

# AVANTI

May/June 2017

THE VOICE OF 7-ELEVEN FRANCHISEES

## Who's Paying The Price To Remain Competitive?

Rising Operational Costs  
Conflicts Of Interest  
BT Demand-Chain Issues  
New Merchandising Advisory Council  
Famous Quotes For Today's Franchisees  
Can We Learn From "The Founder?"  
Grow Sales With GGPS?

*Join Us For The National Coalition's  
Double Down Big Car Giveaway!*

Register for the 2017 NCASEF  
Convention [www.ncasef.com](http://www.ncasef.com)



**July 17-20**  
Register Now at  
[www.ncasef.com](http://www.ncasef.com)

Page 101

PRSRT STD  
U.S. POSTAGE PAID  
Philadelphia, PA  
PERMIT No. 85



Offer the Ultimate **EA SPORTS FIFA18** Experience with our Exclusive *Coca-Cola* 16oz. Can!



**DIGITAL INSTANT WIN:**  
FIFA ULTIMATE TEAM™  
COCA-COLA® PRIZE PACK



**GRAND PRIZE:**  
TRIP TO THE 2018 FIFA  
WORLD CUP RUSSIA™

**IN-STORE:**  
MERCHANDISER AND  
A VAULT DOOR CLING



In-store assets arriving by August 30<sup>TH</sup>!



**#1 BEST SELLING  
ICE CREAM BRAND\*  
at 7-Eleven®!**



**Power Shelf**



SLIN: 0190395 SLIN: 0190001 SLIN: 0190003 SLIN: 0190002 SLIN: 0190551 SLIN: 0190556 SLIN: 0191112



SLIN: 0190155 SLIN: 0190004 SLIN: 0190006 SLIN: 0190351 SLIN: 0191099 SLIN: 0190737 SLIN: 0190197

**YOUR TWO MOST  
POWERFUL SHELVES!**



SLIN: 0190875

SLIN: 0190888

\*Source: IRI, 7-Eleven Stores, YTD Ending 12/31/16

Ben & Jerry's is a registered trademark of Unilever. 7-Eleven is a registered trademark of 7-Eleven Inc. All other trademarks are the property of their respective owners.



# LEMON ICE

EXCLUSIVELY AT 



Refreshing mint combined with tart lemon and the tangy sweetness of mango is an exclusive that will keep your customers coming back for more. Only available at 7-Eleven, this exclusive Swisher Sweets Cigarillo is available in 99¢, \$1.49 and Save on 2 pouches to deliver fast turns for your store at an affordable price for your customers.

swishersweets.com  
800.874.9720

SWISHER INTERNATIONAL, INC.



Lemon Ice  
2 for 99¢  
SLIN# 322931



Lemon Ice  
2 for \$1.49  
SLIN# 322907



Lemon Ice  
Save on 2  
SLIN# 322904

## Make Significant Margin With Rebates



### 18% Rebate On Top 15 Unilever Novelty Items

SLIN	Description	GPS	GM%
190557	Magnum Double Caramel Bar 3.38 oz	\$1.50	50.1%
190088	Good Humor Giant King Cone 8z oz	\$1.50	50.1%
190164	Klondike Mrs Fields Ice Cream Sandwich 6 oz	\$1.50	50.1%
190496	Good Humor Oreo Ice Cream Bar 4 oz	\$1.10	55.1%
190081	Good Humor Strawberry Shortcake Bar 4 oz	\$1.10	55.1%
190472	Klondike Choco Taco 4 oz	\$1.01	51.0%
191378	Good Humor Giant Vanilla Ice Sandwich 6 oz	\$0.78	55.8%
190019	Good Humor Reeses Peanut Butter Cup 3.3 oz	\$1.10	55.1%
190394	Klondike Original Bar 5.5 oz	\$1.10	55.1%
190443	Good Humor Oreo Cone 4.2 oz	\$1.25	50.3%
190206	Magnum Double Chocolate/Vanilla Bar 3.04 oz	\$1.50	50.1%
190560	Magnum Almond Bar 3.38 oz	\$1.50	50.1%
190822	B&J Pint Slices Cookie Dough	\$1.50	50.1%
190690	Popsicle Sponge Bob 1.8 oz	\$0.88	58.7%
190671	Klondike Oreo Ice Cream Sandwich 4.5 oz	\$1.37	54.9%

### 6% Rebate On Top 14 Ben & Jerry

SLIN	Description	GPS	GM%
190395	B&J Half Baked Pint	\$2.48	41.5%
191112	B&J The Tonight Dough Pint	\$2.48	41.5%
190003	B&J Choc Fudge Brownie Pint	\$2.48	41.5%
190002	B&J Chocolate Chip Cookie Dough Pint	\$2.48	41.5%
190001	B&J Cherry Garcia Pint	\$2.48	41.5%
190155	B&J Strawberry Cheesecake Pint	\$2.48	41.5%
190556	B&J Steven Colbert Americone Dream Pint	\$2.48	41.5%
190004	B&J Chunky Monkey Pint	\$2.48	41.5%
190551	B&J Phish Food Pint	\$2.48	41.5%
190737	B&J Boom Chocollatta Core Pint	\$2.48	41.5%
190351	B&J Everything But The... Pint	\$2.48	41.5%
190006	B&J Peanut Butter Cup Pint	\$2.48	41.5%
191099	B&J Salted Caramel Core Pint	\$2.48	41.5%
190197	B&J Brownie Batter Core Pint	\$2.48	41.5%

THE #1 SUPER  
PREMIUM ICE CREAM  
IN 7-ELEVEN AND  
NATIONALLY

### 6% Rebate On Top 10 Breyers Items

SLIN	Description	GPS	GM%
190239	Breyers Oreo Pint	\$1.41	40.5%
190647	Breyers Reeses Pint	\$1.41	40.5%
190350	Breyers Butter Pecan Pint	\$1.27	42.5%
190360	Breyers Natural Vanilla Pint	\$1.27	42.5%
190352	Breyers Chocolate Pint	\$1.27	42.5%
190362	Breyers Strawberry Pint	\$1.27	42.5%
190807	Breyers Vanilla 48 oz	\$1.92	32.1%
190804	Breyers Neopolitan 48 oz	\$1.92	32.1%
190899	Breyers Chocolate 48 oz	\$1.92	32.1%
190371	Breyers Oreo Ice Cream 48 oz	\$1.92	32.1%

THE #1  
PREMIUM ICE CREAM BRAND  
NATIONALLY





FASTEST GROWING NATURAL LEAF CIGARILLOS



GAME RED SWEETS  
2-for-99¢ Upright  
UIN# 644344  
SLIN# 321382

GAME GREEN  
2-for-99¢ Upright  
UIN# 644427  
SLIN# 320556

GAME MANGO  
2-for-99¢ Upright  
UIN# 195677  
SLIN# 320694

GAME BLACK SWEETS  
2-for-99¢ Upright  
UIN# 644369  
SLIN# SSI

GAME PINEAPPLE  
2-for-99¢ Upright  
UIN# 305250  
SLIN# 320612

GAME GRAPE  
2-for-99¢ Upright  
UIN# 644393  
SLIN# 321108

GAME SILVER  
2-for-99¢ Upright  
UIN# 644443  
SLIN# SSI

GAME BLUE  
2-for-99¢ Upright  
UIN# 644377  
SLIN# 320624

GAME HONEY  
2-for-99¢ Upright  
UIN# 644385  
SLIN# SSI

GAME WHITE GRAPE  
2-for-99¢ Upright  
UIN# 644450  
SLIN# 321383



NATURAL LEAF CIGARILLOS

gamecigars.com

FOR MORE INFORMATION, CONTACT YOUR SWEDISH MATCH REPRESENTATIVE. 800-367-3677 or customer.service@smna.com

©2016 SWEDISH MATCH CIGARS, INC.

YOU BET YOUR GLASS  
IT'S PLASTIC

36% of c-store  
customers said they  
would be more likely  
to buy Snapple in  
the PET packaging  
because of its ability  
to be taken anywhere  
versus glass.

Veraquest Omnibus Study 2015



NEW PLASTIC BOTTLE!

SAME GREAT TASTE  
SAME LOOK  
UNBREAKABLE BOTTLE

SNAPPLE  
PEACH TEA PET  
SLIN 241319

AVAILABLE IN ALL TOP FLAVORS. ORDER WITH SAME GLASS SLIN.





**JUST  
SAY  
OLÉ!**

TO **STEAK  
SATISFACTION**

Deliver sales growth within  
your frozen section while  
satisfying customer cravings.

NEW LOW PRICE  
**\$1.49**

Steak and Cheese  
Chimichanga



0 73202 89251 3

SLIN: 180177

McLane Single Pick UIN:  
10538

McLane Full Case UIN:  
552026

Chicken and Cheese  
Chimichanga



0 73202 89253 7

SLIN: 180005

McLane Single Pick UIN:  
176024

McLane Full Case UIN:  
4509768

Egg and Sausage  
Breakfast Burrito



0 73202 89292 6

SLIN: 129312

McLane Single Pick UIN:  
129312

[www.JOSEOLE.com](http://www.JOSEOLE.com)

© 2015 Ajinomoto Windsor, Inc.

**BOLD!** 🌶️ 🍕



**BE READY FOR ADVENTUROUS SNACKERS!**

Satisfy Millennials' cravings NOW for spicy, unique flavors with *Pringles*® Jalapeño and Pizza flavors in Large Grab & Go cans. The strength of *Pringles*® accounts for \$165 Million in overall C-store sales, and \$65 Million sold in Grab & Go cans alone! Go bold with these on-trend flavors and profit today!

*Kellogg's*

Nielsen Scan Total US Conv. Latest 52 Wks W/E 08/13/2016  
©, TM, © 2017 Kellogg NA Co. ©, TM, © 2017 Pringles, LLC

*Pringles*® Jalapeño  
UIN: 849919  
SLIN: 303404

*Pringles*® Pizza  
UIN: 849612  
SLIN: 307739

For more information, visit [www.KelloggsSpecialtyChannels.com](http://www.KelloggsSpecialtyChannels.com)



Put the **BLING** in your register with these  
must-have **P&G CORE planogram** travel items!



CREST WHITENING+SCOPE  
TOOTHPASTE 4.4 OUNCE

SLIN 221193

Protect your family's teeth from the damaging effects of sugar with Crest Complete. Sugar Shield technology protects teeth from sugar found in everyday foods.



ORAL-B  
INDICATOR SOFT  
TOOTHBRUSH

SLIN 220303

Oral-B is the perfect toothbrush for your specific oral care needs, every one made right here in the USA!



VICKS NYQUIL LIQUID  
CHERRY COLD & FLU  
NIGHTTIME RELIEF  
8 OUNCE

SLIN 221231

When you have a cold, turn to Vicks NyQuil Liquid Cherry Cold & Flu Nighttime Relief to relieve your sneezing, sore throat, headache, minor aches and pains, fever, runny nose, and cough to help you get the rest you need.



PEPTO-BISMOL  
MAXIMUM  
STRENGTH  
4 OUNCE

SLIN 220948

For maximum strength for digestive upsets, everyone knows Pepto-Bismol!



ALWAYS ULTRA  
THIN MAXI WINGS  
18 COUNT

SLIN 221076

With a body-hug fit, Always Maxi Regular Pads feature LeakGuard Core Plus RapidDry for clean, dry protection.



OLD SPICE HIGH  
ENDURANCE  
PURE SPORT  
DEODORANT  
2.25 OUNCE

SLIN 220397

24-hour protection that helps you even when you're dreaming!



*Order Through McLane Today!*



**Steel Reserve Alloy Series**  
**Spiked Watermelon**  
**24oz Can**

- Capitalize on the growth of watermelon Flavored Malt Beverage (FMB) by introducing this new competitor at an economy price point
- Spiked Pineapple is at 1.1 UPSD

GREAT BEER  
GREAT RESPONSIBILITY.  
©2017 THE STEEL BREWING COMPANY, MILWAUKEE, WI

**REDD'S WICKED**  
**STRAWBERRY KIWI**  
**24oz CAN**



- Wicked rotating series allows us to drive flavor news while driving minimal SKU proliferation: there will only be two new flavors per year
- Redd's Wicked Apple is the #8 FMB Single within 7-Eleven and at 0.97 UPSD
- New flavors are driving the FMB category growth with +134% growth coming from new items

GREAT BEER  
GREAT RESPONSIBILITY.  
©2017 REDD'S BREWING CO., MILWAUKEE, WI

**BLUE MOON**  
**Aluminum Pints 6-Pack**



- Opportunity to expand consideration to all outdoor occasions
- As the #1 Craft brand, the Blue Moon Franchise has the Craft credentials and equity delivering \$6.81 APSD & 1.6 UPSD L12wks at 7-Eleven
- Pints segment growing at 11% in the last year

GREAT BEER  
GREAT RESPONSIBILITY.  
©2017 BLUE MOON BREWING COMPANY, GOLDEN, CO





it's simple!  
**DELICIOUS**  
NUTRIENT-RICH  
*ultra-filtered milk*

- fairlife® starts with the highest quality real milk, filtered to provide 50% more protein, 30% more calcium and 50% less sugar as compared to ordinary milk
- fairlife® is lactose free, gluten free, contains 9 essential nutrients and is from cows not treated with rBST hormones
- Consumers who try fairlife® love it with a repeat rate of 54%<sup>1</sup>
- fairlife® has the ability to drive incremental volume, delivering +4% unit volume growth to total milk and 15% unit volume to Value Added Dairy in retail tests<sup>2</sup>

Sources: <sup>1</sup>Shopper card data from a leading U.S. retailer in test market, 20 weeks ending 7/15/14; <sup>2</sup>Shopper Card Data from a Leading U.S. Retailer in test market 18 weeks ending 6/7/14



Fairlife 2% Reduced Fat  
Ultra-Filtered Milk 11.5 fl oz  
McLane UIN#: 162743 / SLIN#: 0151022



Fairlife 2% Chocolate  
Ultra-Filtered Milk 11.5 fl oz  
McLane UIN#: 162750 / SLIN#: 0151459



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



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







# THE BOMB & Breakfast Burritos

## "Top Selling Burritos In C-Stores Nationwide!"



Whole Egg, Bacon  
& 3 Cheese - 12/7oz

SLIN #170394 • UIN #610170 • DCMS #732551



- Restaurant Quality Ingredients
- Filled End to End (60% fill - 40% tortilla)
- Authentic Hand-Stretched Tortillas
- Fast & Easy to Prepare
- Don Miguel will provide all necessary POP • Static Clings • Shelf Talkers • Trays



Whole Egg, Sausage  
& 3 Cheese - 12/7oz

SLIN #170425 • UIN #070359 • DCMS #733246



7-Select Chicken Fajita  
Chimichanga - 12/6oz

SLIN #839415 • UIN #178680 • DCMS #437065



7-Select Steak, Black Bean  
& Rice Chimichanga - 12/6oz

SLIN #839407 • UIN #178679 • DCMS #437064



7-Select Spicy Beef, Beans & Cheese  
Bomb Burrito - 12/7oz

SLIN #174033 • UIN #272625 • DCMS #433312



7-Select Chicken Chile Verde & Beans  
Bomb Burrito - 12/7oz

SLIN #174030 • UIN #272633 • DCMS #433313



Beef & Bean Chimichanga (Bulk)  
6.0 lbs/case

SLIN #176406 • UIN #149468 • DCMS #433309



Mini Breakfast Empanada Bites (Bulk)  
6.0 lbs/case

SLIN #178842 • UIN #385047 • DCMS #473543



Beef Mini Tacos (Bulk)  
5.25 lbs/case

SLIN #171164 • UIN #540757 • DCMS #435688



NCA SEF National Coalition of Associations of 7-Eleven Franchisees

# AVANTI

THE VOICE OF 7-ELEVEN FRANCHISEES

May/June 2017

## Contents



### 33 Keeping Up With Rising Operational Costs

By Joe Galea, Chairman, NCASEF

### 35 Conflicts Of Interest

By Eric H. Karp, Esq., General Counsel, NCASEF

### 41 First Time For The New Franchisee Merchandising Advisory Council

By Nick Bhullar, Vice Chairman, NCASEF

### 43 BT Demand Chain Issues

By Romy Singh, Vice Chairman, NCASEF, President, Eastern Virginia FOA

### 49 Famous Quotes For Today's Franchisees

By Pete Gragnano, President, Suburban Washington FOA

### 57 Can We Learn From "The Founder?"

By Michael Jorgensen, Treasurer, NCASEF



### 22 What's Our Incentive To Grow Sales With GGPS?

By Vince Emmanuel, Franchisee, Delaware Valley FOA



### FRANCHISEES HEAD TO WASHINGTON TO SAVE DURBIN

Page 96

### 53 Is The 7-Eleven System Feasible?

By Serge Haitayan, President, Fresno FOA



### 94 Is Trump A Disaster For 7-Eleven Owners?

By Mike Rarus, Franchisee, Central Florida FOA

NACS Membership Offer FOR FRANCHISEES Page 88

## Features

20 Greater Oregon FOA Works The Legislature

28 West Coast FOA Supports Children's Hospital

63 Employee Safety Training Matters

By John Harp, CSP, ARM, Risk Engineering Consultant, MSIG

67 7-Eleven FOAs Fight Cancer

By Rob Butcher, CEO, Swim Across America

68 Greater Oregon FOA Steps Up

By Naeem Khan, President, Greater Oregon FOA

98 San Diego FOA Charity Golf Outing

98 Columbia Pacific Trade Show

102 Chesapeake Division FOA Trade Show

July 17-20

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

Page 101

Las Vegas  
**Double Down**  
Convention & Trade Show

Presidents' REPORTS

Page 70



DEPARTMENTS	Member News.....	16
	Legislative Update.....	24
	SEI News.....	105
	Bits & Pieces.....	18
	Vendor Focus.....	109
	Franchisee Calendars.....	114



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





## Member News

### Franchisees Protect Swipe Fee Reform

7-Eleven franchisees from across the country answered the call to action to defend debit card swipe fee reform found in the Durbin Amendment to the 2010 Wall Street Reform and Consumer Protection Act. Their efforts paid off, as House Republicans responded and dropped language from their Financial CHOICE Act that would have repealed the rule as they sought to undo the bank regulations imposed by the Dodd-Frank law.

Many franchisees joined SEI officials in Washington, D.C. on May 16 to speak directly with their Congressional representatives about saving the debit card swipe fee rules. Others took to their local media to get the message out directly to the public. Everyone

should go “like” California franchisee and Central Valley FOA vice president Sukhi Sandhu’s article for the *Modesto Bee* and Michigan franchisee Rita Turner’s article in the *Detroit News*, both detailing how a repeal of the Durbin Amendment swipe fee rules would affect their businesses, customers and communities.

### 7-Eleven Proceeds With Calorie Disclosure

SEI recently launched an initiative to provide customers with the calorie information for its proprietary fresh food and bev-

continued on page 18

*“7-Eleven franchisees rallied to support the Durbin amendment in Washington, D.C.”*

## 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](mailto: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](http://www.NCASEF.com).



## NATIONAL COALITION OF ASSOCIATIONS OF 7-ELEVEN FRANCHISEES

### NATIONAL OFFICERS

**Joseph Galea**  
NATIONAL CHAIRMAN  
831-426-4711 • [joeg@ncasef.com](mailto:joeg@ncasef.com)

**Jatinder Singh**  
EXECUTIVE VICE CHAIRMAN  
702-249-3301 • [jksingh@yahoo.com](mailto:jksingh@yahoo.com)

**Eric H. Karp, Esq.**  
GENERAL COUNSEL  
617-423-7250 • [ekarp@wkwrlaw.com](mailto:ekarp@wkwrlaw.com)

**Nick Bhullar**  
VICE CHAIRMAN  
626-255-8555 • [bhullar711@yahoo.com](mailto:bhullar711@yahoo.com)

**Rehan Hashmi**  
VICE CHAIRMAN  
847-845-8477 • [rehan711@yahoo.com](mailto:rehan711@yahoo.com)

**Romy Singh**  
VICE CHAIRMAN  
757-506-5926 • [evafoa@gmail.com](mailto:evafoa@gmail.com)

**Michael Jorgenson**  
TREASURER  
347-251-1828 • [mcjorg@yahoo.com](mailto:mcjorg@yahoo.com)  
CONVENTION CHAIRPERSON  
520-577-8711 [nationaloffice@ncasef.com](mailto:nationaloffice@ncasef.com)

**John Riggio**  
MEETING/TRADE SHOW COORDINATOR  
262-275-3086 • [jrpinc@charter.net](mailto:jrpinc@charter.net)

**Sheldon Smith**  
AVANTI PUBLISHER  
ADVERTISING MANAGER  
215-750-0178 • [sheldon.smith5@verizon.net](mailto:sheldon.smith5@verizon.net)

# AVANTI

**Sheldon Smith**  
PUBLISHER & ADVERTISING SALES  
215 750-0178  
[SHELDON.SMITH5@VERIZON.NET](mailto:SHELDON.SMITH5@VERIZON.NET)

**John Santiago**  
ASSISTANT EDITOR  
215 750-0178  
[AVANTIMAG@VERIZON.NET](mailto:AVANTIMAG@VERIZON.NET)

**Tricia Kessler**  
GRAPHIC DESIGN  
KESSLER DIGITAL DESIGN

The Voice of 7-Eleven Franchisees  
May/June 2017

©2017 National Coalition of Associations of 7-Eleven Franchisees

Avanti Magazine is the registered trademark of The National Coalition of Associations of 7-Eleven Franchisees.

# mentos #1 and #2

mint items in unit sales -  
Mentos Mint & Mentos Fruit



## 2/\$1.50

6/28 – 8/29

Special promotion pricing on Mentos Rolls  
Fully Funded 8 Wks Through Promo Master



# mentos GUM

## +20.1%

(vs. year ago)

## 2/\$2

6/28 – 8/29

Special promotion pricing on  
Mentos Gum Pocket Bottles  
Fully Funded 8 Wks Through Promo Master

SLIN/UIIN  
140270/386904



Mentos Mint

SLIN/UIIN  
142021/386979



Mentos Strawberry

SLIN/UIIN  
140704/386912



Mentos Fruit

SLIN/UIIN  
142129/187617



Mentos Gum  
Fresh Mint

SLIN/UIIN  
142601/014357



Mentos Gum  
Spearmint

Contact your local **PERFETTI** representative or customer service @ 1.800.283.5988



Source: FDXchange; Total 7-Eleven Stores, YTD ending 6/11/17, Unit Sales





## Member News

continued from page 16

erage offerings, reported CSNews Online. Floor stands stocking Big Gulp cups, along with translite signs and clings attached to fountain machines, provide the combined calorie counts of a Big Gulp beverage and a hot food item such as a Big Bite hot dog or chicken sandwich. Signs positioned near baked items provide the combined calorie counts of a medium iced coffee and two cookies or a fudge brownie. Total calorie counts for the meal combinations range from 400 to 1,050 calories. This program follows a similar one that 7-Eleven launched at its Canadian stores last year.

### C-Stores The New Fast Food

Convenience store chains like 7-Eleven are expanding their hot food offerings in hopes of stealing customers away from fast-food chains, reported the Associated Press. In the past year, 7-Eleven has added \$1.99 chicken sandwiches and cheeseburgers kept in warming cases, in addition to sandwich melts introduced in 2015.

Convenience store price points are a draw for people who may have less money to spend. Approximately 60 percent of c-

store food customers have household incomes of less than \$40,000, according to a recent report by the National Association of Convenience Stores. Another industry report reveals that prepared foods and drinks like pizzas, burgers and coffee accounted for 22 percent of c-store sales last year, a figure that has risen from 13 percent in 2010. Although cigarettes remain the No. 1 seller, they are generally on the decline, so c-stores are expected to keep trying to sell more food as smoking rates fall.

### Fuel Buyers Make More In-Store Purchases

Pump-to-store conversion is up 2 percent nationwide since 2015, according to the latest VideoMining C-Store ShopperImpact (CSI) MegaStudy. Convenience retailers have increased efforts to drive fuel buyers to make purchases in-store, and these efforts are paying off, the study reveals.

Among the most interesting findings from the latest MegaStudy is the growing importance of women to the c-store channel. Men still account for the majority of convenience store trips, but women are

now one-third of all c-store shoppers and spend an average of eight cents more per trip. Whereas men over-index in

continued on page 28

Register for the 2017 NCASEF Convention [www.ncasef.com](http://www.ncasef.com)



**7-Eleven in South Korea** recently launched its first smart convenience store equipped with a **BioPay** system, in which individuals are recognized by the **veins in their hands**, reported the *Korea Herald*. It is the first such store to be opened by 7-Eleven in the world, and the HandPay system was chosen over other types of BioPay—such as iris or finger-print recognition—to maximize convenience, the company said. • **An increase in the minimum wage does cause restaurants to close**, but only a certain kind of restaurant—the ones that patrons already liked less, reported the *Washington Post*. • **Among 3.5-star restaurants**, every \$1 increase in the minimum wage increases the restaurant's chances of closing by 14 percent. • **McLane Co. Inc.** recently renewed its service agreement with long-time client Walmart, in which it will **continue to deliver to Walmart stores** across the U.S. and become the sole provider of candy and tobacco products to the vast majority of Walmart's retail locations, reported *Convenience Store Decisions*. • C-store chain **Wawa** has announced that mobile ordering is now available for all Wawa Rewards members at all stores across its six-state operating area through the Wawa mobile app, allowing customers to order **built-to-order food and beverages through their mobile device**. • Customers are sitting on \$16 billion of unredeemed loyalty points, according to The Loyalty Report 2017 produced by Bond Brand Loyalty. • **Delivery now represents 1.7 billion foodservice visits** annually, reports The NPD Group. Delivery is such a popular way to source meals and snacks that one-fourth of all U.S. consumers claim to have ordered a meal via delivery between January and March. • **PepsiCo, Inc. recently announced that it has signed an agreement**

continued on page 38

### 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.



740 Front Street, Suite 170  
Santa Cruz, CA 95060  
Office 831-426-4711  
Fax 831-426-4713  
E-mail: [nationaloffice@ncasef.com](mailto:nationaloffice@ncasef.com)

**AVAILABLE NOW!**

**SINGLE BAR!**

**KING SIZE BAR!**

**OREO Chocolate Candy Bar 1.44 oz.**  
McLane UIN # 809616  
Core-Mark # 435748

**OREO Chocolate Candy Bar King Size**  
McLane UIN #808931  
Core-Mark # 436198  
SLIN # 145343

**belVita BREAKFAST**

**NOW FUELING THE NUTRITIONAL BAR SET!**

**AVAILABLE NOW**

**belVita PROTEIN 10g PROTEIN PER 50g SERVING**  
OATS, HONEY & CHOCOLATE  
NATURAL FLAVOR WITH OTHER NATURAL FLAVORS  
NET WT 1.76 OZ (50g) 1 BREAKFAST BISCUIT

**belVita PROTEIN 10g PROTEIN PER 50g SERVING**  
BLUEBERRY ALMOND  
NATURAL FLAVOR WITH OTHER NATURAL FLAVORS  
NET WT 1.76 OZ (50g) 1 SOFT BAKED BISCUIT

**BELVITA Protein Oats, Honey & Chocolate Single Serve**  
McLane UIN # 890020  
Core-Mark # 440872  
SLIN # 307665

**BELVITA Protein Blueberry Almond Single Serve**  
McLane UIN # 941252  
Core-Mark # 446150  
SLIN # 305719

© Mondelēz International group





## Greater Oregon FOA Works The Legislative Front

By **Ravinder Waraich**, Vice President, Greater Oregon FOA Chairwoman, Oregon 7-Eleven Franchisee PAC

On May 25, 2017, officers and members of the Greater Oregon FOA traveled to Salem, Oregon to participate in a lobbying effort opposing the Flexible Scheduling (SB 828) and Tobacco Licensure Requirements (SB 235) proposals. We were joined by SEI Regional Manager of Government Affairs Kathryn Works, Pacific Northwest Zone Leader Jason Murray, our local PAC team and 7-Eleven franchisees. This effort was led

on duty, so replacement employees are often needed on short notice. While there are some exceptions to the penalties in the bill, it still imposes a significant administrative burden on an employer and employees when a substitution is necessary. This bill would discourage schedule changes and restrict flexibility. Many of our employees volunteer for substitute shifts, particularly when it means additional

overtime pay.

We also discussed SB 235 and the impact of Tobacco Licensure Requirements on small businesses. The Oregon legislature is considering policies that would require small stores to

it is not a good policy to rely on increasing revenue from an evaporating source. If state revenue must be increased, we argued, it should be done fairly and all citizens should be taxed equally. Raising tobacco taxes is damaging to small businesses and their employees, because many more customers will buy tobacco from across state borders, the Internet or from smugglers. Retailers would lose tobacco sales from a tax increase, but more importantly, would also lose significant sales on non-tobacco items that customers purchase along with tobacco products.

Our message seemed to resonate with most of the senators and other elected officials we spoke with. We are also sending letters and making phone calls to our legislators so that they can help small business owners by opposing SB 235 and SB 828. With the Flexible Scheduling bill, we asked to exclude small franchise owners who employ 150 or less employees in the state of Oregon, and we recently found out that we were successful in obtaining that! With the latest amendment to SB 828, franchises with 500 or less employees will be excluded from the measure's requirements, so our fellow 7-Eleven store-owners are safe.

I would like to thank each franchisee who took the time out of their busy schedule to help us lobby in Salem. I would also like to introduce our PAC team in the state of Oregon: Chairperson—Ravinder Waraich

Vice Chair—Mohan Grewal  
Vice Chair—Rehan Ashraf  
Secretary—Mandeep Saggar  
Treasurer—Larry Stewart

I highly encourage every franchisee across the nation to get involved in your local town, city or state legislation and stay up to date. **AV**



Left to right: Mandeep Saggar, PAC Secretary, Mohan Grewal, PAC Vice Chair, Janelle Bynum, State Representative, Gary Benke, Franchisee and PAC member, and Ravinder Waraich, PAC Chairperson.



Don Zeleznik, franchisee, Julie Burnett, franchisee, Kathryn Works, Regional Manager Government Affairs, Tim Jewsbury, Greater Oregon FOA Treasurer, Jason Murray, Pacific Northwest Zone Leader, and Bill Huffman, Greater Oregon FOA Vice President.

by Jason Murray and Kathryn Works, and supported by Public Affairs Counsel JL Wilson and Justin Rainey.

Regarding SB 828, the Flexible Scheduling bill, we told our lawmakers that the main problems for franchisees are the required two-week advance scheduling, and penalties for employers if schedules must be changed. It is very difficult for our employees themselves to predict what will happen in their lives two weeks in advance. Our employees regularly request schedule changes on short notice, so a schedule written two weeks in advance is virtually certain to require changes. Many of our stores

obtain several licenses before selling tobacco products. SB 235, as amended, would create a confusing and burdensome set of requirements for Oregon's convenience stores, we told our representatives. If this legislation creates a new statewide licensure system, but allows other local jurisdictions to create their own licensure program, businesses would have to comply with multi-jurisdictional laws and regulations and pay several fees.

While we were at the Capitol, we also discussed the impact of tobacco taxes. We informed our lawmakers that

**"Raising tobacco taxes is damaging to small businesses and their employees, because many more customers will buy tobacco from across state borders."**

**RAVINDER WARAICH**

CAN BE REACHED AT 503-984-1398 or [waraich\\_ravinder@yahoo.com](mailto:waraich_ravinder@yahoo.com)

## MAKE YOUR SINGLE SALES SOAR!

SUMMER IS THE PEAK SELLING SEASON FOR FMBs<sup>1</sup>, AND SMIRNOFF ICE IS INVESTING \$15MM IN MARKETING SPEND THROUGHOUT THE SEASON



SMIRNOFF ICE SINGLES AT 7-ELEVEN ARE GROWING 24% IN UNITS. 9 TIMES FASTER THAN THE SINGLES SEGMENT!<sup>2</sup>



SMIRNOFF ICE CONSUMERS SPEND MORE THAN THE CATEGORY AVERAGE<sup>3</sup>

IN THE MIX & MATCH "2 FOR" PRICE PROMOTION!



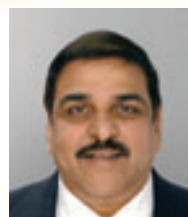
SPIKED ORIGINAL AND SCREWDRIVER AT HIGHEST UNIT RATE OF SALE SINCE LAUNCH!<sup>2</sup>



PLEASE DRINK RESPONSIBLY  
SMIRNOFF ICE Premium / Flavored Mix Beverages, The Smirnoff Co., New York, NY

Source: 1. IRI 12 Weeks ending 12/31/16. 2. 7-11 Scan Data. 3. IRI 52W11. 4. IRI 52W11. 5. IRI 52W11. 6. IRI 52W11.





## What's Our Incentive To Grow Sales With GGPS?

By Vince Emmanuel, Franchisee, Delaware Valley FOA

The term GGPS (graduated gross profit split) was unknown to franchisees just a few short years ago, yet today anyone in a high volume store faces the distinct probability that selling more will result in making less, and I'm feeling the heat.

Three years ago when my master lease expired and I was forced to sign the new agreement I became aware of just what the GGPS does to franchisee income. When I signed the new agreement, I was told there was going to be a slight difference in the gross profit spread. After asking for a description of the split multiple times from multiple people, I was unable to get an answer until someone



we don't read the fine print. We believe the hype and the promise of 7-Eleven. We trust our corporate brethren and believe that they want to do good for us. Under

GGPS however, if I am driving the highway speed limit of 65 there is no problem. The moment I drive 66, I get a ticket for \$100. At 67, I get a ticket for \$200. I am being penalized for my hard work and my success. They are telling me that I don't need to make that kind of money.

Franchisees like me have made our lives with 7-Eleven and we expect to have built some worth into our

**"7-ELEVEN IS ONE OF THE ONLY FRANCHISE SYSTEMS IN THE COUNTRY WHERE YOU DON'T MAKE MORE MONEY BY INCREASING SALES."**

now it is heading past 56 percent. It's scary, because a husband and wife team with a \$2.5 million store will have trouble making it.

When the 2019 Agreement is issued, is this what we can expect? I won't have to sign the new 2019 contract because my new contract was already signed and I'm good for 10 years, but I felt a responsibility to let franchisees know what is coming. When the 2019 Agreement comes out many franchisees will be signing it, and everyone could be on the variable spread making less money.

I know a franchisee with seven stores. He has some high volume stores, some low volume stores and one that is in the middle. He makes the most money from the middle store. 7-Eleven is one of the only franchise systems in the country where you don't make more money by increasing sales. It's the latest strategy to prop up sagging corporate strategies that say keep all stores operating, even if you have to steal from the high volume to give to the low volume instead of letting market trends and corporate help dictate the success or failure of a low volume store.

7-Eleven has figured out another way to make money from franchisees. **AV**

VINCE EMMANUEL CAN BE REACHED AT [vincentemmanuel@aol.com](mailto:vincentemmanuel@aol.com) or 215-880-3341

**"I am being penalized for my hard work and my success. They are telling me that I don't need to make that kind of money."**

from SEI faxed me a chart of GGPS.

Apparently they take your last 12 months of gross profits and charge you a percentage based on that. For example, today a store with \$2.25 million will be paying 7-Eleven 56 percent. If you are doing \$1 million in gross profit, they will charge you 56 percent in gross profit while at the same time dealing with paying 1.5 percent for advertising and the CDC. Even the best high volume stores will have trouble meeting this burden. All of a sudden the nest egg I was building all these years turned out to be a goose egg.

Many franchisees just want to sign the 7-Eleven contract to get into a store, and

stores after 30 years. If I try to sell my store tomorrow, it is an impossible journey at 56 percent split. Plus, I'm still working with 30-year old machines for that kind of money. I don't know if this strategy is illegal, but it's immoral. My

**"IT'S SCARY AT 56 PERCENT WHEN A HUSBAND AND WIFE TEAM WITH A \$2.5 MILLION STORE HAVE TROUBLE MAKING IT."**

master lease expired three years ago, I began GGPS at 51 percent, and I didn't have a problem. The second year it was 53 percent and

# FUEL YOUR POTENTIAL

**NEW FLAVOR!**



25g of Protein  
Made with Real TruMoo® Milk  
**NO** High Fructose Corn Syrup

**NOW AVAILABLE AT**





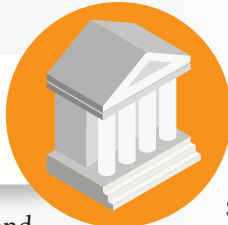


## Legislative Update

### House Republicans Drop Debit Rule Repeal

According to the publication *Politico*, House Republican leaders have dropped language from a sweeping bank deregulation bill that would have eliminated a cap on debit card swipe fees, namely the Durbin Amendment, which franchisees supported and had a large part in passing. GOP leaders decided to remove the proposal from the nearly 600-page Financial CHOICE Act after confirming that it threatened support for the rest of the bill. The legislation, which would have repealed and replaced key parts of the landmark 2010 Dodd-Frank law, specifically the Durbin amendment, still is a top priority on the GOP's agenda.

**"House Republicans have rolled back repealing the Durbin Amendment which cut swipe fees for franchisees."**



Franchisees worked hard to get Durbin passed, and benefitted from the drop in debit card fees from 44 cents to 22 cents per transaction. Passing the Financial CHOICE Act with the Durbin language would have wiped out this effort. The House of Representatives on June 8 passed the measure on a virtual party line vote, but Capitol insiders believe it had virtually no chance of passing in the Senate.

### Labor Department Rolls Back 'Joint Employer' Rule

The U.S. Labor Department recently announced that it was rolling back an Obama administration rule that expanded the "joint employer" doctrine, the conditions for when one business can be held liable for employment and civil rights law violations at another company, reported the *Washington Examiner*. The move marks a win for business groups, which had staunchly opposed the Obama rule.

However, despite the Labor Department's reversal, the Obama-era standard can still be applied to businesses. The National Labor Relations Board, an independent agency that serves as the government's main labor law enforcer, was the first agency to adopt the standard and has not rescinded its interpretation. President Trump has yet to pick nominees for the five-member board's two open seats. Business groups said they would continue to push Congress to write the direct control standard into law.

The joint employer doctrine refers to cases in which a business can be said to effectively control the workplace policies of

another company, such as when a company subcontracts to another business. Until 2015, the department said the doctrine applied only to cases in which the company had "direct control" over the other's workplace. In 2015, the department under then-Labor Secretary Tom Perez changed the standard to the much more ambiguous "indirect control." Companies, particularly ones that engage in franchising, feared they could be held liable for all manner of violations at workplaces they didn't directly oversee.

### \$15 Federal Minimum Wage Bill Introduced

Top congressional Democrats recently introduced legislation to raise the federal minimum wage to \$15 an hour by 2024, up from its current level of \$7.25, reported the *Washington Examiner*. The move marks a stark policy change for the party, which was promoting an increase to just \$10.50 as recently as 2015. The legislation, called the Raise the Wage Act, would fully phase in the rate by 2024. It also would eliminate an exception for tipped workers. It has 35 co-sponsors in the Senate and 152 in the House.

The measure is unlikely to go far in the Republican-controlled Congress, although some increase short of the \$15 level is possible. President Trump has expressed openness to a level as high as \$10, though at other times his comments suggested he would leave the level untouched.

### NYC 7-Elevens Must List Calorie Info

New York City's Health Department has expanded a rule requiring chain restaurants to list calorie counts to include chain convenience stores or supermarkets serving prepared foods, reported the *New York Daily News*. As a result, 7-Eleven stores in New York City must now list calorie information for the taquitos, hot dogs, and other prepared food items they sell. The health code was actually updated with the rule in 2015, but the city delayed enforcing it because a similar federal rule was set to take effect this year. But that rule has now been postponed, so the city began enforcing its own on May 22, and will start issuing fines on August 21. New York City has required calorie counts for meals at chain restaurants since 2008, when it was the first jurisdiction

continued on page 26

**"7-Eleven stores in New York City must now list calorie information for the taquitos, hot dogs, and other prepared food items they sell."**



People drink coffee for a lot of reasons: To wake up. To stay up. To socialize. To unwind. For the ritual. For the taste. For the third time today.

For every reason your customers come in for coffee, delight them with the cup they want from International Delight.®

Half & Half	French Vanilla	Hazelnut	Hershey's® Chocolate Caramel
CDC SLIN 230240	CDC SLIN 230099	CDC SLIN 2301565	CDC SLIN 230944
McLane SLIN 230239	McLane SLIN 230124	McLane SLIN 230123	McLane SLIN 230946

To order call The Coffee Bar Experts™ at 888.620.9910.

©2016 WhiteWave Services, Inc.  
The HERSHEY'S trademark and trade dress are used under license.

  
**WhiteWave**  
*Away from Home*  
[whitewavefoodservice.com](http://whitewavefoodservice.com)





## Member News

continued from page 24

### Legislative Update

tion to implement the rule.

Chain restaurants and retailers will also be required to keep full nutritional information on site for their standard menu items. They also must include a statement on their menus and menu boards that reads: “2,000 calories a day is used for general nutrition advice, but calorie needs vary.” City officials estimate the rules will affect 3,000 restaurants and 1,500 convenience and grocery stores in the city. Restaurants and retailers violating the rules will be subject to fines ranging from \$200 to \$600.

#### FDA Delays Menu Labeling A Year

The Food and Drug Administration recently delayed menu labeling compliance a year—to May 7, 2018—for restaurants and retail food establishments, reported *Supermarket News*. The Department of Health and Human Services previously set



a compliance date of May 5, 2017. “We are taking this action to enable us to consider how we might further reduce the regulatory burden or increase flexibility while continuing to achieve our regulatory objectives, in keeping with the administration’s policies,” the FDA said. Menu labeling requirements were originally included in the Affordable Care Act, which was signed by former President Barack Obama on March 23, 2010.

#### California Senate Votes For Single-Payer Health Care

California senators recently voted to pass a \$400 billion single-payer health care plan that will possibly be funded by a 15

percent payroll tax, reported *The Mercury News*. Senate Bill 562 passed 23-14 and will now advance to the Assembly, where it will likely be amended to include taxes. That would mean the measure would require two-thirds votes in both chambers.

A study commissioned by the California Nurses Association concluded that Californians could save tens of billions of dollars annually under such a system through lowering of drug prices and elimination of administrative overhead. A Senate committee analysis, however, estimated that the state would have to raise \$200 billion in revenue each year, which it said could be done through a 15 percent payroll tax.

#### Indiana C-Stores Launch Alcohol Reform Campaign

Indiana convenience stores want state residents to hear directly from them on the need for changes to the state’s alcohol

laws, so they launched an advocacy campaign to educate the public on the kind of reforms they seek: allowing all retailers to sell cold beer and legalizing Sunday alcohol sales, reported WBBA News. The campaign, “Chill Indiana,” is led and funded by the state’s convenience store trade association, and was launched just as lawmakers prepare to study alcohol laws this summer. The group’s executive director said the campaign will use the most influential tool at the organization’s disposal—retailers’ relationships with customers. Chill Indiana released a public poll to coincide with its launch that shows strong support for the changes c-store owners want.

“Indiana convenience stores have launched an advocacy campaign to allow all retailers to sell cold beer and legalize Sunday alcohol sales.”

continued on page 30



2 for \$4  
July & August  
introducing our newest addition

- 30 Grams of Protein
- Only 190 Calories
- Lactose and Gluten Free
- LOW Carbs and Calories
- Tastes GREAT
- Up to 100 Days Refrigerated Code Life

CHRIS PERRY > 602.803.7497 | chris\_perry@shamrockfoods.com



Starts With Real Milk.  
Ends With Real Results.  
rockinrefuel.com



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

**AON**  
Empower Results®

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

Did you know.....

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

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

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

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

Contact:

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

E-mail address: 7-ElevenFranchiseProgram@aon.com

Fax #: 847-953-2100

Risk. Reinsurance. Human Resources.







## Member News

continued from page 18

lower-profit categories, women are comparatively more likely to purchase from higher-margin categories such as Candy or Cookies & Crackers.

The MegaStudy also examined the most important demographic to the future of the c-store industry: Millennials. Millennials have overcome other generations' misconceptions of convenience stores and more frequently meet their snacking needs at a convenience store. Millennials make up 42 percent of all c-store buyers and are 40 percent more likely to make a trip c-store driven by snacking.

### Philadelphia Stymies 7-Eleven Growth

SEI recently dropped plans to open 35 new stores in Philadelphia, due in large part to the city's new tobacco retailer permit rules, reported the *Philadelphia Daily News*. Among the new rules are no new tobacco retailer permits within 500 feet of any school (even upon the sale of a store), increasing the tobacco retailer permit fee to \$300, establishing a maximum of one tobacco retailer permit per 1,000 people in each planning district, and instituting a 12-

month tobacco sales suspension for retailers that tally three youth sales violations within a two year period. The Philadelphia Health Department adopted the regulations in December 2016 as an effort to make a dent in the high-smoking rate in Philadelphia and reduce smoking by children.

If SEI went ahead with its expansion plan most of its stores would have to open without a cigarette sales permit, and this is why SEI decided to nix the 35 additional stores, said Manzoor Chughtai, president of the Delaware Valley FOA. Depending on location, tobacco sales can account for 25 percent to 50 percent of gross revenue. If a store can't sell cigarettes, it loses not just tobacco sales, but also sales of sandwiches, snacks, drinks, magazines, etc. 7-Eleven franchisee Bilal Barqawi got trapped in the new rule because a school opened within 500 feet of him three years ago. Now, because the permit would be revoked, "I cannot sell it, I cannot transfer it to my sons, whatever investment I had was gone," he said.

While SEI, its franchisees and other tobacco retailers agree with the goal of the new rules, they feel they are being unfairly treated

*"Philadelphia legislated limiting tobacco licenses and nixed 7-Eleven's plans for an additional 35 stores in the city."*

Register for the 2017 NCASEF Convention [www.ncasef.com](http://www.ncasef.com)

for selling a legal product. At-Large Councilman Al Taubenberg is on their side. "No one's arguing the health part," he said, but taking away the ability to earn an income "is not fair and in some ways is un-American."

### ALON 7-Eleven Expands Reduced Emission Program

As its Strive reduced emissions and tree-planting program continues to drive positive results, ALON 7-Eleven plans a final rollout to their remaining 170 locations, the company announced. Later this summer, the program will launch in El Paso and Abilene and activate across ALON's entire footprint of 303 7-Eleven locations in New Mexico and Texas. With this expansion, ALON 7-Eleven will plant over 100,000 trees in partnership with The Arbor Day Foundation and local non-profit organizations across these markets. In addition to the positive business contributions, the ALON said it's Strive program is delivering a significant environmental impact. So far, the program has offset emissions on almost 100 million gallons of fuel and has planted nearly 20,000 trees since its launch in 2015.

### Seven-Eleven Japan Home Delivery

Seven-Eleven Japan (SEJ) and Seino Holdings have joined forces on a home delivery service, reported *Nikkei Asian Review*. Employees of Seino will help 7-Eleven stores send out products, as well as take or-

continued on page 84



Members of the West Coast FOA present a check for \$5,000 to representatives of Children's Hospital Los Angeles. The funds were raised during the group's third annual trade show, which was held on April 26 at Knott's Berry Farm in Buena Park, California. The event was very successful, with 76 vendors exhibiting and plenty of franchisees in attendance to place orders.

**THE ORIGINAL BOMB POP**

**EXCLUSIVE OFFER:**

**\$1.00**

**per Bomb Pop!**

Promotional Pricing Valid June 28th – August 29th

**Fully Funded Promotion**

**Original**  
SLIN: 190177  
3.75oz ORIGINAL Bomb Pop®

**Banana Fudge**  
SLIN: 190180  
3.75oz BANANA FUDGE Bomb Pop®

**Jolly Rancher**  
SLIN: 191128  
3.75oz JOLLY RANCHER Bomb Pop®

©2017 Wells Enterprises, Inc. All rights reserved. The JOLLY RANCHER trademark and trade dress are used under license.





## Legislative Update

### Florida Laws Aim To Deter Credit Card Skimmers

With credit-card skimming thieves eluding law enforcement, state lawmakers are targeting the devices themselves, reported the *Palm Beach Post*. Two bills before the Florida Legislature this session, SB 766 and HB 343, would make it a third-degree felony to possess or sell credit-card skimming devices in Florida. One of the bill's sponsors, state Sen. Jose Rodriguez, said much of the work behind the legislation was focused on tightening the definition of the skimmer itself so it would not impede the needs of retailers and anyone else involved in credit-card transactions. "There are two parts to this legislation," he said. "Part of it is to precisely define what is legal and what is illegal. The other part is criminalizing the sale of and use. There is no legitimate need for these skimming devices."



Rodriguez added that cracking down on the use of skimmers to steal credit-card information from gasoline pump machines and ATMs, is difficult because police have to catch the thieves in the act. By making the possession and sale of the devices illegal, he said police would have a more effective tool. Both the Senate and House versions have one more committee hurdles to clear before they can make it to floor votes in each chamber.

### San Francisco To Ban Flavored Tobacco Products

San Francisco and Oakland are advancing proposals to ban the sale of menthol cigarettes and other tobacco flavored products, reported the *San Francisco Examiner*. The move is meant to protect the health of children and black communities who are largely targeted by manufacturers of such harmful products, the article states. If the legislation is approved, San Francisco would ban the sale of such tobacco products as menthol cigarettes, flavored cigars, flavored smokeless tobacco, flavored shisha, and flavored nicotine solutions that are used in electronic cigarettes. Oakland officials crafted a similar proposal. If approved, the San Francisco law would go into effect January 2018. Retailers that violate the law could have their tobacco sales permit suspended.

### Proposed Bill Would Not Treat E-Cigs Like Tobacco

A new bill looks to make electronic cigarettes exempt from rules that impact tobacco products, reported *Convenience Store Decisions*. "The Cigarette Smoking Reduction and Electronic Vapor Alternatives Act of 2017" aims to reduce the approval process time for e-cigarettes under the Food and Drug Administration (FDA) and would reverse the Obama administration's "Deeming Rule," which categorizes e-cigarettes as tobacco products that are subject to the same regulations on cigarettes.

Currently, the FDA's deeming regulation gives the agency the authority to review e-cigarettes before they hit the market, requiring all products that hit stores after February 2007 to apply retroactively for approval. The process is both expensive and could slow approval for newer e-cigarettes. But the new bill aims to make vaping devices exempt from that review, as well as other rules.

### Massachusetts Considers Raising Tobacco Age

A bill that would raise the legal tobacco buying age in Massachusetts is garnering attention in the state Capitol, reported Boston.com. The legislation would make 21 the statewide minimum age for purchasing cigarettes and all other tobacco products, and would prohibit health care institutions from selling these products. It would also ban e-cigarettes from the workplace. More than 140 cities and towns in Massachusetts have already passed legislation to raise the age to 21 on a local level. Gov. Charlie Baker has expressed his support for the statewide tobacco age raise. Last year, a similar bill passed overwhelmingly in the state Senate but failed to make it through the House.

"More than 140 cities and towns in Massachusetts have raised the tobacco buying age to 21."

### Nevada Governor Vetoes Minimum Wage Hike

Nevada Gov. Brian Sandoval recently vetoed a bill—SB 106—that would have eventually raised Nevada's minimum wage to as high as \$12 an hour for some workers, reported KRNK My News 4. In Nevada, most employers must pay a minimum wage of \$7.25 an hour if they offer health insurance, or \$8.25 an hour without that benefit. SB 106 would have incrementally raised the minimum wage by 75 cents annually through 2022, reaching \$11 an hour for those with insurance

continued on page 92



## Something to Delight Every Ice Cream Lover!

MARS Ice Cream Bars on deal for 2/\$3 during July and August

- M&M'S® Cookie +43% same store sales
- 7-Eleven stores selling M&M'S® Bar growing the Category +4%, stores without the item are declining -10%
- M&M'S® is one of the world's most recognized chocolate brands and is the #1 selling chocolate brand in the US



Consumers Love All the Ways M&M'S® Makes Ice Cream Fun!



**MARS**  
ice cream  
north america

©/TM trademarks ©Mars, Incorporated 2017



# How Do You Maruchan?

**America's  
Top Selling  
Ramen Noodle  
Soup Brand!**



Chicken Flavor



Beef Flavor



With Shrimp



Lime Chili Flavor  
with Shrimp



**Maruchan**. 15800 Laguna Canyon Rd.  
Irvine, CA 92618 • [www.maruchan.com](http://www.maruchan.com)

#ramenrevolution



## Keeping Up With Rising Operational Costs

BY JOE GALEA, EXECUTIVE CHAIRMAN, NCASEF

A number of years ago, our franchisor's focus was on obtaining the lowest cost of goods for our stores. Any company with a recommended product delivered a lower cost, and SEI would renegotiate to obtain the lowest possible price in the form of billbacks. This process helped generate sales and profits for both franchisees and SEI. Needless to say, bringing in the Business Transformation model changed the game by adding another layer that has increased expenses on the purchase and delivery of merchandise and the operation of our stores.

Without a doubt, BT has resulted in some lower cost of goods, but the cost of doing business with this system has resulted in either daily delivery charges or overall slightly higher purchasing costs. As a result, the profitability of many items—especially in fresh foods—is producing lower profit margins. It's even adding costs when it comes to staffing our stores.

With BT, we no longer have the ability to designate to our vendors the preferred delivery times. We are put on a route geographically and many deliveries are made during peak business hours, which can impact the store's ability to serve the guests and in many cases, results in the need for extra labor to meet these delivery time schedules.

There are also other factors at play impacting our store expenses. Payroll has gone up throughout the country because of the minimum wage increases and competition. Furthermore, payroll used to be

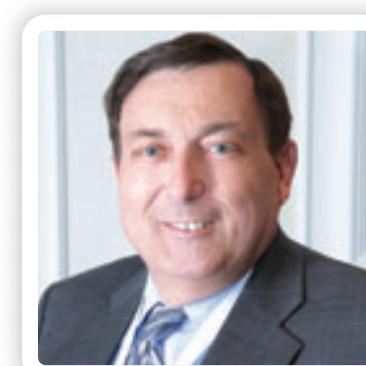
handled in-house, as well as audits and maintenance, and now those functions have been outsourced.

**JOE GALEA**

CAN BE REACHED AT  
831-426-4711 or  
[joeg@ncasef.com](mailto:joeg@ncasef.com)

As you may have deduced, we are now paying a portion of those costs to third party providers.

Our main concern is with maintenance. The question that always comes up is why can't franchisees look at the agreement to see what we're paying for? At our recent NCASEF Board meeting, we asked our maintenance service supplier how is the hourly charge affixed to a store, and if the repair technician has to come back to



**“Payroll used to be handled in-house, as well as audits and maintenance, but now those functions have been outsourced and we are paying a portion of those costs to third party providers.”**

the store because he needs a part, is the store charged again for the hourly time and travel? Surprisingly, they answered they are not sure.

It's very difficult to understand why we can't just get a printout of what the charges are when maintenance is per-



**“Without a doubt, BT has resulted in some lower cost of goods, but the cost of doing business with this system has resulted in either daily delivery charges or overall slightly higher purchasing costs.”**

formed. When you purchase something for your personal needs, you know exactly what you're being charged, and if there's a dispute you can begin to rectify it immediately. We do eventually get a list of the charges on our backroom computer, but very few franchisees are aware and remember that they can pull that up.

Moving forward, this balancing act is still going to continue between the lowest possible cost of goods and trying to control our expenses. For the future, we need to be working a lot closer with SEI and communicating openly because franchisees have the right to know exactly what they are being charged in any agreement that 7-Eleven has entered into that affects our income. Perhaps, because the agreement gives 7-Eleven the right to refuse a recommended service provider, there's even an opportunity to promote competitiveness between providers, which is a good thing because it keeps them honest and we know we're getting the lowest price.

As we get into this era of increased competition and escalating expenses, the system needs to take a closer look and work closer with franchisees to make sure both merchandise and store-related expenses are communicated to franchisees. **AV**



# Cheers to smooth sipping



Check that Drink Chobani® is IN STOCK!

Apple Cucumber	150042
Strawberry Banana	150036
Mixed Berry	COMING SOON

Aaron Steinbach, Regional Sales Manager  
(402) 250-9985 aaron.steinbach@chobani.com

©2017 CHOBANI, LLC

## Conflicts Of Interest

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

Many of us are familiar generally with the concept of a conflict of interest, but seldom is that term defined in a formal sense. Essentially, a conflict of interest exists where the impartiality of a party is undermined by simultaneous duties to other parties that have differing interests. Many franchise systems give franchisors the power to make a broad range of decisions that can have a material impact on the bottom line of both the franchisor and the franchisee. The age-old question in franchising is: what duties does the franchisor have to the franchisee in making these kinds of decisions, which can have an enormous impact on the franchisee's bottom line?

In all contracts, and in all franchise agreements, in particular, there is an implied covenant of good faith and fair dealing. This covenant requires a party to exercise their discretion reasonably and with proper motive, and not arbitrarily, capriciously or in a manner inconsistent with the reasonable expectations of the parties. It is this covenant that addresses the inherent conflict of interest that exists in the typical franchise agreement. Moreover, conflicts of interest can frequently be resolved or at least reduced by full disclosure of information regarding the

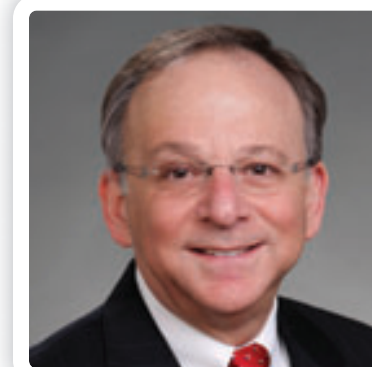
transactions or events that give rise to the conflict.

The 7-Eleven franchise system is

particularly fraught with potential conflict of interest issues because of its unique nature among franchise systems generally. These issues arise in three major areas.

### 1. Cost of Goods Sold

The franchise agreement requires SEI to make a "commercially reasonable effort" to obtain the lowest cost for products and services available from vendors to stores on a "Market Basket Basis." At the



ERIC H. KARP

CAN BE REACHED AT

617-423-7250

ekarp@wkwrlaw.com

same time, franchisees can purchase up to 15 percent of their products other than from Recommended Vendors. While many franchisees are concerned that they are not getting the lowest possible cost of goods sold, SEI points out that its self-interest is at least partially aligned with that of its franchisees, given that the parties share the gross profit earned at the store level.

**"SEI's gross margin from the sale of gasoline has grown at literally twice the rate of the increase in gross margin in franchised stores. Gross margin from gasoline sales now exceeds the total gross margin for in-store merchandise sales at company stores."**

**"The age-old question in franchising is: What duties does the franchisor have to the franchisee in making decisions that have an enormous impact on the franchisee's bottom line?"**

That is to say, the higher the cost of goods sold, the lower the gross profit, and thus the lower SEI's split on that gross profit. While this fact surely does not eliminate franchisee concerns, and it suggests that franchisees should be vigilant in their efforts to ensure that they are getting the lowest possible cost of goods sold, SEI's argument on this issue has marginally more validity than it does with two other major components of the business.

### 2. Gasoline

In my most recent column in *Avanti*, I posed the rhetorical question, "What Business Is Your Franchisor In?" The answer appears to be 7-Eleven is increasingly a gasoline company, having spent billions of dollars to acquire gasoline stores and wholesale retail operations over the last four years. SEI's gross margin from the sale of gasoline has grown at literally twice the rate of the increase in gross margin in franchised stores. Gross margin from gasoline sales now exceeds the total gross margin for in-store merchandise sales at company stores.

The conflict arises from the commission structure in the gasoline component of the business. Franchisees are paid a



continued on page 36



## Conflicts Of Interest

continued from page 35

fixed commission of \$0.015 per gallon sold. In any gasoline operation, pricing at the pump can be designed to increase the number of gallons pumped through lower prices and thus lower gross margins (increasing commissions payable to franchisees) or to increase the gross margin achieved at the pump through higher prices and thus lower gallonage (decreasing the commissions payable to franchisees). Unlike its position with respect to the cost of goods sold, SEI keeps 100 percent of the gross margin from gasoline sales, and thus has no incentive to strike a fair and reasonable balance between the irreconcilable goals of more gallons or higher gross margin.

What choice has SEI made?

From 2013 to 2016, SEI's fuel revenues dropped by \$3.8 billion or 27 percent, chiefly because of reductions in oil prices generally, and wholesale gasoline prices in particular. All of us experienced this phenomenon at the pump. In the face of declining revenue, one would expect that the gross margin dollars achieved would fall proportionately, but that is not what happened. From 2013 to 2016, SEI's gross margin from fuel revenue rose by almost \$165

million, or by 20 percent. More importantly, from 2012 to 2016, SEI's gross margin percentage from fuel revenue rose from 5.53 percent to 9.61 percent. Clearly, SEI has made an unannounced decision to focus on gross margin, and not on gallonage, to the detriment of franchised gasoline locations in the United States.

**"The franchise agreement gives SEI the right to retain contractors to perform maintenance on its equipment, but at the expense of the franchisee."**

**"Clearly, SEI has made an unannounced decision to focus on gross margin, and not on gallonage, to the detriment of franchised gasoline locations in the United States."**

Just as higher prices for gasoline reduce the number of gallons sold, they also reduce the number of customers at the pump and thus the number of customers that enter the store to purchase merchandise. SEI has apparently been willing to suffer this trade-off. During the period 2012 through 2016, SEI's gross margin percentage on merchandise sales

**"Higher prices for gasoline reduce the number of gallons sold, the number of customers at the pump, and thus the number of customers that enter the store to purchase merchandise."**



in company-owned stores fell from 31.48 percent to 28.87 percent. And during the same period of time, SEI reduced its footprint of company-owned stores by 538 units or 34 percent, transferring some of the effect of high gasoline gross margin and thus lower merchandise sales from the company-owned side of the ledger to the franchise side of the ledger.

This phenomenon is likely to continue in the future, given that more than 41 percent of SEI sales in 2016 came from gasoline. We estimate that following the \$3.3 billion acquisition of 1,100 Sunoco gasoline stations, more than 44 percent of all 7-Eleven stores will have gasoline.

SEI: what is your gasoline pricing strategy? Are you intent on sacrificing in-store sales and profit in favor of gasoline gross margin? To what extent are your pricing policies dictated by the fixed commission paid to franchisees?

### 3. EQUIPMENT MAINTENANCE

7-Eleven is an outlier franchise system in the sense that the system requires franchisees to pay the cost of maintaining equipment they did not choose and do not own. The franchise agreement then gives SEI the right to retain contractors to perform maintenance on its equipment, but at the expense of the franchisee. The franchise agreement purports to give SEI the right to decide when it's necessary to replace equipment, without regard to any industry or other standards that might govern that decision.

Just as no one can deny the relationship between the price of gasoline at the pump and the customer traffic generated by that pricing, no one can deny the correlation between the age of equipment and the cost of repairing and maintaining it. This gives SEI an economic incentive to continue to use fully depreciated equipment that it would surely choose to replace if it was required to shoulder the cost of maintaining that existing equipment.

According to figures furnished to us by Vixxo, formerly known as FM Facility Maintenance, SEI was budgeted to spend only \$38 million on proactive equipment upgrades in 2016 and another \$69 million on reactive equipment upgrades. We have asked Vixxo for a report of actual

continued on page 38



## SWEETEN YOUR SALES WITH THE TOP-SELLING YUMBEES PRODUCTS

The YumBees Candy line is CVP's premier control label candy line that offers various hard, gummy and chocolate candy products as well as a variation of favorite name brand products. With bright, fun packaging and quality ingredients, this line of tempting treats will deliver sweet profit margins and value that national brands can't beat.

YumBees products are available at all McLane distribution centers. Setup as a SSI and order today!



YumBees  
Starlights  
796748



YumBees  
Gummi Worms  
796904



YumBees  
Fruit Slices  
796862



YumBees  
Peach Rings  
796821

©2017 McLane Company, Inc. All rights reserved.





## Conflicts Of Interest

continued from page 36

“SEI has an economic incentive to continue to use fully depreciated equipment that it would surely choose to replace if it was required to shoulder the cost of maintaining that existing equipment.”

equipment expenditures in 2016 and budgeted expenditures in later years, but it is apparent that they are not in a position to provide this data without the consent of SEI. Thus, the data has not been provided. We implore SEI to be more transparent with information about the age of its equipment inventory, its historic expenditures on equipment replacement and its budget for those expenditures over the next three years. What does SEI have to hide?

Compare the equipment replacement numbers to our estimate SEI has spent more than \$6 billion on acquisitions since 2013. These mammoth capital investments in acquisitions are generated by SEI's parent entity, whose financial performance and stock price have been lagging for an extended period of time. We believe that the parent company of SEI is looking to your franchisor to be the

primary vehicle for its recovery, giving it a heavy financial incentive to allocate capital to acquiring more gasoline assets and to keep

transferring as much of the ongoing maintenance costs to franchisees.

### CONCLUSION

The 7-Eleven franchise agreement and system gives rise to an unusually broad range of issues on which SEI claims to have discretion, thus putting itself in the position of choosing to act in its own self-interest, or in a manner that reasonably and in good faith balances the economic interests of both franchisor and franchisee. This especially includes those relating to gasoline pricing and equipment maintenance. SEI's choices have not been fair or reasonable. And SEI has resisted attempts by the franchisee community to get real data that would inform how and why they make these decisions.

Supreme Court Justice Louis Brandeis famously stated that “sunlight is said to be the best of disinfectants” in a 1913 Harper's Weekly article, entitled “What Publicity Can Do.” Why not follow his shining example and be more forthcoming with franchisees with information that vitally affects their businesses?

This is why the ongoing discussions regarding the 2019 franchise agreement are far and away the most important issue confronting the owners of the almost 7,000 7-Eleven franchised stores in the United States. No other issue comes close. This is why all franchisees must support their FOA and their FOA leaders, who in turn must stand united in demanding more transparency and a fair and balanced renewal franchise agreement, free of the conflict of interests that have plagued franchisees for far too long. **AV**

“The parent company of SEI is looking to 7-Eleven USA to be the primary vehicle for its recovery, giving it a heavy financial incentive to allocate capital to acquiring more gasoline assets and to keep transferring as much of the ongoing maintenance costs to franchisees.”

continued from page 18

with Partnership for a Healthier America to

independently report and verify the company's progress against previously outlined goals designed to transform its product portfolio and offer healthier options. • C-store chain **Rutter's Holdings Inc.**, which has 67 locations in Pennsylvania, has plans to open locations in Maryland and West Virginia sometime in 2017, reported the *Central Penn Business Journal*. • A new study by VideoMining reveals that **women account for roughly 51 percent of grocery shoppers**, while men make up the other 49 percent. The study also shows that women spend \$2.73 more per trip than men. • 7-Eleven parent company **Seven & I Holdings** recently **opened its first outlet** in Ho Chi Minh City in Vietnam. The company plans to open 100 stores in Vietnam in the next three years. • Family-owned and operated convenience store chain **Sheetz** has announced plans to hire more than 3,400 employees company-wide. • According to a survey from the National Association of Convenience Stores (NACS), 81 percent of American consumers say they **will spend at least as much time taking road trips as they did last summer**, a 10-point increase from 2014 when gas prices were more than \$1 per gallon higher. • Walmart announced it has expanded its military leave of absence policy—in which the company offers **differential pay to all eligible military associates**—to include basic training. Now, Walmart associates who are considering enlisting in the armed forces can make that decision without fear of losing wages, the company said. • **Target plans to test a next-day home delivery service** called **Target Restock** in the Minneapolis area, reported Reuters. The company said household essentials ordered online—like laundry detergent and coffee—will be packaged at a nearby store, allowing for delivery the next day. • German grocery chain **Lidl** recently opened its first U.S. stores, promising prices that are in some cases half those at ex-



continued on page 50

# BUG JUICE

## The #1 Selling Kids Drink In Convenience Stores

- **53% Profit at \$.99 with 58% Profit at \$1.09**
- **An Average Store Selling 4 SKU's Makes \$525.00 Profit Per Store**



Berry Raspberry (10 oz.)



SLIN # - 242825



Fruity Punch (10 oz.)



SLIN # - 242826



Outrageous Orange (10 oz.)



SLIN # - 242824



Lemony Lime (10 oz.)



SLIN # - 240491

Available Through McLane • Visit us at our web site: [www.bugjuice.com](http://www.bugjuice.com)  
BUG JUICE INTERNATIONAL • P. 810.225.3200 • F. 810.225.3212



## PREMIUM HANDMADE CIGARS

LAST YEAR, OVER 1,000 7-ELEVEN STORES TOOK ADVANTAGE OF THE GROWING OPPORTUNITY IN PREMIUM CIGARS AND ENJOYED THE BENEFITS OF A HIGHER-MARGIN PRODUCT.



## ACT NOW AND STOCK UP ON ACID KUBA KUBA

With its innovative G-Fresh foil packaging, ACID Kuba Kuba ensures long shelf life and lasting product quality giving you the confidence of offering your adult customers a premium product at a premium price. A low inventory investment with high margin earning potential!

800.874.9720 • WWW.EXPERIENCEACID.COM



SLINR 322700



Vice  
Chairs'  
Forum

## FIRST TIME FOR THE NEW FRANCHISEE MERCHANDISING ADVISORY COUNCIL

BY NICK BHULLAR

VICE CHAIRMAN, NCASEF

The new Franchisee Merchandising Advisory Council met for the first time in Dallas on Friday June 16, 2017. This committee was formed based on a request made at the last CEO Roundtable to provide franchisees with more opportunities for input and ideas on merchandising topics.

### Franchisees in attendance included:

Nick Bhullar, Vice Chairman, NCASEF  
Michael Jorgensen, Treasurer, NCASEF  
Jawad Ursani, Franchisee, Southern California FOA

Raj Singh, President, Texas FOA  
Jim Bayci, President, Midwest FOA  
Luanne Viglione, Franchisee  
Kawaljeet Ahuja, Franchisee  
Rehan Hashmi, Vice President, Alliance of 7-Eleven Franchisees FOA  
Sindy Singh, Franchisee  
Alan Harris, Franchisee

### SEI management in attendance included:

Jesus Delgado-Jenkins, Executive Vice President and Chief Merchandising Officer  
Alan Beach, Senior Vice President, Merchandising  
Nancy Smith, Senior Vice President of Fresh foods and Proprietary Beverages  
Larry Hughes Vice President, Franchise Systems  
Jeff Schenck, Vice President Franchising  
Bruce Maples, Senior Director, Franchise Support Quality Assurance  
Kirk Beverwyk Manager, Franchisee Engagement  
Chris Tanco, Executive Vice President and Chief Operating Officer

### The intent of the meeting was to:

- Understand and align on issues
- Create a vehicle for dialogue

NICK BHULLAR

CAN BE REACHED AT  
626-255-8555 or  
bhullar711@yahoo.com

- Improve communication
- Identify critical issues
- Form an action plan to accelerate sales

### The group agreed to separate the issues into "buckets" consisting of:

- Cost of goods
- Hot Food Profitability
- Sales Plan/Promos
- Ad Fund
- Communication
- Franchisee profitability

The conversation was lively and robust and touched on many of the concerns coming from the franchise community. There was broad-ranging input from both sides and an agreement to meet frequently to resolve concerns and provide ideas to move the business forward. The SEI team spent much of the time listening and taking notes, along with providing input when needed.

During a discussion with regard to cost of goods, franchisees showed invoices from outside vendors showing significant cost savings on some of our high velocity items. SEI committed to a response regarding these invoice differences. Franchisees expressed concerns about sharing these in-

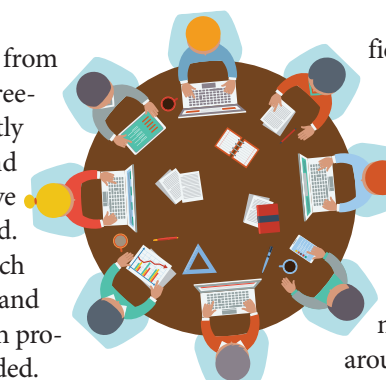
**"The sales plan and promos discussion revolved around the need for SEI to provide verification for these events so franchisees can see the impact of these programs over the short and long term."**



voices due to our past experience where the end result didn't lower our COG. In this same context we also spoke about the threat from online retailers—Amazon in particular—and showed examples of large cost savings on some of our best selling merchandise.

The hot foods discussion centered around providing higher margin products, the impact of increased labor expenses and the fact that food prep needs to be simpli-

**"THIS COMMITTEE WAS FORMED TO PROVIDE FRANCHISEES WITH MORE OPPORTUNITIES FOR INPUT AND IDEAS ON MERCHANDISING TOPICS."**



fied to reduce the labor involved. We need more grab-and-go type options so that even low volume stores where single coverage is a reality can execute these programs.

The sales plan and promos discussion revolved around the need for SEI to provide verification for these events so franchisees can see the impact of these programs over the short and long term. Did they achieve the intended result of growing unit movement and overall commodity sales and was there a lift that was sustained when the items came off promotion?

Ad spending questions centered around the most effective use of Ad Fund dollars touched on several areas, most notably the effort to build the brand to gain customer trust and loyalty. This is especially important for hot and fresh foods. Much of the discussion centered around the effective use of billboards and whether a test should be done to see if billboards

continued on page 43





\*SPINS US Natural Foods, \$2 weeks ending 9/4/16.

**INTRODUCING  
AMERICA'S #1  
GLUTEN FREE SNACK CRACKER\*  
NOW IN NEW 2 OZ. GRAB 'N GO SIZE**



**EXPAND YOUR SALES WITH HEALTHY, CRAVEABLE GOODNESS**

FOR MORE INFORMATION OR **FREE SAMPLES** OF NUT-THINS® CONTACT:  
**JIM LEAVITT, BLUE DIAMOND GROWERS | NATIONAL SALES MANAGER - CONVENIENCE**  
480-686-9778 (O) /480-748-8964 (C)

© 2017 Blue Diamond Growers. All rights reserved.

Vice  
Chairs'  
Forum

continued from page 41

could promote our 10 for \$5 chicken wing offer and what impact that has on our sales and our competitors.

Of course franchisees expressed a

huge concern for franchisee profitability and the difficulty of surviving the short-term financial impacts of strategies with long-term expected results. Franchisee

**“DURING A DISCUSSION WITH REGARD TO COST OF GOODS, FRANCHISEES SHOWED INVOICES FROM OUTSIDE VENDORS SHOWING SIGNIFICANT COST SAVINGS ON SOME OF OUR HIGH VELOCITY ITEMS.”**

profitability is the cornerstone for everything we discussed. The franchisees in the room asked SEI to consider franchisees' ability to

“weather the storm” on a store-by-store basis and to help those franchisees at risk or on the bubble financially.

Last but not least, the franchisees involved seemed very optimistic about this initial meeting and the sense of urgency from both sides. The topic of communication seemed interwoven in many of the other “buckets” with the thought that improvements will help resolve many issues. We will keep you updated as this process continues. **AV**



## BT DEMAND CHAIN ISSUES

BY ROMY SINGH

VICE CHAIRMAN NCASEF • PRESIDENT, EASTERN VIRGINIA FOA

When 7-Eleven went about selling the BT program as a way to “simplify processes” at the store level, it sounded promising and maybe even too good to be true. Franchisees went along with our business partner on this endeavor, because franchisee store sales performance is directly impacted by how efficiently the demand chain works. As it turns out, distribution centers and DSD systems—the channels we use to get merchandise from manufacturers to the point of sale, our stores—care about their profitability at all costs, just like we as franchisees do.

Now that we are more than a year into using BT, I can make the following observations:

1. In some cases, we are finding our demand chain partners will reduce frequency of deliveries but set minimum delivery quantities to get the same quantity in one delivery. For the franchisee this means a larger quantity of excess

While this may be a cost savings for that vendor partner, it actually increases the cost to the franchisee.

2. Our vendor partners have been able to cut their labor costs to make

**“CUSTOMER NEEDS ARE MET THROUGH FAST, FRIENDLY SERVICE, INCLUDING BEING IN STOCK ON WHATEVER THE CUSTOMER WANTS, WHEN THEY WANT IT AND HOW MUCH OF IT THEY WANT.”**

more revenue with the roll out of BT, a sales point I’m sure 7-Eleven used to get them on board. Our contract with CDC, McLane and Coremark now calls for

“honor” check in, because now they do not have to pay drivers to check the product in with our sales associates. This saves manufacturers money, not the stores.

3. With these “simplifications” stores are finding service from vendor partners almost non-existent. Remember the days when a rep would come in your stores weekly, take your orders, rotate the product and take care of your credits? Now we are lucky if we see a rep once a quarter, leaving stores to take care of all this on our own, which increases payroll and frustrations at the store level. It appears the franchise community is lacking support from our distributors, while our competitors like mom ‘n pop stores receive a better quality of delivery service.

4. As a 7-Eleven franchisee one of our basic business fundamentals is to be able to meet our customer’s needs on a

continued on page 44

ROMY SINGH

CAN BE REACHED AT

757-506-5926

evafoa@gmail.com

**“It always surprises me when I see ‘manufacturer outs’ and walk into a competitor and they are fully in stock of that very product.”**



**“Leaving the store to report these issues week in and week out is no resolution to the problem.”**

daily basis. Customer needs are met through fast, friendly service, including being in stock on whatever the customer wants, when they want it and how much of it they want. The start point to meet these customers' needs is getting the right product for them in the first place. We as franchisees are held to a high standard in regards to OOS (out of stocks). Every empty space is counted daily and documented during weekly QVs. But more importantly to a franchisee, OOS means lost sales and disappointed customers.

5. Since BT has come to the area, there is no hiding how many OOS there are per delivery, and it is starting to cost everyone money. Instead of holding the vendor accountable, franchisees have to go back and re-verify the OOS and open a case and track it to get our credits.

6. When it comes to CDC, McLane, and Coremark on the West Coast, we are having to accept multiple "Manufacturer Out," mis-picks or shorted products. Obviously, distribution's logistics and forecasting are not working right. If we as store operators are expected to forecast right, why does 7-Eleven lower their expectations for vendors to forecast and deliver accurately? It always surprises me when I see these "manufacturer outs" and walk into a competitor and they are fully in stock of that very product.

7. Maybe I shouldn't be shocked, but all these things have complicated rather than simplified the distribution process and have created new problems for the stores. Items set up incorrectly or cost discrepancies are regularly identified at the store level meaning 7-Eleven does not have the right checks and balances in place to prevent such errors before they even hit the store. Leaving the store to report these issues week in and week out is no resolution to the problem.

Have we really simplified the process or have we just shifted the labor and responsibility to the franchisee? In this competitive environment we can't afford these problems. We must roll with a perfect demand chain, not one that costs franchisees time and money. **AV**

# HOW CAN WE HELP YOU?

A partnership with Vixxo means peace of mind and business solutions. Our secure portal gives you better control and access over your store maintenance service requests and associated costs, quality assurance tools and much more!

Visit [www.FM24-7.com](http://www.FM24-7.com) TODAY!



## QUAKER READY-TO-EAT SINGLE-SERVE CUPS

No bowl required

Convenient and portable

Expandable to other day parts



Cap'n Crunch  
SLIN 211646



Cap'n Crunch  
Crunchberry  
SLIN 210221



Life  
Original  
SLIN 148411



Cinnamon  
Life  
SLIN 148437



RECOMMENDED AND AVAILABLE THROUGH MCLANE AND COREMARK

CAPITALIZE ON THE STRONG DOUBLE DIGIT GROWTH OF CAP'N CRUNCH.

LIFE IS THE FAVORITE READY-TO-EAT CEREAL OF MILLENNIALS!







# SENECA™

CLASS A CIGARETTES PREMIUM

The perfect blend of  
quality, flavor and price.



SURGEON GENERAL'S WARNING: Smoking Causes Lung Cancer, Heart Disease, Emphysema, And May Complicate Pregnancy.

Contact a distributor near you  
**1-844-766-5366**

Greater **VARIETY** And **PROFITS.**



Cigarettes, Cigars, Snuff,  
Pipe Tobacco, and Vapor



SURGEON GENERAL WARNING: Cigar Smoking Can Cause Cancers Of The Mouth And Throat, Even If You Do Not Inhale.







## Famous Quotes For Today's Franchisees

By Pete Gragnano, President, Suburban Washington FOA

*"It was the best of times;  
it was the worst of times."*

—Charles Dickens, A Tale of Two Cities

Minimum wage increases. Declining customer counts, sales and profits. Graduated Gross Profit Split. Credit card fees. Inadequate gasoline commissions. Increased maintenance fees. Government-mandated paid sick leave. Inadequately funded promotions. Increased soda and tobacco taxes. Minimal advertising. Encroachment. Cigarette license restrictions.

Judging by the sample of items listed above, it certainly is not the best time to be a 7-Eleven franchisee.

As the franchisee community waits for relief in the form of a New Franchise Agreement (which has now moved to April 2020), the question becomes whether a number of our brethren will still be with us when that day arrives.

Rolling deposits. Skimming sales.

These are some of the things that franchisees have resorted to in an effort to keep their businesses running in the hope our franchisor will come up with a solution to help us.

None of the above (except for choosing another line of work) is sustainable for a prolonged period of time. The last two (rolling deposits and skimming) are potential incurable breaches of the Franchise Agreement, and could result in the loss of the store.

*"Just the facts, ma'am."*

—Detective Sergeant Joe Friday, Dragnet

In the month of January 2017 we learned from SEI that 35 percent of the stores in the country were below minimum net worth.

**"AS THE FRANCHISEE COMMUNITY WAITS FOR RELIEF IN THE FORM OF A NEW FRANCHISE AGREEMENT (NOW MOVED TO APRIL 2020), THE QUESTION IS WHETHER OR NOT SOME OF OUR BRETHREN WILL STILL BE WITH US WHEN THAT DAY ARRIVES."**

through April on a \$2.1 million store with a gross profit exceeding 40 percent. Another East Coast franchisee had to transfer money from his \$3.0 million store to his \$2.5 million store to maintain minimum equity this winter.

*"You can't handle the truth!"*

—Jack Nicholson, A Few Good Men

In discussing the minimum wage increase and its devastating impact on franchisees, I was told by an attorney in Dallas that 7-Eleven, Inc. (SEI) also had increasing costs, such as rent increases. My reply was that the number of dramatic rent increases pales in comparison to the number of franchisees affected by the minimum wage hikes.

Moreover, the NBLC Minimum Wage Committee created by SEI was never able to get adequate data or responses from the company to effectively analyze the issue. It since has been renamed the Store Profitability Committee, which has come up with the \$711 Challenge to aid these stores, which is indeed a challenge to meet the requirements of the program and which only partially pays for the increase in labor costs.

In another discussion with SEI's legal department, I told of the desperate measures being taken by some franchisees (longer hours, cutting staff, etc. as mentioned

continued on page 50

# Buy One, Get One Free!

COFFEE-MATE® INTRODUCES  
TWO NEW FLAVORS  
IN OUR CONVENIENT  
1.5L PUMP BOTTLES!

During the **Two New Ways to Get Pumped** promotion (June 1–September 30) operators who purchase one case of either **Salted Caramel Chocolate** or **Irish Crème** flavor 1.5L Liquid Creamer Pump Bottles can receive one case of the same flavor **FREE!\***



### 5 POSITIVES OF PUMPS

- **Economical**—300 servings per bottle
- **Practical**—no refrigeration necessary
- **Food-safe**—tamper-proof design
- **Convenient**—faster service & less mess at coffee station
- **Lactose-free**—cholesterol-free & Kosher Dairy, too

Coffee-mate Liquid Pump Bottle (1.5L)	GTIN/ Order Unit Code	Shelf Life¹	Yield	Pack Size
Salted Caramel Chocolate	00050000799763	6 months	600 servings/cs.	2x1.5L
Irish Crème	00050000834754	9 months	600 servings/cs.	2x1.5L

\* No refrigeration necessary.

### "Two New Ways to Get Pumped" Promo Coupon Form

Operator Name: \_\_\_\_\_

Operator Email: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Quantity of Qualifying Cases Purchased: \_\_\_\_\_ Irish Crème \_\_\_\_\_ Salted Caramel Chocolate  
(1 free case per flavor max.)

Distributor/Broker Name: \_\_\_\_\_

Distributor/Broker Contact: \_\_\_\_\_

Distributor/Broker Email: \_\_\_\_\_

### HERE'S HOW TO REDEEM THE OFFER:

1. Fill out this coupon form and save. Print it, include it with a copy of your distributor invoice and mail to:  
**Nestlé Professional**  
Attn: 150-488  
**Coffee-mate "Two New Ways to Get Pumped" Promo**  
PO Box 49118, Strongsville, OH 44149-0118
- OR
2. Visit **CMFeelTheLove.com/Promotions** to redeem the offer electronically.

Visit CMFeelTheLove.com for full offer details. Limit one free case of each flavor per operator. Free case(s) will be mailed to qualifying operators. Requests must be received by September 30, 2017. Void where prohibited. All trademarks and intellectual property are owned by Société des Produits Nestlé S.A., Vevey, Switzerland.

**"In the month of January 2017 we learned from SEI that some 35 percent of the stores in the country were below minimum net worth."**

*"In desperate position, you must fight."*

—Sun Tzu, The Art of War

Working longer hours. Reducing staff. Taking a second job (for example, insurance or used car salesman, landscaper, teacher, Uber driver, caterer). Credit card cash advances. Home equity or business lines of credit. Borrowing from friends and family.

Not taking a paycheck. Selling your wife's wedding and engagement rings.

**PETE GRAGNANO**  
CAN BE REACHED AT  
443-472-2327 or  
pjg1415@hotmail.com

Also in January, a Virginia market not impacted by minimum wage pressure had more than 30 percent of its stores with equity issues.

In March 2017, 65 percent of the stores in Seattle were below equity. One franchisee in Maryland took only two weekly paychecks during February and March. One East Coast multiple franchisee had five stores below equity in January and two others that barely broke even, forcing him to put nearly \$30,000 into his businesses in a single month.

Another Maryland franchisee paid in over \$29,000 during the months of January



continued from page 49

above). The response was that “we haven’t seen a substantial increase in the issuance of breaches for minimum net worth.” I replied that franchisees were pulling every trick out of their magic bag to stay in business but were beginning to run out of options. It was only a matter of time before the avalanche of breaches would begin.

When an excellent store operator on the East Coast sent an email complaining that his \$2 million store at over 40 percent gross profit (but on the Graduated Gross Profit Split) was achieving an 18 percent return on sales and paying 11 percent for wages and compensation, thus leaving only 7 percent for the payment of all other monthly expenses—including his salary—SEI’s response boiled down to “What was wrong? We are suffering the same as you are.”

“Denial ain’t just a river in Egypt.”

—Mark Twain

On numerous occasions franchisees have told the executives in Dallas that the franchisee community is currently in dire straits and needs assistance in order to survive, and that the next significant increase in expenses, be it another minimum wage hike or the pass through of the Vixxo maintenance contract increase, could force a number of franchisees to walk away from their stores.

Such a move would be devastating to the brand and would start a chain reaction, as

are being given that the system is in trouble. To me there can only be two other reasons: hope and denial.

The former is that they feel initiatives such as Expand the Assortment and Back to Basics will be the remedies to the illness that is plaguing franchisees. This mindset is just whistling past the graveyard. While both are steps in the right direction, they will only serve to alleviate but not eliminate the pain and suffering of franchisees.

With regard to the latter, it could be that they are in denial; denial that the cornerstone of the world’s largest convenience store chain won’t be considered among the top franchises in the industry and be attractive to prospective buyers if its existing franchisees cannot survive in the current economic climate.

Like an addiction, the first step towards a cure is admitting there is a problem. Now is the time for Dallas to stop arranging the deck chairs on the Titanic, admit that there is a problem, and begin working in earnest with the franchisees to save the brand before it’s too late.

At a NCASEF meeting last year I told my fellow franchisees that

while I concurred that the 2019 Agreement was our number one priority, the minimum wage and our sustainability should be ranked as 1B. As I stated in my opening paragraph, unless something is done NOW, a significant number of us won’t be here in 2019.

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

**“FRANCHISEES HAVE RESORTED TO GETTING JOBS AND SUPPLEMENTING THEIR INCOME IN AN EFFORT TO KEEP THEIR BUSINESSES RUNNING IN THE HOPE OUR FRANCHISOR WILL COME UP WITH A SOLUTION TO HELP US.”**



continued from page 38

isting supermarkets, re-ported *Business Insider*. The company said it will open at least 20 stores this summer in North Carolina, South Carolina, and Virginia, and will add another 80 stores along the East Coast by the middle of next year. • **Drug use in the American workforce**—fueled by illicit drugs like cocaine, marijuana and methamphetamine—**reached the highest positivity rate in 12 years**, according to an analysis released by Quest Diagnostics. Cocaine positivity increased 12 percent in 2016, **marijuana** positivity increased nearly 75 percent, and amphetamines positivity increased more than eight percent compared to 2015. • Swedish furniture giant **IKEA is putting a bigger emphasis on food and is considering plans to start opening standalone eateries**, reported CNBC. About 30 percent of IKEA shoppers stop in just to dine, and the chain sells more than **a billion of its signature meatballs** annually. • McDonald’s recently expanded delivery via **UberEats** to more than 1,000 restaurants nationwide, reported CNBC. Previously, McDonald’s had made delivery available to about 200 restaurants in Florida. • The U.S., Canada and Mexico are **buying more job-killing robots than ever before**, as more companies move manufacturing operations closer to U.S. markets reported Recode.com. North American manufacturing companies bought a total of 9,773 industrial robots in the first quarter of 2017, which is 32 percent more than at the same time in 2016. • **The marijuana industry could be bigger than the NFL by 2020**, reveals a recent report from Greenwave Advisors. The report projects the legalized marijuana industry to earn revenues of \$35 billion by 2020, if marijuana is legalized at the federal level. That easily would surpass what the NFL is currently earning, which is \$10 billion. • Convenience store chain **Cumberland Farms announced it has been certified as a great workplace** by the independent analysts at Great Place to Work. Among the perks the company offers its employees are competitive pay and extensive benefits, tuition reimbursement, free beverages throughout the workday, and fuel discounts. • **Anheuser-Busch InBev**

continued on page 64

# GIVE YOUR SUMMER WIIINGS.

WITH THE TASTE OF GRAPEFRUIT.



Introducing the Red Bull Summer Edition Grapefruit Twist, with a light summery taste profile. Leverage this limited time offering to drive excitement & trial among consumers looking to make the most of their summer.



# Make More Margin Selling 2 Items Than Selling 1

Nestle's **FULLY FUNDED** Crunch Dibbs & Butterfinger Bites Promos!

## 69 Percent Margin On A 2/\$4 Promotion! \$2.26 Total Billback On Two

**Dibs continues to be the #1 bite-size ice cream snack offering**

**Capitalize on the popularity of Dibbs, and Butterfinger's brand awareness!**

**50 percent of consumers want a mini dessert throughout their day.**

**Update minimums for Summer Selling! Don't forget the Static Cling!**

**This same promo last year increased sales by 34%!**

**No artificial flavors and NO ADDED COLORS HAVE BEEN ADDED**

*Increase Store Profits With Nestle's Fully Funded  
Crunch Dibbs & Butterfinger Bites Promos*

Butterfinger Bites SLIN 191229

Crunch Dibbs SLIN 190225



## Is The 7-Eleven System Feasible?

By Serge Haitayan, President, Fresno FOA

When I first entered the 7-Eleven system in 1990, franchisees used to talk about the good old days, when storeowners had a contract that allowed them to make a good living with just one store. A franchisee back then could also count on receiving sizeable good will when selling their store upon retirement. The 7-Eleven concept was good and all parties who had skin in the game—vendors, franchisor and franchisees—were relatively happy and content.

Now, thanks in large part to the short-sightedness of our corporate leaders over the last 15 years, we are headed down the path of our eventual demise. There's still time to change course and save the system, but only if our franchisor wakes up and makes some much-needed changes.

In recent years, SEI upped the ante for franchisees by introducing fresh and hot foods. It was like changing the rules in the middle of the game. At the time, corporate said we needed to get into foodservice if we are to remain competitive and relevant. The big problem with our entry into foodservice, however, is that now we are operating fast food stores on a convenience store agreement. This arrangement is working very well for SEI, but not so well for franchisees. In fact, we're getting shafted.

If SEI wants us to sell fresh and hot foods, then the Graduated Gross Profit Split must change given the high labor re-

quirements and write-offs associated with our new foodservice program. In reality, for this program to truly benefit franchisees and SEI in an equitable manner, the split must be 70 percent for franchisees and 30 percent for corporate. Period.

Additionally, now that 7-Eleven is becoming a foodservice destination, SEI needs to invest heavily in store remodels. Stores that look old and worn will not sell

**"IF SEI WANTS US TO SELL FRESH AND HOT FOODS, THEN THE GRADUATED GROSS PROFIT SPLIT MUST CHANGE GIVEN THE HIGH LABOR REQUIREMENTS AND WRITE-OFFS ASSOCIATED WITH OUR NEW FOODSERVICE PROGRAM."**

much hot and fresh foods—this is Foodservice 101. SEI's excuse is that there's no return on investment with store remodels.

Really?

What the higher ups at Dallas need to realize is that not everything can be gauged by ROI. Store remodels are a must if our system is to stay afloat. Right now, we're getting our butts kicked by our competitors, especially in Florida and Texas, because our competition has newer and

nicer looking stores.

The ROI is happy customers who keep returning to our stores. The company needs to understand that store remodels are a long-term investment and they need to stop thinking in terms of short-term gains. Supermarkets and other food retailers remodel their stores every so often precisely because they see it as a long-term investment.

Along with store remodels, SEI also needs to restructure their maintenance program. Currently we're giving 50 percent or more of our gross profits to SEI as part of our franchise agreement, and as part of this deal SEI has certain responsibilities toward franchisees, like providing accounting services, payroll services, expertise, field consultants, and managing equipment and equipment maintenance. So why are we paying the cost for that management of the equipment and the maintenance contracts? Before Vixxo (formally FM Facility Maintenance), SEI had a small army of employees managing all these contractors, and that job was passed on to Vixxo with the promise of a huge reduction in fees. Not only did the fees reduction not materialize, but we are now facing an increase in fees as high as 50 percent.

continued on page 54

SERGE HAITAYAN  
CAN BE REACHED AT  
sergez@comcast.net or  
559-355-4899

requirements and write-offs associated with our new foodservice program.

**"We're giving 50 percent or more of our gross profits to SEI as part of our franchise agreement for accounting services, payroll services, field consultants, and managing equipment and equipment maintenance. So why are we paying the cost for management of the equipment and the maintenance contracts?"**



continued from page 53

The issue at hand is that we are paying for our maintenance contract plus the managing fee of Vixxo, which was handled by SEI previously. In my estimate, stores in California are paying around \$400 to \$500 in extra fees for Vixxo's management cost. What's wrong with this picture? If SEI decides to outsource payroll or accounting, or even the functions of our field consultants and market managers, will franchisees be expected to pay? I

**"RIGHT NOW, WE'RE GETTING OUR BUTTS KICKED BY OUR COMPETITORS, BECAUSE OUR COMPETITION HAS NEWER AND NICER LOOKING STORES."**

**"SUPERMARKETS AND OTHER FOOD RETAILERS REMODEL THEIR STORES EVERY SO OFTEN PRECISELY BECAUSE THEY SEE IT AS A LONG-TERM INVESTMENT."**

thought that was why we split the profits! To add insult to injury, most stores have old equipment way past the life span and SEI replaces them at their very own slow pace. Another disturbing direction SEI has taken in the last several years is with gasoline. If you've read any of the recent articles by NCASEF General Counsel Eric Karp, you know that between 2013 and 2016 SEI's fuel revenues dropped by 27 percent, yet the company's gross margin from fuel revenue increased by 20 percent. This means that the company decided to focus on gasoline gross margin

at the expense of gasoline volume, and in the only category that they fully control. This is the exact opposite of what they're asking franchisees to do: lower prices in the store in order to increase sales. Every other c-store chain sacrifices gas profits to bring customers into their stores. Except SEI—they are sacrificing franchisee profit to increase their fuel revenue. Taking all of this into account, it is plain to see that the 7-Eleven system is broken and not feasible anymore. This must change, and soon. This is my opinion, and I value yours. **AV**

# MAKE YOUR VOICE HEARD

State and local decision makers continue to target adult tobacco consumers, retailers, and wholesalers with excessive taxes and unfair policies, such as retail bans and advertising restrictions.

Our People | Our Brands | Your Success

For more information, contact your AGDC Representative or visit [tobaccoissues.com](http://tobaccoissues.com)



## Worth The Squeeze!

### TROPICANA PURE PREMIUM 12 OUNCE AND 15.2 OUNCE



Tropicana Watermelon  
12 oz.  
SLIN 246006



Tropicana Pure Premium  
12 oz. No Pulp  
SLIN 240114



Tropicana Pure Premium  
Some Pulp  
SLIN 240336

2/\$3.00  
**MIX-N-MATCH**  
ANY FLAVORS  
BOTH SIZES

June 28 to  
August 29, 2017

Offer Good On Any  
Combination  
Tropicana and  
Tropicana  
Pure Premium  
12 and 15.2 Ounce



Tropicana Orange Juice  
100% Juice  
SLIN 241689



Tropicana Apple Juice  
100% Juice  
SLIN 241704

Recommended and Available through McLane and Coremark NOW



# Get In The College Spirit With Butterfinger's School Sports Promo!

## FOR BUTTERFINGER BAR & BUTTERFINGER CUPS SHARE PACKS



## TWO 72-COUNT C-TOP SHIPPER CHOICES

1 National Football Program Shipper  
SLIN 145633

OR

2 Football School Shipper  
of Your Choice:

- Michigan Blue SLIN 145632
- Texas Longhorns SLIN 145639
- Ohio State Buckeyes SLIN 145640
- Florida Gators SLIN 145622

ORDER THE  
PRE-BOOK  
COUNTERTOP  
POWERWING  
TODAY TO  
HANG IN  
CONFECTIONS  
SECTION

Store Margin: 60%  
Capitalize on the  
Butterfinger Brand!

YOUR CUSTOMERS  
CAN WIN SEASON  
TICKETS & VIP GAME  
DAY EXPERIENCES!



Order July/Aug 2017 • Ships August 2017 • Promo Dates Sept/Oct 2017 • Redorder Open Stock!



## Can We Learn From “The Founder?”

By Michael Jorgensen, Treasurer, NCASEF

The recent movie “The Founder” is based on the story of how Ray Kroc grew the McDonald’s brand through franchising. Several scenes in the movie peaked my interest as being eminently relatable to 7-Eleven and even prompted me to look for more McDonald’s comparisons to our system.

The first scene revolves around the design of the prototype McDonald’s opened in San Bernardino, California in 1948. The

gling to be profitable. Milkshakes had traditionally been made with ice cream, but this came with a high cost, not only for the ice cream but also for the refrigeration and utilities required. Ray Kroc understood the value of helping franchisees maximize their bottom line while at the same time ensuring that the product was not of compromised quality.

At one point in the movie the McDon-

**“In May of this year McDonald’s announced it is willing to pay 55% of the costs associated with the newest planned upgrade, ‘a key component in transforming how our customers experience our brand.’”**

McDonald brothers closed down a very successful restaurant to streamline their business and franchise. They limited their menu items to a select few items that were responsible for a majority of their profits, including hamburgers, cheeseburgers, soft drinks, coffee and apple pie. They eliminated carhop service and made the restaurant self-serve. During the shutdown, they also redesigned the kitchen to optimize efficiencies. They accomplished this by drawing a life size diagram of the kitchen on a tennis court using chalk. They had employees act out their specific roles in the kitchen on these chalk outlines and redrew the lines as needed to create a food prep area as efficient as possible.

In another scene Ray Kroc overruled the McDonald brothers’ decision not to use a powdered mix for milkshakes. A franchisee had brought the idea of a milk-

shake mix to Ray Kroc explaining that they were struggling to design a restaurant that would achieve the goals of further increased efficiency and a more attention grabbing visual appearance. With the help of architect Stanley Clark Meston, the first prototype McDonald’s complete with the golden arches and red, white and yellow color scheme was opened in Phoenix, Arizona in 1953. In 1969 McDonald’s introduced the “mansard roof,” which became the standard design for all McDonald’s restaurants and franchisees were required to rebuild older restaurants to this new standard.

In 1998 a system change called “made for you” was implemented to differentiate McDonald’s from their competition by allowing customers to special



order sandwiches and franchisees easier implementation of new menu items. This change was an expensive endeavor for the franchisees at \$25,000 per unit, but McDonald’s offered to pay for half of the cost and offered financial assistance.

In 2003 as sales struggled, McDonald’s decided again to reimage their restaurants. By 2006 they adopted the current look with the swish eyebrow called “Forever Young.” This redesign and renovations were estimated to cost approximately \$400,000 per restaurant. In the McDonald’s system franchisees are responsible for the cost of these upgrades.

In May of this year, in response to lagging sales, McDonald’s announced it is willing to pay 55 percent of the costs associated with the newest planned upgrade. McDonald’s stated in a letter to their franchisees “a key component” of its growth

**“IF FOOD IS THE FUTURE OF THE 7-ELEVEN BRAND THEN WE MUST, LIKE THE MCDONALD’S BROTHERS, REINVENT OUR STORES AND PRODUCT OFFERINGS TO MAKE OUR FOOD PREP AREAS MORE ERGONOMIC AND PREPARED ITEMS MORE FOCUSED AND PROFITABLE.”**

plan is “transforming how our customers experience our brand by modernizing the interior and exterior of our restaurants and leveraging hospitality and technology to enhance our customers’ experience.” They need 67 percent of franchisees to commit to the upgrade before they will help fund the upgrades.

It’s easy for a 7-Eleven franchisee to see how these points relate to our current situation. Not everything in the McDonald’s



continued on page 58



continued from page 57

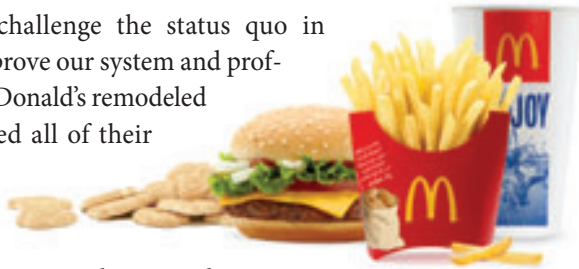
history was successful. There are plenty of examples of failure and missteps, including investment into other brands and failed product introductions. As the world's most recognized brand McDonald's was able to overcome these mistakes by doing what it has always done best. Can 7-Eleven learn from these examples?

If food is the future of the 7-Eleven brand then we must, like the McDonald's brothers, reinvent our stores and product offerings to make our food prep areas more ergonomic and prepared items more focused and profitable. 7-Eleven needs to adjust the gross profit split in favor of fran-

chisees for the additional labor demand our food service offerings require. 7-Eleven needs to source goods at the lowest possible cost including considerations for labor. 7-Eleven must break down silos and constantly challenge the status quo in order to improve our system and profitability. McDonald's remodeled and reimaged all of their stores first after 16 years and then again 37 years later. In the current business environment with increased competition from c-stores and from other

channels 7-Eleven must remodel and reimage both the interior and exterior of all stores and bring each store to a minimum standard. We also need a memorable marketing campaign that reminds our customers why they love and trust our brand.

One thing I know for sure is that brand 7-Eleven is infectious. Franchisees in the 7-Eleven system live the brand everyday. We see how our customers respond. No one has more invested in the brand than we do in time, sweat equity and money. If we can refresh our brand and continue to evolve, there's no limit to what we can accomplish together. **AV**



"In the current business environment with increased competition from c-stores and from other channels 7-Eleven must remodel and reimage both the interior and exterior of all stores and bring each store to a minimum standard."

**STOCK UP ON KINGSFORD MATCH LIGHT AND ORIGINAL IN TIME FOR COOKOUT SEASON**

Available Now Via McLane & Coremark At 14% Billback!

Get 3 and build your own display!

Each Box Has  
3 Kingsford Blue 7.7 lb Bags &  
3 Matchlight 6.2 lb Bags

SLIN 201607

**CELEBRATE COLLEGE FANDOM THIS FALL WITH SWEETARTS GUMMIES**

**ORDER August/September > SHIPS Oct 2017**  
**Promo Dates Nov/Dec 2017**

**ORDER 60CT SUB DISPLAY FOR NINE UNIVERSITIES:**

- Arkansas SLIN 850180
- Arizona UIN 953166
- Florida UIN 954495
- Michigan UIN 954800
- Ohio State SLIN 850172
- Oregon UIN 954826
- Tennessee SLIN 850149
- Texas SLIN 850164
- UCLA SLIN 850198

Each bag of gummies features two different shapes representing the university.

Media support includes official school social media network, Facebook, Instagram, Twitter, plus in-stadium signage, regional radio, game day activations, in store college displays and GameDay Mobile app.

**REORDER OPEN STOCK!**





LOGIC PRO.  
SMART CAPSULES.  
**NO SPILLS.**



LOGIC POWER.  
MORE POWER.  
**MORE VAPE.**



Available at major wholesalers.  
To learn more visit [logicvapes.us](http://logicvapes.us)  
or speak to us at (844) 552-9623

Warning: This product contains nicotine derived  
Intended for use by adult smokers of legal

from tobacco. Nicotine is an addictive chemical.  
smoking age. Underage sale prohibited.





**SCREAMIN' ENERGY<sup>®</sup>**  
**ULTRA**  
HARD. INTENSE ENERGY



Are your customers tired of overpriced energy shots?  
Screamin Energy<sup>®</sup> ULTRA gives your customers hard, intense energy  
that sells and sells at half the price! So give your customers what they want!



SE MAX HIT 12cnt Display SLIN# 221006 UIN# 218263  
SE ULTRA 12cnt Display SLIN# 220142 UIN# 017392



@Vital4U



Vital 4U is represented by C/Valet nationwide in the convenience store trade. Contact Dave Arensdorf at [darensdorf@cvalet.com](mailto:darensdorf@cvalet.com) or for more information on our programs go to [cvalet.com](http://cvalet.com)  
Visit [childrensmiraclenetworkhospitals.org](http://childrensmiraclenetworkhospitals.org)



## Employee Safety Training Matters

By John Harp, CSP, ARM, Risk Engineering Consultant, MSIG

Employee turnover directly affects your bottom line and is a constant struggle for c-stores. Turnover also means employee training and orientation is a continuous process, but is the safety training part of on-boarding employees important?

### Why Train?

Safety training is one of the most important tools in promoting incident and injury prevention. The objective of any training is to help your employees make safer decisions in the store. For example, "Should I lift two cases of water at once to stock the vault because it's faster?" Or "Someone steals a 12-pack of beer and runs out the door—should I follow them to get the license plate of the vehicle?" These decisions and many others are common for your employees, and through quality training, a safe decision will occur more often.

### **"NEW EMPLOYEES SHOULD BE TRAINED THEIR FIRST DAY ACCORDING TO SEI GUIDELINES FOR THE COMPUTER BASED TRAINING (CBT) ORIENTATION."**

There are many reasons why safety training is important. It is required by the Occupational Safety and Health Administration (OSHA) and some local authorities. These agencies have the authority to enforce certain safety topics that must be covered as part of a new employee orientation and periodically after.

### Required Topics Include:

- Hazard Communication—Safe use of chemicals and how to use a Safety Data Sheet.
- Fire and Evacuation—Your employee must know what to do in a fire or other emergency.

#### JOHN HARP

CAN BE REACHED AT  
[JHARP@MSIGUSA.COM](mailto:JHARP@MSIGUSA.COM)  
OR 908-604-2951

- Walking and Working Surfaces—Show employees how to identify and correct slip, trip and fall hazards (ladders and step stools should be covered, too).
- Medical and First Aid—What to do when first aid or medical care is needed and how to use the first aid kit.
- General Duty—Information to help employees understand what is needed to "keep the workplace free of recognizable hazards." This should include utility knives, lifting and crime/assault prevention.

### When Should Training Be Done?

New employees should be trained their first day, according to SEI guidelines for the Computer Based Training (CBT) orientation. Although an employee may have prior retail experience, the 7-Eleven operation may be completely different and they must understand your operation and ex-

**"Safety training is one of the most important tools in promoting incident and injury prevention. The objective of any training is to help your employees make safer decisions in the store."**

pectations for safety. As Management, you are in the best position to gauge the employee's comprehension and further understand their strengths and weaknesses.

### How To Make Training Effective

Most of us have seen or heard about the Learning Pyramid. This research concluded that we retain about 20 percent of what we read and see, but retain 75 percent of what we read, see and then do. This may not be exact, but the reality is depending on the person and material, your employee will remember little from the CBT as they have many things to recall those first few days.

continued on page 64



Reinforcement training should also be completed after an incident or injury. If an employee cuts their hand opening a case of donuts, it's time for a refresher for all the employees. If an employee is threatened by a shoplifter or assailant, there should be a reminder to the staff regardless if an injury occurs.

### Who Should Do The Training?

The SEI CBT program provides most of the necessary safety training for a new hire. Watching and interacting with a computer program provides the essential information, but it's critical that you or your manager actively engage the em-



Effective Learning Requires A Simple Method:

Certain steps must be taken to assure your employee effectively retains the key information after the CBT. And it's important to recognize that people have different means to effectively learn. A younger employee will likely respond to CBT supplemented with interaction, quizzes, games, etc., in short segments. An older employee may need more verbal interaction.

Steps To Training Success

- 1. Blend in-person with online training
- 2. Explain the job procedures
- 3. Demonstrate the job procedures
- 4. Employee explains it and shows they understand
- 5. Praise for what is done correctly
- 6. Correct the technique if necessary
- 7. Follow-up and repeat if needed
- 8. Encourage the employee to share their expertise

An Example—How To Replace A BIB:

- 1. Describe when and how to retrieve a new BIB.
- 2. Show how to grab with both hands with proper lifting technique.
- 3. Demonstrate sliding the BIB into the rack without twisting, and keeping the bib close.
- 4. Have the employee show you the entire process indicating they understand the safe technique.
- 5. Ask for any feedback or challenges they may have with the task.



“REINFORCEMENT TRAINING SHOULD ALSO BE COMPLETED AFTER AN INCIDENT OR INJURY. IF AN EMPLOYEE CUTS THEIR HAND OPENING A CASE OF DONUTS, IT’S TIME FOR A RE-FRESHER FOR ALL THE EMPLOYEES.”

This may seem time consuming and complicating a simple job, but one cannot assume an employee will understand how to safely handle a BIB or any training topic such as using a knife or how to respond to shoplifters without reinforcement and reminders. Improper technique or response could lead to a costly claim and personal injury.

Summary

New employees will bring their habits or traits with them and these cannot be changed by simply watching a computer program or seeing a poster. With a tell, show, do, practice and review approach, behaviors and techniques can be altered with follow-up and reinforcement. Consider that non-verbal learning also occurs. If an employee observes another employee or manager correctly lifting a BIB or a single case of drinks instead of two at once, the desired behavior will occur more often.

After an employee completes their initial orientation, should the learning stop? As an employee gains experience and comfort with the job there are unending reasons to provide reminders and reinforcement training to ensure old or undesired habits do not return.

Training provides good information, but imbedding the material into daily activities, whether it's responding to an assault or stocking drinks in the vault, requires a steady stream of feedback and reminders, verbal and non-verbal. And remember, in addition to owner, CEO, Human Resources Manager and more, you are the #1 teacher. If you need assistance with your safety training efforts please contact me. We will be attending the NCASEF Convention and Trade Show and would also be happy to answer your questions there. **AV**



continued from page 50

NV plans to devote \$2 billion in U.S. capital spending to bolster its flagship brands and improving distribution, reported *Bloomberg*. The money also will help support the company's forays into “near beer,” alcoholic sparkling water, and other products like tea. • **Tennessee** is the first state in the nation to make **community college free for all adults**, not just recent high school graduates, reported *CNN Money*. The free-tuition program will be funded by the state's lottery account. • **Electric cars will become cheaper to purchase than conventional gasoline ones by 2030**, offering immediate savings to drivers, shows new research by Bloomberg New Energy Finance. • **Organic food sales** increased by 8.4 percent, or \$3.3 billion, from the previous year, blowing past the 0.6 percent growth rate in the overall food market, according to the Organic Trade Association's 2017 Organic Industry Survey. • According to the International Wine and Spirits Record's latest data release (2016 data), the **global market for alcoholic drinks shrunk by 1.3 percent**, compared with an average shrinkage rate of just 0.3 percent in the previous five years. • **RadioShack closed more than 1,000 stores over Memorial Day weekend**, leaving less than 70 corporate and 500 RadioShack dealer stores around the country. At its peak, RadioShack operated over 7,300 stores with retail sales and operating revenue in the billions of dollars. • California lawmakers in the state Assembly recently passed AB 807, a **measure that seeks to do away with Daylight Saving Time**, reported the *Los Angeles Times*. If approved by the Senate, the proposal would be placed on next year's statewide ballot. • **Panera Bread said it will add 10,000 jobs to its delivery service**, which it plans to have at 35 percent to 40 percent of its locations by the end of 2017, reported *USA Today*. • **Domino's Pizza** in Canada recently launched **Zero-click ordering**, which allows customers to place a saved Easy Order without a single tap, swipe or click by simply opening the Zero-click app. • The 2017 Vaper Preference Survey re-

continued on page 84



Kraft Heinz Promotional Calendar  
ALL PROMOS ARE FULLY FUNDED

P4, JULY & AUGUST

**KRAFT Mac & Cheese 2.05oz cups or VELVEETA Shells & Cheese 2.39oz cups** 2 for \$2.50 Margin: 55%  
Triple Cheese SLIN: 210182; Original SLIN: 210882; Velveeta: 210209

**VELVEETA Cheesy Bowls** 2 for \$6.00 Margin: 59%  
Cheesburger SLIN: 211894; Chicken Alfredo SLIN: 211892

**PLANTERS Trail Mix 6oz & Dessert Mix 3oz Mix & Match** 2 for \$5  
Margin: Varies  
Trail Mix: Peanut Butter Choc. SLIN: 301539; Nuts & Choc. SLIN: 301864; Fruit & Nut SLIN: 301863; Dessert Mix: Choc. Peanut Butter SLIN: 307279; Turtle SLIN: 302738; Oatmeal Raisin SLIN: 301847; Banana SLIN: 302376

**BAGEL BITES Snacks** 2 for \$5.00 Margin: 71%  
Cheese & Pepperoni SLIN: 180231; Three-Cheese SLIN: 180229

P5, SEPTEMBER & OCTOBER

**CORN NUTS 4oz Crunchy Corn Kernels** 2 for \$2.00 Margin: 86%  
Ranch SLIN: 303199; Original SLIN: 300256; Chili Picante SLIN: 301014; Jalapeno Cheddar SLIN: 303784; BBQ SLIN: 300252

**LUNCHABLES Lunch Combinations** 2 for \$5.00 Margin: 73%  
Turkey & Cheddar SLIN: 170050; Ham & Swiss SLIN: 170051; Pepperoni & Mozz SLIN: 172432

**PLANTERS P3 Portable Protein Pack** Buy One Get One Free Margin: 100%  
Chipotle SLIN: 307334; Maple Ham SLIN: 307337; Teriyaki SLIN: 307335

**TGI FRIDAYS Appetizers** 2 for \$7.00 Margin: 66%  
Chicken Wings SLIN: 180475; Quesadilla Rolls SLIN: 180554; Muzzarella Sticks SLIN: 180245

P6, NOVEMBER & DECEMBER

**KRAFT Mac & Cheese 2.05oz cups or VELVEETA Shells & Cheese 2.39oz cups** 2 for \$2.50 Margin: 55%  
Triple Cheese SLIN: 210182; Original SLIN: 210882; Velveeta: 210209

**LUNCHABLES Lunch Combinations** 2 for \$5.00 Margin: 73%  
Turkey & Cheddar SLIN: 170050; Ham & Swiss SLIN: 170051; Pepperoni & Mozz SLIN: 172432

**PLANTERS Salted and Honey Roasted 3oz Cashews** Buy One Get One Free Margin: 100%  
Salted SLIN: 200314; Honey Roasted SLIN: 303219

**DEVOUR Meals** 2 for \$5.00 Margin: 73%  
Buffalo Chicken SLIN: 180227; Chicken Enchiladas SLIN: 180240

NEW ITEM FEATURE



**DEVOUR Chicken Enchiladas Suiza Meal**  
Enchiladas stuffed with premium pulled chicken topped with a blend of cheeses and a zesty sour cream sauce over corn, black beans and bell peppers.



**DEVOUR Buffalo Chicken Mac & Cheese Meal**  
Pasta shells tossed with premium breaded white meat chicken in a creamy buffalo cheddar cheese sauce topped with real blue cheese.



All promotions are subject to change by 7-Eleven Headquarters. Prices do not reflect distributor mark up and are accurate as of 6/1/2017.

©2017 Kraft Foods & ©2017 H.J. Heinz Company Brands LLC



# TOP PERFORMING Peg Bags in 7-Eleven



Your store should have **ALL THREE!**

The  
**FOREIGN CANDY**  
Company, Inc.  
1 Foreign Candy Drive  
Hull, Iowa, 51239



Phone: 800-481-4311  
Fax: 712-439-3207  
www.ripslicorice.com



## 7-Eleven FOAs Fight Cancer

By Rob Butcher, CEO, Swim Across America

You may have heard of Swim Across America but be asking yourself, what is it and why do the 7-Eleven FOAs and our NCASEF support it?

For three decades, SAA has been providing grants that support and speed up new cures and treatments for cancer. Since inception, SAA has granted \$70 million into cancer research. SAA is one of the largest private funders of cancer research in the U.S.

SAA has had some major successes in the quest to develop new cures to treat cancer. Most recently Merck gave credit to SAA in its press release for funding the KEYTRUDA clinical trials that lead to FDA

**“JOHNS HOPKINS CANCER CENTER IN BALTIMORE CONDUCTED THE KEYTRUDA CLINICAL TRIALS BUT WAS REJECTED FOR GRANT FUNDING BY EVERY ORGANIZATION UNTIL SWIM ACROSS AMERICA SAID YES TO THE TUNE OF \$3 MILLION. NOW KEYTRUDA IS FDA APPROVED FOR COLON, PANCREATIC, STOMACH, OVARIAN AND OTHER CANCER TYPES.”**

**“Since the 7-Eleven FOA/NCASEF Swim Across America relationship was formed, FOAs have raised over \$600,000 to fund cancer research.”**

approval. Johns Hopkins Cancer Center in Baltimore conducted the KEYTRUDA clinical trials but was rejected for grant funding by every organization until Swim Across America said yes, in total \$3 million. Now KEYTRUDA is FDA approved for colon, pancreatic, stomach, ovarian and other cancer types.

The FOAs and NCASEF were introduced to Swim Across America through Susan Davis, National Account Manager for Nestle Professional. Susan is a neighbor with Andrea Hayes Dickson, a 1988 US Olympian swimmer. Andrea invited Susan to the SAA—Dallas benefit swim where proceeds fund cancer research at the Baylor Cancer Center in Dallas. Since Susan has

become involved with SAA, her dad was diagnosed with cancer and

been treated at Baylor so the cause—to find a cure to cancer—is personal to her.

Susan invited her Dallas colleague Mark Gramlich to become a volunteer with SAA—Dallas. Like Susan, Mark who is National Accounts Manager for Lil’ Drug Store, is passionate about giving back, so the two of them—Susan and Mark—encouraged the Texas FOA to support SAA—Dallas, which they have done since 2013. That seed of a relationship planted in Dallas has spread to over 10 FOAs partnering with SAA.

Rather than simply write a donation check that lacks partnership or engagement, the FOAs and NCASEF relationship with Swim Across America is unique in that both sides bring value. The FOAs and NCASEF benefit because Swim Across America sends Olympians to the FOA golf

continued on page 68



The Central Florida FOA golf tournament supported Swim Across America. Left to right: Jim Sirignano, Tampa SAA, 1980 Olympian and world record holder Craig Beardsley, Central Florida FOA President Michael Jorgensen, 1988 Olympic Gold Medalist Anthony Nasty, Central Florida FOA Vice President Fari Ishani, and Tony Schiattano, Tampa SAA.



continued from page 67

tournaments and annual convention. Olympians typically command \$5,000 to \$15,000 appearance fees, but donate their time by participating in FOA golf tournaments knowing the proceeds benefit Swim Across America. In total, over 30 Olympians have attended FOA and NCASEF events meeting franchisees and vendors, sharing stories, signing autographs and bringing excitement.

Since the 7-Eleven FOA/NCASEF Swim Across America relationship was formed, FOAs have raised over \$600,000 to fund cancer research. New cures such as KEYTRUDA have been developed that otherwise might not have happened. Families are being given hope and lives are being saved.

**“NATIONAL COALITION FOAS HAVE RAISED OVER \$600,000 FOR SWIM ACROSS AMERICA SINCE THE FORMATION OF THE RELATIONSHIP IN 2013.”**

Nine FOAs are scheduled to host a golf tournament with Swim Across America as a beneficiary in 2017, and SAA will be at the NCASEF July convention. **AV**

**BY THE NUMBERS**

- 30—Olympians that have played in FOA golf tournaments
- \$600,000—proceeds donated from FOA golf tournaments & NCASEF to SAA
- 4—new FDA approved cancer treatments funded by SAA
- 9%—amount SAA spends on administration and management
- 11—FOAs that have hosted golf outings with SAA as a beneficiary since 2013

**Greater Oregon FOA Steps Up To Protect Debit Card Rules**

By Naeem Khan, President, Greater Oregon FOA

Here is a success story of what can be accomplished when we work together!

On May 16, 2017, Bill Huffman and I participated in a lobbying effort in Washington, D.C. opposing the intention of certain Congress members to destroy the debit card swipe fee reforms created by the Durbin Amendment of the 2010 Wall Street Reform and Consumer Protection Act. We were accompanied by 15 other 7-Eleven franchisees in this effort, which was lead by Keith Jones, the head of legislative issues at SEI. We were also supported by both Keith's staff and lobbyists employed in our nation's capital by 7-Eleven, Inc.

Leading up to 2010, banks had increased the rates on swipe fees to astronomical levels, burdening retailers like 7-Eleven and driving up costs for consumers. Before the Durbin swipe fee reform, small businesses paid more in swipe fees per transaction than big businesses. We as 7-Eleven franchisees already operate on slim margins, and this was hurting us. Since our stores are some of the places where debit cards are used most, swipe fees have a big impact on our business.

While in D.C., we spoke with five different Congressional offices representing Colorado, California and Oregon. We spoke with Allison Smith, Legislative Director and Counsel for Rep. Suzanne Bonamici (D-OR- District 1) and Rina Wulfing, Legislative Assistant for Rep. Peter DeFazio (D-OR-District 4).

Our talking points were that swipe fee reform in 2010 has saved our stores an average of \$14,000, and if Congress takes the cap off debit card swipe fees, we will be faced with paying an average of \$2,400 in additional debit card swipes fees a year. Other talking points were that this increase would only benefit the largest 2 percent of banks, much of the money comes from

small businesses, and that this increase will hurt our ability to keep current staffing levels.

Our message seemed to resonate with most of the staffers we spoke with. We felt very optimistic from our meetings that the majority of the Congress members would oppose destroying the Durbin Amendment, and we were right! The end result: We won and the debit card swipe fee cap is staying! **AV**

**“If Congress had taken the cap off debit card swipe fees, we would have been faced with paying an average of \$2,400 in additional debit card swipe fees a year.”**



Franchisees visited the U.S. Capitol on May 16 to help protect the Durbin Amendment, which rolled back debit card swipe fees charged on every transaction, translating to thousands of dollars saved per year per store.

**we're ALL IN to help you grow your sales**

**VISIT US AT BOOTH 319 TO FIND OUT MORE**

**Heineken**  
open your world

Please visit: [EnjoyHeinekenResponsibly.com](http://EnjoyHeinekenResponsibly.com)

©2017, Imported by HEINEKEN USA Inc., White Plains, NY.



# Presidents' REPORTS

St Louis, May 3-5

The National Board of Directors met May 3-5 to talk about the 2019 agreement, the maintenance fee increase, gas, legislative issues, legal activities, accounting and merchandising, and GGPS. SEI VP Franchise Systems Larry Hughes and representatives from Facilities, Franchising, and Maintenance described the status of the 2019 Agreement and the maintenance fee increase, and answered questions from Board members.

## ► Suburban Washington FOA

Pete Gragnano, President

Spring has finally arrived in the Washington, D.C. and Suburban Maryland areas, and franchisees are hoping for large sales increases to offset horrible sales this past winter. Thus far, sales increases for the Liberty Zone were 2.6 percent in April and 4.5 percent in May compared to 2016. However, T-counts were down 26 customers per day in April and 25 per day in May. Fresh foods were down \$24 per day in April, but have rebounded to be up \$23 in May, with the increase in May sales likely attributable to the 10 wings for \$5 promotion, as well as more favorable weather compared to last year.

However, there is a dark cloud looming in the upcoming months, as the D.C. minimum wage increases to \$12.50 on July 1, the minimum wage is going to \$11.50 in neighboring Montgomery County also on July 1, and \$11.50 in adjacent Prince George's County on October 1. Combine these increases with the monthly Vixxo maintenance contract increase (ranging from \$150 to \$400 per store), and franchisees have a reason to be worried as to whether they will be able to survive another winter under these financial pressure points.

On May 18 the Liberty Zone Leadership Council (ZLC) met at McLane Mid-Atlantic in Fredericksburg, Virginia. The first

segment of the meeting was comprised of FOA leadership meeting with the top management team at this Distribution Center. Topics of concern centered around long delivery times due to only one driver available, late deliveries, and deliveries which inter-



NCASEF President Joe Galea called for more transparency in the drafting of the 2019 agreement.



SEI VP Franchise Systems Larry Hughes said the new franchisee agreement must be marketable, and not one-sided.

served as proof, with 168 stores completing profiles and McLane accommodating only 50 of them.

The newly installed Mid-Atlantic President, Charles Freeman, told franchisees that if there was any delivery issue, to first con-

tact McLane Customer Service to try to resolve the problem before moving onto contacting SEI Zone Logistics. This statement was echoed by Darrell Quinn, SEI Director of Logistics.

Other topics of discussion at the ZLC meeting centered around minimal promotional advertising, thus lowering our GP\$ by selling to our existing customers. However, it was noted that there has been radio and billboard advertising for both the 10 wings for \$5 and the 99-cent Coke 2 liter promotions. While the wing promo is fully funded, a market basket analysis of the partially funded Coke 2-liter promo will ultimately determine whether it increased our profitability.



Vice Chairman Nick Bhullar said the CEO Roundtable is one of the most important forums franchisees have to raise new issues.

garded as the customer by McLane. The fact that McLane ignored the majority of the store's delivery profiles

Franchisees replied that similar programs in the past were used as punishment rather than encouragement. The actual implementation of the program over the coming months will be the ultimate judge.

On March 23rd, in conjunction with the Washington, D.C. and Baltimore FOAs, and under the TriState FOSE umbrella, we held our annual trade show at the Howard County Fairgrounds. Based upon the number of franchisees that attended, and more importantly, by the number of orders written by the vendors at the show, it can be con-



SEI VP Construction, Engineering and Facilities Eric Nachtrab said Vixxo is an investment in technology.

cluded that the show was a success. Finally, on September 13, TriState will be conducting its annual charity golf tournament at the Little Bennett Golf Course in Clarksburg, Maryland. In keeping with past tradition, the proceeds will be donated to Swim Across America for cancer research at Johns Hopkins in Baltimore, and we hope to top last year's \$10,000 donation to this worthy cause.

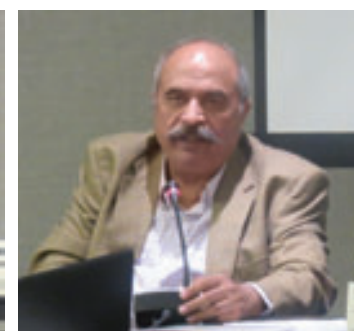
## ► Columbia Pacific FOA

Harbhajan Ghotra, President

The Columbia Pacific FOA had a trade show on March 16. Fifty-one vendors, and 100 franchisees participated in the event. Our NCASEF Chairman Joe Galea and Vice Chairman Nick Bhullar, as well as four presidents and their Board members from Washington and California FOAs, were also present. It was a very successful trade show. The vendors were especially happy because they received



Vice Chairman Romy Singh said franchisees have trouble growing due to the culture being created.



Executive Vice Chair Jay Singh said the agreement committee addressed 27 points raised by franchisees.

“We believe the new agreement will be better than the existing agreement, but we can't go back to 50/50.”

—Larry Hughes,  
SEI Vice President, Franchise Systems

three times the amount of orders compared to last year.

Sales in Market 2362 and Market 2363 were declining the past four months, but have seen an increase in May. Market 2362 is up by 7.6 percent and Market 2363 is 7.5 percent up. Our food service sales saw a significant spike. Hopefully, all of this good weather will help our franchisees financially.

## ► Virginia FOA

Waqar Sheikh, President

The Virginia FOA would like to salute Joe DePinto for what he has accomplished in the last 10 years. It's a long list of what he has done for franchisees—including the new coffee system, AQIP, and the new hot foods program. Without those, we couldn't proudly call ourselves a food service destination. 7-Eleven was a



Vice Chairman Rehan Hashmi said the franchisee expectation was to fix maintenance and look at it as a team.

convenience store before, but now we are in full business. Our sandwich line and salads and pastas have developed. We are at the next level of food service.

I'm an old timer—I've been with the company over 20 years—

and I remember when we used to have a couple of coffee pots in the corner of our stores. Now we serve thousands of cups per day. On average in Virginia, we sell 500-700 cups of coffee per day. On Long Island, they sell thousands. The steps Joe DePinto has taken for hot foods and cold snacks and sandwiches will lead us. Imagine looking forward five or 10 years from now. Lifestyles are changing. Millennials are looking to shop and go. 7-Eleven was wise to make us an eating destination so that

people can have a quick meal. Food service is our future. Tobacco and beer are dying. Food service is a category that is growing and will continue to grow.

Our FOA leaders have to prove their leadership. They shouldn't be pressured to support something things they don't like, including the lawsuit against SEI. Talking and negotiating around the table can bring

continued on page 72



about good changes for franchisees, I strongly believe that. When you have a relationship that is going well, why would you throw it away with a lawsuit? There is no need for that. We should be able to talk out our issues and reach a resolution.

We need to communicate with senior management. Let's think positively. Let's sit down with the executive committee. Let's bring about something good for franchisees.



Seattle FOA President AJ Handa said Seattle's minimum wage could go to \$17.50 by 2020.

Vixxo's Jack Vickers spoke about people, processes, technology and partnerships.



## ► UFOLINY

Jack Rugen, President

Markets under UFOLI NY's umbrella—including Market 2423, SEI's high-



Baltimore FOA President Barbara Graham said zeos finished up thanks to fidgit spinners.

**“We have asked that the maintenance increase not be passed onto franchisees.”**

**—Joe Galea, NCASEF Chairman**

est sales volume by market—are experiencing troublesome negative sales and franchisee net income declines of 52 percent during Q1 of 2017. The negative income situation has driven about the same percentage of franchisees to fall below equity during the same period. SEI has no answer to our plight

SEI VP Keith Jones emphasized the importance of franchisee support for the Durbin Amendment.



except to sell more, coupled by the increase in minimum wages in New York City, Long Island and up-state.



NCASEF Counsel Eric Karp described 7-Eleven as becoming a “gas” company.

cluding a “community cap” on tobacco licenses, an increase in pack prices and other onerous regulations and fees that would negatively impact tobacco retailers in New York City. The result was to table many of the proposals due to the massive pushback from tobacco retailers and their associations, including SEI's lobbyist, and have subsequent hearings in the future.”

We are pursuing fair franchise legislation through our PAC in the state, working with the Coalition of Franchisee Associations (CFA) and New York Association



Central Florida FOA VP Fari Ishani said we need an exit strategy for zeos who fail within one year.

of Convenience Stores (NYACS). We are speaking with a number of N.Y. State Assembly persons and Senators on both sides to obtain a bi-partisan sponsorship.

We are partnering with Cooley's Anemia Foundation and St Jude Children's Research Hospital for our golf outing on September 7 at Baiting Hollow Golf Club, Baiting Hollow, NY.

## ► Delaware Valley FOA

Manzoor Chughtai, President

Franchisees in the city of Philadelphia are losing money thanks to new rules and regulations from by the Health Department regarding tobacco licensing and permits to sell cigarettes. I attended the City Council hearings on these matters in Philadelphia with people from Wawa and Royal Farms. Health Department officials came in and said they are thinking of changing the tobacco law so if your store is within 500 feet of a school—what we call the “red zones”—the license will not transfer when you sell your business. You can sell the business, but the new owner won't be allowed to sell tobacco products. They also want to limit the number of tobacco licenses to 1,000 a big cutback from the current 2,700. If you have three violations, they will revoke your license. After three or four violations, good

continued on page 74

# EXTRA STRENGTH

## Fiery CINNAMON



*New Fiery Cinnamon Extra Strength 5-hour ENERGY® shots. With its bold packaging and bolder taste, Fiery Cinnamon is destined to become your hottest selling energy shot.*

Financial	Prebook	Financial	Prebook
Cost	\$130.75	GP Percent	50%
Billback	\$5.04	GP Dollars	\$125.57
Net Cost	\$125.71	Quantity	72
Retail	\$251.28	SRP	\$3.49

**Call Dempsey Garrett @ 936-321-1857 or your local McLane representative if you have any questions.**

**Exclusively for**



Fiery Cinnamon Extra Strength Counter Display  
UIN 885061  
SLIN 220006  
Unit Cost: \$1.75\*

\*Includes Supplier Upcharge.



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

Individual results may vary. See www.5hourenrgy.com for more details. 7-ELEVEN is a registered trademark of 7-Eleven, Inc. ©2017 Living Essentials Marketing, LLC. All rights reserved.



# Apple Pie Extra Strength

## 5-hour ENERGY® shots.

*New Apple Pie flavor is next on the roster for 5-hour ENERGY® Extra Strength shots. With its all new label and great taste, this energy shot is sure to hit a home run with your customers. Once they try it they'll come back for it again and again.*

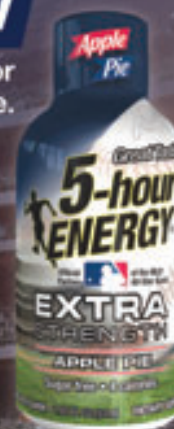
Apple Pie Extra Strength  
120 Count Floor Stand  
UIN 908657  
Unit Cost: \$1.75\*

\*Includes Supplier Upcharge.



**New**

Available for a limited time.



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

Major League Baseball trademarks and copyrights are used with permission of Major League Baseball Properties, Inc. Visit MLB.com.



luck—you'll have to close your business.

We have many 7-Elevens located within red zones, so now about 30 stores in Philadelphia cannot be sold or transferred because of this new law. There are two corporate stores that now don't have cigarette licenses. They have the state license to sell cigarettes, but they don't have the permit from the city because they didn't know they needed to apply for the permit. We started lobbying and met with all of the councilmen and the city controller. They had a hearing at City Hall and they took our depositions.

We have also been asking our franchisor to allow us to sell cigarettes at the state minimum price. Wawa, A-Plus and mom and pop stores are all selling cigarettes cheaper than we do.

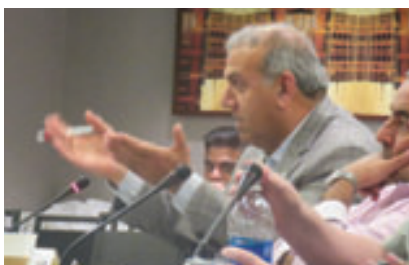
7-Eleven said no in the past. Now, they have finally changed their strategy to allow us to sell at the state minimum price because we are losing customers and need the sales.

We had a meeting with Jeff Meena, an SEI merchandiser. Then we had a meeting with our zone leader and market manager, and we had about 30 franchisees there. We talked about cigarettes. They explained that we would get the 40 cents funding from Philip Morris and they were already paying 10 cents, so we would be able to make the 50 cents back. We have a lot of stores where cigarettes sales are about 48-50 percent of

their total sales and they will be losing a lot of money.

We had another meeting on May 24. A lot of people raised the issue and we decided as an FOA to try the state minimum price for about five months. We hope it will improve customer counts and gross profit.

We have an issue with the maintenance price increase of about 25-35 percent per store throughout the United States. This amounts to about \$250-\$350 per month, depending on your equipment. We are op-



UFOLINY FOA VP Yousef Naseer described progress on the master lease lawsuit by franchisees on Long Island.

posed to it. We are talking to our legal advisors.

## San Diego FOA

Robert Elkins, President

We recently had our annual golf tournament, which was incredible. We had 144 golfers. Fundraising hit it's maximum and the Warrior Foundation Freedom Station in San Diego is our primary benefactor, as well

“GGPS should be reversed because franchisees who grow sales should be rewarded for their hard work with their stores.”

—Ken Patel,  
President FOAC



Wrigley rep Edward Keough said candy at 7-Eleven was outpacing other channels at plus 5 percent.



Chairman Joe Galea urged in vain to have the maintenance cost increase delayed or eliminated.

as Swim Across America.

The state of California's \$2 per pack cigarette excise tax increase is hurting sales because 7-Eleven's Phillip Morris contract didn't allow us to increase the price to cover the full excise tax. Our gross profit in the tobacco category is horrible—it's in the single digits. This has created a huge financial burden on everybody and is our biggest struggle.

On the up side, the craze of the fidget spinners saved us for the last two months because of the tremendous number of spinners we've been selling. That gravy train will dry up soon, so we're looking for the next big thing.

The biggest issue we've been dealing with has been the shrinkage of our gross profit as the cost of doing business continues to go up. It's on the front burner with everybody and we're all struggling to make ends meet. Minimum wage and maintenance price increases are the big things. Maintenance meetings have been going on, but we're not going down without fighting and screaming.

## Pacific Northwest FOA

Navdeep Gill, President

The Pacific Northwest FOA held its annual trade show April 6 and 50 vendors participated in the event. Sales were negative in

continued on page 76



# argo tea.

tea + ingredients with purpose.®



## DRIVE INCREMENTAL SALES WITH THE ICONIC PREMIUM ICED TEA

### HIGH PENNY PROFIT

Argo Tea is one of the highest penny profit beverages in your cooler

### APPEALS TO MILLENNIALS<sup>1</sup>

Bring in new customers with one of the fastest-growing all-natural teas<sup>2</sup>

### AWARD-WINNING PACKAGING

Argo Tea's iconic glass bottles stand out on your shelf

<sup>1</sup> Nielsen Global Health & Wellness Survey, Q3 2014: Younger consumers endorse healthy foods with a willingness to pay a premium.

<sup>2</sup> Argo Tea is up +34% in the past 52 weeks. IRI Total \$ Sales, MULO + C, December 25, 2016.

sales@argotea.com

MOJITEA  
SLIN: 246190 • UIN: 185637



\*Not available in all McLane DCs

GREEN TEA  
GINGER TWIST  
SLIN: 241493 • UIN: 754721



CAROLINA  
HONEY  
SLIN: 241499 • UIN: 754713



HIBISCUS  
TEA SANGRIA  
SLIN: 241491 • UIN: 754705



HIBISCUS LEMONADE  
TEA SQUEEZE  
SLIN: 246189 • UIN: 185512



\*Not available in all McLane DCs  
\*formerly Hibiscus Tea Squeeze

AVAILABLE VIA MCLANE



March and April as the weather has been relatively cooler and more rainy than last year. Franchisees' bottom line is down big time because of the ripple effect of the \$15 minimum wage in Seattle, which is causing wage pressure on nearby cities. Unemployment is at a record low. Franchisees are having tough times staffing their stores, thus further increasing the wage pressure.

Dry and hot weather in the last two weeks of May resulted in higher sales for a majority of our stores. Our stores had ETA in the last quarter of 2016. Stores added lots of items in the snacks category as per recommended sets. Stores are experiencing higher write-offs as those items are now going out of code. The \$711

challenge is being tested in two markets covering the majority of stores in Washington state. Very few stores are qualifying for it.

The City of Seattle is proposing a 1.75 cent per ounce tax on sugary and diet beverages, which will tax the majority of items sold in our stores—including condiment syrups for coffee. Final council vote is expected in June. Franchisees face tough challenges in the future, as the state minimum wage will rise to \$12 on January 2018 and \$13.50 on January 2019. Seattle's minimum wage is expected to rise to \$17.50 by 2020, as it is tied to inflation index.

### ► Greater Bay FOA

Manjit Purewal, President

The franchisee community has been facing a lot of headwinds. After about five years of drought, we've had several months of rain and our reservoirs are full. Those rains came at a cost to franchisees, raining out our first quarter sales. California's \$2 per

pack excise tax on cigarettes went into affect in April and we made the decision to increase our prices by \$1.75, as opposed to \$2.00 to keep our customers. The issue that we as franchise leaders in California have is that SEI came to this decision unilaterally. We think they should put their heads together with ours and so we can come up with a strategy together.

Now, we are independent stores and we can do what we'd like, but it's not easy to go on custom retails because there is a paper trail you need to follow and it's not easy. It's



FOAC President Ken Patel said franchisees who grow sales must be rewarded, not penalized.



SEI VP Franchising Jeff Schenck.



Eastern Virginia FOA VP Sanket Acharya said McLane shortages of 25-50 items was unacceptable.

easier to do the suggested retail prices. If SEI wants to have the confidence of the franchise community, they should make a phone call and involve us.

We decided to try the \$1.75 increase for 30 days and it worked out fine. Collecting the excise tax is another story. The company chose to collect it monthly. I have been in the system for over 30 years and I have never seen GP drop as dramatically as I did with the excise tax. Stores that had 36 percent dropped to 31 percent. Some stores even went below 30 percent GP. That was a hefty loss of several thousands of dollars. Just coming out of a bad first quarter due to the rain, now we face lower GPs due

to the excise tax. I think the company could have spread out the collection of the tax to alleviate the strain on the franchise community.

In almost every county in California, we are facing changing tobacco regulations. Almost every month, there are four or five local town or city council meetings in different counties. Franchisees are business-people. We have never had adversaries in the city council, and our point of view is not well put together. The councilmen are well prepared and paint the franchise community as the adversaries of the community, selling cigarettes to children and being against health regulations. This is not the case, and we don't see much help from SEI on these issues. Dallas could



Director Franchise Agreement Development Michael Crist.

have helped us with some lobbying and some teaching on how to mobilize the franchise community. I don't see people coming out and standing shoulder to shoulder with the franchisees.

We went from McLane to Core Mark and we've had so many problems. We have been asked for tolerance for another 30 days, another 60 days, but we haven't seen any improvement. Core Mark is making changes, hiring additional drivers, but Core Mark was not ready for the huge task of servicing franchisees.

We are also looking forward to the 100 Days of Summer to make up for the losses

continued on page 78

# BIG BRANDS. BIG FLAVORS.

## BIGGER SALES.

V8® CARIBBEAN GREENS



UIN #CG-23037

SLIN #242229



CAMPBELL'S® 100% TOMATO JUICE



UIN #TJ-13798

SLIN #242277



we have sustained so far this year. Hopefully, with the change in leadership on both sides—Core Mark and SEI—will improve our service.

### ► Kansas City FOA

Faisal Asad, President

BT rollout started in December and now our whole Market is BT. We are still having issues with McLane trying to rush our staff—lots of driver and honor shortages. We as a group have always asked for daytime McLane deliveries via surveys or the Logistics Department. One reason is we don't have a CDC and we receive a whole load via McLane at night, which is very difficult to manage, especially in the hot season. They are never on time and it is hard to schedule extra help during that time.

ETA is also on a roll and the teams are doing resets in our Market and are almost finished. Let's see how this strategy works out. OOS with our wholesaler is at an all-time high.

New competition (Quick Trip and Murphy Oil) and remodels of QT stores are increasing. It is a good time for SEI to grow here not by BCP, but to acquire more stores so we can have a decent footprint and bring all fresh food opportunities via CDC, which Millennials want day and night.

The bake-in cookie program was halted for whatever reason after a few installs last year. Margins have been lower overall and franchisees are eager to find efficiencies in business in order to increase margins and sales.

Most of the Market saw an increase in the cigarette buying age to 21 from 18. It had a negative impact on our market basket. The Market added lot of pressure on wages and it is difficult to hire quality people as the minimum wage is at least \$10 with health insurance contribution. St. Louis has raised the minimum wage immediately from \$7.75 to \$10 in the first week of May. For the majority of franchisees it

**“Please structure the new agreement so franchisees can have a good life, a good income and one job.”**

**—Mark Chiochankitmun,  
President, Washington D.C. FOA**

was—and still is—a rough and bleeding year due to increasing operating costs and lower margins. Lots of external and internal factors are to be blamed. Meanwhile, we're trying to do the right thing, which is to protect the brand!

### ► New England FOA

Dennis Lane, President

As we look forward to spring and summer in New England, and the increased sales that come with warm weather, we are struggling with record cold temperatures and lots of rain. The first week in June had several days in the 40s—we thought it was going to snow!

The biggest thing on every franchisee's mind right now is that the 2019 Agreement Committee (the FAC) has asked for, and SEI has agreed to, a one-year extension to negotiate the best contract possible. As a member of that committee, I can state that the franchisees representing your interests are engaged and determined to protect your interests. There is a lot of talk on social media about the FAC, but the reality is that every franchise member of the FAC has integrity and is committed to delivering an agreement that is fair, balanced and profitable.

Finally, the New England Franchise Owners Association, in partnership with the East Coast FOA, will be hosting a combined trade show in September 2017. Date to be announced.

### ► Eastern Virginia FOA

Romy Singh, President

This year it seems like summer arrived late. As our zone near the beach is based on seasonal traffic, we are finally seeing traffic

in our stores. During the first quarter we had several issues with NC McLane distribution. With the effort of Operations and Logistics, we finally came back on track.

We recently had a very successful trade show. We had several vendors along with SEI private brand, Asset Protection, Accounting, Franchising, Bakery and IT booths at our trade show. The trade show was inaugurated by Greg Franks, senior vice president of SEI.

All franchisees are very much concerned about GP dropping and losing net income every month. We are working very closely with NCASEF and SEI to raise our concerns. We all see our future in the brand only if we see more GP dollars.

### ► East Coast FOA

Ajit Nambiar, President

With the advent of technology, the landscape of doing business has changed dramatically. It has impacted the very fiber of our society. Today, we are all connected. The business model revolves around the small device known as a mobile phone. Everywhere you look, men, woman, kids, boys, girls are curiously grazing at their mobile phones. They are interacting with people through their device, they are chatting, playing games, watching videos, and much more. That's their world. How many times in a day have you checked for messages on your device? Subconsciously we are all wired to technology.

Businesses and marketers have started engaging consumers around various social media platforms. That is the new accepted norm. Today, a very large number of companies have developed various business

models to engage customers and retain them. They have created unique value propositions for their customers and have developed marketing strategies around social media. Big data is crucial to the business environment. Mining of data is crucial. It leads to better decisions and strategic business moves. Today, companies gather crucial consumer buying habits. To stay ahead of the curve, businesses must stay engaged with the customer. They have to look beyond the curve they are on.

It is high time that 7-Eleven comes out with a better app and develops strategies to engage the millennials, baby boomers, Generations X and Y. Developing an app is the easy part, but marketing the app is a tough proposition. A data driven app, incorporating tools and features to engage customers, is very important. Today, the app world is a crowded market place and how do you get your message across is a big question mark. Sure, the Uber app disrupted the cab business. It was strategy driven. No one in their wildest dream

thought that the cab industry would be disrupted. AirBnB did the same thing to the hotel business with its app. Wawa and other c-stores have ordering apps for fresh foods.

Today we must give the consumer a meaning beyond the physical location of the 7-Eleven. The customer must see value in the 7-Eleven app. It all boils down to how to drive the customer to your store through the app. The customer must see a reason beyond the products already on the shelves. A data driven app engaging consumers on various social media platforms with creative marketing techniques should make a big difference. The effort is large and the digital world deep, so we should get fully connected sooner rather than later.

### ► San Francisco/ Monterey Bay FOA

Ann Sekhon, President

We had a slow and cold Memorial Day weekend, so sales were slow and sluggish. Right now in the Bay Area, San Francisco, Oakland and San Leandro are banning fla-

vored cigars. San Francisco and Oakland are banning menthol cigars and flavored cigars. We are meeting with city council members and Chamber of Commerce members trying to figure out why all of the sudden this is coming up. We had 90 business owners show up at the San Leandro city council meeting to express their views. The city has agreed to work with the business owners to come up with a solution. That is a plus for us. We are hoping for a better summer.

We are getting bombarded right and left with increasing costs. We're seeing increases in our expanses every month. We can't afford an additional \$300 to \$400 in increased maintenance costs. It's hard to accept. Core Mark is working on it, but we are having a lot of shortages and late deliveries. It started in September of last year and we're still experiencing problems. We are hoping for the best. Minimum wage is the biggest issue in the Bay Area. It's hard to find employees. Uber, Lyft, and Tesla are taking all the hard to find good, qualified employees.

continued on page 80



NCASEF's entire Board of Directors was treated to a tour of Anheuser Busch's brewery and bottling facilities where A-B caps up to 1500 bottles of Bud per minute. Many thanks to A-B's James Allred for arranging and hosting the tour!





A \$2 increase on a pack of cigarettes went into effect on April 1, 2017. A pack of cigarettes is almost \$10

go to Swim Across America for cancer research at John Hopkins Hospital.

On March 21 we lost one of our long-time franchisees, Robert Catron. Bob was

“Our net-net continues to go down. Things are headed in the wrong direction.”

—Jivtesh Gill, President, Central Valley FOA

now. On July 1, 2017, we will be seeing an increase on tobacco and cigars, on the OTP side. Last year, June 1, 2016, the tobacco purchase age went up to 21, so it's hard to understand why every city is going after flavored cigars now. No one is asking our customers, who have the freedom of choice.

On September 11, 2017 we are having our golf tournament at Castlewood Country Club in Pleasanton. On December 1, 2017 we will hold our Holiday Party.

## ► Baltimore FOA

Barbara Graham, President

The Baltimore markets had a very soft first quarter, but finished up 1.87-2.5 percent through May, thanks to the fidget spinners. We are heading into the summer months looking for continued sales growth. The focus in our area has been on food sales and trying to increase the sales on all day parts.

We will have our charity golf outing on September 13 at Little Bennett Golf Course.



Bob Catron, who recently passed away, was one of the first franchisees in Baltimore in the 1960s.

This event is held with two other FOAs in our area—Washington, D.C. and Suburban Washington. We would like to thank our vendor and franchisee communities for all the support for this event. All proceeds will

one of the first to purchase a 7-Eleven store in our area. His store is now being run by his son, Mike Catron.

## ► Central California FOA

Sunny Chauhan, President

First Quarter sales were minus 2.8 percent over 2016. May's merchandise sales are projected to be plus 9 percent. June is plus 4.8 percent MTD. The first quarter was largely affected by extreme wet weather. Also, the large Powerball lottery jackpot in 2016 drove customers to our stores in large numbers, but in 2017 the lottery is down GP\$ \$17.70 APSD because jackpots were more normal.

Through May, snacks are up \$13.59 per store day. Alcoholic beverages are up \$5.31 per day. Confectionary is up \$5.71 per store day. Food service is up \$18.20 per day. Frozen food and frozen treats are up \$18.71 per store day. Electronics are up \$6.40 per store day. Nonfoods are up \$82.98 per store day, fueled primarily by the sales of fidget spinners. Health and beauty is up \$6.09 per store day.

We had a cigarette tax increase of \$2 per pack effective April 1. Our zone decided to go up only by \$1.75 per pack to maintain

competitive pricing. This enabled us to keep our cigarette customers and we did not see a significant drop in cigarette unit sales. This did, however, have an overall impact of -3 percent on gross profit. The zone merchandiser has decided to review this and will be raising our cigarette pricing in line with the competition within the next few weeks.

The increase in maintenance charges effective June 1 continues to be a concern for the franchisees. The upcoming 2019 agreement is also a big concern. Franchisees want a fair and balanced contract with a minimum of at least 15 years and a 50/50 gross profit split.

A lot of external factors like minimum wage increases and several local and state ordinances continue to hamper our business. There is talk in the city of Oakland of



Rocky Mountain FOA President Dave Harper said the pot business has ramped up sales for stores in some areas.

banning all flavored cigars and cigarettes. The franchisees are also concerned about our promotions with lower gross profit. The current promotion of 10 chicken wings for \$5 continues to be a huge success, and they want SEI to do more such promotions, which have a good gross profit. The freshly brewed iced coffee promotion just got introduced in our area, and the market is looking to have an increase of 55 cups APSD.

## ► Metro New Jersey FOA

Harry Patel, President

NJ FOA elected a new Board in January 2017. At one time we had 117 franchisee members but we shrank to 105. Our Board

continued on page 82

# NEW!

AND RECOMMENDED



# TWO HEALTHIER, FLAVORFUL ALTERNATIVES

## ANCIENT GRAIN TWISTS

FRAGRANT, COMPLEX SPICES PLUS A SPECIAL GRAIN BLEND THAT IS A SOURCE OF OMEGA-3.



## BEER MIX

FRAGRANT SPICES, PEANUTS, AND CRISPY WHOLESOME NOODLES FOR A CRUNCHY CONTRAST.

Give Your Customers A Healthier Snack Option.

Available Through McLane or Core-Mark Now!

SRP \$1.49 with 50% margin



SLIN 305283  
PACK OF 6

TIMELESS RECIPES, WHOLESOME INGREDIENTS, NATURAL SPICES  
No Preservatives • Certified NON-GMO • Vegetarian Friendly • Certified Gluten Free



members—including myself, our vice president and two others—have been visiting all stores in our area every Wednesday for the last three months trying to recruit new members for our FOA. We are pleased to report we have now reached 150 members.

On June 14 we invited our zone leader and market managers to our Board meeting. We are going to keep inviting them and other SEI leaders to our Board meetings and social events because they need



Southern California President Paul Lobana described a 2 percent GP dropoff due to insufficient cigarette pricing in California.

our support to convey our message to SEI and vice versa. Our market manager and zone leader think the best way to reach franchisees is to go through our FOA. We are happy to do that for them because it gives us a chance to air our issues.

Times are tough and gross profit is down for everyone in the market, as well as the zone. We have decided to talk to our zone leader and market manager to come up with a solution where it is easier for franchisees who want to get out of the system, and for franchisees who want to become multiples.

Another issue we're working on is getting new vendors for our FOA. Our vendor community is very strong with our Board going back to 15-20 years. What we've seen is that our small, local vendors are excited about participating in our FOA because they get access to 150 franchisees, when they never could get that access without us. If they go on a store-by-store basis, most stores

would reject them. If they go through the Board, then the franchisees know that the Board supports them. It's a win-win situation for our FOA and for the vendors.

The minimum wage hasn't affected our zone yet, but elections in November may turn things around. New Jersey used to be a Republican state but might turn into a Democratic state, and the candidate for governor is promising a \$15 minimum wage. If that happens, our financial structure will collapse. Franchisees will not be able to maintain their gross profit. Eventually, our payroll will double. It will also cause more issues for 7-Eleven because franchisees won't be able to keep low volume stores.

Our first quarter sales were affected by the rainy weather for the last three months. Numbers in our zone are down 6-8 percent due to the weather and growing competition within 7-Eleven.

The promotions and products that are coming out now need to be scrutinized even more because the gross profit on those items is decreasing, not increasing. We need

to focus on fully-funded promotions and try to minimize promotions where we lose gross profit dollars. A great example is iced coffee for 99 cents. It's a great way to bring customers in, but unfortunately it eats up the iced coffee sales that we currently have in our market.

I am part of the NBLC Maintenance Contract Committee, and what I've seen is the \$220 charge that is going up the beginning of June will impact low volume stores and franchisees with multiple stores. We tried to talk to SEI to see if we could hold off on the increase, but unfortunately according to the way the contract is written with Vixxo, Vixxo does get an increase and this has to be passed onto franchisees. In the future, we strongly believe that any cost



San Francisco/Monterey Bay FOA President Ann Sekhon said Slurpee and drink promotions need to make sense to franchisees.

increase should be measured with franchisee feedback.

The Metro New Jersey FOA holds five meetings annually, a golf tournament, holiday party and trade show. We've seen a lot of new franchisees in our FOA, as well as a lot of franchisees and vendors attending our trade show. We were happy to have about 40 vendors at our tradeshow—we were shooting for 25.

## ► Joe Saraceno FOA

Matt Mattu, President

The Golden State has been good to us in the second quarter, as the rains have given us a little break, especially in Los Angeles. Zone Leader Norm Hower just came back after spending couple of months of training in Japan. He is very excited to implement the culture of Japan into his Zone. He really wants to put the franchisee on top of the pyramid. The franchise community was very excited when he announced this at the retailer initiative meeting with six markets. This is

exactly what Joe DePinto had said when he first came into the company, and after a few years we lost the franchisees in the shuffle of building more stores and nothing else mattered.

The Joe Saraceno FOA has always stood up for both the franchisor and the franchisees to make sure it's

a win-win situation for both sides. It's really unfortunate that in the last 15 years since the company has gone private things are lopsided and this motion of one-sidedness cannot continue. 7-Eleven has put on blinders and has covered its ears, and is not listening to the franchisees and we sincerely hope it's doesn't get too late to save the 7-Eleven system we dearly love, developed and cherish. **AV**



# LEAKING OIL OR BURNING OIL? PENNZOIL HIGH MILEAGE HELPS REDUCE BOTH!

**Pennzoil® High Mileage motor oil designed specifically for new or late model vehicles with over 75,000 miles.**

**75000+**

- No leading high mileage oil helps keep engines cleaner<sup>1</sup> or provides better wear protection<sup>2</sup>
- Helps reduce leaks and oil consumption in high mileage engines
- Backed by the Pennzoil up to 10-Year/300,000 Mile Lubrication Limited Warranty

MATERIAL DESCRIPTION	SHELL MATERIAL	CASE UPC	UNIT UPC	
Pennzoil® High Mileage motor oil 5W-30	550022838	71611803519	71611904919	
Pennzoil® High Mileage motor oil 10W-30	550022812	71611803083	71611904421	



**#1 CONVENIENCE STORE  
MOTOR OIL BRAND**

**PENNZOIL.COM**

<sup>1</sup> Based on Sequence VG sludge test using SAE 5W-30 <sup>2</sup> Based on Sequence IVA wear test using SAE 5W-30

© SOPUS Products 2017. All rights reserved. CS12785-01





## Member News

continued from page 28

ders from customers at home. The arrangement has already been introduced at about 150 outlets in Tokyo and seven prefectures, including Hiroshima in the western part of the country. SEJ said the plan is to expand it to 3,000 outlets nationwide by the end of February 2019. Prior to this partnership, 7-Eleven employees would make these deliveries on top of their regular duties.

### Japan Shortage Of C-Store Workers

Japan's growing labor shortage threatens the nation's convenience stores, whose business model relies on part-timers packing bento lunch boxes, manning cash registers, and delivering goods 24/7, reported Reuters. The big three c-store operators—Seven-Eleven, FamilyMart, and Lawson—are scrambling to ease the pressure on franchisees by offering a mix of financial aid and labor-saving automation. As Japan's population shrinks, its workforce has de-

clined to 77.2 million in 2015 from a peak of 87.2 million in 1995. By 2065, it's expected to drop to just 45.2 million. To ease the burden on store owners, who bear payroll costs, Seven-Eleven said it would, for the first time, cut royalty fees it charges franchisees—a measure that will cost the company around 160 billion yen (\$1.47 billion) a year.

### Japan To Offer Full Basket Self-Checkout

By 2025 Japan's major retailers, including Seven-Eleven Japan and other chain operators, will allow customers to use self-checkout computer kiosks to scan an entire basket of items without requiring individual scans, reported UPI. The easier method of checkout eliminates the need to scan each item's bar code separately, once a basket is placed on the counter. Chips, or radio frequency identification tags, that can compute all items simultaneously are to be used at Seven-Eleven, FamilyMart and Ministop stores, where they will be in active use in major cities by 2018, according to the report. The success of the rollout might mean the technology could be phased in at supermarkets and drugstores, and is expected to ease the country's labor shortage.

continued on page 86

*“7-Eleven Japan could cut the royalty fees it charges franchisees as a result of a declining labor force.”*



### Play The Name Game!

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



continued from page 64

veals that **96 percent of vapers are former smokers**, 78 percent have been vaping more than two years, and 12 percent have been vaping for more than one year. Additionally, 80 percent of all former smokers surveyed say they switched to vaping to stop smoking, while 11 percent say to cut down cigarette usage. • **Uber**



**plans to test flying cars within three**

**years**, reported *Bloomberg*. The company is working with Dallas and Dubai officials on testing vehicles that can take off and land vertically in their cities by 2020, as well as with ChargePoint Inc. to lay an electric charging network. • **Tyson Foods, Inc. and AdvancePierre Foods Holdings, Inc. recently announced that they have entered into a definitive merger** agreement under which Tyson will launch a tender offer to acquire all of AdvancePierre's outstanding common shares for \$40.25 per share in cash. The total enterprise value of the transaction is about \$4.2 billion. • **Subway recently launched a first-of-its-kind bot for Facebook Messenger** that allows guests to order sandwiches and salads from more than 26,500 Subway restaurants in the U.S. • C-store chain **QuickCheck** held its fourth annual “**dog tag**” campaign in support of veterans, service members and military families from June 10 to July 15. During the campaign, customers were invited to purchase \$1 paper “dog tags,” and all proceeds benefited national nonprofit Hope For The Warriors. • **Tesoro Corporation and Tesoro Logistics LP recently announced the companies will change their names to Andeavor and Andeavor Logistics LP, respectively, on August 1, 2017.** • Connected Living has teamed with ride sharing company **Lyft** to offer a new service on its mobile app called **Family Rides**, which creates a better way for **family members taking care of aging parents to order, track and pay for rides for their loved ones.** • The top five largest full-

continued on page 88

# WE'RE AT YOUR CONVENIENCE. LITERALLY.



For grab and go —  
SLIN #171585



— For freezer door  
SLIN #180139

## BRING THE ORIGINAL SLIDER® TO YOUR 7-ELEVEN FOR THE SALES YOU CRAVE.

White Castle Food Products, LLC  
555 West Goodale Street, Columbus, Ohio 43215  
614-228-5781 | wcfp@whitecastle.com



Steve Ording  
614-559-2473 | ordings@whitecastle.com





## Member News

continued from page 84

### SEI Embraces Clean Energy

Although President Donald Trump has rejected the Paris climate accord, many Texas-based companies—including 7-Eleven—are embracing clean energy, reported the *Dallas Morning News*. In April, 7-Eleven signed an eight-year deal with TXU Energy to use only wind power in 425 stores in Texas. Young customers care about sustainability and environmental impacts, 7-Eleven's Ben Tison told the newspaper. "They're paying attention to what companies are doing."

### Mexican Chain's U.S. Expansion On Hold

The Texas Supreme Court recently issued a ruling that has put a wrinkle in Mexican c-store chain OXXO's plan to expand into the U.S., according to law firm McDermott Will & Emery's Alcohol Law Advisor blog. The ruling in Cadena Commercial USA Corp. d/b/a OXXO v. Texas Alcoholic Beverage Commission (TABC) finds in favor of the TABC and upholds the agency's denial of a retail permit to a foreign corporation whose parent company also holds a 20 percent ownership interest in a foreign brewer. Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA) holds both a 20 percent interest in the stock of two Heineken entities, as well as—through intermediate holding companies—100

Register for the 2017 NCASEF Convention [www.ncasef.com](http://www.ncasef.com)

percent of the ownership of Cadena Commercial USA Corp. (Cadena), a company that operates convenience stores.

### Couche-Tard Considers Sale Of Legal Marijuana

Circle K parent company Alimentation Couche-Tard, which also oversees a network of 2,000 c-stores in Canada, appears to be interested in selling legal marijuana from its outlets in Quebec, reported the *Montreal Gazette*. The chain has hired a lobbyist to ensure it has a place in whatever distribution model the province adopts. The legalization of marijuana in Canada is expected to become law by July of 2018. The Canadian government's proposed legislation leaves the manner of sales and distribution to the provinces.

A recent entry in Quebec's registry of lobbyists is the PR firm Tact Intelligence-conseil, represented by Marie-Ève Bédard. Her task is to convey to the Quebec government the "willingness" of Alimentation Couche-Tard to be a part of its sales model

continued on page 88

### A VERY SAD GOOD-BYE



The FOAC and NCASEF would like to extend their deepest condolences to former national Board Member Hashim Syed, whose son, Selman H. Syed, passed away suddenly on March 28, 2017. Selman was born on August 4, 1978, and was the 7-Eleven FOAC accountant and consultant since 2003. He also ran his own entertainment/DJ company. "I want to thank everyone who reached out to me during this most difficult period of my life," Hashim said. "There are no words to express how grateful I am. My heart is broken, but I am doing my best to stay strong. Thank you for being there for me."

company also holds a 20 percent ownership interest in a foreign brewer. Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA) holds both a 20 percent interest in the stock of two Heineken entities, as well as—through intermediate holding companies—100

## Want to talk to other franchisees?



The National Coalition has Franchise Owner's Association member organizations in all 33 states in which 7-Eleven operates.

To find the FOA closest to you. Visit [www.ncasef.com](http://www.ncasef.com) to contact any one of the 46 local Franchise Owner's Associations nationwide. Want to talk to someone at the national level? Call the NCASEF Vice Chairman in your area:

■ Nick Bhullar, Vice Chairman, Board Member, So. California FOA  
bhullar711@yahoo.com  
818.571.1711

■ Romy Singh, Vice Chairman, President, Eastern Virginia, FOA  
757-506-5926  
evafoa@gmail.com

■ Rehan Hashmi, Vice Chairman, Vice President, Alliance Of 7-Eleven Franchisees  
rehan711@yahoo.com  
847-845-8477

■ National Office  
nationaloffice@ncasef.com  
831-426-4711

You're Losing Sales Without These P&G Recommended Planogram Items



### Tide Liquid Detergent

- Tide Is America's #1 SELLING LAUNDRY DETERGENT!
- Recommended by Leading Washing Machine Manufacturers.
- Strong on Stains, Gentle on Clothes—For Over 70 Years.

SLIN 310032



### Gain Liquid Detergent

- The #1 Selling, Scent Focused Laundry Detergent Brand!
- Your customers buy Gain because it cleans and they Love The Smell!
- Get the scent your customers love with Gain!

SLIN 310020



### The Downy Difference

- Downy conditions fibers to protect clothes from damage—stretching, fading, and pilling—keeping fabrics newer looking 50% longer!
- For more than 50 years Downy has brought superior softness and longer-lasting fresh scents to keep clothes looking, smelling and feeling great all day long.

SLIN 310017



### Tide To Go Stain Releaser Pen

- The #1 instant stain remover removes even tough grease stains on the go.
- Breaks stains down and lifts and absorbs them.
- 10-20 applications on even your toughest fresh food and drink stains.
- Small enough to fit in a purse or desk drawer.

SLIN 310155



ORDER THROUGH MCLANE TODAY.





## Member News

continued from page 86

that will eventually be established for marijuana sales in the province. Couche-Tard hopes to obtain “a favorable orientation” on the part of the government toward a model that would include the convenience store chain in its distribution plan.

### Taco Bell One Of The Healthiest

Taco Bell has started to become one of the country’s healthiest fast-food chains,

reported *Business Insider*. In the past year or so, the chain has been restructuring menu choices from top to bottom, especially on the company website and mobile platform, to offer healthier options. Taco

continued on page 90

## NACS MEMBER SPECIAL NACS Membership Offer FOR NCASEF MEMBERS

The National Association of Convenience Stores (NACS), in partnership with the National Coalition of Associations of 7-Eleven Franchisees, is now offering a special membership to NCASEF members at the **reduced price of \$40**—an 80 percent discount off of the starting membership rate of \$200. The NCASEF NACS Membership Program offers industry-specific programs and services, as well as traditional association benefits to help you compete and succeed. The benefits of the special NCASEF NACS Membership Program include:

- Discounts to all NACS events.
- Discounts on all NACS training, educational, and operational products.
- Access to NACS Help Desk, an information resource that provides answers to retailer member questions and facilitates greater industry connections.
- Full voting rights as a NACS Domestic Retail member.



- NACS Daily News e-newsletter.
- Potential for consideration as NACS Board or Committee Member.
- One copy of NACS Magazine (monthly publication).
- Congressional and federal agency representation through the NACS Government Relations team.
- And more!

To sign up, all you need to do is complete the one-page membership application distributed by your FOA and scan and e-mail, fax, or mail it to NACS.

If you have questions about NACS membership for NCASEF members, please contact NACS Vice President of Member Services Michael Davis at [mdavis@nacsonline.com](mailto:mdavis@nacsonline.com) or (703)-518-4246. You may also contact NACS Retail Membership Manager, Eboni Russell, at [erussell@nacsonline.com](mailto:erussell@nacsonline.com) or (703) 518-4271.



continued from page 84

service restaurant brands—four of which are casual dining—all either had negative or slow sales in 2016, according to research firm Technomic. While the **restaurant industry** overall fared relatively well in 2016, full service saw annual sales growth dipped to 1.4 percent and flat unit growth. • Amazon is hiring a business lead to figure out how the company can break into the **multibillion-dollar pharmacy market**, reported CNBC. The company recently started selling medical supplies and equipment in the U.S., and is hiring for its “**professional health care program**” to ensure that the company is meeting regulatory requirements. • A redesign of **Philadelphia International Airport includes eight new restaurants and retail stores** within the gate areas that will allow travelers to place orders via iPads located in the establishments, reported the *Philadelphia Inquirer*. • The world’s most historic circus, **Ringling Bros. and Barnum & Bailey, shut down on May 21 after a 146-year run**, having failed to sufficiently dazzle the children of the smartphone age and to overcome the fierce opposition of the animal rights movement, reported the *New York Times*. • **Spanx founder Sara Blakely**, who has a net worth of more than \$1.1 billion, has pledged to dedicate the majority of her wealth to philanthropy, reported *CNN Money*. • Discount supermarket retailer **ALDI** has announced a \$1.6 billion program to remodel 1,300 stores by 2020 and \$3.4 billion capital investment to build 1200 more stores nationwide by the end of 2022. **AV**

LC GRAPE . LC APPLE . LC MINT . LC PEACH . FC NATURAL . FC WINTERGREEN . LC STRAIGHT

# KAYAK®

## MOIST SNUFF



KAYAK LONG CUT WINTERGREEN  
McLANE UIN #276170



KAYAK LONG CUT STRAIGHT  
McLANE UIN #278747



KAYAK FINE CUT NATURAL  
McLANE UIN #084491

# TASTE VALUE SALES

KAYAK-OUTDOORS.COM



800.874.9720





## Member News

continued from page 88

Bell now offers so much more than the traditional menu customers are used to. There is now a low-calorie “Fresco” menu, a high-protein “Cantina” menu, and a vegetarian menu certified by the American Vegetarian Association. The vegetarian menu even comes with vegan-friendly selections, all of which can be found on the Taco Bell app.

*“Taco Bell now offers a vegetarian menu with vegan-friendly selections.”*

### Target Wooing Customers With Convenience

Target is counting on new marketing themed “Target Run And Done,” which stresses both value and convenience, to bring shoppers back for quick fill-in trips, reported MediaPost.com. While the retailer’s profits rose 10.4 percent to \$677 million, from \$614 million in the same period a year ago, comparable-store sales results dropped 1.3 percent, and total sales declined 1.1 percent to \$16 billion. The company said the decreases are due both to less traffic and smaller basket size. Executives for the retailer said the new effort is an attempt to shore up even steeper declines in both its essentials and food and beverage businesses, and that the new ads celebrate “everyday, real-life moments—whether it’s guests running out of milk or throwing together a last-minute BBQ.”

### Aldi To Open More U.S. Stores

Aldi, an upstart German discount grocery chain, is planning to open 900 new

stores in the United States in the next five years, reported *USA Today*. The company, which first entered the country with a store in Iowa in 1976, currently has 1,600 stores in 35 states. In addition to its planned \$3.4 billion capital investment which comes with 25,000 new jobs, Aldi also plans to spend \$1.6 billion to remodel 1,300 of its existing stores by 2020.

Aldi’s stores are smaller than traditional supermarkets at about 12,000-square-foot space, which is only big enough for about five aisles.

The stores also have an area where new non-food merchandise, ranging from summer flip-flops to luggage to wet-dry vacuum cleaners, is sold for a limited time.

### Robots Wiping Out Retail Jobs

Between 6 million to 7.5 million existing retail jobs are at risk of being replaced over the course of the next 10 years by some form of automation, reported *CNN Money*. That represents at least 38 percent of the current retail work force,



which consists of 16 million workers, according to a new study by financial services firm Cornerstone Capital Group. Retail could actually lose a greater proportion of jobs to automation than manufacturing has, according to the study.

While that doesn’t mean robots will be roving the aisles of the local department store chatting with customers, consumers can instead expect to see more automated checkout lines instead of cashiers. This shift alone will likely eliminate millions of jobs. The report further states there will also be fewer sales jobs, as more and more consumers use in-store smartphones and touch-screen computers to find what they need.

### C-Stores Sales On The Rise

Sales at U.S. convenience stores, excluding gas sales, have been on the rise since at least 2012, reaching a record \$140.4 billion last year, reported *eMarketer Retail*, citing a recent study by research firm Nielsen. The 2016 total represents a 1.8 percent gain from \$137.9 billion in 2015. Meanwhile, the number of convenience stores has risen to more than 154,500. That growth is a contrast to many other re-

continued on page 92

*“Nielsen projects that c-stores will be the only brick-and-mortar channel to win an increase in retail share by 2021.”*



### Share Your Experience and Expertise

Do you have a store experience, some operational expertise, or thoughts about the 7-Eleven system you would like to share with your fellow storeowners? **Avanti Magazine welcomes articles from franchisees** interested in communicating their ideas, knowledge, suggestions, opinions, etc. to the franchisee community at large. Please contact Sheldon Smith at sheldon.smith5@verizon.net or 215-750-0178 if you would like to contribute an article to Avanti.

Register for the 2017 NCASEF Convention [www.ncasef.com](http://www.ncasef.com)



©2017 Ben & Jerry's Homemade, Inc. ©2017 GOWS ©Woody Jackson 1997



MORE CONSUMERS PURCHASE MAGNUM A 2ND TIME THAN ANY OTHER SUPER PREMIUM FROZEN NOVELTIES BRAND

### MAGNUM CONTINUES THE MOMENTUM IN 2017

#1 SUPER PREMIUM BAR IN THE US  
#1 ICE CREAM BRAND IN THE WORLD  
#1 ADVERTISER IN FROZEN NOVELTIES







## Legislative Update

and \$12 an hour for those without insurance. In his veto letter, Sandoval called the objective of the bill “commendable,” but said the wage increase would result in fewer available jobs and higher costs for goods and services.

### NYC Mayor Backs Plan To Raise Price Of Cigarettes

“NYC Mayor de Blasio has pledged support to a bill raising the price of cigarettes to \$13.”

New York City Mayor Bill de Blasio recently pledged his support to a series of initiatives to cut tobacco use, proposing to raise the minimum price of a pack of cigarettes in the city to \$13 and vowing to sharply reduce, over time, the number of stores that may sell tobacco products, reported the *New York Times*. Raising the minimum price of a pack to \$13, from the current \$10.50 minimum, would make New York the most expensive place in the nation to buy cigarettes. The proposed initiatives would also set minimum prices and create taxes on other types of tobacco products, like smokeless tobacco and small cigars.

One measure would, over time, significantly reduce the number of stores allowed to sell tobacco products. Under a bill introduced in the council in April, the number of licenses issued to retailers to sell tobacco products in each of the city’s 59 community board districts would be set at half the current level. The reduction would be achieved gradually through attrition, because current license holders would be allowed to retain and renew their licenses.

### Santa Fe Voters Reject Soda Tax

Voters in New Mexico’s capital city recently rejected a tax increase on sweetened beverages, handing a rare victory to the soft-drink industry after a string of recent defeats, reported the Associated Press. The tax failed with 11,533 votes against and only 8,382 votes in favor, according to the Santa Fe City Clerk’s Office. The special election came after similar taxes were adopted last year in cities from Philadelphia to San Francisco. A variety of sugar-sweetened beverages would have fallen under the tax, including sport drinks such as Gatorade, iced teas, caffeinated energy drinks and lemonade, while diet soda and pure juices were exempt.

### Seattle To Tax Sugary Soda

The Seattle City Council recently approved a new tax on distributors of sugary drinks such as soda pop, reported the *Seattle Times*. The council ultimately settled on a rate of 1.75 cents per ounce, which means the tax would be about \$1.18 for a 2-liter bottle of soda. Sports drinks such as Gatorade, energy drinks such as Red Bull and fruit drinks such as Sunny D all will be taxed, along with syrups used in soda-fountain pop. Diet soda won’t be taxed, and the council also chose to exempt baby formula, medicine, weight-loss drinks and 100 percent fruit juice. The tax will be collected starting next year unless opponents put a referendum on the ballot and succeed in blocking the measure. The tax is expected to raise about \$15 million per year. Some money will support the city’s Fresh Bucks program, which helps people using food stamps buy more fruits and vegetables at farmers markets. **AV**



tail formats, such as traditional mall type department stores and apparel retailers, which are shutting down stores at rapid clip. The Nielsen study also projects that convenience stores will be the only brick-and-mortar channel to win an increase in retail spend share by 2021.

### Wawa Tops Restaurants On Service

A new study by White Box Social In-

telligence reveals that consumers believe Wawa’s service is superior to that of full-service chain Fleming’s Prime Steakhouse and more than 600 other restaurant chains, reported *CSP Daily News*. The survey also shows that Wawa is more likely to meet consumers’ service expectations than all 619 restaurant brands that the research company monitors on a consistent basis. Closest to Wawa in positive service evaluations was Papa Murphy’s, followed by Seasons 52, Fleming’s and Wienerschnitzel. Wawa was also one of the brands that scored high in

customers’ intention to return, with only Qdoba and Carvel ranking higher.

### AmazonFresh Opens Pickup Locations

Amazon has officially begun operating its AmazonFresh Pickup locations in Seattle, letting customers order groceries ahead of time for a quick grab on the way home, reported TechCrunch.com. The service requires as little as 15 minutes advance notice,

continued on page 94

# INTENSELY COLD. UNMISTAKABLY COOL.



## ULTRA MENTHOL

The addition to the Djarum Black line combines the unmistakable taste and aroma of a premium aged tobacco with an intensely cold blast of menthol. No wonder more smokers than ever are asking for Djarum by name.



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

**WARNING:** Smoking cigars regularly poses risks of cancer of the mouth, throat, larynx, and esophagus similar to smoking cigarettes. This product contains chemicals known to the State of California to cause cancer and birth defects and other reproductive harm.

Ask your Kretek representative for details at [salesinfo@kretek.com](mailto:salesinfo@kretek.com)





## Is The Present Administration A Disaster For 7-Eleven Owners?

By Mike Rarus, Franchisee, Central Florida FOA

While I watch my Hispanic, Haitian and Cuban customers get deported, leave behind the homes they have known for years for fear of being deported, and generally change their travel paths to shop at locations other than ours, I—along with many other franchisees—are finding that this presidency is not making America great again, but slowly destroying it, executive order after executive order.

As my business slowly but surely deteriorates, built for years on growing a multi-ethnic clientele, I can only wonder what the rest of the country is feeling. True, all the folks in the Midwest who have no Hispanic clients—or Haitians or Cubans—are probably feeling no pinch to their respective small businesses. But for folks who run their business along the various coastal states, we are getting killed as our core group of workers are being deported, leave the area for fear of being deported, or have just tried to find new shopping destinations in more “friendly shopping” areas.

“To see 50 percent of my business up and leave the country, either voluntarily or involuntarily, dismays me and could bankrupt me eventually, unfortunately.”

I wonder what our leaders in Dallas think of this, as they continue to try and expand the assortment with a variety of products? Why are they not taking some kind of political stand on this? Hundreds of their franchisees are losing guests every day, sales are down, and there simply is no real advertising going on to generate new traffic. The 7-Eleven app is all well and good, but every retailer has that capability. I watch other struggling companies throw money on TV and radio ads, but many of our markets get nothing like this—maybe a vendor sponsored billboard, if we are lucky.

What is my point? Honestly, I have no clue. Now there is a real surprise, because for the most part, I always have a clue. Making America Great Again seems to mean the rich get richer while deporting all the folks who have helped us over the years in building our respective businesses. Do we want to discourage immigrants from even trying to get into this country? Our economy and our birth rate necessitates over one million immigrants per year being inducted into the U.S.

I do not know about the rest of you out there, but when I built my business over the years it was with the support of both American born citizens and immigrants. To see 50 percent of my business up and leave the country, either voluntarily or involuntarily, dismays me and could bankrupt me eventually, unfortunately.

So, while I generally have had no reason to moan about the politics of this country for years, my business is suffering due to the political situation that is supposed to “Make America Great Again.” Not so much, in my opinion.

My sincere apologies for my politically incorrect message. I had to tell someone.

**MIKE RARUS**  
can be reached at  
mbrarus@mindspring.com  
or 954-328-4534

Register for the 2017 NCASEF  
Convention [www.ncasef.com](http://www.ncasef.com)

without any minimum purchase requirements, and it’s a free service for Amazon Prime members. Amazon first revealed Pickup back in March, but it officially opened shop for general use as of May 25. The pilot is currently limited to Seattle, but if it works it’s likely to make its way to other cities.

## \$198 Million Daily On Gasoline Tax

On April 18, also known as “Tax Day,” state and federal officials received \$198 million thanks to gasoline taxes, according to GasBuddy. While many Americans forget about gasoline taxes, they amount to \$72 billion a year for local, state and federal coffers, with all of that except \$198 million received on days not considered “Tax Day.” It’s somewhat of a hidden pain, said GasBuddy, siphoned from motorists every fill up. However, nowhere in the U.S. is the pain worse than in Pennsylvania, where a total of 78 cents of every gallon are diverted to local, state and federal taxes. The average nationally sees nearly 50 cents per gallon spent on gas taxes, while in Alaska, motorists pay the least on gasoline taxes—31 cents per gallon.

*“Gasoline taxes average 50 cents per gallon nationally. Pennsylvania has the highest gas tax at 78 cents per gallon.”*

GasBuddy states that the average American will spend \$297 on gasoline taxes this year, while households with two vehicles will spend nearly \$600. Motorists in Pennsylvania will spend \$466 per vehicle this year. Nationally, gas taxes in the Mid-Atlantic states average the highest: 62.5 cents per gallon, while taxes in the South average the lowest: 38.7 cents per gallon.

continued on page 96

# NEW LOOK. SAME SMOKE.



## 2 CIGARS FOR 99¢

### UPRIGHTS

SWEETS  
UIN# 459180  
SLIN# 321080

GRAPE  
UIN# 441543  
SLIN# SSI

BLACK SWEETS  
UIN# 762344  
SLIN# SSI

GREEN SWEETS  
UIN# 369058  
SLIN# 321394

PEACH  
UIN# 441477  
SLIN# SSI

VANILLA  
UIN# 247551  
SLIN# 320235

WHITE GRAPE  
UIN# 276725  
SLIN# 321081

HONEY  
UIN# 205179  
SLIN# SSI

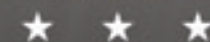
PINEAPPLE  
UIN# 316208  
SLIN# 321440

STRAWBERRY  
UIN# 230011  
SLIN# SSI

SILVER  
UIN# 377424  
SLIN# 321038

MANGO  
UIN# 470039  
SLIN# 321549

FOR MORE INFORMATION,  
CONTACT YOUR SWEDISH MATCH REPRESENTATIVE.  
800-367-3677 or [customer.service@smna.com](mailto:customer.service@smna.com)



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

©2016 SWEDISH MATCH CIGARS, INC.





## Member News

continued from page 94

### Core-Mark Purchases Farner-Bocken



Core-Mark Holding Company, Inc. recently announced that it has entered into a Definitive Asset Purchase Agreement to acquire all of the assets of Farner-Bocken Company located in Carroll, Iowa. Farner-Bocken is a third generation company founded in 1939 servicing nearly 6,000 customers in 14 states across the Midwest by providing a broad product selection focused on foodservice. The purchase price is estimated to be approximately \$190 million, predicated on the value of certain assets to be determined at closing.

Core-Mark said it will fund the purchase with borrowings under its credit facility.

### Subway Shuts Hundreds Of Stores

Sandwich chain Subway closed 359 U.S. locations in 2016, marking the biggest retrenchment in the history of a chain that spent decades saturating America with restaurants, reported *Bloomberg*. The store count dropped 1.3 percent to 26,744 from



*“Subway closed 359 locations in 2016 but remains the most ubiquitous fresh food establishment with 26,744 locations in the U.S.”*

continued on page 98

Register for the 2017 NCASEF Convention [www.ncasef.com](http://www.ncasef.com)

27,103 in 2015, but Subway remains the nation's most ubiquitous eatery (McDonald's Corp. is No. 1 by sales.)

The closely held company is coping with a sales slowdown in the U.S., made worse by the emergence of newer fast-casual rivals and the industry's heavy reliance on discounts and promotions. Subway also has lost some of its luster as a healthier-food option. It's been working to restore its status by eliminating antibiotics from its chicken and switching to cage-free eggs. In another bid to revive growth, Subway is adding delivery services—a strategy that's also been embraced by McDonald's.

## FRANCHISEES HEAD TO WASHINGTON, D.C. TO SAVE DURBIN AMENDMENT



Florida franchisees pose outside of the U.S. Capitol after a day of meetings with members of Congress. (L to R) Michael Jorgensen, Alan Harris and Teeto Shirajee.

A small army of franchisees joined SEI officials in Washington, D.C. on May 16 to meet with members of Congress before they voted on the Financial CHOICE Act, which would have repealed the debit card swipe fee reform created by the Durbin Amendment of the 2010 Dodd-Frank Wall Street reform law. Their efforts were successful, as GOP members decided soon thereafter to drop language from the bank deregulation bill that would have removed the debit card swipe fee rules franchisees and other retailers fought for seven years ago.



Left to right: Senior Director of Franchising Bruce Maples, Franchisee Sukhi Sandhu (CA), Regional Government Affairs Manager Kathryn Works, Franchisee Yogi Solanki (CA), Franchisee Adnan Khan (CA) and Vice President of Franchise Systems Larry Hughes outside of House Majority Leader Kevin McCarthy's office.

Franchisees and 7-Eleven representatives meet with a staff member from Congressman Mike Bishop's office (second from right). Left to right: Vice President of Franchise Systems Larry Hughes, Regional Government Affairs Manager Char Brandt, Internal Communications Specialist Katie Howe, and franchisees Jose Rossi (IL), Alan Harris (FL), Faisal Asad (KS), Michael Jorgensen (FL) and Rita Turner (MI).



# DELIVERING RESULTS



We deliver the strongest, most balanced and diverse portfolio in the industry, backed by an innovative, results-driven Trade Marketing team. Contact your RAI Trade Marketing Services representative or visit [EngageTradePartners.com](http://EngageTradePartners.com) to learn more about our portfolio and new 2017 retail programs.

**SURGEON GENERAL'S WARNING:** Smoking By Pregnant Women May Result in Fetal Injury, Premature Birth, And Low Birth Weight.



# WARNING: This product can cause gum disease and tooth loss.

VUSE contains nicotine extracted from the tobacco plant. Nicotine is addictive, and no tobacco product has been shown to be safe. ©2017 RJRVC (20), ©2017 ASC, LLC (20), ©2017 SIFNTC (20), ©2017 RJRVC

CIGARETTES, MOIST SNUFF





## Member News

continued from page 96



Columbia Pacific FOA members pose with NCASEF Chairman Joe Galea during their annual trade show, held March 16 at the DoubleTree Hotel in Portland, Oregon. Pictured left to right are: Columbia Pacific FOA Treasurer Junaid Akhtar, Greater Seattle FOA Vice President Dilbag Rai, Pacific Northwest FOA President Navdeep Gill, NCASEF Vice Chairman Nick Bhullar, Greater Seattle FOA Board member Bhaldeep Singh, Central Valley FOA President Jivtesh Gill, Greater Seattle FOA President AJ Handa, Central Valley FOA Vice President Haneshinder Chauhan, NCASEF Chairman Joe Galea, Columbia Pacific FOA President Harbhajan Ghotra, Columbia Pacific FOA Board member M. Numan Sikandar, North California FOA President Raj Brar, Columbia Pacific FOA Vice President Stan Singh, Columbia Pacific FOA Secretary Ishtiaq Rajput, Columbia Pacific FOA Board member Manzer Manzoor, and Columbia Pacific FOA member Mubasher Ali.

## SAN DIEGO FOA GOLF OUTING RAISES FUNDS FOR TWO WORTHY ORGANIZATIONS



The San Diego FOA's 24th Annual Charity Golf Tournament—held on May 4 at the Salt Creek Golf Club in Chula Vista—attracted scores of Southern California franchisees and vendors for a day on the greens to raise money for two special organizations. The event raised \$2,500 each for Swim Across America and the Warrior Foundation Freedom Station. Ceremonial checks were presented to both groups at the end of the day.



Register for the 2017 NCASEF Convention [www.ncasef.com](http://www.ncasef.com)

## Kroger Unveils Its 'Fresh Eats'

Kroger Co. recently held a “soft opening” for its newest store concept, a 12,000-square-foot convenience store known as Fresh Eats MKT, in Blacklick, Ohio, reported *Supermarket News*. Fresh Eats MKT features made-to-order foodservice from Fresh Eats Kitchen and includes mobile/online ordering and indoor/outdoor seating. Its development is consistent with Kroger's stated goals to pursue food sales in a wide variety of formats. The specialty store also offers a larger assortment of fresh products than area convenience stores, including fresh produce, meat, bakery and dairy as well as a great selection of wine, beer and bulk nuts, mixes and candy. A drive-thru Kroger pharmacy, Starbucks, two Coke Freestyle machines and fuel pumps round out the offering.



*“Kroger's new 12,000-square-foot c-store concept includes mobile/online ordering and indoor/outdoor seating.”*

continued on page 100

# FOOD SAFETY SOLUTIONS & SANITATION FROM ECOLAB®



## DOING WHAT IS RIGHT FOR 7-ELEVEN CUSTOMERS INCLUDES HIGH STANDARDS FOR CLEANLINESS AND FOOD SAFETY IN YOUR STORES.

As part of that commitment, we are pleased to announce the new **Food Safety Solutions & Sanitation** program from Ecolab. 7-Eleven has partnered with Ecolab to design a program that provides the products and procedures to keep your stores clean and sanitary. Our goal with the new program is to make the food safety and sanitation tasks of every 7-Eleven associate easier, safer, and more cost effective.

**Available Now Through McLane**

**FREE STARTER KIT!**

**ECOLAB®**



©2017 Ecolab Inc. All Rights Reserved. 51652/730G/0617





## Member News

continued from page 98

### Branded Hard Rock Gas Station & Car Wash

Hard Rock Rock Casino in Northfield Park has announced plans to open Rockstop Gas & Wash, a new Hard Rock branded and first of its kind, state-of-the-art gas service station and car wash as part

of its Players Club benefits. With the addition of a third gaming and smoking patio, the company said the two property enhancements equate to a more than \$5 million investment. Construction on Rockstop Gas & Wash, started in early May with a planned completion date in mid-September 2017.



Register for the 2017 NCASEF Convention [www.ncasef.com](http://www.ncasef.com)

### McDonald's Helps Franchisees Pay For Upgrades

McDonald's has offered to pay 55 percent of its franchisees' costs for upgrades, including self-serve kiosks and new uniforms that are part of the chain's "Experience of the Future" initiative, reported the *Wall Street Journal*. When McDonald's imposes changes on its restaurants, it normally expects its franchisees to bear the brunt of the expenses. But in an effort to regain the core customers it has lost to rivals, the company

continued on page 102

# It's The National Coalition's Las Vegas Double Down Big Car Giveaway!

## July 17-20, 2017



Trade Show:  
July 19-20

Caesars Palace  
Las Vegas Hotel



**NEW!**  
**ONLY @ 7-ELEVEN**

**LIP SMACKING, SWEETLY MIND SOUR, WARPING TASTINESS.**  
INSPIRED BY THE CHILLEST BEVERAGE AROUND

**Trolli SLURPEE SOUR BRITE Crawlers**  
Cherry, Cola & Blue Raspberry  
SLIN# 145542

**Trolli SLURPEE SOUR BRITE Crawlers**  
Lemonade, Watermelon & Mango  
SLIN# 145543

*We're doubling down on this year's convention!*

- Second straight year in Las Vegas!
- Second straight year at the luxurious Caesars Palace Hotel & Casino!
- And TWO car giveaways during the Trade Show—a 2017 BMW Series 3 320i and a 2017 Chevy Malibu LS!

**PLUS:**

- More MAJOR PRIZE giveaways during the Trade Show!
- A two-day Trade Show filled with money-making products for your stores and special show-only deals!
- Free Las Vegas shows courtesy of NCASEF!
- Business seminars conducted by NCASEF officers and SEI executives!
- All meals and events are covered by the \$149 franchisee registration fee!

Attend the NCASEF's 42nd annual convention at Caesar's Las Vegas for a chance to win a car

**AND MANY MORE FANTASTIC PRIZES!**

**2017 BMW  
Series 3 320i**

**2017 Chevy  
Malibu LS**



**Two Cars!**

Franchisees must place orders with exhibiting vendors to qualify for raffle entries

Register online at [www.NCASEF.com](http://www.NCASEF.com)

Questions? Contact the NCASEF office at 831-426-4711 or [nationaloffice@ncasef.com](mailto:nationaloffice@ncasef.com) for more information.







## Member News

continued from page 100

is trying to get franchisees on board by ponying up a big chunk of the money for upgrades that can cost anywhere from \$150,000 to \$700,000 per location. Upgrades would involve installing self-order kiosks, upgrading dessert counters, buying new employee uniforms and installing table-locator technology that enables employees to bring customers' food to the table. McDonald's currently operates 14,155 restaurants in the U.S.

### Nestlé Mulling Sale Of U.S. Confectionery Brands

Nestlé may sell its roughly \$900 million-a-year U.S. confectionery business—which includes Butterfinger and BabyRuth—in the Swiss food group's latest effort to improve the health profile of its sprawling portfolio, reported Reuters. The company said it would "explore strategic options," including a possi-

Register for the 2017 NCASEF Convention [www.ncasef.com](http://www.ncasef.com)

ble sale, for the business that also includes 100Grand, SkinnyCow and Raisinets. Analysts have been speculating that Nestlé could exit the U.S. confectionery business, which is in line with its stated strategy of becoming more health and nutrition-focused. With annual sales of \$923 million, Nestlé's U.S. confectionery business accounts for only 1 percent of company sales. Nestlé's other products range from instant coffee to mineral water and baby food. **AV**

## CHESAPEAKE DIVISION FOA Celebrates A Successful Trade Show

Vendors from across the country and Liberty Zone franchisees gathered at Waterford Hall in Springfield, Virginia on April 27 to participate in the Chesapeake Division FOA's annual trade show. The event was also attended by Zone Leader Jasmeet Singh, as well as area market managers and field consultants. Overall, it was a very successful and memorable event.



## GROW ORGANICALLY WITH THE #1 ORGANIC MILK BRAND<sup>1</sup>



### HORIZON® ORGANIC ASEPTIC QUARTS

- Guaranteed 60-day shelf life
- Certified USDA Organic
- Produced without GMOs
- No artificial colors, flavors or preservatives



### MERCHANDISE KIT OFFER

Visit [HorizonQuartsOffer.com](http://HorizonQuartsOffer.com) to sign up for your Free Merchandise Kit. Qualifying states receive a customer coupon offer.\* Purchase before December 31, 2017 to qualify.

#### SLINs

ORDER LDU: 1=1/32 oz.  
Shelf Price: \$3.49 - 34.8% Gross Margin

#### HORIZON 1% CHOCOLATE

151041  
151031 CO

#### HORIZON WHOLE MILK

150075  
150831 CO

#### HORIZON 2% MILK

150022  
150068 CO

Contact your DanoneWave Away From Home representative to learn more about our full lineup of products. **888.620.9910** | [DanoneWaveAwayFromHome.com](http://DanoneWaveAwayFromHome.com)

\*Proof of Purchase Required. Coupon offer not available in CO, MO, ME, ND. See website for full details.

<sup>1</sup>#1 brand in foodservice for organic milk: NPD SupplyTrack, Latest 52 weeks ending 01/23/16

©2017 DanoneWave Services, Inc.





# Drive Up HBC With Disney's Cars 3 & Finding Dory Movie Band-Aids

**31%  
GROSS  
PROFIT**

PreBook Beginning July 19  
Available For Prebook  
At The NCASEF Show!



**SRP \$3.39  
Display: \$37.40  
GP: \$16.84**

■ **Disney's Cars 3 Movie  
opens June 16, 2017 and  
targets boys ages 3-7.**

■ **Disney's Finding Dory Movie  
is the highest grossing animated  
release of all time domestically  
and targets boys & girls 3-7.**

■ **Band-Aids are  
viewed by kids as  
an alternative  
sticker.**

USE AS  
POWERWING



Shipper Quantity: 16 Count  
McLane UIN 965541  
20 Band-Aids Per SKU  
Ships October 30 to  
December 31, 2017

Member News



## SEI News

### 7-ELEVEN FIRST C-STORE TO USE GS1 BARCODES

SEI recently became the first convenience store retailer to use GS1 barcodes, reported CSNews Online. The scanning technology is designed to streamline the shopping experience for both consumers and traders. SEI said the improved supply chain visibility, accurate product information, product traceability, and efficient scanning technology ensure that store operations will run smoother than ever before. Barcodes are used to encode information such as product numbers, serial numbers and batch numbers, and GS1 manages several types of barcodes, each designed for use in a different situation. The switch to GS1 technology comes as SEI strengthens its focus on fresh foods.

### FIDGET SPINNERS AVAILABLE NATIONWIDE

Flying off the shelves, 7-Eleven stores are now selling Fidget Spinners, the popular new toy designed to calm nerves, ease anxiety and provide hours of entertainment. "The Fidget Spinner is a very hot item right now and we know customers want it," said Tony Stapleton, senior product director at SEI.

The company said it sources quality Fidget Spinners from several suppliers to provide a variety of choices for its cus-

tomers. Customers can visit their local store to find a spinner that fits their personality—including multiple colors, glow in the dark, tie-dye or metallic. The latest toy craze—priced at \$7.99 and above—continues to sell out of stores fast.

### 7-ELEVEN INTRODUCES FIRST CANDY BAR TOPPED DONUT

SEI recently introduced its first fresh donut topped with chocolate bar pieces, and the company selected one of America's top 10-selling chocolate candies for the honor—Twix Caramel Cookie Bars. The Caramel Bar Made with Twix Donut is a yeast-raised rectangle bar topped with caramel icing, drizzled with chocolate and sprinkled with chopped Twix pieces. Not only is the new donut topped with chopped pieces of Twix, it was created to replicate the candy's caramel-chocolate deliciousness.

Specialty donuts continue to be a hot bakery trend, with fun or unexpected flavors and sweet, savory and surprising toppings and fillings. Previous exotic donuts offered at 7-Eleven stores have included a pink sprinkle version of the one featured prominently on The Simpsons television show and, for the 50th

birthday of its iconic frozen drink, wild cherry and blue raspberry Slurpee donuts.

### SLURPEE JUSTICE

This summer, thousands of local law enforcement officers will be dispensing well-deserved Slurpee justice to good kids across the U.S. For the 22nd year, 7-Eleven is working with police and sheriff's departments to distribute free Slurpee drink coupons to children and youth through its popular Operation Chill community-service program. During 2017, 7-Eleven will issue up to 1.33 million Slurpee coupons to almost 1,000 law enforcement agencies, which in turn will distribute most of those during the summer months and back-to-school season.

Big-city police departments and small-town forces alike use the Slurpee coupons to enhance relationships with the young people of their cities by rewarding them for good deeds, constructive activities and acts of kindness. Appropriate "offenses" might include helping another person, deterring crime or participating in a community- or police-sponsored event. Although the reasons for being "ticketed" are varied, the end result is the same for every youngster: a free Slurpee drink and a smile for being a good kid. Each coupon can be redeemed for a small Slurpee drink at participating 7-Eleven stores.

**"Thousands of  
police officers will  
be dispensing  
Slurpee Justice to  
good kids for the  
22nd year."**



continued on page 106





## Member News

continued from page 105

### SEI News

#### JONES SODA GREEN APPLE LANDS IN PACIFIC NORTHWEST STORES

Jones Soda Co. recently announced that Green Apple Cane Sugar Soda will be available as part of the Big Gulp program at approximately 400 Pacific Northwest 7-Eleven locations. "Green Apple is a staple for Jones Soda fans, but it has only been available in its bottled form," said Rusty Smith, SEI director of proprietary beverages. "7-Eleven strives to provide Pacific Northwest customers with products they crave, and we know Jones Soda Green Apple will join our other Big Gulp fountain favorites."

#### BYOC COMES BACK TO 7-ELEVEN

7-Eleven kicked off the 2017 Slurpee season with its much-anticipated "Bring Your Own Cup" (BYOC) Day, held on May 19 and 20 from 11 a.m. to 7 p.m. on both days. Slurpee fans were able to fill any "cup"—or containers that can be used as cups—with Slurpee at participating 7-Eleven stores. The event came just in time for customers to try the latest limited-time frozen flavors: Cinnamon-flavored Pepsi Fire with a

mouth-tingling finish, Lemonade made with real fruit juice and sugar-free Slurpee Lite Watermelon Lime with all natural flavors.

The cost to fill any "cup" of choice, regardless of size, was \$1.50, the price of an average medium Slurpee drink. All cups had to fit upright within the in-store BYOC display cutout, which was about 10 inches in diameter.

7-Eleven got into the BYOC game this year with its own colossal collectible cup, shaped like a blender and refillable. Thirsty customers who showed up without an oversized cup were able to purchase the 50-ounce blender cup for \$5.99. 7-Eleven's BYOC Day is a worldwide phenomenon. Besides the United States, 7-Eleven stores in Australia, Canada, the Philippines and Malaysia have held BYOC Days. **AV**



Register for the 2017 NCASEF Convention [www.ncasef.com](http://www.ncasef.com)



WE WOULD LIKE TO THANK THE VENDORS AND AFFILIATE SPONSORS

**CHOBANI**  
GREEK YOGURT

**DRUG STORE**  
PRODUCTS

**Nestlé**  
PROFESSIONAL



**BIS**  
Barbot Insurance Services

**DON MIGUEL**  
Cigars & More

Become a Sponsor - Contact: [rob@swimacrossamerica.org](mailto:rob@swimacrossamerica.org)

### "WE STRIVE FOR EXCELLENCE"

CANDY SUNGLASSES SPINNERS  
DRESSES PURSES LEGGINGS  
SANDALS LIGHTERS

- \* GENERAL MERCHANDISE
- \* GUARANTEED ITEMS
- \* EVERYDAY ITEMS
- \* HOT NEW ITEMS
- \* NOVELTY ITEMS

**S&G**  
DISTRIBUTORS, INC.

16 Maumelle Curve Ct.  
North Little Rock, AR 72113  
(800) 578-4339

(501) 517-9325  
[tcarlton@sgdistributors.com](mailto:tcarlton@sgdistributors.com)

**NO** Tobacco Taxes  
Merchandising Restrictions  
Advertising Bans

*Just Pure Profit!*

**Classic Flavor Wintergreen Flavor**

McLane UIN# 498535  
SLIN# 320028

McLane UIN# 498543  
SLIN# 320027





**NEW** FROM **SMOKEY MOUNTAIN**

**AIRIO**<sup>TM</sup>  
MICRO•FILTER



**LESS TAR  
BETTER TASTE**

**WORLD'S SMALLEST  
CIGARETTE FILTER**



[www.SmokeyMountainSales.com/airio/](http://www.SmokeyMountainSales.com/airio/)

# VENDOR FOCUS

## VENDOR FOCUS

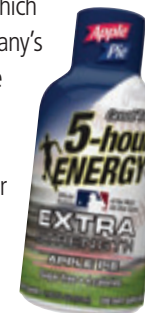


### 5-Hour Unveils Apple Pie

Living Essentials, LLC has a new MLB-themed Extra Strength Apple Pie flavored 5-hour Energy, which coincides with the company's deal with Major League Baseball as it becomes an official partner of

5-hour's MLB-themed Extra Strength Apple Pie will be heavily promoted during MLB All-Star Week.

the 2017 and 2018 MLB All-Star Game. As part of the deal, the MLB silhouette batter logo appears on the bottle and is featured in unique baseball-themed displays.



stores nationwide, including 7-Eleven. Shamrock Farms Cold Brew Coffee and Milk is crafted using Colombian coffee beans that are roasted to perfection, then ground and steeped in cold water for more than 10 hours to achieve a rich flavor, also providing two times the natural caffeine of regular coffee. Shamrock Farms' farm fresh milk is then added along with a touch of real cane sugar to provide a deliciously smooth and slightly sweet finish.

Available in Original, Mocha and Vanilla in ready to drink on-the-go bottles, Shamrock Farms Cold Brew Coffee and Milk satisfies the on-trend cold brew taste consumers are craving as summer heats up while offering a cool, refreshing pick-me-up perfect for mornings or afternoons. Shamrock Farms is supporting the national launch through a digital marketing campaign, local market sampling events and influencer partnerships.

### MillerCoors Keystone Light New 15-Pack

MillerCoors recently unveiled a new 15-pack for its Keystone Light beer. Keystone Light 15-pack is the solution to target the sweet spot of economy beer drinkers. Economy shoppers spend more per shopper, make the most trips, and are some of the most loyal beer drinkers. Furthermore, economy beer drinkers drink an average of 1 case per week and have three shopping requirements—their brand, a good value, and the right pack size—and the Keystone Light 15-pack meets all three. Order Keystone Light 15-packs today (SLIN 100375). Currently 0.69 UPSD with \$4.74 Rest of Basket.



Attract more economy beer drinkers with new Keystone Light 15-packs.

### Shamrock Farms Debuts New Cold Brew Coffee & Milk

Shamrock Farms recently announced their latest innovation—Cold Brew Coffee and Milk. Initially launched in Shamrock Farms' home state of Arizona, the hot new product for the refrigerated beverage case will now be available in convenience and grocery



Shamrock Farms Cold Brew Coffee and Milk satisfies consumers on-trend cold brew taste.

### Snappers Crafted Snacks Now Bite Size

Bite size Snappers Minis are one bite and easy to carry anywhere, to be enjoyed anytime. Available in a 3 ounce resealable bag in two flavors—Original Milk Chocolate and Peanut Butter—with a competitive \$2.49 retail, Snappers Minis are recommended by 7-Eleven.

Pretzels + Caramel + Chocolate. It may seem simple, but you have just discovered a carefully crafted sweet snack. Snappers Crafted



Snappers Crafted Snacks now bite size in a 3oz Minis pouch!

*continued on page 110*





continued from page 109

Snacks unique pretzels, secret batch caramel, and sustainably sourced cocoa are all crafted to complement each other perfectly.

## Pennzoil Redesign Gives The Brand More Pop

The #1 convenience store motor oil brand, Pennzoil, is going through a redesign that is intended to streamline the look of the entire portfolio of high-performing motor oils to reflect the advanced technology inside the package. Pennzoil is already synonymous with yellow and has chosen to move to an all yellow bottle design for increased visibility at shelf. The labels have been revamped to allow consumers to easily find their go-to formulation. Each front label is color coded for easy navigation across all Pennzoil motor oils and features the viscosity grade front-and-center.



**Pennzoil's look has been streamlined to reflect the advanced technology inside the package.**

On the back label, you'll find a product comparison chart that helps with selecting the right motor oil for the vehicle. This, in addition to creating a more unified look across the brand, leads to easy product selection for the consumer at the shelf. But there's one thing that remains untouched—the oil inside. The same technologically advanced motor oils customers know and trust are still available, including Pennzoil Synthetics made from natural gas.

## New Kingsford Match Light & Original SRU

Kingsford has introduced a new SRU that contains three Kingsford Blue Original Charcoal 7.7lb bags and three Match Light 6.2lb bags. Buy three SRUs and stack for a great display! This offer has a 14 percent bill-back.



**New Kingsford SRU contains three bags each of Kingsford Match Light and Original charcoal.**

Natural Kingsford Original Charcoal is the taste of summer, and it's been the gold standard of grilling for nearly 100 years. Each briquet is made with natural ingredients and real wood to ensure the smoky flavor barbecue lovers crave, and they're ready for cooking within about 15 minutes.

Kingsford Match Light Charcoal lights instantly

## VENDOR FOCUS

every time. Each briquet is infused with just the right amount of lighter fluid, so they light fast and stay lit. Match Light Charcoal also features the same quality ingredients as Kingsford Original.

## Introducing New Belvita Protein Biscuits

Get ready to boost your Nutritional Bar sales with new Belvita Protein Soft Baked Biscuits. Now, more than ever, your on-the-go customers are looking for easy, convenient sources of high quality protein to give their bodies what they need to be at their best. Belvita Protein Soft Baked Biscuits delivers the perfect balance of delicious taste and texture with 10g of high-quality protein per serving. It's a winning combination that satisfies



the untapped demand for a great-tasting and unique soft baked eating experience. High quality protein, delicious Belvita taste and the Belvita name that is already growing double digits at 7-Eleven! Stock up now and discover how nobody makes protein profitable like Belvita!

**Boost your Nutritional Bar sales with new Belvita Protein Soft Baked Biscuits.**

## Campbell's Tomato Juice In 12 Ounce PET

Capitalize on Campbell's Tomato Juice, ranked America's #1 tomato juice, now available in a new 12 ounce PET bottle. For 80 years, Campbell's 100% Tomato Juice has provided easy ways to help customers get the powerful vegetable nutrition they need every day. Campbell's 100% Tomato Juice is a delicious blend of taste and nutrition, made using only the best quality vine-ripened tomatoes. Picked at peak season, these juicy sun-kissed tomatoes create a rich and consistently smooth tomato juice with the perfect taste that customers expect and enjoy from Campbell's.

With 70 Calories per bottle and no added sugar, Campbell's 100% Tomato Juice 12 ounce bottle provides three of your five recommended daily servings of vegetable, as well as 100% vitamin C and 60% vitamin A. Order thru McLane, UIN 916304-0.



**Top-selling Campbell's 100% Tomato Juice now in a portable 12 ounce PET bottle.**

continued on page 112



No to calories. Yes to flavor.

See us at the Las Vegas 7-Eleven National Coalition Trade Show – Booth #400



continued from page 109

## Chill The Summer Sizzle With Swisher Sweets Tropical Ice

Beat the summer heat with Swisher Sweets Limited Edition Tropical Ice cigarillos. The icy tropical fusion is the perfect blend of coconut and pineapple with an icy blast to get you through any sizzling summer day. Swisher Sweets Tropical Ice cigarillos are available in the popular



Heat up your tobacco sales with Swisher Sweets' coolest limited edition cigarillo.

Like summer, this refreshing fruity blend will come to an end so get them while supplies last. Swisher Sweets Tropical Ice is available on July 1. For more information or to place an order today, contact your Swisher representative or call 1-800-874-9720. **AV**

pricing options of "2 for 99¢," "2 for \$1.49" and "Save on 2." As a continued Swisher Sweets promise, the resealable foil pouches have the "Sealed Fresh" guarantee.

## FOA EVENTS

continued from page 114

**MIDWEST FOA MICHIGAN HOLIDAY SHOW**  
(venue to be announced)  
December 6, 2017  
Phone: 847-971-9457

**UFOLINY HOLIDAY PARTY**  
(venue to be announced)  
December 7, 2017  
Phone: 516-647-4617

**COLUMBIA PACIFIC FOA HOLIDAY PARTY**  
(venue to be announced)  
December 8, 2017  
Phone: 503-901-1677

**PACIFIC NORTHWEST FOA HOLIDAY PARTY**  
(venue to be announced)  
December 9, 2017  
Phone: 253-261-4455

**METRO NEW JERSEY FOA HOLIDAY PARTY**  
(venue to be announced)  
December 15, 2017  
Phone: 908-232-1336

**SAN DIEGO FOA HOLIDAY PARTY**  
Viejas Casino & Resort  
Alpine, California  
December 16, 2017  
Phone: 619-713-2411

**FOA OF GREATER LA/ SAN DIEGO FOA TRADE SHOW**  
Pechanga Resort and Casino  
Temecula, California  
March 7, 2018  
Phone: 909-822-4122

## Advertiser's Index

Altria/AGDC .....	55	Ecolab .....	99	Miller .....	11	Shamrock .....	26
Aon Risk Services .....	27	Edward Marc Snappers .....	113	Mondelez .....	19	Simply Orange .....	12-13
Argo Tea .....	75	Ferrara .....	100	Nestle Confections and Snacks.....	56, 59	Smoky Mtn .....	107,108
Blue Bunny/Wells .....	29	Foreign Candy .....	66	Nestle Ice Cream.....	52	Swedish Match.....	6,40,95
Blue Diamond Growers .....	42	Heineken .....	69	Nestle Professional.....	48	Swisher International .....	4,89
Bug Juice .....	39	Johnson&Johnson .....	104	P&G .....	10,87	Unilever Good Humor/Breyers .....	3,5,91
Campbell's .....	77	Kellogg's.....	9	Penzoil .....	83	Vixxo.....	45
Chobani .....	34	Kraft .....	65	Pepsi Quaker .....	44,54	Voss Water .....	111
Clorox/Heinz .....	58	Kretek International .....	93, cover 4	Perfetti Van Mele .....	17	White Castle.....	85
Coca-Cola .....	cover 2	Living Essentials.....	73	Precise Nutrition.....	62	Whitewave Foods.....	25
DTT .....	113	Logic Ecig .....	60-61	Red Bull .....	51	Whitewave Milk.....	103
Dean Foods.....	23	Majan .....	81	Reynolds American .....	97	Wrigley .....	cover 3
Diageo Guinness USA.....	21	Mars Ice Cream.....	31	Seneca .....	46-47	Windsor .....	8
Don Miguel.....	14	Maruchan.....	32	SG Distributors .....	106		
Dr Pepper Snapple Group.....	7	McLane.....	37				

## Nationally recommended by 7-Eleven



- Competitive Retail at \$2.49
- Resealable 3oz bag – perfect on the go premium snack for any day part

PRETZELS + CARAMEL + CHOCOLATE

*Actual Size*



Snappers® Minis  
Milk Chocolate Peanut Butter  
SLIN# 307430



Snappers® Minis  
Original Milk Chocolate  
SLIN#: 305627



See you in Las Vegas!



SnappersSnack.com

## GO BELOW THE SURFACE

Discover Suspicious Transaction Activity

Comprehensive overview of various operational areas to reveal what's really going on at your 7-Eleven stores. Take action with SmartAudit™ and add dollars to your bottom line.

Visit DTT's booth #107 at NCASEF and get your SPECIAL deal! • July 17-20



### PREVENT FALSE CLAIMS

#### RISA

Download and share court-admissible videos to protect your business against false claims.



### STAY ALERT OF HIGH-PRIORITY

#### Triggers

Receive notifications of all high-priority events and transactions at each location.



### CATCH THEFT AT REGISTERS

#### SmartAudit™

Enforce proper cash handling procedures at your registers and during safe deposits.



# FOA EVENTS

## 7-ELEVEN FOAC CHARITY GOLF TOURNAMENT

St. Andrews Golf Course  
West Chicago, Illinois  
July 12, 2017  
Phone: 847-353-9999

## 7-ELEVEN FOAC ANNUAL TRADE SHOW

Odeum Expo Center  
Villa Park, Illinois  
July 13, 2017  
Phone: 847-353-9999

## METRO NEW JERSEY FOA PICNIC

(venue to be announced)  
August 5, 2017  
Phone: 908-232-1336

## 7-ELEVEN FOAC FAMILY PICNIC

(venue to be announced)  
August 12, 2017  
Phone: 847-353-9999

## SAN DIEGO FOA DAY AT THE RACES

Del Mar Horse Racetrack  
Del Mar, California  
August 25, 2017  
Phone: 619-713-2411

## SAN DIEGO FOA VENDOR APPRECIATION EVENT

AleSmith Brewery  
San Diego, California  
September 7, 2017  
Phone: 619-713-2411

## UFOLINY GOLF TOURNAMENT

Baiting Hollow Golf Club  
Baiting Hollow, New York  
September 7, 2017  
Phone: 516-647-4617

## SAN FRANCISCO/ MONTEREY BAY FOA GOLF TOURNAMENT

Castlewood Country Club  
Pleasanton, California  
September 11, 2017  
Phone: 510-895-6984

## TRISTATE FOSE CHARITY GOLF TOURNAMENT

Little Bennett Golf Course  
Clarksburg, Maryland  
September 13, 2017  
Phone: 410-661-5585

## SOUTHERN CALIFORNIA FOA CHARITY GOLF TOURNAMENT

Industry Hills Golf Club  
Industry Hills, California  
September 20, 2017  
Phone: 626-255-8555

# NCASEF BOARD MEETINGS

## NATIONAL COALITION BOARD OF DIRECTORS MEETING

Caesars Palace Las Vegas Hotel  
Las Vegas, Nevada  
July 16-17, 2017

## NATIONAL COALITION AFFILIATE MEETING

Gaylord Opryland Resort & Convention Center  
Nashville, Tennessee  
October 30-31, 2017

## NATIONAL COALITION BOARD OF DIRECTORS MEETING

Gaylord Opryland Resort & Convention Center  
Nashville, Tennessee  
November 1-3, 2017

## DELAWARE VALLEY FOA ANNUAL TRADE SHOW

Caesars Palace Atlantic City  
Atlantic City, New Jersey  
September 28, 2017  
Phone: John Riggio  
262-275-3086

## MIDWEST FOA/ALLIANCE OF 7-ELEVEN FRANCHISEES FOA ILLINOIS HOLIDAY SHOW

Chicago O'Hare Marriott  
Chicago, Illinois  
November 1, 2017  
Phone: 847-971-9457

## 7-ELEVEN FOAC HOLIDAY PARTY/TRADE SHOW

(venue to be announced)  
November 16, 2017  
Phone: 847-353-9999

## SAN FRANCISCO/ MONTEREY BAY FOA HOLIDAY PARTY

(venue to be announced)  
December 1, 2017  
Phone: 510-895-6984

continued on page 112

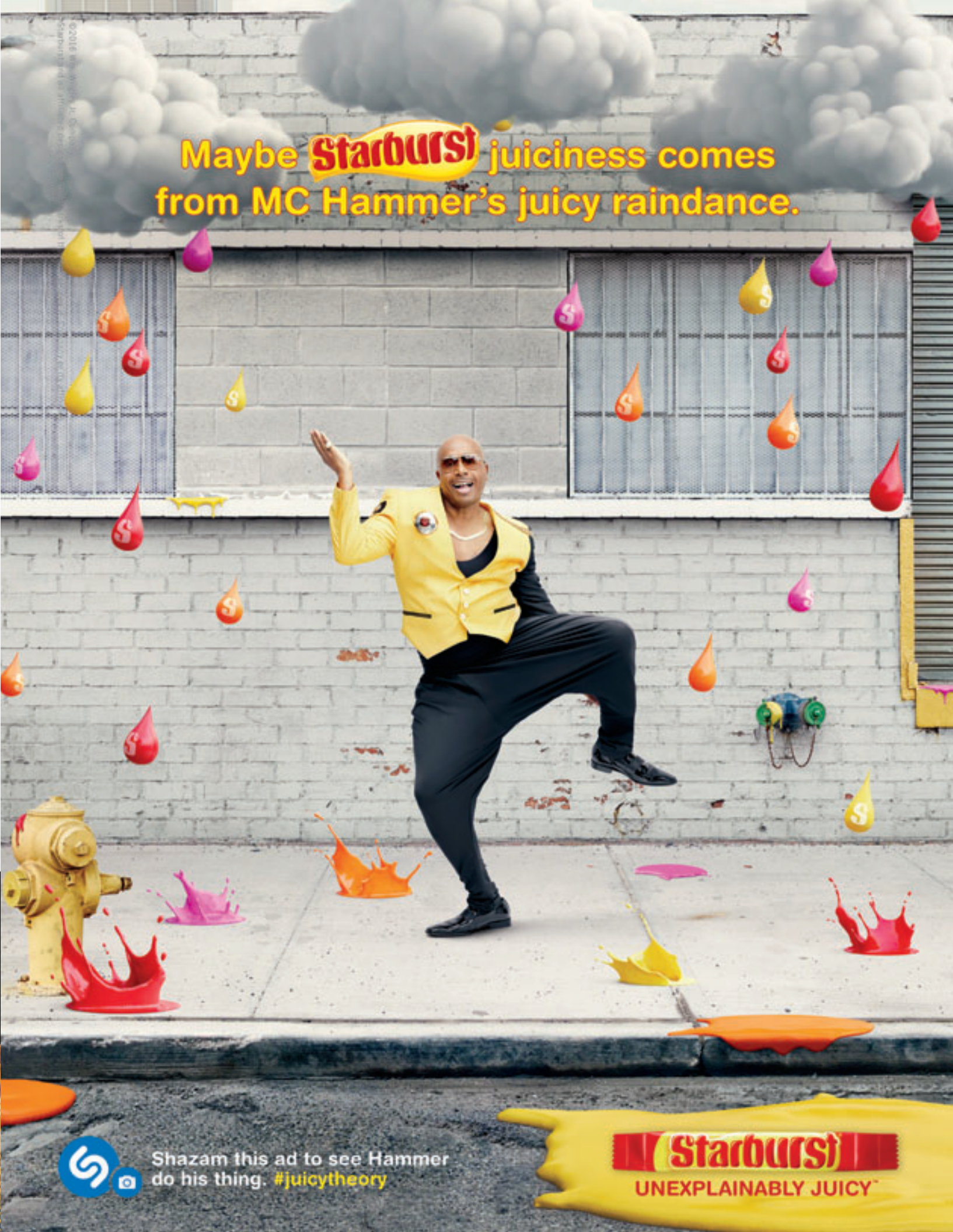
Caesars Palace  
Las Vegas Hotel  
Las Vegas, Nevada

July 17-20, 2017

Trade Show:  
July 19-20, 2017

Register at  
www.ncasef.com!

NATIONAL COALITION 42ND ANNUAL CONVENTION & TRADE SHOW





# UNMISTAKABLE TASTE. UNFORGETTABLE AROMA.



## *DJARUM BLACK*

Using the finest tobacco, Djarum's signature brand, Djarum Black, is harvested and blended with an artisan's care and is known worldwide for creating a rich, pleasurable smoking experience like none other.

Djarum Black SUN 0321436 7 51667 04694 7	Djarum Black Cherry SUN 0321435 7 51667 06754 6	Djarum Special SUN 0321433 7 51667 06758 4
Djarum Splash SUN 0321395 7 51667 07422 3	Djarum Mild SUN 0321396 7 51667 07426 1	Djarum Bali Hai SUN 0321206 7 51667 07434 6
Djarum Black Vanilla SUN 0321434 7 51667 09062 9	Djarum Black Menthol SUN 0321508 7 51667 09066 7	Djarum Black Ultra Menthol SUN 0322293 7 51667 29002 9



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

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

Ask your Kretek representative for details at [salesinfo@kretek.com](mailto:salesinfo@kretek.com)