for the actions of its franchisees, according to reporting from the *New York Post*.

and sought a preliminary injunction to suspend the portion of the law that grouped franchisees with big businesses of more than 500 workers, which must pay employees \$15 an hour by 2017. Large employers that offer health care benefits have an additional year. Smaller employers—those with 500 or fewer employees—have until 2021, depending on whether their employees get tips and medical benefits.

### Heinz & Kraft Merge

H.J. Heinz and Kraft Foods Group have agreed to merge in a mega-deal that will form the fifth largest food and beverage firm in the world and the third largest in North America, reported *USA Today*. The firms said the deal to create The Kraft Heinz Co. was unanimously approved by the boards of directors of both companies. The new firm will be co-headquartered in Pittsburgh and in the Chicago area, and will have revenues of approximately \$28 billion. The total deal could be valued at around \$36 billion.

### IFA Plans Appeal Of Seattle Minimum Wage Ruling

The International Franchise Association and several local franchisees said they would appeal a recent decision by a federal judge to not stop a part of Seattle's minimum-wage law from taking effect, reported the *Seattle Times*. The ruling by the U.S. district judge means locally owned franchisees in Seattle are still on the same fast track as large employers toward reaching \$15-an-hour pay for their workers within two to three years.

IFA argues that the law treats franchisees as if they were large businesses,

*"As shoppers begin to spend again, retailers plan to pay higher wages in order to attract and keep good workers."*

### Retailers Spending More On Wages

As an improving job market and lower gas prices help shoppers spend again, retailers also plan to increase their spending—which includes paying higher wages in order to attract and keep good employees, reported the *Wall Street Journal*. Retailers

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## NCASEF 40<sup>TH</sup> ANNUAL CONVENTION & TRADE SHOW

IN COOPERATION WITH FOA CHICAGOLAND & ALLIANCE OF 7-ELEVEN FRANCHISEES

Join us for this blowout event  
as the NCASEF celebrates 40 years  
of serving franchisees!

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Beginning March 14, 2015



# July 27-31, 2015

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expect competition for lower-paid workers to heat up after Wal-Mart Stores Inc. recently increased pay for all starting employees to \$9 an hour. TJX—the parent company of T.J. Maxx, Marshalls and HomeGoods—also announced that by June all of its workers who have been employed for six months will be paid at least \$10 an hour.

## California To Lower Gas Tax

The California gas tax is falling six cents this summer because of lower gas prices, reported the Associated Press. The State Board of Equalization recently voted unanimously to cut the state gasoline tax, so beginning in July, Californians will pay at least 48 cents per gallon in fuel taxes to the state and federal government. The tax cut will also reduce funding for local road and congestion relief projects. However, California drivers may not see a difference at the pump because of other factors affecting gas prices.

## Consumer Optimism Is Up As Gas Prices Remain Low

A majority of Americans say they are optimistic about the economy and low gas prices are driving the optimism, according to survey results released by the National Association of Convenience Stores (NACS). Overall, 52 percent of Americans are optimistic about the economy, an eight-point jump from March. Those most optimistic

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*“The California gas tax is falling six cents this summer due to lower gas prices.”*

Register for the 2015 NCASEF Convention at [www.ncasef.com](http://www.ncasef.com)

## Legislative Update



### New York Warning Labels On Sugary Beverages

Public health advocates recently urged New York state lawmakers to require labels on sugary drinks to warn consumers about the dangers of obesity, diabetes and tooth decay, reported the Associated Press. The labels—which would resemble those on cigarette packs—would go on cans and bottles of regular soda, juices, teas and other beverages sweetened with sugar. The proposed mandate, now pending in the state Assembly, comes as states across the country grapple with the costs—human and financial—of obesity and other diseases related to the American diet. Retailers and beverage companies oppose the idea. The measure faces significant challenges in the legislature, particularly in the Republican-controlled Senate.

### Connecticut Could Tax Sugary Drinks



Connecticut would become the first state to create a special tax on sugary drinks and candy under a bill aimed at cutting childhood obesity, Type II diabetes, hypertension and other health problems, reported CTPost.com. The measure would add a 1-cent-per-ounce tax, so a 20-ounce soda that costs \$1.50 would then cost \$1.70. The beverage industry and state grocers opposed the proposal during a recent public hearing. While 35 states including Connecticut have sales taxes on soda, none have excise taxes. States discussing added taxes include Vermont, California, Hawaii and Illinois. If the Connecticut bill passes both the state House and Senate and is signed into law, revenue from the tax would be used for the general budget and to fund anti-obesity efforts.

### Government Panel Recommends Sugary Foods Tax

A tax on sugary drinks and snacks is one way a government panel of nutrition experts thinks Americans can be coaxed into eating better, reported the Associated Press. Some members of Congress are already pushing back on the idea, saying the panel has overstepped its bounds.

The panel's recommendations will help determine what gets into the new version of dietary guidelines being prepared by the Agriculture and Health and Human Services departments. The advice includes eating more fruits, vegetables and whole grains and limiting added sugars and fat.

However, the panel goes beyond previous versions of the dietary guidelines by suggesting a broad list of possible policy changes—a tax is just one—that could make it easier for people to follow that diet advice. Other ideas put forth by the committee were placing nutrition labels on the front of food packages and requiring public buildings to serve healthier foods.

### Federal Soft Drink Tax Reintroduced

U.S. Representative Rosa DeLauro (D-CT) reintroduced the Sugar-Sweetened Beverages Tax (SWEET) Act that would tax the sugar in soda and other sugary drinks, reported *Vending Times*. The legislation would impose a 1¢-an-ounce excise tax per

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teaspoon of caloric sweetener in beverages. Milk, 100 percent fruit juice and infant formula would be exempt. The Connecticut congresswoman introduced the bill last summer, but it failed to receive legislative action. DeLauro's federal bill is aimed at preventing obesity, diabetes, heart disease and tooth decay.

Berkeley, California became the first city in the nation to pass a soda tax last November—the 1¢ per fluid ounce levy took effect in January. In neighboring San Francisco, voters rejected a tax on sodas and other sugary drinks in November. Soda taxes are being considered in the state legislatures of Illinois and Vermont.

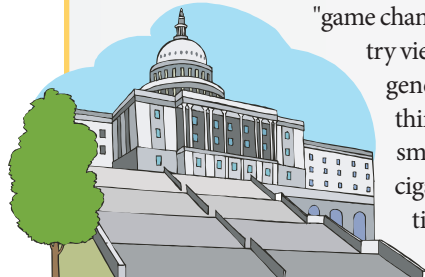
## Illinois Proponents Renew Push For Sugary Drinks Tax

Two Illinois lawmakers recently reintroduced a bill calling for a tax on sugary drinks that was voted down last year, reported the *Northwest Herald*. The proposal, the Healthy Eating Active Living Act, would place a penny-an-ounce excise tax on high-sugar beverages—those with more than five grams of sugar per 12 ounces—and use the revenues to invest in expanded opportunities for healthy eating and physical activity. The bill was voted down last year in an Illinois House committee. Some local lawmakers have voiced opposition to the bill, arguing that increasing the price of sugar-sweetened beverages would not necessarily stop people from buying them.

## Washington E-Cig Bill Gets Tough

A new bill would make Washington's laws regulating e-cigarettes some of the toughest in the nation, reported *King 5 News*. It would require special licenses for all retailers, require manufacturers to list all ingredients in e-juice, ban non-tobacco flavored vaping products, and tax e-cigarettes and the supplies at the same rate as tobacco products. Consumers would pay a 95 percent tax on the items, compared to paying the standard sales tax now.

Bill sponsor Rep. Gerry Pollet, D-Seattle, calls the proposal a "game changer." Pollet said the tobacco industry views vaping as a way to create a new generation of nicotine addicts who think it's a safe, healthy alternative to smoking. Hundreds of vapers and e-cigarette store owners lined up to testify against the bill during a recent



**Vapers told lawmakers the proposal would make e-cigarettes more expensive, harder to find and would eliminate flavors popular with adult customers.**

public hearing on the bill in Olympia. Vapers told lawmakers the proposal would make e-cigarettes more expensive, harder to find and would eliminate flavors popular with adult customers.

## Nevada Seeks To Regulate E-Cigs Like Tobacco

Use of electronic cigarettes and liquid nicotine would be regulated the same as tobacco under a bill introduced in the Nevada Senate recently, reported the *Las Vegas Review-Journal*. Senate Bill 201 introduced by the Senate Finance Committee seeks to include e-cigarettes and "vaping" under Nevada's Clean Indoor Air Act, which was passed by voters in 2006. The law prohibits smoking in most public places, including schools, day care facilities, restaurants and indoor work places. There is an exception for gambling areas of casinos. Violations are a misdemeanor. The bill was referred to the Senate Judiciary Committee.

## New Anti-Tobacco Bills Surface In California

California lawmakers are pushing proposals that include increasing cigarette taxes by \$2 a pack and raising the legal smoking age from 18 to 21, reported the *Los Angeles Times*. The state once led the nation in snuffing out smoking, but health activists say a strong tobacco lobby and a lack of political will have blocked new efforts in recent years. California lawmakers have responded to such criticism with a flood of legislation on the issue.

In addition to making California the first state to raise the smoking age, the measures would bar electronic cigarettes from public places where smoking is prohibited, ban single-use filters on cigarettes and prohibit the use of chewing tobacco in pro baseball stadiums and recreational league games. The state has simultaneously launched a \$7-million advertising campaign warning about the health hazards of e-cigarettes. Opposition from the tobacco and "vaping" industries is already building.

## Kansas Bill To Allow C-Store Beer Sales Advances

A Kansas House committee recently approved a bill to allow convenience stores to sell full-strength beer in July 2018, reported the Associated Press. The measure endorsed by the Commerce Labor and Economic Development Committee also would allow grocery stores to sell wine, liquor and full-strength beer starting in July 2018. The committee's 10-7 vote sends the bill to the full House for debate. Groceries and convenience stores currently can sell what's known as cereal malt beverage, or weak beer. Only liquor stores can sell other packaged alcoholic beverages.

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## THE FUNCTION OF AN FOA



By Fari Ishani | President, Central Florida FOA

We've been hearing for years about the increasing number of new Franchise Owner's Associations (FOAs) being formed in pockets around the country. With over 1,800 new 7-Eleven stores in the past four years, in a sense it should be expected, given that there are more franchisees than ever before entering the system.

So I started asking, what is the function of an FOA? I remember back in 2008, when the Central Florida FOA was formed with only a handful of people. Our purpose was to help each other, share ideas, solve issues and bring problems to the surface. As we started to grow, we realized that together we have a much stronger voice as one due to the unity and support we had among us. There were no politics and no personal agendas. We simply wanted

in the power of one. We believe that being united we have a stronger voice.

When I hear of multiple FOAs forming in different parts of the country in the same area as an existing FOA, it makes me wonder. Why does someone feel the need to break off and form a new FOA in the same area? What is their agenda? What is the real reasoning behind it? Are they feeling left out? Are they feeling their voice is not being heard? Are they feeling they're not receiving enough recognition? Is it a power trip? Is the title of president or vice president so important? What is the new FOA going to do differently that the existing FOA couldn't accomplish for them?

We all have the same issues and we're all in the same franchise system dealing with the same franchisor. Is starting a new FOA the answer? If you do not like the way things are going, why not stay and change the FOA from within? Can't we talk about issues, and visit the differences, and work them out? All personal agendas and politics, in my opinion, should be put aside. If your true intentions are to help your fellow franchisees, then we need to work it out.

In my opinion, disagreements between franchisees should not be the reason for splitting off and forming a new FOA. If members are not happy with their FOA leadership, impose term limits and run elections. Run for the position yourself and try to change things. FOA functionality is lost if you truly think splitting off is the answer. What kind of message does that send to our franchisor and vendor partners when they see multiple FOAs forming in one area? How does this affect the state of our National Coalition?

I think the National Coalition has a responsibility to all of its franchisees to discourage them from breaking off from existing FOAs for invalid reasons. In our FOA we always refer to the "power of one." We don't have a voice by forming little groups around the country each making noise. We have a louder voice when we're united.

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Furniture maker **IKEA** is selling a line of tables, desks and other pieces capable of **wirelessly charging mobile devices placed on them**, reported CNET. • **Dollar General** recently opened stores in Oregon, Maine and Rhode Island, **expanding the major retailer's presence to 43 states**.

The company also announced plans to open nearly 730 new stores in 2015. •

**Amazon.com recently launched its one-hour delivery service, Prime Now**, in some parts of Baltimore and Miami, reported the *Baltimore Sun*. The one-hour service, available through the Prime Now mobile app, costs \$7.99, while two-hour delivery will be free. • **About 1.3 times per day a vehicle crashes into a 7-Eleven store**, reported InsuranceNewsNet.com, citing statistics kept by the Storefront Safety Council. The data also reveals that **vehicles crash into commercial buildings 60 times per day** and residential buildings 120 times per day. • Visa, Pizza Hut and Accenture recently announced they are working together to develop a new system that will **allow customers to order and pay for their pizza orders from their car**. • KFC recently announced plans to roll out **edible coffee cups** in the U.K., reported *Time*. The cups will be made from wafers lined with heat-resistant white chocolate and wrapped in sugar paper. • More than half (**53 percent**) of **eating-out occasions are unplanned** or decided on impulse, while routine occasions account for 25 percent of dining occasions, according to data from Technomic's New Consumer4Sight Group. • Swisher International Inc. has formed a company called **E-Alternative Solutions** that will develop, market and distribute **electronic vaping solutions**, reported *The Daily Record*. • According to a new study by

continued on page 73

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# A 10-Year Versus 15-Year Franchise Agreement

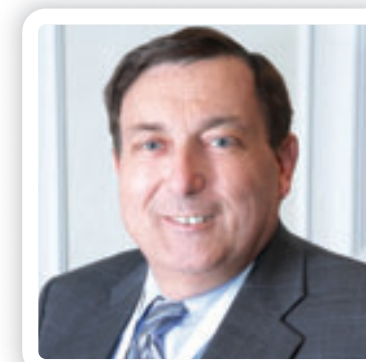
BY JOE GALEA, EXECUTIVE CHAIRMAN, NCASEF

Over the last few months there has been talk about the new franchise agreement coming out within the next few years. The majority of franchisees are due for an agreement renewal in 2019, so the discussion always turns to what the agreement was like when we first franchised into the system versus the agreement we currently have.

The way our present agreement is set up, franchisees face a very difficult challenge. I represented a franchisee that had to sell his store. The goodwill was close to \$500,000, and the franchise fee was \$550,000. Combining the two, you have slightly over a \$1 million investment. It follows that every year for a ten-year agreement the first \$100,000 you are earning goes back to either your account or paying back the loan, which could also impact goodwill for franchisees. A 15-year agree-

bought into. This has been echoed to SEI, and we at the National Coalition have asked 7-Eleven to involve us in the new agreement process. If they do, franchisees will have a voice, because we represent all franchisees.

Part of the National Coalition's function is to protect the investments that franchisees put into their stores, and we have communicated numerous times to SEI



“Without question we need a 15-year agreement so franchisees can operate their stores without having to worry about what changes the next agreement will bring.”

ment similar to our 2004 agreement gives you all that, and you don't have to worry after 10 years of having to pay a 20 percent renewal (refranchise) fee.

The vast majority of franchisees highly prefer a 15-year contract with no renewal fees versus a

10-year contract with an additional franchise fee because that's the system we

upper management that we want to be part of drawing up the new agreement from the beginning. Given that over the last few months the relationship between the National Coalition and SEI has changed to where we're communicating more openly, and we both understand each other and can discuss our issues frankly, I am optimistic that our franchisor will accommodate us.

I credit SEI for making some commitments to the National Coalition because of

“I credit SEI for making some commitments to the National Coalition because of our true, honest communication.”

our true, honest communication. For example, the company put a freeze on the maintenance contract increases that were scheduled for last October as we work through it. The franchise agreement that we're about to be offered is the next phase of our operation in which we want equal participation.

Without question we need a 15-year agreement, and I think there is a need for 7-Eleven to assure us very soon that we are going to go back to a 15-year agreement and make that compromise because franchisees are working hard in their stores and need the right to operate their stores without having to worry about what changes the next agreement will bring.

Given all of that, I sincerely hope that the company will come out with a statement very quickly that says—instead of keeping franchisees on edge about the new agreement—that they are going to revert back to the 15-year agreement with no franchise fee and bring back the spirit of the agreement that we had in the past. Franchisees can then put this to rest and be assured that their original investment with the company is going to be upheld throughout their new agreement. **AV**





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# The Proof Of The Pudding Is In The Eating

BY JIVTESH GILL, EXECUTIVE VICE CHAIRMAN, NCASEF

7-Eleven franchisees over the last several months have been experiencing momentous change in approach from SEI management that seems unprecedented in the recent history of the National Coalition. Although the two organizations don't always see eye-to-eye, franchisees have seen SEI reaching out on both national and local levels to work more closely with franchisees, attend local and national meetings, and be willing to at least discuss issues that franchisees believe are key to their success. We're hoping against hope that franchisees can get something out of it.

The change began last September when I was with a group of franchisee leaders attending an NBLC meeting in Dallas, and we got our first opportunity in quite a number of years to meet directly with SEI President and CEO Joe DePinto. We interacted with him for two days at the NBLC meetings and evening social events, and he got an earful from a lot of folks. He could feel the frustration that had built up in the system. He could feel how franchisees felt alienated and demoralized, and the message was very consistent. I had an opportunity to talk to Mr. DePinto at great length at one of the dinners, and I gave him a good summary of what franchisees were feeling.

Following the NBLC meeting, during the first week of October, three National Coalition officers met one-on-one with DePinto and several of his executive

team members. We had not met directly with our CEO and his senior team in many years. At that meeting

**"SEI has been reaching out on both national and local levels to work more closely with franchisees, attending meetings and at least listening to the issues we believe are key to our success."**

We talked about the issues near and dear to franchisees' hearts, the same issues we discuss at the National Coalition Board meetings: the graduated gross profit split, a 10-year versus 15-year contract, the

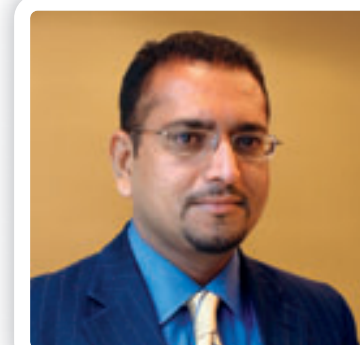
ating expenses, which were being moved over to Unau-  
thorized Draw.

The conversation was open and honest, and this had a lot to do with the recent trust level between franchisees and SEI. It also had a lot to do with how the management approach within SEI has shifted focus now to be more about helping franchisees. Several senior staffers on the CEO's executive team were shuffled to other positions, replaced by those more open to working with the franchise community. We welcomed these changes, and started to feel that the CEO was engaged and paying attention to our needs.

We had our National Coalition meeting in late October in Hawaii, and news of SEI's new attitude had reached the NCASEF Board. There was much engagement on the Coalition's side. Even our general counsel Eric Karp had a meeting with SEI's general counsel so they could formulate a more cooperative relationship and work together to resolve some of the litigation, like the DVR. It was a positive meeting overall.

From that point on, DePinto started to put some of his words into action. Over the course of the next three or four months, the FM Facility Maintenance rate

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**"We feel good that SEI is engaged, but as our CEO has said many times, 'The proof is in the pudding.'"**

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# The Proof Of The Pudding Is In The Eating

increase was put on hold. The operating expense policy of moving expenses into Unauthorized Draws was pulled back. On the accounting side, they set up a couple of committees to work on streamlining some of the accounting policies regarding bill backs and how they could simplify the reports. Along with that, some of the systemic issues related to BT and accounting were addressed through NBLC committees. Also, more importantly, a very high level committee is set to take a complete new look at the FIW markups.

Throughout all this, the National Coalition remained focused on the bigger issues that impact franchisees' bottom lines. At the beginning of this year, the National Coalition executive team met with 7-Eleven senior management. We reiterated that while we appreciate some of the systemic changes that have taken place and the others being worked on through

## "The National Coalition remains focused on the bigger issues that impact franchisees' bottom lines."

the NBLC committees, we need to address the bigger issues that we mentioned the first time we met with DePinto and at meetings since, including conference calls. DePinto and his team informed us they are doing a "holistic review" of the company, and these issues are on that agenda. We tried to get a timeline on when we could expect a substantive response, but we have not received an answer yet. Then in February, our CEO and seven of his top executives attended our National Coalition Board in Sandestin, Florida, spent two days with us, and many

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of these issues were brought up again. There was also a discussion about the minimum wage, which is rising throughout the country, and its severe impact on franchisees.

I know the issues mentioned here are on the minds of all franchisees. National Coalition officers are actively working on them and discussing them with 7-Eleven, and we bring them up to SEI at every opportunity. We feel good that SEI is engaged, but like our CEO has said many times, "The proof of the pudding is in the eating." We are waiting for the pudding to see how it goes. We need a reason to believe that SEI and franchisees can work together collaboratively to make the system stronger and more vibrant. We are leaders in the convenience industry and we want to continue that status in the future. **AV**



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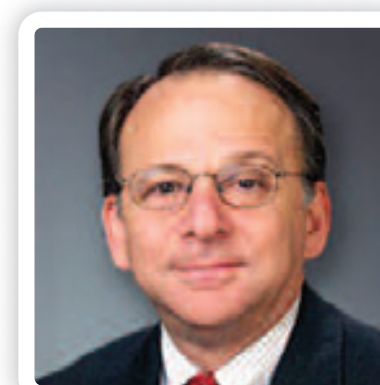
# National Labor Relations Board Attacks The Franchise Model

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

One of my most important roles as General Counsel of your National Coalition is to monitor legal developments that could have an impact on your franchised businesses. One of the most important and widely reported such developments are proceedings brought by the National Labor Relations Board (NLRB) against McDonald's and several of its franchisees.

The NLRB was formed in 1935 as an independent federal agency with the mission of safeguarding employee rights to organize and to prevent unfair labor practices by both employers and unions.

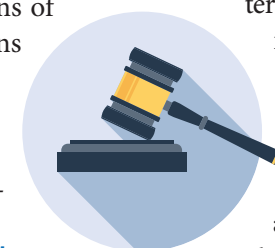
These matters grow out of unfair labor practice charges approved by the General Counsel to the NLRB, originally filed by a variety of labor unions and affiliated organizing committees. The impetus is the highly publicized campaign to mandate substantial increases in the minimum wage. The NLRB alleges that in its efforts to com-



General Counsel to the NLRB. The NLRB has stated in part that, because McDonald's engages in control over its franchisees beyond what is necessary to protect its brand, that makes it jointly responsible for the violations of the National Labor Relations Act.

Among the allegations against McDonald's and its franchisees is that in a con-

**"The NLRB alleges that in its efforts to combat and undermine labor organizing activities, McDonald's in combination with its franchisees, committed unfair labor practices."**



**"Among the allegations is that McDonald's and its franchisees subjected employees to a variety of illegal actions in response to union organizing efforts."**

bat and undermine labor organizing activities, McDonald's in combination with its franchisees, committed unfair labor practices.

What is most concerning is that the NLRB's theory is that McDonald's as the franchisor is a joint employer with the

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ekarp@wkwrlaw.com

franchisee of the franchisee's employees. This theory has been endorsed by Richard Griffin, the

certed fashion, they subjected employees to a variety of illegal actions in response to organizing efforts, including reductions in hours, discriminatory discipline, threats surveillance, interrogations, and overbroad restrictions on communicating with union representatives. McDonald's and its franchisees deny all of these allegations.

If McDonald's is found to be the joint employer of its franchisees' employees, that would make it liable for all matters

and claims in any way related to the employment relationship. This would include labor and employment law violations, payroll withholding taxes, workers' compensation insurance, family/medical/maternity/sick leave, unemployment insurance, health insurance obligations under the Affordable Care Act, employment discrimination, sexual harassment, termination claims, among many others. This would substantially increase the liability of franchisors arising out of the relationship between their franchisees and the employees of those franchisees.

Needless to say, labor unions—whose membership has been steadily declining—have a major stake in the outcome of this dispute. It has been estimated that if SEIU could unionize just half of McDonald's domestic franchisees, it would earn more than \$155 million in initiation fees and dues in just the first 12 months. More broadly, franchise businesses in the United States employ more than 8.7 million workers; this reservoir of nonunion em-

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## National Labor Relations Board Attacks The Franchise Model

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ployees is seen as an enormous untapped resource by SEIU and other labor unions.

At present, 310 charges are pending against McDonald's and various of its franchisees. The first of these administrative law hearings have already taken place and they are expected to continue throughout 2015. If the NLRB prevails, McDonald's and its franchisees have a number of appeals available to them, including to the full board of the NLRB, to the United States Court of Appeals, and ultimately to the Supreme Court of United States.

The NLRB has taken the position that franchisors such as McDonald's want it both ways. They create, monitor and enforce standards central to their business strategies, including those that affect the relationship between franchisees and their employees. On the other hand, they claim to have no responsibility for the legal and social consequences of those policies in the workplace. Thus, from the NLRB's point of view, the only way to effectively enforce wage and hour laws is to make the franchisor liable. Of course, this theory could be applied to any franchise system in the United States.

Many believe that the NLRB's position is not consistent with traditional definitions of a joint employer. However, SEI exercises much more control over its franchisees than the typical franchisor, including McDonald's. While the SEI franchise agreement re-

cites that the franchisee is an independent contractor, that the franchisee's employees are not SEI's employees and that the franchisee exercises complete control over all Labor Relations in the conduct of its employees, the reality is far more complex. Under the franchise agreement, SEI mandates the training that all employees of the franchisee

**"Franchise businesses in the United States employ more than 8.7 million workers; this reservoir of nonunion employees is seen as an enormous untapped resource by SEIU and other labor unions."**

must complete. In particular, all employees must be certified to work in a food service facility. The franchise agreement also requires all of the franchisee's employees to sign confidentiality agreements at the request of SEI, and to turn over all new developments of SEI without compensation. The operations manual contains 54 pages on employee policies and procedures. Finally, and perhaps most significantly, SEI is responsible for paying the payroll of every employee of every franchisee.

On top of all that, the Obama administration has proposed a substantial increase in the budget for wage and hour enforcement.



Many franchisors have stated that the potential liability growing out of the NLRB matters has created a dilemma for them. They have essentially two choices.

First, they can step on the brakes. This would mean reducing control over franchisees, particularly in the area of employee training, scheduling and supervision; introducing more collaboration and cooperation in the relationship and actually treating franchisees more like independent contractors rather than store managers. They might also reduce the likelihood of wage and hour disputes with employees of franchisees by giving franchisees labor and employment advice.

Second, and in the alternative, franchisors could step on the gas. They could decide that if they are eventually going to be liable jointly with their franchisees for all labor related matters, they should exercise more control over the franchisee and in particular increase oversight of employment matters.

I will continue to keep you informed of these developments as they unfold over the balance of 2015, and likely well into 2016. In the interim, as SEI proceeds with what it promisingly describes as the re-setting of this relationship, we hope that it will bear in mind that creating a truly collaborative relationship with the National Coalition may not only reduce its exposure to employee claims such as those asserted against McDonald's, but much more importantly, it also just makes plain good sense. It is so clearly and obviously in the best interests of SEI and all stakeholders in the system to do so. **AV**

**"The NLRB has taken the position that franchisors such as McDonald's create, monitor and enforce standards central to their business strategies, including those that affect the relationship between franchisees and their employees."**





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HASHIM SYED

NCASEF VICE CHAIRMAN, FOAC VICE PRESIDENT

There's been quite bit of discussion (and controversy) regarding 7-Eleven's program to assist low volume storeowners. Is this "new and improved" program any better than what franchisees had been offered in the past? Is the assistance being offered by 7-Eleven truly helping the low volume storeowner stay alive? No one really knew for sure, until now!

I and three other very experienced 7-Eleven franchisees (all of whom are still in the 7-Eleven system and whom have been franchisees for half a decade) have conducted extensive research into the matter, and the facts are now available and ready to be shared with you.

We spent endless hours analyzing every single detail of owning a low volume store so that current franchisees (and friends and family who are considering buying into the 7-Eleven system) will have a true understanding of what they are getting into should they decide to purchase a low volume store. Our intention is to educate you so you can make a smart, informed decision on your own as to whether or not a low volume store is worth your investment of time and money.

The chart's calculations are based on the very real assumption that even for a

**"The new low volume store support program is confirmed for six months. SEI has no obligation to continue it in 2016."**

**"Our intention is to educate you so you can make a smart and informed decision on your own as to whether or not a low volume store is worth the investment of time and money."**

low volume store, it will take at least 240 hours per week to operate it in a manner that suits SEI's requirements. Because of the store's poor sales, after all the expenses have been paid, there will barely be anything left for the franchisee. The only way that he or she will be able to increase his or her income is to save on labor costs by taking on more hours.

Those considering buying a low volume store need to realize this very important fact: he or she is going to be working many, many hours in order to make any kind of living from this type of store. I must point out that the calculations in the chart don't include the annual supplemental income given by SEI (approximately \$9,000 if the store's annual sales are \$1.1 million at 32 percent GP). There has been no commitment from SEI that they will continue offering the supplemental income after 2015 and, without it, a low volume storeowner would not survive.

Further, the net annual income of \$4,878, which is shown at the bottom of the accompanying chart, would nearly disappear after the franchisee pays for health insurance and taxes. The only way for a franchisee to make money

continued on page 41



### Facts And Figures For A Low Volume Store

**Please Note:** These numbers are estimates. There could be some data not accounted for or figures that were overestimated. Franchise health insurance is not included. Anyone interested in learning how we arrived at these numbers is welcome to contact me at foachicago@gmail.com. We will be happy to share a detailed worksheet with anyone who inquires.

Annual Sales of a Low Volume Store \$800,000 - \$1M  
Assured Gross Income: \$185,000

#### SUMMARY OF ANNUAL EXPENSES

Compensation and Benefits (Based on 240 average hours per week @ \$10/hour)	\$122,600
Payroll Taxes	\$9,400
Workers Compensation Insurance	\$2,694
Maintenance	\$10,800
Cash and Inventory Variation	\$8,300
Advertising	\$3,973
All Other Selling Expenses	\$17,185
Total Selling Expenses	\$174,954
Total General and Admin Expenses	\$5,170
<b>Franchisee Net Income</b>	<b>\$4,878</b>



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## DO YOU REALLY WANT TO INVEST IN A LOW VOLUME STORE?

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with a low volume store is to save on his or her payroll and work as many hours as he or she possibly can.

**HASHIM SYED**  
CAN BE REACHED AT  
hj.syed@gmail.com  
or 847-293-8551

Working 60, 70 or 80 hours a week? What kind of a life is that? You be the judge.

**“The previous 60/40 split for five years offered much better support for low volume storeowners.”**

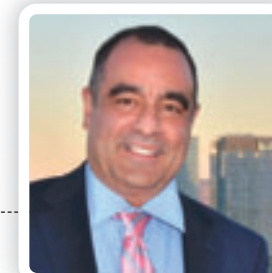
If anyone is interested in learning more about how the numbers in the chart were calculated or would like further information on the research that

was conducted, please contact me. We have much more detailed information, and I would be happy to share the details with you. **AV**

## OUR CURRENT RELATIONSHIP STATUS WITH SEI

**SERGE HAITAYAN**

NCASEF VICE CHAIRMAN, PRESIDENT, SIERRA FOA



After years of practically zero communications with SEI—during which time the company engaged in heavy-handed tactics, trampled on our independent contractor status, forgot all about servant leadership, almost wiped out Retailer Initiative with BT and other restrictive initiatives, introduced FIWs, Asset Protection, the new DVR security system and the gradual gross profit split, among other offenses against franchisees—I get asked the same question over and over everywhere I go, “Where is our relationship with 7-Eleven today?”

My friend Jas would say we are cautiously optimistic that it may improve. Myself, I am a skeptical person by nature.

So let's review what has occurred in the last few months, keeping in mind that our relationship with SEI had hit rock bottom early last year. Under intense pressure from franchisees and their lawsuits, SEI eventually decided to reverse course and reestablish dialogue with the franchise community.

Since last Fall, we have met several times with SEI leadership in all sorts of

**SERGE HAITAYAN**  
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sergez@comcast.net  
or 847-293-8551

venues, from CEO round tables to NCASEF officers meeting with SEI

top executives in Dallas. It is obvious that SEI is trying hard to communicate better with us and understand our concerns and fears. There's no doubt about that, because their actions are very evident and could be felt across the country.



**“It is clear that SEI is trying hard to communicate with franchisees and understand our concerns.”**

However, is that enough?

I told our CEO in his office during one of our meetings that talk is cheap. He replied that the statement was fair, especially after years of zero communication and mistrust. We told him we needed to see actions, and we listed several concerns to him and his team: lack of communication, low volume stores, FIWs,

credit card fees, gasoline fees, the Gradual Gross Profit Split, the new franchisee contract, the lack of transparency with what is going on between SEI and vendors, the FM Facility Maintenance contract, and the terms and length of the recent contracts that continue siphoning income from franchisees' pockets.

Joe DePinto and his team responded that they have done the following:

- Established communication via the CEO Round Table that includes NCASEF Chairman Joe Galea, Executive Vice Chair Jivtesh Gill, and myself.

- Held regular meetings between NCASEF executives and SEI executives.

- Developed a low volume incentive that is all-inclusive compared to the old one (although it did not live up to our expectations) and promised to reevaluate it at the end of this year.

- Invited Joe Galea, Bruce Maples and Bob Price to represent franchisee interests during the current SEI negotiation with McLane

- Suspended FIWs until it is completely revamped, easy to understand and fairer. The NBLC committee along with myself and Kathy York are working to revamp the entire process. Joe DePinto was so sincere that he has five top executives

continued on page 45



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## OUR CURRENT RELATIONSHIP STATUS WITH SEI

continued from page 41

on our committee: the heads of Asset Protection, Legal, and Merchandising, as well as the Controller (Accounting) and the CFO. Kathy York and myself have already had a few very fruitful discussions with Asset Protection and I am very hopeful that we will reach a very fair and written

the cost until a comprehensive review of FM's service charges is finished.

- Committed to include franchisee leadership in a comprehensive review (nothing taboo to discuss) of our contract that will encompass gasoline, credit cards, GPPs, terms and length of contract.

**"We must be patient to see if tangible changes result from management's recent change in approach.**

**This is our cautious optimism."**

policy about FIW. An outside firm called Protiviti has been hired by SEI to help both our franchisor and franchisees to understand and revamp the process.

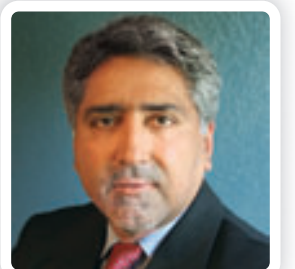
- Placed the FM Facility Maintenance rate increases on hold. SEI is absorbing

Now going back to the original question, where are we in this relationship with SEI? Let me be very frank—the DVR lawsuit is about to be, or will be, settled by time this article is published. Did we get everything we wanted? No. Did we

get a fair deal? Probably. I will let the attorneys explain in a future article. The California lawsuit was withdrawn because of procedural issues. Will we refile? That is the million-dollar question on our hands, currently. It's a tough decision to make, but it's not completely off the table.

SEI is cooperating for the moment, and there are positive signs all over the place. In my humble opinion, I think we should be patient and wait to see if anything tangible comes out from all of this. That is our cautious optimism. On the other hand, we should stay very alert and make sure that franchisees will be better off (not worse off) after everything is said and done, and that is our skeptical side.

I encourage franchisees to email me their opinions on this. **AV**



## AS FRANCHISEES SEE IT WHEN 'EVERYTHING OLD IS NEW AGAIN'

BY JAS DHILLON  
VICE CHAIRMAN, NCASEF

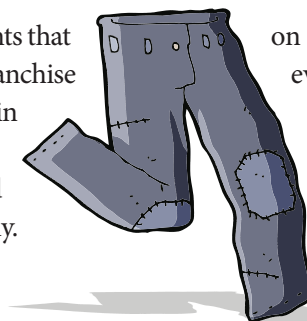
Australian songwriter and performer Peter Allen—along with his writing partner, Carole Bayer—created a popular all-time favorite song of the '70s, the classic "Everything Old Is New Again." Among the lyrics, which evoke a timeless truth:

*Don't throw the past away  
You might need it some rainy day  
Dreams can come true again  
When everything old is new again*

Some believe that art has wisdom to offer the world of business, and this song gives me a glimmer of hope. It has often been said that "art imitates

life," and this verse represents that ideal. While most of the franchise community sees a change in direction with SEI, there are some who still tread cautiously, yet optimistically.

Today's new is the old. I remember the days when field consultants and market managers were fully engaged in every franchisee's financial success. They would actually look at the store P&L, Product Movement Analysis, and other reports and then share with franchisees the areas of opportunity. At one time, the scheduled meetings between franchisee and field consultant focused exclusively



on making that store better. We even had a name and acronym for it—Individual Store Development Program, or ISDP.

The working relationship was intimate, intense and intent on profitable improvement. The intimate aspect was in the fact that the focus was on the store and the staff. The intensity could be found in that each party (franchisee and field consultant) had a role and responsibility for results. Finally, the intent was profitable improvement on whatever we were working. There were no rules as to what

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## AS FRANCHISEES SEES IT, 'EVERYTHING OLD IS NEW AGAIN'

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the focus would be; no checklist, no agenda, only that which the franchisee wanted to improve.

In my own case, one project we undertook was to identify, source, stock and merchandise craft beers that showed much promise as an emerging trend. This was nearly 25 years ago, and craft beer was not even on SEI's radar. We helped get it there. Another example was being on the front end of premium cigars long before the craze peaked. Working with a committed field consultant, we knew our customer demographics and marketed to them. The result—several years of being a destination for high quality, premium imported cigars. We successfully exited the category before the market became flooded with over-priced poor quality products. Unlike many, we never took a mark-down or write off from excess inventory of a category at the end of the life cycle.

In my case, I never stopped seeking opportunities to increase sales and prof-

### "Let's look to the future by recognizing methods of the past that deliver sustainable profitability and growth."

its, but having a partner committed to checklists and "gotcha" meetings made things more difficult. I am beginning to see and hear that field consultants are more engaged in the store's financial health. Getting rid of checklists and compliance with corporate program documents is a huge step toward returning to the focus on individual store performance and profitability. The challenge here is obvious to franchisees. No two stores are exactly alike; they have different customers, different busy times and even different layouts and equipment. To

### "I remember when field consultants and market managers were fully engaged in every franchisee's financial success."

make large system-wide decisions from a central location will always miss the mark. The best merchandising decisions are always made closest to the customer. Could the return to a zone- or market-based merchandising approach be in our future?

At the 7-Eleven Experience in Las Vegas this year, our CEO announced a program that is designed to bring some relief to the low volume stores. While this is a huge step in the right direction, I had hoped for a bit more dollars and the implementation of the program sooner rather than later, although it is now un-

derway. The old one used to be called the Assured Gross Income (AGI) program.

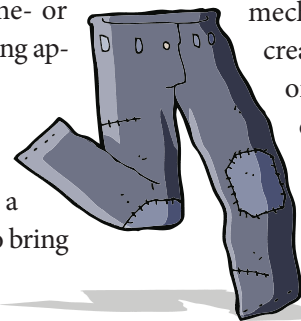
I'm also seeing more of the old behavior coming back. SEI is now having open discussions with franchisees and National Coalition leadership to address many of the issues facing franchisees. When the NCASEF team met with our CEO and his leadership team, we presented the topics that require immediate attention and some that require attention in the very near future. The buzzword was "holistic"—everything that we discussed was received and included in a "holistic" review.

While this is all great, we must never be blinded by the futile philosophy that we are just store numbers that can be changed by adding a letter at the end of the number. From a high level perspective it is easy to see stores and franchisees as mere cogs in a great machine, like so many gears and levers waiting to be shifted and moved as part of a grand endeavor.

The truth of the matter is we are fine jewels of a highly complex timepiece—each an important and vital part of a fine mechanism, a wonderfully made creation critically interdependent on the other parts for flawless operation. We need each other, properly aligned and focused, working together, store by store, market by market to remain the premiere convenience retailer. So let us look to the future by honoring those methods of the past that delivered sustainable profitability and growth, methods that engaged both franchisees and field personnel as co-equals pursuing co-prosperity. This pursuit must begin in the store on the floor, and not be an edict from an office in the HQ building. This pursuit must be built on the twin towers of mutual trust and respect.

Again, we seem to be on a good track, but as a franchisee sees it, the proof will be "in the pudding." Will the low-volume relief cure the bleeding store, and will that store receive a full well-deserved and overdue remodel? I remain cautiously optimistic. I would love to hear your thoughts.

While my last few articles have caused some of my colleagues heartache, I have never had so many positive emails, text messages and phone calls. Thank you for your comments and support. **AV**



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## Dealing With Minimum Wage Increases



**Rehan Hashmi**  
Vice President, Alliance  
Of 7-Eleven Franchisees



**“To SEI’s credit, they have worked with the NBLC’s Minimum Wage Committee on a response to the minimum wage increases.”**

Many believe, and it’s a fact, that franchised c-stores and independent c-stores have different business structures, with franchisees enjoying the benefits of well-known brands, established recipes and procedures, and technology. Obviously, these are some of the reasons we as franchisees buy into a system like 7-Eleven, pay a franchise fee, and share GP dollars. We are interested in being part of a larger corporate entity to have support—economic and otherwise—from our franchisor.

Many people fail to realize that franchisees are also small business owners, and the same external forces that affect independent c-stores also affect us. Case in point are the minimum wage increases taking place across the country. As of January 1, we have about 29 states with minimum wages set above the federal rate of \$7.25 per hour, which affects over 90 percent of franchised stores, and 15 states with scheduled increases in 2015.

As franchisees, we are classified as big businesses because we have access to economic resources—including brand name recognition and national advertising—that would allow us to meet the faster pay raise schedule. This is the reasoning behind the Seattle \$15 minimum wage plan timing: franchisees have the backing of their parent organizations, unlike independent mom-and-pops.

The minimum wage increases will affect all 7-Eleven stores in those areas where the wages have been hiked. Additionally, market forces will dictate higher wages as businesses seek to recruit the best available talent for available jobs. As Walmart, Subway, McDonald’s and other big employers announce higher starting wages amid a tightening job market, we must also do the same to recruit and retain talented people and motivate them to bring their best

to the job every day.

Even for franchisees not directly affected by a local minimum wage law, a fine line exists between what they might like to pay their employees and what they realistically can pay without damaging profits. We also have to pay competitively enough so that we aren’t constantly wasting money hiring and training new employees. If you keep paying people low wages...you’ll blow through employees, which costs a lot of time and money.

Our franchise model is out of balance in some respect because we as franchisees split our GP dollars with our franchisor. From our share, our biggest expense is payroll. To SEI’s credit, they have worked with the NBLC’s Minimum Wage Committee on a response to the minimum wage increases and have released the following plan:

### ADVOCATE + EDUCATE + ACTIVATE

- Advocate: Educate field consultants to help franchisees calculate the minimum wage increase, learn about all the available tools, and learn what to communicate with associates and store managers.
- Educate: Tools to calculate the impact of the minimum wage increases are available on 7-Hub, including actual calculations.
- Activate: This includes three actions (refer to 7-Hub for details)—Merchandising Action: Pricing; Plan Operations Action: Private Labels; Plan People Action Plan: Store Simplification, WOTC.

However, on a larger scale, SEI’s action has thrown more fire into the minimum wage debate. The NBLC Minimum Wage Committee and SEI’s solution fall far short of what is needed to make sure our franchise model provides a decent living for the men and women who have a vested interest in it.

Regardless of personal or political beliefs, franchisees and franchisors affected by minimum wage increases will need to make adjustments to keep their business models profitable. This likely will involve all

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“The NBLC Minimum Wage Committee and SEI’s solution fall far short of what is needed to make sure our franchise model provides a decent living for the men and women who have a vested interest in it.”



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parties sharing the burden in terms of higher prices for consumers, higher expenses for the business, and likely reduced jobs for those seeking employment. Franchise systems will need to adjust and evaluate their business models and also consider alternative sources of revenue. Many analysts believe big franchisors should be able to adjust franchise contract terms to allow workers to be paid more. That is what we expect, too!

There is no perfect answer to this situation. The issue is much bigger than addi-

## Calculating The Impact Of The Minimum Wage Increase

Below are minimum wage increases translated into sales dollars needed to cover the increase in expense. Note: Figures will vary based on actual franchisee sales and GP, staffing decisions, current wages, etc.

## HIGH VOLUME STORE

Assume there is double coverage in a store (two employees or 336 hours a week) and the minimum wage increase is \$1.75 (as in Chicago).

1. What is the average increase in labor expense per day? Calculation:  $\$1.75 \times 48 \text{ hrs per day} = \$84$  labor expense increase.
2. If \$84 in additional labor expense exists per day, then how much gross profit is required to offset this increase? Calculation:  $\$84 \times 2 = \$168$  in gross profit.
3. If \$168 in gross profit is required to offset the higher labor expense, what is the APSD sales needed to cover the wage increase? Calculation:  $\$168 \div 0.35 \text{ gross profit} = \$480$  in additional APSD sales.

Conclusion: Approximately \$480 APSD sales increase is needed to cover every \$1.75 increase in wages for a store with 336 hours of weekly payroll.  $\$480 \times 365 = \$175,200$  additional sales in a year.

*But not included in the SEI and NBLC calculation:*

- Additional taxes and worker's compensation expense, which on average is 15 percent of the additional payroll—approximately \$4,600 in a year.

- Additional windfall GP\$ for SEI =  $\$84 \times 365 = \$30,660$ .

## LOW VOLUME STORE

Assume there is approximately double coverage in a store (252 hrs a week) and the minimum wage increase is \$1.75 (as in Chicago).

1. What is the average increase in labor expense per day? Calculation:  $\$1.75 \times 36 \text{ hrs per day} = \$63$  labor expense increase.
2. If \$63 in additional labor expense exists per day, then how much gross profit is required to offset this increase? Calculation:  $\$63 \times 2 = \$126$  in gross profit.
3. If \$126 in gross profit is required to offset the higher labor expense, what is the APSD sales needed to cover the wage increase? Calculation:  $\$126 \div 0.35 \text{ gross profit} = \$360$  in additional APSD sales.

Conclusion: Approximately \$360 APSD sales increase is needed to cover every \$1.75 increase in wages for a store with 252 hours of weekly payroll.  $\$360 \times 365 = \$131,400$  additional sales in a year.

*But not included in the SEI and NBLC calculation:*

- Additional taxes and worker's compensation expense, which on average is 15 percent of the additional payroll—approximately \$3,449 in a year.
- Additional windfall GP\$ for SEI =  $\$63 \times 365 = \$22,995$ .

chise business model. In SEI's own words, "co-prosperity." A franchise brand is only as strong as the franchisees within it. Giving us more of the GP split would be a noticeable shift in attitude for the world's largest con-

venient chain.

Second: Eliminate the franchisee's share of the credit card fees. The current CEO instituted the credit card fee sharing amend-

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ment. Prior to that, SEI was paying 100 percent of the fee. Average stores pay \$400 to \$1,000 a month. How do we reduce the financial impact? Recent debit card regulations reduced the cost of processing a debit card transaction. Encourage the use of debit cards at POS.

Also, companies seeking to reduce swipe fee costs may prefer to accept mobile payments utilizing ACH as a funding source over mobile payments using credit cards as a funding source. Barcodes and QR codes are mainly used in a

“Changing the Gross Profit Split to give franchisees an additional two percent is not only the right thing to do, but it makes for good business.”

merchant’s proprietary mobile payment application, such as the one used by Starbucks. SEI can leverage the 7-Rewards app and add a mobile payment option to reduce credit card fees. It’s faster to pay via the app than with a credit card, and guests also get rewards because the loyalty program is embedded. The average app user spends more because of this.

Third: Eliminate the advertising fee, which is 3 percent of our gross profit dollars. How will we fund advertising, you ask? Through the 7-Rewards app—mobile commerce/mobile advertising. SEI will find it easy to offer guests discounts, digital coupons and promotions, or discounts specifically tailored to the guest. Charge a fee to the vendor to have promotions on the app, the same way SEI charges vendors to attend the 7-Eleven Experience and for

“Many analysts believe big franchisors should be able to adjust franchise contract terms to allow workers to be paid more.”

ads in their magazine.

Fourth: Charge vendors a fee for window signs.

If some or all of these suggestions aren’t adapted, franchisees will see their profits dwindle as a result of the minimum wage increases. This will put some out of business and make others simply walk away from their stores.

If you think this is being greedy, then what is our alternative? The truth is this isn’t about getting ahead; this is about keeping up. **AV**

REHAN HASHMI  
CAN BE REACHED AT  
rehan711@yahoo.com  
or 847-845-8477

# INCREASE PROFITS AS YOU HIRE

How 7-Eleven Franchisees Are Increasing Profits Through Work Opportunity Tax Credits



By Marla Caplan  
TaxBreak VP of Strategic Alliances

Normally, as business owners will tell you, the word “tax” does not evoke joy or happy thoughts. However, a unique class of new hire tax credit—the Work Opportunity Tax Credits (WOTC)—should be of special interest to all franchise owners that are seeking ways to increase their profits.

## HOW IT WORKS

The WOTC program helps business owners receive federal tax credits as they hire to help offset the costs of adding additional resources to their staff. This program has been created by the federal government to help individuals that face significant barriers to employment (like veterans) find employment, as well as compensate the companies that hire these individuals.

## FAST FACTS:

- WOTC can reduce an employer’s federal income tax liability by as much as \$9,600 per employee hired.
- There is no limit on the number of individuals an employer can hire to qualify to claim the tax credit.
- Certain tax-exempt organizations can take advantage of WOTC by hiring eligible vet-

erans and receiving a credit against the employer’s share of Social Security taxes.

Every year employers claim over \$1 billion in tax credits, demonstrating the incredible power of the program. In fact, many 7-Eleven franchise owners have experienced great success with the WOTC program. As the selected tax credit service provider of 7-Eleven corporate and franchise locations, TaxBreak has been honored to be part of this success.

## OWNER ACCESS

While TaxBreak’s 17 years of experience assures that no stone is left unturned in the quest to find tax credit opportunities, franchise owners receive complete access to their account so they can monitor all tax credit processing. Franchise owners can see the status of their credits, and monitor how the tax credit program is performing for their business through a simple, easy to use dashboard.

## COSTS

There is no upfront cost to allow TaxBreak to verify if your new hires are tax-credit eligible. Franchise owners are only billed if TaxBreak finds Work Opportunity Tax Credits for their stores. Furthermore, through the 7-Eleven and TaxBreak partnership, 7-Eleven franchisees pay a reduced success-based fee.

## GETTING STARTED

Getting started is simple. To maximize your results from the tax credit program please follow these simple steps:

- Step 1: Visit the 7-Hub site for sign up forms. 7-Hub→ Stores→ Human Resources and Training→ Employee Management→WOTC
- Step 2: Locate Franchisee Set-Up Forms

“WOTC can reduce an employer’s federal income tax liability by as much as \$9,600 per employee hired, and there is no limit on the number of individuals an employer can hire to qualify to claim the tax credit.”



in the TaxBreak folder including:

- Franchise Client Service Agreement
- Franchise Specific Power-of-Attorney
- Franchise New Client Information Form

Step 3: Print & Mail. Please print these forms and mail them back to the TaxBreak Credit Processing Center: P.O. Box 8427, Gadsden, AL 35902.

Step 4: Request your Welcome Packet. Please email bferguson@taxbreakcredits.com. Use “Request for (store number)” in the subject line. (In the case of multiple locations, list all store numbers.)

All paperwork and tax reports you will need are provided by TaxBreak.

With over 75,000 client locations and 17 years of experience, TaxBreak can help your company identify every tax credit opportunity afforded your franchise. For more information please contact Beth Ferguson at bferguson@taxbreakcredits.com or via phone at (256) 399-0236. **AV**

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## THREE STEPS TO MANAGE COSTS AFTER AN EMPLOYEE INJURY



By John Harp, Risk Engineering Consultant, Mitsui Sumitomo Marine Management, Inc.

Even with your best efforts to create a safe work environment, accidents can happen. Injuries to employees can be a significant cost to your business, so guidelines for reporting accidents should be reviewed with all employees, especially for new hires. Setting and communicating clear expectations before an injury happens will eliminate confusion for all parties. If an employee injury does occur, there are three key steps to help reduce claims costs and minimize disruption to the store's operation.

### Prompt Reporting

Did you know the amount of time between the date of an injury and the date it is reported to the insurance company has a direct impact on the cost of a claim? It is important to notify your insurance company of an accident or injury the same day you are made aware of it. Timely communication helps the storeowner and your injured employee understand what to expect throughout the claim process. By reporting claims promptly, you can reduce the rising costs of workers' compensation claims and medical care.

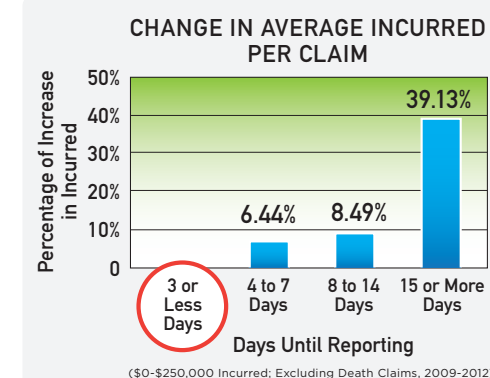
- Research shows that claims reported within three days have a reduced total claim cost and claims reported over 14 days have a significant higher cost (see graph).
- Appropriate and timely medical care can be provided under the insurance adjuster's direction.
- Timely and thorough investigation of the claim occurs.
- Risk of legal action from the injured employee is minimized.
- Employee lost time or restricted activity can be reduced.

**"DID YOU KNOW THE AMOUNT OF TIME BETWEEN THE DATE OF AN INJURY AND THE DATE IT IS REPORTED TO THE INSURANCE COMPANY HAS A DIRECT IMPACT ON THE COST OF A CLAIM?"**

### Utilize Network Medical Providers Or Occupational Clinics

Medical expenses represent almost 60 percent of workers' compensation claims costs. Savings can be realized when negotiated medical costs, including prescriptions, are obtained through preferred/managed providers or occupational clinics. Since these providers are focused on providing appropriate treatment,

**"IT IS IMPORTANT TO NOTIFY YOUR INSURANCE COMPANY OF AN ACCIDENT OR INJURY THE SAME DAY YOU ARE MADE AWARE OF IT."**



they will share a common goal to work with you and your employee to understand the recovery plan and goals.

By utilizing a preferred provider or facility in your area, the injured employee can receive quality care that will help them return to work as soon as possible and you will benefit from effective cost savings!

### Plan For Early Return To Work

Studies have shown that the sooner an injured employee can be brought back to work,

the faster they will recover and be able to return to their regular work assignments. Coordination and ongoing communication between all parties (i.e., injured worker, employer, medical provider, and claims adjuster) are critical elements in the return-to-work process. Following the medical provider's advice on work restrictions, make every attempt to accommodate those restrictions. The benefits of returning your employee are:

- Employee retains fitness and improves their chance of a full recovery.
- Reduces the chances of the employee seeking an attorney.
- Minimizes the overtime for other employees or disruption to work schedules.

### Improving Your Bottom Line

The claims management process should include the necessary steps before, during, and after an injury occurs. By effectively managing workplace injuries, you can minimize unnecessary costs and maximize your efforts to make your store safer and more productive.

MSIG provides the workers' compensation insurance for approximately 4,000 7-Eleven franchised stores throughout the U.S. Our risk management professionals are available to help you with your risk control and claim management efforts. **AV**

For more information, contact:

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908-604-2951  
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## FIVE STRATEGIES To Heat Up Frozen Novelty Sales

By Mars Chocolate

It was a winter for the record books, but don't let the lingering chill put a frost on your novelty ice cream sales. 7-Eleven stores can count on single-serve novelty ice cream and take-home frozen treats to be brisk sellers again this year. In 2014, this category generated more than \$142.6 million in sales for convenience stores, up 1.3 percent over the previous year.<sup>1</sup>

To continue the momentum, it pays to position yourself for success well before

### FOCUS ON LOOKS, LOCATION, INTERACTION

Although 72 percent of 7-Eleven shoppers claim to have purchased ice cream bars in the past 12 months, only 4 percent typically purchase them at 7-Eleven<sup>2</sup>. Why? Most c-store shoppers don't even visit the frozen food section, and when they

them near the front of the store, close to the register, to increase impulse purchases.

- Put additional signage outside the store; it helps open the door to frozen treat purchases once shoppers are inside.

- Add signage in-store to call attention to the freezer, including POS placed on key promotional items.

- Interact with customers. Often, all it takes is one question from a store clerk to make a sale: "Would you like to pick up a frozen treat today?" Suggestive selling works.

### LEVERAGE THE POWER OF POPULARITY

Frozen treats are often an impulse buy, so stores should offer the most popular brands. Only 53 percent of ice cream purchases are planned before entering the store, and the final decision for flavor and/or brand is made at the shelf—typically in less than a minute.<sup>2</sup>

Toward that end, the Mars Ice Cream portfolio offers a variety of formats, iconic brands and flavors proven to engage consumers and optimize sales. The lineup includes popular frozen novelties from Snickers, Twix and Dove Brands, made with real ice cream and offering the quality and flavor consumers value. In fact,

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**“Research shows that frozen treat sales actually begin their thaw in mid-March, despite the long-held notion of waiting until May. Earlier stocking is a key to unlocking the potential of this category, well ahead of the competition.”**

the mercury climbs. Leverage these five consumer insights to turn up the heat—and drive revenue—in this important category.

### OPEN THE FROZEN TREAT SEASON IN EARLY SPRING

While the competition gears up for the traditional “Memorial Day to Labor Day” ice cream season, 7-Eleven retailers can jump-start sales in this category by being fully stocked with the right ice cream novelty products in early spring. Research shows that frozen treat sales actually begin their thaw in mid-March, despite the long-held notion of waiting until May. Earlier stocking is a key to unlocking the potential of this category, well ahead of the competition.

do, it's not usually to get a snack. Compared to other types of snacks, frozen novelties are purchased less often in the convenience channel—mainly due to the fact that the category is not top-of-mind. This represents a tremendous opportunity for 7-Eleven stores to grow frozen novelty sales!

Here are some strategies to help increase conversion:

1. Keep bunkers well stocked and clean, with product arranged neatly. Shoppers are more likely to purchase from an organized display.

2. Place bunkers in heavy traffic areas along the path to purchase. If possible, put

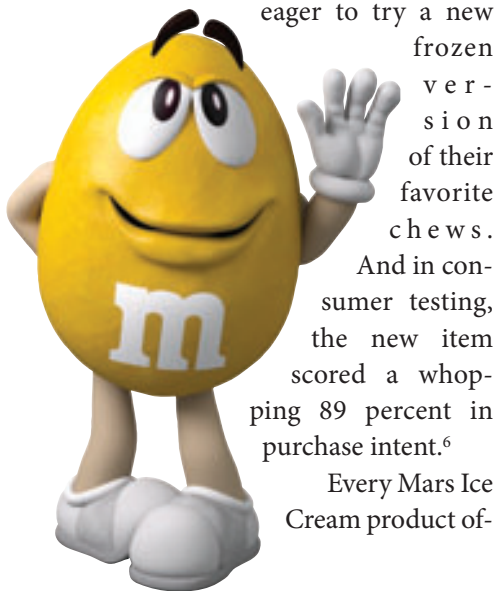




continued from page 59

Nielsen rates Snickers Brand Ice Cream Bar the #1 selling novelty item in the convenience channel, while Twix Ice Cream Bar is ranked #4 and growing, with a 10 percent sales increase in 7-Eleven stores in the past year.<sup>3,4</sup> Another hot seller, available in some 7-Eleven stores, is M&M'S Brand Ice Cream Sandwiches, up 26 percent versus the previous year.<sup>(4)</sup>

Meanwhile, shoppers can cool off with new Starburst Brand Strawberry Sorbet Bars, a fruity and refreshing addition to the frozen novelty category. As the nation's #3 non-chocolate confection brand,<sup>5</sup> Starburst Brand Original Fruit Chews has a wildly devoted fan base



“Convenience stores that practice category management and offer a store set offering consumers’ top choices can grow ice cream novelty sales.”

fers the name recognition and well-established brand loyalty retailers rely on to keep shoppers coming back for more.

COUNT ON CATEGORY MANAGEMENT

Mars continues to conduct research on category management, building on the 2010 Mars Ice Cream Assortment study. The study showed that a high percentage of ice cream consumers will leave the category—and may even leave the store—if the retailer doesn’t have the item they are seeking. Convenience stores that practice category management and offer a store set offering consumers’ top choices can grow ice cream novelty sales.

Updated findings continue to underscore the importance of carrying the right brands and formats, with a range of price points and flavors from a variety of manufacturers.

CHOOSE VALUE-ADDED SUPPLIERS

Mars Ice Cream ranked #1 in a 2014 CSP Magazine study that revealed brand

perceptions in the convenience store industry. Mars rated first in innovation, customer service and marketing support and resources.

FORECAST: WARMER TEMPS, HOTTER SALES

Driving top-of-mind awareness in-store and improving value can translate into frozen novelty sales in 7-Eleven stores. As the Great Thaw of 2015 begins, the time is ripe for turning these data-driven consumer insights into actionable sales strategies—and generating a cool treat for the bottom line! **AV**

SOURCES

- 1) 7-Exchange Ice Cream Novelty Parent Review for U.S. Sales: Calendar Year 2014 Dollar Sales Vs. One Year Ago. (Dec. 28, 2014)
- 2) Mars Ice Cream Novelties A&U Study (Jan. 2015)
- 3) Nielsen Data (Total US C-Store L52W ending Jan. 24, 2015)
- 4) Nielsen Data (Latest 52 weeks ending Feb. 22, 2015)
- 5) IRI, Confections Dollar Sales, 2013 Calendar Year
- 6) Q Research Consumer Test, May 2013

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



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

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

- Jas Dhillon, East Coast, Chicago, Kansas, Florida  
[jasdhillon@rocketmail.com](mailto:jasdhillon@rocketmail.com)  
818.571.1711
- Jay Singh, Seattle and Midwest  
[Jksingh2003@yahoo.com](mailto:Jksingh2003@yahoo.com)  
702.249.3301
- Roger St. George, California  
[rdsaint@comcast.net](mailto:rdsaint@comcast.net)  
360-500-1248
- National Office  
[nationaloffice@ncasef.com](mailto:nationaloffice@ncasef.com)  
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Combined Affiliate Member and Board of Director's meetings held February 16-19, 2015 in Sandestin Florida saw the return of SEI senior executives to Coalition Board meetings for the first time in 11 years. The change in approach is an effort to "reset the relationship" between franchisees and Coalition leadership.

## Washington, D.C. FOA

**MARK CHIOCHANKITMUN,  
PRESIDENT**

Great news from Convenience Store News: "7-Eleven Finds Hot Food Fans In Nation's Capital." According to the article, our stores in Washington, D.C. are attracting customers with our hot foods program, and our market is 7-Eleven's top in hot foods sales. SEI even stated that the stellar hot foods sales are driving the company to open more stores in the nation's capital.



SEI Senior VP Merchandising Alan Beach said company objectives are to drive traffic, increase sales and profits, and provide better support.

While it is true that Washington, D.C. franchisees have been working very hard to build our hot foods, fresh foods and fresh bakery sales, the reality is our GP on hot foods is at an all-time low. We believe we should capitalize on our hot foods popularity and start enjoying our accomplishment, instead of still giving away our profits. The bottom line is we cannot run every 7-Eleven store in the country with one set of sales promotions.



President and CEO Joe DePinto confirmed that 1,500 stores will be getting fresh and hot foods in 2015.

"IT'S ESSENTIAL THAT WE DISCUSS THE ISSUES THAT KEEP US MOVING FORWARD."

—JOE GALEA, NCASEF CHAIRMAN

Currently, it is very hard or almost impossible to run a profitable 7-Eleven store in the nation's capital due to the high cost of goods on our merchandise through the CDC and BT, too many promotions, high labor costs with the minimum wage increase, uncontrollable flash

NCASEF Vice Chair Jas Dhillon said SEI should reach out to franchisees and the National Coalition in planning the 2019 contract.



"HIGHER SKU STORES WILL OUTPERFORM STORES WITH FEWER THAN 2,000 SKUS EVERY TIME."

—ALAN BEACH, SENIOR VP MERCHANDISING

mobs invading our stores on a daily basis causing big shortages, and encroachment by our own brand, which reduces sales and profits. Our average GP% has never ever fallen below 40 percent, but it is sad to say that is now the case!

## Baltimore FOA

**BARBARA GRAHAM, PRESIDENT**

It has been a long, cold winter. The markets in our area have shown a sales increase of 3 to 5.7 percent. We have gone through a lot of changes with BT and RISE. These changes have not been easy and at times very challenging. We are seeing the benefits of the BT system, but we are also spending a lot of time and money on cycle counting and correcting the I. During the transition we had a group of stores misclassified and these stores are being charged a bottle tax. With the new system it takes a long time to remove these stores from the pattern and correct the error. We have been told the correction will be done in April.

The new Doritos Melts have arrived and the feedback from the customer has been positive. We recently attended the Market Model Store U.S.E. and the TriState FOSE trade show. We are looking forward to some warm weather and positive sales growth.

## Eastern Virginia FOA

**ROMY SINGH, PRESIDENT**

The EVAFOA had a very successful Christmas party in December. The party was attended by 250 franchisees and their families, along with our SEI operations team. We had honored several volunteers and awarded Market Manager of the Year among four markets managers. We also recognized the zone leader Brian Voss and Terry Drivas from Loss Prevention for their contributions

to our FOA.

At the last NCASEF meeting in Sandestin, Florida, we were glad to have SEI's executive team there to hear our concerns. Our FOA raised the following concerns during that meeting:

- The need to restructure the Accounting and Merchandising departments. Their errors are affecting franchisees' pockets.
- The need to look into a true 50-50 contract. If franchisees raise their sales and GP, SEI gets a bigger cut, which is not fair.
- We franchisees need to be respected as business owners and partners.

Overall, it was a good, constructive meeting.

Our FOA is providing a complimentary booth to the Loss Prevention team at our trade show. The Loss Prevention team will listen to franchisee concerns during the trade show and will analyze shortage reports. We are hoping 250+ franchisee decision-makers will join us. Soon our FOA will hold a members meeting with our local SEI operations team to discuss our declining GP concerns.

## Delaware Valley FOA

**M. AL HAFFAR, PRESIDENT**

Sales are up about 5 percent up in most stores. Many stores that have received the hot foods program are complaining about soft sales and low rate of return. This operation is impacting gross profit dollars. Many claim that we are not viewed as a destination for food anymore; we are simply trying get some fresh foods sales that we lost long ago. It's not happening.

Our local CDC facility is acting out



Vice Chairman Serge Haitayan questioned when franchisees would see profits from the new relationship.



NCASEF Chairman Joe Galea declared that franchisees have delivered, the relationship reset is positive, but the company needs to put something on franchisees' bottom lines.



Senior VP Operations Brad Jenkins said FCs will have refresher training courses every six months.

again, mixing orders, many mis-picks and out-of-stock or short-coded items. There is a large inventory of stores available for sale in the state of Pennsylvania—both corporate and good will—exceeding 15 percent.

We welcome new zone leader Eric De-Francisco to our area and wish him the best of luck. He was present at our last FOA meeting to meet our members. Our next meeting is scheduled for Monday, May 4. Everyone is hopeful for a good second quarter.

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ter, but anxious to see more media advertisement and a serious campaign to improve the image of our outdated stores in our local highly competitive market.

## FOA Of Greater Los Angeles

KATHY YORK, PRESIDENT

SEI has reached out to the Zone, and in recent months we have a Zone Merchandiser to address local needs the stores encounter. Also added was a number to call Payroll directly and speak to someone who can help with issues that need to be addressed immediately. As of February, an accounting specialist escalation person is now available for franchisees to call to resolve store issues faster. These additions are of great benefit to franchisees.

## Texas FOA

BOB PRICE, PRESIDENT

As we embark on our second quarter events, I would first like to thank all the vendors that have embraced our charity event at the Cowboys Golf Course on April 28 benefiting Swim Across America and the Baylor Charles A. Sammons Cancer Center here in Dallas. This being our fourth year with this charity, we have been able to donate over \$100,000 to this great cause.



NCASEF Vice Chairman Hashim Syed said the way to fix low volume stores is to give them the next generation makeover.



Rankin Galloway, Joe DePinto, Greg Franks, Brad Jenkins, Jeff Schenck, Alan Beach and Bob Cousins (not pictured) made up the SEI team attending the most recent NCASEF Board of Directors meeting.

Our 5th Annual Trade Show was held again at the Irving Convention Center on April 29, featuring some of our national and local vendors. For the second year, our FOA reimbursed our members for their first \$100 in orders. I would like to encourage all franchisees to attend our FOA meetings, where the value is in the vendor and franchisee interaction.

## Greater Seattle FOA

AJ HANDA, PRESIDENT

It has been nearly two years since we've formed our FOA, and we have achieved a lot during this period. As I always say, it takes a dedicated team and a group of positive-minded franchisees to achieve wanted goals. I give all the credit to the great franchisees of our FOA who continue showing their trust in us. We also try our best to live up to their expectations.

Our second FOA trade show was on April 2, 2015. More than 60 vendors (twice last year) participated, with lots of merchandise and deals.

"UNTIL WE FIX ACCOUNTING ISSUES, WE CAN'T GET ACCURATE AUDITS."

—JIVTESH GILL, NCASEF VICE CHAIR

The first portion of the minimum wage increase was implemented in the Seattle area on April 1. This increased the minimum wage to \$11 per hour. Many franchisees had great concerns with this new unwanted expense on their bottom lines. We are having continued conversations with SEI on how to offset this added expense, with no luck so far.

Not too long ago, 7-Eleven, Inc. set a goal for franchisees to reach 14 percent foodservice sales by the end of 2014, and 20 percent foodservice sales by the end of 2015. Franchisees in our area are still struggling to reach this goal and worry about how to make foodservice profitable. We are still very far from the goal of achieving 14 percent foodservice sales. I am not sure if we can make it to 20 percent in our area this year.

RISE was deployed in both of our mar-

continued on page 66



Reporting on the NCASEF Survey, General Counsel Eric Karp said the way to sell franchises is to have happy, satisfied, content franchisees.

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# Presidents' Reports

1st QUARTER 2015

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kets, with some good positive moods. Some concerns are that it's too hard to read fonts and some of the franchisees' favorite reports are hard to find in the system. On the other hand, ordering and cash reports are easier and faster.

The Pacific NW Zone has great success across the board. The Zone is up around 8.2 percent compared to the same period in 2014. Market 2360 has improved in fresh foods, approximately \$40 PSD with average sales increase of 8.3 percent. Market 2361 is doing well in both also, and total the Market is up by 10.8 percent.

## Suburban Washington FOA

PETE GRAGNANO, PRESIDENT

After what seemed to be a winter that would not end, we finally look forward to the spring and the beginning of our peak selling season.

BT was introduced in the Liberty Zone in June 2014, with the last market in the Zone starting the program at the end of September.



Senior VP Merchandising Bob Cousins said the company is on it's way to becoming a strong food provider.



FOAGLA Board member Jas Dhillon reported on legislation including fair franchising and continuing "sin" taxes.



FOAGLA President Kathy York said having an accounting person to call is a great benefit to franchisees.



Frito Lay's Grant Labarbera presented the company's new Doritos Roulette product.

of 20 oz. soda prior to BT, compared to the \$22.60 cost that we see on the same product, delivered by the same vendor, on the Purchase Summary. SEI is aware of this matter and has been working on it since December, but as yet we have received neither a thorough explanation, nor more importantly, the money overpaid.

RISE was installed in the majority of Liberty Zone stores in February, with most of the downloads taking place with little to no interruptions to store operations. However, there are some ongoing issues with RISE as IT works to download "patches" to repair software glitches, such as inaccurate tracking of inventory compared to actual sales.

In late February franchisees in our area met with our Zone Leader, Jim Summers, to discuss ongoing issues, with future meetings anticipated to take place on a regularly scheduled basis. In our meeting we brought up the topic of how to address the negative impact local minimum wage legislation is having on our bottom

lines. SEI is opposed to the imposition of a "surcharge" on all transactions, as they feel it hurts the brand. Franchisees, on the other hand, feel that SEI's strategy of selectively

raising prices will only partially offset our increased costs while concurrently strengthening their bottom line.

In addition to the increased labor cost we are experiencing due to the higher minimum wage, franchisee gross profit dollars are shrinking despite what our franchisor says. The average Sales Plan, available for us to view on 7-Hub, is about 200 pages long, with many of the promotions that we are asked to participate in having minimal impact on increasing our profitability on the "added" item(s). It appears that SEI is more interested in increasing sales volume as opposed to profitability, a concept difficult to fathom since they share the gross profit dollars with us as opposed to percentage of sales.

On the legislative front, bills introduced before the Maryland State Legislature this session included Paid Sick Leave for employees and a \$1 increase in the tobacco tax. It appears that the new Republican governor will not approve the tobacco tax increase; the Paid Sick Leave bill is a close call, but SEI's local lobbyist does not expect it to pass.

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SEI CEO Joe DePinto and NCASEF Chairman Joe Galea marked the occasion with a hearty handshake.

A major sticking point with the introduction of BT has been the cost difference in DSD deliveries pre-BT vs. BT. For example, a DSD vendor had a delivery cost of \$18.99 per case

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In March we held our first meeting of 2015, at which we conducted officer elections. Additionally, our guest speaker—a labor attorney from a local law firm—instructed our members on the do's and don'ts of Maryland labor law as it relates to our store operations.

Also in March, in conjunction with the Baltimore and Washington, D.C. FOAs, and under the umbrella of the TriState FOSE Association, we had our annual trade show. With nearly 200 attendees and raffle prizes that encouraged buying, our vendor partners were well pleased.

Next on the TriState agenda is our annual golf tournament on September 16 at the Little Bennett Golf Course in Clarksburg, MD. This year we have chosen Swim Across America as the beneficiary of the proceeds, which will then be forwarded to our local hospital, Johns Hopkins, for cancer research.

## Columbia Pacific FOA

**HARBHAJAN GHOTRA, PRESIDENT**

Our trade show this year was a great success. More than 50 vendors and 120 franchisees and their managers participated in the event. Our focus is to enhance the 7-Eleven brand through strong community involvement. We encourage all franchisees



New England FOA President Dennis Lane said the FSC committee has had an impact on vendor transparency.



Central Florida FOA President Fari Ishani questioned whether gas commissions would ever change.

to participate in Project A Game. The Columbia Pacific FOA is paying half of the cost to the franchisees.

Market 2363 has had strong sales in Melts, and has been #1 in the country in the last 12 days. Overall, markets 2362 and 2363 have had strong food service sales in the last quarter. Also, gross profit margins have increased 2 percent in the last month compared to last year.

## Virginia FOA

**WAQAR SHEIKH, PRESIDENT**

We recently had our trade show. Joe DePinto attended our franchisee meeting in April. He was also here in December. The last time he attended our meeting, he answered all questions from franchisees. He stayed at the meeting for three to four hours and wanted us to bring to his attention any issue



Eastern Virginia FOA President Romy Singh said too many promos running makes vendor reconciliation almost impossible.

we had. He was there to listen to us.

Communication has become very open with SEI. Any time a franchisee has an issue, I bring it up with zone managers, market managers, FM. Communication is open with everybody, which is great because open communication is the key to success. We are on good terms with SEI, and I can call the market manager or the zone leader or whomever to resolve franchisee issues. All franchisees and all FOAs should have open communication with the company.

We talk about FM Facility Maintenance issues at our meetings, mainly because the equipment in some of our stores is very old. Despite the fact that we have regular maintenance, equipment still goes down. Sometimes we have a piece of equipment broken for several days to a week. That is not acceptable. We have had success in picking up the phone and calling right away at the highest level to bring our problem to SEI's attention.

## Kansas City FOA

**KHALID ASAD, VICE PRESIDENT**

First quarter of 2015 has been very exciting and profitable for SEI and franchisees. Big factors that are keeping day-to-day trends up for Market 1951 (Kansas City and St. Louis) is perfect weather, low gas prices, tax returns, boost in 7-Rewards App Redemptions, and constant drop in unemployment are helping both cities.

We recently got scheduled starting July 12 of this year for Hot Foods installs. Roughly 45 locations will get Hot Foods for both cities combined. There is a lot of excitement in franchise stores for this program, but some nervousness also since the cigarettes and alcoholic beverage categories are big chunks of our daily sales. As a group we are ready for this challenge and ready to prove that investing in Kansas City and St. Louis will get the desired ROI.

Our RISE install went pretty smoothly, thanks to proper coaching and training

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"WE WILL MAKE SURE THE RELATIONSHIP IS NOT STRAINED IN THE FUTURE."

—JOE DEPINTO, PRESIDENT AND CEO, 7-ELEVEN, INC.

classes by our Market team. Recent announcements, by our CEO, for Store Remodels, Gross Income Support for low volume stores, Zero Franchise Fee for selective stores and in process to simplify Multiple Criteria has brought positive energy to our group.

Our group looks forward to seeing our brand grow more in KC and STL through acquisitions or ground up stores, better gas commissions and more store remodels. We do appreciate SEI for prioritizing on communications, continuous support for Retailer Initiative, and working as ONE TEAM!

In other news, Walmart has given 8,801 Kansans a pay raise of at least \$1.75 per hour as part of its billion-dollar investment in its work force nationwide. The company said the average full-time hourly wage for associates in Kansas is now \$12.55. Also, Missouri is considering banning the use of food stamps to purchase soda, chips, cookies, and other snack foods in an effort to combat obesity and related ailments like diabetes that are common in poor communities.

## Sacramento Valley FOA

**JAY BRAR, PRESIDENT**

Spring this year made a special entry into the hearts of area franchisees when their store sales soared significantly because of the nice, toasty, and great weather. The two brand new Melts sandwiches in the hot foods category are becoming a smashing hit among guests. To say the least, every 7-Eleven store is becoming a "one-stop store" to meet and fulfill every basic need of our guests.

April 11 was not just a BYOC (Bring Your Own Cup) day for Slurpee lovers, but it turned out to be a memorable, exciting, and enjoyable experience. Members of the Sacra-

mento Valley FOA, once again like last year, are aggressively supporting the Fair Franchising Bill.

## South Florida FOA

**ZAHAID ANWAR, PRESIDENT**

The South Florida Zone has had a fantastic Q1 2015. We as a team have some very impressive numbers to feel very proud of. These are all YTD through March: merchandise GP% up +0.33 percent; franchisee merchandise sales up +18 percent; franchisee March GP\$ up +18 percent; franchisee net income up +24.6 percent or (+19.8 percent last 12 rolling months); Fresh Food: +11 percent; alcohol +5.8 percent; nonalcoholic beverages +10.8 percent; cigarettes +10 percent.

## Pacific Northwest FOA

**MANINDER WALIA, PRESIDENT**

The Pacific NW welcomed their new Zone Leader, Jason Murray, in January 2015. Prior to moving to Seattle he worked in SEI's Japan headquarters on a special assignment for a year, and was a market manager in San Diego before that. Jason is a native of the Pacific NW and brings a new set of ideas to the zone. His top priority is franchisee profitability. Pacific NW FOA Board members met with him and discussed franchisee concerns and frustration about FCs forcing stores to order unnecessary pre-books, quality visits by FCs, McLane deliveries and most important, the minimum wage increase to \$15 per hour in Seattle.



Joe Saraceno FOA President Matt Mattu questioned why transferring a store to family members was so difficult.



FOAGLA Vice President Kevin Nijjar said the RISE software has improved store operations.



Greater Bay FOA President Ray Dhaliwal reported on the accounting meeting discussions with SEI.

Franchisees in Seattle are required to pay employees \$11 per hour minimum wage from April 1, 2015 and \$12.83 per hour from January 1, 2016 and \$15 per hour in 2018. In February 2015, when I met with our CEO Joe DePinto along with other National Coalition team members, I asked him to help the franchisees affected by this minimum wage hike with

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# Presidents' Reports

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monetary compensation. He said that he is very concerned about this issue and its affect on franchisee's income, and promised that a team of SEI executives is looking into all possible options.

Merchandise sales for the first quarter of



Nestle Water's Lori Appleton presented their new Nestea products.



Delaware Valley FOA President Al Hafar said almost all items are more expensive through the CDC.

which was attended by all franchisees. National Coalition chairman Joe Galea also attended the trade show and spoke about the importance of communication and how the trade show helps both franchisees and our vendor partners. He invited all franchisees to attend the 40 Annual National Coalition Convention and Trade Show in Chicago from July 27-31.

I am optimistic about 2015 and hope franchisees across the country will see positive results coming out of the improved com-

\$8.50 to \$10.50 outside New York City and \$11.50 in New York City on December 31, 2016. The Assembly offered its own minimum wage increase of \$12.50 in NYC, Long Island and Westchester, and \$10.50 in the remainder of the state on and after December 31, 2016. The Assembly proposal also provides for indexing after December 31, 2019. We brought a roomful of franchisees to talk to the lawmakers and were able to get the issue removed, to be re-considered outside the budget. If this occurs, the legislature will have until the end of this legislative session, which closes on June 17.

Franchisees are perplexed at the lack of response from various high-level SEI management in regard to the McLane CPM Adjustment issue. For the month of February stores were hit with two charges—some totaling nearly \$1,000 with absolutely no explanation from either McLane senior management or SEI senior management as to what the rationale for the charges are, how we can mitigate them, and how to avoid them in the future. Some of our members have sought relief in the Small Claims Court of NY. We will advise the outcome of those as they are resolved. Last I heard from NCASEF is that the executive team was discussing this matter with SEI's executive team. This needs to be addressed.

## Central Florida FOA

FARI ISHANI, PRESIDENT

The Central Florida FOA had a spectacular March! We held our annual trade show in concert with the South Florida FOA on March 5th, with attendance from well over 400 franchisees. We also held our third annual charity golf outing benefiting Swim Across America, which raises funds for cancer research. This was our most successful event yet. With help from our vendor partners and participation by local SEI personnel, we had 144 golfers participate and were able to provide Swim Across America with a

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## UFOLI

JACK RUGEN, PRESIDENT

Sales are flat in the North Atlantic Zone. We have a new Zone Leader in Femi Cole, but the process of obtaining sales data, trends and other pertinent information for the purpose of this report still remains non-existent.

Governor Cuomo attached a minimum wage increase to his 2015-16 budget proposal, sending the minimum wage from

Central Valley Vice President Sukhi Sandhu said the cheapest audit companies are handling our money.

2015 were up by 6 percent, while GP% remained low. Fresh food sales increased after the introduction of the new Melts sandwiches—some stores sold 50-60 Melts per day in the first week. Customers like the quality and taste of the Melts, and it's a great value at \$2.99. The Non-Alcoholic Beverage category is still strong—new RedBull Editions has fueled incremental sales in this category.

The Pacific NW FOA held its annual trade show on March 12 at the Hilton Seattle Airport. Vendor partners introduced their newest products to franchisees. Zone Leader Jason Murray spoke about his vision for 2015 at the general session before the trade show,

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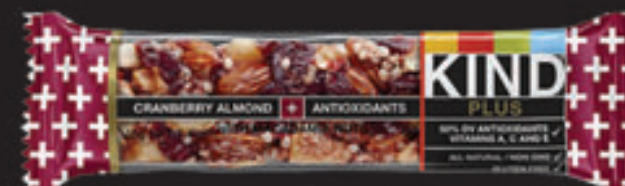
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\*IRI/SPINS TPL Energy Bar Category Total Convenience Channel 52 Weeks Ending 1/25/15



check for \$17,711.00! We are putting together a team to participate in Swim Across America's open water swim in Clearwater on May 30th in an effort to raise even more funds.

We have stores in both the North Florida Zone and the South Florida Zone. Our relationship with both of our Zone Leaders continues to strengthen and our ZLC meetings are the most productive they have been.

Sales in franchised stores in the North Zone were up 14.7 percent in March and customer counts grew by 32 APSD. Total gross profit for March also improved 1.82 percent over last year. Some significant category contributors were Fresh Foods +\$47 PSD, Non-Alcoholic Bevs +\$119 PSD, Beer +\$46 and Fountain Bevs +\$15 PSD.

Performance in the South Florida Zone have been strong for the first quarter of 2015. Sales in franchised stores were up +18 percent to PY and gross profit dollars also improved



**Joe Saraceno FOA**  
MATT MATTU, PRESIDENT

Seattle FOA President AJ Handa suggested an incentive program for zees most affected by the minimum wage.



Monster's Trusha Patel presented the latest figures on Monster Ultra Citron and Monster Rehab.

+18 percent to last year. Merchandise gross profit margin grew +0.33 percent to last year. Some of the more significant category performance for the first quarter includes Fresh Foods +11 percent, Alc Bevs: +5.8 percent, Non-Alcoholic Bevs +10.8 percent, and Cigarettes +10 percent to prior year. CVS exiting the cigarette business continues to help our sales.

Some of our Board members attended the 2015 CFA Day Forum on Capitol Hill on March 24th and 25th. March 24th was spent listening to various speakers including other franchise association leaders, Senators, Representatives and attorneys who represent franchise owners. March 25th was spent on Capitol Hill meeting with legislators from our area to personally express our concerns. A few items that were discussed with legislators were the designation of full time employees under the Affordable Care Act as those employees which work over 30 hours, how minimum wage increases will hurt low income workers and franchisees, the recent NLRB action to change joint-employer definition and moving to make WOTC permanent. These two days were very productive and we will continue to work with CFA (Coalition of Franchisee Associations) to help our fellow franchisees.

The state of the Greater Los Angeles Zone is very positive as sales are up in record numbers, along with the increase in our customer count from average of 928 to 979. Our gross profit is up to 39.22 percent and inventory turns are also up to 19.30.

Our CDC will be relocating from Fullerton to a brand new facility in October 2015. The new CDC facility will start delivering dry foods by March 2016 and frozen foods by April 2016. At the Zone meeting I asked their representatives to deliver a quality product at the right price. The CDC must be cheaper than the same vendors that can



Virginia FOA President Waqar Sheikh said that there is no 7-Eleven event, corporate or FOA sponsored, to which franchisees should not go.

deliver to our stores with the variety that our customers desire.

The Accounting Escalation Service, which is supposed to improve customer service, is being implemented and we will soon witness many positive enhancements to help us on a daily basis so that we don't have to go through foreign countries to get our accounting issues resolved.

IT and process improvements are also in high gear, with automating McLane credits from the driver's handheld for hidden damage and hidden mis-picks to MOI. The scanners will be improved for "bad beeps" (item not part of delivery, UPC not found, etc.) and there will be handheld enhancements (early closeout prevention). The McLane check-in window will be to 72 hours.

The main concerns of the franchise community are: minimum wage increase to \$13.25 and going to \$15.00 per hour; longer lease agreements; eliminate Variable Split; gasoline income; cost of goods.

There has been a very positive change in the franchisee/franchisor relationship and

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"RAISING PRICES IS NOT THE WAY TO APPROACH MINIMUM WAGE ISSUES."

—JIVTESH GILL, NCASEF VICE CHAIR

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communication at the local and national levels. We all hope this will continue so we can all benefit to resolve our major problems with positive, result-oriented discussions.

## Utah FOA

RICH LEARNED, PRESIDENT

The Utah FOA has a new president, Rich Learned. On June 25 we will have our fourth trade show, and our third golf tournament to benefit the wounded vets in Utah is on the June 26. I am looking forward to meeting everyone at the May meeting in Dana Point, California.

## Cal-Neva FOA

RICHARD ROSE, PRESIDENT

Reno-Tahoe area franchisees kicked off the New Year with spring-like conditions and unusually low snowfall for our Tahoe 7-Eleven stores. This lack of snow had a negative impact on the Tahoe

stores because of the lack of tourism and the revenue that they bring to that specific region. However, the valley stores (Reno to Gardnerville) continued to have positive "Barn Burner" sales that continued beyond 2014 into the new year of 2015. This adds up to our Cal-Neva Market posting an impressive 10.3 percent increase in sales.

Franchisees used the increase in sales to post an even more impressive 25 percent increase in their income.

Coupling this good performance with the growth potential currently, the future is looking bright for Reno-Tahoe. Another good sign is that Food Service is leading the

way with a 23 percent increase in that sales category. Other double-digit increases are the categories of HABA, Hot Beverages, Tobacco, Alcohol Beverages, Snacks, and non-Alcohol Beverages.

The Cal-Neva area has recently had the RISE program download at all stores with no major problems. A "Thank You" goes out to 7-Eleven Market Manager Lisa Carrasco for moving the download time to a day without many deliveries from our vendors. Also, thank you to the Field Consultants for their diligence in managing the situations that did occur and for handling problems. Next on the Cal-Neva market timeline is that 24 of our stores will get Hot Foods in May.

One other note—one of our veteran franchisees in our Market, Sheri Hedges, decided to sell her store. We in the Reno-Tahoe area will lose a great supporter and friend. Taking over for Sheri at the Incline Store is our new 7-Eleven franchisee, Amarjot Toor. Another 7-Eleven franchisee has decided to move forward and become a

multi-store operator. Jack Sidhu has the 7-Eleven store at El Ranch Dr. and is now franchising the 7-Eleven training store on McCarran Blvd, also in the Reno area. Good luck Amarjot and Jack.

## Northern California FOA

RAJ BRAR, PRESIDENT

Three FOAs—Greater Bay, Central Valley and Northern California—got together and held a combined trade show. We called it the Nor Cal United FOAs. We had a very successful trade show. The three associations are going to team up again for a golf

"WE ARE LEAVING GP\$ ON THE TABLE DURING AUDITS THAT COULD HELP IN LEAN MONTHS."

—JACK RUGEN, PRESIDENT, UFOLI

tournament on June 15, 2015.

Sales are up 6 percent, but gross profit percentage is going down a little bit and we are concerned about it. Overall, from the last 6 to 9 months, I can say franchisee morale is up because of increased communications with SEI. Also, SEI operations people are talking to us in meetings. They respect us—they're not dictating to us what to do. While franchisees are happy about the newfound open communication with SEI, they want to see more results like a 15-year contract, no renewal fees, gas commissions, credit card fee, stuff like that. **AV**

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the National Coffee Association, 59 percent of Americans say they

drink coffee each day, while 71 percent reported partaking at least once per week. •

Sales of craft beer reached \$20 billion in 2014, doubling sales from just five years prior, and the category is forecasted to reach

\$36.3 billion by 2019, according to research firm Mintel. • Colorado collected \$63 million in tax revenue and an additional \$13 million in licenses and fees on \$699 million of combined medical and recreational marijuana

sales in 2014, reported Bloomberg Business. • Alimentation Couche-Tard's Circle K chain is expanding in the San Antonio area, where it is buying 21 convenience stores owned by Gonzales-based Cinco J, Inc., reported the San Antonio Business Journal. • One in five American adults access the Internet primarily from their smartphones, according to a new re-

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## Member News

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### Legislative Update

Grocery and convenience store chains have been pushing for a change for years, and supporters argue it would make the market freer. However, critics say such a change will destroy small businesses and make it harder to prevent alcohol sales to underage buyers.

#### Utah Passes Gas Tax Increase

Utah drivers will pay more at the pump as a result of a gas tax increase passed in the final hour of the 2015 Legislature after lengthy negotiations between the House and the Senate, reported the *Deseret News*. HB362 imposes a 12 percent sales tax on gas starting July 1 that will increase the current 24.5 cents-per-gallon tax—unchanged since 1997—by 5 cents. The tax is capped at 40 cents a gallon and does not allow it to drop below 29 cents. The bill also allows local governments to go to voters for a 0.25-cent sales tax increase for transportation projects. But it does not raise registration fees on alternative fuel vehicles, an amendment sought by the Senate.

#### Pennsylvania Liquor Privatization Bill Moves Forward

A proposal to sell off most of Pennsylvania's state-owned liquor system and

its wholesale distribution network moved ahead with a vote in the Legislature recently, although its prospects to become law remain uncertain, reported the *Philadelphia Inquirer*. The state House Liquor Control Committee voted 15 to 10 to advance a Republican-backed proposal similar to a bill that passed the House but stalled in the Senate during the last legislative session.

The proposal would create 1,200 licenses for retail businesses to sell wine and liquor, giving the existing beer distributors the first shot at buying them. All but 100 of the 600 government-owned and operated liquor stores would gradually close and employees there would get help finding new jobs. The measure is now before the Senate for consideration.

#### Colorado Credit Card Bill Gets Axed

An effort by Colorado lawmakers to provide relief to small businesses from credit card swipe fees has been defeated, reported *The Colorado Statesman*. As introduced, HB 1154 would have banned credit card companies and banks from assessing the swipe fees to the state and/or local sales tax portion of a transaction. The measure was watered down from "relief" to a study before members

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### Play The Name Game!

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



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port from Pew Research Center. • **The Global Mobile Wallet Market is expected to grow 36.8 percent** from 2014-2019, according to a study by RnRMarketResearch.com. The report highlights the fact that **mobile wallets** eliminate the need to carry physical wallets while on the go and ensure more security than cards or carrying cash. • **Domino's recently launched an app that allows customers to place orders via their Samsung Smart TVs**, reported *Forbes*. • Banks are in the process of rolling out **chip-embedded cards**, but they'll still require a signature instead of a more secure PIN, reported *CNNMoney*. Banks say this is because they need more time to make necessary computer upgrades, but retailers say it's because banks can charge higher fees on signature transactions. • **The global demand for self-serve kiosk systems and automated vending machines continues to grow**, despite a recent decline among wholesalers and retailers in the Food Services sector, according to research by Global Research & Data Services. • Japan's third and fourth largest c-store chain operators **FamilyMart and UNY Group Holdings**, which operates the Circle K chain, are in **merger talks**, reported *Barron's Asia*. If the merger goes through, the combined entity would become the **second largest c-store chain in Japan**, after market leader Seven & I Holdings, parent of 7-Eleven, Inc. • **Alaska** recently became the third state to legalize recreational marijuana, reported the *Associated Press*. • **Burger King has launched a new mobile ordering tool** powered by Opentabs that allows consumers to order and pay for their food using the quickservice chain's mobile app, reported *Mobile Commerce Daily*. • A new study by electric vehicle (EV) charging network **ChargePoint reveals that the top 10 friendliest metropolitan areas for EV drivers** are the San Francisco Bay Area, Los Angeles, Seattle, San Diego, Honolulu, Austin, Detroit, Atlanta, Denver, and Portland. • American Express

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## Member News

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### The Benefits Of A Combined Trade Show Among FOAs

By Gary Singh | Vice President, FOA of San Diego FOA

Franchisees can always count on our valued vendors to support our FOA events—trade shows, charity golf tournaments, holiday parties—but in reality their resources are limited. Especially given that 7-Eleven continues to expand and add more stores, which leads to more franchisees and eventually, to more FOAs.

This means our vendors have to travel more and attend more shows, which adds to their expenses—resources they would rather spend on franchisees. With so many FOAs we are all now competing for these resources, and the pie is getting smaller and smaller.

One way around this problem is for local FOAs to team up and hold combined events. A trade show, the largest expense of the year, is the ideal event, as vendors can then showcase their merchandise to a much larger group of franchisees without adding to their costs.

The franchisees of the San Diego FOA and the FOA of Greater Los Angeles have been doing a trade show together for the last six years, and we are reaping the benefits. Our combined trade show is always sold out. We get a larger group of vendors participating, and an even larger group of franchisees attending. It is truly a win-win for all involved.

The purpose of a trade show is to expose franchisees to new products, services, sourcing and price benefit opportunities. To

#### Things To Remember

The purpose of a trade show is to expose franchisees to new products, services, sourcing and price benefit opportunities. To



get there, all FOAs involved must have a clear understanding of the trade show agreement, and the division of responsibilities. Which FOA is doing what is more important than how they do it. Have one person responsible for all the accounting. It is every Board member's responsibility to recruit local and national vendors. Make sure to explain to vendors the benefits of participating in your trade show.

Many FOAs arrange to have a raffle with very nice prizes to give away. At our last trade show, the grand prizes were a car and two Cancun vacations. Have some outside food catered; franchisees are sick of eating hot dogs and samples. Ask SEI to participate in the trade show and ask them to donate new hot foods items so franchisees can taste them. Plan, plan, and over plan. Have several planning meetings with the participating FOAs.

#### The Day Of The Trade Show

Order some sharp colored polo shirts for each participating FOA (use a different color for each FOA), so vendors can recognize you. Divide the trade show floor among each Board member—they should introduce themselves to the vendors and be there for any help the vendors may need. Check on the vendors from time to time. Most of all, have some FUN!

Register for the 2015 NCASEF Convention at [www.ncasef.com](http://www.ncasef.com)

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recently launched its Small Merchant EMV

**Assistance Program, which will help U.S. small merchants fight fraud** through a \$10 million reimbursement program designed to accelerate adoption of EMV ("chip card") payment terminals. • **Dunkin' Donuts** recently announced the signing of multi-unit store development agreements with two existing franchise groups to develop 46 restaurants in Indiana over the next several years. • **Drizly—the technology company that allows legal-age drinkers to order beer, wine and liquor** from their smartphone or desktop—recently announced its expansion to Providence, RI. • **Average fuel consumption** by American drivers is at its **lowest level in at least 30 years**, and is down 14 percent to 19 percent from peak levels in 2003–2004, says the University of Michigan's Transportation Research Institute. • **Starbucks** will team with startup Postmates to offer a **delivery option for Seattle customers** who order through the coffee chain's mobile application, reported TechCrunch.com. • **Target's plan for its smaller format TargetExpress stores is to tailor them to the neighborhoods** they serve, so no two stores will be exactly the same, reported the *Star Tribune*. • **Fuel-efficient cars, lower gas prices and the proliferation of electric vehicles have led the state of Oregon to look into whether its gas tax can be replaced by a mileage-based road tax**, reported the CBC. • **Samsung** recently entered the mobile payments market with the introduction of **Samsung Pay**, its own take on allowing you to pay for goods and services by waving your smartphone near the register instead of swiping a credit card, reported CNET.com. • **New York recently raised the minimum wage for tipped workers from \$5 per hour to \$7.50 per hour**, reported the Associated Press. The increase will take effect December 31. The tipped wage in New York City **will automatically go to \$8.50 an hour**



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## Member News

continued from page 20

are younger consumers ages 18-34 (58 percent) and those in the West (58 percent).

The surge in optimism continues an ongoing trend in 2015. A majority of Americans have said they are optimistic about the economy in three of the previous four months, when national gas prices averaged between \$2.05 and \$2.40 per gallon. These are the only months that a majority of Americans have expressed optimism about the economy since NACS initiated the survey in January 2013. Gas prices averaged \$3.51 per gallon in 2013 and \$3.36 per gallon in 2014.

### The Multicultural Super Consumer

Multicultural consumers are rapidly becoming the core of the U.S. population, bringing with them expansive buying power and unique consumption habits, reveals a new Nielsen study. Today, African-American, Asian American and Hispanic consumers account for more than 120 million people combined (38 percent of the total population). These groups are projected to increase by 2.3 million each year before becoming a numeric majority of the population by 2044, according to the U.S. Census.

As the numbers of multicultural consumers continue to grow, so too will their purchasing power, the report states. Already, U.S. multicultural buying power is growing at an exponential rate compared to the total U.S., increasing from \$661 billion in 1990 to \$3.4 trillion in 2014. This is more than double the growth of total U.S. buying power.

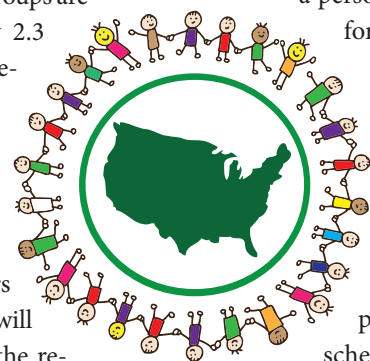
Also, the young multicultural population will lead the way for sustained buying

*“U.S. multicultural buying power increased from \$661 billion in 1990 to \$3.4 trillion in 2014.”*

power growth. Last year, multicultural groups collectively represented greater than 50 percent of the population under age nine versus 35 percent of those 45-50 and 17 percent of those 80 or older. As a result, the effective years of buying power for African-Americans (42.3 years), Asian-Americans (52.3 years) and Hispanics (56.5 years) all exceed that of non-Hispanic whites (36.7 years).

### Wal-Mart Changes Sick-Pay Policy

Wal-Mart has changed its policy and will allow employees to take paid sick days on the first day they are sick beginning in 2016, reported the *Wall Street Journal*. Currently, paid sick days don't kick in until the second day, and staffers must take



a personal day in order to get paid for the first day they are out sick. The company is doing away with the one-day wait as part of several measures to help its 500,000 employees, which includes a wage increase for entry-level workers. It is also pledging to offer more stable schedules for workers, provide ways for them to pick up more hours and allow contributions to 401(k) plans from their first day on the job instead of waiting a year. The moves are part of efforts by Wal-Mart to boost employee morale and reduce turnover, in the hope that happier employees will help the company increase sales and attract shoppers.

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Convention at [www.ncasef.com](http://www.ncasef.com)

### Tobacco Companies Sue FDA Over Label Rules

A group of tobacco companies are suing the U.S. Food and Drug Administration over recent guidance they say violates their free-speech rights by mandating pre-approval of labeling changes, reported Reuters. The plaintiffs—which include R.J. Reynolds Co, Lorillard Tobacco Co and Altria Group Inc's Philip Morris USA, Inc.—filed the lawsuit in the U.S. District Court for the District of Columbia to try to block the directive, which was issued in March. If the guidance is left intact, the companies say, they could be exposed to substantial financial and legal penalties if they make changes to how they package or market already-approved tobacco products without the FDA's permission. The FDA issued the guidelines to help clarify what changes require regulatory approval under the 2009 Tobacco Control Act.

### Japan C-Stores To Provide Disaster Info

The Japanese government plans to establish a system that would use convenience store networks nationwide to centralize the gathering of information related to their operations during natural disasters in order to support disaster-hit areas and restore disrupted distribution of goods, reported *Japan News*. The information would include the status of trucks transporting goods to convenience stores and power outages at each store during earthquakes and other natural disasters, and would be shared by central government ministries and agencies, as well as municipalities and relevant companies, so they could locate blocked roads and analyze traffic congestion. This information,

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## Member News

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### Legislative Update

of the House Finance Committee voted the bill down.

Current law requires businesses to send sales tax to the state or to local municipalities. When those businesses accept credit cards, they are charged a percentage, usually 2 to 3 percent, as a fee by the credit card companies and banks. That fee is charged on the sales tax as well as the goods purchased. But since the sales tax goes to the state, the business is in effect paying the credit card company to collect taxes for the state, according to bill supporters. Not surprising, HB 1154 drew strong opposition from the financial services industry, which wound up delaying the hearing for four weeks, and they arrived in force to fight the bill when it finally got into the House Finance Committee.

**When those businesses accept credit cards, they are charged a percentage, usually 2 to 3 percent, as a fee by the credit card companies and banks.**

### Georgia Senate Prohibits Cities From Banning Plastic Bags

The Georgia Senate recently voted to prohibit cities and towns from banning plastic bags, saying it would be too expen-



sive and "confusing" for local retailers to worry about, reported the *Atlanta Journal Constitution*. Passage of Senate Bill 139 comes as the issue has gained ground in Georgia, with officials in Athens and the coastal Tybee Island having already discussed local bans because of environmental concerns. Other concerns are over litter, and the petrochemicals used in making the bags. Enraged environmentalists are calling SB 139 the "plastic bags everywhere" bill. The measure now goes to the state House for consideration.

### NJ Law Would Allow Home Delivery Of Lottery Tickets

The New Jersey Assembly Tourism, Gaming and the Arts Committee recently approved legislation (A4018) that would allow the operation of lottery courier services, which could deliver tickets to customers at home, reported NJ.com. The services would be able to collect a fee and redeem tickets for customers, but they would not be able to take a portion of any winnings. The courier services would also be able to store lottery tickets customers purchase in a database instead of delivering them.

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## The National Coalition Office Has Moved!

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



### NCASEF Offices

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Santa Cruz, CA 95060  
Office 831-426-4711  
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if the city gets permis-

sion to raise its mini-

mum wage above the state's rate. •

**McDonald's will open about 125 new U.S.**

**restaurants** this year and update 100 exist-

ing stores, down from 222 openings and

260 remodels last year, the company said. •

Amazon recently filed a patent for a new

kind of store that would **allow shoppers to**

**pick items and leave without stopping at**

**a cashier station or kiosk**, reported

re/code.com. The store would work using a

system of cameras, sensors or RFID readers

to identify shoppers and the items they've

chosen. • Grocery delivery service **Instacart**

has partnered with **Natural Grocers** to pro-

vide grocery delivery service to customers in

Denver in as little as one hour. • **There are**

**more electric-car charging points in**

**Japan than there are gas stations**, re-

ported *Bloomberg Business*. The number of

power points—including fast-chargers

and those in homes—has surged to

40,000, surpassing the nation's 34,000 gas

stations. • Despite the recent relaxation in

U.S.-Cuba trade relations, **U.S. tobacco sell-**

**ers are still unable to sell Cuban cigars**,

says wholesaler LA Top Distributor. • A Los

Angeles ordinance designed to curb obesity

in low-income areas by **restricting the**

**opening of new fast-food restaurants**

**has failed** to reduce fast-food consumption

or reduce obesity rates in the targeted

neighborhoods, a new RAND Corporation

study reveals. • A U.S. judge recently ruled

that **American Express crossed a line in**

**barring merchants who accept its cards**

**from steering customers** to other credit

card brands that charge retailers less in

swipe fees, reported *Agence France-Presse*.

The judge said the company's policy results

in higher prices and **violates antitrust law**.

• **Target recently hiked its minimum**

**wage to \$9 per hour** for all workers fol-

lowing recent pay hikes from other large re-

tailers, reported CNBC. • **UrthBox**, which

continued on page 82

## Classic Ice Cream favorites made satisfyingly better!

Larger Size • Great Taste  
High Quality Ice Cream

Item	UPC	SLIN
4 oz. Strawberry Shortcake Bar - 1/24pk	0 52548 55816 1	190227
6 oz. Vanilla Ice Cream Sandwich - 1/24pk	0 52548 55813 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





## Member News

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when integrated on a computer, would also help fire engines, police cars and other emergency vehicles reach their destinations more quickly and smoothly.

### Pay For Health Insurance At 7-Eleven

The largest publicly run health plan in the nation, L.A. Care, now allows customers who do not have traditional bank accounts to pay their health insurance premiums with cash at 7-Eleven stores and other outlets in California, reported NPR. After advocates for low-income consumers raised concerns to the California Department of Health and Human Services over how so-called unbanked households would pay their monthly insurance premiums, the Obama administration ordered health plans to accept payment methods that didn't require a credit card or checking account. So as of April, customers of L.A. Care Covered—one of the health plans for sale on the state's insurance marketplace—can pay monthly premiums in cash at more than 680 locations, including 7-Eleven.

### Legislative Update

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"Ticket delivery will make lottery products more accessible for players who are homebound or find it inconvenient to get to a retailer," the bill's sponsor, Assemblyman John Burzichelli (D-Gloucester), said in a statement. "This bill is aimed at saving players time and broadening a customer base that provides revenue for services that benefit all New Jersey residents."

### Missouri Bill Adds Growlers

Missouri beer lovers could get their fill of rich milk stouts and hoppy pale ales on draft at convenience and grocery

### C-Stores Competing For Food Dollars

Alternative and non-traditional food retail channels are increasing nationwide, competing against traditional supermarkets and grocers for a share of the lucrative retail food market, according to a report by the International Dairy-Deli-Bakery Association (IDDBA). Among these are convenience stores, fresh format stores, small box retailers, drug stores, discounters/dollar stores, and warehouse stores. Among the food retail channel trends detailed in the study:

- Non-traditional channels such as drug stores are meeting shoppers' needs through fresh offerings and grab-and-go lunchtime strategies, while convenience stores are providing customers with more variety and healthy items.
- Willard Bishop projects traditional food retail channels will experience a decrease in market share of 1.2 percentage points by 2018 (44.8 percent), while non-traditional grocery and convenience store channels

continued on page 84

stores under proposals brewing in the state Legislature, reported the *Kansas City Star*. The two measures, one that stalled in the Senate and another that passed the House in early March, would allow stores that sell packaged beer to add growlers—take-home jugs of draft beer. Currently, growlers are only available at breweries and some bars in the state. The bills would allow growlers up to 128 ounces, though the Missouri Petroleum Marketers and Convenience Store Association predicts a "fairly limited" number of convenience stores would take advantage of that option. **AV**

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delivers healthy snacks straight to customers' doors and office cubicles, has announced that the service is changing the way people snack by effortlessly replacing their existing junk foods with an array of non-GMO, organic, and all natural edibles. • Alimentation Couche-Tard recently announced that its **top three executives have exercised collectively 1.2 million stock options** for Class B subordinated voting shares of Couche-Tard granted to them in 2005 and which are expiring in May 2015. • In 2014, an estimated **one-third of the \$3.5 billion in retail purchases of vaporizers, e-liquids, e-cigarettes and e-hookahs in the U.S. were through the vape shop retail channel**, shifting from c-store, food, drug and mass retail channels, according to Vapor Corp. • C-store retailer **Sheetz celebrated the opening of its 500th store** on February 24, located in Thomasville, North Carolina. • McDonald's is testing a **limited all-day breakfast menu** at a few locations in the San Diego area, reported *USA Today*. • Chocolate confectionery sales grew 24 percent over a five-year period from 2009 to 2014 to reach \$21 billion in the United States, reveals a study by research firm Mintel. Additionally, **chocolate innovation has increased, with new product launches growing 18 percent between 2013 and 2014**. • Pennsylvania-based Sheetz has been recognized as consumers' **most-trusted convenience-store brand** according to the 2015 Harris Poll EquiTrend study. • The Navajo Nation recently levied the **first junk food tax** in the country, reported *New York Daily News*. The 2 percent tax on items with "**minimal-to-no-nutritional value**" makes foods like chips and packaged desserts more expensive in the vast reservation that spans parts of Arizona, New Mexico and Utah. • Seattle-based seafood restaurant chain **Ivar's recently did away with tips and raised its workers' wages to \$15 per hour**, reported the *Seattle Times*. To compensate for

continued on page 84



## The Number 1 Selling Kids Drink In Convenience Stores



Berry Raspberry (10 oz.)



SLIN # - 242825



Fruity Punch (10 oz.)



SLIN # - 242826



Outrageous Orange (10 oz.)



SLIN # - 242824



Lemony Lime (10 oz.)



SLIN # - 240491

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## Member News

continued from page 82

will command 40.1 percent and 15.1 percent of the market, respectively.

• Non-supermarket channels fueled almost all growth in food retailing over the past 17 years.

### Couche-Tard Acquires Stores In Texas, Mississippi & Louisiana

Alimentation Couche-Tard Inc. announced recently that it has signed, through its wholly-owned indirect subsidiary, Circle K Stores Inc., an agreement with Cinco J, Inc. (doing business as Johnson Oil Company), Tiger Tote Food Stores and their affiliates to acquire 21 stores, 151 dealer fuel supply agreements and five development properties in Texas, Mississippi and Louisiana. The company said the transaction is anticipated to close by the end of Couche-Tard's first fiscal quarter, which ends July 19, 2015, and is subject to standard regulatory approvals and closing conditions.

The convenience stores operate under the store brands "The Tote" and "Tiger Tote." Following the acquisition, all of the stores will be operated under the Circle K brand by Couche-Tard's Southwest Division.

### McLane Launches New Foodservice Solution

McLane Grocery Distribution, a business unit of McLane Company, Inc., announced that it has launched the McLane Kitchen for its customers in the Convenience, Grocery, Drug and Mass Market channels. McLane Kitchen is a comprehensive, customizable solution to help generate optimum sales and profits in the rapidly growing, highly profitable foodservice busi-

ness. Unlike other foodservice offerings that take an item/equipment approach, the McLane Kitchen approaches foodservice from the consumer's point of view in terms of types of foods preferred by day part, the company explained. It also provides useful category insights on consumption trends and top-selling national brands and programs, and McLane Kitchen solutions are customized to fit each retailer's unique foodservice at retail objectives.

*"Circle K has acquired 21 stores from Tiger Tote in Texas, Mississippi and Louisiana."*

### SEI Whistleblower Files Suit

A former SEI executive claims in a whistleblower suit filed in federal court in Newark, New Jersey that he was fired after objecting to a racially-motivated campaign to revoke the franchises of Asian Indian convenience store operators, reported the *New Jersey Law Journal*. Ian Shehaiber, who served as a district manager for SEI from September 2010 to January 2013, claimed he was fired after objecting to a "racially charged initiative and organized plan to rid the 7-Eleven system of South Asian (particularly Indian) franchisees who were deemed to no longer be part of 7-Eleven's vision."

SEI said in a statement to the publication that the allegations in Shehaiber's suit are false. The company said the suit was brought to thwart the company's efforts to deal with franchisees who have violated the law or the franchise agreement, and that the company is "confident in the thorough and lawful system that it has in place" to end its relationships with franchisees that make such violations. **AV**

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this move, Ivar's raised the prices on its menu. • Mars Drinks recently introduced the latest innovation in workplace drinks solutions—**FLAVIA barista, which brews premium, coffee-house-style hot beverages in individual servings.** • One-quarter of Americans (25 percent) either currently use or have used a **reloadable prepaid card** in the past two to three years, but **among millennials** (ages 18-34), this proportion jumps to one in three (**33 percent**), reveals a new survey conducted by TD Bank. • Seven-Eleven Japan has recently applied for a **trademark for the color combination of orange, green and red featured in its logo**, reported the *Bangkok Post*. The Japan Patent Office on April 1 adopted a new system for non-traditional trademarks such as sounds and colors. • The U.S. **liquid refreshment beverage market grew to 30.9 billion gallons in 2014** after having been essentially flat in 2013, according to newly released preliminary data from Beverage Marketing Corporation. • **RadioShack is being reimagined as an electronics convenience store**, reported the *Dallas Business Journal*. Leaving behind larger items like computers and cameras, the re-designed RadioShacks **will carry products like cell phone accessories** and other small items that consumers may not want to order from online retailers such as Amazon. • A nationwide study by the Private Label Manufacturers Association of consumers in the all-important **25 to 45 age group** indicates that these shoppers are **increasingly demonstrating loyalty to the stores they use for household grocery purchases.** • New smartphone app **wUp** is an intelligent alarm clock that allows you to set **the time you want to arrive at your destination**, enter the address and the alarm determines by itself the best time to wake you up. **If the traffic is too heavy, wUp wakes you up early** so you are not late, if traffic is free it lets you sleep a little longer. • Mexican food chain Chipotle has begun offering delivery for online and mobile orders in 67 cities, reported USA Today. ■

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## SEI News

### OPERATION: TAKE COMMAND FINAL THREE

The public, friends and relatives of 10 military veterans competing for a 7-Eleven store somewhere in the U.S. cast more than 30,000 votes in SEI's national Operation: Take Command competition that ended

March 29 with the selection of the top three vote-getters. The finalists are Salil Gautam of Chesapeake, Va., Robert Kemna from Miami, Fla., and Mark Anthony Page of Granbury, Texas. The three were flown in late at the end of April, all expenses paid, to interview with SEI President and CEO Joe DePinto, who will make the final selection.

Collectively representing all branches of military service, more than 1,700 veterans and soon-to-be vets applied for the competition that ran from Veterans Day last November through January 25. 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. As promised, SEI will contribute \$1 for every vote cast—\$30,110—to Hire Heroes USA, a nonprofit organization that works with transitioning service members, veterans and spouses from military service into civilian success.

### 7REWARDS LOYALTY PLATFORM ADDED TO APP

SEI recently launched 7Rewards, an expanded customer loyalty platform that rewards customers with a free beverage for every six cups purchased, on its 7-Eleven mobile app. 7Rewards counts every 7-Eleven beverage—hot or cold—served in a 7-Eleven cup toward the seventh free. To participate in the new 7Rewards program, customers must use 7-Eleven's mobile app, available in the iTunes App Store or Google Play, and register as a member. In anticipation of 7Rewards, 7-Eleven updated its app to move the member's scannable barcode and digital punch card to the home screen for easier use. Every time a customer purchases a cup, the cashier will scan the barcode in the app, and a "punch" will automatically appear within the app. Each purchase earns a punch that shows up as a star icon in the app. After receiving six punches, or stars, a "You earned a free cup" notification appears in the app. The punch card process starts over once the free beverage is redeemed.



### 7-ELEVEN JOINS OTHER RETAILERS AGAINST HOT-FUEL DEAL

7-Eleven is among a group of retailers—which includes QuikTrip, Circle K, Kum & Go, Sheetz and Wawa—that have recently filed an objection over the terms of proposed settlements from long-running litigation involving "hot fuel," reported *CSP Daily News*. The settlements stem from a class-action lawsuit dating back seven years, in which plaintiffs charged that more than two dozen fuel retailers were shortchanging customers who purchased "hot fuel"—gasoline with higher volume caused by its higher temperature. The plaintiffs argued customers were paying a full gallon price for less than a gallon of fuel because these retailers did not have automatic-temperature-compensation (ATC) devices installed at the pump.

More than two-dozen fuel retailers had settled on the case, and from them emerged three different settlement groups. The objection filed by 7-Eleven and the other retailers claims one big problem with the settlements is the fact that consumers would get none of the payments—nearly two-thirds of the money will go to fuel wholesalers and retailers. The retailers also claim the payments going into a fund for weights and measures agencies is especially problematic because, since no states yet approve of ATC for motor-fuel retail sales, the fund would influence regulators who might be opposed to ATC to change their positions in favor of legislation approving its use to receive the money.

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TRY NEW!



## DELICIOUS BLENDS OF VEGETABLES

— WITH A TOUCH OF FRUIT —

- 1 serving of vegetables† • 60 calories or less per serving
- 75% juice & 25% pure water with no sugar added
- excellent source of vitamins A, C & E



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SLIN UIN  
245669 | 201095



SLIN UIN  
244715 | 201111

† 1 serving of vegetables = 1/2 cup of vegetables per day

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## Member News

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### SEI News

#### TEXAS 7-ELEVEN SELLS \$1.49 GAS

A 7-Eleven store in Round Rock, Texas offered gasoline for \$1.49 per gallon on April 2 to celebrate the recent installation of Wayne Ovation Fuel Dispensers. Wayne Fueling Systems—a global provider of fuel dispensing, payment, automation, and control technologies for retail and commercial fuel stations—teamed with SEI for the event. The gasoline discount, which was sponsored by Wayne and available to the first 100 guests, and in-store specials were part of the day's activities. The 7-Eleven store and gas station is located less than two miles from Wayne's corporate headquarters and is considered the company's flagship fueling site.

#### BYO CUP SLURPEE DAY

7-Eleven kicked off Slurpee season on April 11 with Bring Your Own Cup Day. Slurpee lovers were invited to bring their own cups—carafes, beakers, goblets, jars or anything else that could even remotely be considered a cup—to their participating neighborhood 7-Eleven store be-



tween 11 a.m. and 7 p.m., and fill it with their favorite Slurpee flavor. The cost to fill the Slurpee "cup" of choice, regardless of size, was \$1.49, the average cost of a medium Slurpee drink. The cup, though, had to fit upright through an in-store display with a 10-inch-diameter hole. This was the first time BYO Cup Day has been held in the United States, although 7-Eleven stores in Australia, Canada, the Philippines and Malaysia have held BYO Cup Days in the past.

7-Eleven's Greater Detroit market—which extends up to the Bay City, Midland and Saginaw region—led the na-

tion in sales on the promotional day, reported MLive.com. "The Greater Detroit market was No. 1 for Bring Your Own Cup Day sales, nearly doubling the next closest sales geographic area," a company spokesperson told the news outlet.

#### MICHIGAN & OHIO STORES OFFERING REDPOP SLURPEE DRINK

SEI and Faygo Beverages recently announced an exclusive partnership to release the long-demanded combination of their flagship products—the Faygo Redpop Slurpee drink. The beverage has been available at more than 300 7-Eleven locations across Michigan and Ohio since March. "We want to bring our customers the local products they love and grew up with," said Nancy Smith, 7-Eleven senior vice president of fresh foods and proprietary beverages. "Redpop is a long-standing hometown favorite because it's what they love and crave."

"Redpop has been the most popular flavor in Faygo's history, so how do you improve on that?" asked Al Chittaro, executive vice president of Faygo Beverages, Inc. "We've been getting requests from Faygo fans for years to mix up their favorite flavors in an ice-cold Slurpee, and now, together with 7-Eleven, we can bring out the best of the best." **AV**



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Sweet Relish  
12.7 oz.  
SLIN 210731



2/\$5 Heinz  
Yellow Mustard  
14 oz.  
SLIN 211193

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Order starting June!



ALL  
COOKOUT  
ITEMS  
IN ONE  
PLACE.

# VENDOR FOCUS

## Mentos/Airheads Sweet Summer Downloads

Perfetti Van Melle has launched a new promotion to help boost sales of Mentos and Airheads. When consumers buy any two Mentos or Airheads products they can visit the Sweeter.HipRewards.com website to upload an image of their purchase receipt. Based upon their purchases, the consumer is given credits to download music, movies, games, and have a chance to win one of 50 grand prizes. All Mentos and Airheads products are eligible for this promotion. Digital, mobile, and social media advertising will drive consumers to your stores, so stock up now! The download website will remain live until November 30, 2015. The grand prize promotion runs from May 1 to July 31, 2015. Order Mentos/Airheads to offer this promo!



Perfetti promo rewards customers who buy two Mentos or Airheads products.

tail price of \$2.99, the Melt sandwiches were, "in development for almost a year, during which every ingredient, each recipe, even the packaging was researched, sourced, tested and, if necessary, refined to improve taste and quality," SEI said in a released statement.

The ingredients for each:

- **Italian Melt**—Genoa salami, pepperoni, premium sliced ham, provolone cheese, pepperoncini

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## KELLOGG'S UNVEILS NEW SNACK SENSATIONS

Attract more snack customers to your store with these new items from Kellogg's. For more information on any of the products, call 877-511-5777 or visit [www.kelloggsconvenience.com](http://www.kelloggsconvenience.com).



### Cheez-It Grooves

New Cheez-It Grooves are thin delicious crackers with grooves for a crispier eating experience. With two flavors—Zesty Cheddar Ranch and Sharp White Cheddar—Cheez-It Grooves offers a unique texture and crunch that separates this snack from typical potato chips. Cheez-It Grooves are made with 100 percent real cheese.



### Cheez-It Crunch'D

New Cheez-It Crunch'D are puffed snacks made with 100 percent real cheese. Available in two flavors—Cheddar Cheese and Hot & Spicy—Cheez-It Crunch'D offers a new way to satisfy cheese lovers. Both are available in 2-oz. bags in 6-ct. cases.

## Pringles Tortilla Crisps Zesty Salsa

Kellogg's introduces Pringles Tortilla Crisps Zesty Salsa. This new snack adds a tasty zip of salsa flavor to the authentic corn taste of Pringles Tortilla Crisps. Also available in Truly Original, Nacho Cheese, and Southwestern Ranch flavors.

## Pringles With Dip

Offer consumers a new way to enjoy Pringles crisps, with on-trend dip flavors. New Pringles with Dip are on-the-go, single serve snacks that combine Original flavor Pringles with a cup of Creamy Ranch, Jalapeno Cheddar or Honey Dijon Dip wrapped on top of the can. Exclusive to c-store, they offer a whole new way to build your salty snacks set. Available in 12-count cases.



New to-go  
Melt Sandwiches  
respond to consumer demand  
for sandwich offerings.

New products and services for 7-Eleven Franchisees



continued from page 93

peppers and creamy Italian sauce on artisan, herbed ciabatta roll.

• **Chicken Bacon Ranch Melt**—Sliced chicken breast, smoked bacon strips, cheddar cheese and ranch sauce on a tender artisan Italian bun.

According to a study released last year by the U.S. Department of Agriculture, approximately half of all Americans over the age of 20 eat at least one sandwich each day. A December 2014 NPD/Crest study ranks sandwiches highest in menu importance for food-service providers. Like its fresh bakery goods and cold sandwiches, the Melt sandwiches are made fresh daily in local kitchens and delivered daily to stores.

## Exclusive Coca-Cola Dude & Diva Cans

Are you a Dude or a Diva? Be sure to check out the exclusive Coca-Cola 16 ounce Share a Coke with a Dude, Share a Coke with a Diva can, coming to 7-Eleven stores at the end of June. The new 16 ounce Coca-Cola can features a mustache on one side, lips on the other, and “Dude” and “Diva” appear when the can gets cold. These exclusive cans will drive traffic, social sharing and generate excitement with your guests—especially millennials. Don’t miss this great opportunity in your stores during P4, from July 1 until September 1, or while supplies last.



New Coca-Cola 16 ounce Dude & Diva cans, available from July 1 to September 1.

## Vital 4U Fiber

New Vital 4U Fiber offers customers convenient and fast-acting digestive support in a compact, ready-to-drink pouch. This groundbreaking new formula contains 3 grams of healthy prebiotic fiber per serving and only 1 gram of sugar. Vital 4U Fiber is the only ready-to-drink, non-temperature controlled liquid for customers in search of fast digestive relief, and is

Vital 4U Fiber—convenient and fast acting digestive support.



**Tic Tac Spearmint Mix is the latest Tic Tac flavor offering with a unique dual mint combination, a mix of both mild and intense spearmint flavors. Both smooth and refreshing, this flavor extension is available in the iconic Tic Tac packaging with an SRP of \$1.39 per 1 oz package.**



## VENDOR FOCUS

packaged in a space-saving 12-count counter display. Vital 4U Fiber is ideal for the wide range of customers looking for immediate relief of stomach pain and discomfort caused by a poor diet.

## Try Your Luck With Doritos Roulette Tortilla Chips

Introducing Doritos Roulette Chips, a game of chance in every handful.

Every chip looks the same, but approximately one out of every four chips is ridiculously hot!

Millennials need snacks that will disrupt the monotony of the day, and Doritos is the #1 Brand! Doritos Roulette Tortilla Chips launched in Canada in Summer 2014 and is outperforming the 2012 Doritos Jacked Tortilla Chips launch, which was previously the largest innovation launch in brand history. SRP for Doritos Roulette Tortilla Chips is \$1.49. Special “Buy Any Slurpee, Get Any \$1.49 Doritos for \$1” campaign will help promote the new flavor.



One out of every four chips is ridiculously hot.

## Swisher Sweets Mini Cigarillos Add Tastes Of The Tropics

Swisher Sweets introduces its new Finest Fusion Mini Cigarillos with two tropical tastes—Tropical Storm and Island Bash. These new tastes are available in a redesigned pouch that’s both short and sweet—just like the mini cigarillos, which are perfect for a quick smoke break.

Tropical Storm Mini Cigarillos have a refreshing blend of citrus and raspberry, and Island Bash Mini Cigarillos are a fusion of fruit



Swisher Sweets Finest Fusion Mini Cigarillos Tropical Storm and Island Bash “Buy 2 Get 3.”

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# HOOKED AT FIRST SIP.

## SPRING SALES PLANNER FREE FILL

### SPRING SALES FREE FILL FOD 3-30-15



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continued from page 94

### NEW SNACK PRODUCTS FROM INVENTURE FOODS

Inventure Foods has released new snacks that will help kick up sales and profits.

#### Nathan's Famous Beer Battered Onion Rings



Beer Battered Onion Rings mirror the flavor on the restaurant's menus.

and 3.5-ounce bags with a suggested retail price of \$1.99 - \$2.49 per package.

Onion-flavored snacks have been a favorite flavor among consumers for some time and the flavor trend is increasing. The new onion ring snack mirrors the Beer Battered Onion Rings found on the restaurant's menus. Nathan's Famous Beer Battered Onion Rings provide a crispy, crunchy onion snack that looks and tastes like the real thing as a result of a proprietary extruded process that is baked instead of fried. The result is a light, yet hearty onion ring snack with only 140 calories per serving. Additionally, the snack is gluten free with zero trans fat.

#### Boulder Canyon Sweet Vidalia Onion Kettle Chips

Inventure Foods, Inc. has developed the first potato chip flavoring to be made with sweet onion puree from real Vidalia onions. The resulting chip, Boulder Canyon Sweet Vidalia Onion Kettle Chips, is a premium, crunchy kettle-cooked potato chip that perfectly balances between sweet and savory flavors. Boulder Canyon Sweet Vidalia Onion Kettle Chips have a retail price of \$3.49 - \$3.99 per 6.0-ounce bag, and are minimally-processed using only real food ingredients. In addition, they are



Sweet Vidalia Onion Kettle Chips from real Vidalia onions.

Sweet Vidalia Onion Kettle Chips contain no artificial flavors, colors or preservatives. In addition, each one-ounce, 140 calorie serving is cholesterol-free, gluten-free and certified Kosher.

#### Vidalia Brands Zesty Ranch Sweet Onion Petals



Zesty Ranch Sweet Onion Petals—just the right amount of herb-spiced ranch dressing and pepper spice.

Inventure Foods, Inc. has expanded upon its licensing agreement with Vidalia Brands, the Georgia onion brand known for great-tasting sweet onions, with the debut of Zesty Ranch Sweet Onion Petals. Available in 1.35 and 2.25-ounce bags with a suggested retail price of \$1.00 - \$1.99 per package, the Zesty Ranch Sweet Onion Petals, with the addition of ranch seasoning, offer a new spin on the snack line's original Sweet Onion Petals variety. The snack sticks' signature sweet onion flavor comes from real Vidalia onion puree. The natural sweetness is complemented by an herb-spiced ranch dressing that offers just the right amount of pepper spice. The result is a delicious, flavorful crunch with each bite.

Zesty Ranch Sweet Onion Petals are baked, gluten-free and feature zero trans fats. In addition, they are naturally 30 percent lower in fat than traditional potato chips and feature 130 calories per serving. The new Zesty Ranch Sweet Onion Petals join the existing line of Vidalia Sweet Onion Petals, Sweet Vidalia Onion Kettle Chips, Sweet Vidalia Onion BBQ Kettle Chips and Sweet Potato Fries.

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GLUTEN FREE • WHOLE GRAIN  
NO ARTIFICIAL FLAVORS • NO ARTIFICIAL PRESERVATIVES  
NO ARTIFICIAL COLORS • ZERO GRAMS TRANS FAT  
**P4 (7/1-9/1) 2/\$4 PROMOTION;  
FULLY FUNDED SCAN**



Kettlecorn 4 oz. SLIN #300917
Bag UPC Code
1 81972 00051 6
Case UPC Code
10181972000513
Movie Theater 3.5 oz. SLIN #303748
Bag UPC Code
8 43571 00019 8
Case UPC Code
20843571000192
Aged White Cheddar 3.5 oz. SLIN #303636
Bag UPC Code
8 43571 00053 2
Case UPC Code
10843571000539
FIT Sea Salt 2.1 oz. SLIN #303347
Bag UPC Code
8 43571 00490 5
Case UPC Code
10843571004902



Please contact your local sales representative for more information.  
1-800-707-4444 • [www.popcornindiana.com](http://www.popcornindiana.com)



## VENDOR FOCUS

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punch and watermelon. These Finest Fusion Mini Cigarillos join the Swisher Sweets Mini Cigarillos line—Original, Blueberry and Grape—in a redesigned, resealable 3-count foil pouch. All of the Mini Cigarillos are available in “Buy 2, Get 3.” For more information and to place your order today, contact your Swisher representative at 1-800-874-9720.

## PROCTER & GAMBLE VALUE ITEMS OFFER BIG SALES OPPORTUNITES



Put these top-selling Procter & Gamble items on your shelves and watch your sales grow!

### Clearblue Easy Pregnancy Test

While many women think they must see their doctor for accurate pregnancy results, the truth is Clearblue Pregnancy Tests are as accurate as a doctor's urine test. No tests are more accurate—all Clearblue Pregnancy Tests are over 99 percent accurate when used from the day of an expected period.

### Always Pantliners

From the number one-selling femcare brand, Always Pantliners give women a fresh feeling all day, every day. Always Thin Dailies pantliners are thin and comfortable, designed to feel like fresh underwear so they can be worn every day.



### Venus Embrace Razors

Venus razors hugs every curve to get virtually every hair ... and even shave bikini hair. The results are beautiful legs, an ultra-close shave and unsurpassed Venus smoothness. It includes a protective ribbon of moisture for smooth glide, a sleek handle with enhanced grip, an in-shower razor holder, and easy-to-change cartridges.



### Oral B Healthy Clean Toothbrush

Oral-B's Pro-Health Gentle Clean Toothbrush has extra soft CrissCross bristles to provide gentle but powerful cleaning. Extra soft bristles bend and flex easily at the gum line for gentle cleaning, while still removing up to 90 percent of plaque from hard-to-reach areas.



### Charmin Basic

Charmin Basic bathroom tissue holds up at a great everyday price. It's 2X stronger than the leading bargain brand when wet and customers can use up to 2X less. It's also clog-free or it's free.



## Johnson & Johnson Red Cross Brand First Aid Kit

Johnson & Johnson's new Red Cross Brand First Aid Kit is small but perfect for any minor emergency that comes up. The kit, which includes a plastic case and 70 pieces, fits very easily in vehicle compartments and contains 46 assorted Band-Aid adhesive bandages; six antiseptic wipes; four Tylenol Ex-Strength caplets; two Motrin IB caplets; four Band-Aid antibiotic ointments with pain relief; and eight soft-gauze bandages.



Johnson & Johnson Red Cross Brand First Aid Kit is 15 percent off per unit via McLane VTS.

The current deal is 15 percent off per unit via McLane VTS (expires June 30). The deal price is \$3.25 excluding upcharge. Suggested SRP is \$6.39 and GP is 49 percent.



## VirMAX Natural Performance Supplements Thrive

Recent bans and warnings by the Food & Drug Administration and several state regulatory agencies have resulted in the removal of more than 25 male enhancement products from retail shelves. This is good news for VirMax performance supplements, and should be good news for c-store chains as well. VirMax is

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# FOLLOW THE LEADER



## NEW ITEMS



Zingers Devil's Food  
SLIN 171133



Coffee Cakes  
Cinnamon Streusel  
SLIN 171270



Twinkies Chocolate  
SLIN 176243



Zingers Vanilla  
SLIN 171259



Twinkies Original  
SLIN 175407



Donettes Crumb  
SLIN 174346



Zingers Raspberry  
SLIN 171160



Snow Balls  
SLIN 171245



Donettes Frosted  
SLIN 174320



Donettes Devil's Food  
SLIN 171269



HoHos  
SLIN 171072



Donettes Glazed  
SLIN 171374



Donettes Powered  
SLIN 171248



Ding Dongs  
SLIN 171161



Cup Cakes Orange  
SLIN 171343



Cup Cakes  
Frosted Chocolate  
SLIN 175408

# ORDER TODAY!





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made in the USA by Natural Products Solutions, LLC, and has enjoyed a challenge-free reputation with consumers and regulators for 15 years.

VirMax is now on shelves in more than 40,000 retail locations across the country and continues to experience double-digit growth in food, drug, and mass-merchandise channels. As c-store counter space opens up, VirMax is ready and profitable with 4 clinically proven per-

formance formulas: VirMax 8-hour, VirMax T (testosterone), VirMax for Her (response booster) and VirMax E energy enhancement for exercise and workouts. VirMax is packaged for c-stores in 2-pill cards packaged on 12-count pop-up display cartons. For more information contact your Kretek sales representative at 1-800-358-8100, or email salesinfo@kretek.com.

continued on page 102

## VENDOR FOCUS

### Tap Into the Sales & Profits Of Nestlé Waters Brands

Boost your summer sales with Nestlé Waters Case Packs and Single-Serve Bottles. Nestlé Waters Case Pack Brands own 55 percent share and are growing at +16.3 percent nationally. Thirty-eight percent of shoppers require BRANDED bottled water. In 7-Eleven stores, no brand equals the turns and profit of Nestlé Waters Brands, so take advantage of these special promos to increase gross profits.



#### Nestlé Waters New Size Promo

Regional Spring Water Brands 1.5L are 2 for \$3 from May 6 to June 30. This offer generates a GP of 54 percent. Regional Spring Water 1.5L is growing at +17 percent at 7-Eleven. The Top Performing Stores reach above +27 UPSD. Place in the cold vault according to schematic, or add to a warm shelf.

#### 7-Eleven Exclusive Perrier Green Apple Hot Promo

A special Perrier Green Apple promo for 7-Eleven stores only—2 for \$2.22! This promo has a GP of 50 percent and runs from May 6 to June 30. Perrier is the natural premium drink for social adults looking for ultimate refreshment free from artificial ingredients and sugar. Perrier is selling at 5.1 units per store day and 80 percent distribution on promotion. The c-store Sparkling Segment is up 26.7 percent YTD, and growth was mainly driven by strong gains in Perrier with 63.3 percent share, growing 34.2 percent.



#### Nestea Re-Launch Promo

To celebrate the re-launch of Nestea, Nestlé Waters is offering a 2 for \$2 and Free Bottle promotion from May 6 to June 30 (55 percent GP). The Free Nestea Offer will be available via the 7-Eleven smart phone app. Nestea, which will be available in a new 23 ounce re-sealable bottle, has 93 percent brand awareness and is the #1 most consumed non-water beverage in the



world. The promo will be supported by a huge national media campaign, reaching 210 Markets with 1.1 billion impressions!

#### Nestlé Waters Single Bottle Promo

Regional Spring Water Brands Single Bottles are 2 for \$2 until November 3. This offer has a GP of 58 percent and will be supported by a strong advertising and media campaign. At 7-Eleven Regional Spring Water 2 for \$2 1-Liter deals have a +90 percent take-rate and sales average of 22 units per store day.



#### Nestlé Waters Case Packs

Display Nestlé Pure Life and Regional Spring Water Brands for maximum profit potential. Nestlé Waters Brands are 43 percent of share at 7-Eleven. Regional Brands are \$30 million in sales at 7-Eleven and are growing at 24 percent. Nestlé Pure Life retails for \$3.99 and the Regional Spring Water Brands retail for \$4.99 all calendar year.



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**

\*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. Extra Strength 5-hour ENERGY® shots contain caffeine comparable to 12 ounces of the leading premium coffee. Limit caffeine products to avoid nervousness, sleeplessness, and occasional rapid heartbeat. See www.5hourenergy.com for more details. 7-ELEVEN is a registered trademark of 7-Eleven, Inc. ©2015 Living Essentials Marketing, LLC. All rights reserved.

**Exclusive for**



## New Peach-Mango 5-hour ENERGY® shot

**You like 5-hour ENERGY®. 5-hour ENERGY® likes 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.
- Allow three to four weeks for delivery from 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



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## Coke's Fairlife Milk: Superior Nutrition

Fairlife Ultra-Filtered Milk has 50 percent more protein, 30 percent more calcium, and 50 percent less sugar than ordinary milk, and it's lactose free! The milk flows through soft filters to concentrate the natural goodness, like protein and calcium, and filter out the sugars. This way only delicious, nutrient-rich, good-for-you milk with a powerful combination of protein and calcium gets bottled. Believe in better milk. Your customers will love it!



Great tasting Fairlife Ultra-Filtered Milk contains a powerful combination of protein and calcium.

## Cold Stone Creamery Milk Shakers Wins Vending Award



Award-winning Cold Stone Creamery Milk Shakers flavor Chocolate Fudge Brownie.

Steuben Foods announced that its Cold Stone Creamery Milk Shakers flavor Chocolate Fudge Brownie was recently recognized by *Automatic Merchandiser* magazine as the Cold Beverage of the Year for 2015. This brand is carried in about a quarter of the 7-Eleven locations nationwide. Cold Stone Creamery Milk Shakers represents Steuben's first licensed product. Its namesake, Cold Stone Creamery, is a 1,100-location super premium ice cream franchise that has become internationally synonymous with indulgence.

Building upon the Cold Stone Creamery equity, the Milk Shakers line—which

continued next page

## NEW PEPSI BEVERAGES TO ENHANCE YOUR BEVERAGE SALES

Pepsi has introduced beverages that will help increase summer sales!

### STARBUCKS DOUBLESOT COFFEE & PROTEIN

New Starbucks Doubleshot Coffee & Protein gives you the lift from coffee and the power of protein. Starbucks thoughtfully crafted the new Doubleshot Coffee & Protein blend to deliver delicious coffee with the added benefits of 20 grams of protein. This new product comes in an 11 ounce can and three delicious flavors: Vanilla Bean, Dark Chocolate, and Coffee.

Both protein and RTD coffee categories have significantly exceeded growth of LRB category over last 3-5 years and are projected to continue to outgrow LRB. As the #1 ready-to-drink coffee brand with 90 percent coffee share at 7-Eleven, Starbucks is perfectly positioned to drive that growth.



### AMP ENERGY RE-LAUNCH

Energy drinkers are looking for more taste and flavor variety in energy drinks, and AMP Energy is addressing that need with a breakthrough re-launch. AMP Energy is re-launching with bold, new graphics and four new great tasting flavors, including two zero-sugar options. The AMP Energy new flavor-forward line-up will provide great-tasting, unique flavor experiences and will better address the needs of existing energy drinkers—and it'll bring new people to the category. AMP Energy is now available in: Original, Cherry Blast, Passion Fruit, Strawberry Limeade, Blueberry White Grape ZERO, and Watermelon ZERO. Plus, AMP Energy and Dale Jr. are making the launch especially big at 7-Eleven! Watch the June 14 race to see the 7-Eleven logo featured on Dale's car. Available to order May 4.

### MNT DEW BAJA BLAST & SANGRITA

This summer, Mtn Dew Baja Blast is back along with new Mtn Dew Sangrita Blast in a bold citrus punch flavor! Mtn Dew Baja Blast was the #1 Mountain Dew LTO ever, delivering 19 percent incremental growth to the Mountain Dew trademark. Mtn Dew Baja Blast sold 6 units per store per day, and stores with electric barrels sold even more with 10 units per store per day. Order Mtn Dew Baja Blast and Mtn Dew Sangrita Blast starting May 4.



### NEW LIPTON SPARKLING



The tea experts at Lipton are bringing you a delicious, lightly carbonated iced tea infused with smooth, crisp bubbles for a refreshing uplift. This mid-calorie product comes in three flavors: Raspberry, Peach, and Tea + Lemonade.

Lipton is the #1 tea brand globally and uniquely positioned to scale growth in a rapidly developing category. With Lipton's tea credentials plus light carbonation, this breakthrough innovation is perfectly positioned to capture your shoppers who are looking for better for you options with their meal or just a new tea experience.

continued from page

also features caramel coffee, vanilla and strawberry flavors—is aseptically manufactured for long shelf-life at ambient temperatures, and is packaged in a durable 12 ounce bottle. This makes the line particularly adaptable to changing lifestyles, as represented by its success in “on-the-go” channels.

## Share A Coke Returns

Coca-Cola has brought back one of its most successful U.S. programs of all time. “Share a Coke” swept the nation last summer, and as of mid-April Coca-Cola bottles across the country once again feature the names of millions of Americans. Back by popular demand, Coca-Cola has swapped out its iconic logo on 20-ounce bottles of Coca-Cola, Diet Coke and Coke Zero for 1,000 of the most popular names in the country—quadrupling the number of names featured in 2014.

In addition to 20-ounce bottles, store shelves and coolers will offer more ways for people to enjoy special moments—and a Coke—with friends and family. Coca-Cola, Diet Coke and Coke Zero logos will give way to group names like “Class of 2015,” “Team” and “Family” on 1.25- and 2-liter bottles, and 12-ounce cans will feature colloquial nick-



The “Share a Coke” campaign is back with more names and more packages.

names like “Sis,” “Bro,” “Better Half,” “Sidekick” and “Favorite.”

“Share a Coke” packaging also will extend to eight-ounce glass bottles and aluminum bottles, which will feature more nicknames like “Grad,” “Hero” and “Bestie,” as well as mini cans, which will feature nicknames and emoticons. Coca-Cola is supporting the “Share a Coke” campaign through a nationwide advertising and marketing campaign, including an 11-week flight featuring TV commercials, cinema ads, social and digital engagement and experiential engagements from coast to coast. **AV**

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

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

Did you know.....

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

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

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

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

**Contact:**  
To learn more contact **Tonya Leffall** or **Joe Praznik** at 1.800.527.9034

E-mail address: 7-ElevenFranchiseProgram@aon.com  
Fax #: 847-953-2100

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FOA BOARD MEETING DATES



**7-Eleven FOAC**  
Phone: 312-944-5392  
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  
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  
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  
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.  
June 4, 2015  
September 17, 2015  
November 19, 2015

**Northern California FOA**  
Phone: 916-782-4144  
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  
May 21, 2015  
June 18, 2015  
July 16, 2015  
August 20, 2015  
September 2015—General/Safety Meeting  
October 15, 2015  
November 19, 2015

**San Francisco/Monterey Bay FOA**  
Phone: 510-693-1492  
May 12, 2015  
June 9 2015  
July 14, 2015  
August 11, 2015  
September 8, 2015  
October 13, 2015  
November 10, 2015

**South Florida FOA**  
Phone: 954-465-6896  
May 20, 2015  
September 10, 2015  
November 5, 2015

**Southern California FOA**  
Phone: 626-255-8555  
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  
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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**HOLIDAY PARTY & TRADE SHOW**  
(location to be announced)  
November 6, 2015  
Phone: 847-971-9457

**FOA OF GREATER LA 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

**SAN FRANCISCO/MONTEREY BAY FOA HOLIDAY PARTY**  
(location to be announced)  
December 5, 2015  
Phone: 510-693-1492

**SOUTH FLORIDA FOA TABLE TOP TRADE SHOW**  
(location to be announced)  
December 5, 2015  
Phone: 954-465-6896

**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 OF GREATER LOS ANGELES & SAN DIEGO FOA 2016 TRADE SHOW**  
Pechanga Resort and Casino  
Temecula, California  
January 20, 2016  
Phone: 909-822-4122;  
619-713-2411



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Visit [stjude.org](http://stjude.org) to join our mission.





## FOA EVENTS

### FOA OF GREATER LA GOLF TOURNAMENT

Pelican Hill Golf Club  
Newport Coast, California  
May 6, 2015  
Phone: 619-726-9016

### SAN DIEGO FOA CHARITY GOLF TOURNAMENT

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

### SOUTHERN CALIFORNIA FOA TRADE SHOW

Pasadena Convention Center  
Pasadena, California  
May 20, 2015  
Phone: 626-255-8555

### SAN FRANCISCO/MONTEREY BAY FOA ANNUAL DICK NEWMARK CHARITY GOLF CLASSIC

Castlewood Country Club  
Pleasanton, California  
June 1, 2015  
Phone: 831-423-8497

### 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 CHARITY GOLF TOURNAMENT

Colorado Country Club  
Cheyenne Mountain Resort  
Colorado Springs, Colorado  
August 5, 2015  
Phone 719-233-9758

### ROCKY MOUNTAIN FOA TRADE SHOW

Hotel Elegante  
Colorado Springs, Colorado  
August 6, 2015  
Phone 719-233-9758

### 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: 626-255-8555

### TRISTATE FOSE ASSOCIATION CHARITY GOLF TOURNAMENT

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

## NCASEF BOARD MEETINGS

### NATIONAL COALITION BOARD OF DIRECTORS MEETING

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

### NATIONAL COALITION BOARD OF DIRECTORS MEETING

Sheraton Chicago Hotel and Towers  
Chicago, Illinois  
July 26-27, 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



### SAN DIEGO FOA VENDOR APPRECIATION EVENT

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

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



## NEW GUM!

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

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# Savor the journey.

*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. Ask for Djarum by name, and take a bold new step in the walk of life.*

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

[djarumcigar.com](http://djarumcigar.com)



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

WARNING: Smoking cigars causes lung cancer, heart disease, and emphysema, and may complicate pregnancy. This product contains chemicals known to the State of California to cause cancer and birth defects and other reproductive harm.

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