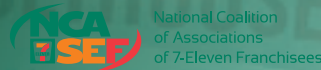




AVANTI



July/August 2015

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Problems With Our
Ordering System

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Pringles® Original with Dip Creamy Ranch	304186	252965
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Cheez-It® Crunch'd™ Cheddar Cheese	304679	229294
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40th
SINCE 1975
Anniversary
Chicago Style

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Member News

2014 C-Store Sales Reach Record High

U.S. convenience stores reached record in-store sales of \$213.5 billion in 2014, higher than overall industry sales in 1998, according to the NACS State of the Industry Report of 2014. Combined with motor fuels sales of \$482.6 billion, overall convenience store sales were \$696.1 billion. Among the in-store categories, foodservice drove profits, accounting for 33 percent of gross profit dollars. Packaged beverages were second, accounting for 18.9 percent of

gross profit dollars. While tobacco products constituted 37.6 percent of in-store revenue dollars, they accounted for only 18 percent of gross margin dollars.

A retailer sentiment survey released by NACS in June reveals that expanded fresh food offers and continued lower gas prices drove strong convenience store sales in the second quarter of 2015 and these factors—along with the warm weather—are expected to continue to grow sales in the third quarter. More than 4 out of 5 retailers surveyed (82 percent) said in-store sales were higher in the first half of 2015 compared to the first half of 2014, and a majority of retailers (55 percent) said fuels sales so far in 2015 are stronger than the same period in 2014. The convenience store industry sells an estimated 80 percent of the gas sold in the country.

continued on page 12

Foodservice drove c-store profits in 2014, accounting for 33 percent of gross profit dollars according to NACS.

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July/August 2015

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7-Eleven #1 On Top 100 C-Store List

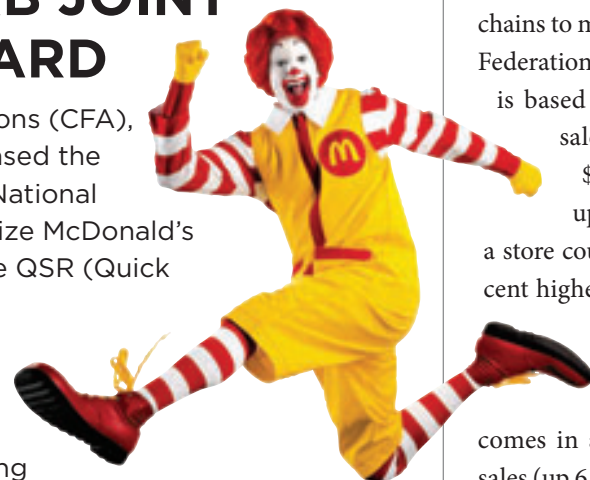
7-Eleven has retained its No. 1 spot on the Convenience Store News Top 100 Convenience Stores list, reported CSNews Online. The CSNews Top 100 is the industry's longest-running accounting of the largest convenience store chains by store count. The annual report is compiled in partner-

ship with TDLinX, a service of Nielsen.

Whereas in 2014 the top six companies retained their same spots year over year, only 7-Eleven this year stayed put. All the rest traded places, with Energy Transfer Partners LP making the most significant move, jumping up from No. 9 to No. 4 thanks to its acquisition of Susser Holdings Corp. and its 600 c-stores. Other big Top 100 movers this year include Alimentation Couche-Tard, which climbed from No. 4 to No. 2, and

CFA OPPOSES NLRB JOINT EMPLOYER STANDARD

The Coalition of Franchisee Associations (CFA), of which the NCASEF is a member, released the following statement in response to the National Labor Relations Board's efforts to unionize McDonald's employees and then all employees in the QSR (Quick Service Restaurant) industry:



"THE PROPOSED STANDARD IGNORES AND IMPERILS THE LIFE SAVINGS INVESTED IN FRANCHISED BUSINESSES BY HUNDREDS OF THOUSANDS OF FAMILIES."

"CFA opposes the changes to the joint employer legal standard being advocated by the National Labor Relations Board's (NLRB) general counsel. The proposed standard ignores and imperils the life savings invested in franchised businesses by hundreds of thousands of families. If franchisees are not the sole employers of their employees, they are not the owners of their own businesses. As a result, no lender will provide capital to people looking to achieve the American dream of owning a small business because they will not truly be the owner of that business.

"The NLRB general counsel's 'one size fits all' proposal ignores the economic realities of different labor markets throughout the nation and the need of franchise owners to design their own compensation and benefit packages in each market to compete effectively and retain the best employees.

"As such, CFA opposes the current standard being proposed by the NLRB and requests application of the current standards as set forth in the National Labor Relations Act."

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Marathon Petroleum Corp., which moved to No. 5 slot from No. 7 last year.

Regardless, 7-Eleven managed to keep its distinction as the largest convenience store chain in the U.S. for at least another year. With 8,124 stores, 7-Eleven leads No. 2 Couche-Tard in store count by a margin of 2,751 locations.

7-Eleven Among NRF's 'Top 100 Retailers'

7-Eleven is one of only two c-store chains to make it onto the National Retail Federation's Top 100 Retailers list, which is based on 52/53-week annual retail sales. 7-Eleven ranks #39 with \$11.3 billion in sales in 2014—up 2.4 percent from 2013—and a store count of 8,154, which is 0.8 percent higher than the previous year. The other c-store chain on the list, Circle K parent company Alimentation Couche-Tard, comes in at #81 with \$5.176 billion in sales (up 6.1 percent) and a store count of 4,044 (up 5 percent).

Michigan Franchisee First-Ever Slurpee Queen

A franchisee in Taylor, Michigan was recently crowned 7-Eleven's first-ever Slurpee Queen for selling the most icy drinks nationwide, reported the *Detroit Free Press*. "It feels really awesome," said Rani Singh. The 49-year-old Canton resident credits her success to her employees and customers, saying they are her first priority and key to her business. On average, Singh says, her store sells 375 Slurpees per day. In the summer months, the number is even higher at as many as 1,000 Slurpees per day.

continued on page 14

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SLIN 242375



Member News

continued from page 12



Southern California FOA members had a chance to have their picture taken with 7-Eleven, Inc. President and CEO Joe DePinto after their June 17 FOA meeting.

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Detroit is dubbed Slurpee Nation because it's the No. 1 Slurpee market in the U.S. and sells 3.5 times more Slurpees than anywhere else in the country. 7-Eleven estimates that more than 2 million Slurpees have been sold in Michigan during the month of July.

SEI Selling 25 Stores In 10 States

SEI has retained NRC Realty & Capital Advisors LLC to coordinate the sale of 25 gas stations and convenience stores, reported *The Herald-News*. The sale includes six locations in Virginia, three each in Colorado, Illinois, Texas and West Virginia,

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SKU# 241543

Ozarka® Brand
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SKU# 241516

Poland Spring® Brand
5-Liter 24-Pack
Deposit
SKU# 241502

Zephyrhills® Brand
5-Liter 24-Pack
SKU# 242373

Nestlé® Pure Life® Brand
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Non-Deposit
SKU# 242373

Poland Spring® Brand
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¹SOURCE: 7Exchange and Nielsen Jan. 1, 2014–July 11, 2014

²Source: 7Exchange YTD through May 31, 2015

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Deer Park® Brand
1-Liter

Ice Mountain® Brand
1-Liter

Ozarka® Brand
1-Liter

Poland Spring® Brand
1-Liter Deposit

Zephyrhills® Brand
1-Liter

Poland Spring® Brand
1-Liter Non-Deposit

³SOURCE: 7Exchange and Nielsen YTD 2015

⁴2014 7-CG Stats



Legislative Update



The Fight For Franchisee Rights Moves Forward

Jaspreet Dhillon, Board Member,
FOA of Greater Los Angeles, President, California Franchisee PAC

For the past several years, 7-Eleven storeowners in California have been hard at work with other franchisee groups in the state advocating for fair franchising legislation that would give small business owners more rights in dealings with their franchisors. Last year we came very close to having such legislation passed with SB 610.

This bill sought to reduce franchisors' strict authority under which franchisees operate their stores, as well as raise the standard for refusing to renew a

contract from "good cause" to "substantial and material breach of the franchise agreement." It successfully made its

way through the state Assembly and Senate, and we were almost certain it was going to pass, but Governor Jerry Brown vetoed the bill when it reached his desk because, as he put it, the measure was "too broad."

In his veto message, Gov. Brown stated, "It is in the best interest of all that a concerted effort be made to reach a more collaborative solution." And that's exactly what we have been doing for the past year—working with the franchisors' representa-

tives on terms acceptable to both sides and then visiting state lawmakers to gain their support.

The result is new legislation—the Small Business Investment Protection Act of 2015, or Assembly Bill 525. Among other things, the bill—also known as the "Franchise Bill of Rights"—would prevent franchisors from terminating franchisee contracts without good reason, saying franchisors cannot end nor refuse to renew an agreement unless the franchisee has failed

to "substantially comply" and was given time to correct the violation.

Under current state law, a franchisee's contract can be terminated for "good cause," which is basically anything under the sun that is legal. For 7-Eleven franchisees, this means SEI can breach you out of the system, and as we all know, there are 1,001 things SEI can breach us on. This bill will change that. In order for the franchisor to unilaterally terminate the franchisee, you have to be in substantial non-compliance of the agreement. This is the new statute moving forward.

We have been working with franchisors' representatives to amend the language of the bill so both sides are happy. The only reason they agreed to do this is we spent a great deal of time knocking on lawmakers' doors to convince them to support this bill. Once franchisors saw how much political support we gained, they decided to work with us so the legislation would at least be fairer to them, rather than work against us to defeat the measure. So each side contributed, with the agreement that the franchisors would not oppose the final version of the bill. The language of the bill has been clarified, and both sides sent a joint letter to the measure's authors—Assembly members Chris Holden (D-Pasadena), Bill Dodd (D-Napa), Scott Wilk (R-Santa Clarita) and Speaker Toni Atkins (D-San Diego)—informing them that this is what we agreed on, and asking that they move the amendment forward, which they did.

Thanks to the efforts of California franchise owners (7-Eleven and others), AB 525 now enjoys broader support from both Democrat and Republican lawmakers in Sacramento. The bill has already passed the Assembly and two Senate committees, and will return to the Senate in August after the summer recess. We are confident this time the bill will be passed and signed into law and serve as a precedent for other states to pass similar laws. ■

JASPREET DHILLON
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**7-Select Chicken Chile Verde & Beans
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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
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Legislative Update

Another California Franchisee Rights Bill Emerges

An Assembly bill currently making its way through the California legislature seeks to change the dynamic between corporate franchisors and their franchisees, possibly setting the stage for a national trend, reported the *Fresno Business Journal*. Supporters of the Small Business Investment Protection Act of 2015, or AB 525, say it will help strengthen California franchise law, making it more difficult for companies to terminate franchisees or remove them from ownership.

The bill would change the current standard for termination from “good cause” to “substantial non-compliance,” meaning a franchisee would need to have significantly violated a contract with the corporation before being dismissed. Such language is currently used in only a handful of states.

“Right now, we can be easily squeezed out of the system,” 7-Eleven franchisee and NCASEF chairman Serge Haitayan told the publication. “This bill will lay some ground rules and regulations. We don’t want to be at the mercy of the corporations.”

Last year, SB 610—which sought to level the playing field between franchisees and franchisors—successfully made it through the state Assembly and Senate, only to be vetoed by Gov. Jerry Brown when it reached his desk.

Fair Franchising Bill Introduced In PA

Several Pennsylvania lawmakers recently introduced legislation that would give franchise owners in the state more power in dealings with their franchisors. House Bill 1346, also known as the Fair Franchise Act, is currently making the rounds in the State Legislature and seeks to:

- Promote the compelling interest of the public in fair business relations between franchisees and franchisors.
- Protect franchisees against unfair treatment by franchisors, who inherently have superior economic power and superior bargaining power in the negotiation of the business.
- Provide franchisees with rights and remedies in addition to those existing by contract or common law.
- Govern franchise agreements, including any renewals or amendments, to the full extent consistent with the Constitution of the U.S. and the Constitution of Pennsylvania.

Lawyer Emails Threaten Visa, MasterCard Settlement



The discovery of a trove of emails between two opposing lawyers who are also close friends is threatening to scuttle a \$6 billion class-action antitrust settlement between Visa Inc., MasterCard Inc. and millions of merchants, reported the *Wall Street Journal*. The two lawyers—one represented MasterCard in the antitrust case while the other represented merchants—were colleagues at another firm early in their careers.

Lawyers representing roughly 100 big merchants—including Wal-Mart, Home Depot, and 7-Eleven—plan to unravel the three-year-old pact by arguing that the communication between them involved confidential information and resulted in the merchants getting inadequate representation.

States Target E-Cig Sales To Minors

Frustrated by the slow pace of federal action, state attorneys general are waging their own campaigns against the sale and advertising of e-cigarettes to minors, reported Reuters. More than a dozen AGs—including those in New York, California, Indiana and Ohio—are using new state and local laws to put pressure on the industry at all levels, from neighborhood vape shops to big tobacco companies. Much of the campaign so far has involved threats to sue violators or appeals to a company’s sense of responsibility, though some lawsuits have been filed, too. State actions have accelerated in the wake of government data released in April, which showed that teen use of e-cigarettes tripled in 2014 alone, making them more common for youngsters than tobacco.

\$15 Fast-Food Wage Approved By NY Panel

New York state’s fast-food wage board recently recommended raising the minimum wage for that industry to \$15 an hour by 2018 in New York City and by 2021 elsewhere in the state, reported the *Wall Street Journal*. The recommendation, which received

New York state’s fast-food wage board recently recommended raising the minimum wage for that industry to \$15 an hour.

continued on page 74

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¹Q. Research Consumer Test, May 2013
²Nielsen AOD Latest 52w W/E 8/16/14
*Final packaging is subject to change



The California Paid Sick Leave Mandate In Brief

Paul Lobana | President, Southern California FOA

As just about every businessperson in California knows, it is getting very expensive to do business in the state. As you are most surely aware, a minimum wage increase has been adopted by the Los Angeles City Council, going from \$9 per hour to \$15 per hour by the end of 2020. In addition to

this minimum wage increase, there is also a three-day per year paid sick leave rule the employer has to pay for.

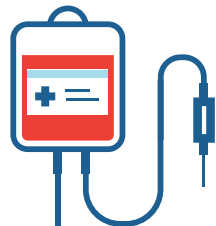
According to the new mandate in California, employers must begin to provide paid sick leave as of July 1, 2015. This law applies to all employees: full-time, part-time, exempt, and non-exempt. This new and additional

accrue a maximum of 24 hours per year, equivalent to three 8-hour shifts, hence the "three days." This sick leave time cannot be carried over to the next year. If the employee does not use this sick leave within the year accrued, he or she will lose these sick leave hours. All rehire employees will be credited with 24 hours (three days) upon rehire, less any sick leave hours they have already used in that same year.

The second option is called "Accrual," in which the employee will earn 1 hour of sick leave for every 30 hours of work. The employee can accrue in this way up to 48 hours per year. In this option the employee can carry over a maximum of 48 hours of paid sick leave into the following year. However, the written store policy can be adopted to limit the sick leave to a maximum of 24 hours per year if all the current employees undersign this written policy before the store officially adopts that policy. In this scenario, although the employer would be paying for 24 hours of sick leave, the payroll report would still show an accrual of the maximum of 48 hours per year. The written and signed store policy of 24 hours, however, would supersede that.

A copy of the "Notice to Employee" (Labor Code Section 2810.5), wage information, worker's compensation, paid sick leave has been posted on the 7-Help website.

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According to the new mandate in California, employers must begin to provide paid sick leave as of July 1, 2015.

increase in the cost of doing business will, of course, again increase the cost of virtually everything to the consumer. As is always the case in these types of matters, the "last guy in line pays," meaning the end user will end up paying more and more for everything they need, want or are forced by the government to buy. This all while the economy remains sluggish and profits for businesses that do business in California are steadily going down.

There are two options that can be adopted in paying sick leave.

The first is called "Front Load." In this option the employee will have three days of paid sick leave after 90 days of employment, which is irrespective of the numbers of hours worked. The employee can

There are two options that can be adopted in paying sick leave. The first is called "Front Load." The second option is called "Accrual."

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For the first time in decades, **McDonald's plans to close more restaurants in the U.S. than it opens** this year, reported the Associated Press. • **Hostess Brands** is expanding into bread and rolls, targeting sales in drug stores and convenience stores that also carry the company's **Twinkies** and other sweet goods, reported *Baking Business*. • **Wal-Mart's Neighborhood Market** plans to amp up its competition against traditional grocers by offering a wide variety of grocery items at Supercenter prices in more accessible locations, reported *Business Insider*. • **Union officials in Los Angeles are fighting to be excluded from minimum wage rules** they have lobbied to put in place, reported *The Guardian*. The Los Angeles city council is set to vote on a union-backed clause to its **\$15-an-hour minimum wage bill** that would exempt workers covered by a collective bargaining contract. • The first government-approved **drone delivery** has successfully transported medical supplies to a rural health clinic, reported *The Guardian*. During the test the drone made three flights from Lonesome Pine Airport, Virginia **to the clinic at the Wise County Fairgrounds, carrying 24 medical packages**. • According to a new study by Market Force Information, 69 percent of motorists said they refueled at a gas station or convenience store on their most recent trip to the pump, while 31 percent went to a grocery, wholesale club or big-box chain. • **Raising wages to \$15 an hour for fast-food restaurant employees would lead to an estimated 4.3 percent increase in prices** at those restaurants, according to a recent study by Purdue University's School of Hospitality and Tourism Management. • Same-day delivery company **Deliv** recently announced it

continued on page 32

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Looking Beyond The 100 Days Of Summer

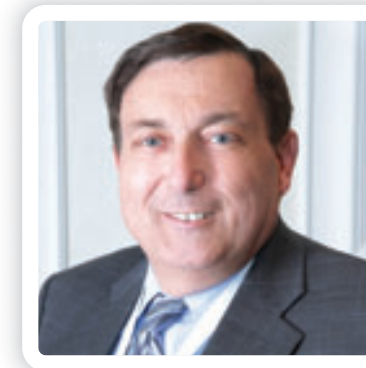
BY JOE GALEA, EXECUTIVE CHAIRMAN, NCASEF

This year we have all enjoyed increased sales and profits thanks to some unexpected great weather. Since the beginning of the year we have been able to reap the benefits of warmer temperatures and sunny skies, and during that time create some net worth in our stores that will hopefully help carry us through the winter months, our slower selling season of the year. Looking ahead, the weather experts are predicting we may have the worst El Niño in 85 years this winter, which is going to translate into extreme weather conditions and possibly a bigger decrease in sales for us—more than we would experience during a normal winter.

This could probably start in November and carry through until April, so we're looking at a six-month window where our finances are going to be very restricted and we will not be able to enjoy the additional sales nor profits we've generated from this year so far. On top of this, there are other factors looming in our future that have the potential to adversely impact our winter season numbers.

said they are going to single coverage over the winter months, which is not good for the store or the guests. However, there are many other ways we can prepare our stores to get ready for the weather and wage adversities coming our way.

While raising retails appears to be the most popular knee-jerk reaction to increased labor costs, there are other solutions available to us that I believe are worth examining. One solution most commonly mentioned is getting the lowest possible cost of goods for our stores. We can raise



“We must be able to utilize our 15 percent more efficiently by communicating with regional vendors.”

One of the biggest is the minimum wage increases hitting cities and states across the country. Many of the increases kicked in this summer, while others will take affect beginning January of next year. Even if your area hasn't instituted a minimum wage hike, you may find that in order to maintain your current staff of good workers you might have to give them salary increases.

Make no mistake, we're all going to feel the pinch of these minimum wage hikes, which will inevitably impact how we staff

our stores. In talking to some franchisees in areas where the minimum wage has already gone up, some

the argument that in many cases, we are not able to obtain the lowest possible cost of goods for our stores. This is definitely something we need to look at, and urge our franchisor to pursue.

It the meantime, the franchise agreement gives us a 15 percent leeway from the 85 percent recommended vendor purchase requirement that allows us to reach out to our non-recommended suppliers. We can start to utilize this more efficiently by communicating with our regional vendor contacts to get additional products that can help increase our sales and profits. Make sure your store is fully stocked with those top-selling regional items your cus-

“Weather experts are predicting we may have the worst El Niño in 85 years this winter, which is going to translate into extreme weather conditions and possibly a bigger decrease in our winter sales.”

tomers want and need so your store becomes their go-to place for those products. Also, look for and take advantage of vendor promotions to get special deals that yield great margins and can help carry your stores through the slower winter months. Finally, as most of you already do when the 100 Days of Summer are over, reevaluate your staffing situation and make adjustments accordingly so you can get through the winter season with as low a payroll as possible.

This article is not intended to create a bleak picture of the next six to eight months, but rather to raise awareness so you can be ready. There's no better opportunity to start preparing for what's coming than now, and trying to get yourself aligned so that when the weather shifts and salaries rise you are in a better position to increase your gross profits and maximize sales.

Your franchisee leaders have informed SEI of the dilemmas we are facing this winter, and I hope they are reevaluating some of the costs with our suppliers to deliver the lowest possible cost of goods, which is actually part of our franchise agreement. I believe together we can pull through this and then next summer, and from the work that we put into it now, we will be rewarded with additional sales and profits. **AV**



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The Recent Updates In Accounting

BY JIVTESH GILL, EXECUTIVE VICE CHAIRMAN, NCASEF

We just came back from a very successful convention and trade show in Chicago, which many of you are no doubt still buzzing about. For the first time in many years SEI upper management attended the event, including President and CEO Joe DePinto, who came to the first day of the trade show and spent the afternoon with franchisees, taking pictures and listening to our concerns. It was great to have the corporate executive team there reaching out to franchisees. SEI Accounting and Asset Protection conducted a seminar during the convention and had booths at the trade show to answer franchisee questions and discuss our issues.

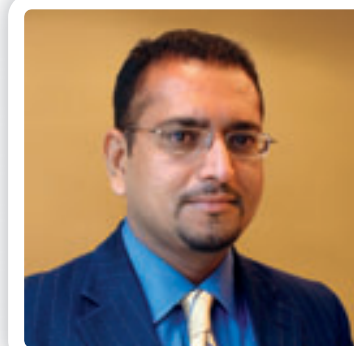
We had some excellent seminars throughout the convention, like the "State of the Coalition" with the NCASEF executive team and "Legal Talk" with Eric Karp. Both were very informative and provided franchisees with opportunities to speak directly with the NCASEF officers and legal counsel. SEI's Accounting seminar conducted by SEI Vice President and Controller Alicia Howell and Vice President Asset Protection Mark Stinde was also a highlight of the convention. They covered the latest developments in accounting and asset protection, two topics that are very near and dear to franchisees. They even held an open forum session during the seminar to receive comments and questions from the audience.

On August 18, after the convention, Alicia Howell brought the Accounting team to the Northern California United FOA meeting and provided an accounting update for the six northern California FOAs. Among the topics they covered was the creation of the Accounting Escalation

Desk, which allows franchisees to talk to live accounting staff if the resolution you received for your case is

"Huge enhancements to bill back reporting—Scan Back Daily, Scan Back Weekly and the Bill Back Recap Summary—will be available soon."

not satisfactory and does not address your concern. You can now call a number or send an email to communicate with someone and escalate the issue. This solution came about because many times accounting cases were getting closed without



"The Escalation Desk allows franchisees to talk to live accounting staff if your case is not resolved to your satisfaction."

proper resolution, which caused much frustration among franchisees. The Escalation Desk is now live, and its phone number and email are 1-844-711-0711 and Gm-customerservice-escalations@7-11.com.

Another topic covered was some of the changes that have been made to billbacks, which have always been confusing. There will be separate billback and scanback reports, and both will include the invoice dates, supplier info and include rate infor-



mation. The same information will be on MO1, which will make it simpler to co-relate and reconcile MO1 and billback

and scanback reports. The changes in billback and scanback daily and weekly reports will be available by the end of September, and will make it easier for us to track what's happening at the store and what's coming in as money back.

They also revealed that the Accounting Department is developing a new software system that will allow for more flexibility. The present accounting system is built on a very old platform, which is very restrictive on what you can and cannot do. The new system being developed, called ASI 2, will provide better flexibility and improved reporting, and is expected to be rolled out in 1st quarter 2017.

One of the most important issues discussed was the need to have all McLane BT ordering windows open for 48 hours. Presently, the ordering windows for some of the categories close after 12 hours or the day you receive your McLane order so you don't get the opportunity to add to your order, which creates many issues for franchisees.

In meetings with management we requested that the ordering windows for all categories be open for 48 hours. It's a huge request, but it will simplify our ordering. In light of the minimum wage increases impacting how we schedule our employees, this will allow stores the flexibility to order when it's most efficient to do so.

These are some of the accounting system enhancements that we've been seeing,

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Recent Updates In Accounting... continued from page 27

and the latest update from Alicia Howell's convention seminar and our most recent meeting with Accounting. We hope to continue to work with Accounting in a collaborative way.

I can't end this article without thanking all of the franchisees who took time from their busy schedules to attend the convention and help us celebrate the NCASEF's 40th anniversary. I would also like to extend a special thanks to all the vendors for their

generous support of the event, which is greatly appreciated, and to SEI's executive team for their participation. Last, but by no means least, I would like to recognize the NCASEF Convention Committee for all of their hard work and dedication to making the convention a success. We've already started planning next year's convention, which will take place in Las Vegas, and we hope to see you all there. More details will be available soon. **AV**

“One of the most important issues discussed was the need to have all McLane BT ordering windows open for 48 hours.”

Having issues in your area? Want to talk?



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

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

- Jas Dhillon, East Coast, Chicago, Kansas, Florida
jasdhillon@rocketmail.com
818.571.1711
- Serge Hattayan, Seattle and Midwest
sergez@comcast.net
559-355-4899
- Hashim Syed, California
hj.syed@gmail.com
847-293-8551
- National Office
nationaloffice@ncasef.com
831-426-4711

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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.

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

E-mail address: 7-ElevenFranchiseProgram@aon.com
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(Source: IRI MUO \$ Sales, 12 wks ending 3/22/15)

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* 7-exchange, YTD through May 2015

Settlement Terms Of DVR Lawsuit Finalized

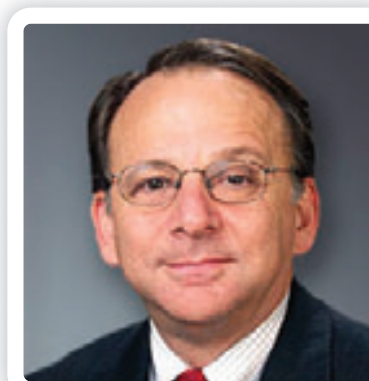
ERIC H. KARP, ESQ., GENERAL COUNSEL TO NCASEF

In May 2014 National Chairman Joe Galea, Executive Vice Chairman Jivtesh Gill and the other members of the NCASEF Executive Team filed a lawsuit in the United States District Court for the Eastern District of California against SEI for breach of contract, conversion, and declaratory judgment involving the new video monitoring equipment installed in franchisees' stores. The system is commonly referred to as the DVR System. The lawsuit was filed by Dady and Gardner, of Minneapolis.

Over the course of 2014, settlement discussions were ongoing and an agreement in principle reflected in a Term Sheet was reviewed and approved by a vote of the National Coalition Board held in Dallas in December 2014. John Holland of Dady and Gardner was present to explain the agreement in principle in great detail. Following that meeting, the attorneys began the process of creating settlement documents, during which there were extensive negotiations over the specific language of the documents. Working with outside counsel, my goals were to make sure that the agreements were as protective of franchisees as possible, to provide as much limitation on the use of the DVR System as could be obtained, and to prevent SEI from unilaterally changing those terms and conditions.

During my July 31 Legal Talk at the 2015 National Convention, I provided attendees with a PowerPoint presentation that included the essential elements of the settlement. In this article, I will provide more detail.

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"The agreement defines 'Remote Recording' as historical images sourced from the DVR System and does not include images viewed in real time."

System and Monitoring Agreement will be kicked off by a joint letter signed by Joe DePinto and Joe Galea, explaining the agreement and urging franchisees to join in the settlement by executing the new document.

Second, there is the New Security System and Monitoring Agreement. The agreement defines "Remote Recording" as historical images sourced from the DVR System and does not include images viewed in real time. The agreement also refers to "Live Remote Access Viewing," which is defined as all images sourced from the DVR System in real-time. The use of both Remote Recording and Live Remote Access Viewing are substantially limited under the terms of this agreement.

Remote Recordings can only be used for the following:

- For training purposes, but only if SEI obtains your prior written approval.

continued on page 32

ments of the settlement. In this article, I will provide more detail.

The settlement documents are twofold. First, there is a Final Settlement Agreement and Release, which is a contract between the named plaintiffs in the lawsuit and SEI. This agreement contains a mutual release of claims, a provision requiring each party to pay their own legal fees, the form of new Security System and Monitoring Agreement to be signed by all franchisees, and a provision stating that the settlement is not effective until 90 percent of the franchise stores have executed the new Security System and Monitoring Agreement.

SEI and the National Coalition have agreed that the process of securing signatures by franchisees on the new Security System and Monitoring Agreement.

SEI and the National Coalition have agreed that the process of securing signatures by franchisees on the new Security System and Monitoring Agreement.

"The agreement also refers to 'Live Remote Access Viewing' which is defined as all images sourced from the DVR System in real-time."

Settlement Terms Of DVR Lawsuit Finalized



continued from page 31

- To investigate potential criminal or fraudulent activities in your store, such as robberies, burglaries, theft and misappropriation.
- To investigate personal injuries or other safety-related incidents in the store.

Live Remote Access Viewing can only be used for the following:

- For training purposes, but only if SEI obtains your prior written approval.
- To assist law enforcement in responding to criminal activities, such as a homicide that occurs in or near your store.
- For the unavoidable 30 seconds during which a live view is available when an SEI employee logs into the system to request historical recordings.

The Security System and Monitoring Amendment also requires that, if SEI determines that the franchisee was not involved in any potential fraud, theft or other criminal activity at the store, SEI must so notify you within 14 days. In that event, and if SEI used the DVR Equipment in the course of that investigation, then SEI will not seek reimbursement from you for any losses that arose (a) after the investigation was commenced, or (b) more than nine months before the investigation was commenced.

Importantly, SEI has agreed to be solely responsible for compliance with all federal, state and local laws and regulations relating to the installation and operation of the DVR System. This protects franchisees from any claims by customers or privacy advocates that the DVR System somehow invades their privacy. In addition, SEI may take any action against a franchisee based on video obtained from the DVR System, but only if that video was obtained in compliance with the limitation, standards and conditions of the agreement. This is a kind of exclusionary rule, sim-

“If SEI used the DVR Equipment in the course of that investigation, then SEI will not seek reimbursement from you.”

ilar to the one that protects those accused of a crime from the use of evidence that police obtain in a violation of constitutional protections. This protects franchisees from the misuse of the video generated by the DVR System and was the last concession made by SEI, and for which we held out the longest.

The settlement terms and conditions reflected in the agreements will last for the duration of your franchise agreement, even if SEI changes security system providers.

The National Coalition, through this settlement, has secured important—indeed historic—limitations on the use of the DVR System. As your General Counsel, having monitored the litigation and independently assessed the likelihood of success had the litigation proceeded to trial, I unqualifiedly recommend this settlement as a reasonable compromise on the part of both SEI and franchisees. We are happy to have begun the process of putting this issue behind us so we can turn our attention to issues of even more pressing importance, such as the 2019 franchise agreement, minimum wage increases, gasoline commissions, store level profitability, supply chain challenges, independent contractor status, and many other related and unrelated issues. **AV**

continued from page 22

has expanded into nine new markets and will reach over 100 cities. The expansion gives **Deliv—which powers same-day delivery and returns across 250 retailers** like Macy's, Bloomingdale's and Foot Locker—one of the largest same-day delivery footprints in the country. • Target will soon start testing a **grocery delivery service** as part of a slate of new digital initiatives, reported the *Star Tribune*. • A survey by the *American Journal of Preventive Medicine* reveals that **75 percent of adults favor raising the minimum age to purchase tobacco to 21 years**, including seven in ten smokers. • The Kraft Heinz Company recently announced the successful completion of the **merger between Kraft and Heinz**. The transaction creates the third-largest food and beverage company in North America and the fifth-largest food and beverage company in the world. • Fujitsu recently unveiled its **Fujitsu Impulse, the first automated self-checkout system designed specifically for the needs of c-stores**. The machine offers a user-friendly interface and is designed to maximize merchandising and advertising space in the retail environment. • **Dunkin' Donuts has announced plans to open 26 new restaurants** in Fresno and San Francisco, as well as more than 275 new locations in California over the next several years. • **The U.S. Postal Service handled an estimated 40 percent of Amazon.com's deliveries** in 2014, or almost 150 million items—more than either United Parcel Service or FedEx, reveals *Bloomberg*. • Swedish furniture retailer **IKEA** said it will raise its minimum wage for U.S. workers to \$11.87 per hour on January 1, a 10 percent increase that will raise the retailer's average U.S. wage to \$15.45, reported the *Boston Globe*. • **An overwhelming majority (88 percent) of U.S. adults want their store checkout experience to be faster**, according to a study conducted online by Harris Poll and commissioned by Digimarc Corporation. • A new online survey from Mars



continued on page 42

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THE PROBLEMS WITH OUR ORDERING SYSTEM

HASHIM SYED

NCASEF VICE CHAIRMAN, FOAC VICE PRESIDENT

Several years ago SEI introduced RISE, the new ordering software and the next step in the ongoing development of the franchisee ordering system. As usual, when something new is launched by 7-Eleven, there is a lot of hoopla and excitement by the management team. We were told this system was the “best of the best.” It was state-of-the-art and would make ordering as smooth and efficient as can be. It would be easy and fast. To be honest, franchisees were very excited! Unfortunately, while it all sounded great on paper and in meetings, the sad truth is that SEI’s new ordering system in practice has not lived up to its reputation.

To be perfectly blunt, I think the new system is a mess for franchisees, and I believe that most of my fellow franchisees feel the same. One of the biggest problems is that it’s very time-consuming—twice the work for franchisees—and not very user friendly. As we all know, SEI’s previous ordering system did not present this issue. For the most part, it was quite fast and easy to use. We used to do our ordering in 3-4 hours, and now we need a full-time person to accomplish the same task! In fact, McLane is still using the previous ordering system for all of its other customers because of its speed and efficiency. What does this tell us?

“While 7-Eleven always is adding recommended items, franchises have to jump through hoops to order non-recommended items.”

“We used to do our ordering in 3-4 hours, and now we need a full-time person to accomplish the same task.”

An obvious challenge with the current ordering system is that it requires each store to upload the complete list of all recommended items, even if only a few select items are being ordered. What a waste of the franchisee’s valuable time! Even if he or she has a manager to assist with the process, it’s still manpower taken away from other tasks within the store, not to mention the added burden of having to pay someone for additional hours to handle the ordering. In light of minimum wage increases throughout the country, this is expensive and counterproductive.

Maintaining the system is another major issue. Many franchisees have to employ a full-time associate just to maintain the system and keep it current so the store can meet SEI’s strict maintenance requirements. Truth be told, there are very few franchisees in the entire system who can afford the added payroll. This, my friends, is a serious problem.

What can be done? In my opinion, the current ordering system needs an immediate upgrade to make it more user-friendly and less time-consuming for all franchisees, especially for those in areas like Chicagoland where legislation mandates we pay a higher minimum wage. I truly believe that SEI should have done this a long time ago.

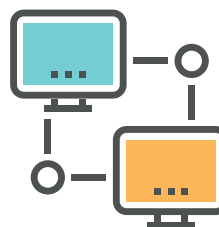
While SEI has long advised franchisees to employ the RIS and item-by-item management to merchandise according to the needs of our stores, the whole RISE process makes it harder to order non-recommended items.

While 7-Eleven always is adding recommended items, franchises have to jump through hoops to order non-recommended items (some that will never be recommended), and we get tired of the process!

As our franchisor, SEI is obligated to provide franchisees with the best tools they have to help us successfully run our stores. The way I see it, in this instance, they have failed miserably. We are collecting an enormous amount of data, which is sold by SEI under 7-Exchange to vendors, but an efficient ordering system—a key factor in franchisee survival—has escaped our grasp.

At a time when it is common for state and local legislatures to jump on the bandwagon of minimum wage, it is my sincere hope that SEI takes a closer look at our ordering system and takes the necessary steps to give franchisees the faster, more user friendly system we need to succeed. If we could save between 15 and 20 hours a week—a huge difference in terms of time and money—we will better manage the minimum wage increases coming our way in the future.

I have initiated discussions with local and national management regarding the many problems with our ordering system. I am committed to do all I can to resolve this critical issue. **AV**



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hj.syed@gmail.com
or 847-293-8551



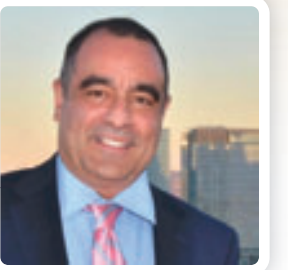
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CAN YOU HEAR ME NOW?

SERGE HAITAYAN

NCASEF VICE CHAIRMAN, PRESIDENT, SIERRA FOA

I was pleased to report last issue that we have accomplished the task of fixing the FIW (Financial Impact Worksheet) being used as a tool to bash franchisees with their own mistakes or employee incompetence, and I am hoping we have put all remnants of the FIW and reports like it behind us for good.

Franchisees not involved with purposefully fraudulent activities no longer have to worry about getting an FIW that goes back 18 months and punishes them unfairly for mistakes or employee theft.

As part of the realignment of Asset Protection as a tool for protecting franchisee assets—and not only those of 7-Eleven—every franchisee will receive a weekly or biweekly email from Asset Protection questioning any transactions that the system has flagged, and asking for an explanation or a correction in the case of a mistake. This is an approach we encouraged SEI to take and they did.

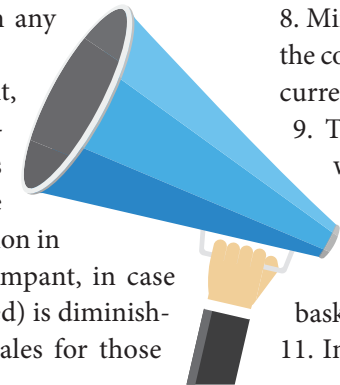
We asked SEI to work on an end-of-the-year cutoff deadline for overage and shortage calculations and they worked on this also. As it turns out, there is no reason for an overage policy because Asset Protection now can pinpoint any issue at store level day-by-day. The revision of this policy is that the first quarter audit of every New Year will offset the last audit of the prior year, and we believe this is a fair temporary solution. We would like to thank SEI and the folks at Asset Protection for working with us diligently on these two issues.

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The bad news is that besides these two tangible accom-

plishments, we see no evidence of other material progress on franchisee Accounting issues with SEI. We have gotten warm understanding and promises of change on a range of issues, but the progress has been scarce and we have trouble understanding why. Where do I start? Some of the issues we have been tracking for two years or more that are near and dear to my heart and have not seen any progress include:

1. Encroachment, especially as 7-Eleven acquires additional store chains (consolidation in our industry is rampant, in case you had not noticed) is diminishing our in-store sales for those



“Every franchisee will receive a weekly or biweekly email from Asset Protection questioning transactions that the system has flagged, and asking for an explanation or a correction in the case of a mistake.”

franchisees unlucky enough to be caught in the crossfire.

2. Hot foods in many areas has a horrible GP% and increases labor.

3. A distribution center (CDC) that we as franchisees are financing. We did not become franchisees to support and sustain a distribution model that has failed us financially.

4. Less support from SEI as a result of Project E, which cut staff and is now called realignment.

5. Gasoline fees that are absolutely causing franchisees income loss, and a gasoline pricing strategy that is hurting in-store sales but is generating over 75 percent of SEI's income at franchisee expense.

6. Can we just say “Out of control credit card fees?”

7. Old, not yet remodeled stores, in some cases just across from brand new shining competing 7-Elevens or other chains.

8. Minimum wage increases throughout the country that we can't sustain with our current franchise model.

9. The new 2019 agreement that we were promised we would be part of the discussion.

10. A lower cost of goods that is not materializing and a market basket model that cannot be proved.

11. Increasing discomfort with the po-

tential abuse by SEI of this sentence in our agreement:

“If cooperative advertising allowances are available from the Vendor and the Vendor advises us that it will not lower the cost of its products and services to 7-Eleven Stores in lieu of providing such cooperative advertising allowances, then we will accept and use such cooperative advertising allowances as designated by the Vendor.”

12. Last but not least, one of the biggest issues we face: Are we really independent

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contractors or just “unglorified” store managers with no benefits? Today we are being told what to order, where to order from, what time to order, who will be doing the ordering, and we have an even more restrictive, regimented system in

BT, which goes against everything that is Retailer Initiative.

At this point I am wondering how long are we going to continue on this road. SEI is increasing their income by huge amounts, and ours is shrinking. In

a lot of cases I have to ask: Are franchisees and their families putting in more hours to cut down unaffordable payroll? Something has to give.

These are my thoughts, and as usual, I welcome yours. **AV**



LEADERSHIP IN SEI AND NCASEF

BY JAS DHILLON
VICE CHAIRMAN, NCASEF

No society or business can function well without able leadership at all levels—and SEI and NCASEF can be no exception. It must be said, though, that we as franchisees sometimes cherish the thought that we can do without any leadership at all. We are apt to warp the traditional idea of “principles before personalities” around to such a point that there would be no “personality” in leadership whatever. This would imply rather faceless automatons trying to please everybody, regardless.

“We have an abundance of men and women whose dedication, stability, vision, and special skills make them capable of dealing with every possible service assignment in our FOAs and National Coalition.”

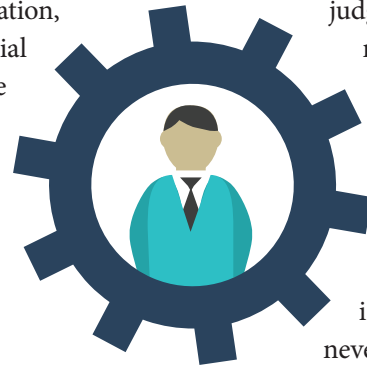
At other times we are quite as apt to demand that our leaders must be people of the most sterling judgment, morals, and inspiration—big doers, prime examples to all, and practically infallible.

Real leadership, of course, has to function in between these entirely imag-

inary poles of hoped-for excellence. Here, certainly, no leader is faceless and neither is

any leader perfect. Fortunately, our society and system is blessed with any amount of real leadership—the active people of today and the potential leaders for tomorrow.

We have an abundance of men and women whose dedication, stability, vision, and special skills make them capable of dealing with every possible service assignment in our FOAs and National Coalition. We



policies into such dedicated and effective action that the rest of us want to back him up and help him with his job. When a leader power-drives us badly, we rebel; but when he too meekly becomes an order-taker and he exercises no judgment of his own—well, he really is not a leader at all.

Good leadership originates plans, policies, and ideas for the improvement of our franchisees, the system and its services. However, in new and important matters, it will nevertheless consult widely before taking decisions and actions.

Good leadership will also remember that a fine plan or idea can come from anybody, anywhere. Even very prideful or angry people can sometimes be dead right, when the calm and the more humble are quite mistaken. Consequently, good leadership will often discard its own cherished plans for others that are better, and it will give credit to the source.

A “politico” is an individual who is forever trying to “get the people what they want.” A statesman is an individual who can carefully discriminate when, and when not, to do this. He recognizes

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that even large majorities, when badly disturbed or uninformed can, once in a while, be dead wrong. When such an occasional situation arises, and something very vital is at stake, it is always the duty of leadership, even when in a small minority, to take a stand against the storm using its every ability of authority and persuasion to effect a change.

Nothing, however, can be more fatal to leadership than opposition for opposition's sake. It never can be, “Let's have it our way or no way at all.” This sort of opposition is often powered by a visionless pride or a gripe that makes us want to block something or somebody. Then there is the opposition that casts its vote saying, “No, we don't like it.” No real reasons are ever given. When called upon, leadership must always give its reasons, and good ones.

Another qualification for leadership is “give and take”—the ability to compromise cheerfully whenever a proper compromise can cause a situation to progress in what appears to be the right direction. We cannot, however, compromise always. Now and then it is truly necessary to stick flatfooted to one's conviction about an issue until it is settled. These are situations for keen timing and a most careful discrimination as to which course to take.

Leadership is often called upon to face heavy and sometimes long-continued criticism. This is an acid test. There are always the constructive critics, our friends indeed. We ought never fail to give them a careful hearing. We should be willing to let them modify our opinions or change them completely. Often, too, we shall have to disagree and then stand fast without losing their friendship.

Then we have those who we like to call our “destructive” critics. They power-drive, they are “politickers,” they make accusations. Maybe they are violent, malicious. They pitch gobs of rumors, gossip and general scuttlebutt to gain their ends,

and these self-appointed pachas will not let go of anything, including their position—all for the good of the system, of course!

Now comes that all-important attribute of vision. Vision is, I think, the ability to make good estimates, both for the immediate and for the more distant future. As franchisees and as a company, we shall

“We need to seek out our leaders and ask them to come forth and serve for the good of all franchisees and the entire system.”



surely suffer if we cast the whole job of planning for tomorrow onto a kind of wishful thinking and hoping for the best. The best minds of both the company and franchisee ranks needs to distinguish between wishful dreaming for a happy tomorrow and today's use of our powers of thoughtful estimate—of the kind which we trust will bring future progress rather than unforeseen woe. Vision is therefore the very essence of prudence; a sound virtue if ever there was one. Of course we shall often miscalculate the future in whole or in part. But even so, this will be far better than to refuse to think at all.

This discussion on leadership may look, at first glance, like an attempt to stake out a specially privileged and superior type of FOA or National Coalition member. But this is not really so. I am simply recognizing that our talents vary greatly. The conductor of an orchestra is not necessarily good at finance or foresight. And it is even less likely that a fine banker could be much of a musical suc-

cess. When, therefore, we talk about franchise and retail leadership, we only declare that we ought select that leadership on the basis of obtaining the best talent we can find, making sure that we land that talent, whatever it is, in the spot where it will do us the most good.

While this article was first thought of in connection with our national service

leadership, it is quite possible that many of its suggestions can be useful to everyone who takes an active part in our stores. Every franchisee and manager is necessarily a leader, and the stakes are huge. The sales and profitability of the store and the well being of the employees hangs in the balance. What the franchisee/manager/leader does and says—how well he estimates sales and the needs of the guests, how well he times and makes his decisions on new products and services, how well he handles criticisms, and how well he leads his store team on by personal example, can make all the difference between profitability and growth or failure and stagnation.

Thankfully, the National Coalition, its many local FOAs and SEI are blessed with so much leadership in each and all of its levels. We only need to seek it out, encourage it to come forth and ask those leaders to serve for the good of the entire system. These are just my thoughts and I would love to hear yours! **AV**

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Bring Fairness Back To Franchising



By Gary Walia Singh
Vice President, San Diego FOA

When I came to this country, I had \$20 in my pocket and little else but dreams. Now I have a home, I own my own business with three stores, and I have one son who just earned a master's degree and another in college. This country gave me everything I needed to make my dreams come true. But I worry that the door that opened up for me—success through a franchised small business—is closing for the next generation. That's why I'm supporting a bill, AB 525, which would help California's 80,000 franchise small business owners continue to thrive.

After 18 years in this business, with my wife and I spending 60-70 hours a week in our three 7-Eleven stores in the area, I can honestly tell you that if one of our sons had the desire to follow in my footsteps, I would recommend against it.

“I’m supporting a bill, AB 525, which would help California’s 80,000 franchise small business owners continue to thrive.”

The business has changed.

When I started, it felt like a partnership in which both the parent company and the small business franchisee, myself, could succeed together, working hand-in-hand. But the parent corporation has changed hands. It is no longer a family-owned business. It now experiences new financial pressures, and is driven more by short-term profits than

long-term development of markets.

The end result is that the small businesspeople who build the brand on the frontlines are now seen as a source of profit rather than as business partners. The question is no longer, “How can we help you succeed?” but rather, “How can we extract the maximum amount of profit from this retail unit?”

Take it or leave it, one-sided contracts set in motion a business relationship that is increasingly imbalanced. Policy changes that fundamentally alter a store's



“The parent corporation, no longer a family-owned business, is driven more by short-term profits than long-term development of markets.”

and part of the underlying economics is the sale of gasoline. Now imagine that a policy change is made that reduces your share of gasoline profits by over 90 percent. You have no say over this policy, and if you do not comply, your store will be taken away and your investment of time and capital will vanish.

This is just one example of why the market value of a franchisee's life work and life savings is dropping with every passing year: our revenue is squeezed and the relationship is fundamentally out of balance.

In fact, far from relying on franchisees' success—as franchisors did when the model was first spreading—some franchise operations rely on a business model with franchisee failure baked into their corporate profits. Here's how it works: a small businessperson takes out a loan or cashes out his or her 401k to buy in, unrealistic revenue targets are set and are not met. After that,

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Bring **Fairness** Back To **Franchising...** continued from page 41

the franchisee is terminated, his or her territory is flipped, and a new franchisee invests a new nest egg or loan. That model and the high SBA loan failure rates associated with it are part of the reason that a complaint has been filed with the FTC to investigate the sector.

AB 525 won't solve all of these problems—it's a small, but significant step to begin rebalancing the relationship. It protects franchisees from unfair termination. It defends our right to speak out and to form associations, and it allows franchisees the ability to walk away with at least some of our investment should the franchisor terminate us.

GARY WALIA SINGH
CAN BE REACHED AT
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GARYSWALIA@SBCGLOBAL.COM

These are basic, simple steps needed to protect an important gateway to the American Dream: franchised small business. **AV**

“The small business people who build the brand on the front lines are now seen as a source of profit rather than as business partners.”



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Ice Cream reveals that **two out of three Americans (65 percent)** say ice cream is among their favorite food to eat during the summer. • **Clothing chain Gap Inc. plans to close 175 of its namesake stores** and eliminate 250 jobs at its headquarters as the company tries to strengthen the struggling brand, reported the Associated Press. • A federal judge recently approved an agreement that ended the trademark infringement battle SEI mounted against a Pennsylvania convenience store, reported PennLive.com. • **CVS Health has announced it will use IBM's supercomputer Watson** to develop care management solutions for patients with chronic diseases. • **Americans drove 987.8 billion miles during the first four months of the year**, breaking the previous record of 965.5 billion miles set in April 2007, according to data released by the Federal Highway Administration. • Sandwich chain **Subway** recently introduced a **new smart phone app** and online ordering service that allows customers to customize and place their orders and then pick them up at the restaurant. • **The average retail price for motor gasoline this summer** (April through Septem-

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‘Booth Looting’ Makes ALL Franchisees Look Bad



By Pete Gragnano
President, Suburban Washington FOA

On most days I am proud to be a 7-Eleven franchisee. However, at times the behavior of some of my fellow franchisees makes me want to disavow any relationship to our ownership fraternity.

For the most part, 7-Eleven franchisees are honest, hard working individuals striving to make a better life for themselves and their families. But, as we all know, there are a few bad apples that give the rest of us a bad name by their behavior. Whether it is by the poor manner in which they operate their stores, the cheating our franchisor, or the way they conduct themselves in industry events, in all cases they tarnish our reputation.

Take for instance how some franchisees behave at a trade show.

Before I give an example of a blatant behavior that has been observed over the years, let me provide some background on each of the stakeholders.

Basically, a vendor pays money to either the local FOA or the National Coalition for a booth. The reasons for participation include, but are not limited to: showcase a new item, introduce his/her company to the franchise community, or generate increased sales of existing products via show specials. I have even heard of some vendors merely participating to keep their product in the front of franchisees or simply wanting to meet and thank their customers.

FOAs and the National Coalition rely on the booth fees from the vendors to fund their activities. These may include events like area meetings, charitable do-

nations, educational seminars, or franchisee gatherings such as a holiday party.

Franchisees benefit from trade shows by seeing and purchasing new items before our competitors, or by lowering our cost of goods by purchasing carried products at show-deal prices, thereby increasing our profitability.

Ideally, in a perfect world, it is a win-win-win for all parties involved.

However, the behavior described below, personally witnessed or told to me by impacted vendors, will eventually result in the demise of the trade show concept if allowed to continue.

Booth Looting is the predominant complaint among the vendor community. Vendors have resorted to taping items down or FOAs have restricted the use of shopping bags as a means to keep product on hand for the entire show. However, both means have proven to be relatively unsuccessful at stopping the pilferage. Personally, I have witnessed local area franchisees bringing in hand trucks to carry out products taken from the booths without permission, or have enlisted their small children to take unguarded items.

In all honesty, most vendors will gladly give away their merchandise towards the end of the show, so as to avoid shipping it back to their facility. However, when a vendor turns their back to speak with a customer or leaves their booth during the show, and finds that most or all of their merchandise has been taken without their consent, thus having little or no product to



“At this year’s NCASEF show in Chicago, some vendors were completely wiped out of product by 1:30 pm on Friday, with the show concluding at 4:00 pm.”

show potential customers, everyone but the thief loses out.

I use the word “thief” because that is exactly what the person who “stole” the product is. Think about how you feel when you notice that someone shoplifted an item in your store; now put yourself in the vendor’s position and you can see how they feel the same way.

At this year’s NCASEF show in Chicago, some vendors were completely wiped out of product by 1:30 pm on Friday, with the show concluding at 4:00 pm. Reluctantly, they had to pack up and go home, since they were left with no items to promote.

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‘Booth Looting’ Makes **ALL** Franchisees Look Bad... continued from page 45

Vendors, like franchisees, are business people. They are operating with more stringent budgets than they enjoyed in the past, and have to justify to superiors within their company whether the “investment” they made (i.e., the booth fee, travel, lodging, meals, etc.) to participate in a show provided an appropriate “return” on that investment (i.e., the revenues from products sold at the show).

Stealing product from a vendor hinders the ability to make a sale, thus lowering their “return” to an unacceptable level, and may cause them not to participate in future shows.

Vendor non-participation leads to lost sales for everyone, which results in reduced revenue to the FOAs/National

“Vendors, like franchisees, are business people. They are operating with more stringent budgets.”

Coalition, both of which ultimately hurt the franchise community.

We now have a lose-lose-lose situation. Before we have to resort to drastic measures, such as a security guard at the door to inspect packages upon exiting, let's try to police ourselves and reverse this alarming trend, thereby restoring our reputation among our vendor partners before it becomes too late.

This is my opinion and I welcome yours. **AV**

continued from page 42

ber) is expected to be \$2.67 per gallon, the lowest price since 2009, according to projections by the U.S. Energy Information Administration. • **Rita's Italian Ice** announced it will enter the convenience and gas channel nationwide with two area development agreements that call for 60 units by 2025—the first of which opened its doors in June at the Chevron Extra Mile c-store in Newbury Park, California. • **Starbucks now handles nearly nine million mobile transactions** each week in its U.S. stores, representing 20 percent of sales and more than double the figure it reported two years ago, reported *Payments Source*. • Circle K parent company Alimentation Couche-Tard announced that it has signed an agreement with Comercializadora Círculo CCK, S.A. DE C.V. to re-brand over 700 of CCK's already existing



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Patient Protection And Affordable Care Act (PPACA)



By John Barbot
Barbot Insurance

The “pay-or-play” provision of the Affordable Care Act requires employers with more than 50 fulltime employees (counting full-time employee equivalents) to provide a certain level of health insurance coverage to employees, or in the absence of such coverages, to pay a penalty to the Federal Government.

As you recall, the PPACA was passed in 2010 in order to increase the number of Americans with health insurance. The first item that the Act passed was patient protection. It prohibits coverage denial for people with pre-existing conditions; it sets up a series of subsidies for people who cannot afford coverage; and it created an insurance market place called the Health Benefit Exchange. The purpose of the exchange is to: (1) facilitate the purchase of qualified health plans; (2) provide a Small Business Health Options Program (referred to as a “Shop Exchange”), which will assist employers in enrolling employees in small qualified

On February 12, 2014, (79 Fed.Reg. 8543), the IRS provided certain transition rules and delayed the implementation of the employer shared responsibility rules until 2016. In 2015, employers in the 50-99 employee range will need to certify eligibility for this transition relief and must meet other requirements, including not reducing the employer’s work force to qualify for transition relief, and maintaining previously offered coverage, if applicable.

All employers classified as “applicable large employers” (ALE), defined as 50 or more full-time employees, will be affected. They must offer ONLY to their FULL TIME EMPLOYEES “essential health coverage”. The definition of Essential is important. The Act requires a minimum level of coverage including: (1) ambulatory patient service; (2) emergency services; (3) hospitalization; (4) maternity and newborn care; (5) mental health and substance use disorder

“ON FEBRUARY 12, 2014, THE IRS PROVIDED CERTAIN TRANSITION RULES AND DELAYED THE IMPLEMENTATION OF THE EMPLOYER SHARED RESPONSIBILITY RULES UNTIL 2016.”

health benefit plans. Each State is responsible for establishing a single Exchange that performs both functions, or to create a separate Exchange. If the State does not want to do it, the Federal Government will provide its own version.

der services; (6) prescription drugs; (7) rehabilitative services; (8) laboratory services; (9) prevention and wellness services and chronic disease management; (10) pediatric services, including oral and vision care. The year 2015 is



“ALL EMPLOYERS CLASSIFIED AS ‘APPLICABLE LARGE EMPLOYERS’ (ALE), DEFINED AS 50 OR MORE FULL-TIME EMPLOYEES, WILL BE AFFECTED.”

important. Each employer will have to establish whether he/she is a “large or small” employer. Remember, if you are a “small employer” you are exempted from offering health insurance for full-time employees.

So what makes up an “Applicable Large Employer” (ALE)? The formula is $FT + PT = FTE$.

FORMULA

1. Full-time employee—30 or more hours per week, average over the month;
2. Part-time employee—We need to convert to Full Time Equivalents (FTE): take all hours worked by part-timers per week, average over the month multiply by the number of part-timers divided by 120 = Full Time Equivalents;
3. Seasonal workers—workers who work less than 120 days are excluded from the calculation;
4. Add the $FT + FTE$ (part time employees) = number of Full Time Equivalents.

If the answer is 50 or more employees, an employer is subject to the man-

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Patient Protection And Affordable Care Act... continued from page 49

date to provide health coverage to all full-time workers (30 hours or more a week) or pay a penalty.

The remaining focus of the article is assuming that you are an “ALE” and to analyze whether it is prudent to buy coverage or pay the prescribed penalty.

What are the costs and benefits of providing or not providing health coverage to employees?

COSTS

1. Annual penalty is \$2,000 per full-time employee (in excess of 30 employees) per year and paid monthly. In other words, the first 30 full-time employees are excluded from the penalty calculation.

2. There is a possibility of an annual \$3,000 penalty for each full-time employee if they receive a subsidy under an Exchange plan because the “large employer” has a health plan that constitutes minimum essential coverage, but the plan is inadequate or unaffordable for the employee.

BENEFITS

The cost for health insurance per employee currently is between \$800-\$1200 per month per employee or \$9,600-\$14,400 annually per employee. You need to compare this to the penalty of \$2,000 per fulltime employee:

- You would not incur any administrative costs in order to comply with Act’s new regulations;
- You would not incur administrative costs associated with navigating the free choice voucher system;
- Employees generally would have wider array of choices by going to through the Exchange as individuals;
- The lower-paid employees may be eligible for federal government subsidies and credits and thus lower their out of

pocket expense.

Please note, many franchisees have set up different corporations with 50 or fewer employees in order to avoid the ACA mandate. Will the IRS use these related employers aggregated for determining whether an employer is an ALE? Yes. For purposes of determining ALE status,



“ANNUAL PENALTY IS \$2,000 PER FULL-TIME EMPLOYEE (IN EXCESS OF 30 EMPLOYEES) PER YEAR AND PAID MONTHLY.”

all members of a tax-controlled group are treated as a single employer. The purpose of this rule is to prevent an employer from avoiding the pay-or play mandate by splitting a business into different entities, all of which have fewer than 50 full-time employees. Franchisees should consult with an attorney and CPA to evaluate these corporations.

As the law continues to evolve, and as conditions of the legislation become clearer, Barbot Insurance Services (BIS) will continue working to ensure the franchise community receives the most up-to-date news and information.

In conclusion, if an employer qualifies as an ALE, he/she needs to assess the true costs of either offering or not offering health coverage in 2016. Again, it is highly recommended that employers consult with an appropriate professional before making such a decision. **AV**

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888-505-7110 or jbarbot@barbotins.com



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Extra convenience stores located throughout Mexico to the Circle K brand by August 2017, bringing the number of Circle K stores in Mexico to 1,100. • According to a recent poll by Monster, **76 percent of Americans report having “really bad” Sunday night blues**—generally defined as depression over the fact that one night’s sleep stands between you and a new workweek. • Nearly all Americans (94 percent) **snack at least once a day**, reveals a new report from Mintel. Furthermore, half (50 percent) of adults snack two to three times per day with 70 percent agreeing that anything can be considered a snack these days. • **The average vehicle in the U.S. is now a record 11.5 years old**, a sign of the increased reliability of today’s vehicles and the lingering impact of the sharp drop in new car sales during the recession, according to consulting firm IHS Automotive. • Packaged Facts’ online survey conducted in April and May 2014 found that well over half of the respondents (57 percent) regularly buy more healthful meat items. Only about 10 percent said they did not. • **Sliced bread first appeared on store shelves on July 7, 1928** in Chillicothe, Missouri, according to the U.S. Census Bureau. The Chillicothe Baking Company’s innovation of uniform, pre-sliced bread loaves remained local for a short while, but by the 1930s sliced bread was national. • **IKEA announced it will only sell LED light bulbs at its furniture store as part of its overall sustainability efforts**, reported the *New York Times*. The company also said it is working to reduce its energy use and to include more renewables, with a goal of producing as much renewable energy as the total it consumes globally by 2020. • **Calories consumed daily by the typical American adult, which peaked around 2003**, are in the midst of their first sustained decline, reported the *New York Times*. The reversal appears to stem from people’s growing **realization that they are harming their health by eating and drinking too much**. • Trying to close the

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(Nielsen Refills – Non Liquid CBI report)



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selling SKUs in the US
(Nielsen Disposable CBI report)



Logic calculation is based in part on data reported by Nielsen through its Service for the Total E-Cigarette product category for the 4-week period ending 6/27/2015, for the Total US market and Total Convenience Channel. Copyright © 2015, The Nielsen Company.

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Coalition Celebrates 40th Anniversary Chicago Style

SINCE 1975



The Windy City, Chi-Town, Second City, Chicagoland, whatever you call it, Chicago proved itself a 7-Eleven town when franchisees gathered July 24-31 at the Sheraton on the Chicago River riverfront for the National Coalition's 40th Anniversary Convention and Trade Show.

A simple search of the store locator on the 7-Eleven app revealed 12 stores within reasonable proximity to the Sheraton, more than enough to know 7-Eleven's presence in the city is high.

A 40th Anniversary Convention doesn't come along very often, and 2015 was a chance for franchisees to look back, remember the leaders and events of the past and appreciate the NCASEF for its efforts on behalf of franchisees throughout 40 years. The names of long-ago chairmen like Bill Schussler (1978), Bennie Thayer (1981), Jack Wixon (1983), Joe Saraceno (1984), Ted Poggi (1992), and Tariq Khan (1998) came to mind, as well as the more recent chairmen like Dennis Lane (2007), Bruce Maples (2010) and current chairman Joe Galea (2014).



On the night of the Grand Banquet, two long-term franchisees, John Irvine and Lonnie Phillips, were honored at the convention with recognition awards for their long commitment to franchisees and the system. Irvine, from Detroit, and Phillips, from Colonial Beach, Virginia, each spent 40-plus years in the system and served under all nine chairmen elected since the formation of the Coalition 40 years ago. Irvine spent 20 years as the president of Metro Detroit, and was an elected NCASEF vice chairman for four terms. Phillips



spent 40 years serving customers and franchisees in the Virginia area.

7-Eleven, Inc. Vice President, Franchising Jeff Schenck, who is returning to the company after a brief retirement, was recognized for his 28 years of service to franchisees and the system.

The Anheuser-Busch and Coca Cola Refreshments companies both received the 2015 NCASEF Chairman's Recognition Award for their high level of support for the Coalition, and for their huge success in supplying franchisees with the right products for our stores. Anheuser-Busch's Ralph Talamantez and Coca Cola's Carrie Niggli were recognized for



leading the teams receiving the awards.

Charity fundraising at the convention included the National Coalition's Joe Saraceno Charity Golf Tournament, run this year by host Franchise Owner's Association the FOA of Chicagoland, and the NCASEF Silent and Live Auctions, run by Pacific Northwest FOA Vice President Roger St. George.

The two events resulted in donations of \$100,000 to Swim Across America to help in their funding of cancer research, prevention and treat-

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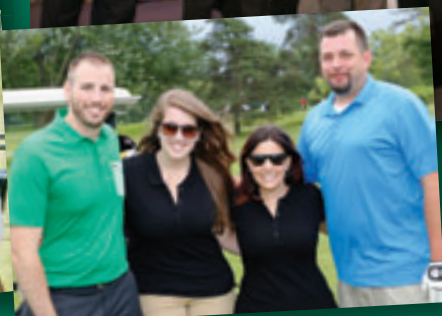
ment, and \$50,000 to St. Jude's Children's Research Hospital for their fight against pediatric catastrophic diseases through research and treatment. The

National Coalition has

designated St. Jude's as their primary charity for 2016.

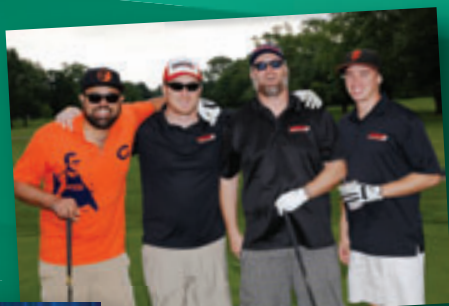
Among the big events at the 2015 convention was the attendance of 7-Eleven, Inc. President and CEO Joe DePinto and Senior VP Greg Franks at the NCASEF trade show on Thursday. The CEO had not made an appearance at an NCASEF convention since former chairman Dennis Lane hosted him in 2008.

With over 300 booths in the combined FOAC and NCASEF trade show at Navy Pier,



manufacturers were able to show franchisees the latest products and services. 7-Eleven, Inc. served up the latest in hot and fresh foods, while McLane, FM Facility Maintenance, SEI Accounting, and SEI Asset Protection all manned booths to answer franchisee questions

The NCASEF would like to thank all of our vendor partners who exhibited at the convention, and especially our major sponsors (see lists) for their commitment to franchisees and the NCASEF's 40th Anniversary of serving franchisees nationwide. Many thanks also to our hosts the FOA of Chicago and the Alliance of 7-Eleven Franchisees for all their efforts in making the 2015 event a success! See you in Las Vegas in 2015!



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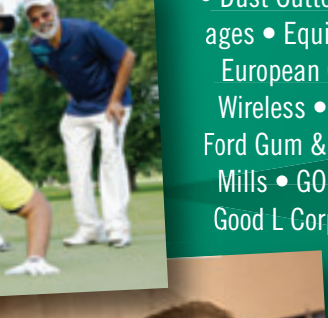
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The National Coalition Board of Directors met July 25 and 26 just prior to the National Coalition's 40th Anniversary Convention celebrating 40 years of representing franchisee interests. Topics covered included the DVR lawsuit settlement, the impending 2019 franchise agreement, gasoline fees and 7-Eleven's gasoline profits, and maintenance fees. During the meeting the Board officially recognized St. Jude Children's Research Hospital as their charity of record for 2016.

Utah FOA RICH LEARNED

At the end of June we had a very successful trade show and golf tournament. We raised over \$2,000 for the Healing Waters Foundation, which works with the Wounded Service Personnel of Utah. We are working on a picnic for all franchisees and managers in Utah, and are planning the 2016 trade show and golf tournament.

Columbia Pacific FOA HARBHAJAN GHOTRA, PRESIDENT

The summer has been moving along tremendously. June sales have increased by 14 percent. July sales have increased by 8 percent. Overall, year-to-date sales have increased 10 percent. The Columbia Pacific FOA recently held a golf tournament that was a great success, with many vendors and franchisees participating. For the first time ever, we raised a remarkable \$2,500 for Dornbecher Children's Hospital.

In early August we held a family picnic for our franchisees and their families. Franchisees from as far as 270 miles away attended this event. Special thanks to our

continued next page

"THE 2019 FRANCHISE CONTRACT IS THE ONE MOST IMPORTANT ISSUE FACING FRANCHISEES BECAUSE ALL OFFF/VALENTE PROTECTIONS WILL BE REMOVED." —JOE GALEA, NCASEF CHAIRMAN

Board members Manzoor and his wife Najma, our treasurer Junaid and his wife Sahar who organized the picnic and helped make it so great. Those who were not able to attend missed out on delicious food and fun. We hope to see you next year!

The FOA will be hosting two seminars in the coming months regarding building infrastructure and learning new ways to coach and motivate our employees.

Washington, D.C. FOA MARK CHIOCHANKITMUN, PRESIDENT

The minimum wage increase of 27.27 percent or \$2.25 an hour within the past 12 months has been intolerable for 7-Elevens in Washington, D.C. Minimum wage increases are occurring throughout the country, with detrimental affects to our stores. It has been over a year since we brought this issue up with SEI and so far we have experienced very little or almost no help.

Encroachment is killing our sales, profits, good will, and our livelihood. Poor site selection by the local real estate department without any input from local market managers or

zone leaders has also been a big concern among franchisees and SEI management.

Our GP% is at an all-time low, especially fresh foods and hot foods. These categories have been generating great gross profits for us, but SEI has been giving the gross profits away in order to try to generate more in-store traffic with bigger market baskets.

According to SEI, 70 percent of franchisees in D.C. made more money than the previous year. However, on the flip side, it is sad to report that 30 percent of D.C. franchisees made less money than the previous year, and we are predicting that the majority of us will make less money in the future if SEI continues to stand idle on the all issues we are facing today.

Eastern Virginia FOA ROMY SINGH, PRESIDENT

In June we had a Franchisee/Operations meeting at the Crown Plaza located in Virginia Beach. The meeting was attended by several franchisees. We had the following representation from the Operations Department: Dennis Paulenich (Market Manager), Daniel "Dann" Williams (Zone Merchandiser—Fresh Food & Prop Beverage), and Brian Voss (Zone Leader). Several concerns were raised:

- Pinpoint Freezing—Before heading into the meeting, this was a known concern. Within a week or so, there were new software downloads to fix the software bug that was causing the POS freezing. We and the Operations Department had discussed this ongoing



Vice Chairman Jas Dhillon expressed concern that 7-Eleven was becoming a logistics company.



Chairman Joe Galea said the Coalition is making every attempt to get a seat at the table for discussions on the upcoming 2019 agreement.

issue. Pin pads are giving several error messages and according to Operations, we are waiting for a permanent fix in the month of September.

- Coke Pricing—For the past several years, we were promised by Operations that they will look into Coke pricing competitiveness. Locally, we saw that white trucks were selling Coke products at cheaper rates. In other zones, Coke prices are down and they do not fit with our zone pricing. There has been a serious distribution concern, particularly in the summer months. Brian Voss and his team fought well on our behalf to bring us additional delivery, especially during the summer-time. Now the challenge is that franchisees are not ordering enough to support the second delivery. Our franchisees must carry Coke's additional items so Coke distribution can cover its cost to get delivered twice a week.

- Hot Food Declining Quality—The cost and retail of hot food items has gone

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Presidents' Reports

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significantly higher, whereas the quality has significantly declined. The quality of our chicken wings is not the same as it was, yet it is costing guests closer to a dollar for a wing. The chicken tender quality went down to an all-time low, and as a result several stores have stopped carrying chicken tenders. It was a good quality product, but since we have changed the supplier the quality has greatly declined. The new chili taco product reviews are negative.

The chicken chipotle sales were going alright, but unfortunately, we no longer carry that product. We strongly think that SEI should ask the opinion from franchisees before carrying or deleting any of the products. Also, SEI needs to step up by introducing high quality, healthy hot food products. We also have raised the subject of the low profit of margin on hot food items.

• Promotions—Funded and non-funded promo- tions were also discussed during the



Greater Bay FOA President Ray Dhalwal updated the Board on pending accounting issues.

encounter, specifically how non-funded promo- tions directly impact the franchisee's gross profit. Hopefully some positive changes will be made.

There have been some significant changes in our Zone Operations Team.



Southern Nevada Las Vegas FOA President Jay Singh asked the Board to reevaluate the salaries of NCASEF officers.

Zone Leader Brian Voss recently became Vice President, 2516 Market Manager Jacob Barnes has taken a key position on the Slurpee brand, Bob Laviolette joined 2516 as a Market Manager from the Richmond, VA market, and Jim Boone is now a Market Manager from 2515 (he was recently a Market Manager for 2543).

Suburban Washington FOA

PETE GRAGNANO, PRESIDENT

It's summer time in the Baltimore/ Washington, D.C. region, which means hot and humid weather is the norm. Sales in the Liberty Zone for the months of June and July were up 2.2 percent and 4.8 percent, respectively, compared to 2014. Fresh food and surprisingly, coffee, increased for both months versus 2014, while hot food showed decreases of 4.0 percent and 12.7 percent. T-Counts in June declined by 1.9 percent compared to last year, but rose slightly in July by 0.6 percent versus 2014.

However, despite what our franchisor says, most franchisees polled have not seen an increase in Net Income this year.

While there are many issues in our area that need corporate attention (for example, encroachment, gasoline policy, credit card fees), the topic most directly impacting franchisees is the drastic current and projected increases in the minimum wage.

On July 1st, Washington, D.C. raised the minimum wage to \$10.50 per hour. The surrounding Maryland suburbs of Montgomery and Prince George's counties have increases going into effect on October 1st, from the current \$8.40 per hour to \$9.55 per hour.

While retail prices have been raised on certain high volume items in an attempt to offset the higher wage cost, the resulting increased gross profit has been a windfall to 7-Eleven while the franchise community struggles to break even.

At the first ever joint meeting of the Baltimore, Washington, D.C., and Suburban

"MANY FRANCHISEE STORES WILL BE AFFECTED BY THE \$15 MINIMUM WAGE INCREASES THROUGHOUT THE COUNTRY, AND SOME MAY NOT SURVIVE."

—JIVTESH GILL, NCASEF EXECUTIVE VICE CHAIRMAN

Washington FOAs, our members voted overwhelmingly to request that 7-Eleven remove any pre-pricing on 7-Select items as a means of enabling Custom Retail Pricing. The next step is then for SEI to remove pre-pricing on all other items that we sell (for example, Frito Lay). However, we all recognize that with targeted minimum wage rates of \$15 per hour on the horizon, we cannot use price increases alone to survive. Our franchisor has to do something (sooner rather than later), or else many franchisees will be unable to keep their doors open.

In conjunction with the Baltimore and Washington, D.C. FOAs, and underneath the TriState FOSE Association umbrella, we will be holding our 7th annual charity golf tournament on September 16th at the Little Bennett Golf Course located in Clarksburg, Maryland. Proceeds for this year's outing will be given to Swim Across America to support cancer research.

San Diego FOA

BOB ELKINS, PRESIDENT

Sales in the San Diego area are up approximately 8 percent. With all the emphasis being placed on fresh foods, it is the leading growth category. We are closing out the summer with our day at the Del Mar horse races in August and our annual safety meeting hosted by Karl Strauss Brewing, as well as our Vendor Appreciation Party at Petco Park for a Padres game in September. Life is good in SoCal!

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Central Valley FOA

**SUKHI SANDHU,
VICE PRESIDENT**

This has been a good year in terms of Merchandise Sales for the stores that make up the Central Valley FOA. This was led by categories such as food service, snacks, and confectionery.

Recently, we had one of our highest attended FOA meetings. What topics brought franchisees to the table? California's new Paid Sick Leave law that went into effect on July 1 and the challenges that the franchisees are facing in order to make the same amount of money as before. This law basically entitles an employee to accrue up to three paid sick days in a 12-month period. There is no minimum number of employees in a workplace for the Paid Sick Leave law to apply. The law can end up costing the average franchisee \$5k a year. This is on top of the already increased minimum wage in 2014 that resulted in a 12.5 percent increase in labor. Additionally, on January 1, 2016 the minimum wage will increase by another 12.5 percent in the state of California. This is a difficult adjustment for franchisees to make for increased operating expenses when the top and bottom lines are not growing proportionately. The fear is this will cause franchisees to have to find other ways to cut back expenses just to make an average living.

The franchise community is also concerned about the 2019 agreement. The confidence in 7-Eleven, Inc. providing solutions is



Washington, DC FOA President Mark Chiochankitmun requested an NCASEF study on encroachment.

very low in recent years after changing gas commissions, passing on the credit card interchange fee, and sliding Gross Profit percentage scale that punishes stores for increasing sales. Franchisees are looking for help from 7-Eleven, Inc. to provide immediate relief and adopt fair and reasonable policies regarding the 2019 contract. Making the necessary changes will enhance the co-prosperity business relationship between franchisees and 7-Eleven. By working together with our partners, we are looking forward to taking this iconic brand to the next level in the future.

The Central Valley, Greater Bay and Northern California FOAs are planning to host an annual trade show at Thunder Valley Casino in March, 2016. The last combined FOA trade show was a huge success and had a great showing. The trade show brought together the franchisee community, vendor partners, and 7-Eleven, Inc.

Greater Seattle FOA

AJINDER HANDA, PRESIDENT

Our area has enjoyed a sales increase of 6 to 7 percent across the board. But Market 2360 has done remarkable—it is #1 in the Zone for fresh food sales growth (up 16.8 percent over last year) and #2 in franchisee GP\$ growth (up +12 percent over last year)!

After 7-Eleven shuffled areas around, the Pacific NW Zone now covers some Northern California stores. Currently, our Zone has about 800 stores, which is a significant change for Pacific NW.

We continuously are having same issues like RGIS incompetency, McLane not able to deliver on time and effectively, and above all, the minimum wage increase.

The minimum wage increase is a big issue with the franchise community, because it will increase to \$13.62 per hour next year. We have been attending meetings at the local level. We also had arranged many meetings with SEI, from Joe DePinto to our Zone leader. So far, no success and no hope.

On August 17th, our FOA organized its annual golf outing. This event was a huge success. About 130 people participated, including franchisees, vendor partners, and partners from 7-Eleven, Inc.

Our vice president for Pacific NW, Mr. Jason Murray, said this family (franchisees, vendors, and 7-Eleven, Inc.) needs to get together more often to strengthen relationships. I also said the GSFOA has a vision to bring franchisees, vendor partners, and 7-Eleven, Inc., onto one stage to achieve more. The best

continued on page 66



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3rd QUARTER 2015 continued from page 64

The Greater Seattle FOA collected \$5,711 at its second annual charity golf tournament at Bear Creek Country Club in Woodinville, WA. This is more than double what we collected last year. This amount will be donated to the Swim Across America Foundation,



which has a local partnership with Seattle Cancer Care Alliance. We are very proud to be part of such a great cause.

RICHARD ROSE, PRESIDENT

Our Market has slipped in Gross Profit percent from 36.89 to 36.13. The interesting lines in our financial report that I keep coming

One positive development is that all but three of our stores will have Hot Foods! No matter where you stand on the program, this is positive and brings us in line with 7-Eleven's



All franchisees in Northern Nevada and Lake Tahoe are being challenged by the Cal-Neva FOA Executive team. We are asking our franchisees to raise \$25,000 to support the Renown Medical Center's cancer clinic and its fight against breast cancer. Think Pink!

—ERIC KARP, ESQ., NCASEF GENERAL COUNSEL

RAJ BRAR, PRESIDENT

MANINDER WALIA, PRESIDENT

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7 84762 07355 6

STRAIGHT-UP 1 CARTON - 15 TWO PACKS
SLIN 320376 - UIN 244335

7 84762 07352 5

SWEETS 1 CARTON - 15 TWO PACKS
SLIN 320613 - UIN 198135

7 84762 07356 3

GRAPE 1 CARTON - 15 TWO PACKS
SLIN 320375 - UIN 244285

7 84762 07350 1

MANGO 1 CARTON - 15 TWO PACKS
SLIN 320845 - UIN 244376

7 84762 07354 9

STRAWBERRY 1 CARTON - 15 TWO PACKS
SLIN 320574 - UIN 198226

7 84762 07353 2

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BLUEBERRY 1 CARTON - 25 TWO PACKS
SLIN 321446 - UIN 554600

7 84762 07201 6

MANGO 1 CARTON - 25 TWO PACKS
SLIN 321476 - UIN 74021

7 84762 07206 1

CHERRY 1 CARTON - 25 TWO PACKS
SLIN 321445 - UIN 554634

7 84762 07204 7

MELON 1 CARTON - 25 TWO PACKS
SLIN 321444 - UIN 555102

7 84762 07205 4

ORANGE 1 CARTON - 25 TWO PACKS
SLIN 320864 - UIN 214429

7 84762 07210 8

APPLE 1 CARTON - 25 TWO PACKS
SLIN 321447 - UIN 553826

7 84762 07202 3

STRAWBERRY 1 CARTON - 25 TWO PACKS
SLIN 321477 - UIN 74120

7 84762 07207 8

VANILLA 1 CARTON - 25 TWO PACKS
SLIN 320814 - UIN 214452

7 84762 07211 5

PEACH 1 CARTON - 25 TWO PACKS
SLIN 321443 - UIN 555201

7 84762 07203 0

STRAIGHT-UP 1 CARTON - 25 TWO PACKS
SLIN 321478 - UIN 74633

7 84762 07208 5

CIGAR BLEND TOBACCO 1 CARTON - 6 PACKETS
SLIN 320238 - UIN 555631

7 84762 07175 0

CIGAR 2 WRAPS
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STRAWBERRY 1 CARTON - 25 TWO PACKS
SLIN 321287 - UIN 680876

7 84762 07877 3

MANGO 1 CARTON - 25 TWO PACKS
SLIN 321288 - UIN 680900

7 84762 07867 4

GRAPE 1 CARTON - 25 TWO PACKS
SLIN 321289 - UIN 680918

7 84762 07807 0

BLUEBERRY 1 CARTON - 25 TWO PACKS
SLIN 321292 - UIN 680884

7 84762 07817 9

ZIG-ZAG
CIGARETTE PAPERS

ORANGE 1 CARTON - 24 BOOKLETS

Jason Murray emphasized the urgency to tackle this issue now and asked the FOA leaders to advise franchisees to utilize all the tools available in the system to generate incremental



Central Florida Vice President Mike Jorgensen and Vice Chair Serge Haitayan took the lead on the Finance Committee that reviews Coalition expenses.



unprofessional and poorly trained the auditors are, and how much it affects the stores financially. Store remodels and equipment replacement, on a timely basis, in stores were also mentioned. The meeting concluded with Jason Murray emphasizing his priority of franchisee profitability and utilizing the system to grow sales and profits.

Sales in Washington state were up by 15 percent in June and 10 percent in July. GP% was the same as last year. Declin-

sales and increase GP. FOA leaders requested that SEI should come up with some plan or incentive to help the stores affected by the minimum wage increases. I requested that SEI should help these stores with a plan similar to the Gross Income Support program launched earlier this year to help low volume stores until a permanent fix is found. Franchisee leaders expressed their frustration about McLane re-routes, unprofessional delivery drivers and lack of communication from McLane with the franchisees. Julie Norris from McLane Northwest was present and committed on improving McLane and franchisee relationship.

It was requested to Daniel Garcelon that the McLane order window should be open for 48 hours and franchisees should have the ability to order additional product, if they need, by calling in to McLane customer service. It was agreed that McLane should have a dedicated 1-800 number for 7-Eleven franchisees where they can call in regarding all delivery issues. Daniel Garcelon committed that he will take the McLane 48-hour window issue to the concerned authorities and make sure it is changed.

Mark Stinde talked about the new FIW process and said that Asset Protection will work with franchisees to prevent employee theft in stores and that SEI will only go back 30 days to issue any mark ups to stores. Incorrect audits by RGIS was discussed and representatives from RGIS were told how

ing gas prices and the improving economy are helping sales in the stores.

Hot foods have been installed in almost all stores in our area. The Pacific Northwest FOA's annual charity golf tournament was held at Eagles Pride Golf club in Joint Base Fort Lewis on August 11, 2015. We appreciate the support of our vendor partners and SEI team members that participated in this year's charity golf. The Pacific Northwest FOA presented a check of \$5,000 to Swim Across America, a charity helping cancer research across the nation.

The Pacific Northwest FOA also donated \$2,500 to St. Jude's Children's Hospital at the National Coalition convention in Chicago in July. We are looking forward to another great year in sales increases, this year and beyond. Enjoy the remaining days of summer.

Central California FOA

SUNNY CHAUHAN, PRESIDENT

Here are the financials for Central California: Total Merchandise Sales: +6.6 percent in July and +7.9 percent YTD through July; Gross Profit Dollars: +5.8 percent in July and

+8.5 percent YTD; Gross Profit percent: 39.5 percent in July and 39.84 percent YTD; Cigarettes: July +5.8 percent and +7.4 percent YTD; Fresh Foods +18.1 percent (\$493 APSD) and +22.4 percent (\$467 APSD) YTD; Fresh Sandwiches +26.2 percent in July and +19.2 percent YTD; Hot Foods +18.33 percent or \$72.13 APSD YTD; Grill +31.7 percent in July and +31.8 percent YTD; Fresh Bakery +26.6 percent in July and +25.1 percent YTD; Packaged Bakery +11.3 percent in July and +19.5 percent YTD; Vault +0.4 percent in July and +6.7 percent YTD; Services +2.1 percent in July and 12.8 percent YTD; MTD in August Merchandise Sales are up 7.22 percent.

We had 16 stores receive hot foods during the last rollout in our market, and we are anticipating that number to go up to 26 stores by year-end. The hot foods addition has been received very well by our guests and fran-



St. Jude Senior Liaison Elizabeth Stansbury talked about the research hospital's use of funds for treatment and research of childhood diseases.

chisees, and most stores are having a huge success with the pizza sales. The sampling events in July for all the new hot food stores turned out to be a huge win, and it increased the hot food sales by a minimum of \$150 dollars APSD on average for most stores. The program itself is a great concept. However, franchisees have had to add an additional person

and increase man labor hours on every shift, which is a concern. We have asked SEI to negotiate a better cost of goods on hot foods with their suppliers so that we can offset some of this added payroll expense.

The minimum wage increase has been a huge topic of discussion in our local FOA and ZLC meetings. Franchisees want SEI to visit this issue and find a resolution, as it is impacting our bottom line. We are going to be hit with another minimum wage increase statewide on Jan.1, 2016, when it goes up by a dollar to \$10.00 per hour. Also, in California a

continued next page

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new mandate on sick pay went into effect on July 1st. We have chosen the front load method, under which all employees that have worked for us for over 90 days and or any new hires after 90 days of employment are eligible to receive up to 24 hours of sick pay in a year. This again has been a big concern as it is an added expense for all of us.

Our Northern California Nevada Zone was dissolved in mid-July by SEI, and all areas from Reno Nevada to the Greater San Francisco Bay Area, the coastal areas of Monterey and Salinas, Sacramento and Fresno were dissected and realigned with other Zones. We had a great team of FOA leaders and franchisees from all these areas

“AB 525, KNOWN AS THE FRANCHISEE BILL OF RIGHTS, WOULD MAKE IT MORE DIFFICULT FOR FRANCHISORS TO TERMINATE FRANCHISEE CONTRACTS WITHOUT AN OPPORTUNITY TO CORRECT THE VIOLATION.”

—JASPREET DHILLON, PRESIDENT, CALIFORNIA PAC

who collectively contributed a lot of their time to resolving issues for the betterment of the system for years, and I am going to miss working with them. We now are part of the greater LA Zone and welcome Norman Hower as our Zone Leader. Norman visited many stores in our market area recently and listened to our needs and concerns, and has promised to get things done. I enjoyed working with Norman a few years ago when he was our Zone Leader under the Cal Neva Zone, and am looking forward to working with him once again. I am also looking forward to working with other franchisees and FOA leaders from the Greater LA Zone.

Sacramento Valley FOA

JAY BRAR, PRESIDENT

After a recent SEI reshuffle of our Zone administrative leadership, area franchisees are

now breathing a fresh air of healthy and positive motivation. First, our new market manager, Greg Ruffoni, with his strong communication skills, vast background, and retail experience, introduced franchisees with easy-to-adapt steps to maximize their benefits from stores. Greg's approach brought in a big boost to the declining moral of the franchisees. With the help of his staff, Greg was able to provide a look to our stores in regard to their uniformity, newness, and attractiveness. Although it is a nice beginning, a lot of work needs to be done yet.

The company last month announced that the northern markets in NorCal will align with the PacNW; therefore, our new Zone is now

Jason Murray and other area FOA leaders and franchisees, to gather great information and explore the common issues that are driving our industry and our operations.

As a leader of the Sacramento Valley FOA, I strongly believe about building profits and relationships. More importantly, I also believe our major concerns, at this very moment, are as follows: the most recent and future minimum wage increases; the Lower Cost of Goods; and better handling of our audits, and much more.



General Counsel Eric Karp briefed the Board on the terms of the impending DVR lawsuit settlement.

FOA Of Southern California

NICK BHULLAR, PRESIDENT

FOASC's 2015 Trade Show held at the Pasadena Convention Center was a mega success. I would like to thank the franchisees, vendors and SEI team for their help and active participation. I was very happy to get feedback from everyone. Vendors were very happy with the amount of business they did at the show. Everyone's smiling faces gave us a great amount of satisfaction and pleasure.

All our monthly meetings have been very successful with large attendance. Our FOASC Members meeting held on June 17 at Pacific Palm Resorts was a very high level meeting attended by SEI's top executive team. Franchisees have many issues and concerns that need to be discussed and resolved with SEI. We requested SEI to find solutions to these problems.

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Presidents' Reports

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The SEI top executives present at our Members Meeting included: Joe DePinto—President and CEO; Brad Jenkins—SVP Store Operations; Nancy Smith—SVP Fresh Food & Proprietary Beverage; Wes Hargrove—SVP Development; Dan Soper—VP Store Operations West; Greg Franks—VP Franchise Systems; Keith Jones—Sr. Director Communications; Ken Hathaway—Chief of Staff to the President and CEO; Norman Hower—Zone Leader; as well as local Market Managers and Franchisee Sales Managers.

The highlights of this meeting were:

- A detailed presentation by our CEO on the company's financial performance, challenges, unemployment rate, GDP growth rate, consumer confidence, median income, franchisee net income, and areas of focus in the future.
- Calories disclosures coming soon.
- Growth of Food & Beverages strategy.
- Quality of foods; getting regional with Fresh Foods.
- Focus on Transaction Count; market basket is bigger on food, introduction of Melts, averaging 8 to 9 now.
- One million more sandwiches were sold last year.
- Introduction of ice cream sandwiches.
- Addition of an assortment of 101 new items in Private Brands, which are up 19.1 percent.
- Connecting digitally now; RISE is going good as glitches have been fixed.
- Seven Rewards, Pay Near Me to pay utilities, rent, car payments.
- Better support for franchisees, balanced franchise system economics, \$711 Million dollars for both parties, SEI earned \$335 million, franchisees made \$376 million.
- \$2.76 Billion was spent as Capital Investments; SEI needs to do more as a result of more stores getting Hot Food items.
- Maintenance increases of \$10.2 Million—SEI took care of it; gross income support \$7.1 Million, Bill Backs \$5 Million, CDC volume short falls \$1.7 Million. Franchisee income up \$24,793. Good will sales are up.

After DePinto's presentation, a Q&A session began facilitated by local Board members Jawad Ursani and Paul Lobana. SEI's depart-



Chicago Alliance FOA Vice President Rehan Hashmi provided a complete review of changes to the Coalition bylaws.



Utah FOA President Rich Learned said SEI is building new stores there for the first time in many years.

ment heads came to the main podium to answer all the questions related to the different departments. The CEO intervened at times to give clarification on some of the responses. Questions were asked from the audience, as well. Some of these were:

- Scan audits, SKU counts not right, "I" not populating right after the Audit.
- Minimum wage increase in some areas; Graduated Split; maintenance; P1 performance is affected due to shortage of parts; consistency should be there in equipment in all

"FRANCHISEES NO LONGER HAVE TO WORRY ABOUT GETTING AN FIW THAT GOES BACK 18 MONTHS AND PUNISHES THEM FOR MISTAKES OR EMPLOYEE THEFT."

—SERGE HAITAYAN,
NCASEF VICE CHAIRMAN



UFOLI President Jack Rugen described the case of 12 franchisees on Long Island who took SEI to mediation over signing a new agreement upon expiration of their master leases.

stores, different urns, hot food; some have it, some don't.

- Tenure of the next agreement without Renewal Fee; Lottery audit credits not passed on in a timely manner to stores and should be posted on 7-HUB.
- Explore the Hispanic assortment by local vendors.

Joe Depinto announced that the remodeling of 7-Eleven stores will start with the Greater LA Zone in the forth quarter of 2015. FOASC requested that all the stores should have a consistent look. Also, that all the stores should have a new coffee program and hot foods should be installed in all the stores to maintain an even playing field between them. This would also insure that all guests have the same great experience in all 7-Eleven stores. Customer satisfaction is most important for any business.

GREATER LA ZONE REPORT—2015 YTD FACTS AND FIGURES:

Greater LA has seen a 7.2 percent increase in same store sales over the Previous Year to \$4,909 APSD, a \$330 dollar increase on average per store. GLA has seen incredible Fresh Foods growth, up 13.7 percent YTD in the average store, which equates to a \$67 increase on average per store. Other bright spots include the Vault—up 10 percent YTD in the average store, which equates to a \$96 increase

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“OVER THE LAST 6 YEARS RATES HAVE REMAINED FLAT EXCEPT FOR ONE 2 PERCENT INCREASE IN 2013.”

—TREVOR FOSTER,
FM FACILITY MAINTENANCE

on average per store. Cigarettes are up 10 percent YTD or \$95 on average per store and Processed Foods (which includes Snacks) are up 10 percent YTD or \$51 on average per store. Franchisees in Greater LA embraced and supported the expanded Spring/Summer resets, which really helped drive incremental sales and market basket size.

Greater LA continues to grow customer counts! YTD, the average guest count in GLA is 1,015. This is a 4.2 percent increase to previous year and up 41 guests per store day on average. Greater LA franchisees are excited to see these new customers and are delivering a quality guest experience that keeps them coming back.

Gross Profit—Greater LA continues to enjoy the highest gross profit rate in the U.S. at 38.72 percent YTD. A strong mix of vault, proprietary beverages and fresh foods helps to make this possible. YTD, Gross Dollars in the average store are \$1,901 APSD—up \$105 APSD or 5.8 percent vs. previous year. Leading the Gross Profit increase is the Fresh Foods PSA 17, up 18.3 percent to previous year and contributing \$29 in additional gross profit for the average GLA store. The vault is contributing \$43 dollars more APSD, and up 6.8 percent to Previous Year.



Virginia FOA President Romy Singh said hot foods are increasing gross profit percent and should be expanded.

Kansas City FOA

KHALID ASAD, VICE PRESIDENT

Market 1951 Kansas City/St. Louis recently got the national rollout of Hot Food installs in July. SEI has planned to do the install in 55 stores and so far 25 are complete. Our Market was recently recognized for doing \$200 APSD in Hot Foods. Guest response to the new addition in fresh foods has been very positive and encouraging ... eager to see how high is high.

Overall PSA 17 for the market currently is \$336 vs LY at \$286, for a 17 percent SSSG for the current month. This quarter Merchandise Sales are \$4,450 APSD for 6 percent SSSG, YTD \$4,074 for 5 percent SSSG. Guest count YTD is 13,905,167 for 1.45 percent SSSG. App redemption—currently at 22.1 cups PSD scanned and trending up.

Our group feels the excitement and hopes we will finally get the attention of respected bankers in Dallas for stores growth/upgrades and test new food items. We're showing excellent results in hot foods where QuikTrip remains a big shareholder, and this definitely high-

lights us.

We would like to welcome Mike Scales (DVP Heartland) for continuing the positive energy and communications with our group. Thanks to SEI Market leadership and partnership, along with hard working franchisees, for making this a successful launch so far.

Delaware Valley FOA

AL HAFAR, PRESIDENT

Sales are soft in many stores; very few stores are having an increase up to 10 percent, while some have an opposite result. Many are complaining about the automatic delivery of



Phoenix FOA President Jerry Sahnan laid down the rules for changing the NCASEF's bylaws.

huge quantities of cases of water. No one is claiming responsibility for those orders. Our last two meetings were very well attended. In one meeting we hosted our Zone leader and both market managers. We also had two vendors presenting and the guest speakers were State Senator Joe Sabatina and former Speaker of the House John Perzel.

In our most recent meeting a Loss Prevention representative was present for Q&A session. Our guest speaker was State Representative John Taylor. Topics discussed were minimum wages increase, cigarettes tax and liquor privatization.

On another note, our stores look extremely outdated. Only patch works spotted in a few stores while our competitors are reinvesting in their stores and improving their image constantly.

South Florida FOA

ZAHID ANWAR, PRESIDENT

Our area continues to deliver outstanding results despite the strong push by our competitors. We are leading the company in YTD sales growth, posting an 8.1 percent same store sales increase over the previous year. Our Franchisee Net Income increase is a company leading 20 percent over the previous year. Our area also has the third highest foodservice sales in the company, with \$608 ASPD. According to our Zone leader, while we are trailing the food powerhouses in the North Atlantic Zone at

continued next page

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\$627, and the Liberty Zone at \$785, we have been closing that gap.

Baltimore FOA

BARBARA GRAHAM, PRESIDENT

Mother Nature has been pretty good to us in the Baltimore area for the summer. Our stores in the area are showing sales increases for June of 1.6 percent to 2.7 percent, July 3.5 percent to 5.4 percent, and so far in August we are up 4.8 percent to 5.7 percent. We are also showing very strong sales in-

creases YTD. We have had a lot of concentration on the fresh foods category. On National Hot Dog Day we had a store in our area sell 408 Quarter Pounders. The stores have really gotten behind the fresh foods to grow our business and we are hoping for some new products to continue the growth in this category.

Franchisees in our area are very concerned about the increases in minimum wage and what effect it will have on our stores. Our FOA has been working with the other FOAs in our area on this issue. The minimum wage increases will affect the majority of stores across the country.

“THE ANSWER IS NOT TO BREAK OFF AND FORM A NEW FOA. STAY UNIFIED AND MAKE YOUR EXISTING FRANCHISE OWNER'S ASSOCIATION STRONGER.”

—HASHIM SYED, NCASEF VICE CHAIRMAN



California PAC President Jaspreet Dhillon described work being done on fair franchising bills in California and Pennsylvania.

On September 16, we will hold our charity golf tournament to benefit Swim Across America; the money raised will go to cancer research. The Baltimore, Suburban Washington and Washington DC FOAs work together with our vendor community to make this event a fun day for everyone. **AV**

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Member News

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Legislative Update

unanimous approval from the three-member wage board, applies to fast-food establishments that are part of chains with 30 or more locations nationwide. The state labor commissioner still must accept the recommendation, which he is expected to do.

In New York City, the board recommended the wage be increased to \$10.50 an hour by the end of 2015, \$12 by the end of 2016, \$13.50 by the end of 2017 and \$15 by the end of 2018. New York's current minimum hourly wage across all industries is \$8.75 and is set to increase to \$9 at the end of the year. The National Association of Convenience Stores reported the wage hike would impact many chain and franchise c-stores because the definition of "fast-food establishments" within the recommendation is "far-reaching."

Move To Double Salary Limit On Overtime Pay

President Barack Obama recently launched a campaign for salaried workers earning nearly \$1,000 a week to receive overtime pay, declaring that too many Americans are working long hours for less than they deserve, reported *The Guardian*. The long-awaited overtime rule from the U.S. Labor De-

partment would more than double the threshold at which employers can avoid paying overtime, from \$455 a week to \$970 a week by 2016. That would mean salaried employees earning less than \$50,440 a year would be assured overtime if they worked more than 40 hours per week, up from the current \$23,660 a year. The proposed changes will be

open for public comment and could take months to finalize. They can be enacted through regulation, without approval by the Republican-led Congress.

Hawaii First State To Raise Smoking Age To 21

Hawaii's governor in June signed a bill raising the legal smoking age statewide to 21, the first U.S. state to do so, reported Reuters. The law takes effect on January 1, 2016, and will also ban the sale, purchase or use of electronic cigarettes for those under the age of 21. The governor also signed a bill banning smoking and e-cigarette use at state parks and beaches, acts already banned in all city and county parks other than of Kauai County.

Most U.S. states set the legal smoking age at 18, while a handful have set it higher at 19. Some cities and counties—including New York City and Hawaii County—have

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books on the worst off-shore oil spill in U.S. history, **BP recently agreed to provide \$18.7 billion** to five Gulf Coast states in a deal the company said would bring its full obligations to an estimated \$53.8 billion, reported the Associated Press. • More than half (54 percent) of consumers said in the past year they had **increased the amount of grocery shopping they do online** by an average of 29 percent, according to a new survey from Door to Door Organics. • The 36 states that participate in the multi-state **Powerball lottery** have changed the game to make it harder to win the jackpot, but made it a bit easier to win a smaller amount of prize money, reported *USA Today*. The game changes, which were designed to create larger jackpots, will begin in October. • Pharmacy chain CVS has announced it would be **taking over 1,660 drugstores inside Target locations**, which will be designated as "CVS pharmacy" locales. The deal also **includes Target's nearly 80 medical clinics**, which will be changed over to CVS's Minute-Clinic banner. • Battling higher costs from wage hikes, **Wal-Mart Stores will begin charging fees** to almost all vendors for stocking their items in new stores and for warehousing inventory, reported Reuters. • The California Labor Commission recently ruled that a San Francisco-based **driver for smart phone-based ride-hailing service Uber is an employee, not a contractor**, reported Reuters. If Uber drivers are employees, the article states, that opens the company up to higher costs—including Social Security, workers' compensation and unemployment insurance. • **eCampus.com has been chosen by the University of Wisconsin-Milwaukee to develop the university's first-ever Virtual Bookstore** that will be live at the end of fall semester. • Lawn care franchise **Weed Man USA** has been named by *Forbes Magazine* as **one of America's Best Franchises under a**

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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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Legislative Update

already raised the smoking age to 21. Lawmakers in Washington state and California have also pushed to raise the legal smoking age to 21 in recent months.

Kansas City Leaders Approve Minimum Wage Hike

Kansas City Missouri's minimum wage would rise to \$13 an hour over about four and a half years under a newly approved ordinance, reported the Associated Press. The city council voted in July to approve the measure. The proposal has the



backing of low-wage workers, but business groups are questioning its legality. The new rule calls for businesses with more than 15 employees to begin paying at least \$8.50 an hour on August 24, up from \$7.65. The minimum wage would rise again on January 1, 2017, to \$9.82 an hour, and will be followed by annual increases until it hits \$13 an hour in 2020. Cost-of-living adjustments would be made in subsequent years.

New Group Pushes Higher Minimum Wage In Oregon

A new group is pushing to raise Oregon's minimum wage from \$9.25 an hour to \$13.50 an hour, reported KGW.com Portland. The Raise the Wage Coalition is made up of organizations, businesses, and workers. The group is basing its \$13.50 amount on a new report that they say shows \$13.50-an-hour is a baseline "self-sufficiency" wage for 29 counties in the state. The report also shows that a wage of \$13.50 is not enough for families in the state's urban areas. The coalition wants to give cities the ability to raise the wage even more than \$13.50 if they want to. As conversations about minimum wage continue, the coalition hopes to bring their

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Legislative Update

proposal to the February 2016 legislative session. If that fails, the group wants to get it on a ballot, and let voters decide.

Bill To Privatize PA State Liquor System Nixed

Pennsylvania Governor Tom Wolf recently vetoed the first bill to clear the General Assembly establishing a privatized liquor system in the state, reported the *Pittsburgh Tribune-Review*. The bill would have phased out more than 600 state wine and spirits stores and allowed beer distributors and grocery and convenience stores with eateries to sell liquor and wine. Distributors could have sold unlimited amounts, and those with restaurant licenses could have sold five bottles of wine and two bottles of liquor. The governor said the legislation fell short of a "responsible means to reform our state liquor system and to maximize revenues to benefit our citizens."

FDA Extends Menu-Labeling Deadline

The Food and Drug Administration is giving restaurants and other food retailers an additional year to comply with new rules that require calorie counts on menus, reported the *Wall Street Journal*. Responding to concerns raised by some food establishments that the requirements are confusing and broad, the FDA said it would extend the deadline to December 2016. Some restaurants and grocery stores also have expressed concerns about the need to develop software and other technology to provide caloric details,



FDA label rules apply to all food outlets with at least 20 locations.

the agency said. The FDA said it would post a draft guidance document in August to answer some of the frequently asked questions from the industry.

The government announced the label rules last year, and they apply to all food outlets with at least 20 locations—which encompasses such products as movie-theater popcorn, gas-station burritos, and grocery store baked goods. Some food-industry groups have raised concerns about how the rules would apply at nontraditional eateries—such as convenience stores that sell prepared meals but lack the standardized menus of fast-food chains.

Massachusetts Bill Protects Tobacco Sales

After the Board of Health in Westminster, Massachusetts attempted to ban the sale of tobacco products last year, state lawmakers have begun to take measures that will prevent other local governments from enacting similar ordinances, reported *The Cigar Authority*. One of the bill's co-sponsors made it clear that the measure was a direct response to Westminster and a prevention for other local governments to attempt to enact such ordinances. A second bill was also introduced that would prevent the Board of Health from banning any legal product—tobacco or otherwise. While both bills are in the early stages it could take a year until it reaches the Governor's desk providing it passes.

Flavored Tobacco Tax Hike Proposed in Massachusetts

The Massachusetts Senate is pressing to increase the tax on flavored cigars, flavored smoking tobacco, and flavored "blunt wraps" from 40 percent

to 210 percent in an attempt to reduce youth use of products that come in such flavors as white grape and vanilla, reported the *Boston Globe*. If the tax hike were to become law, Massachusetts would have the highest flavored-cigar tax in the country, say advocates and opponents of



the push.

The tax would be imposed on cigar distributors. So a retailer buying a \$1 flavored cigar would pay a \$2.10 tax, significantly raising the price for consumers. Unflavored and tobacco-flavored cigars would remain taxed at 40 percent. The sales tax would continue to be applied as well.

Study Reveals Fed's Debit Card Mistakes

A new study by the Richmond Federal Reserve shows the Fed made mistakes when it tried to implement reforms to make the market for debit-card fees competitive, according to the Merchant's Payments Coalition. The preliminary study showed that 90 percent of merchants hadn't seen any savings, didn't know, or saw their costs actually rise—the opposite effect Congress envisioned when it passed debit reform five years ago.

Under the Durbin Amendment to the Dodd-Frank financial reform bill, Congress required the Federal Reserve to impose rules to make this market more competitive and exorbitant fees more reasonable. But the Fed bowed to heavy pressure from the big banks and introduced

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Member News

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Changing Asset Protection

By Waqar Sheikh, President, Virginia FOA

We have seen a multitude of changes recently in Asset Protection, a multi-functional department that works for SEI but is supposed to take care of 7-Eleven franchisees, too. This is one of the departments that franchisees have not taken advantage of due to the reputation of the department and its handling of Financial Impact Worksheets of the recent past, which have been discontinued.

this particular employee issue. In another instance, we found that my inventory in two categories was abnormally high, and my order writers learned we should not carry too much of specific products.

The bottom line? You will be better off if you can have Asset Protection evaluate the situation before you hit a bigger problem—like a ten or twenty thousand dollar shortage—and

they come looking at your store. Our advice to members is to call Asset Protection before the bigger

“Our advice to members is to call Asset Protection before the bigger problems come.”

Today it is the other way around. We are advising our franchisees to utilize Asset Protection just like they are using other departments—to help their stores function smoothly. I am looking at them like Accounting or Maintenance. If we have an accounting issue, we create a case. If we have a maintenance issue, we create a case. It should be likewise with Asset Protection. Make a case. Address the issue and get the resolution.

For example, if you feel you are having a store problem, and you have an Asset Protection guy with a BT specialty come evaluate your store, they just might be able to analyze what is going on using the tools we now have available. I recently had a problem in one of my stores and we were able to use the accounting system and watch videos to resolve

problems come. Have them do preventative maintenance, just like we call Accounting or Maintenance. We don't hesitate to create an accounting case. Why don't we look at our reports and take the initiative and call Asset Protection when we detect a problem? I think the more we involve them in our problems the better off we should be. I've heard stories of huge employee thefts of thousands of dollars, and I am better off if I can prevent a small issue from becoming a large one.

Franchisees must look at transactions that have red flags and involve Asset Protection like they are working for you, just like we call Accounting or Maintenance. We shouldn't be afraid of them. I will bring this up at the next NBLC meeting and also the CEO Roundtable. **AV**

The National Coalition Office Has Moved!

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



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\$150,000 initial investment on the

"Best & Worst Franchises to Buy" list for 2015.

• **China** has overtaken the U.S. as the **world's biggest ice cream market** in 2014 for the first time, according to new research from Mintel. Between 2008 and 2014, ice cream sales in China has nearly doubled to reach \$11.4 billion, while the U.S. market has grown at a much slower rate over the same period to reach \$11.2 billion. • **Walmart**

Canada recently launched its Online Grocery Pickup service for Ottawa-area customers, offering shoppers the convenience of doing their grocery shopping from their home or on the go, and choosing a pickup time and location that is convenient for them. • **McDonald's has started rolling out its new mobile app in the U.S.**, reported the *Chicago Tribune*. One of the main features is a loyalty program that allows customers to earn a **free McCafe beverage after five purchases**. •

The United States is now the world's second largest Spanish-speaking country after Mexico, reported *The Guardian*. According to a new study published by the Instituto Cervantes, there are **41 million native Spanish speakers in the U.S.** plus a further 11.6 million who are bilingual. • Online grocer **Peapod.com** made it easier to enjoy fresh and local seasonal produce this summer by offering a new Peapod Local Farm Box, which gave Peapod customers in certain areas the option of adding a box of produce from local farms to their virtual grocery cart. • A growing number of convenience stores in Japan, including **Seven-Eleven Japan**, are offering a service that allows shoppers to pick up their purchases from unaffiliated online shopping sites such as **Amazon**, reported the *Washington Post*. • Mintel's Online Shopping US 2015 report reveals that **over two thirds (69 percent) of U.S. adults shop online at least monthly**, with 33 percent shopping online every week in

continued on page 86

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- The FOA with the 2nd largest sales increase over last year wins **\$2,500**
- The FOA with the 3rd largest sales increase over last year wins **\$1,000**





Member News

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Legislative Update

only half-measures, the Merchants Payments Coalition said. For instance, it doubled its own original estimate of a fair fee on a debit transaction. For some small transactions, the fees went up, too. According to figures the banks themselves report to the Fed, they still earn a 500-percent profit on these fees.

Hawaii First State To Ban Plastic Bags

The City and County of Honolulu is now enforcing a ban that prohibits stores from handing plastic bags to customers at checkout.

As of July 1, grocery stores across the entire state of Hawaii are banned from distributing plastic bags, reported *The Huffington Post*. The City and County of Honolulu—which covers the entirety of Oahu, Hawaii's most populated island—is now enforcing a ban that prohibits stores from handing plastic bags to customers at checkout, making Oahu the last populated island in the state to give the bags the boot. This makes Hawaii the first state in the nation to fully ban plastic bags at grocery stores. The ban makes exceptions for some plastic bags, including compostable bags and those used within a store for bulk items or those used for medical or sanitary purposes.



Vermont Soda Tax In Effect

A six percent sales tax on sugary drinks went into effect in Vermont on July 1, reported the *Valley News*. The Vermont Legislature and Governor Peter Shumlin approved the extension of

the sales tax to soda and other sweet drinks as part of a tax package passed last session. Exemptions to the soft drink law include items purchased with food stamps, those that contain milk, soy, rice or other milk substitutes and those that contain greater than 50 percent vegetable or fruit juice by volume. Soft drinks are considered to be nonalcoholic beverages that contain natural or artificial sweeteners. Also starting July 1, all food and beverages sold in vending machines are subject to the 9 percent Vermont Meals and Rooms tax.

Federal Bill Introduced To End Online Lotteries

In late June, seven U.S. senators introduced their bipartisan legislation—S. 1668, Restoration of America's Wire Act—which would restore the long-standing interpretation of the Wire Act and end online lotteries and gambling in states, reported NACS Online. The senators noted that in December 2011, the Department of Justice published an

opinion that reversed the long-standing interpretation that the Wire Act banned all forms of Internet gambling. This decision opened the door to online gambling in states, which previously had not allowed some forms of gaming. The Restoration of America's Wire Act will return the Wire Act to where it was in 2011 before the Department of Justice reinterpreted the long-standing statute; not affect traditional, retail store lottery sales; and not affect gaming establishments in states where gaming was legal prior to 2011. **AV**

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two each in Florida and Missouri, plus one each in Nevada, New York and South Carolina. The company said it is selling the stores because, although they are high quality assets, they do not fit 7-Eleven's current business model. All sites are being sold without 7-Eleven branding, and those sites that sell fuel are offered for sale with fuel supply, which would be provided by SEI Fuels Inc., a 7-Eleven subsidiary.

Serving Solutions Alongside Slurpees

7-Eleven is evolving and expanding its brand position to “make the everyday better,” according to a *Forbes* article. SEI CMO Laura Gordon and SVP Innovation Rob Chumley told the publication 7-Eleven wants to become a convenient experience, not merely a convenience store. To meet this goal, Chumley heads a team responsible for “integrating potential solutions into a testing environment and then iterating them to scale the viable ones into the large organization.”

One innovation created by this endeavor is a partnership with KeyMe, a New York City start-up of digital key-making kiosks. Another new service allows Greyhound customers to order their bus tickets online and then pay for and pick them up at 7-Eleven locations. Also, 7-Eleven recently started testing on-demand delivery service for select stores in San Francisco and Austin.

“We have been meeting needs for 88 years by being a convenience store defined by products and services in store,” Chumley said. “We now need to evolve to being a convenient store, defined by the problems it solves—inside the store, outside the store, we meet people where they are.”

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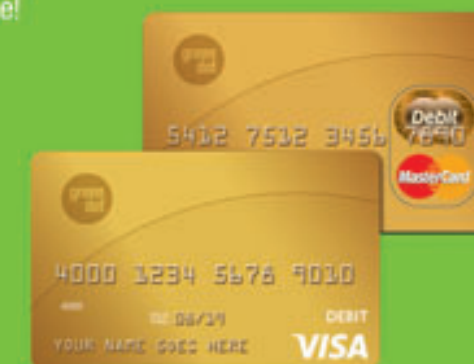
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Member News

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7-Eleven Fuels Japan's Coffee Frenzy

The fastest-growing drinks market in Japan isn't craft beer or fruit smoothies—it's \$1 cups of black coffee from the local 7-Eleven, reported *Bloomberg*. Coffee sales at c-stores surged 48 percent last year, the fastest-growing part of Japan's beverage market, as \$1-a-cup brews boosted consumption to a record. Japan is the world's biggest coffee importer after the U.S. and Germany, and demand per person will

lion cups for the year through February. About 10 percent of Japan's bean imports supply c-stores, with 7-Eleven representing about half of that volume.

Ricker's Increases Entry Wage

Indiana-based Ricker's Convenience Stores has raised its entry wage to \$9 an hour on July 1, the company announced. The wage will increase to \$10 after one year of employment with the company. The

company has long taken pride in paying above market wages in comparison to its

competitors for retail careers. With the new increase, the starting wage of \$9 will be \$1.75 more than Indiana's state minimum wage of \$7.25. Ricker's also said it plans to make managerial team member wage adjustments as part of this initiative.

Swift Duty-Free Checkout

Seven-Eleven Japan has developed a checkout system that can finish duty-free procedures in five minutes, against the 15 the 20 minutes it takes to



Detroit area franchisees Abid Jamil, Jon Baloch and Hassan Hans hosted a 7-Eleven franchisee picnic on June, 7, 2015, the first event of its kind. Franchisees and their families, field consultants and market managers were in attendance for great food, games, and perfect weather.



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process such purchases manually, reported the *Japan Times*. The Seven & I Holdings Co. unit plans to introduce the system at 1,000 domestic outlets, mostly in tourist spots, this summer and have 3,000 in operation by the end of next February. The system can instantly be changed into a duty-free transaction mode, and all a store clerk has to do is scan the buyer's passport and follow ordinary checkout procedures. It means foreign visitors will no longer have to fill in forms.

Dollar Tree Completes Family Dollar Purchase

Dollar Tree recently completed its \$8.5 billion acquisition of rival discount chain Family Dollar after a year-long struggle that drew in antitrust regulators and rival bids, reported the Associated Press. The company announced its intent to buy Family Dollar last July, but the combined entity was forced to get rid of 330 stores, regulators said, to avert dominating some regions. Dollar Tree now has about 13,000 stores in 48 U.S. states and Canada, making it the largest dollar store chain with annual revenue of around \$19 billion.

Amazon Drive-Up Grocery Stores

Amazon.com is developing a new drive-up store concept in Silicon Valley that will allow consumers to order grocery items online, then schedule a pickup at a dedicated facility, reported the *Silicon Valley Business Journal*. The project could signal a new distribution strategy for Amazon, the world's biggest online retailer, while adding an additional threat to a grocery industry already in the throes of

continued on page 84

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Member News

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A CHANGE OF CULTURE

By M. Al Haffar

President, Delaware Valley FOA

Back in the 1970s, many new immigrants to this country found an opportunity to live the American dream by buying into the 7-Eleven franchise. For two decades thereafter, these 7-Eleven stores were fruitful for many. They allowed the new immigrants—and all other franchisees—to acquire and maintain a better standard of living, to send their kids to college, and to build a prosperous future for themselves and their families.

A lot has changed in the last 15 years. A younger and hungrier batch of franchisees emerged, adding more demand for stores. Additionally, many store employees felt that they, too, should own their own 7-Eleven. Before long

one that creates an opportunity for corporate to increasingly install, build or acquire more stores because now they have no trouble franchising them to anyone. There is now a store for every situation. At one point, when the demand for stores stagnated, the company offered a so-called combo deal—buy one and get one free, so to speak.

In my opinion, the business model no longer lives up to the standard of "a proven system." This change in culture and business model has empowered corporate to dictate even tougher rules on store-owners and to further squeeze from the owners of these stores their rightful share of the pie. Many expenses that were once SEI's responsibility have been shifted onto the hard working franchisees, who are using their sweat and blood to run their stores.

The question that needs to be asked is, where is this going and how can we stop it? Is it corporate greed that is creating a more demeaning way of earning a living for franchisees? The responsibility falls on our shoulders collectively to change the direction in which corporate is heading. I urge all franchisees to get involved with your local FOA and the National Coalition to network, solve problems and influence 7-Eleven management to sit down and talk to franchisees to reach mutually beneficial decisions on our income that affect us all. **AV**

"A change in culture and business model has empowered corporate to impose even tougher rules on storeowners."

a new culture of franchisees emerged, one that was eager to own multiple stores, which the company strongly encouraged. These franchisees were and are willing to grab low volume stores and take a smaller dividend from each store. They aren't dependent on one store for their main income.

The business model has changed into

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change. Amazon's first location appears to be Sunnyvale, California, where a real estate developer has submitted plans for a new 11,600-square-foot building and grocery pickup area at 777 Sunnyvale Saratoga Road. Amazon itself is not named in planning documents, but real estate sources familiar with Amazon's concept said Amazon is the likely tenant.

McDonald's Moving Into All-Day Breakfast

McDonald's may roll out its all-day breakfast menu nationwide in October, after launching tests in San Diego and Nashville earlier this year, reported the *Wall Street Journal*. Before all-day breakfast can become a reality, various franchisee committees have to approve it because the plan would require new equipment. "Serving all-day breakfast is likely the number one request we hear from McDonald's customers," the company said in a statement.

Franchisee Helps Impoverished Customers

A man was so moved by a sign he saw on the front of a local 7-Eleven in Fresno, California that he decided to stop and take a picture of it. Less than 12 hours after it was published online, the picture went viral, reported OpposingViews.com. The sign reads: "He Who Is Hungry, And Can't Pay For A Hot Dog, Can Have One For Free!" The store belongs to NCASEF Chairman and Sierra FOA President Serge Haitayan, who is no stranger to giving back to the community his store serves. Every winter he hands out free coats to children at local elementary schools.

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Member News

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Starbucks Moving Into Under-Represented Areas

Starbucks recently announced it will open stores in 15 diverse, low to medium income urban communities across the U.S., with at least five stores expected to open in 2016. The company said it will open the first of these stores in the Englewood neighborhood of Chicago's south side; the West Florissant neighborhood in Ferguson, Missouri; the Jamaica neighborhood in Queens, New York; Milwaukee, Wisconsin; and will remodel its store at 7th & Camelback in Phoenix, Arizona.

Each of these locations will have an onsite training space, and Starbucks will

also partner with local youth services organizations and government to leverage existing programs that help connect young people with internships, apprenticeships and jobs in the community and foster the type of dialogue and engagement needed for continued social change. Starbucks said it will hire on average 20 to 25 employees per store from the local community.

Chipotle Hikes Prices To Cover Wage Increase

Chipotle Mexican Grill instituted double-digit price increases across the board in San Francisco after the city raised its mini-

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2015, up from 24 percent in 2014. • Petco recently launched **PetcoNow**, the first on-demand delivery service in the pet specialty retail category. Powered by Instacart, the service gives pet parents the ability to access all of the Petco pet products they need, delivered directly to their door in as little as one hour. • **Current sandwich culinary trends are being driven by flavor adventure and healthier ingredients**, like the use of jam in hot or cold sandwiches, protein-based salad sandwiches, and Cuban and Brisket sandwiches, reveals a new report by *Packaged Facts*. • Dr Pepper Snapple Group announced that it has made an equity investment



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Member News

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mum wage by 14 percent, reported the *Washington Examiner*. Citing a study by global investment firm William Blair, the article states Chipotle restaurants in San Francisco raised its chicken, pork, tofu and vegetarian prices by 10 percent, and its cost of steak and barbecue by 14 percent. This comes after the city raised its minimum wage from \$10.74 an hour to \$12.25 on May 1—one wage increase on the path toward its 2018 goal of \$15 per hour.

With a \$15 minimum wage, the average fast-food restaurant would have to raise prices 38 percent from current amounts, says James Shark of the Heritage Foundation. This means that a McDonald's Big



Mac meal would increase from \$5.69 to \$7.82, Chipotle's steak burrito bowl from \$6.65 to \$9.14, Burger King's Whopper from \$6.15 to \$8.46 and Subway's chicken breast footlong from \$6.50 to \$8.94.

Sugar Guide On Food Labels?

The Food and Drug Administration recently proposed requiring nutrition labels to list amounts of added sugar and recommended consumption levels, a move long promoted by health advocates but opposed by many food and beverage companies, reported the

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of \$20 million for an **11.7 percent stake in BA Sports Nutrition, LLC**, owner of BodyArmor SuperDrink. The sports drink was launched by Vitaminwater co-founder Mike Repole and is backed by a group of investors that includes NBA star Kobe Bryant. • When time is a constraint, **Americans are likely to get breakfast on the go (43 percent) or skip the meal all together (21 percent)**, according to a study by Instantly. When eating on the go, **31 percent said they might grab something at a convenience store or gas station**. • Staples plans to acquire rival Office Depot for \$6.3 billion despite what regulators say, according to the *Wall Street Journal*. **AV**



Member News

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Columbia Pacific FOA's 2015 golf tournament raised \$2,500 for the Doernbecher Children's Hospital. Pictured left to right: Mallory Tyler, Doernbecher Children's Hospital Foundation, President Harbrajan Gothra, Vice President Stan Singh, Treasurer Junaid Akhtar, and Board Member Suzie Ho at the Doernbecher Foundation.

Wall Street Journal. The proposed rule would set the recommended intake of added sugar for packaged food and beverages at no more than about 200 calories a

day, or 10 percent of the 2,000-calorie diet generally used for nutrition guidance. That would cap intake at about 13 teaspoons of added sugar—or a bit more than in a 12-ounce can of Coca-Cola, which has nearly 10 teaspoons. The FDA said a fresh review of dietary research indicates that a healthy diet, which would decrease consumption of sugar-sweetened foods and drinks below current U.S. eating patterns, is

likely to reduce a person's risk of heart disease. The FDA rule still needs to go through a public-comment period and possible revisions before it could be adopted.

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CA Child Support

The California Department of Child Support Services recently launched a new payment option for cash-paying customers called PayNearMe, which allows customers to make cash payments at any of the more than 1,600 participating 7-Eleven stores throughout California and others across the country. They pay a \$1.99 convenience fee and payments can take up to three business days to post. During a two-month pilot of the service in June and July, the Fresno County Department of Child Support Services received 164 cash payments worth more than \$38,623, officials said. Payments were received from 11 California cities as well as Florida, Nevada, Oregon and Washington. **AV**

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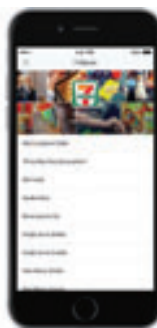
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SEI News

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SEI TESTS ON-DEMAND DELIVERY

Select 7-Eleven stores in the San Francisco area and Austin now offer on-demand delivery powered by Postmates, a tech and logistics company that operates a network of couriers. Customers download the Postmates iOS, Android or web app to place orders.

An assortment of 7-Eleven's products from hot foods and snacks to cold beverages and other convenience items is just a few taps away and are delivered by Postmates to customers in an hour or less. SEI said this is its first official foray

SEI expects to expand on-demand delivery to other high density areas like NY, Los Angeles, Washington, DC, and Chicago.

into delivery and fulfills a component of the company's omnichannel strategy to provide time-pressed customers solutions to their everyday needs while transforming its outlets from convenience to convenient, neighborhood stores. SEI expects to expand delivery later this year to other areas where there is a high density of 7-Eleven stores—New York, Los Angeles, Washington, D.C. and Chicago.

SEI ENTERS NEW AGREEMENT FOR ATM SERVICE

SEI recently completed an agreement with Financial Consulting & Trading International, Inc. (FCTI), of California, to

become the company's new ATM provider. FCTI is a wholly owned subsidiary of Seven Bank, a highly successful ATM provider for all 7-Eleven stores in Japan. SEI said its U.S. company-operated and franchised stores are expected to transition to FCTI's ATM program in 2017.

SEI PARTNERS WITH ZIPCAR IN WASHINGTON, D.C.

SEI has teamed with car sharing network Zipcar to place a total of 18 Zipcars at nine 7-Eleven stores throughout the Washington, D.C. metropolitan area. These vehicles are now available for reservation by the hour or by the day at affordable rates that include gas, insurance and 180 miles per day. The arrangement provides Zipcar members with more freedom and choices on where to pick up and return vehicles at convenient locations while they purchase food and essentials for a weekend getaway, a road-trip or to run errands around town.

"Both 7-Eleven and Zipcar are synonymous with convenience, so placing vehicles at 7-Eleven stores is a natural fit for us," said Zipcar D.C. General Manager Scott Hall. "Our members regularly take Zip trips and need to stock up on snacks and supplies before heading out on their next adventure."

NEW ORLEANS SHELL-BRANDED FUEL DISTRIBUTION BUSINESS ACQUIRED

SEI Fuel Services, Inc. recently announced the purchase of the dealer fuel

supply business of Lavigne Baker Petroleum, LLC, in and around New Orleans, LA. The transaction closed July 16th.

SEI Fuels entered the wholesale fuel business in 2012 when it and its parent company, 7-Eleven, Inc., acquired the assets of TETCO, INC. and its affiliates, which ran a Texas-based fuel distribution and convenience retailing business. Since 2012 SEI Fuels has purchased four other wholesale businesses and now sells more than 600 million gallons of fuel annually to open dealers. With this transaction SEI Fuels has entered the New Orleans area market as the largest Shell-branded



distributor, supplying approximately 60 branded locations.

7-ELEVEN DAY WEEK-LONG SLURPEE CELEBRATION

As it has for the past 13 years, 7-Eleven celebrated its birthday by giving away millions of free small Slurpees on 7-Eleven Day, or July 11. But the party didn't stop there—the company extended the celebration, from July 12 to 18, with 7Rewards Week. During that week, 7Rewards members received a free 7-Select food or drink val-



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SLIN #302518
UIN #039909

*IRI/SPINS TPL Energy Bar Category Total Convenience Channel 52 Weeks Ending 06/14/2015



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SEI News

ued under \$2 with any 7-Eleven cup purchase (Slurpee, Big Gulp, Coffee and Iced Coffee Chillers). The free 7-Select offers automatically appeared as a coupon in the "Scan and Save" section of the 7-Eleven mobile app.

This year, 7-Eleven Day also offered Slurpee-loving customers a chance to try new or featured flavors for free, like this summer's new Sour Patch Watermelon flavored Slurpee drink. Introduced July 1, Sour Patch Watermelon is the first Slurpee flavor based on the popular sour and sweet Sour Patch Kids Soft & Chewy Candy.

7-ELEVEN STORES TO OPEN IN VIETNAM

SEI announced that it has signed a master franchise agreement with Seven System Vietnam Co. Ltd. to develop and operate 7-Eleven stores in Vietnam. The expansion marks the company's first stake in the Pacific Rim since 7-Eleven entered Indonesia in 2009. The new master franchisee plans to construct 7-



Eleven stores, convert existing locations to the 7-Eleven brand supported by enhanced infrastructure, and eventually franchise operations to local business-people, SEI said in a released statement.

Vietnam will be the 18th country or region where 7-Eleven stores operate. In

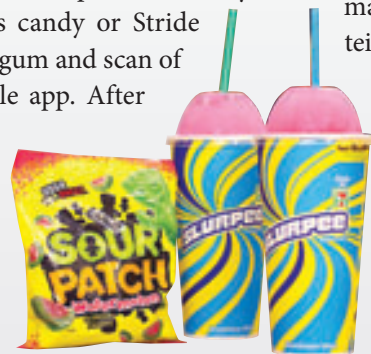


SEI launched a new promo in August—FREEK-ends—based on weekend offers on the 7Rewards Scan and Save section of the 7-Eleven app.

addition to the United States, other countries include Canada, Mexico, Japan, Thailand, South Korea, Taiwan, China (including Hong Kong), The Philippines, Australia, Singapore, Malaysia, Indonesia, Norway, Sweden, Denmark and the United Arab Emirates, where its first 7-Eleven store will open early this autumn.

SWEET & SOUR SLURPEE DEAL

July 25 was Sour Patch Kids Day at 7-Eleven stores, and the company celebrated with a free medium Slurpee drink offer activated with the purchase of any Sour Patch Kids candy or Stride Sour Patch Kids gum and scan of 7-Eleven's mobile app. After downloading the 7-Eleven app, customers automatically received the offer via a coupon in the "Scan and Save" section. To spread word of the promo on social media, the Sour Patch



Kids Slurpee Selfie Challenge campaign encouraged fans to post selfies of themselves on social media using the hashtag, #SPKSlurpeeSelfie.

7-ELEVEN'S SPORTS BETTING APP PARTNERSHIP

SEI has partnered with mobile payment service PayNearMe to enable users of Nevada sports betting service William Hill's application to deposit cash to the app within 7-Eleven stores in an attempt to draw in more customers, reported *Mobile Commerce Daily*. William Hill is a bookkeeping service operated in Nevada. Its app allows users to place sporting bets, only while located within Nevada. The article states the partnership allows William Hills to seamlessly access 7-Eleven customers and in turn 7-Eleven will now have access to William Hills customers, which will likely help drive more in-store sales.

THE SWITCH TO VEGAN MAYO

7-Eleven is now using vegan mayonnaise in its foodservice offerings, reported *Fortune*. Although SEI did not confirm the switch, Hampton Creek, the maker of Just Mayo—an eggless, vegan mayonnaise made with pea protein—recently tweeted, "All of @7eleven US switched to using #justmayo by @hampton-creek." Following the initial tweet, a story appeared on the environmental blog Ecorazzi about 7-Eleven's switch to Just Mayo. According to the article, 7-Eleven will still sell other jars of mayo, but will be using the eggless mayo in food it prepares. ■

Visit the National Coalition
Website: www.ncsef.com



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8 43571 00053 2
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Original Pepperoni
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 SLIN: 174047
 6oz SS
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Pepperoni, a native Italian food, has been a long time American favorite and a well-known Hormel Foods specialty. Hormel Foods has over a hundred years of tradition in producing pepperoni. Hormel® pepperoni is the No. 1 selling brand of pepperoni in the United States, thanks to its great flavor and high quality. The retail Pepperoni category is up 8.9% on dollar purchases vs year ago.

Source is Total US Multi Outlet IRI

VENDOR FOCUS

SEI Launches 7-Select **GO!Yum** & **GO!Smart** Premium Lines

SEI has recently introduced two premium lines to its 7-Select brand: GO!Yum and GO!Smart. The new line extensions satisfy consumer requests for variety in both indulgent and better-for-you products.

Consumers are looking for, and expecting, better quality food and new taste experiences, and 7-Eleven aims to give them what they want. For example, the 7-Select GO!Yum premium ice cream line features seven rich flavors including Banana Cream Pie, Double Cookie Dough, Fudge Marshmallow, Oh Thank Heaven for Chocolate, Sea Salt Caramel Truffle, Toasted S'mores and Vanilla Bean.

Popcorn is one of the fastest-growing snack categories as consumers view it as a healthier way to snack. 7-Eleven has answered that trend with gourmet popcorn in both 7-Select GO!Yum and 7-Select GO!Smart varieties. Preservative-free 7-Select GO!Yum flavors include Sriracha, Jalapeno Cheddar, Bacon Ranch and Cinnamon Sugar. The particular type of popping corn used keeps the seasoning on the kernels and the glaze on the kettle corn to deliver a light texture in every bite. Unlike many premium national-brand popcorns, all

7-Select varieties are made with non-GMO corn and are air-popped in a nut-free facility.

7-Select GO!Smart products are designed with nutritional balance as a priority. Many are gluten-free, GMO-free and use organic sweeteners like agave and brown rice syrups, which have a lower glycemic index. All have prominent nutritional information to help consumers make the best choice for them.

Gourmet popcorn is now available in 7-Select GO!Smart All Natural, Light Popcorn made with Extra Virgin Olive Oil and Pink Himalayan Salt for just 37 calories a cup. For those looking for something a bit more adventurous, 7-Select just introduced GO!Smart sprouted tortilla chips in exotic flavors like Sweet Chili, Sriracha and

Sweet Potato. Not only do they taste great, but some studies suggest that sprouted grains may improve absorption of nutrients and be more easily digested.

Other 7-Select GO!Smart choices include yogurt-drizzled fruit and nut bars, in Pistachio and Mixed Berries and Cranberry Cashew varieties. These products were launched last year and are now a favorite of customers, selling among the top-sellers within nutrition bars.



7-Eleven has set its private brand bar higher with its 7-Select GO!Yum and GO!Smart premium lines.

Hormel Pepperoni In Handy 6 Oz Package

Pepperoni, a native Italian food, has been a longtime American favorite and a well-known Hormel Foods specialty. Hormel Foods has over a hundred years of tradition in producing pepperoni. Hormel pepperoni is the No. 1 selling brand of pepperoni in the United States, thanks to its great flavor and high quality. The retail Pepperoni category is up 8.9 percent on dollar purchases versus year ago. (Source is Total US Multi Outlet IRI)

Hormel Pepperoni is now available in a handy 6 oz snacking package. Shipped refrigerated, Hormel Pepperoni can be merchandised at ambient temperature—but recommended placement is open air cooler



No. 1 selling Hormel Pepperoni is now available in a handy 6-ounce snacking package.

next to single serve cheese or the deli cooler next to sliced meat and cheese. (SLIN 174047; McLane UIN 580308; \$4.49 SRP)

Coffee-Mate Pumpkin Spice Is Back!

A fall seasonal favorite is now available for your coffee island: Coffee-Mate Pumpkin Spice. A rich, creamy flavor with a touch of spice your customers will love, Coffee-Mate Pumpkin Spice is an easy way to add new "flavors" to your fall beverage program and drive your coffee sales. Three in five consumers agree that part of the fun of drinking coffee outside the home is trying

Spike your coffee sales with seasonal favorite Coffee-Mate Pumpkin Spice.



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new creamer flavors (Lieberman Research Worldwide, October 2012), and Pumpkin Spice is a seasonal favorite.

Coffee-Mate Pumpkin Spice is available in a convenient 625mL liquid concentrate pump bottle and is lactose free, cholesterol free and gluten free. With no refrigeration necessary, has a 9-month shelf life unopened and 30-day shelf life once opened. Call 1-800-288-8682 or visit NestleProfessional.com for more information.

Haribo Unveils Twin Snakes Gummi Candy

Introducing new Haribo Twin Snakes, a combination of sweet and sour gummi candy with six different flavors in a bag—perfect for everyone in the family. Twin Snakes significantly outperformed a well-performing competitive benchmark in Purchase Interest (85 percent vs. 75 percent), and outperformed competition in Purchase Frequency with 42 percent of respon-

dents saying they will buy the product at least once a week. Additionally, Twin Snakes is a highly incremental product, with 81 percent

Grow category unit and dollars sales with Armor All, the leading appearance brand. Armor All helps drive sales with national TV ads, digital and social media.



of respondents saying they would buy the product in addition to other candy they purchase. Haribo is the leading share gainer YTD in the gummi segment and sour gummies account for over one-third of all gummi sales.

Haribo Twin Snakes has two unique, sweet and sour flavor combinations in each pair: Orange-Apple, Lemon-Cherry, and Red Currant-Blueberry. It also has a 55 percent everyday margin at the SRP of

\$1.79 and projected monthly movement 12-18 units. The Haribo Gold-Bears brand grew 58 percent at 7-Eleven in 2014, and Twin Snakes is projected to sell at 50 percent of Gold-Bears. National launch is January 2016 in 4, 5 and 8 oz Peg Bags, and it will be line priced with Gold-Bears.



New Haribo Twin Snakes tested high in customer purchase interest and purchase frequency.

New Vuse Flavors Coming Soon



Vuse Digital Vapor Cigarettes will soon be available in new Berry, Mint, Crema and Chai flavors.

RJ Reynolds recently announced that four new flavors of its Vuse Digital Vapor Cigarettes will be coming to all locations on September 28. From the #1 e-cigarette brand in c-stores (Source: MSAI-STR, January 1, 2015 – June 21, 2015), the four new ex-

pertly crafted flavors—Berry, Mint, Crema and Chai—will help drive incremental sales. The new flavors launch will be supported by multimillion dollar marketing campaign that will include TV, digital and in-store. Make sure

you are fully stocked with Vuse. Contact your RJRT representative for more information.

Mention the Apollo Strength & Energy Gum ad in Avanti to receive a free POS display.

INTRODUCING APOLLO STRENGTH & ENERGY GUM

Apollo Strength & Energy Gum is one of the fastest acting, most portable sources of energy ever produced and it is available now. In a world market where the growing concern is health, Apollo Strength & Energy Gum is formulated with zero sugar, all natural flavoring and colors and is filled with a premium energy blend that is the equivalent to one 8.4-ounce energy drink. Its creation took a team of flavor experts 9 years and more than 700 formulations to create.

Apollo Strength & Energy Gum generates great margins, with attractive and exciting POS displays available. Contact info@gofastsports.com or 303-893-1222 to find out how to get started with Apollo Strength & Energy Gum. Mention the ad in Avanti to receive your free POS display.



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Angry Orchard Green Apple & Coney Island Hard Root Beer



Expand your alcoholic beverage sales with Angry Orchard Green Apple and Coney Island Hard Root Beer.

Coney Island Hard Root Beer: A new twist on an old favorite. With hints of Madagascar Vanilla and notes of licorice and birch, this hard root beer will bring you back to the boardwalk. Hard Root Beer is the hottest new craft style—don't forget to order Coney Island Root Beer today. Available now in 6 packs and 16-ounce cans.

The Boston Beer Company announces a new Angry Orchard flavor and introduces Coney Island Hard Root Beer.

Angry Orchard Green Apple: Satisfy drinker demand by expanding your Angry Orchard assortment—carry new Green Apple and merchandise it next to Crisp Apple in the cold vault. Angry Orchard is the #1 Hard Cider brand in 7-Eleven! Available in 6 packs and 16-ounce cans. (SLIN 104813/104785; FOD 9/7/2015)



New Original Gourmet Lollipop Magnetic Pole Display

Original Gourmet Food Company's patented Gourmet Lollipops magnetic pole display helps retailers of all sizes maximize retail space on areas of the floor that might not otherwise be used as potential profit space. The NEW-120 magnetic display holds 56 Gourmet Lollipops—featuring top selling flavors, Cotton Candy, Bubble Gum, Wild Cherry, and many more. Original Gourmet has just launched new flavors into the assortment—Birthday Cake, Party Punch and Hot

VENDOR FOCUS

Cinnamon. For more information please contact marketing@ogfc.net or 603.894.1200.

Original Gourmet Food Company, the category leader in gourmet lollipops, has continued to expand product lines and merchandising options for retailers. In addition to maintaining their flagship gourmet lollipops, the company has invested in new product development at an unprecedented pace in the past year.

New Elmhurst Naturals Horchata

Elmhurst Naturals brings you Horchata, an authentic Latin beverage made with milk, rice, cinnamon, and vanilla. Light and refreshing, it is made with natural ingredients to give your customers a product that is nutritious and delicious. Horchata is offered in three flavors: Traditional, Dulce De Leche, and Cocoa.

All Elmhurst Naturals Horchata flavors are low fat, low saturated fat, low cholesterol, low sodium, a good source of calcium, made with natural ingredients, contain no added colors.

Order today: Horchata Traditional—DOT 622056; Horchata Dulce De Leche—DOT 622058; Horchata Cocoa—DOT 622057. Call 716-440-8693 or visit www.steubenconsumerproducts.com for more information. **AV**



Healthy doesn't have to be boring with Elmhurst Naturals Horchata.



FOA BOARD MEETING DATES



7-Eleven FOAC

Phone: 847-975-0514

September 17, 2015

October 22, 2015—General Meeting

November 19, 2015

December 17, 2015

Central Florida FOA

Phone: 407-683-2692

October 22, 2015—Board Meeting Lakeland

November 19, 2015—General Meeting Orlando

Columbia Pacific FOA

Phone: 503-901-1677

September 24, 2015—General Members/Board Meeting (Eugene)

October 22, 2015—Board Meeting (Portland)

November 12, 2015—General Members Meeting (Portland)

December 10, 2015—Board Meeting (Portland)

FOA Of Greater LA

Phone: 951-766-7490

September 15, 2015

October 20, 2015

November 17, 2015—w/Mini Trade Show

December 2015—No Meeting

Greater Seattle FOA

Phone: 425-308-1216

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.

September 17, 2015

November 19, 2015

Northern

California FOA

Phone: 916-782-4144

September 16, 2015

October 21, 2015

November 18, 2015—FOA Election and Meeting

San Diego FOA

Phone: 619-713-2411

September 2015—General/Safety Meeting

October 15, 2015

November 19, 2015

San Francisco/Monterey Bay FOA

Phone: 510-693-1492

September 8, 2015

October 13, 2015

November 10, 2015

South Florida FOA

Phone: 954-465-6896

September 10, 2015

November 5, 2015

Southern California FOA

Phone: 626-255-8555

September 9, 2015

October 14, 2015

November 11, 2015

Southern Nevada/Las Vegas FOA

Phone: 702-249-3301

September 10, 2015—Board Meeting

October 8, 2015—Board Meeting

November 12, 2015—Board Meeting

November 19, 2015—Board Elections

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FOA EVENTS

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

SAN DIEGO FOA VENDER APPRECIATION EVENT

Petco Park
San Diego, California
September 9, 2015
Phone: 619-713-2411

UFOLI GOLF TOURNAMENT

Baiting Hollow Golf Club
Baiting Hollow, New York
September 10, 2015
Phone: 631-670-7602

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

7-ELEVEN FOAC 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

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

SAN DIEGO FOA HOLIDAY PARTY

La Gran Terraza (University of San Diego)
San Diego, California
December 5, 2015
Phone: 619-713-2411

PACIFIC NORTHWEST FOA HOLIDAY PARTY

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

SOUTH FLORIDA FOA TABLE TOP TRADE SHOW

(location to be announced)
December 5, 2015
Phone: 954-465-6896

SAN FRANCISCO/ MONTEREY BAY FOA HOLIDAY PARTY

Royal Palace Hotel
San Francisco, California
December 5, 2015
Phone: 650-996-9479;
408-499-3941

GREATER SEATTLE FOA HOLIDAY PARTY

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

NCASEF BOARD MEETINGS

NATIONAL COALITION AFFILIATE MEETING

San Antonio Marriott Riverwalk
San Antonio, Texas
October 27-28, 2015

NATIONAL COALITION BOARD OF DIRECTORS MEETING

San Antonio Marriott Riverwalk
San Antonio, Texas
October 29-30, 2015

COLUMBIA PACIFIC FOA YEAREND VENDOR APPRECIATION PARTY

Red Lion Hotel Jantzen Beach
Portland, Oregon
December 18, 2015
Phone: 503-901-1677

METRO NEW JERSEY FOA HOLIDAY PARTY

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

FOAGLA & 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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