



AVANTI

November/December 2015

THE VOICE OF 7-ELEVEN FRANCHISEES

The Monthly Sales Planners

Two Issues Will Affect
Our Future

What's Wagging The Dog?

What A Wonderful Life

Not Much Has Changed

California Fair
Franchising
Legislation

Crime &
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Prevention

The NBLC Explained

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Presidents'
Reports

4th QUARTER 2015



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* Source: Nielsen Total US C-Store and Drug, 3 weeks ending 2/7/15; Nielsen panel data, 52 weeks ending 12/27/14; HUSA Shopper Insights; Spectra 2015, major retailer shopper card data, 3 weeks ending 2/7/15; MarketTrack Feb 2014 Shopper Survey, HUSA Analysis



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Member News

SEI & Core-Mark Sign New Supply Agreement

SEI and Core-Mark Holding Company, Inc. recently announced the signing of a five-year supply agreement to service approximately 900 7-Eleven stores in three western regions. Core-Mark will be the primary wholesale distributor delivering a wide range of products to these stores out of three of its divisions—Las Vegas, NV, Salt Lake City, UT and Sacramento, CA. The anticipated start date for service under this agreement is October 2016. The companies said this strategic partnership will create a more efficient and productive supply chain while still providing the product assortment for 7-Eleven's busy, on-the-go customers.

Cooler door video ads generated a 13 percent increase in traffic to the cooler.

7-Eleven Tests Video Ads On Cooler Doors

Several 7-Eleven stores recently tested new hi-tech equipment that puts video ads on store cooler doors, reported *Advertising Age*. iDoor, made by Anthony International and digital signage firm Real Digital Media, uses an LCD embedded within refrigeration cooler or freezer doors that plays full motion video at the point of purchase. This patented technology allows transparent video and animation in full HD to be played

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Get Avanti Online!

The National Coalition is proud to announce that vendors and franchisees can now read AVANTI, the digital version, online at Issuu.com before you receive the printed copy! To join the AVANTI distribution list and receive a link to the latest issue as soon as it is uploaded, send an e-mail to debbie.avanti@verizon.net with the subject field "AVANTI ONLINE" and you

will receive an email alert as soon as the digital magazine is posted. Feel free to include your U.S. postal address in the e-mail if you would also like to be placed on our AVANTI mailing list. AVANTI is also available on the NCASEF website in pdf format at www.NCASEF.com.

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November/December 2015

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Pringles® Original with Dip Jalapeno Cheddar	304188	252874
Pringles® Original with Dip Creamy Ranch	304186	252965
Cheez-It Grooves® Zesty Cheddar Ranch	301216	726885
Cheez-It Grooves® Sharp White Cheddar	301075	726893
Cheez-It® Crunch'd™ Cheddar Cheese	304679	229294
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Member News

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on the door while giving customers the ability to still see the products contained within the cooler or freezer.

An 11-week test by third-party analytics firm VideoMining at a Florida convenience store found a 13 percent increase in traffic to cooler doors, 19 percent increase in sales of promoted fountain drinks, 3 percent increase in overall store traffic, and a 4 percent increase in sales from products behind cooler doors. Overhead video from the test shows shoppers stopping to look at the ads fairly frequently.

Asia 7-Elevens Offer More Than Convenience

Most 7-Elevens in Asia have little in common with their American counter-

parts—they are places to socialize, to spend time, and are bonafide foodie destinations in their own right, reports Mashable.com. While in the U.S. 7-Eleven is still a place to pick up essentials and snacks, in many Asian countries 7-Eleven stores offer dry cleaning, postal services, and are more like community hubs where people hang out, surf the web, pick up a quick packaged dinner and actually sit down and eat. They also offer culinary treats like blood sausage, chicken-flavored Cheetos and tuna sandwich in a can. 7-Eleven made its Asian debut in Taiwan in 1979



7-Select Wins Private Label Award

7-Eleven was recently announced a winner of the Private Label Manufacturers Association's 2015 Salute to Excellence Award, one of 30 retail chains to receive

the honor and the only convenience store company on the list. The award gives recognition to new store brand products that exemplify high quality, innovation and value to consumers and drive private label sales to new highs year after year. 7-Eleven won in two categories, Chocolates for its 7-Select Go! Yum Sea Salt Caramels, and Special Dietary Foods for its 7-Select Go! Smart Cranberry Cashew Yogurt Drizzled Bar.

Judge Hits SEI With Discovery Sanctions

A federal magistrate judge in Camden, New Jersey has sanctioned SEI for what he said were repeatedly deficient discovery responses in a case alleging the company unlawfully targeted South Jersey franchisees and owners for termination, reported the *New Jersey Law Journal*. While the judge stopped short of finding that SEI intentionally withheld relevant information, he said the company's "obfuscation" has made the litigation much more expensive and time-consuming than it should have been. He said 7-Eleven violated Federal Rule of Civil Procedure 26(g) by failing to conduct a reasonable search for information requested by the plaintiffs in their interrogatories, and Rule

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NCASEF Elects Officers

National Coalition officers elected at the October meeting in San Antonio included Chairman Joseph Galea (re-elected, center), Executive Vice Chairman Jay Singh (right) and Treasurer Michael Jorgensen (left). The National Coalition elects three of six officers every year and will hold elections for the three vice chairman positions at the 2016 Fall Board meeting.



The National Coalition Office

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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SLIN 141032



Member News

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29th Annual Joe Saraceno Charity Golf Tournament



The Southern California FOA held its 29th Annual Joe Saraceno Charity Golf Tournament at the TPC at Valencia on September 14, 2015. During the successful event the FOA donated \$11,711 to Swim Across America and \$11,711 to the Los Angeles Children's Hospital, thanks to the tremendous support of its members and vendor community.

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

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

Did you know.....

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

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

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

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

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

E-mail address: 7-ElevenFranchiseProgram@aon.com
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FOAC Holiday Trade Show & Party Festive Fun & Incredible Deals

Well over 300 franchisees, store owners, managers and their guests attended the FOAC's annual Holiday Trade Show and Party November 6 at the Holiday Inn North Shore in Skokie. What began just a few years ago as a mini trade show with only a handful of vendors showcasing their products has grown into one of the FOAC's most anticipated events of the year.

"We couldn't be more pleased with the show of support from our vendors," said Katen Patel, FOAC board member and chairman of this year's Holiday Trade Show. "It was wonderful to have so many of them participate in our show, and even more exciting to see the interaction between our vendors and our franchisees."

"This is what the trade show is all about," said Hetal Patel, FOAC board member and one of the Holiday Trade Show's coordinators, along with fellow

FOAC board members Li-aqat Ali and Nizar Ladhani. "There's nothing better than the face-to-face interaction that our trade show offers," he said. "Our franchisees received some of the best deals of the year! What a great way to kick-off the holiday season."

At the end of the show everyone was invited to a cocktail reception followed by dinner and dancing. "It's important, especially during this time of the year, to make time to connect with our fellow franchisees and to celebrate our hard work and achievements," said Ken Patel, FOAC President. "We're all so busy running our stores that we forget," he added. "Our Holiday Trade Show and Party provides the perfect opportunity, and I was so happy to see such a large turnout."

"I couldn't agree more," added Hashim Syed, FOAC Vice President. "I'd like to thank our Holiday Trade Show Committee for all they did to make this year's event such a success, and a special thank you to SEI executives Dan Soper, Jeff Schenck and Mike Scales for taking time out of their busy schedules to join us,"



As part of an ongoing effort to give back to the community, FOAC donated \$25,000 to the Anne & Robert H. Lurie Children's Hospital of Chicago: Rashid Siddiqui, Lisa Feingold, Nizar Ladhani, Hashim Syed, Janak Shah and Liaqat Ali.



Voting to name the new FOAC Board of Directors took place during the holiday event. Top row: Katen Patel, Vyomesh Desai, Mudassir Saiyed, Kaushik Patel, Nirav Patel, Janak Shah, Jaimin Patel. Bottom row: Nizar Ladhani, Hetal Patel, Ken Patel, Purabi Chowdhery, Liaqat Ali, and Rashid Siddiqui. No pictured: Bhupinder Bawa and Rahul Patel.

he added. "Having them with us made this year's Holiday Trade Show and Party even more special."



Welcoming vendors and franchisees to the FOAC's annual holiday event: Ken Patel, Mike Scales, Dan Soper, Kaushik Patel, Rashid Siddiqui, Janak Shah, Nizar Ladhani, Hashim Syed and Liaqat Ali. Kaushik "Kaycee" Patel is in the background.

HERE'S THE SCOOP: Consumers Can't Get Enough of MARS Ice Cream!



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1. IRI Total US Convenience 52 wks ending 10/6/13 2. Nielsen Convenience Scanning 52 weeks ending 6/13/15
3. Nielsen ADD, Full Year 2013, Convenience Dollar Sales 4. Nielsen Panel Data, Full Year 2013, Household Penetration



Legislative Update

California's Tobacco Tax Hike Battle Heats Up

Three-and-a-half years after California voters rejected a \$1-per-pack increase in the state's cigarette tax, supporters and opponents of the hike are preparing to duke it out once again over a proposed \$2-per-pack increase likely to appear on next November's ballot, reported the *San Jose Mercury News*. Though often seen as tough on smokers, California's current 87-cent-per-pack cigarette tax ranks it 35th among 50 states. The new initiative also would set an "equivalent tax" on electronic cigarettes and other tobacco products.

A Field Poll conducted last summer found voters back a \$2-per-pack hike in the cigarette tax 67 percent to 30 percent. In mid-December, proponents of the tax increase started gathering the 365,880 voter signatures they need to qualify it for next November's ballot. Having been outspent almost 4-to-1 by tobacco companies to lose by just four-tenths of a percentage point in 2012, backers of the tax hike now believe they have the upper hand. Opponents put up almost \$47 million to defeat the 2012 measure, and said they are currently reviewing the ballot measure and considering their options.

"Cleveland's new city ordinance makes a first offense for selling tobacco to a minor a fourth-degree misdemeanor, which could result in 30 days in jail or a \$250 fine."

Additional offenses would be second-degree misdemeanors and that could potentially mean 90 days in jail. The Council could take another look and make some changes before the measure

Cleveland Raises Age To Purchase Tobacco

The Cleveland City Council recently voted in favor of raising the minimum age to buy tobacco products and e-cigarettes to 21, reported Fox 8 Cleveland. Under the new ordinance the first offense would be a fourth-degree

goes into effect, which is 120 days after the mayor signs it into law. The Council delayed a vote on a proposal that would prohibit the sale of flavored tobacco products everywhere but in retail tobacco shops.

Massachusetts May Raise Smoking Age To 21

Nearly 60 Massachusetts state representatives and senators have signed on to a bill that would make it illegal to sell tobacco to people under 21, with penalties ranging from \$100 to \$300 for repeat violations, reported the Associated Press. The Legislature's Public Health Committee could decide next year whether to advance the bill. The Boston suburb of Needham in 2005 became the first American town to set the minimum age at 21, and several dozen Massachusetts communities have followed. Boston is considering Mayor Marty Walsh's proposal to ban the sale of all nicotine products to those under 21, including cigarettes, cigars, e-cigarettes and chewing tobacco. If approved, the new rules could take effect in February or March.

Florida Lawmakers To Combat Skimmers At Gas Pumps

Legislation to protect consumers from "skimmers" (devices that steal credit card information at gas pumps) and to combat fraud at gas stations has recently been filed with the Florida Legislature, reported the *Palm Beach Post*. The legislation proposed would seek to protect consumers from identity theft at gas station pumps by requiring self-service fuel dispensers to use certain security measures to prevent theft of consumer financial information (at a minimum, the placement of security tape over the panel opening that leads to the scanning device); increasing enforcement authority against those who either possess or traffic in fraudulent credit cards; reclassifying the crime of unlawful conveyance of fuel, which increases the maximum sentence; and increasing the offense level of the crime, which affects the sentencing guidelines.

The number of consumers victimized by each skimmer varies between 100 and 5,000, with an average of \$1,000 stolen from each victim. Each skimmer represents a \$100,000 to

continued on page 56

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MR. GOODBAR Snack Bites 141949
PAYDAY Snack Bites 141943



Member News

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The National Business Leadership Council Explained

Ajinder Handa, President | Greater Seattle FOA

I was recently selected to participate in the National Business Leadership Council (NBLC) and its Minimum Wage Committee. In the past, I used to wonder what the NBLC was and how it works. I'm sure other franchisees feel the same, so I thought I'd share my opinion on my first experience with the NBLC.

The NBLC consists of many committees formed by franchisees and SEI representatives, with a distinctive structure. The NBLC replaced the President's Leadership Council (PLC), whose members were FOA presidents from across the country and many SEI corporate officers. Now, to become an NBLC member, prospective candidates must go through an application and criteria process, which in-

cludes answering a set of questions on 7-HUB.

The NBLC's mission is to collaborate with franchisees to achieve co-prosperity. Each committee works exclusively on one project until closure is achieved and goals are met. All projects are determined through direct coopera-

tion between SEI and franchisees with specific criteria. All committees are supported with resources needed to complete each project.

Currently, the NBLC consists of eight committees: Maintenance (formerly Remodels Team), Communication, Underperforming Stores, Bill Back and Scan Back, Accounting (formerly CHD/7Help), Continuous Improvement, Inventory Activity Review/IAR (formerly FIW or Charge Back), and Minimum Wage.

These committees meet three times a year and have numerous conference calls to expedite the creation of realistic and effective solutions.

The NBLC committees are overseen by the Steering Committee, whose mission is to provide leadership, accountability, and oversight to ensure each committee's focus remains on finding solutions that improve the system and support co-prosperity.

"FOA leadership needs to be more involved with the NBLC to form a better, more cohesive partnership."

The committee structure is as follows:

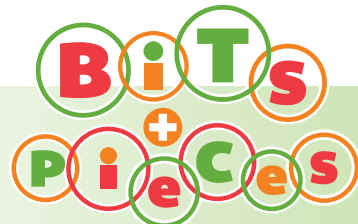
- Executive Co-Chair: SEI leader of the committee's current project; co-chairs the committee until the project is completed.
- Franchise Co-Chair: Works closely with the Executive Co-chair to ensure that the committee stays focused and on track.
- Franchisees: Provide franchisee feedback.
- Zone Leaders: Provide operational feedback.
- Facilitator: Provides functional support.
- Subject Matter Experts: Provide functional expertise and guidance.

Since the individual franchisees serving on the NBLC committees have no direct access to the franchisee community, such as FOAs, I can see a clear disconnect. These NBLC members are not able to share information as soon as the system and other franchisees need them to. I suggest that these NBLC members involve themselves with local FOAs and SEI events, such as RI meetings. Additionally, FOA leadership needs to get more involved with the NBLC in order to form a better, more cohesive partnership, and SEI needs to communicate the recap of each NBLC meeting online.

The NBLC is a great idea that can be used to identify issues and resolve them in a timely manner, but for this to happen everyone should be involved.

AJINDER HANDA CAN BE REACHED AT
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Visit the National Coalition
Website: www.ncasef.com



SEI officials recently crowned Southampton, NY 7-Eleven franchisee Lorie DeFelice the "Coffee Queen" for the second year in a row, reported the *Southampton Patch*. Her store sells an average of 1,250 cups of coffee a day and is on pace to sell more than 450,000 cups of coffee in 2015.

• **U.S. hedge fund Third Point**, which has a reputation for aggressively pushing for change at target firms, has bought a stake in SEI parent company **Seven & I Holdings**, reported the *Daily Mail*. In a letter to investors, Third Point urged Seven & I to spin off its Ito Yokado supermarket chain and rebuild it as an independent firm.

• **The Central Texas 7-Eleven Franchise Owners Association** recently donated \$7,500 to the Hidden Pines fire recovery, reported the *Statesman*. The fire charred more than 4,500 acres and destroyed 64 homes and 77 non-residential structures.

• After an Aurora, Colorado, 7-Eleven printed "Tom Brady's a cheater" on its receipt, a Massachusetts 7-Eleven owner responded with his own receipt messages—"Tom Brady is a football God!!!" at the top and "Haters live in Denver!!!" on the bottom, reported ABC 7 News Denver.

• 7-Eleven stores in Taiwan will soon set up **Starbucks counters** to sell the coffee chain's **23 products** like cookies, cups, bottled drinks, instant and drip coffee, reported *The China Post*. Starbucks and 7-Eleven franchises in Taiwan are operated by the same company, Uni-President Enterprises Corp.

• **Dollar General Corp. plans to open 900 new stores in 2016**—compared with 730 in 2015—in a combination of urban, suburban and rural locations, reported



continued on page 32



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Focusing On The Monthly Sales Planners

BY JOE GALEA, EXECUTIVE CHAIRMAN, NCASEF

Over the last few months, there has been increasing talk about the number of promotions we run during any given period. At times we are presented with as many as 175 promotions to execute. As you all know, it's extremely time consuming to get your store ready for all of this promotional activity. It almost takes one person a full day to execute all the POP in the store and to work with vendors to make sure you have the product in stock. Although I believe promotions have a lot of merit and value because they do generate additional sales and potentially attract new customers, when we look at this program we realize there are just way too many promos for a given period of time and it seems that some of the items overlap.

For instance, in any given month we could be running promos for four or five different brands of bottled water. I believe it has more of an impact if we focus on one or two major brands and

of the details for the individual promotions to determine whether it's vendor funded or if there's any allowances. Blindly running promotions because they are given to us is contributing, in part, to the lower gross profit in stores, and it's becoming a bigger problem every promotional period.

The major reasons for running these promotions are to raise consumer awareness of a great deal we're offering and to encourage impulse buying. For example, the coffee and muffin promo



"One concern we're hearing from franchisees is gross profit has been declining as much as 2 percent, because so few promos are vendor funded."

support them fully. Even our vendors really don't understand why we need to promote so many different brands of water at one time.

One of the big concerns we're hearing from franchisees is that their gross profit has been declining—in some cases by as much as 2 percent, in others slightly more—as a result of the promos, mainly because so few of them are vendor funded. I recommend you evaluate the monthly sales planner and read all

is a good combination because customers are aware of it and they understand it. But when we start to run promotions that force us to carry items that don't sell well in our stores due to customer disinterest, then it defeats the purpose. Therefore, the promos should be evaluated on a store-by-store basis and you should be very selective and analyze what works best for your customer base so you won't suffer the consequence of promoting the entire

"At times SEI presents us with as many as 175 promotions to execute."



package and lowering your gross profit.

One other thing you can do is customize the promos to better benefit your bottom line. NCASEF Board member Rehan Hashmi, of the Alliance of 7-Eleven Franchisees FOA, wrote an article on this in the last issue of *Avanti*. Essentially, the FOA started advising its members that they can change the price associated with SEI's suggested promotions. So if the company is pushing an energy drink promo of "2 for \$5.35" that is not profitable, then you should sell it at "2 for \$5.50." As Rehan points out in his article, we are not obligated to follow the promos exactly as noted—SEI will still give you the funding associated with the promo as long as you participate. Rehan also states you can customize the POP to reflect the new price.

We need to be very selective with the promotions we run, but on the other hand we must also be in tune with what our customers want, which differs geographically or regionally. We should also start to customize the prices associated with the promos in order to bring our store's gross profit up to a desirable level. **AV**

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Two Issues Will Affect Our Future

BY JIVTESH GILL, EXECUTIVE VICE CHAIRMAN, NCASEF

As we begin 2016, perhaps the two biggest issues facing franchisees are the new franchise agreement coming our way in three years and the minimum wage increases occurring in states and cities across the country. There's no denying our business environment is changing, so it is essential that SEI and franchisees work together to overcome these and other obstacles to ensure the continued success of our brand.

I'm sure everything you hear these days—whether it has to do with co-employment between franchisor and franchisee or the changing labor laws—is going to have some impact on what the 2019 agreement looks like. Throughout 2015 we have been talking to SEI about the gasoline commission, credit card charges, the GGPS, the length or term of the contract, maintenance, and many other topics.

In regards to the current gas commission structure, the reality is that it's not equitable anymore because the costs associated with it—minimum wage, gas island maintenance, everything associated with managing and maintaining a gas facility—has gone up tremendously and franchisee commission has stayed the same. The National Coalition has hired experts to conduct a gas study and they found that at a penny and a half almost all low volume gas stores are upside down. The gas stores that have higher volume—100,000 plus—literally break even or make only a small profit after paying for what it takes to manage and operate a gas facility. That's the bigger picture of gasoline.

Over the last year we were told these matters would be addressed as part of the new agreement discussions, and we are hoping franchisees can get some relief. I hope the NCASEF leadership continues to

pursue SEI for a seat at the table to provide franchisee input on the new agreement. SEI must understand that

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“Our system is unique in that we share gross profit with SEI, so each additional dollar we bring in by increasing our retails doesn't get applied to our bottom lines nor go towards the higher minimum wage—half of it goes to SEI.”



our main goal is to make sure the system stays viable and the brand stays relevant. It's about what's good for everyone so the system can sustain. If we continue the path we are on, many of these factors will affect franchisees more than SEI, and that's when the business model gets impacted negatively.

The minimum wage is a totally separate issue that is only going to get bigger as more states and cities implement increases. It's a popular issue among legislators and is

unique in that we share gross profit with SEI, so each additional dollar we bring in as gross profit by increasing our retails doesn't get applied to our bottom lines nor go towards paying the higher minimum wage—half of it goes to SEI. A franchisee has to collect twice as much as the competition to be whole. If the competition raises the price by a dollar, they keep the majority of it. We only keep 50

“Sometime in the near future minimum wage is going to have a serious affect on our business model and we'll really have to figure out how we're going to cope with it.”

impacting only a few municipalities now, but will most certainly spread in the near future. Many cities, like Seattle, San Francisco and Washington, D.C. are seeing minimum wages as high as \$15 per hour, which appears to be the norm as more states and municipalities follow suit. At some point it's going to have a serious affect on our business model and we'll really have to figure out how we're going to cope with it.

So far our approach has been to make adjustments to our SRPs and CRPs, but we can only adjust retails to a certain degree before we start sending our customers to the competition. Our system is very

percent of the gross profit. That's a big differentiation between the competition and us, so we really have to be on top of this issue. Franchisees and SEI have to be innovative and open to different ideas and different solutions.

The more issues we address prior to the 2019 Franchise Agreement, the better it will be for the long-term viability and health of the franchisee system. The system is growing, 7-Eleven is acquiring new stores (a lot of them are gas stores), and 2015 has been a good year for many franchisees. There is no question about that.

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Two Issues Will Affect Our Future continued from page 27

Sometimes it's difficult to struggle for your rights when you're making more money, but SEI is making more money year over year, and it's not a bad thing if franchisees are doing the same thing. We have an obligation to grow our income.

Strategy-wise I think we are on the right track compared to competition our size. We've been doing a few things right, but franchisee trust and confidence in the system needs to grow, and that happens

when we work together. The challenge to the National Coalition and FOA leaders over the coming year is to persuade SEI to be fair and do what's right for franchisees and the system, even if that means finding the middle ground. Over the course of the development of the new agreement, both the company and franchisees will benefit from leaders throughout the system who will work together for a stable future for franchisees.

I would like to thank everyone who supported me as vice chairman and executive vice chairman over the last six years. Thank you for your camaraderie, for your ideas, and for your friendship. I am committed to the franchisee community and to franchisee causes and I will continue to be involved with the National Coalition as president of the Central Valley FOA. It's a long way to the 2019 agreement, and I intend to be part of the journey. **AV**

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 Hatiayan, Seattle and Midwest
sergez@comcast.net
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Is The Tail Wagging The Dog?

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

One of my favorite movies is the 1997 feature entitled "Wag the Dog." The all-star cast includes Dustin Hoffman, Robert DeNiro, Willie Nelson and Anne Heche. The plot involved the creation of a make-believe war to distract attention from a scandal involving a sitting president. In case you haven't seen this excellent film, I will spoil the plot no more.

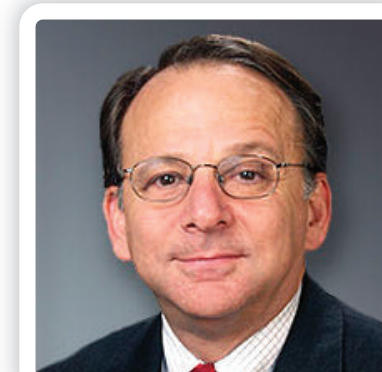
The title of the movie is drawn from the American idiom that involves the image of a tail wagging a dog rather than the other way around. It implies an odd, unusual, counterintuitive or unexpected reversal of roles.

SEI bills itself as the world's largest convenience store chain, according to its website, franchising and licensing more than 56,400 stores in 18 countries, nearly 10,500 of which are in North America. SEI also states that it is one of the nation's largest independent gasoline retailers, having started the sale of gasoline in 1928. In this description, the convenience store segment of the business gets top billing. As we contemplate a number of internal and external challenges and threats to the franchise community, the question arises—between the convenience store business and the gasoline business, which is the dog and which is the tail?

Publicly available information shows that SEI has acquired quite a number of gasoline-related assets over the last sev-

"The franchise community needs to understand exactly what is driving this company, what strategic choices may have already been made and where franchisees fit in this puzzle."

eral years. For example, in December 2010, SEI announced the acquisition of 183 properties from Exxon Mobil Corporation in Florida. SEI entered the wholesale fuel business in the fourth



quarter of 2012, when it acquired the assets of TETCO, Inc. In December 2013, the company acquired 145 stores and a wholesale fuel dealer business through multiple transactions for \$149.2 million. In November 2015, SEI announced the acquisition of 101 gasoline retail sites in Florida.

On a top line basis, these transactions have resulted in a mushrooming of revenue from retail and wholesale gasoline transactions. Revenue from gasoline sales rose from \$6.6 billion in 2010 to \$13.3 billion in 2014, an increase of \$6.7 billion, or almost exactly 100 percent over just a four-year period. Similarly, from 2010 to 2014, the company's gross profit from the sale of gasoline rose from \$437.6 million to \$832.7 million, an increase of \$395.1 million or 90 percent. Fuel sales as a percentage of total sales of the company grew from 62.7 percent in 2010 to 72.6 percent in 2014.

By contrast, the company's total revenue from franchisee payments for initial franchise fees and royalties rose from \$1.54 billion in 2010 to \$2.05 billion in 2014, an increase of just over \$500 million, or about 33 percent. Thus, the gasoline business over that period of time grew at approximately 300 percent of the rate of the company's gross income from franchise operations. This trend is further illustrated by the fact that franchisee payments to the company as a percentage of its overall revenue fell from 14.6 percent in 2010 to just 11.2 percent in 2014.

By way of further contrast, the company's gross income from

continued on page 32

"7-Eleven's revenue from gasoline sales rose from \$6.6 billion in 2010 to \$13.3 billion in 2014, an increase of \$6.7 billion, or almost exactly 100 percent over just a four-year period."



Is The Tail Wagging The Dog?

continued from page 31

the sale of merchandise in company-owned stores rose from \$2.38 billion in 2010 to \$2.96 billion in 2014, an increase of about \$580 million, or about 24 percent. Even more interesting, the company's gross margin from the sale of merchandise in company-owned stores as a percentage of revenue dropped from 32.3 percent in 2010 to 28.1 percent in 2014. Thus, the company's gross margin from the sale of merchandise in company-owned stores was growing at only one fourth the rate at which gasoline sales grew over the same period of time. In addition, as gross profit from the sale of gasoline as a percentage of revenue went up, gross revenue from merchandise sales in company-owned stores went down.

The chart below summarizes some of the changes from 2010 to 2014.

To return to our theme, it is evident that from the standpoint of current revenue and profitability, as well as trends over the last four years, gasoline is indeed becoming the dog that wags the tail that consists of merchandise sales and profit in both company-owned stores and in franchised stores.

This has enormous implications for the franchise community. As we prepare, strategize and reiterate the repeated invitations to the company to engage in a meaningful fashion with respect to such existential issues as the

“By way of contrast, the company's gross income from the sale of merchandise in company-owned stores rose from \$2.38 billion in 2010 to \$2.96 billion in 2014, an increase of about \$580 million, or about 24 percent.”

2019 renewal contract, the minimum wage initiative sweeping the nation, the many external challenges to the franchise model in general and to the 7-Eleven system in particular, shrinking store level gross margins and equity, this franchise community needs to understand exactly what is driving this company, what strategic choices may have already been made and where franchisees fit in this puzzle. Now, more than ever, the franchise community needs to be united and determined to safeguard its profitability and value.

As the National Coalition moves forward with its comprehensive review of the gasoline component of this franchise system, as well as its pursuit of other initiatives, please watch this space for further developments. **AV**

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Line of Business	\$ Increase	% Increase
Gasoline Revenue	\$6.7 Billion	100%
Gasoline Gross Profit	\$395.1 Million	90%
Franchisee Payments	\$500 Million	33%
Company-owned Store Merchandise Sales	\$580 Million	24%
Company-Owned Store Gross Margin	\$64 Million	8%

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Supermarket News. • CST Brands, owner of the Corner Store chain of convenience stores, is **now offering employees a chance to buy its stock** in an effort to boost customer service, reported the *San Antonio Express-News*. • **Walgreens announced it will buy Rite Aid** for more than \$17.2 billion in cash in a deal that would unite the nation's second- and third-largest drugstore chains, reported the *Wall Street Journal*. • The U.S. Food and Drug Administration recently filed **complaints initiating the first-ever No-Tobacco-Sale Order** actions for a group of retailers who have repeatedly violated certain restrictions on the sale and distribution of tobacco products, including sales to minors. • There are more than **780,000 franchise businesses** owned and operated by local people in communities across the country **that will generate \$889 billion** in economic output and add more than 240,000 new direct jobs in 2015, according to marketing firm 919 Marketing. • **On December 1, 1913, what is today the Gulf Oil Company opened the nation's first drive-in gas station**, located in Pittsburgh. Before this innovation, gasoline was dispensed from sometimes awkwardly located pumps at such places as grocery and hardware stores, and even some pharmacies. • **Self-driving cars could disrupt the airline and hotel industries within 20 years** as people sleep in their vehicles on the road, reported *Dezeen Magazine*, citing a senior strategist at Audi. Short-haul travel will be transformed and the hassle of getting to and from airports eliminated, the strategist said. • Swisher Sweets recently announced that **Danny Kornegay**, a diversified farmer from Princeton, N.C., was selected as the overall **winner of the Swisher Sweets/Sunbelt Expo Southeastern Farmer of the Year** award for 2015. • ATM smash-and-grabs have been on the rise in the Dallas-Fort Worth, Texas area since this summer, with **convenience stores targeted most often**, reported the *Star-Telegram*. In Dallas alone they've climbed to 79, with 33 successful. •

continued on page 42



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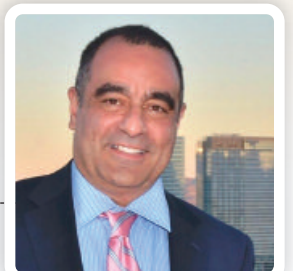


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WHAT A WONDERFUL LIFE

SERGE HAITAYAN

NCASEF VICE CHAIRMAN, PRESIDENT, SIERRA FOA

It was the day before Thanksgiving and I was in my store completing my CDC order on the GOTT. A customer walked in and wished me a happy Thanksgiving. We talked about how thankful we should be to have our families, our health and a job or a business in this economy. He asked me how business was, and I answered with the usual, "Business is great, thank you for asking."

This got me thinking about all the things I should be thankful for right now:

I am thankful for my income as a franchisee, which grew tremendously in the past few years.

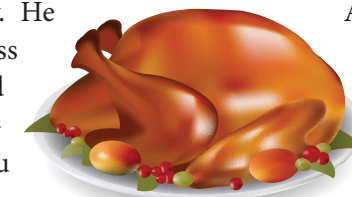
I am thankful that my credit card fees are still covered by SEI, helping me grow my income.

I am thankful that gasoline is such a positive influence in our stores, that SEI is allowing us a good profit per gallon, and the retail is so competitively low our volume has increased, bringing along many new customers.

I am thankful SEI concentrates on making 80 percent of company income from inside sales instead of from gasoline.

SERGE
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or 559-355-4899

I am thankful for a CDC that is an absolute winner in my store. It helps me get so many items on a daily basis that I had difficulty getting previously, like dairy, hot dogs, Taquitos, snuff, packaged dairy, etc., and at such low prices and an amazing cost of distribution.



All this, and the CDC still has a great return procedure for damaged and short-coded items.

I am thankful that SEI

stores, which compels me to spend extra labor to keep up with the cleanliness program and reach a 95 score on a monthly basis.

I am thankful for an ordering system so easy and friendly to use my employees and I look forward to using the GOTT, and a BT system that makes it easy for me to add or order any item from any vendor at any time, and apply retailer initiative.

I am thankful for the many tasks SEI does for franchisees, like placing accurate POP, performing gasoline surveys, cleaning the gasoline island, and changing our gas prices.

I am thankful for our maintenance department, which is about to start controlling our store temperatures remotely from Dallas

instead of burdening me with the task of making sure my customers and employees are comfortable in my store.

I am thankful that SEI has brought maintenance back in-house, saving franchisees big money.

I am thankful for a new and improved accounting process that keeps adding employees in company accounting centers to help us run our stores so smoothly and efficiently we can concentrate on serving our customers.

continued on page 37

—Thomas Paine, From "Common Sense"

is investing big dollars in my store to make it look fresh-food friendly and attractive to young customers, with a newly paved parking lot, a completely remodeled storefront, matching floor tiles throughout the store, and state-of-the-art equipment.

I am thankful SEI is performing monthly and weekly cleanliness surveys in my store to make sure every aspect of their responsibility is met without any consideration to budget or financial worries. This helps the image of our

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*Source: IRI, 52 Weeks Ending 10/4/15, Total US All Outlets, Volume Sales



WHAT A WONDERFUL LIFE continued from page 35

I am thankful for Operation E, which added many layers of management to make sure that every promotion is implemented with complete success, without any glitches.

I am thankful SEI has been decreasing our Franchise Fee so we can maximize our goodwill sale and that we don't have any renewal fee upon signing a new contract.

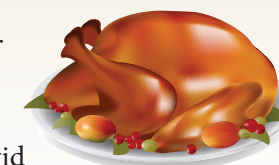
I am thankful that SEI extended the life of our agreement to 15 years from ten years.

I am thankful that we are nothing like some competitors who are required

to have six order writers per store and are required to order all their products according to a specific, rigid timetable that increases their labor and deprives them of their independent contractor status.

I am thankful for "Business Transformation," which saved us from a crumbling and disastrously failing DSD distribution system. BT presented itself at the perfect moment when DSD vendors could not deliver to our stores anymore.

I am thankful SEI has decided to involve franchisee leadership in the Ho-



listic review promised last February, and the result of the review was shared at the last NBLC roundtable.

Finally, I am thankful my independent contractor status is so meticulously protected and respected by SEI I can order whenever I want from whomever I want without penalties.

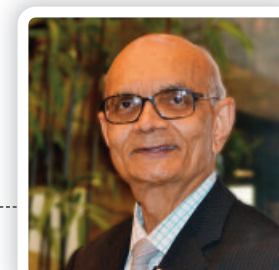
At this point I felt someone poking me, and I realized I was dreaming. What a nightmare! Shaken, I got up to dress for work.

I welcome your thoughts and any Freudian analysis of my dream. **AV**

FROM HOLIDAY PARTY 2014 TO HOLIDAY PARTY 2015: DESPITE PROMISES, NOT MUCH HAS CHANGED

HASHIM SYED

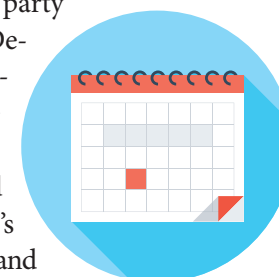
NCASEF VICE CHAIRMAN, FOAC VICE PRESIDENT



The holidays are usually a time of happiness, excitement and enthusiasm for what the New Year will bring. This was certainly the case last year, in December 2014, when the Franchise Owners Association of Chicagoland (FOAC) hosted its annual holiday party and invited our CEO, Joe DePinto, to be part of the festivities. Not only did we invite Joe to our holiday party and trade show, but we also asked him to be part of the FOAC's Board of Directors meeting, and he graciously accepted.

A few weeks before our holiday event and Board meeting, Joe requested that the FOAC leadership submit our five most critical issues—items that we wanted Joe to address during our Board meeting. Our presi-

"In the last year, things have not gotten better for franchisees. In fact, things have become even more challenging, in part because of the increase in minimum wage."



dent, Ken Patel, reached out to our Board of Directors for their feedback and our list was submitted immediately. During the meeting, Joe addressed all of our issues and assured us that he and his team would look into everything we presented. He said that things would be moving in a positive direction and he asked that franchisees attend the SEI Experience, as there would be a big announcement related to resolving franchisee's problems including concerns over low-volume stores.

When they heard this, most of the

franchisees (except for me and a few others) were very hopeful. In fact, most were so hopeful that they decided to call off the previously planned protest march that would have taken place during the 7-Eleven Experience. They were told to trust SEI and give them more time to resolve the issues at hand. A majority of the franchisees agreed and went along with the decision not to protest. But not me. I, along with some other franchisees who believed as I did, decided to protest as planned. We knew that SEI was just telling us what we wanted to hear, and we were right.

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So, here we are a year later. The FOAC has once again hosted its annual holiday event and once again the leaders from SEI were invited. Only this time, Joe DePinto didn't come. He sent others to represent him. And, just like a year ago, franchisees have been asked to attend and participate in the SEI Experience, with a promise that a "good news" announcement would be made. Well, folks, I wouldn't hold my breath. And, I certainly wouldn't take my time to attend SEI's event.

In the last year, things have not gotten better for franchises. In fact, things have become even more challenging, in part because of the increase in minimum wage. SEI claims that the introduction of the new Hot Foods and Fresh Foods programs would increase income to offset

"SEI claims that the introduction of the new Hot Foods and Fresh Foods programs would increase income to offset the additional labor costs."

the additional labor costs, but this is definitely not the case. Wishful thinking is not a reality! A more realistic approach would be to make the required basic changes to the current model so hot foods and fresh foods can be successful. It will require unselfish vision on SEI's part, and frankly, I don't see it happening.



Once again, our franchisees are looking to the National Coalition to help make things right. They are looking to the NCASEF's newly elected leadership to force SEI to resolve the long-standing issues and help turn things around. There isn't much time left, especially for those with low-volume stores. They are in urgent need of some financial assistance, and something needs to be done now. Not in three months, not in six months, and certainly not in a year!

We've already wasted a year believing in SEI. We gave them the benefit of the doubt, only to be disappointed time and time again. Something needs to change. I hope and pray that I'm not writing a similar story after next year's FOAC holiday event. **AV**

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Crime And Assault Prevention



By John Harp
Risk Engineering Consultant, Mitsui Sumitomo Insurance Group



Crime—including theft, robbery and assaults—against you or your employees is a real danger in the convenience store industry. 7-Eleven stores can be subject to crime or employee assaults, but as a leader in c-store security there are numerous lessons learned and tools to help you prevent these losses and bodily injury.

Key Questions

- Is your store prepared for crime and assault prevention?
- Did you know assaults or robbery can occur at any time and at any location?
- Are your employees trained and prepared if a crime event should occur?

and other resources, and an owner commitment to safety, the chances of employee injury can be reduced.

Background

The FBI reports that robberies in convenience stores occurred 17,099 times in 2013. This is a drop of almost 6 percent from the prior year, showing that prevention techniques and training is working.

MSIG provides the workers compensation insurance for about 4,000 franchised stores. Since 2010, there have been 470 claims involving injuries from assaults or other crime. The total cost to date for these injuries is \$13,867,381. The claims involve

and survived. His medical care, therapy and lost wages exceed \$3 million to date.

- An employee followed a shoplifter to get the license plate number on the car. The assailants hit the employee with their car, resulting in injury costs over \$370,000.
- A head injury to an employee engaged in an altercation with a shoplifter, currently at \$194,000 in medical bills and replacement wages.

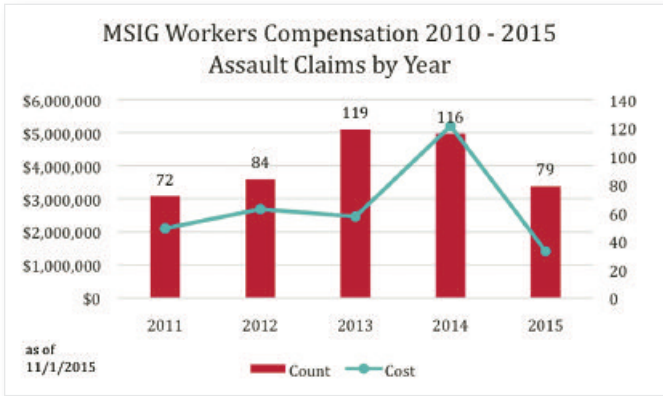
Two of these claims involve the most preventable of all employee injuries—leaving the store! The other injury involves an altercation that appears to be the result of escalating a confrontation—also frequently preventable through proper handling of the situation.

Factors That Contribute To Convenience Stores Being A Target

A 24-hour operation is more vulnerable as early morning hours will have fewer customers, less police presence and fewer people driving or walking by. Locations that have easy access to highways or interstates can be a target because of easy getaway. Those in strip malls or adjacent to other buildings are less a target than free-standing isolated stores. Poorly lit stores and parking areas are more at risk. Improper cash handling and drop safe procedures will increase the chances of robbery and repeat crime, as will solo employees and lack of training in recognizing and managing possible hostile behavior.

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“AUDIT YOUR STORE PROCEDURES AND TRAINING RELATED TO CRIME PREVENTION. IMPLEMENT EMPLOYEE TRAINING, AND FOLLOW UP WITH FREQUENT REMINDERS, ESPECIALLY FOR NEW EMPLOYEES.”



a range of medical care, from permanent or temporary disability, to fatalities.

The psychological complications can also be costly. The victims of crime—and even witnesses—may suffer mental issues from the incident, possibly limiting their ability to return to work.

Claim Examples

- An employee injured a knee and a foot chasing a shoplifter. The current costs are \$123,000.
- An employee was shot multiple times

The goal of this article is to encourage franchisees to identify possible risks of store violence, and to implement and maintain a strong violence prevention effort. Through the support of local enforcement agencies, SEI Asset Protection



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Crime And Assault Prevention continued from page 41

Prevention

Audit your store procedures and training related to crime prevention. Implement employee training, including Operation Alert. Follow up with frequent reminders, especially for new

Quality surveillance systems can be a deterrent. Make sure the monitor is working, has a good picture and is aimed directly at the front door. Encourage the police to stop in for coffee or drinks and park in your lot after

“After a robbery, **lock the doors and call 911**. Find any witnesses and get their information. **Call the SEI Hotline**. Preserve any evidence of the crime. **Contact MSIG or your workers compensation carrier** if there is any possible employee injury.”

employees. Key training points: be alert to customer behavior; do not leave the store to follow or confront a customer; do not accuse a customer of a crime or escalate a confrontation.

Limit outside activities after dark. Employees should not take out the trash after midnight. Make sure employees know how to use the panic alarm and use the portable device when appropriate.

Outside lighting should be checked to assure it is bright and working. Submit a maintenance ticket for any problems. Inside lighting should also be bright and functioning. A poorly lit store inside or out increases the risk.

Good housekeeping inside and out will show a potential criminal there is effective management and employee vigilance. Windows should be clear, especially those in front of the register. Clear visibility from the outside can deter a robber.

Cash limit in registers should be strongly enforced. If a robber succeeds in getting excess cash, you are a likely target again. Limit target items like cigarettes in the register area of the store. Secure them in a cage in the backroom.

hours. Work with enforcement to understand criminal or gang activity in your neighborhood.

After A Robbery

Lock the doors and call 911. Find any witnesses and get their information. Call the SEI Hotline. Preserve any evidence of the crime. Contact MSIG or your workers compensation carrier if there is any possible employee injury.

Summary

As the owner and leader of your business, management commitment in ensuring the safety of your employees and customers is the most important element in reducing the risk of injury from crime. By involving your employees and providing them continual reminders of safety and security, injuries can be prevented. Perform a security/violence prevention audit using the information from OSHA at <https://www.osha.gov/Publications/OSHA3153.pdf>

If you have any concerns or need further advice, contact SEI Asset Protection, your broker or MSIG. **AV**

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Paris residents are switching to online

shopping and local convenience stores in the aftermath of the recent terrorist attacks, preferring to make purchases closer to home and avoid big stores and malls where they feel more vulnerable, reported *Bloomberg Business*.

• Fried chicken chain **KFC has teamed with DoorDash** to offer food delivery in Los Angeles and San Francisco, reported *USA Today*. KFC said it expects to **expand the delivery service** into Houston by the end of this year with more cities to come.

• Across the U.S. today there are over **112,000 gas stations** according to U.S. Census Bureau data. The vast majority—some **97,000**—are combined with convenience or food mart stores.

• Indiana c-store chain **Ricker's** is providing safe places where **victims of domestic violence can seek help**, reported the Associated Press. The store's employees are trained to call either 911 or the victim advocacy group Alternatives Inc.

• Target plans to **expand tests of its food shopping experience to 25 stores** in the Los Angeles area early next year, reported *Supermarket News*. The tests—which will include expanding the selection of local, seasonal and healthy food offerings—were **launched in Chicago** and resulted in consistent boosts in sales, the company said.

• **Retail sales in the U.S. grew from \$2,677.6 billion in 2009 to \$3,114.9 billion in 2014** at a compound annual growth rate of 3.1 percent, according to the report “The Future of Retailing in the U.S. to 2019.” Food and grocery was the largest category group accounting for 47.6 percent of total U.S. retail sales.

• A research division of the World Health Organization **recently announced that bacon, sausage and other processed meats cause cancer** and that red meat probably does too, reported the *Washington Post*.

• Grocery chain **Fresh & Easy recently filed for chapter 11** bankruptcy protection, the company's second such filing in two years, reported the *Wall Street Journal*.

• As of December 1, chain restaurants in New York City are required to put a salt-shaker emblem on menu items that contain more than the recommended daily

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The National Coalition Board of Directors met October 28-30, 2015 in San Antonio, Texas to talk franchisee issues and concerns. • Topics discussed included the 2019 agreement, minimum wage, the

DVR settlement, the NLRB Joint Employer Initiative, gas commission, funded and nonfunded promos, the long-term viability of the current franchise model, AB525 in California,

maintenance, the master lease expiration and Coremark as a distributor in some areas. • The Board elected three officers, recapped NBLC

reports, and heard the association's most recent audit report. • NCASEF

Affiliate Members met with the Board October 26-27 for presentations, an open

forum and breakout sessions. • NACs Vice President Mike Davis spoke on the State

of the Industry, and vendors Tracey Brown and Jackie Lawing spoke on "Improving

Local Tradeshows." • Every Board member had a chance to raise new business topics.

7-Eleven FOAC

KEN PATEL, PRESIDENT

I would like to take this time to reflect on a very successful year for the FOAC that was capped off with our annual Holiday Trade Show and Party. Myself, and the entire FOAC, would like to thank all of the vendor partners that participated in the trade show. We appreciate the continued support, and look forward to having an even stronger 2016. I would also like to thank Dan Soper, Jeff Schenck, Mike Scales, and all the local SEI management team for being in atten-



Vice Chairman Serge Haitayan said the franchisee model has to change.

dance. Dan Soper and Jeff Schenck took time out of their busy schedules to show their support, and for that, we are truly grateful. Last but not least, I want to thank all of our franchisees for being in attendance. We had an excellent turnout this year, and we look to grow on that momentum next year. Franchisee presence was felt in a big way by all in attendance. There is no better way to show that we stand together than the unity the



NCASEF General Counsel Eric Karp said NLRB actions on independent contractor status pose a serious threat to franchising.

FOAC and its franchisees showed at the trade show. Without the franchisees, none of this would be possible.

I want to also introduce our newly elected Board of Directors for 2016. Along with myself, the following franchisees will be serving on the Board of Directors with me: Liaqat Ali, Hetal Patel, Katen Patel, Jaimin Pandya, Mudassir Saiyed, Nizarali Ladhani, Nirav Patel, Kaushik Patel, Rashid Siddiqui, Janak Shah, Purabi Chowdhery, Vyomesh Desai, Rahul Patel, and Bhupinder Bawa. We look forward to building on the success of 2015 and carrying it into 2016.

Vice Chairman Hashim Syed said nothing has changed for low volume storeowners who need relief from minimum wage.



"THE TWO MOST IMPORTANT ISSUES FACING FRANCHISEES ARE MINIMUM WAGE HIKES AND THE 2019 FRANCHISE AGREEMENT."

—JOSEPH GALEA, NCASEF CHAIRMAN

Greater Seattle FOA

AJ HANDA, PRESIDENT

In June, SEI shuffled franchisees in Zones nationwide and as a result the Pacific NW Zone now covers some parts of Northern California. Currently, our Zone has about 800 stores, which is a significant change for Pacific NW.

The minimum wage increase continues to affect franchisees' bottom lines. After January 1 it will increase to \$13 per hour, which will really hurt franchisees. As per SEI, Seattle is ground zero to solve the minimum wage issue. So far the NBLC and SEI have come up with following recommendations:

- Utilize the 7-Eleven Business System
- Protect Customer Counts
- Focus on Product Assortment and Differentiated Products
- Test Unique Plans around food service and leverage to other areas
- Identify Store Level Opportunities
- Relentless Focus on Execution

Franchisees are looking for more than this to survive the future minimum wage increases coming our way in 2016 and 2017.

The Greater Seattle FOA collected \$5,711 during 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 the Seattle Cancer Care Alliance. We are very proud to be part of such a great cause.

As per SEI, our third quarter sales ended up 5.1 percent vs. last year and Franchisee GP increased by 10.5 percent. YTD, merchandise sales increased over last year by 7.1 percent and Franchisee GP increased by 9.8 percent over last year!

UFOLI

JACK RUGEN, PRESIDENT

Month-to-date same store sales for the North Atlantic Zone is 4.6 percent. We had our best performance with whole pizza pies on Halloween, coming in at 10.2 pies per store. Stores on Long Island have participated in the "Pay It Forward" program that has generated meals for families in need on Long Island. Melts continue to be popular for our customers—combined sales are 8.5 units per store day.

The governor has proposed to raise the minimum wage to \$15 for all New York State employees, while the Fast Food Wage Board raised the minimum wage for fast-food workers to \$15 per hour. C-stores have been excluded, but we don't know how this will play out since many c-stores have separate, franchised fast food outlets included within their locations.

Washington, D.C. FOA

MARK CHIOCHANKITMUN, PRESIDENT

According to SEI's financial report, income for 65 percent of the Washington, D.C. franchisees was up, while for 35 percent income was down. We believe strongly that the high minimum wage increase of \$2.25 per hour within a year has significantly affected our income and our livelihoods. We have been asking our partner SEI for help since more than a year ago, and little or nothing has been done to help relieve our pain. Furthermore, our gross profits on almost all cate-



Vice Chairman Jas Dhillon predicted a \$27/day sales increase to cover a \$1 increase in minimum wage for the average store.



NCASEF Chairman Joe Galea stressed the importance of getting a voice for franchisees in discussions for the 2019 contract.



Executive Vice Chairman Jivtesh Gill said many franchisees will have trouble making money after minimum wage hikes.

gories have been down due to higher cost of goods and too many promotional items without vendor funding.

Encroachment with poor site-selection has been killing our existing franchisees' sales, profits, goodwill, and livelihood, preventing existing franchisees from leaving the system with goodwill sales. The cost of operations, deliveries and the windows for CDC and BT deliveries are the issues that created

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“THE NATIONAL LABOR RELATIONS BOARD’S INDEPENDENT CONTRACTOR CHALLENGE COULD AFFECT EVERY FRANCHISEE IN THE 7-ELEVEN SYSTEM.”

—ERIC KARP,
NCASEF GENERAL COUNSEL

our higher cost of goods and franchisees’ higher labor lines.

All of the above issues have been brought to SEI’s attention many times over the years, with little or no improvement to relieve franchisee pain and suffering. Although most of SEI’s upper management has been very understanding and kind, their ideas have been hurting franchisees rather than helping—like with the new promotion on the “melt” items that required more labor on franchisee side.

Washington, D.C. sales have been flat or down, with GP around 38 percent.

Columbia Pacific FOA HARBHAJAN GHOTRA, PRESIDENT

We have had a great summer! Markets #2362 and #2363 were up 7 percent in sales. The Halloween day pizza sales were tremendously successful. Both markets sold 21 pizzas APSD. Market #2363 was number one in the whole Zone in pizza sales, and market #2362 was number two.

On November 19 we had a general member meeting. I am very pleased to say this meeting had the greatest number of at-

tendees we have ever had. Alicia Howell, Vice President and Controller of Accounting, Jason Murray, Vice President of Pacific West Zone, and many others from SEI were in attendance. The main topics of discussion during this meeting were accounting, FM, auditors, and logistics problems. Also, the Columbia Pacific FOA will be organizing a food drive for Oregon Food Bank. This is a great opportunity to give back to our community just in time for the holidays.

In other exciting news, Market #2363 will be the first market in the Zone that will receive an upgrade to their coffee program. The whole market will be changing out the glass coffee pots with generation-3 urns.

Lastly, for the first time in the 45-year history of the Portland Trail Blazers, 7-Eleven has begun sponsoring the team! All stores now have a Rip City cherry Slurpee flavor and Slurpee cups. We are looking forward to all the new customers this partnership will bring and other exciting things that will come from it.



Columbia Pacific FOA President Harbhajan Ghotra reported a 7 percent hike in sales for the Zone.

Cal-Neva FOA

RICHARD ROSE, PRESIDENT

We are in the final stages of the 15th year of the 21st century and it seems like it could not be any better. Our sales have been close to double digits and we would have been one of the top performing markets if the Reno/Lake Tahoe area was a market. The growth has been in non-carbonated beverages and cigarettes, which can be attributed to many drug store chains discontinuing cigarettes.

For the fourth year we have made October Breast Cancer Awareness month. Most of our local 7-Eleven stores participated in raising monies to support screening and treatment of women against breast cancer in the



San Diego Board Member Gene Villigrana questioned high labor costs for fresh foods.

Northern Nevada/Tahoe area. This year we raised \$15,000 and have proudly raised \$65,000 over the last four years. A large thank you to our customers, vendors, associates and franchisees for another fantastic year.

On a sad note, the Cal-Neva FOA lost two franchisees that have been with our 7-Eleven family for many years. Lynn Conley, wife of Jim Conley, died on September 11, 2015 after a lengthy illness. She was a kind and gracious person to all she met and was always supportive of her husband Jim. I have known Jim and Lynne for 40 years and will always enjoy the memories of going off road in Jim’s jeep and our sailing adventure in St. Martin.

On October 2, 2015 we lost Richard (Dick) Nollet, who has been with 7-Eleven for 37 years, also after a lengthy illness. He started out as a field consultant for 7-Eleven and then went on to be manager of several franchisees’ stores, including mine. Dick eventually went on to become a successful franchisee in Carson City, Nevada. He was a kind and gentle man. I will always remember Dick for having the ability to make a point with few words, followed with a smile always on his face. Both of these franchisees will be remembered and missed greatly.

San Diego FOA

BOB ELKINS,
PRESIDENT

Sales year-to-date are up 7 percent at a gross profit rate of 36.2. The month of Octo-

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ber gave us incredible weather, which translated to record sales equivalent to a summer month. So far the month of November is trending the same. Our next function is our Holiday Party on December 5. We wish everyone a Merry Christmas and a Happy New Year.

Utah FOA RICH LEARNED, PRESIDENT

The Utah FOA Tradeshow and golf tournament are scheduled for June 1 and June 2, 2016. Elections were held in November, and Richard Learned was retained as president and Terri Imamura was retained as secretary.

Sacramento Valley FOA JAY BRAR, PRESIDENT

A sense of fear and survival seems to be gripping almost every area franchisee as the minimum wage will go up to \$10 an hour at the beginning of 2016. It is going to be even worse for the franchisees who operate in cities—like Oakland or San Francisco—as the minimum wage could be more than \$15. The basic concern that worries store operators is how to bear the extra burden on our pocket books.

To say the least, there is no constructive plan to deal with the situation when this burning concern is presented to SEI. After a good discussion on this topic by attendees at a recent North Pacific Zone Leadership Council meeting in Seattle, Washington, our Zone leader strongly suggested that the only solution is to "grow more profits" by focusing on Hot Foods and the Private Label products. In order to maximize our profits, there is a definite need for more deals that are totally funded by vendors.

Some time next year, our Zone will be switching to Core Mark International as a sole supplier. After a long relationship with McLane over the years, it will be something



Argo Tea's Pete Popovich presented ready-to-drink teas and the new Teappuccino line.



Nestle Waters Lori Appleton said Pure Life is moving to 24 bottles per case January 1st.

new that franchisees may look forward to.

Also, we may soon see a new feature in our ordering called "Guided Replenishment." It is another type of ordering in addition to Single Day, Multi-Day and Non-Daily ordering. It is an "automated forecast and order process" that generates a suggested order. User is able to review, modify, and approve suggested orders. It surely will make ordering of low-velocity store categories faster, easier, and more efficient.

Nearly all stores are overwhelmingly overstocked for the holiday season. The outcry by area franchisees is why do they have to accept the shippers that are politely labeled as

"AB525 SUBSTANTIALLY MOVES THE NEEDLE FORWARD FOR FRANCHISEE RIGHTS IN CALIFORNIA."

—JIVTESH GILL, NCASEF
EXECUTIVE VICE CHAIRMAN



Suburban Washington FOA President Pete Gragnano said promotions must be vendor funded.

"Distribution." On the same note, I brought the franchisees' concern of ordering the pre-books to the attention of our market manager. It is a serious matter as none of the franchisees, store managers, or field consultants confess their role in this matter. Sometimes it remains a mystery as to who ordered the pre-books. According to the market manager, the field consultants have been strictly instructed not to order pre-books without the knowledge of franchisees or store managers. If not handled properly, the burden will surely fall on the shoulders of franchisees. So store operators, watch out about this growing trend!

As a plea to the NCASEF Executive Board, I ask that they work with the small-sized FOAs (in terms of membership) so that more members of such FOAs could participate in the Board meetings. Sacramento Valley FOA congratulates the newly elected Executive Board members and looks forward to working with them.

Southern California FOA NICK BHULLAR, PRESIDENT

The FOASC had a very successful 2015. Many thanks to our members, SEI team and vendors for all the hard work they put in for the success of 7-Eleven and the franchisees.

Our Annual Trade Show was a very huge success. I am proud to say that this

"NCASEF FRANCHISEE MEMBERS WILL BE ABLE TO JOIN THE NACS FOR THE REDUCED RATE OF \$40 AND ATTEND THE NACS CONVENTION FOR \$225."

—MIKE DAVIS, VICE PRESIDENT, NATIONAL ASSOCIATION OF
CONVENIENCE STORES

year's show was better and more successful than last year's in terms of vendor support and franchisee participation. Vendors were very pleased with our show. All this wouldn't have been possible without the tremendous support of our members, vendors, and SEI management.

The 29th Annual Joe Saraceno FOASC Charity Golf Tournament was successfully held at TPC at Valencia on September 14, 2015. We believe strongly in helping the needy in whatever way we can. We donated \$11,711 to Swim Across America and \$11,711 to the Los Angeles Children's Hospital. It was possible due to the tremendous support of our vendors and members.

The FOASC Holiday Party was held at Knott's Berry Farm on December 5, 2015, and it ended the year with a bang. It was attended by more than 400 people, which included vendors, SEI Management teams and franchisee members. What a way to end the year!

We are looking forward to 2016. I am sure with all the help from vendors, members and SEI management it's going to be better than previous years.

Suburban Washington FOA PETE GRAGNANO, PRESIDENT

Fall has arrived in the Baltimore/Washington, D.C. area, which means cooler temperatures and increased sales in the high-margin hot beverage category. However, our franchisor has elected to pair a Fresh Bakery muffin and any size coffee in a non-funded promotion, thus reducing the profitability of this category. It is baffling that the company is pushing franchisees to increase their muffin orders and "plus sell" the combo to our customers. Without a signifi-

cant increase in t-counts to offset the loss of gross profit, we are heading in the wrong direction.

On a similar vein, while it appears that Merchandising has finally listened to our pleas and the number of promotions have decreased for the current Sales Plan, we are still burdened with a number of non-funded or partially-funded promos which further drag down our bottom line. Add the focus on the labor-intensive melt program and the recent increases in the minimum wage to this mix, and we have a recipe for decreased franchisee profitability.

Contrary to what we are being told by 7-Eleven, many franchisees in our area will tell you that they are less profitable than in past years. Moreover, with further increases in the minimum wage looming on the horizon, the franchisee community is putting little faith in the company's assertion that we will be able to "sell our way" out of the minimum wage conundrum.

On a lighter note, we will be holding our annual Holiday Party on December 12 at the Columbia Sheraton and look forward to this festive gathering. We wish all franchisees a joyous holiday season and a Happy, Healthy and Prosperous New Year.

Delaware Valley FOA M. AL HAFFAR, PRESIDENT

Sales are steady but matching last year's numbers in many stores. Promos are the only thing sustaining sales. Many stores are still complaining about the outrageous and im-

continued on page 52



Stork's Eric Carr presented the company's line of Werthers, Mamba and Reisen products in multiple configurations.



Greater Bay FOA Vice President Manjit Purewal suggested focusing on the 2019 franchisee agreement.



Pacific Northwest FOA President Navdeep Gill suggested a transaction fee to cover minimum wage increases.



Virginia FOA President Waqar Sheikh reported nice increases as a result of fresh foods.

Presidents' Reports

4th QUARTER 2015 continued from page 51

proper classification of maintenance charges. Many are asking that our pizza and hot foods quality be improved. A few stores have changed hand in recent weeks, while many



Haribo's Bill Koenig presented the company's new Twin Snakes product.

are still maintaining low volume sales. Face-lifts are needed in many stores to improve our image. Many stores still don't have a refrigerated condiments station on their coffee counters, and have outdated equipment and uneven parking lots with potholes. Everyone is tired of patch jobs. Our image keeps eroding in the market place.

Texas FOA

BOB PRICE, PRESIDENT

I would like to thank all our business partners for a great 2015. Without our vendor partners bringing us some great promotional deals, products, and services we would have nothing to sell. Thanks also to SEI for giving us the opportunity to franchise our stores and working with us day in and day out to build our businesses. Last and most importantly thanks to our franchisees, working together—WE ARE THE BACK BONE OF THIS BRAND—we can stand proud. We wish everyone a prosperous 2016.

FOA Of Greater Los Angeles

KATHY YORK, PRESIDENT

The Greater LA Zone is set to begin remodeling all the stores in the Zone next month. Remodels are more customized to each store

rather than one footprint for all stores.

Guided replenishment will also start in the Zone Q1 2016. SEI is working on having more items set up on pay-by-scan so stores do not have to worry about theft.

Univision, the #1 Hispanic TV station, will be doing TV ads for 7-Eleven to target the Hispanic population Q1 2016. About 56 percent of GLA customers are Hispanic and this will reach so many of them. SEI is adding five merchandising positions in GLA in order to better develop local product development. Bruce Maples is on the team to work with the remodel stores, since he has been a franchisee and will be able to give a better insight to the remodeling process. EMV chip credit cards are in the pilot process now, and will be ready to roll out February 2016. Looking forward to moving ahead in 2016 with all the updates in the Zone to help us to better grow the business.

Pacific Northwest FOA

NAVDEEP GILL, PRESIDENT

This year the city of Seattle passed an ordinance raising minimum wages to \$15 per hour in three phases—\$11 on April 1, 2015, \$13 on January 1, 2016 and \$15 on January 1, 2017. It shall be increased annually on a percentage basis to reflect the rate of inflation on January 1 of each year thereafter. We have 38 franchised stores being affected by this. Franchisees are very worried about its effect on their profitability. If store sales do not increase significantly next year,

franchisees will either make no money or significantly less money.

The Pacific Northwest FOA has presented SEI possible solutions in the form of a Gross Profit Split change in favor of franchisees and a transaction fee based on percentage of ticket amount, but SEI has declined our requests.

Voters in the city of Tacoma—the second biggest city in the state of Washington after Seattle—passed a referendum on November 4 to increase the minimum wage to \$12, spread over next two years. Other cities



New England FOA President Dennis Lane commented on SEI's status as a distributor of gasoline.



Florida FOA President Fari Ishani expressed concerns over sales tax audits in Florida.

are considering similar proposals to increase the minimum wage to \$12 or \$15.

Franchisees are worried if SEI does not change its business model, our stores might not be profitable for us. Our CEO, Joe DePinto, attended our last joint RI meeting of Washington and Oregon stores. We were expecting some kind of announce-

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"PROMOTIONS ARE A PLAUSIBLE BUSINESS TOOL, MADE MORE PLAUSIBLE BY FULL VENDOR FUNDING."

—PETE GRAGNANO, PRESIDENT SUBURBAN WASHINGTON FOA



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ment from him for stores affected by the \$15 minimum wage hike, but franchisees did not hear a concrete solution. Mr. DePinto said that SEI is very concerned with rising labor costs across the country, but has no solution yet.

The Pacific Northwest FOA will soon hold elections for its Board of Directors for the term of next two years.

Eastern Virginia FOA

ROMY SINGH, PRESIDENT

I am pleased to announce that our Zone leadership team took our feedback regarding the need for advertising and communication seriously. As a result of their efforts, we received \$300k in advertising funds. The Tidewater markets became the tests for heavy television advertising for the new toasted melts. It was our burden to execute this so that every Zone could have television or other advertisements. I can proudly say that the Tidewater markets were top in the nation for selling the toasted melts! Melt units are up 116 percent since the TV campaign and store focus.

Our stores are facing continued robberies in our Zone. Our FOA has offered a reward of \$1,000 to anyone who provides tips that help solve these crimes. Also, we have called both of our area police chiefs to our RI meeting, where franchisees asked them for extra patrolling of our stores.

I am delighted to also announce that our FOA has expanded to include other markets in the Patriot Zone. We recently added North Carolina to our FOA group. We have already begun conducting meetings there and helping franchisees in that area. We will soon be expanding our FOA presence in the West Virginia area.

After a lengthy wait, our Zone is finally going to receive BT next year. It will be a busy year switching from a traditional to a BT market. I hope none of our franchisees will face loss of sales due to the seasonal stores here and the schedule won't conflict with peak sales times.

We appreciate SEI's effort to reorganize the infrastructure. Changes were finally made after a long wait. SEI needs to pay closer attention to the 150+ promos every month that are impacting franchisee GP directly. GP has been on the decline for the past 18 months. Costs are rising, but we are retailing at the same price. Hot foods quality is also declining and I hope SEI will look into this.

With the help of our vendor partners, we are holding a trade show on April 28, 2016 in Suffolk, VA. Franchisees from North Carolina and West Virginia will be provided transportation to the trade show. This will allow them to order new products and take advantage of extra discounts.



National Association of Convenience Stores VP Mike Davis gave a state-of-the-industry presentation to the Board and Affiliate members.



Thomas Spannring from PATCO and Brulin described new cleaning products and methods.

New England FOA

DENNIS LANE, PRESIDENT

After a record 108 inches of snow in New England earlier this year, we are heading into fall and winter with no snow and record warm temperatures—great for sales.

SEI recently acquired 182 Tedeschi Stores in New England, an iconic family-



Texas FOA President Bob Price said charitable donations for SAA continue to rise.

owned brand that has been around almost 100 years. The acquisition of Tedeschi greatly increases the brand penetration of our stores in New England, but more importantly prevented competition from gaining a strategic foothold in New England.

Challenges continue to include tobacco flavor bans and minimum age to purchase being raised to 21. The reality is that the government will continue to change the way we do business and impact our bottom line.

The New England Franchise Owners Association also predicts Tom Brady and the New England Patriots will be in the upcoming Super Bowl 50!

Central California 7-Eleven FOA

SUNNY CHAUHAN, PRESIDENT

Average Per Store Day merchandise sales are up \$282 or 6.8 percent for the third quarter of 2015 over the same quarter of the previous year. APSD sales are \$4,420. Average gross profit is slightly down over the prior year's third quarter. We averaged at 38.8 percent GP compared to 39.3 percent from prior year, however the GP dollars are up \$89 APSD over the prior year's third quarter, or 5.5 percent.

Here are the APSD incremental sales dollars by PSA: The leading contributor to sales growth is Food Service, which is up \$84 over the same quarter last year. Non-alcoholic beverages are up \$52.90, cigarettes up \$38.80, snacks up \$28.10, cold dispensed bev-

erages up \$24.60, alcoholic beverages up \$20.90, confectionary up \$10.50, hot beverages up \$5.20, frozen treats up \$4.40, and tobacco up \$3.80. We finished the month of November 3 percentage points down in GP over last year.

California's minimum wage moves up to \$10 per hour effective January 1, 2016 and we, like other areas that have experienced minimum wage increases, are very much concerned about the impact this is going to have on our business and livelihood, as payroll is our biggest expense. We have been addressing this issue with SEI in RI meetings and ZLC meetings and are awaiting a response. This is a huge issue that has also been brought up to Dallas by other areas like Seattle, where the city experienced a very big minimum wage increase.

Franchisees are also very concerned by the bombardment of numerous promotions every promo period, and want SEI to revisit and scale back on promotions—especially the ones that have zero funding or scan back and have thin margins. We are also experiencing some delivery issues, from on-time delivery to out-of-stocks, with the recent McLane reroute. The recent CDC shortages and out-of-stocks are also a concern and are negatively impacting our business. Our annual Christmas Dinner is scheduled for December 11th. We congratulate the newly elected officers of the National Coalition and look forward to working with them.

Alliance Of 7-Eleven Franchisees FOA

REHAN HASHMI, VICE PRESIDENT

Chicago stores experienced a minimum wage increase in July 2015 of \$1.75 per hour. The impact has been varied—on an average it has been anywhere between \$1,500 to \$3,500 a month more in payroll expenses for our franchisees. Many franchisees are anxiously waiting for SEI to do something to balance the effect of the increased payroll.

Sales increase has been 4 percent to 6 percent in Chicago markets. Hot food sales have increased 3 percent to 10 percent. In November, many stores have seen lower GP. This may be due to extensive promotional discounting on hot foods and bakery, on top of lower GP to start with.

We held our first tradeshow following an RI meeting. It has been a tense month for Chicago stores getting affected by protests and demonstrations in the city due to the release of police shooting video, with potential closures and looting. Several South Suburban stores have been victims of robberies.

Chicago is getting ready for BT, which is expected to be rolled out in the second or third quarter of 2016. Franchisees have mixed feelings. The Alliance FOA is working with franchisees to ease some of those.

Virginia FOA

WAQAR SHEIKH, PRESIDENT

The entire area has the chicken sandwich, and the average store is selling about 35 or 40 sandwiches a day. A cheeseburger is coming soon to our area. 7-Eleven needs to offer combos for these items and add potato wedges and a drink.

Some stores in our area have generated up to \$1,500 a day on fresh foods. There was a time when we used to have a couple of carts for coffee, and now we have a 15-foot long

coffee bar and sell 500 to 1,000 cups of coffee a day. Just like we increased our coffee, we want to see the same thing for lunch and dinner fresh and hot foods sales so we look more like a food service chain. I understand when some franchisees say that the margin right now is not there. But if you sell more, the write-offs go down. For example, we are selling a lot of chicken sandwiches and our write-off is almost zero. In the future when we become a food destination, the write-offs will not be an issue. Where the food service is high, stores are doing 40 percent plus GP. It is a proven fact that if we sell more cigarettes, our gross profit will be low—29 percent to 30 percent.

Minimum wage is an issue. Every franchisee is paranoid about minimum wage increases. We have raised our coffee prices in our area because in Washington, D.C. the minimum wage has gone to \$10 and in the next 5 years it will be \$15. Chipotle has already raised their prices. I think we should raise our prices over time gradually.

Another hot topic is maintenance. We have resolved many maintenance issues with 7-Eleven in the past few months. I have been attending the NBLC maintenance committee meetings and the CEO roundtable. Whatever issue we bring to the CEO table, the CEO has the option of resolving then and there. The next topic we are reviewing is the priorities of maintenance calls that are prioritized through P1-P4. **AV**



UFOLI President Jack Rugen said FOAs should be able to sign up members in some other way than creating a case on the ISP.



Nestle Confections' Jackie Lawing and Advantage Sales Tracey Brown said 50 orders was the ROI threshold for regional tradeshow.



Member News

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Legislative Update

\$5,000,000 threat to the state of Florida and its consumers, according to the Florida Department of Agriculture and Consumer Services. The department has discovered and removed more than 150 skimmers at gas stations in Florida in the past year.

"The Florida Department of Agriculture and Consumer Services has removed more than 150 skimmers at gas stations in Florida in the past year."

venience stores. The Common Sense Nutrition Disclosure Act of 2015 (H.R. 2017) "clarifies the intent of and simplifies nearly 400 pages of regulations so food establishments can more easily comply and provide consumers reliable access to calorie information."

Following the full committee vote, the bill is now cleared for consideration by the U.S. House of Representatives. NACS said when a vote is imminent, it will elevate its grassroots efforts and encourage retailers to engage in the process and ask their members of Congress to support this important industry initiative. **AV**

Menu-Labeling Legislation Moves Forward

The House Energy and Commerce Committee recently passed menu-labeling legislation supported by the National Association of Convenience Stores (NACS) that would enable compliance for c-store operators while increasing the availability of both nutrition information and choice for consumers, reported NACS Online. During the committee markup, it was noted that the U.S. Food and Drug Administration's current menu-labeling regulations are "fundamentally impractical and unnecessarily expensive" and don't recognize the various food service business models, such as con-



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limit of 2,300 milligrams—about a teaspoon—of sodium, reported the Associated Press. • With 81 percent of American consumers eating chocolate, **sales of chocolate candy in the U.S. are expected to exceed \$26 billion by 2018**, reported *Convenience Store Products*. • As of the end of November there are **4,144 breweries in the U.S.**, topping the historic high of 4,131 breweries in 1873, according to a year-end review from the Brewers Association. Brewery openings now exceed two a day. • The **global energy drinks market** is projected to grow at a compound annual growth rate of 12.69 percent and 12.11 percent—in terms of revenue and volume, respectively—over the period 2014 to 2019, according to SandlerResearch.org. • **Dunkin' Donuts announced plans to open 24 new restaurants** in Minneapolis, Minnesota over the next several years. The company said it remained on track for the development of 410 to 440 net new Dunkin' Donuts restaurants in the U.S. in 2015. • A recent Gallup poll reveals that **58 percent of Americans believe marijuana use should be legal** in the United States.

When Gallup first asked the question in 1969, 12 percent of Americans thought marijuana use should be legal. • Attorneys general of eight states and the District of Columbia recently sent a **letter to the nation's top credit card companies and banks urging them to move to the use of PINs** with new chip-based credit cards because they are more secure than using signatures, reported *Consumer Affairs*. • **Identity thieves stole \$16 billion from 12.7 million U.S. consumers** in 2014, according to the Javelin Strategy 2015 Identity Fraud report. That amounts to a new identity fraud victim every 2 seconds, according to Javelin. • In an effort to get customers to spend more, stores are trying to **slow down the shopping experience**—a movement known as "slow shopping"—by adding libraries, art installations and **cozy lounges** to encourage shoppers to hang around and enjoy them—

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37(b)(2) by making a "lackluster and half-hearted effort to comply" with an Oct. 16, 2014 discovery order.

The magistrate judge said the appropriate sanction for the 26(g) violation was an admonishment of the company and its counsel, including a warning "that similar conduct will be addressed more harshly in the future." He also ordered SEI to pay the plaintiffs' fees and costs associated with trying to get the company to comply with the Oct. 16, 2014 order. The plaintiffs in *Younes vs. 7-Eleven, Inc.* have alleged that 7-Eleven undertook a coordinated effort to terminate weak South Jersey franchises and oust franchisees and owners who complained about the company.

E.coli Scare Expands To 7-Eleven

The E. coli recall that was originally linked to Costco has expanded to include more states and major grocery store chains, including 7-Eleven, and involves more than 155,000 items, reported TV news station KIRO 7. The Centers for Disease Control and Prevention identified a celery and onion diced blend produced by Taylor Farms Pacific Inc. to be a likely cause of an E. coli outbreak that sickened 19 people in seven states, mostly on the West Coast but including Georgia, Nebraska and Hawaii. As a result, Taylor Farms Pacific Inc. recalled multiple celery products, including Starbucks panini sandwiches and prepared foods at other retailers. Vegetable snack trays at 7-Elevens were the product affected, and re-

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Vegetable snack trays at 7-Elevens were among the recall by Taylor Farms Pacific due to E. coli.

Member News

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ALLIANCE FOA EXPO A HUGE SUCCESS



More than 200 franchisees, store managers and SEI field, operations and management staff attended the Alliance of 7-Eleven Franchisees FOA Expo on October 14 at the Carlisle in Lombard, Illinois. The expo, which followed the Retail Initiative Meeting for 7-Eleven Heartland Markets 1911 and 1912, featured special show promotions and samplings from 7-Eleven, Monster Energy, Miller/Coors, Illinois Lottery, Logic Electronic Cigarettes, FM Facility Maintenance, AllSports Marketing, Hillbilly Jerky, RAB Distribution, and Joe & Ross Ice Cream. The event also featured free phone power packs for attendees and raffles for tablet computers and a big-screen TV. The event was capped by a dinner buffet.





Legislative Update



California Governor Signs Fair Franchising Legislation

By Jaspreet Dhillon, President, California Franchisee PAC, NCASEF CFA Representative

On October 11, franchisees in the State of California got a big boost when Governor Jerry Brown signed Assembly Bill 525—also known as the California Franchise Relations Act—into law. As per our NCASEF legal counsel Eric Karp, with the bill becoming law California franchise business owners now have the strongest protections in the country. The Coalition of Franchisee Associations (CFA) sponsored the bill and the International Franchise Association (IFA), which represents franchisors, opposed it.

The law revises the rights and responsibilities of franchisors and franchisees under the existing California Franchise Relations Act (CFRA) with respect to the termination of franchise agreements. Specifically, the law provides franchisees protection from the following:

1. Early Termination of the Franchise Agreement: It changed the standard by which the franchisors can terminate the agreement from “good cause,” which is anything that is legal, to the failure of the franchisee to substantially comply with the Agreement. It also increases the cure period to 60 days from the current 30 days. The law further states that upon a lawful termination or non-renewal the franchisee is to be compensated for all inventory, supplies, equipment, fixtures and furnishings purchased—or in the case of 7-Eleven Franchisee, paid for minus depreciation.

2. Sale and Transfer Protection: Changes the process from

“As a result of Assembly Bill 525, the California Franchise Relations Act, (CFRA) California franchisees now have the strongest protections in the country with respect to the termination of franchise agreements.”

market value of the franchised business if the franchisor violates the new law.

The process to get the bill passed and signed was a long, hard fought battle between franchisees and franchisors through their representatives, the CFA and IFA. It all started in 2012, when Congressman Jared Huffman, then a California Assembly member, introduced Assembly Bill 2035. The bill was all-encompassing and would have fixed most, if not all, of our problems. Unfortunately, because it was a very comprehensive bill, it could not even make its way out of the Business and Professions Committee in the Assembly. The Committee had 11 members and we needed 6 yes votes—we received 5 yes, 4 no and 2 abstentions.

The bill died without even getting voted on the Assembly floor, let alone the Senate.

“The process was a long, hard-fought battle between franchisees and franchisors through their representatives, the CFA and IFA.”

subjective to objective. Franchisors are supposed to have a uniform standard for everyone and it is to be applied consistently throughout.

3. Unlawful Termination and Non-Renewal—The law added new language that provides franchisees the fair

The next year we came back with a pared down Senate Bill 610 introduced by California Senator Hannah-Beth Jackson. The bill took two long years, but eventually made its way through both the Senate and Assembly and landed at the Governor’s desk. California 7-Eleven franchisees came out so strongly to support the bill that inside the halls and corridors of the State Capitol in Sacramento the measure became known as the 7-Eleven bill. Unfortunately, Governor Brown vetoed the bill in late September of 2014.

Finally, this year AB 525, which was co-authored by Majority Leader Chris Holden, Speaker Toni Atkins, and Republican Caucus Chair Scott Wilk, was introduced. With bipartisan authors and backed by the Speaker, the bill moved rather quickly through both Houses and eventually passed unanimously after the IFA withdrew their opposition to the bill. Steve Caldeira, the President and CEO of IFA, decided to withdraw their opposition after realizing that the bill had broad bipartisan support this time around, and eventually it cost him his job at the IFA.

There is now a federal bill introduced by Congressman Keith Ellison from Minnesota working its way through Capitol Hill. Congressman Ellison used to work at the franchise law firm of Dady and Gardner. Not wanting to lose momentum, the CFA recently helped introduce a bill in Pennsylvania, and wants to utilize its learnings in California to successfully pass fair franchising laws in other states across the country. **AV**



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call dates range from November 20 to December 8, 2015.

Low Compliance With NYC's New Tobacco Purchase Age

In a study examining compliance with New York City's new law that raised the legal age for purchasing cigarettes to 21 years of age, researchers found that compliance with ID checks has significantly decreased since the law was made effective. Prior to the change in the law, 29 percent of retailers sampled were non-compliant. Following the change, a full 38 percent of retailers sampled did not ask for ID when selling cigarettes to young people. Researchers also examined new minimum price laws for cigarettes and found a similar pattern.

The research—Retailer Compliance with Tobacco Control Laws in New York City Before and After Raising the Minimum Legal Purchase Age to 21—points to several potential reasons why effectiveness of the new law has been limited, including lack of awareness among retailers. The law did not go into effect until nine months after its enactment, but retailers may still have been unaware of the change. In addition, researchers note that enforcement measures for retailer tobacco laws involve five distinct city and state agencies, all with unique protocols and no additional resources allocated for inspection, prosecution, and follow-up of those violating the new laws.

Tobacco Sales To Minors Drop In California

A new survey by the California Department of Public Health has found that the California rate of illegal tobacco sales to minors has decreased. According to the



7-Eleven Pizza Guy Delivers Customers

In order to promote the pizza offerings at his Manhattan, New York store to hungry lunch-goers during Halloween, 7-Eleven Senior Vice President Yousef Naseer had one of his employees dressed in a pizza costume on the street corner to point customers to his store. Yousef said his Market was pushing for 50 pies a day per store on Halloween, and his gimmick helped him achieve those numbers.

New East Coast FOA



The newly formed East Coast FOA was voted into the National Coalition as the 44th FOA at the October Board meeting in San Antonio: President Ajit Nambhia (right) and his vice president represented the group at the meeting.

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2015 Youth Tobacco Purchase Survey, illegal tobacco sales to minors at retail outlets occurred at a rate of 7.6 percent, compared to last year's rate of 9 percent. When the state first started monitoring illegal sales of tobacco in 1997, teens participating in the survey were able to buy tobacco products during 21.7 percent of tobacco purchase attempts.

Notably, tobacco-only stores had the highest illegal sales rate, with 14.8 percent in 2015. Other stores with high rates of illegal tobacco sales include: convenience stores without gas (9.5 percent); convenience stores that sell gasoline (8.8 percent); and less common retail outlets, such as discount and gift stores, gas stations without convenience stores and car washes (8.6 percent). Supermarkets and drug stores/pharmacies had the lowest rate of illegal sales at 3.9 percent and 0 percent, respectively.

San Francisco Sues American Express

The City of San Francisco recently sued American Express Co. for allegedly stifling competition with excessive fees and seeks billions of dollars in restitution to merchants, reported *Bloomberg Businessweek*. City Attorney Dennis Herrera said American Express for years has exacted a 3 percent fee on each charge card transaction—well in excess of fees charged by Visa and MasterCard—and has “strictly prohibited its participating merchants from taking any step to encourage consumers’ use of less costly payment methods, including cash.” Herrera said in his complaint that California merchants account for about \$2.25 billion of the \$15 billion paid in swipe fees to American Express each year. He also said he’s seeking a \$2,500 penalty for each American Express swipe fee transaction over the last four years at about 1 million businesses

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<p>MANGO 1 CARTON - 15 TWO PACKS SLIN 320845 - UIN 244376</p> <p>7 84762 07354 9</p>	<p>STRAWBERRY 1 CARTON - 15 TWO PACKS SLIN 320574 - UIN 198226</p> <p>7 84762 07353 2</p>	

<p>GRAPE 1 CARTON - 25 TWO PACKS SLIN 321442 - UIN 555383</p> <p>7 84762 07200 9</p>	<p>BLUEBERRY 1 CARTON - 25 TWO PACKS SLIN 321446 - UIN 554600</p> <p>7 84762 07201 6</p>	<p>MANGO 1 CARTON - 25 TWO PACKS SLIN 321476 - UIN 74021</p> <p>7 84762 07206 1</p>
<p>CHERRY 1 CARTON - 25 TWO PACKS SLIN 321445 - UIN 554634</p> <p>7 84762 07204 7</p>	<p>MELON 1 CARTON - 25 TWO PACKS SLIN 321444 - UIN 555102</p> <p>7 84762 07205 4</p>	<p>ORANGE 1 CARTON - 25 TWO PACKS SLIN 320864 - UIN 214429</p> <p>7 84762 07210 8</p>

<p>APPLE 1 CARTON - 25 TWO PACKS SLIN 321447 - UIN 553826</p> <p>7 84762 07202 3</p>	<p>STRAWBERRY 1 CARTON - 25 TWO PACKS SLIN 321477 - UIN 74120</p> <p>7 84762 07207 8</p>	<p>VANILLA 1 CARTON - 25 TWO PACKS SLIN 320814 - UIN 214452</p> <p>7 84762 07211 5</p>
<p>PEACH 1 CARTON - 25 TWO PACKS SLIN 321443 - UIN 555201</p> <p>7 84762 07203 0</p>	<p>STRAIGHT-UP 1 CARTON - 25 TWO PACKS SLIN 321478 - UIN 74633</p> <p>7 84762 07208 5</p>	<p>CIGAR BLEND TOBACCO 1 CARTON - 6 POUCHES SLIN 320238 - UIN 555631</p> <p>7 84762 07175 0</p>

<p>STRAWBERRY 1 CARTON - 25 TWO PACKS SLIN 321287 - UIN 680876</p> <p>7 84762 07877 3</p>	<p>MANGO 1 CARTON - 25 TWO PACKS SLIN 321288 - UIN 680900</p> <p>7 84762 07867 4</p>	<p>BLUEBERRY 1 CARTON - 25 TWO PACKS SLIN 321292 - UIN 680884</p> <p>7 84762 07817 9</p>
<p>GRAPE 1 CARTON - 25 TWO PACKS SLIN 321289 - UIN 680918</p> <p>7 84762 07807 0</p>	<p>STRAWBERRY 1 CARTON - 25 TWO PACKS SLIN 321290 - UIN 680884</p> <p>7 84762 07817 9</p>	

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Member News

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statewide that accept the card. Citing California's unfair competition law, the city attorney is also demanding restitution for overcharges.

Wawa To Open 120 Stores In South Florida

Pennsylvania-based convenience retailer Wawa plans to open 120 or more stores in South Florida between 2017 and 2022, reported the *Sun Sentinel*. The first ones will open in Palm Beach and Broward counties, with Miami-Dade County to follow in 2018. Florida's first Wawa opened in 2012 in Orlando. Seventy-nine have opened in the state since then, but the closest to South Florida is in Fort Myers. Each new store is expected to hire about 40 part-time and full-time employees, offering them health benefits and a chance to participate in the private company's stock ownership plan (41 percent of the company is owned by associates, 50.2 by the George Wood founding family and the rest by other shareholders, according to Wawa).

The company's chief executive told the newspaper their plan "was always to have a presence across most of the state," and added that South Florida is appealing because of its dense population and transplants who know the brand from up north. The chain has attracted an almost cult-like following across Pennsylvania, New Jersey, Delaware, Maryland and Virginia.

CST Brands Acquires Flash Foods

San Antonio-based fuel and convenience retailer CST Brands, Inc. recently announced it has entered into a definitive agreement to acquire the Flash Foods store network of convenience stores in Georgia and Florida from the Jones Company and its affiliates. The purchase price for the transaction is \$425 million and the trans-

DEL VAL FOA

The Delaware Valley FOA hosted two local lawmakers during its Board meeting on November 11 to discuss fair franchising legislation and minimum wage increases—two issues that will have a huge impact on Pennsylvania franchisees.

State Representative Peter Daley, who is a former Quiznos franchisee, spoke to the group about House Bill House Bill 1620, which is fair franchising legislation he introduced that provides for many significant improvements in franchise relations, notably creating a specific period for a franchisee to cure a default, requiring good cause in the case of terminations, mandating written notice for non-renewals and prohibiting interference with a franchise owner's right of association with other franchisees or an independent franchisee association. He urged the FOA members to support the measure during the next legislative session.



Philadelphia City Councilman Al Taubenberger talked about the possible minimum wage increase in Philadelphia and the need for franchisees to get involved so lawmakers know the small business owner's point of view and how minimum wage increases would affect them.



action is expected to close in the first quarter of 2016.

The acquisition includes 164 Flash Foods convenience stores selling Flash Foods-branded fuel located in Georgia and Florida; 21 branded Quick Service Restaurants, including three standalone locations; a land bank of 13 real estate sites to build new stores; a merchandise distribution company and a 90,000 square foot distribution center that it operates in Georgia; and a fuel supply company with access to the Colonial and Plantation Pipelines, a leased storage and company-owned trans-

portation fleet distributing fuel to the 164 sites and wholesale accounts.

C-Stores A Bigger Part Of Quick Service

Convenience stores and supermarkets are raising the bar on their foodservice offerings, and an increasing number of consumers are choosing these outlets for their prepared meals and snacks in addition to quick-service restaurants, reports The NPD Group. Quick and convenient food

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Member News

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from c-stores and supermarkets has incrementally added customers to the fast-food/foodservice market, according to NPD's QSR Plus Retail Market Monitor. Further, the number of fast-food purchases made at retail outlets per customer in the March 2015 through June 2015 period is over six visits higher than those made to quick serves in an average four-week period. The study reveals that the majority of consumers are using multiple channels, retail outlets, and quick serves when purchasing prepared meals and snacks.

C-stores hold the highest shares of these product categories: coffee, snacks, breakfast foods, soft drinks, and Mexican foods. Quick serves offering morning meals are the most likely to feel the impact of c-stores on their customer base. The morning occasions are likely in-and-out, grab-and-go visits where convenience and fast service trump quick-service chain preference. Between meal and snack purchases are another vulnerable time of day for quick serves, reports NPD. Grocery stores hold a high share of purchases of chicken, side dishes, and salads. These stores are providing an easy and convenient ready-to-consume meal for multiple family members.

AB InBev Buys SABMiller For \$107 Billion

Anheuser-Busch InBev NV made a formal \$107 billion offer for SABMiller Plc, sealing a long-anticipated deal that combines the world's biggest brewers into a company controlling about half the industry's profit, reported *Bloomberg Business*. To gain regulatory approval, Molson Coors



The new Anheuser-Busch InBev NV/SABMiller Plc conglomerate will have the number one or two position in 24 of the world's 30 biggest beer markets.

from overlapping head-office roles. The companies didn't say what the new entity will be called, or whether SABMiller's senior management team will remain. The new company will generate profits of about \$25 billion and will have the number one or two position in 24 of the world's 30 biggest beer markets.

Wawa Launches Credit Card

C-store retailer Wawa, Inc. recently launched a branded credit card that features savings for fuel purchases at Wawa stores. The Wawa Credit Card gives Wawa customers a convenient payment option with an enhanced value proposition on fuel purchases, the company said in a released statement. When customers use the Wawa Credit Card to re-fuel at Wawa stores, they will save 5¢ per gallon, up to 100 gallons per month. The 5¢ per gallon savings will be applied as a statement credit at the end of the month to Wawa credit cardholders' statements. To drive excitement during the program launch, from October through the end of 2015, customers were able to save 25¢ per gallon—up to 100 gallons per month—for the first two months their account was open.

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selves, reported the *Wall Street Journal*. The strategy tends to lead to 20 to 40 percent sales increases. • **The Quaker Oats Company celebrated the 100th anniversary of its iconic round oats canister** in November. • According to a study conducted by the Produce for Better Health Foundation, the **top 10 snack foods** consumed in America are Crackers, Bars (energy, protein, etc.), Cookies, Nuts, Ice-cream, Breath Mints/Strips, Chips, Gum, Fruit, and Candy at #1. • **The organic fruits and vegetables market is projected to reach \$62.97 billion** by 2020, at a compound annual growth rate of 9.4 percent from 2015, reveals a new study by MarketsandMarkets. • **Morocco**, located along the Northwestern African coast, is set to become the country with the **world's largest concentrated solar plant**, reported ToinkWire.com. Morocco is planning to build a complex of four linked solar mega-plants, along with hydro and wind power plants, which will help **power half of the country with electricity by 2020**. • ConAgra plans to split itself into two publicly traded companies, reported *Forbes*. One of the companies will be renamed **ConAgra Brands** and be home to consumer brands like Chef Boyardee, Slim Jim and Orville Redenbacher popcorn, while its frozen potato business will be spun off as a separate company and go by the name **Lamb Weston**. • The U.S. Department of Transportation recently issued an interim final rule to **prohibit passengers and crewmembers from carrying battery-powered portable electronic smoking devices** (e.g. e-cigarettes, e-cigars, e-pipes, personal vaporizers)

in checked baggage and from charging the devices and/or batteries on board the aircraft. • Online grocery is one of the largest sources of growth for retailers and consumer product manufacturers, with sales growing five or six times greater than conventional channels, according to a new study by global manage-

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8 oz. Giant Vanilla Cone - 1/12pk	0 52548 55814 7	190169
7 oz. Vanilla Cookie Sandwich - 1/12pk	0 52548 55815 4	190207



Member News

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Dunkin' Donuts Tests On-line Ordering & Delivery

In an effort to catch up to the technology prowess of Starbucks, Taco Bell and McDonald's, Dunkin' Donuts is testing on-the-go ordering and delivery service in Dallas and Portland, Maine, reported *Bloomberg Business*. As of mid-November, 124 Dunkin' restaurants in Portland, Maine allow customers to order ahead of time through a smartphone application. About 19 cafes in Dallas are trying out delivery, and additional locations in Atlanta, Chicago, Los Angeles and Washington also will soon start bringing coffees to customers.

According to the article, restaurant chains are competing to draw customers with the fastest, most convenient options. Simple mobile ordering and delivery allows companies to hook customers, potentially building loyalty and increas-



Dunkin' Donuts has started coffee and donut delivery service tests in Maine and Dallas.

ing sales. Dunkin' Donuts started a rewards program in January 2014 and has about 3.6 million members now, compared with Starbucks' roughly 10.4 million in the U.S.

Bordering States Benefit From Illinois Lottery Woes

The cash-starved Illinois lottery lowered the boom on its players recently, saying anyone with a winning ticket worth \$600 or more will face delays collecting prizes until the state's long-running budget impasse ends, reported Reuters. As a result, many Illinois residents have been visiting bordering states—particularly Indiana, Kentucky and Iowa—to buy lottery tickets. Many convenience stores, gas stations and smoke shops and in states bordering Illinois say they first noticed an increase in lottery sales in August, when the state said payouts over \$25,000 would have to wait because there wasn't authority to cut checks that big, reported the Associated Press. Now those businesses are reporting a bigger flurry since October 14 when the Illinois Lottery announced it had lowered that threshold to payouts over \$600. The Lottery problems

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SF/MB FOA Members Celebrate The Holidays!

Members of the San Francisco/Monterey Bay FOA met up at the Royal Palace Hotel on December 5 to share some holiday cheer. The night was filled with music, dancing, great food and raffle giveaways as franchisees celebrated the close of a successful year.



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Member News

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stemming from Illinois' budget impasse have led to a lawsuit and come amid questions about Illinois revenues and a shake-up in lottery management.

Impact Of Menu Labeling Under Question

Tracking calories at chain restaurants is supposed to become easier in 2016, but new studies raise questions about whether the counts actually make a difference for

diners and eateries, reported the Associated Press. Some restaurants already post calorie counts, and six years later researchers say seeing the caloric consequences didn't automatically lead to leaner choices. New York University researchers used receipts and surveys at McDonald's, Burger King, KFC and Wendy's to track customer purchases, and reported that just over a third of customers noticed calorie counts on the chains' menus last year, compared with about half when the law

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ment consulting firm A.T. Kearney. • **Salmonella, E. coli, and Listeria cause 91 percent of multistate food borne disease outbreaks**, according to the Centers for Disease Control and Prevention. These three germs can contaminate widely distributed foods—like vegetables, beef, chicken and fresh fruits—and end up sickening people in many states. • **Joe's Crab Shack** has joined a growing group of restaurants doing away with tipping in favor of higher wages and menu prices, reported the *Chicago Tribune*. • **Kellogg Company** announced that its plans to build on its commitment to animal welfare by **sourcing only cage-free eggs for its foods** and **eliminating gestation stalls from its pork supply chain** by the end of 2025.

• Grocery retailers Kroger and Roundy's have announced a definitive **merger deal** through which the joint company will operate 2,774 supermarkets and employ more than 422,000 associates across 35 states and the District of Columbia, reported the *Progressive Grocer*. • **Subway** will start making its sandwiches **bigger** after a **lawsuit** claiming the chain's **foot-long** sandwiches are shorter than advertised, reported *Business Insider*. The company came under fire two years ago when a photo of a foot-long sub next to a tape measure showing the bun was actually 11 inches went viral online, prompting a class-action lawsuit. • **Sears** recently introduced "**Meet With An Expert**"—a free and first-of-its-kind service that improves the home appliance shopping experience by connecting online shoppers with knowledgeable associates in store. • Online and mobile food-ordering platform **GrubHub** has released the **first version of the GrubHub App for Apple TV**. The app makes it easy for groups to order their favorite delivery food from their TV screen. • C-store chain **Cumberland Farms** opened **four brand new concept store locations** in Central Florida in October. The company currently owns and operates nearly 50 stores throughout Florida, and the four new stores in Brevard County mark the first in

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Franchisee Embodies The Holiday Spirit

As he does every Holiday Season, Sierra FOA President and NCASEF Vice Chair Serge Haitayan spread some good will amongst the residents of his store's neighborhood by donating coats and jackets to three local elementary schools—Bachman, Turner and Fancher Creek. Serge also donated over 200 turkeys for the students and their families, as well as 700 fleece pullovers. "I believe in giving back to the community where I make my living," Serge said. "Besides, it is the human thing to do."



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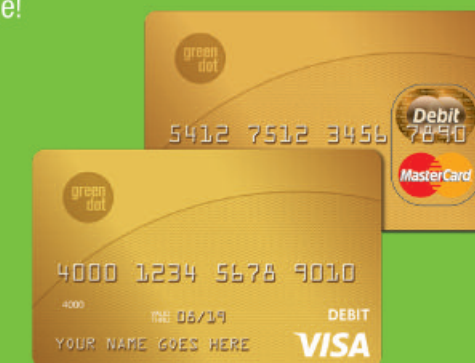
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WASHINGTON FRANCHISEES GIVE BACK TO THEIR COMMUNITIES



Everett-area franchisees in Washington were honored to make financial donations to two local schools on November 20, 2015—\$1,361 to Explorer Middle School and \$711 to Mariners High School. SEI matched half of the contributions as part of Project A Game. The franchisees said it feels great to give back to the communities their stores serve, and their customers greatly appreciate it and return the favor with repeat business.



took effect in 2008, and 9 percent claimed to use them to order fewer calories. A second study raises the possibility that menu labeling might have more of an effect on what restaurants offer than on customer ordering habits.

C-Store War Brewing In Central Florida

New convenience store/gas stations have been popping up like daisies throughout Florida's Volusia-Flagler area the past year, with more on the way, according to the *Daytona Beach News-Journal*. Chains recently adding or looking to add locations in the two-county area include Wawa, RaceTrac, Raceway, Circle K, Sunoco and the latest—Cumberland Farms, which recently informed Port Orange city officials that it is considering at least two store sites in that city. Industry observers say it's a trend that is likely to continue. The reasons for the increase in c-store/gas stations in Florida include the state's growing population, its steadily im-

proving economy and its reputation for being business friendly. Also spurring growth is the growing premium many Americans are placing on saving time as their lives get busier. That means needing stores that are close by to grab last-minute items or to refill their gas tanks.

Skimming Devices Found At Casey's Pumps

Casey's General Stores recently confirmed that credit card skimming devices were discovered at six of its stores in Nebraska and one store in Iowa. Upon discovery of the first device, Casey's said it launched a company-wide examination of all fuel pumps at approximately 1,900 stores across 14 states, which subsequently led to the discovery of additional devices.

Casey's said it launched a company-wide examination of all fuel pumps at approximately 1,900 stores across 14 states, which subsequently led to the discovery of additional devices.

Casey's immediately removed the devices and notified law enforcement authorities and credit card companies, and has instituted additional company-wide pump inspection procedures at all stores.

Alimentation Couche-Tard's U.S. Revenues Increase

For its second quarter ended October 11, 2015, Canadian c-store chain and Circle K parent company Alimentation Couche-Tard announced net earnings of \$415.7 million, up 45.1 percent over the corresponding period of fiscal 2015. The company also announced that at its U.S. locations same-store merchandise revenues grew 5.2 percent, same-store road

transportation fuel volumes grew at 7.4 percent, and its road transportation fuel gross margin was at 25.66¢ per gallon.

Snyder's Lance Acquires Diamond Foods

Snyder's-Lance recently announced that it has signed a definitive agreement to acquire Diamond Foods, Inc. an industry leader in snack foods with five brands in Kettle Brand potato chips, Kettle Chips, Pop Secret popcorn, Emerald snack nuts, and Diamond of California culinary nuts. In a released statement, Snyder's-Lance said given the size of this acquisition, the next steps will be for the Federal Trade Commission to conduct an expected and customary

review. The transaction also requires shareholder approval by both companies. During this time and until the acquisition is complete, Snyder's-Lance and Diamond Foods will continue to operate completely independently with no planning or other collaborative communication. Once completed, both companies will begin to work on the details of integration and how to make the most of the opportunity.

7-Eleven Australia Faces Legal Action From Franchisees

7-Eleven Stores Ltd in Australia could face class action from 100 franchisees in the

wake of its employee underpayment scandal, reported *Yahoo Finance*. 7-Eleven Australia came under scrutiny following an ABC Four Corners and Fairfax investigation that found many of the company's franchisees were paying workers half the minimum wage. It is estimated that thousands of workers suffered wage exploitation at 7-Eleven. Franchisees claimed given their franchise agreement and gross profit split with corporate, the only way they could make a living was by cheating their employees. It is being reported that hundreds of franchisees have met with the lawyer preparing the class action to discuss their options. So far 40 store owners had formally signed up to the class action and another 60 had registered their interest. **AV**

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Breakfast Melts have tested really well with our guests.

Breakfast is a really important opportunity to grow sales.

To help promote our new Breakfast Melts sandwiches, 7-Eleven will launch a targeted radio advertising campaign in your market in the coming months to help alert consumers about this exciting new offering.

We know that customers will melt for these made fresh daily and toasted to guaranteed awesomeness sandwiches. And, priced at only \$2.99 your customers will keep coming back morning after morning for these toasty delights.

Even better, we know that 83% of customers buy other things when they come into our stores to buy hot food so with Breakfast Melts you'll see your morning sales rise.

To learn more about our advertising campaigns that connect with core customers and keep them coming back into the stores, go to franchise.7-eleven.com.

Breakfast Melts will give our customers another reason to come in more frequently in the morning.

Testers agree Breakfast Melts are really good - the bacon is crispy, sausage tastes like real sausage, egg is great and the cheese is real, not fake.



**WHEN FRANCHISEES AND 7-ELEVEN, INC.
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SEI News

EXECUTIVE CHANGES AT SEI



SEI recently named Chris Tanco, previously the company's executive vice president of international business, as COO and executive vice president of its North American business, reported *CSP Daily News*. Tanco replaces Darren Rebelez, who stepped down in October 2014. He will retain his role as director of 7-Eleven Mexico and will report to Joe DePinto. Citing an internal memo it had obtained, *CSP Daily News* also reported that Ena Williams will take over Tanco's role as executive vice president of international business, and senior vice president of U.S. store operations Brad Jenkins will retire effective January 4, 2016.

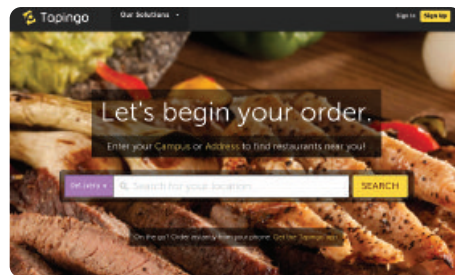
101 GASOLINE SUPPLY LOCATIONS ACQUIRED IN FLORIDA

7-Eleven, Inc. and its wholly-owned subsidiary, SEI Fuel Services, Inc. (SEI Fuels), announced it has added 101 gasoline locations in Florida from Biscayne Petroleum, LLC and Everglades Petroleum, LLC. The acquisition consists of 94 controlled real estate locations, seven fuel-supply-only contracts and some related assets. These operations are primarily in the counties of Miami, Dade, Palm Beach and Broward with a few locations in the city of Naples. The gasoline stations will continue to sell Mobil-branded fuel, and a number of these outlets are currently being considered for rebranding as 7-Eleven stores.

COLLEGE ON-DEMAND DELIVERY LAUNCHED

SEI announced a new partnership with Tapingo, the leading mobile commerce application for college campuses, to launch on-demand delivery of 7-Eleven products in the college market. As of December 1, Tapingo users at or near the participating colleges in California, Arizona, Pennsylvania, Ohio and Maryland can enjoy delivery of 7-Eleven products from select, neighboring 7-Eleven stores. Tapingo users can browse the 7-Eleven aisles through the app and have their items delivered quickly and efficiently. Tapingo users pay a \$2.99 delivery charge, but no additional service fees.

Focusing on the college market, Tapingo has built strong relationships with more than 100 colleges that use Tapingo to enhance student life. By working closely with forward-looking campuses that prioritize student engagement, Tapingo helps broaden the reach of campus dining services to satisfy the needs of students.



"College students on 100 campuses will have on-demand delivery of 7-Eleven products through Tapingo, the leading mobile commerce application for college campuses."

FRANCHISE PROGRAM AIMS FOR 100 MILITARY VETS

To provide more franchise opportunities to qualified men and women who have served in the U.S. Armed Forces, SEI recently announced a goal of recruiting 100 veterans and providing \$2 million in discounts by the end of 2016. Launched in the summer of 2009, SEI's program offers discounted franchise fees to retired or separated military veterans who have been honorably discharged from the service within the past five years. Qualified veterans who become first-time 7-Eleven franchisees receive up to a 20-percent discount on the initial franchise fee for the first 7-Eleven store they franchise. This discount ranges from \$1,000 to approximately \$35,000, depending on the store.

Just recently, SEI franchised stores to three winners in the company's Operation Take: Command program. Some 1,700 military veterans competed for a franchise fee-free 7-Eleven store of their choice among available locations. Mark Anthony Page assumed command of his Burleson, Texas, store in August; Salil



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Member News

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SEI News

Gautam franchised his pick in Norfolk, Va., in September, and Robert Kemna is expected to take control of a Miami 7-Eleven store in December.

LOCKER PROGRAM EXPANDED

SEI is making space for more lockers at a number of its North American stores, in a bet that growing e-commerce volumes will help drive Slurpee sales, reported the *Wall Street Journal*. The company has added lockers where customers can pick up packages from FedEx and UPS over the last year, and announced in October that it would install Wal-Mart lockers in six locations in Toronto as well. The additions mark a significant expansion in scope of a program first piloted with Amazon.com in 2011. Now, any retailer that ships via UPS or FedEx has the lockers as a delivery option.

According to the article, the lockers are part of a larger strategy to keep customers coming to



REVERSE SLURPEE DAY BENEFITS FEEDING AMERICA

November 7 (11/7), or Reverse 7-Eleven Day, was "Name Your Own Price Slurpee Day," when 7-Eleven customers were invited to decide the price on any size Slurpee beverage they bought. The promotion was a first for 7-Eleven, which also encouraged its customers to donate to an important cause—Feeding America—while sipping on their favorite Slurpee flavors. The company donated 100 percent of the net proceeds of that day to Feeding America and its nationwide network of food banks. No minimum price or number of Slurpee drinks were set for this special fund-raising promotion. Feeding America is the leading domestic hunger-relief organization, with a network of 200 member food banks across the country.

FIRST POST-SECURITY AIRPORT 7-ELEVEN

The first 7-Eleven store located behind security inside a U.S. airport termi-

nal has taken off at the Dallas-Fort Worth Airport (DFW) with a first-class selection of products and services tailored to travelers and airport employees. The store is open from 5 a.m. to 9 p.m. to best serve travelers and is located near Terminal A's Gate 25. 7-Eleven created an exclusive, value-priced "snack pack" containing a small bag of multi-grain pita chips, white cheddar cheese and salami sticks, a pouch of pitted green olives, a dried-fruit blend, thin chocolate cookies, Gummi bears and a butter mint. This product is only available at this store.

SEI, DFW Airport and Paradies Lagardere Travel Retail, the concessionaire operating this new location, held a customer appreciation event November 11—Veterans Day. During the event, SEI presented Texas Christian University's Army ROTC with a \$711 Project A-Game grant for its Cadet Fund, and Paradies Lagardere Travel Retail donated \$711 to the DFW Airport USO organization.

FREE CAR WASHES FOR MILITARY PERSONNEL & VETERANS

U.S. military personnel and veterans were treated to free car washes on Veterans Day. On November 11, current and former military personnel were offered the company's top-of-the-line "The Works" services that include undercarriage blast, pre-soak, wheel wash, foam conditioner, Rain-X surface protectant, rinse and power dry at participating 7-Eleven car-wash stores. This was the fourth year 7-Eleven has offered

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Locker programs now in testing are part of a larger strategy to keep customers coming into stores.



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Tropical Goodness™ McLane Ordering Code: 374058 SLINs Code: 247594 	Mocha Cappuccino McLane Ordering Code: 488668 SLINs Code: 246371 	Vanilla Chai Tea McLane Ordering Code: 834234 SLINs Code: 246373 	Protein Plus™ Blended Coffee McLane Ordering Code: 202937 SLINs Code: 246796 	Protein Plus™ Chocolate McLane Ordering Code: 488700 SLINs Code: 246372 	

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VENDOR FOCUS

VENDOR FOCUS

New belVita Chocolate Bites

belVita breakfast biscuits have an all-new shape and flavor. With belVita Chocolate Bites—coming to 7-Eleven in January 2016—they've taken the same nutritious, on-the-go breakfast choice and made it even more convenient and portable. Help your customers have steady energy all morning long and stay warmed up with belVita Chocolate bites and their favorite 7-Eleven coffee.



Energize breakfast sales with new belVita Chocolate Bites.



Love the fresh breath and potential sales.

Dentyne SubZero For Fresh Breath

New to 7-Eleven in 2016, help your customers enjoy the food they love with confidence with Dentyne SubZero Gum and Mints. Available in refreshing Glacier Mint and invigorating Iceberg Mint flavors, Dentyne SubZero gum and mints feature unique, strong mint flavors with crystals that release a cool sensation to overpower even the most stubborn lunchtime challenges. So, when your customers come in for a Big Bite with chili and onions for lunch, they can go to their next meeting with fresh breath and all the confidence that goes with it.



been approved by SEI and will be exhibited at the 7-Eleven experience in February. The new Planters dessert mix line was developed to build on the ongoing trend of consumers who want protein rich snacks, but want indulgence at the same time. Each great tasting mix is specifically designed to create an experience similar to biting into one of your favorite desserts. These flavors deliver on all flavor expectations and are poised to become major successes within the channel. All flavors have an SRP of \$2.99.

- **Chocolate Peanut Butter Trail Mix 6 ounce**—As peanut butter continues to grow in consumption, this mix delivers a wonderful balance of protein and indulgence. Contains Planters Honey Roasted Peanuts, Cocoa Almonds, Chocolate Covered Peanuts, and Peanut Butter Candy Pieces. (SLIN 301539)
- **Turtle Sundae Mix 3 ounce**—Contains Chocolate Covered Caramel Bits, Vanilla Yogurt Covered Peanuts, Pecans, Salted Caramel Flavor Peanuts, and Chocolate Candy Covered Peanuts. (UIN 294413)
- **Oatmeal Raisin Cookie Mix 3 ounce**—With Oatmeal Flavor Covered Raisins, Yogurt and Graham Covered Raisins, Cinnamon Toasted Almonds, Pecans, and Raisins. (UIN 294355)
- **Banana Sundae Mix 3 ounce**—Contains Honey Roasted Peanuts, Chocolate Candy Covered Peanuts, Vanilla Yogurt Covered Peanuts, Strawberry Flavor Yogurt Covered Peanuts, and Banana Chips. (UIN 294421)



New Planters dessert mixes are protein-rich snacks yet deliver indulgence.



Hit The 'Snackpot' With New Planters Dessert Mixes

Kraft recently unveiled four new additions to its Planters snack mix line: Peanut Butter Chocolate Trail Mix, Turtle Sundae Mix, Oatmeal Raisin Cookie Mix, and Banana Sundae Mix. All have

Maruchan Introduces Two New Yakisoba Varieties

Maruchan's most popular Yakisoba product, Teriyaki Beef, is now enhanced with a touch of Asian spice with their new "Spicy"

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New products and services for 7-Eleven Franchisees

VENDOR FOCUS

VENDOR FOCUS

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Teriyaki Beef Yakisoba. Maruchan Teriyaki Chicken Yakisoba offers all the great taste of their Teriyaki, but now with a delicious chicken flavor. Both products cook in 4 minutes and are ideal for 7-Eleven customers. Maruchan is America's top selling ramen noodle brand.

Maruchan's new Spicy Teriyaki Beef Yakisoba and Teriyaki Chicken Yakisoba.

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ELMHURST NATURALS HORCHATA FREE CASE OFFER

Elmhurst Naturals Horchata is a wellness innovation, delivering a healthy version of a traditional, authentic Latin beverage, available in a convenient on-the-go bottle. It offers the ideal amount of sweetness to satisfy the palate, while providing beneficial attributes that other dairy and carbonated soft drinks do not. Horchata is delicious, nutritious, and made with natural ingredients. It is considered a healthy product by meeting the following FDA regulations: low fat, low saturated fat, low cholesterol, less than 480mg of sodium per serving, and a good source of calcium.

This authentic beverage with Spanish and Hispanic origins dates as far back as the 1300s. When introduced in the United States, Horchata's light and refreshing blend of rice, milk, cinnamon, and vanilla soon became a favorite. Horchata is currently popular throughout the nation. Its influence has been popping up all over cities through restaurants, beverages, foods, etc.

Available in three flavors—Traditional, Cocoa and Dulce de Leche—Elmhurst Naturals Horchata truly puts the good in good tasting and good-for-you. Elmhurst Naturals is so confident that your customers will love this exciting new product, that they are offering a free case of each flavor to new customers with their first order. Ask your McLane representative for details.



Get a free case with your first order.

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the central region of the state. • **On the heels of FDA's approval of GMO salmon—referred to as "frankenfish" by activists**—big box retailer Costco Wholesale and restaurant chain Red Lobster have made public commitments to not sell the fish. • The Canadian postal service recently opened its **Drive-thru Parcel Centre** in Richmond Hill, Ontario, which offers self-serve kiosks, a drive-thru for parcel pickup, and a fitting room so customers can immediately try on clothes they bought online. • A new report published by Transparency Market Research reveals that the **global breakfast cereals market was estimated at US\$32.5 billion in 2012 and is expected to reach US\$43.2 billion by 2019**, expanding at a compound annual growth rate of 4.1 percent between 2013 and 2019. • Since sugar is now the top item consumers are trying to avoid in their diets, major foodservice distributors **have increased case shipments of sugar substitutes** to restaurants and foodservice outlets by 22 percent in the year ending August 2015 compared to year ago, reported The NPD Group. • **Starbucks and Postmates recently launched a pilot delivery service** in Seattle, reported *Tech Crunch*. The service allows consumers to place a coffee order via the Starbucks mobile app, pay for it, then request delivery by providing their address. • Daniel Lawrence Whitney, known to most of America as **Larry the Cable Guy** and famous for the tag line **"Git-R-Done,"** recently filed a federal lawsuit against Diamondhead, Mississippi convenience store Giterdone claiming trademark infringement, reported news station WLOX. • Alimentation Couche-Tard announced recently that it has **signed an agreement to acquire Ireland's leading convenience and fuel retailer Topaz**, through purchasing the majority share capital (more than 99.86 percent) of the company. • Research by the Brewers Association reveals that **15 states are now home to more**

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Give Your Customers Quality

with Four More Bottles at the Same Great Price



BIGGER PACK

— \$3.99* —

*Does not include applicable sales tax, bottle deposit and CRV.



.5-Liter 24-Pack



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Quaker Instant Oatmeal Cups Special Promo

Help your customers start their day smart with nutritious and delicious Quaker Instant Oatmeal in convenient cups.

Available in two flavors—Maple Brown Sugar and Protein Cranberry Almond. Maple Brown Sugar is the top-selling SKU, and Protein Cranberry Almond contains 10g of protein and 40g of whole grains. Don't miss out on the Quaker Instant Oatmeal Cups "2 for \$2.50" special promotional funding, running January 7 through March 3, 2016.



Quaker Real Medley's Dark Chocolate Almond Coconut is loaded with real fruit and nuts.

Quaker Real Medley's Dark Chocolate Almond Coconut

Quaker Real Medley's Dark Chocolate Almond Coconut is made with simple, premium ingredients and offers indulgent flavor. Chocolate Almond Coconut is the top-ranking flavor combo, and chocolate adult bar velocities are 23 percent higher than non-chocolate. Quaker Real Medley's Dark



Quaker Instant Oatmeal Cups "2 for \$2.50" special promo funding runs January 7 to March 3, 2016.

VENDOR FOCUS

Chocolate Almond Coconut is the only mainstream snack bar loaded with so much real fruit and nuts. Pricing is \$1.79 to \$1.89, and comes 10ct caddy, 8 case pack.

Butterfinger Share Pack Buy 2, Get 1 Free Offer

Pump up your candy margins with Butterfinger's new share pack "Buy 2, Get 1 Free" fully funded promo. Running from January 6 to March 1, 2016, this winning proposition will grow the category through excitement that will drive impulse purchases, build on proven trends, and bring innovation with a great tasting product. Butterfinger was the #1 growth brand in 2014, and the Butterfinger brand is up +3.2 percent over the last year in the U.S. Seventy percent of Everyday Confections are unplanned purchases. New items drive excitement and bring awareness to the category, inspiring impulse purchases, so ensure the POP is displayed and sell in open stock to support the promotion. This promo includes cost support of \$0.05. Cost is \$1.01 with GP\$ of \$0.88 and generates a margin of 46.6 percent. **AV**



Wins big with Butterfinger's new share pack "Buy 2, Get 1 Free" promo.

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than 100 breweries: California, Washington, Colorado, Oregon, Michigan, New York, Pennsylvania, Illinois, Texas, Ohio, Florida, Virginia, North Carolina, Wisconsin, Indiana. • Research firm Nielsen said **snacking products increased dollar sales 3.2 percent** during the 52-weeks ending June 27, 2015. **Healthy alternatives like Greek yogurt, fresh cut fruit and dips such as hummus** combined for more than \$6 billion in sales, with a growth rate of 8.4 percent over the prior year. • The **global savory snacks market** is expected to grow at a compound annual growth rate of 7 percent from 2015 to 2020, reported P&S Market Research. • Although the financial technology (fintech) industry is a long way off from threatening the market share of the major banks, the pace of innovation within the industry is recognizably fast, with **44 percent of U.S. affluent middle class consumers now using a mobile banking application**, according to Collinson Group research. • C-Store chain Cumberland Farms is encouraging high school seniors from its eight-state service area to apply for the company's popular Believe and Achieve Scholarship Program. **Since 2006, Cumberland Farms has awarded scholarships to more than 1,000 college-bound young adults**, amounting to over \$1 million in donations. **AV**

Member News



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SEI News

free car washes on Veteran's Day for retired and active military personnel of any branch of the U.S. Armed Services. SEI operates more than 300 car washes in 16 states—California, Colorado, Florida, Illinois, Kansas, Michigan, North



SEI operates more than 300 car washes in 16 states.

Carolina, Nevada, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Utah, Virginia and Wisconsin. The company gave away 1,500 car washes on Veterans Day in 2014. **●**

Because of you, kids are being saved in your community.

Because of you, St. Jude Children's Research Hospital® shares discoveries with doctors and scientists in communities everywhere, and one child saved at St. Jude means thousands more saved worldwide.

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Ethan | at age 4
brain cancer

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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

FOA OF GREATER LOS ANGELES & SAN DIEGO FOA 2016 TRADE SHOW

Pechanga Resort and Casino
Temecula, California
January 20, 2016
Phone: 909-822-4122;
619-713-2411

GREATER SEATTLE FOA ANNUAL TRADE SHOW

Lynnwood Convention Center
Lynnwood, Washington
March 23, 2016
Phone: 425-308-1216

TRISTATE FOSE TRADE SHOW BALTIMORE FOA

Suburban Washington FOA
Washington, D.C. FOA
Howard County Fairgrounds
West Friendship, Maryland
March 24, 2016
Phone: 301-572-6811

CENTRAL FLORIDA FOA & SOUTHERN FLORIDA FOA

Combined Trade Show
April 6, 2016
(venue to be announced)
Orlando, Florida
Phone: 407-683-2692

COLUMBIA PACIFIC FOA TRADE SHOW

Red Lion Hotel Jantzen Beach
Portland, Oregon
April 8, 2016
Phone: 503-901-1677

SAN FRANCISCO/MONTEREY BAY FOA GUARDIAN TRADE SHOW

Royal Palace Fremont
Fremont, California
April 9, 2016
Phone: 510-754-1113
ALLIANCE OF 7-ELEVEN FRANCHISEES
SECOND ANNUAL EXPO
(venue to be announced)
April 26, 2016
Phone: 630-202-1538

SOUTH NEVADA/LAS VEGAS FOA ANNUAL TRADE SHOW

Cashman Center
Las Vegas, Nevada
April 27, 2016
Phone: 702-324-0828

EASTERN VIRGINIA FOA PATRIOT ZONE TRADE SHOW

Hilton Garden Inn
Suffolk, Virginia
April 28, 2016
Phone: 757-506-5926

ALLIANCE OF 7-ELEVEN FRANCHISEES GOLF OUTING

(venue to be announced)
June 1, 2016
Phone: 630-202-1538

ALLIANCE OF 7-ELEVEN FRANCHISEES HOLIDAY PARTY & TABLETOP TRADE SHOW

(venue to be announced)
December 2, 2016
Phone: 630-202-1538

NCASEF BOARD MEETINGS

NATIONAL COALITION AFFILIATE MEETING

Monterey Marriott
Monterey, California
February 15-16, 2016

NATIONAL COALITION BOARD OF DIRECTORS MEETING

Monterey Marriott
Monterey, California
February 17-19, 2016

NATIONAL COALITION BOARD OF DIRECTORS MEETING

Caesars Palace Las Vegas Hotel
Las Vegas, Nevada
July 23-24, 2016

NATIONAL COALITION 41ST ANNUAL CONVENTION & TRADE SHOW

Caesars Palace Las Vegas Hotel
Las Vegas, Nevada
July 24-28, 2016
Trade Show: July 27-28, 2016

New Juicy Fruit Gum in the Starburst Flavors Everyone Loves!



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

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*Source: Nielsen convenience channel data latest 52 weeks ending 7/11/15.
Measure: Dollars per total distribution point (\$/TDP). Cigar brands with a minimum of 20% ACV reach