



September/October 2017

THE VOICE OF 7-ELEVEN FRANCHISEES

## Can The New Agreement Be Structured To Benefit Everyone?

Fixing Some Of Our Operational Issues

Franchisees Proclaim: Enough Is Enough!

A Less Than Smooth Conversion To ExxonMobil Gas

Protecting The Brand And Franchisees

Let's Just Listen!

The Graduated Gross Profit Split Agreement: Where It Came From And Why It Must Go! TOP SECRET

## 2019 Franchise Agreement



FLORIDA FRANCHISEES HAND OUT FREE WATER AFTER HURRICANE IRMA Page 30

Franchisees File Major Lawsuit Against SEI Page 18

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## WHY Simply?

- Simply Beverages is the #1 chilled juice/drink brand with 28% dollar share – it's also the fastest growing<sup>1</sup>
- Simply Orange Pulp Free 11.5 fl oz. continues to be the #1 juice SKU at 7-Eleven<sup>2</sup>
- Simply Lemonade 11.5 fl oz. is the #1 chilled fruit drink & lemonade single-serve item<sup>1</sup>
- Simply Cranberry Cocktail 11.5 fl oz. and Simply Lemonade 59 oz. are the fastest growing Simply SKUs at 7-Eleven<sup>3</sup>
- Made with simple, delicious ingredients, including not from concentrate juices
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## Honestly Simple.



Sources, 1. Netsen Total U.S. – All Measured Channels. Annual 2016. 2. 7 Exchange full year 2015/2016 42017 Simply Crange Juice Company.



## **Amazon Cuts Whole Foods Prices & Attracts More Shoppers**



Amazon spent its first day as the owner of grocery chain Whole Foods Market cutting prices as much as 43 percent, reported Bloomberg. The e-commerce giant closed its \$13.7 billion acquisition on August 28, and by Septem-

ber 11 the strategy helped boost customer traffic in Whole Foods stores by 25 percent.

So far, Amazon has had success selling the Whole Foods 365 Everyday Value

after the deal closed and sold out of almost all of them, according to One Click Retail. The company said web sales of Whole Foods branded items through Amazon totaled \$500,000 in the first week. The article states that cutting prices at the chain with such an entrenched reputation for high cost that its nickname is Whole Paycheck is a sign that Amazon is serious about taking on competitors such as Wal-Mart Stores Inc., Kroger Co. and Costco Wholesale Corp. continued on page 20

brand through its website. It put about

2,000 private-label products on the site

"Web sales of Whole Foods branded items through Amazon totaled \$500,000 in the first week."

## **Franchisees File Major Lawsuit Against SEI**

The National Coalition of Associations of 7-Eleven Franchisees has announced the filing of a lawsuit against its parent company, 7-Eleven, Inc., because the franchisor has not fulfilled its promise of treating franchisees as independent contractors and business owners. The suit, filed in U.S. District Court for the Central District of California on October 12, challenges certain provisions of the 7-Eleven Franchise Agreement, and seeks monetary damages, attorney's fees and costs and other relief for claims relating to unpaid overtime wages and unreimbursed expenses.

Franchisees have long complained that the brand has been chipping away at their profits, increasing their costs, and exercising more control over what is supposed to be an independent operation. National Coalition Executive Vice Chairman Jay Singh said conditions imposed by the franchisor are threatening these businesses, many of which are family operations. "Many of our members have operated 7-Eleven franchises for decades and are gravely concerned not only for their future, but the future of the brand they love and have invested so much in."

Members point to increasing management control by 7-Eleven, Inc., including, but not limited to:

- Taking away the opportunity of franchisees to possess and/or control monies generated from franchised stores;
- Directing franchisees to sell any good or service for less than the cost of acquiring and selling the same:
- Requiring franchisees to use equipment 7-Eleven specifies to operate franchise stores;
- Imposing a regressive royalty structure that penalizes franchisees for increasing sales; and
- Transferring responsibility for paying credit card processing fees directly to franchisees

Mr. Singh stated, "We need to hold 7-Eleven accountable. We love this brand and are saddened by the way they have been treating the people who are the very heart and soul of the company.'

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## **GROW HOLIDAY SALES** WITH TWO WINNING BRANDS



Sources: 1. Metsen TTL US Convenience LS2 Wie 8/12/17; 2. TTL US Scan Data U13 Wie 8/27/17



## **Target To Raise Its Minimum** Wage To \$11 Per Hour

Target said it will start raising its minimum wage in October from \$10 an hour to \$11 for all its U.S. stores, reported CNBC. The retailer also committed to boosting its minimum wage to \$15 per hour by 2020. Target said the wage increases will also apply to the 100,000 temporary workers that the retailer plans to hire ahead of the holidays. Target has declined to comment on how many of the roughly 323,000 employees at its more than 1,800 stores will be receiving the pay increases. The company has emphasized that it wants to "recruit and retain strong team members."

## **Berkshire Hathaway Buys** Into Pilot Flying J

Warren Buffett's Berkshire Hathaway Inc. recently bought a major stake in Pilot Flying J, the largest U.S. truck stop operator, and said it plans to become majority owner in six years, reported Reuters. Berkshire acquired a 38.6-percent stake of Pilot Flying J for an undisclosed price, and plans to



"Pilot Flying J employs 27,000 people and is the 15th-largest private company in the United States, with annual sales of about \$19.6 billion."

boost its stake in the company to 80 percent in 2023. The Haslam family led by billionaire Jimmy Haslam, who also controls the Cleveland Browns football team, will keep a 50.1 percent stake and the Maggelet family's FJ Management Inc will retain 11.3 percent ownership until then.

Pilot Flying J has more than 750 locations in 44 U.S. states and Canada selling gas, diesel fuel, and convenience goods, and offering trucks more than 70,000 parking spaces and 5,000 diesel lanes. It employs more than 27,000 people and is the 15th-largest private company in the United States, with annual sales of about \$19.6 billion.

continued on page 22

## **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



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Whole Foods just added a new feature to one of its new stores in New York City—a produce butcher, reported Yahoo News. The butcher can chop, dice, and mince any vegetables according to the customer's preference and then package them up so they're completely ready for cooking. • 7-Eleven **Canada hosted** its fourth annual **Slurpee** Name Your Price Day on September 15, raising funds for WE Charity, an organization that empowers people to make a difference through domestic and international change. C-store chain Wawa is currently testing a delivery service with GrubHub at four locations in Pennsylvania, reported CSNews Online. The service requires a \$10 minimum order and a \$1.99 delivery fee. Wawa said the service will be available at more locations in the future. In its first guarter of fiscal year 2018 report, Alimentation **Couche-Tard announced it plans** to divest 200 stores that do not meet the company's profitability standards. • The U.S. House of Representatives recently passed the SELF DRIVE Act to expedite the introduction of autonomous cars, which could help seniors and those with disabilities live more independently as a primary benefit of self-driving vehicles, reported *Yahoo Finance*. • With more than 130 locations under agreements for new-store construction, Casey's General Stores expects to open its 2,000th convenience store before the end of the year, re-

ported CSP Daily News. • McLane Co. celebrated the 25th anniversary of its private label line Consumer Value Products during its annual trade show in September. • A new report by eMarketer estimates the value of **U.S. mobile payment transactions** will total \$49.29 billion in 2017, or **up 78.1 percent** from last year. The growth rate of the online payments market is projected to remain in continued on page 38





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SLIN: 129312 McLane Single Pick UIN: 129312



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## Hy-Vee To Test New C-Store-Grocer Hybrid

Hy-Vee is looking to test a new concept in Iowa that combines a large-format convenience store and a smallformat grocer, reported the *Des Moines Register*. The two proposed Hy-Vee Fast & Fresh stores would include a selection of groceries and fresh prepared foods, a Hy-Vee Market Grille Express, a Starbucks coffee shop drive-thru, fuel stations, and a place to pick up online grocery orders. Construction on the mini grocery stores could begin this year, pending city approval.

## Vixxo Expands Partnership With Target

Facility management company Vixxo recently announced that it has expanded its relationship with Target Corporation to include managing many of Target's full food production equipment. This includes a number of Target Café, instore Star-

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bucks and in-store Pizza Hut locations. Under the new agreement, Vixxo will be responsible for 24/7/365 maintenance and repair of food service equipment, reverse osmosis water systems and plumbing and electrical components within Target's food prep and service areas. Vixxo was first introduced to Target through its longstanding partnership with Starbucks.

continued on page 28

## SAN DIEGO FOA AT THE DEL MAR RACES

Franchisee members of the San Diego FOA met up on August 25 at the Del Mar Thoroughbred Club in Del Mar,



California for a fun-filled day with friends and colleagues.







## Cheers to smooth sipping



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## **Legislative Update**

#### Illinois Gov Vetoes <sup>4</sup> Minimum Wage Hike

Illinois Governor Bruce Rauner recently vetoed a bill that would have raised the state's minimum wage to \$15 an hour by 2022, arguing it would hurt businesses and ultimately reduce jobs, reported the *Chicago Tribune*. Advocates for the wage hike had been anticipating a veto by the pro-business Republican governor. The veto kept Illinois from becoming the third state, after California and New York, to adopt a \$15 minimum wage. Illinois' minimum wage has been \$8.25 an hour since 2010. Rauner has previously expressed support for a more modest raise.

The bill would have increased the minimum wage to \$9 in January and gradually stepped it up to \$15 by 2022. For part-time or seasonal workers under 18 years old, the raise would have been to \$12 an hour. To give small businesses

"The Governor's veto kept Illinois from becoming the third state, after California and New York, to adopt a \$15 minimum wage." time to adjust, the law offered employers with 50 or fewer workers a credit toward their income tax liability that is proportional to the wage increase.

### NYC Won't Enforce New Menu Labeling Rules

The New York City health department backed off its promise to begin enforcing new menu labeling rules, agreeing to postpone implementation until the FDA completes its review of the regulation, reported *Politico*. The deal, which preserves the status quo, is a victory for the National Restaurant Association and the National Association of Convenience Stores, which sued the city to stop enforcement of the new rules. The agreement was announced hours before the two sides were scheduled to appear in federal court in Manhattan in late August.

The rules at the center of the dispute require chain retailers with more than 15 locations to provide upon request a slew of new nutritional information including calories from fat, total fat, saturated fat, trans fat, cholesterol, sodium, carbohydrates, dietary fiber, sugar and protein. Chain convenience stores and some grocery stores would be required to post calorie information about prepared foods. The rules have technically been in effect in New York City since May, though the health department has not fined anyone for failing to comply. The fines would range from \$200 to \$600.

## Court Blocks San Francisco's Soda Health Warnings Law

A federal appeals court recently blocked a San Francisco ordinance that requires advertisers of sugary drinks to post health warnings, saying in a unanimous decision



that it likely violates freedom of speech, reported *Los Angeles Times*. A three-judge panel of the U.S. 9th Circuit Court of Appeals faulted the 2015 ordinance for mandating a large warning on billboards, structures and vehicles. The San Francisco law requires the warning to be posted prominently: "Drinking beverages with added sugar(s) contributes to obesity, diabetes, and tooth decay."

"By focusing on a single product, the warning conveys the message that sugar-sweetened beverages are less healthy than other sources of added sugars and calories and are more likely to contribute to obesity, diabetes, and tooth decay," wrote Judge Sandra S. Ikuta. "This message" Ikuta added, "is deceptive in light of the current state of research." According to the decision, the warning conflicts with statements by the FDA that added sugars are "generally recognized as safe" and "can be a part of a healthy dietary pattern when not consumed in excess amounts."

### **Overtime Pay Rule Struck Down**

A federal judge in Texas recently struck down an Obama administration rule that would have extended mandatory overtime pay to more than 4 million U.S. workers, siding with business groups and 21 states that had challenged it, reported *Fortune*. The decision came after the continued on page 26







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## **Legislative Update**

same judge last year blocked the rule from taking effect pending his final decision. The Trump administration said it would make changes to the rule, which riled trade groups and companies when it was adopted. The rule, first proposed in 2015, would have doubled to about \$47,000 the maximum salary a worker could earn and still be automatically eligible for overtime

**"THE RULE WOULD** HAVE DOUBLED TO ABOUT \$47.000 THE MAXIMUM **SALARY A WORKER COULD EARN AND STILL BE** AUTOMATICALLY **ELIGIBLE FOR OVERTIME PAY.** 

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pay. The Justice Department said it would drop its appeal in defense of the Obama-era Labor Department rule.

## **California City Mulls New Tobacco Laws**

The Richmond City Council in California is considering raising the minimum age to purchase tobacco products in the city to 21, along with a citywide ban on the sale of menthol cigarettes and flavored tobacco products, reported the Richmond Standard. The council is also considering prohibiting new retailers within a certain distance of schools, and banning the sales of "small packs," which can include cheaply sold packs of mini-cigarettes or cigars. At its meeting on September 26, the council directed city

staff to draft an ordinance with the proposed new regulasale of flavored tobacco products, including menthol cigations. The unanimous decision followed a presentation by rettes and flavored e-cigarette liquid. A coalition later sub-De Anza High students who have spent more than a year mitted a petition with 33,941 signatures that forced the investigating the impacts of certain tobacco products on supervisors to reconsider the initiative. On September 5 their peers. they voted to uphold the ban, so a measure to repeal the ban will now be placed on the city's June 5, 2018, ballot, set-**San Francisco Supervisors** 2-99 ting up a showdown between the city and the tobacco in-**Uphold Flavored** dustry that could mirror soda-tax fights that have popped **Tobacco Ban** up in cities across the country.

San Francisco residents will vote next year on whether flavored tobacco products can be sold in the city, reported CNBC. The city's Board of Supervisors approved a proposal earlier this summer that prohibits the



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#### **Michigan Lawmakers Vote To Ban Local Soda Taxes**

The Michigan Senate recently voted to prohibit local governments from taxing food, drinks or chewing gum, a continued on page 66





## **Surprising Revelations About C-Stores**

Today's convenience store offers so much more than just gas and beverages, reveals the National Association of Convenience Stores (NACS). Step inside a convenience store today and you will see that this neighborhood retailer offers fresh meals, healthy options and cool new products. Here are six revelations about how today's cstores are redefining convenience, according to NACS:

vice sales in U.S. c-stores are \$52 billion, or 22 percent of all in-store sales. Freshly prepared food and packaged sandwiches are \$35 billion of that total. Many stores offer hot meals prepared to order-such as sandwiches, wraps, pizza and even gourmet fare. They also offer grab-and-go snacks and meals in a cup, whether yogurt, fruit or veggie cups or other portable snacks.

1. Serve Meals-Overall, foodser-

2. Offer Healthy Options—Most cstores include an open-air cooler stocked chock full of fresh fruits, vegetables, yogurt, cheese and other healthy options.

## SAN DIEGO FOA VENDOR APPRECIATION PARTY



The San Diego FOA showed how much it values its vendor partners during its annual Vendor Appreciation Party, held September 7 at the AleSmith Brewing Company in San Diego. Vendors were treated to a good time filled with great food, music, and entertainment.

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## *C-stores Today*

- 1. Serve Meals
- 2. Offer Healthy Options
- 3. Care About The Earth
- 4. Partner With Their Communities
- 5. Save You Time
- 6. Sell Cool Stuff

3. Care About The Earth—Many convenience stores are looking to play a larger role in litter management. NACS recently announced a major partnership with Keep America Beautiful to help retailers reduce and ultimately eliminate litter in and near their stores.

4. Partner With Their Communities-NACS member companies collectively contribute nearly \$1 billion a year to charities, and 64 percent support five or more nonprofits in their communities.

> 5. Save You Time—Whether it's fuel, food and drinks or access to cash, convenience stores provide speed of service to time-starved consumers. A NACS speed metrics study found that it takes customers, on average, 3 minutes and 33 seconds from the time they leave their cars until the time they get back in their cars with a purchase.

6. Sell Cool Stuff—Convenience stores are a perfect place to try new food and drink items. You don't need to buy something in bulk-just grab it and try it, and that's what most Americans do: 66 percent of all items purchased in a c-store are consumed immediately.









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## **FLORIDA FRANCHISEES** HAND OUT FREE WATER AFTER HURRICANE IRMA

After Hurricane Irma left a trail of destruction through Florida in early September, franchisees in the four Markets hardest hit by the storm (1501, 1506, 1507, and 1554) joined forces with local SEI market managers and field consultants to hand out free water to area residents. All told, 7-Eleven franchisees gave away 8,000 cases of water, and some stores also gave out ice. Some 7-Elevens in the areas hardest hit by Irma were closed for up to six days while power was restored and repairs were made. Franchisees reported that unlike the previous hurricane, write-offs were shared by storeowners and SEI. This incident once again demonstrated how

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franchisees and SEI mobilize to serve their communities in times of need.



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.

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## Fixing Some Of Our **Operational Issues**

#### BY JOE GALEA, EXECUTIVE CHAIRMAN, NCASEF

I continue to hear from franchisees throughout the country who have many concerns regarding the operation of their stores. The biggest concern that 7-Eleven franchisees currently have is the declining gross profit. You can list many reasons for this decline. You can say it's because of cost increases, trying to keep up with the competition, or SEI's move into fresh foods and especially hot foods. The company has made the investment in the equipment and the franchisees are trying to profit through this process, but it has increased our labor line and write-offs, which has resulted in lower profitability.

I tried to think back when the financial decline actually started for franchisees. After giving it some thought, our direction, as we have been told, is that we need to watch out for the competition. They are becoming more aggressive and they want part of our business, which is absolutely true. But our efforts to keep our competitors at bay have come at a price. We are currently running a lot more promotions to keep up with the competition. At a recent meeting with SEI, franchisees expressed their concern over the number of promotions we have every month, and as a result it is being scaled back.

We now have to

devote more time JOE GALEA CAN BE REACHED AT scheduling our em-831-426-4711 or ployees' hours in joeg@ncasef.com order receive deliv-

eries from our vendors. While we have a delivery window so we know when to expect the products to arrive, in a lot of cases stores have had to hire an extra person so that window is covered. This has increased the labor expenses of many franchisees because it



"While we have a delivery window so we know when to expect products will arrive, in a lot of cases stores have had to hire an extra person to cover that window."

is not an option anymore to run a store with single coverage when deliveries come in.

Secondly, we need to take a closer look at the delivery windows when stores are actually receiving their de-

"Franchisees should be able to take control of when our deliveries are made so we can focus on growing our businesses."



"Our biggest concern is declining gross profit. With fresh and hot foods we have a higher labor line and higher write-offs, which results in lower profitability."

liveries. In many situations, I hear that it is impossible for stores to receive deliveries on a Friday or Saturday evening because those are exceptionally busy times. It takes away from store associates being able to focus on guests, and trying to do both is sometimes impossible. Also, a lot of these deliveries should be made during the daytime. Some of our deliveries are coming at night and we have incurred theft, and some of our suppliers have had their trucks broken into while they were making the delivery to the store.

My recommendation is that we as 7-Eleven franchisees should be able to take control of when our deliveries are made. We should develop a feasible delivery system where both SEI and franchisees would be satisfied and we can focus on growing our businesses.



## **Franchisees Proclaim: Enough Is Enough!**

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

On October 12, 2017, a 54 page classaction complaint was filed in the United States District Court for the Central District of California, Western Division, alleging that 7-Eleven, Inc. (SEI) is in violation of the Federal Labor Standards Act and California employment laws in connection with its administration of this convenience store system. The docket number is 2:17-CV-7454. The designated and proposed class representatives are five courageous California franchisees: Serge Haitayan, Jaspreet Dhillon, Manjit Purewal, Robert Elkins, and Maninder "Paul" Lobana. The complaint seeks money damages, restitution and other relief.

The attorneys handling the case on behalf of the franchisees are Marc Culp of Denton, Texas, who is no stranger to the 7-Eleven system, having been involved in the so-called OFFF Litigation, originally instituted in 1993; Timothy Williams and Stephanie Reynolds, of Pope, Berger, Williams and Reynolds, LLP in San Diego, California, who specialize in class action litigation in the employment arena; and Mandeep "Bobby" Rupal, an employment lawyer based in Chino Hills, California who presented an excellent seminar on employment law at the National Coalition convention this past July.

The central basis of the complaint is that while SEI promises to franchisees and represents to them that they are and will be independent contractors, they

are in fact treated as employees. Over time, SEI has been gradually chipping away at the profits of franchisees, increasing their costs, exercising more and more control over what is supposed to be an independently operated convenience store, where franchisees control the manner and the means of the operation of the location.



In a press release issued by the National Coalition, the following aspects of control by SEI were cited: • Taking away the opportunity of franchisees to possess and/or control monies generated from franchised stores; • Directing franchisees to sell any good or service for less than the cost of acquiring and selling the same;

• Requiring franchisees to use equipment 7-Eleven specifies to operate franchise stores:

"The complaint describes in great detail and at great length the many facets of control that SEI exercises over the day-to-day operation of franchised stores."



• Imposing a regressive royalty structure that penalizes franchisees for increasing sales;

"The central basis of the complaint is that while SEI promises to franchisees and represents to them that they are and will be independent contractors, they are in fact treated as employees."

#### and

• Transferring responsibility for paying credit card processing fees directly to franchisees.

The complaint describes in great detail and at great length the many facets of control that SEI exercises over the day-today operation of franchised stores. The complaint alleges that SEI has been given the powers of an employer and all of the harshest, most overreaching rights of a commercial lender, landlord and personal property lessor. Emblematic of that control is SEI's dominion over every dollar received into or paid out of the proceeds generated from every franchised store.

The complaint divides the various elements of the pervasive control exercised by SEI into Financial Controls, Work Controls, and Operational Controls.

• Financial Controls include those over fees and charges, money, accounting matters and SEI's role as a discretionary secured lender.

• Work Controls include those over work without pay prior to purchasing the franchise, hours of operation, and the amount paid to the franchisees for their work.

• Operational Controls include those over products and services sold, sources used continued on page 38

## Franchisees Proclaim: Enough Is Enough!

#### continued from page 37

to acquire products and services sold, how products and services are sold, advertising, use of store premises, food service standards, information and ideas generated from store operations, maintenance of store premises and equipment, general business operations, management of store employees, and oversight to insure compliance.

The complaint further alleges that SEI franchisees meet the six factor economic realities test for determining an employment relationship. These include (a) the degree of the alleged employer's right to control the manner in which the work is to be performed, (b) the alleged employee's opportunity for profit or loss depending upon his or her managerial skill, (c) the alleged employee's investment in equipment or materials required for his or her task, or his or her employment of helpers, (d) whether the service rendered requires a special skill, (e) the degree of permanence of the working relationship, and (f) whether the service rendered is an integral part of the alleged employer's business. The complaint alleges in 18 separate paragraphs why SEI franchisees meet the economic realities test for determining an employment relationship.

The complaint also alleges that the franchisees have been misclassified as independent contractors under California Law and that SEI has violated California Law with respect to overtime for four of the named franchisee plaintiffs.

The complaint seeks a jury trial.

The claims made under the complaint include:

1. Failure to pay overtime compensation

in violation of the Federal Fair Labor Standards Act

2. Failure to pay overtime compensation in violation of California law

3. Failure to indemnify for expenses and losses in violation of California law

4. Failure to provide and maintain uniforms and equipment in violation of California law

5. Unfair business practices in violation of the California Business and Professions Code

6. Unlawful business practices in violation of the California Business and Professions Code

In explaining why this lawsuit had to be filed, Jay Singh, Executive Vice Chairman of the National Coalition stated in the press release: "We need to hold 7-Eleven accountable. We love this brand and are saddened by the way they have been treating the people who are the very heart and soul of the company".

The plaintiffs in the case have also offered to engage in mediation with SEI to see whether or not the differences of the parties can be resolved without engaging in protracted litigation. As of the time that this issue of Avanti went to press, no response had been received.

As your General Counsel it has been and will continue to be my responsibility to assist the litigants and their lawyers, and to keep the franchisees who are the members of the FOAs

ERIC H. KARP

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. . . . . . . . . . . . . . . . . . .

that form the Na-Coalition tional fully and timely informed of all developments in the case.



forecast period of 2021, when it will reach \$189.97 billion. • Motiva recently announced the grand opening of the newest and largest 76 branded gas station in Texas, with a 20,000-square foot convenience store, 14 fuel pumps, a large truck fueling area and four quick-service restaurants on-

site, including Dunkin Donuts, Golden Chick, Steak N' Shake and Texas Best Smokehouse Barbeque. • New research by the Retail Feedback Group found about half of online shoppers plan to purchase grocery items more often in the coming year and rate their overall satisfaction ordering food and grocery items online highest with Amazon (4.63 on a five-point scale), followed by Walmart (4.41) and Supermarkets/Food Stores (4.32). • QuickChek Corp. **celebrated its 50 years** in the convenience channel and marked its 150th store with a new prototype designed for millenials, reported Convenience Store News. New elements in the Monroe, NJ store include cellphone and laptop charging stations in the indoor seating area, a fresh soup bar, touch screen ordering, no-fee ATMs, and Wi-Fi. • A new survey by Cardtronics reveals that U.S. consumers embrace the freedom

to choose cash and pay in multiple ways. The 2017 Health of Cash survey finds that 91 percent of consumers used cash in last six months and 89 percent of consumers like having the ability to use a variety of payment methods. • Panera Bread recently announced it is one of the first national restaurants to offer customers the ability to order via voice for delivery and Rapid Pick-Up with the Google Assistant on their mobile devices. The option is currently available to My Panera members in St. Louis and Silicon Valley, but the company said full rollout and implementation nationwide is anticipated by the end of the year. • Ford and Domino's Pizza have teamed up to test









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For more information, please contact Chandler Childs at Chandler.Childs@mclaneco.com or Thomas Kittrell at Thomas.Kittrell@mclaneco.com.

"The complaint also alleges that the franchisees have been misclassified as independent contractors under California Law and that SEI has violated California Law with respect to overtime for four of the named franchisee plaintiffs."

**38 AVANTI** SEPTEMBER | OCTOBER 2017

## WHAT'S OUT

## WHAT'S IN



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## Vice Chairs' Forum

## **A LESS THAN SMOOTH CONVERSION TO EXXONMOBIL GAS**

#### **BY REHAN HASHMI** VICE CHAIRMAN, NCASEF

For some time SEI has been converting its 7-Eleven gas to major brands, such as ExxonMobil, in stores across the country. SEI said the reason behind this conversion is a widely known gas brand will bring more customers to our pumps and into our stores. As of this date, 7-Eleven stores in areas of Texas, Florida and California have been converted, and currently, a conversion is being rolled out to about 40-plus Illinois stores in our area around Chicago.

pany is paying to install new gas pumps and digital signage in the converted stores. In some cases they are also offering to upgrade to diesel as part of the conversion. That is all well and good, but it appears SEI has not fully taken into account how this conversion affects franchisees. The major downside to this conver-

**"IT NOW TAKES DOUBLE THE TIME TO COM-PLETE A GAS** TRANSACTION, BECAUSE **THERE ARE MORE STEPS INSIDE THE** STORE."

sion is fuel becomes non-integrated, and stores will have two POS, our standard 7-Eleven registers, and an ExxonMobil "controller" just for gas. The problem is that the non-integrated fuel system (dual system) is adding multiple extra steps at the point of sale and on the back end.

Prior to the switch to ExxonMobil gas stores used the 7-Eleven POS to

REHAN HASHMI	process gasoline		
CAN BE REACHED AT	and	merch	an-
rehan711@yahoo.com	dise	trans	sac-
or 847-845-8477	tions.	Now	we

## Mobil have to use an Exxon controller for gas au-

thorization, AND our 7-Eleven POS for accepting cash or processing a credit card transaction. Many of us, in essence, have gone from operating an integrated store to running a non-integrated store.

Unlike acquisition stores, existing gas As part of conversion, the gas com- franchisees bought a simplified model when they franchised their gas stores. We all paid some sort of gas fee, and we expect some ROI from the gas side of the operation. The current gas commission model is barely a breakeven model, and this most recent change shifts additional burden to the franchisee side. It's a different story if you purchased a store newly acquired by SEI that already sells ExxonMobil gas (not that it makes it right), because you know what you're getting yourself into. If you've had your store converted, you have no choice, and you've pretty much been blindsided by the effects of the change.

Now it takes double the time to complete a gas transaction, because there are more steps inside the store. End of Shift (EOS) and End of Day (EOD) are also more time consuming because now we have multiple steps. Prior to this, we did

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# **EXON**

## **"SEI HAS NOT FULLY TAKEN INTO ACCOUNT HOW THE CONVERSION TO EXXONMOBIL GAS AFFECTS FRANCHISEES.**"

EOS and EOD at one register. Now we have to do it on two systems-the 7-Eleven system and the ExxonMobil system, which is called Passport. It also takes more time to do the Cash Report.

Gas variations and chargebacks never happened with the integrated system, but now they are becoming more common. For example, with an integrated system, if a customer comes in and buys \$20 worth of gas, the store would ring \$20 on Pump 5 and put the \$20 in the register. Now, with a non-integrated system, when a customer comes in to purchase \$20 worth of gas we take his money and we have to go to the ExxonMobil controller and aucontinued on page 43

**"WE MUST WORK** TOGETHER TO TAKE CARE OF THE BUGS **BEFORE WE ROLL THIS OUT ACROSS MORE** MARKETS. GAS CONVER-SION SHOULD NOT HAVE A NEGATIVE EFFECT FINANCIALLY ON FRAN-CHISEES OR MATERIALLY CHANGE OUR GASOLINE **OPERATION AND RELATIONSHIPS.**"



## **ExxonMobil Gas Conversion Advantages and Issues**

#### **ADVANTAGES WITH GAS CONVERSION**

- More customers will stop to fill up if we have nationally known gas.
- As part of conversion, the gas company is paying to install new gas pumps and digital signage.
- In some cases they are also offering to upgrade to diesel.

## **GAS CONVERSION ISSUES CUSTOMER ISSUES**

- Multiple additional steps required on the dual POS system are slowing speed of service for both gas and nongas customers
- Customers need to come back inside the store for a credit prepay refund
- Customers are confused and not in-

## formed about the transition

- Mobil Speed Pass is not available
- Can't redeem points for eligible nonfuel purchases on Plenti card
- Can't use Plenti card key tag because there is no scanner on the Passport system

#### **FRONT END ISSUES**

- Takes double the time to complete a gas transaction
- In one transaction alone, a clerk may have to toggle between POS, gas console, the lottery machine and the hot food area
- End Of Shift/End Of Day is more time consuming and has multiple steps
- Additional POP is required
- Refunds are time consuming

## EXON BACK END ISSUES Mobil

- Paperwork is more time consuming
- If you make one mistake it takes hours to retrace and correct it
- In the cash report summaries we are required to make three additional entries in line ID 10, 6-8 additional entries in line ID 20, and multiple additional entries in line ID 40
- Gas variations and charge backs never happened in an integrated system; we have more chances for error at POS
- We have more fuel credit card variations and charge backs and additional employee theft issues
- For every \$15 "error" or employee theft, franchise stores lose 1,000 gallons worth of fuel commission
- SEI makes Cash Report adjustments without any notification

continued from page 41

## **"WE NOW HAVE GAS VARIATIONS AND CHARGEBACKS. HOW DO WE COVER THIS AT 1.5 CENTS PER GALLON COMMISSION, \$15 ON** 1,000 GALLONS?"

thorize the pump. Then we have to walk to the 7-Eleven register and ring up \$20 worth of gas and put the money in. What happens if my clerk decides to put the \$20 in his pocket or if he makes a mistake? In the integrated system, there was a zero percent chance of having a variation.

We don't make enough money on gas to compensate for gas variations. We make 1.5 cents per gallon commission. If I sell 1,000 gallons, I make \$15. An average store in Chicago will sell about 3,000 gal-

Furthermore, with the dual register system, the speed of service we provide our customers has decreased. It takes more time to run two registers, plus the Exxon-Mobil SpeedPass doesn't work, so that's a big hassle for the new ExxonMobil customers coming into our stores. SEI is aware of these issues and is committed to a fix in 2018, but won't give us a specific date.

In the meantime, this conversion is costing us. Our franchisor says the inconvenience is temporary. SEI should say, "We understand that it's costing you, but we'll compensate you." They should say, "Until you are fully integrated in 2018, we



lons per day. That's not a lot of money in commission—about \$45. Another point of discontent is that SEI will make adjustments on the Cash Report without notifying us. If we have a gas variation they just go ahead and make an adjustment.

will compensate you X amount each month." Why should we have to ask for that? SEI knows it is costing us and should make us whole.

Chairs' Forum

I am suggesting we work together to take care of the bugs in the existing stores before we roll this out across more markets and also make sure that there is no negative effect financially on the franchisees and no material change in our gasoline operation and relationships. SEI made a unilateral decision to convert our gasoline, so they should either compensate us until they fully integrate us, or delay the rollout until they can integrate ExxonMobil's system with ours. SEI's job now is really not to go backwards but to go forward. It is to create the kind of "simplified" store operation that we know will align with our principles of "Servant leadership."

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## **7-ELEVEN EXCLUSIVITY OCTOBER-DECEMBER 2017**





By Pete Gragnano, President, Suburban Washington FOA

In laying the groundwork for the 2019 Agreement, SEI has stated that there are four guiding principles in its development: Balanced Economics, Brand Protection, Maintaining Independent Contractor Status, and Marketable Agreement.

In the last issue of Avanti I spoke about Balanced Economics. This article deals with Brand Protection.

According to the American Heritage New Dictionary of Cultural Literacy, Franchising is defined as: "In business, a relationship between a manufacturer and a retailer in which the manufacturer provides the product, sales techniques, and other kinds of managerial assistance, and the retailer promises to market the manufacturer's product rather than that of competitors. For example, most automobile dealerships are franchises. The vast majority of fast food chains are also run

functions. Since we bought a franchise as opposed to an independent business, we forsake some discretionary decision-making as a trade off for uniformity. That sus our competition.

As with many other franchisors, 7-Eleven has elected to expand through franchising rather than via the operation of corporately owned stores. Since franchising relieves the company of two of its major costs (employee compensation and benefits, as well as inventory variation), shifts some of its costs to the franchisees

"Franchising provides a significant source of revenue to the company through franchise fees. To our daily customers, 'WE' are brand 7-Eleven, not the entity that resides in Dallas."

on the franchise principle, with the retailer paying to use the brand name."

As 7-Eleven franchisees, we are part of an iconic brand that essentially created the convenience store industry and has been franchising stores since the early 1960s. As

with any fran-**PETE GRAGNANO** chisor, protect-CAN BE REACHED AT ing the "brand" 443-472-2327 or is one of its pjg1415@hotmail.com most important

(for example, maintenance and credit card fees), and concurrently provides a significant source of revenue through franchise fees, it's a no brainer. Combine this with the fact that franchise stores have a gross profit margin that exceeds its corporate counterparts on average by 2 percent, and it's no wonder that approximately 87 percent of 7-Eleven stores are franchised.

Since franchisees own the disproportionate share of the stores in the system,

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## Franchisee Guest Column

being said, we rely on our franchisor to provide us with the proper tools, marketing, and other assistance to support us ver-

relieves the company of employee compensation and benefits, as well as inventory variation, and shifts some of its costs, like maintenance and credit card fees, to the franchisees."

**"Franchising** 

it is the local franchisee who becomes the "face of the brand." To our daily customers, "WE" are brand 7-Eleven, not the entity that resides in Dallas. This was acknowledged by SEI CEO Joe DePinto in a speech to the National Coalition in July 2016, and reiterated recently in a video on 7-Hub by SEI COO Chris Tanco, who stated that "franchisees have built the system into an iconic brand" and that "the brand and trademark must always be seen in the most favorable light."

Contrast this with the company's actions over the past years (institution of the Graduated Gross Profit Split, reduction in gasoline commissions, the introduction of credit card fee payments, etc.) and you have to shake your head in amazement at the hypocrisy. Further, as stores become unprofitable due to outside forces like the increases in the minimum wage, it's not a question of if, but when, the brand's continued on page 48

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#### continued from page 45

image will be tarnished as franchisees reduce labor in an effort to survive and negatively impact customer service or cleanliness. With 35 percent of the stores below equity last January, and with the number likely to rise as higher minimum wages become effective, the lyrics of the 1960s Creedence Clearwater Revival song come to mind—"I see the bad moon rising; I see trouble on the way...."

Furthermore, as an add-on to NCASEF General Counsel Eric Karp's article in the last issue of Avanti, compare our worn and outdated stores with the new and sleek look of our competitors. Dallas should be embarrassed by the conditions of many of our stores, trademark in a "favorable light."

The general public paints with a broad brush; it equates an experience at one of

"AS STORES BECOME UNPROF-**ITABLE DUE TO OUTSIDE FORCES** LIKE THE INCREASES IN THE MINIMUM WAGE, THE BRAND'S **IMAGE WILL BE TARNISHED AS** FRANCHISEES REDUCE LABOR IN AN EFFORT TO SURVIVE AND NEGATIVELY IMPACT CUSTOMER SERVICE OR CLEANLINESS."

our stores as being the norm at all others. Therefore, the onus is on our franchisor to help the franchise community during these difficult times and to bring our stores up to the standards of 2017, not which certainly do not put the brand and 1970. The future of the brand and trademark hangs in the balance.

> This is my opinion and I welcome vours.



#### self-driving pizza delivery cars in Michigan, as

part of an effort to better understand how customers respond to and interact with autonomous vehicles, reported The Verae. • CVS Pharmacy recently introduced automated retail vending machines stocked with convenient, on-the-go necessities including over-the-counter health products, "better-foryou" snacks and popular personal care products. • Non-alcohol hot and cold beverages accounted for over \$181 billion in annual sales and totaled over 113 billion servings in 2016, according to research firm Technomic. Although soda and regular coffee continue to drive beverage volume overall, formats like specialty coffee, bottled water and energy drinks are expected to continue their already rapid growth in the next three to five years. •

continued on page 54



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SLIN	Description	GP
190557	Magnum Double Caramel Bar 3.38 oz	\$1.
190088	Good Humor Giant King Cone 8z oz	\$1.
190164	Klondike Mrs Fields Ice Cream Sandwich 6 oz	\$1.
190496	Good Humor Oreo Ice Cream Bar4 oz	\$1.
190081	Good Humor Strawberry Shortcake Bar 4 oz	\$1.
190472	Klondike Choco Taco 4 oz	\$1.
191378	Good Humor Giant Vanilla Ice Sandwich 6 oz	\$0.
190019	Good Humor Reeses Peanut Butter Cup 3.3 oz	\$1.
190394	Klondike Original Bar 5.5 oz	\$1.
190443	Good Humor Oreo Cone 4.2 oz	\$1.
190206	Magnum Double Chocolate/Vanilla Bar 3.04 oz	\$1.
190560	Magnum Almond Bar 3.38 oz	\$1.
190822	B&J Pint Slices Cookie Dough	\$1.
190690	Popside Sponge Bob 1.8 oz	\$0.
190671	Klondike Oreo Ice Cream Sandwich 4.5 oz	\$1.

## 6% Rebate On Top 14 Ben & SU

SLIN	Description	
190395	B&J Half Baked Pint	
191112	B&J The Tonight Dough Pint	
190003		
190002		1
190001	B&J Cherry Garcia Pint NATIONALLY	/
190155	B&J Strawberry Cheesecake Pint	- Di
190556	B&J Steven Colbert Americone Dream Pint	33
190004	B&J Chunky Monkey Pint	
190551	B&J Phish Food Pint	1
190737	B&J Boom Chocolatta Core Pint	10
190351	B&J Everything But ThePint	10
190006	B&J Peanut Butter Cup Pint	
191099	B&J Salted Caramel Core Pint	1
190197	B&J Brownie Batter Core Pint	1

## 6% Rebate On Top 10 Breyers Items

SLIN	Description
190239	Breyers Oreo Pint
190647	Breyers Reeses Pint
190350	Breyers Butter Pecan Pint
190360	Breyers Natural Vanilla Pint
190352	Breyers Chocolate Pint
190362	Breyers Strawberry Pint
190807	Breyers Vanilla 48 oz
190804	Breyers Neopolitan 48 oz
190899	Breyers Chocolate 48 oz
190371	Breyers Oreo Ice Cream 48 oz





5	GM%
50	50.1%
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.50	50.1%
.10	55.1%
.10	55.1%
.01	51.0%
.78	55.8%
.10	55.1%
.10	55.1%
25	50.3%
.50	50.1%
.50	50.1%
.50	50.1%
.88	58.7%
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41	40.5%
41	40.5%
27	42.5%
27	42.5%
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27	42.5%
92	32.1%
92	32.1%
92	32.1%
92	32.1%





Convenience-store food should be more than just convenient.

Vice Chairs' Forum

## **OVERCOMING OUR HOT FOODS CHALLENGES**

**BY ROMY SINGH** 

VICE CHAIRMAN, NCASEF | PRESIDENT, EASTERN VIRGINIA FOA

When it comes to hot foods, our guests today are looking beyond cheesy, greasy and fried temptations. No doubt our products are within our guests' everyday budget, but there are several challenges to our hot foods program we must overcome before we can reach SEI's goal of 20 percent of the total merchandise sales.

First and foremost, for years we have been working to improve the quality of hot foods such as mini tacos, chicken tenders, and chicken nuggets/dippers. We continue to push and try different things with no positive outcomes. From the consumer's point of view and previous experience, this is the same item that was discontinued, but now is being reintroduced under the same item name. If we continue going down this path, not only will our guests lose faith in that item, but they will also lose faith in our hot foods program altogether. There are

I understand that the complexity of seasonality in dealing with the birds, but we must still have a very high standard from our vendors to provide us with a consistent size for these items yeararound. We must implement some quality assurance over these products on an on-going basis. Additionally, we must test and verify the items in one market for at least a year before introducing it to the entire country.

The second issue with our program is too many items to execute, cook, and hold the hot foods case. We already have three kinds of pizza (cheese, meat and pepperoni), egg rolls, four types of wings, mini tacos, etc. It seems every month SEI introduces a new hot food item. Instead of having that many items, we should focus on a few items that are high quality, easy to execute, and are tested thoroughly in different regions before introducing them to the en-

**"FRANCHISEES DO UNDERSTAND WITH ALL** THE CHALLENGES WE ARE FACING WITH **HEAVY REGULATED CATEGORIES, WE MUST** FOCUS AND GROW THE FOOD SERVICE."

many inconsistencies with the sizes in the mini tacos, chicken tenders, chicken sandwich, and chicken nuggets/dippers. The size discrepancies result in the product not being cooked properly. The end result is not steady due to some foods being over or undercooked, and there-

fore leads to many \_\_\_\_\_ **ROMY SINGH** guests' unhappy CAN BE REACHED AT with these finish evafoa@gmail.com 757-506-5926 products. \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_ \_

and lack of preventative maintenance. We understand that cleaning the oven is the responsibility of the franchisees, and that it needs to be cleaned thoroughly. However, preventative maintenance needs to be performed by a professional service provider technician regularly and the heat settings checked so the equipment cooks the product in a consistent manner. The fourth challenge is there is no nutritional information professionally dis-



tire country.

The third issue of the hot foods program is the equipment (Turbo Chef)

"WE SHOULD FOCUS ON A FEW ITEMS THAT ARE HIGH QUALITY, EASY TO EXECUTE, AND ARE **TESTED THOROUGHLY** IN DIFFERENT REGIONS **BEFORE INTRODUCING** THEM TO THE ENTIRE COUNTRY."

played and visible to today's health conscious guests. To fix this issue, there should be menu boards and/or professionally displayed POPs that visibly includes the nutritional information.

The fifth obstacle is the design and layout of our stores and equipment. The design and layout is not user-friendly for our staff to execute at the highest level to meet the speedy customer service demand. One of our brand strategies is to grow more stores, but as we are growing, constructing, and/or remodeling, we must design and layout the store equipment, so it is simplified and user-friendly for our staff and saves labor dollars for the stores.

Franchisees do understand with all the challenges we are facing with heavy regulated categories, we MUST focus and grow the food service. But, in order to achieve our 20 percent or higher goals, we MUST have high quality products consistently and the stores must have the right tools and well-functioning equipment in order to execute to the highest level.

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## The Graduated Gross Profit Split Agreement: Where It Came From And Why It Must Go!

#### By John Irvine, Franchisee, Metro Detroit

At a recent National Coalition meeting, General Counsel Eric Karp was asked if he knew of any other franchise systems that had a graduated gross profit split. Eric indicated that he knew of no other system, except possibly a graduated split that increased the franchisee's share with greater volume.

Business common sense would indicate that you don't motivate higher sales by offering the sales force less commission for increasing sales. With sales and customer counts down at 7-Eleven, we can see that the motivation to sell less is working. The question is, how did 7-Eleven end up with a franchise agreement that motivates franchisees to sell less? Why a graduated gross profit split that is not sustainable, making the franchise worthless over time? To answer these questions, we must go back in time, all the way to the founding of our nation.

To understand the peril franchisees face, we must understand the difference between money and currency. Money is a store of value and a medium of exchange. Money is backed by something of value, such as gold or silver. Money over the ages has been backed by other commodities, such as wheat. Currency, on the other hand, is simply a medium of exchange and has no intrinsic value and is called fiat. Fiat currency always reverts to its intrinsic value, which is zero, and this process is called inflation.

The Revolutionary War against Eng-

land was financed

by the colonists

using fiat cur-

rency called the

Continental Dol-

JOHN IRVINE CAN BE REACHED AT irvine711@aol.com or 248-812-4975

lar. By the end of the war the Continental Dollar had reverted to its intrinsic value, which was zero. The framers of the Constitution wanted the United States to have sound money. Section 8 of the Constitution ner Act was passed, which mandated that states, "Congress shall have the power to coin money and set the value thereof." Section 10 states, "No state shall make anything but gold or silver legal tender in payment of debts." From the founding of the nation the value of money was set at \$18.93 equaled an ounce of gold. Inflation

was unheard of until 1933, when President Franklin D. Roosevelt made owning gold illegal for American citizens and paid a premium of \$20.67 to those turning in their gold. The dollar still had intrinsic value for international trade.

In 1935, the value of gold was increased to \$35. On August 13, 1971 two historical events took place: 1. I became a 7-Eleven Franchisee, and 2. President Richard M. Nixon took the country off the gold standard. The United States no longer had money; it had fiat currency. The fiat currency system of the United States began its descent to its eventual

## "Inflation was unheard of until 1933, when President Franklin D. Roosevelt made owning gold illegal for American citizens and paid a premium of \$20.67 to those turning in their gold."

value of zero. Gold closed recently at \$1,258 per ounce. If we divide \$35

by \$1,258 we see that the dollar has lost 97 percent of its value since 1971.

Labor unions had little power in the United States before 1935. In that year the Wag-

employers recognize labor unions and bargain with them in good faith. Adding to the power of labor unions, most of the industrial states passed closed shop laws, which mandated that if 51 percent of employees voted for a union then100 percent of the employees must join the union and pay union dues. It was very difficult to form a union in a state that did not have closed shop laws.

7-Eleven had grown to a chain of over 2,000 stores by the 1960s, all of which were in southern states with no closed shop laws. Operating convenience stores with a labor union would be all but impossible. A small convenience store chain in southern California had discovered an answer to the union problem-turn every store into a private business, making it impossible to organize. 7-Eleven had found an answer to growing its business model in heavily unionized states.

The franchise system was set up so that the cost of operating a corporate store was essentially the same as operating a franchise store. A corporate store had a manager, an assistant manager and employees with health insurance. A franchisee could do well by eliminating the manager, assistant manager and health insurance. The company began to grow continued on page 54

#### continued from page 53

and grow. The management of the company had a formula: for every store location they bought, they leased one. By 1989, 7-Eleven had grown to over 8,000 stores. The system had become a moneymaking machine, but there were storm clouds on the horizon. Wall Street had discovered that the purchase price of all of a company's stock was often far less than the breakup value. 7-Eleven was sitting on over \$400 million in cash and immense real estate holdings, making it a prime candidate for a hostile takeover.

Not wanting to lose control of the business they had built, the founders attempted to take the company private, financed with junk bonds. Unfortunately, the junk bond market was collapsing as the takeover was taking place. The interest rate was much higher than expected and to make matters worse, they way overpaid for the stock. After the dust settled, the company was left with debt that far exceeded assets.

"7-Eleven was sitting on over \$400 million in cash and immense real estate holdings, making it a prime candidate for a hostile takeover."

To save itself, the company began selling off real estate holdings more than 3,000 locations were sold. Bankruptcy was the only way

out. For a \$400 million loan, Seven-Eleven Japan received 70 percent of the stock. Oper-

ating as a public company, with all its debt, 7-Eleven was netting about 1 percent of sales. Now comes

the fun part, the part that the knowledge of what inflation is comes in handy.

they leased one location for every location they bought. The leases were all 20 years, with two five-year options. The rent on these stores stayed the same for 30 years.

For 30 years, inflation is raising sales and rent is remaining constant. The relationship between sales and rent is widening in 7-Eleven's favor every year for 30 years. If a store was leased in 1975, the lease would terminate in 2005. The rent for that location would revert from a 1975 rate to the current market value, which would probably be more than four times the 1975 rate. This new reality was happening in a company that is netting 1 percent of sales.

Making matters worse, real estate before 2007 was in a bubble. Leases were coming due at a time when real estate was tremendously overvalued. The math simply no longer worked and the company found itself in a no-win situation. Operating a corporate store was just as expensive as operating a franchise store. The only answer was to either start closing low volume stores, or take money from high volume franchise stores to subsidize low volume stores and franchise all stores. The current owners of the company believe that there is no need to advertise if 7-Eleven stores maintain a massive presence, and closing stores is not an option.

There is a cost to sales. If the franchisee share of the profit is not sufficient to cover the cost, then we have a problem for both 7-Eleven and the franchisee. Expenses and sales will be rising only because of inflation. The franchisee share of gross profit will be declining only because of inflation. As sales rise, franchisee net income adjusted for inflation will be declining. As it becomes apparent that a 7-Eleven franchise is a declining asset, goodwill value will disappear and eventually 7-Eleven will run out of people willing to franchise their stores.

7-Eleven franchisees have zero bargaining power. 7-Eleven management is aware of the facts laid out above. Without Remember, during their growth period leverage, franchisees must understand that their 7-Eleven franchise is on track to becoming worthless. The only hope franchisees have is that the National



Sheetz were named among the Best work-

places for Women by Fortune magazine.

QuikTrip came in at No. 54, while Sheetz

ranked No. 79. • Philip Morris said it will

spend about \$1 billion setting up a founda-

tion to reduce the prevalence of smoking as

the maker of Marlboro cigarettes aims to convert smokers into consumers of devices

Bloomberg. • Twenty-four participating 7-

Eleven stores in the greater Austin area are

now selling Rosa Foods' suite of nutrition-

The 7-Eleven locations now offer four Soy-

ally complete, ready-to-drink Soylent meals.

lent flavors: Original, Cacao, Cafe Coffiest and

Cafe Chai. • Chevron USA Inc. has partnered

with Jacksons Food Stores to grow the Ex-

traMile convenience store brand across the

Western United States, reported CSP Daily

News. The ExtraMile system currently in-

cludes more than 700 c-stores in California.

Oregon and Washington, and the companies

plan to double the number of sites by 2027.

• Targeting the 80 million consumers in the

U.S. who purchase lottery tickets regularly,

daily, monthly and annual subscriptions to

customers in California, with plans to scale

up its presence in 22 other states over the

next few years. • AccuWeather recently up-

**cane Harvey**, saying it now expects the

damage caused by the storm to come to

\$190 billion, or a full 1 percent of U.S. GDP. -

Ben & Jerry's announced an agreement with

Migrant Justice to implement the worker-

driven Milk with Dignity (MD) Program in

Ben & Jerry's Northeast dairy supply chain.

The program brings together farm workers,

farmers, and dairy buyers to ensure just and

dignified working conditions in Ben &

Jerry's northeast dairy supply chain. • The

United Arab Emirates has instituted a hefty

percent on soda and 100 percent on energy

drinks and tobacco products — partly as a

continued on page 56

tax on sugary drinks and cigarettes—50

graded its estimate of the likely cost of Hurri-

emerging company **LottoGopher offers** 

that don't burn tobacco, reported

page 48

**QuikTrip and** 

## 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.



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## **Tesla Considering Supercharger Stations** With C-Stores

Tesla plans to roll out more electric supercharging stations this year, and is also considering adding small convenience stores to the stations so drivers can relax and refuel themselves while they wait for their vehicles to charge, reported Fortune. During the recent the FSTEC restauranttechnology conference, Tesla CTO J.B. Straubel explained that long-distance Tesla drivers typically spend 20 or 30 minutes at roadside Superchargers, and while they're waiting drivers "want to eat, they want to have a cup of coffee, they want to use the bathroom." Tesla wants to satisfy those needs by, basically, turning Superchargers into full-service rest stops. Straubel said Tesla doesn't have much interest in running those operations itself, but is instead looking at partnering with experienced operators.

"Tesla seems be looking for supercharger partners that can cover a 20-30 minute charging window."

"Dollar General's store remodels with fresh food and produce have three to four times their typical sales."

## **Dollar General's Food-Focused Remodels Generate More Sales**

## DOLLAR GENERAL

Dollar General has found that foodfocused store remodels-including some that introduce fresh produce assortments—are generating three to four times the sales results of typical remodels, reported Supermarket News. Dollar General said it had completed approximately 185 store remodels through the end of its fiscal second quarter—around

a third of which include a test of fresh produce. The company added that, while it's still early, "initial remodels are yielding strong same-store sales im-

continued on page 62

## **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 54 way to lower obesity and diabetes rates,

reported Business Insider. Today, 19.3 percent of the UAE population (nearly one in five people) between the ages of 20 and 79 have type 2 diabetes. • Alimentation Couche-Tard said its North American network of stores held fundraising efforts to help support those affected by Hurricane Harvey, donating the funds to the Red Cross. The company also **donated \$100,000** 

to the organization and activated an internal fundraising campaign to help employees affected by the storm. • In the aftermath of Hurricane Harvey, c-store chain Sheetz said it would match in-store donations to disaster relief efforts, up to \$50,000. Sheetz's 560 stores across Pennsylvania, North Carolina, Maryland, Ohio, Virginia and West Virginia accepted donations at checkout for the victims of Hurricane Harvey from September 7 through September 30. • Anheuser-Busch sent three truckloads—over 155,000 cans—of emergency drinking water to help communities in the Gulf Coast area in response to Hurricane Harvey. • Wawa, Inc. and The Wawa Foundation Inc. launched a chainwide, in-store crisis campaign in late August designed to provide disaster relief assistance to those communities most affected by Hurricane Harvey. • The **PepsiCo** Foundation announced it will provide \$2 million in grants to help communities in Mexico City, Puerto Rico and the Caribbean impacted by natural disasters in September. These grants are \$1,000,000 to the American Red Cross and \$1,000,000 to the Pan American Development Foundation to rebuild greater disaster-resilient communi-

ties in the Mexico City area and Puerto Rico. • The Kroger Co. Foundation donated \$100,000 to the Houston Food Bank,

America's largest food bank serving 600 hunger relief charities in 18 southeast Texas counties, to supply operational support and meals to families affected by the Hurricane Harvey floods. • In response to devastation and widespread flooding caused by Hurricane and Tropical Storm continued on page 60



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## Let's Just Listen!

By Hari Patel, President, Jay Patel, Vice President, Mital Patel, Board Member and Ketan Patel, Board Member, Metro New Jersey FOA



on how 7-Eleven franchisees run the daily operation in their stores, it would be as thrilling and interesting as Game of

Thrones, Narcos or House of Cards. For franchisees, running their businesses is no small feat. Every day you wake up and have to deal with challenging issues. Employee issues, SEI's rules and regulations, new city or state laws or ordinances, vendor issues, and the daily struggle to juggle between multiple stores, personal life and business politics are just a few. How can franchisees survive and grow in these types of situations?

We often hear that by listening we can solve most of these problems and differences. How true is that? If SEI listens to its franchisees, franchisees listen to SEI, storeowners listen to their customers, staff and vendors, can we really grow our relationships and sales?

We have been franchisees for many years and when we took over the Board of the Metro New Jersey FOA we decided to follow that simple principle—just listen. We reached out to our area franchisees and asked them what was holding them back from joining our FOA. The answer was very simple: they wanted us to hear their problems and try to get them a solution. By employing this policy we were able to add 60-plus franchisees in less than eight months. Now, franchisees see value in joining our FOA. The new franchisees who come in to 7-Eleven want to join our FOA so they can share tend our tabletop meetings, as well as our

If there was a TV show their concerns and problems with other annual existing franchisees. We have also created a WhatsApp group where all franchisees can share their knowledge and better communicate issues to get resolutions without waiting for their field consultant. vendors. They

> "We reached out to local SEI management, our market mangers and Zone leader, and asked them what they would like from our FOA. The answer was simple: better communication."

Next we reached out to local SEI management, our market mangers and Zone leader, and asked them what they would like from our FOA. The answer was simple: better communication. Our relationship with SEI has significantly improved, as we are better able to understand each other's concerns through open communication. They want to be part of our FOA and attend all of our events. This gives our old as well as new franchisee members confidence, and they are more likely to bring challenges to the table so that our FOA and SEI can solve them quickly.

Then we reached out to our vendors and asked them what they would like from our FOA. Again, the answer was simple: solve their issues getting into most of the stores. Most of our vendors now at-

trade "If we listen show. We were to each able to add 10 other most more merchants issues can to our list of FOA be solved by just now have confitalking." dence that our

FOA will bring great results and higher penetration rates of their products in our franchisees' stores.

Most problems can be solved by listening, so there is little reason for arguments or misunderstanding. We strongly believe that everyone is in the 7-Eleven business to make money for their stores. Franchisees as well as SEI want to grow sales. Certainly there will be issues that arise, but if we listen to each other most of these issues can be solved by just talking.



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P3 Portable Protein Packs Basics 2oz \$1.27 Prices do not reflect distributor markup

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## **P3 Portable Protein Packs Moved out of CDC's**

P3 Portable Protein Packs have been removed from the CDC's decreasing the overall cost of distribution. KRAFT HEINZ is also adding an additional 10¢/unit billback to increase your overall profit on the #1 selling







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



## continued from page 56

Harvey, Love's Travel Stops said it donated a

total of \$1 million to help with mid- to longterm relief and recovery efforts. • Walmart said it would match customers' donations to the Red Cross with cash or merchandise valued at up to \$10 million, bringing the retailer's total commitment to hurricane relief this year to \$30 million, reported CNBC. Target and Home Depot donated \$1 million and \$2 million respectively to aid hurricane recovery. • McDonald's said it will donate \$1 million to the American Red Cross in support of the relief and recovery efforts for communities impacted by Hurricane Irma. McDonald's had previously announced a \$1 million donation to the American Red Cross for Harvey relief efforts. • Dick's Sporting Goods along with The Dick's Sporting Goods Foundation announced a \$5.5 million commitment to support communities impacted by Hurricanes Harvey and **Irma.** The short-term emergency requests and long-term recovery support ranges from monetary donations, to equipment and apparel

and other much-needed supplies. • The governors of Utah, Colorado, Idaho, Montana, Nevada, New Mexico and Wyoming recently agreed to work together to create a network of recharging stations to allow electric vehicles to travel easily along the 5,000 miles of freeways in their region, reported the Salt Lake Tribune. • People who drink more coffee may have a lower risk of premature death from disease, according to two new studies published in the Annals of Internal Medicine. Researchers found that people who drink two to four cups of coffee a day had an 18 percent lower risk of death compared with people who did not drink coffee. • Kaiser Permanente and Target announced they will launch 31 additional Kaiser Permanente-staffed retail clinics in Target stores across Southern California. The clinics will offer a broad array of services, including pediatric care, women's health care, and monitoring and care for chronic conditions like diabetes, continued on page 74



## FULLY FUNDED! HÄAGEN-DAZS PROMOS THROUGH DECEMBER 31

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Strawberry	SLIN 0190023	UPC 74570024001
Chocolate	SLIN 0190021	UPC 74570014002
Coffee	SLIN 0190067	UPC 74570034000
Dulce De Leche Caramel	SLIN 0191156	UPC 74570810116
Vanilla Swiss Almond	SLIN 0190214	UPC 74570094004
Rocky Road	SLIN 0190131	UPC 74570044085
Caramel Cone	SLIN 0190025	UPC 74570650583
Choc Peanut Butter	SLIN 0190343	UPC 74570950157
Chocolate Chocolate Chip	SLIN 0190022	UPC 74570084005
Cookie Dough Chip	SLIN 0190883	UPC 74570084067
Vanilla Bean	SLIN 0190059	UPC 74570650576
Sweet Cream Coffee Caramel	SLIN 0190201	UPC 74570637980
Pineapple Coco	SLIN 0191223	UPC 74570610075
Brownies A La Mode	SLIN 0190253	UPC 74570313365
Triple Chocolate	SLIN 0190747	UPC 74570622962



provement" and it believes the lesson learned from these remodels has the "potential for broader application across significant portions of our store base."

## **Merchant Swipe Fees Surpass Customer Overdraft Fees**

For the first time ever, credit-card interchange fees have exceeded the amount customers pay in overdraft fees, reported MarketWatch. Total overdraft fees totaled \$33.3 billion in 2016, just shy

"For the first

time ever,

credit-card

interchange

fees have ex-

amount cus-

tomers pay

in overdraft

fees."

ceeded the

of the \$33.8 billion financial institutions collected in creditcard interchange fees, according to a new analysis of service fees from Moebs Services.

Overdraft revenue is up only slightly, but still down from its peak of \$37.1 billion in 2009 as banks have been required to get customer consent to opt into overdraft fa-

cilities since 2010 and customers shy away from higher overdraft charges. In sharp contrast, interchange fees have more than doubled from \$18.5 billion eight years ago. The increase in these fees, particularly those shouldered by merchants, represents a "major shift" in how banks, credit unions and other financial institutions have collected fees in the last several decades, said Michael Moebs, an economist and chief executive of Moebs Services.

In recent months, more lenders

have given consumers access to credit cards. More than 171 million consumers had access to credit cards backed by major banks and open network card issuers in the first quarter of 2017, the most that have had access since 2005. It's paid off: Americans also now collectively have more than \$1 trillion in outstanding revolving debt, often summarized as credit card debt-the most in U.S. history.

## **C-Stores Offer Valuable Job Opportunities**

Nearly one in five Americans (19 percent) say they have worked in a convenience store and the vast majority of them found their experience to be valuable as a career opportunity, or in gaining workplace experience, according to a new national survey of consumers conducted by the National Association of Convenience Stores (NACS). The survey found that 84 percent of those who worked in a convenience store agree the job experience helped them develop a foundation for their careers. In fact, more than three in

four (77 percent) say that they would recommend working in a convenience



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store to others, particularly as a first job. Here are some factors that con-

tributed to their positive impressions: 89 percent learned a lot about how to work with different people; 80 percent learned how businesses are run and what the challenges are; 70 percent appreciated that their employer offered a flexible work schedule; and 69 percent found that the job offered pay consistent with their experience.

Among the survey respondents who said they had never worked at a convenience store, their perception of the industry also is positive, especially when tied to first jobs and gaining work experience. Nearly nine in 10 (88 percent) say convenience stores offer great first jobs and nearly as many (86 percent) say that convenience stores offer great summer jobs.

continued on page 64

## **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,

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## C-Store Robberies Increase

The FBI's annual report on national crime statistics reveals that last year there were 17,401 robberies in convenience stores, a 6.7 percent increase from 2015, reported NACS Online. For gas or service stations, there were 8,178 robberies, up 2.1 percent from 2015. The report, "Crime in the United States," also found that overall violent crime rose 4.1 percent last year, while property crime fell 1.3 percent compared to 2015 figures. Additional statistics from the report include:

Of the violent crimes reported to police in 2016, aggravated assault made up 64.3 percent, while robbery was 26.6 percent.
About 7.9 million property crimes were reported, with losses (excluding arson) of about \$15.6 billion.

• Law enforcement agencies made about 10.7 million arrests in 2016 (excluding arrests for traffic violations).

## Amazon Increases Snacks Sales

In only the first eight months of 2017, Amazon's sales of sweets and snacks have almost reached the total volume of sales in 2016— a year-overyear growth of 42 percent, according to research firm One Click Retail. From January to August 2017, Amazon's snacks and candy sales totalled \$215 million, compared to \$240 million for all of 2016. Competing in the sweets and snacks space is a unique challenge because it relies so heavily on impulse buying, but Amazon is using its new Prime Surprise Sweets program and the use of Alexa to engage the impulse buying crowd, One Click Retail stated.

Though the biggest *Of J* subcategories by a signif-

icant margin are not surprising—Chocolate Candy, Salty Snacks, and Non-Chocolate Candy—much of Amazon's year-to-date sales growth has been driven by more health-conscious consumers. Dry Fruit Snacks, arguably the healthiest of all subcategories, experienced 75 percent growth, more than any



other subcategory, while the next three top growers are all relatively healthy: Dried Meat Snacks, Snack/Granola Bars, and Crackers. Of the larger volume categories, Salty Snacks grew the most rapidly, leaving sugary treats relatively stagnant by comparison.

## **Companies Make Changes To Food Expiration Dates**

Fifty of the world's biggest food and retail companies—including Campbell, Wal-Mart, Kellogg, and Nestlé—are changing their expiration labels exclusively to "Use by" by 2020, reported *Business Insider*. The food retailers, which are part of the Consumer Goods Forum Board, voted unanimously on the change September 20. The board determined that confusing labeling is one of the leading causes of food waste around the world, since consumers

## "In the U.S., an estimated 40 percent of food that is bought is thrown out."

might be unsure if a particular item still okay to eat. In the U.S., an estimated 40 percent of food that is bought is thrown out. Globally, about 1.3 billion tons of food are wasted, which contributes to 8 percent of annual greenhouse gases.

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Beyond the environmental benefits, the board noted that simplifying labels could save consumers money. The average American family tosses out \$1,500 worth of groceries annually, according to the forum. In the UK, that figure is \$947. In addition to the label change, the companies have devised a plan to educate consumers about food waste by partnering with manufacturers, government agencies, and NGOs.

## Philly Soda Tax Falls Short Of Revenue Expectations

Sales of carbonated soft drinks have dropped 55 percent inside Philadelphia after the city instituted a 1.5 cents per ounce sweetened beverage tax in January, reported CNBC. A new study from market research firm Catalina found people in Philadelphia are still buying sugary drinks, but they're traveling outside city limits to stock up, where sales rose 38 percent. The city said it is too soon to judge the tax, and partially blamed the shortfall on retailers stocking up on products before the tax went into effect. Catalina's study analyzed 109 million transactions at sales at grocery, mass and drug stores around Philadelphia. The study also found that the tax seemed to encourage people to drink more water. Sales of bottled water

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continued on page 70

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## **Legislative Update**

pre-emptive strike against local control over so-called "soda taxes" enacted in other parts of the country, reported The Detroit News. The Michigan Constitution exempts groceries from the state sales tax, and sponsoring Sen. Pete MacGregor said his bill would close "loopholes" he warned could allow local excise taxes on food and drinks. "We can't have a patchwork of certain cities and certain counties tax certain items and others don't," said MacGregor, R-Rockford. "This will kill these cities' economy." The bipartisan legislation banning local food taxes sailed through the Senate in a 31-5 vote, with support from all Republicans and six Democrats. It now heads to the state House for additional consideration.

State Sen. Rebekah Warren, D-Ann Arbor, spoke out against the legislation, arguing it will have "absolutely zero immediate, practical impact" in Michigan. "Because there's not a single municipality in our state that is actively doing

this," she said. "What this policy will do is take one more tool out of the tool box of our local units of government." The proposal is supported by Michigan food producers, ranging from the sugar lobby to the vegetable lobby, who say it would eliminate a looming threat to farmers and protect the state economy.

"The Michigan Senate recently voted to prohibit local governments from taxing food, drinks or chewing gum, a pre-emptive strike against local control over so-called 'soda taxes' enacted in other parts of the country."

began a "Can the Tax" campaign advocating for a repeal. Soda drinkers now won't have to pay the much-reviled tax come December 1, which is also the day after the County Board's deadline to come up with a new budget. That task is now more difficult without the \$200 million Board President Toni Preckwinkle was counting on from the soda tax next year, the article states.



CSP's Tobacco E-News recently published a summary update of tobacco legislation affecting retailers and customers nationwide.

#### **Cigarettes And Tobacco Products Taxation**

This year, 28 states considered bills to raise cigarette and/or tobacco-product tax rates in some form. Three of these states passed and enacted tax changes, including Delaware (50cents-per-pack cigarette-tax increase, 15 percent increase on OTP and 38-cent tax increase on moist snuff), New York (modified the tax on large cigars from 75 percent of wholesale to 45 cents per cigar) and Rhode Island (increased tax rate on cigarettes by 50 cents). Also, Minnesota removed the automatic inflator on the excise tax

per pack of cigarettes and froze the cigarette tax rate at \$3.04 per pack, as well as reduced the tax cap on premium cigars from \$3.50 to 50 cents per cigar. Finally, California voters approved a ballot question last November that raised the state's cigarette tax by \$2 per pack and increased the OTP tax to 65.08 percent. These tax increases went into effect on July 1, 2017.

#### **E-Cigarettes And Vapor Products Taxation**

2017 produced an increasing number of states introducing legislation to assess a new tax on e-cigarettes and vapor continued on page 68

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## **Illinois County Repeals Soda Tax**



The Cook County Board of Commissioners in Illinois recently repealed a controversial soda tax, reported the Chicago Tribune. The soda tax—which went into effect August 2-levied an additional one penny per ounce on sugary drinks. It has garnered criticism from local business owners and the beverage industry, which

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## **Legislative Update**

products. Fifteen states considered

bills to enact a new tax, and of the bills introduced in these states only two were enacted into law. Delaware passed a new tax on vapor products at 5 cents per fluid milliliter on nicotine solution and New York passed a tax modification on vapor products to 40 cents per fluid milliliter. Also, the Kansas legislature decreased the excise tax on vapor products from 20 cents per milliliter of e-liquid to 5 cents.

### Age 21 To Buy

Twenty-seven state legislatures had bills introduced to raise the legal age to purchase tobacco products to either age 19 or 21. So far, the states of Oregon, New Jersey and Maine have enacted a statewide law to increase the tobacco age to 21 years old. These states join California and Hawaii,

increasing the total to five states with a minimum legal age to purchase at 21.

#### **Ban On Tobacco Samples Includes E-Cigs**

The FDA recently finalized guidance to make clear that it's ban on free samples of tobacco products (like at trade shows) includes electronic cigarettes, reports The Hill. The FDA said in the 10-page guidance document that its ban on free samples of tobacco products applies to any tobacco product that is subject to FDA regulation, including components and parts of tobacco products like "e-liquids" and the refillable cartridges for electronic cigarettes. Under the new guidance, tobacco product manufacturers, distributors and retailers can still sell products at a discount, accept coupons and offer two-for-one deals.





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within the city core have increased 13 percent, Catalina found. Inside the city lines, sales grew nearly 9 percent.

## **Couche-Tard Reports Net Earnings Increase**

Circle K parent company Alimentation Couche-Tard recently announced its first quarter ended July 23, 2017 net earnings increased to \$364.7 million compared with \$322.8 million for the first quarter of fiscal 2017, an increase of nearly 13 percent. The company said its total merchandise revenues were \$2.8 billion, an increase of 9.8 percent, and same-store merchandise revenues increased by 1.4 percent in the U.S. Couche-Tard further reported that its merchandise and service gross margin increased by 0.1 percent in the U.S. to 33.3 percent, by 0.4 percent in Europe to 42.1 percent and by 1.8 percent in Canada, to 35.0 percent.

"Couche-Tard reported same-store revenue growth of 1.4 percent for Q1 2017."

Total road transportation fuel volumes grew by 15.8 percent, while same-store road transportation fuel volumes increased 0.4 percent in the U.S.

## **Food Companies Team** With IBM On Blockchain



Nestle SA, Unilever, Tyson Foods and other large food and retail companies have joined IBM's project to explore how blockchain technology can help track food supply chains and improve safety, reported Reuters. Blockchain-which first emerged as the system underpinning cryptocurrency bitcoin-is a shared record of data maintained by a network of computers, rather than a trusted third

party. Because blockchain can quickly trace the hundreds of parties involved in the mass production and distribution of food, it is expected to make it easier to identify the source of potential contamination during food safety scares.

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A total of 10 companies said they will share data and run trials with IBM, including Kroger, Dole Food Company, McCormick & Company, Golden State Foods, Driscoll's and Berkshire Hathaway's McLane Company. Wal-Mart also is participating and has worked with IBM since October to track the movement of food products. Wal-Mart said in June that blockchain trials had helped it narrow the time it took to trace the movement of mangoes to 2.2 seconds from about seven days.

## Mars Pledges \$1 Billion **To Fight Climate Change**

Chocolate giant Mars is promising to spend close to \$1 billion over the next few years to fight climate change by reducing the carbon footprint of its business and supply chain by more continued on page 72

## 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 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

# 

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.

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than 60 percent by the year 2050, reported Business Insider. Its chocolate brand M&Ms will also promote wind power in a global advertising campaign set to run later this year and into 2018. The huge investment commitment came ahead of a UN General Assembly and Climate Week in New York in September, and the timing was meant to spur other companies around the world to make similar environmental commitments.

Mars, which had close to \$35 billion in sales last year, was one of the companies that signed a letter in May urging President Donald Trump not to withdraw from the Paris climate agree-

"McDonald's was chosen as the go-to place to eat by 43 percent of survey respondents who bought legal marijuana."

ment. The company said it would meet the environmental commitments set out in the Paris agreement as part of its sustainability plan. Mars' \$1 billion sustainability drive will include investments in:

• Renewable Energy-Mars plans to have wind-powered operations in 11 countries around the world, including Russia, China, Australia, and India, by next year.

• Food Sourcing—The company will invest in sustainable sourcing for ingredients like fish.

• Cross-Industry Action Groups-Mars has set up groups like CocoaAction, an industry coalition aimed at making cocoa growing more sustainable, and Livelihoods Fund for Family Farming, which invests in smallholder farming across the world.

• Farmers-Mars will help farmers transform the way they grow crops to be both more environmentally sound and in ways that dramatically increase the income of farmers.

## **McDonald's Popular** With Weed Smokers

McDonald's is overwhelmingly the number one fast food choice for cannabis consumers in states where marijuana is legal, reported Forbes. A new study conducted by cannabis financial news website Green Market Report and Consumer Research Around Cannabis found that 43 percent of sur-

> vey respondents who bought legal marijuana chose McDonald's as their go-to place to eat. The second most popular place to eat

was Taco Bell (18 percent) and Wendy's came in third with 17.8 percent, just barely squeaking past Burger King at 17.6 percent. Subway placed fifth at 8.7 percent and Kentucky Fried Chicken hit the list at number six with 5.5 percent. The last four of the top ten were Arby's, Chick-Fil-A, Jack-In-The-Box and Carl's Jr. (in that order). The online survey, which had 27,500 respondents, was conducted in 25 markets where marijuana has been legalized with a base population of 55 million.

## **Wal-Mart Testing** Straight-To-Fridge Delivery

Wal-Mart is testing a service in the Silicon Valley to deliver groceries straight to customers' refrigerators as it

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tries to gain an edge over Amazon.com, reported Reuters. The retailer is partnering with August Home, a provider of smart locks and smart home accessories, to test the service. The delivery person would get access to the customer's house using a pre-authorized one-time pass code and would put away groceries. Wal-Mart said the homeowner would be in control of the entire experience, receiving a notification that the delivery is in progress and could also watch the real-time process.

## Sunoco Lays Off **Stripes Workers Before 7-Eleven Handoff**

Sunoco recently delivered pink slips to 112 employees of its Stripes convenience stores in Nueces County, Texas, as the company prepares to hand the chain over to 7-Eleven, reported the Corpus Christi Caller-Times. More layoffs are planned, but the timing and size of that reduction is not yet known, Sunoco told the newspaper. The 112 positions were mostly in the support center for Stripes convenience stores. Sunoco said some

employees have been offered positions with 7-Eleven, and all are being offered sev-





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erance packages. Last year, the company laid off 161 employees in Nueces County, and Sunoco announced plans earlier this year to sell the Stripes convenience stores to 7-Eleven for \$3.3 billion.

## **Walgreens Gets Green Light To Buy Rite Aid Stores**



Drugstore chain Walgreens recently received regulatory clearance to buy 1,932 stores-254 stores fewer than it had previously intended-from Rite Aid for \$4.38 bil-

lion, reported CNBC. The deal, which widens Walgreens' footprint in the United States and will help negotiate for lower drug costs, has been in the works for nearly two years but has faced regulatory hurdles. Walgreens also said it would buy Rite Aid's three distribution centers located in Dayville, Connecticut; Philadelphia, Pennsylvania; and Spartanburg, South Carolina.

## **Two Ex-Googlers Pitching** Pantry Box-Sized 'Bodegas'

Two ex-Google employees recently launched a new concept called Bodega, an unmanned five-foot-wide pantry box filled with non-perishable items that can be placed in locations like apartment buildings, offices, college dorms, and gyms, reported Fast Company. An app will allow customers to unlock the box and cameras powered with computer vision will register what they've picked up, automatically charging their credit card. For the past 10 months, the pair has been testing out the concept at 30 locations in the Bay Area. The founders explained the idea is to preempt what people might need, then use machine learning to constantly reassess the 100 most-needed items in that community.

## **Domino's Researching Delivery With Self-Driving Cars**

Domino's Pizza and Ford Motor Co. are launching an industry-first collaboration to understand the role that self-driving vehicles can play in pizza delivery, the companies announced. As part of the testing, researchers from both companies will investigate customer reactions to interacting with a self-driving vehicle as a part of their delivery experience. This research is important as both companies begin to examine and understand customers' perspectives around the future of food delivery with self-driving vehicles.

As part of the research, randomly selected Domino's customers in Ann continued on page 76

"Domino's is testing customer reactions to interacting with a self-driving, unmanned vehicle for their delivery experience."



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cholesterol and high

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blood pressure. • Walmart has revamped its private-label Parent's Choice line, adding 120 new items to the baby product collection and overhauling 100 existing items in a push to win parents away from rival Target, reported *Bloomberg*. • The **MoonPie** marshmallow sandwich recently celebrated its **100th anniversary** with a "Thank You America" Tour to thank customers and consumers for their loyalty and sampling factory-fresh "Original Recipe" MoonPies. • Dunkin' Donuts Coffee at Home recently launched its all-new Dunkin' Donuts Cold Brew Coffee Packs, a "Brew-It-Yourself" take on the category that can be made at home in just three easy steps. • More people than ever are turning to online funeral planning to fight rising funeral costs and to design more personalized services, according to Funeralwise.com. • The U.S. trademark court office recently decided that Cheerios doesn't have a monopoly on breakfast yellow and denied the cereal brand's appeal to claim the color, reported Quartz. In an August 22 ruling, the judge explained that Cheerios can't have exclusive claims to the color because all sorts of breakfast items also use it in their packaging. • Panera Bread recently announced a new approach to kid food—children can choose almost any item on the Panera menu as a smaller-sized entree, resulting in more than 250 clean menu combinations. • Wal-Mart recently introduced a new option that allows customers with EBT benefits to use its Online Grocery Pickup serv-

ice and pay when they pick up their groceries. New survey data compiled by market research firm Packaged Facts reveal that 60 percent of U.S. adults have made a purchase via Amazon in the past three months. • Core-Mark Holding Company, Inc. announced that its Board of Directors has authorized the company to repurchase up to \$40 million of the company's common stock. • BJ's Wholesale Club recently announced a \$100,000 donation from the BJ's Charitable Foundation to Feedcontinued on page 78



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Arbor, Michigan will have the opportunity to receive their delivery order from a Ford Fusion Hybrid Autonomous Research Vehicle, which will be manually-driven by a Ford safety engineer and staffed with researchers. Customers who agree to participate will be able to track the delivery vehicle through GPS using an upgraded version of Domino's Tracker. They will also receive text messages as the selfdriving vehicle approaches that will guide them on how to retrieve their pizza using a unique code to unlock the Domino's Heatwave Compartment inside the vehicle.



## Wal-Mart & Google Team Up Against Amazon

Google and Wal-Mart are joining forces in a partnership that includes enabling voice-ordered purchases from the retail giant on Google's virtual assistant, challenging rival Amazon's grip on the Visit the NCASEF Website www.ncasef.com

next wave of e-commerce, reported the Wall Street Journal. Wal-Mart joined Google's online-shopping marketplace, Google Express, in September. While the deal will add hundreds of thousands of Wal-Mart items to Google Express, it will also give Wal-Mart customers access to voice ordering through Google's virtual assistant, which sits in phones, Google's voice-controlled speakers and soon other devices. The deal won't alter how consumers receive their orders, because Wal-Mart will fulfill purchases made through Google Express, the article states. Wal-Mart said it will share consumers' purchase history with Google to enable users to quickly reorder items, a continued on page 78



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primary function of voice-controlled orders for commodity shopping.

## Australia Passes New Labor Laws After 7-Eleven Scandal

Employers in Australia, particularly franchise chains, face stiff new penalties and a beefed up watchdog after reforms to protect vulnerable workers recently passed the country's Senate, reported the Illawarra Mercury. The bill was introduced in response to Fairfax Media's exposure of rampant underpayment and exploitation of vulnerable 7-Eleven workers, as well as subsequent scandals involving prominent companies like Domino's. Minister for Employment Michaelia Cash said the government's Fair Work Amendment (Protecting Vulnerable Workers) Bill 2017 would protect workers from unscrupulous employers. The bill significantly boosts fines for serious breaches of workplace laws that will catch employers who force employees to pay back their wages in cash. The bill also makes franchisors and holding companies culpable for breaches of the Fair Work Act if they are found responsible.

## Key Trends Driving Sales Of Fresh Fruits & Vegetables

Consumers' consumption of fresh produce grew steadily—albeit modestly at about 1.3 percent—between 2011 and 2016. As market research firm Packaged Facts forecasts in the new report Fresh Produce: U.S. Market Trends and Opportunities, moderate annual gains will continue over the next several years through 2021. However, there are six key trends Packaged Facts reveals that will influence future growth in the U.S. market for fresh fruits and vegetables: online grocery shopping and delivery services inducing produce purchases; further convenience with meal kit delivery spurring produce gains; community supported agriculture and farmers' markets grow from Locavore Movement; diet and superfood claims spur produce gains; exotic flavor profiles heating up the market; and capitalizing on the Flexitarian Movement.

## C-Stores Experience Strong Food Sales

Convenience store retailers say that in-store sales have performed strong so far this year, and they are optimistic about their business prospects for the remainder of 2017, largely because of the growth in food sales, according to a survey of U.S. retailers released by the National Association of Convenience Stores (NACS). Three in five convenience store retailers (60 percent) say that in-store sales in the first nine months of 2017 were higher than the same period last year, compared to 20 percent who say sales thus far were lower. And one in three (35 percent) say that motor fuels sales were higher compared to the first nine months, compared to 27 percent who say sales were lower.

Three in four retailers (75 percent) say they are optimistic about how their business will perform leading into the fourth quarter. While retailers attributed several reasons for both strong sales and optimism, an increased emphasis on continued on page 80

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Central Virginia. The donation will help Feed-More's network of partner agencies increase their capacity to distribute perishable food across the region. • CVS Health announced that it is expanding its drug disposal collection program to 1,550 units with the addition of kiosks at 750 retail pharmacies nationwide, adding to the 800 units previously donated to law enforcement. • Door-Dash, the technology company connecting customers with local businesses through door-to-door delivery, recently announced its launch in Tampa, Florida. This announcement marks DoorDash's expansion into 45 major metropolitan markets across the U.S. and **Canada.** • Consumer products sales and marketing agency C.A. Fortune announced it will

open a Cincinnati office dedicated to serving Kroger's 2,796 stores in 35 states. The Kroger Co. is one of the world's largest grocery retailers, with fiscal 2016 sales of \$115.3 billion. • Unata, provider of 1-to-1 digital solutions for grocers, announced a new voice technology integration that will enable grocery retailers to offer voice ordering to their customers. • Amazon.com Inc. is experimenting with a new delivery service intended to make more products available for free two-day delivery and relieve overcrowding in its warehouses, which will push the online retailer deeper into functions handled by longtime partners UPS and FedEx, reported *Bloomberg*. • Panera Bread recently rolled out a new "sweet facts" fountain beverage cup that lists the calories and added sugar in each of its six new craft beverages, as well as regular cola. • Seventy percent of construction firms report they are having a hard time filling hourly craft positions that represent the bulk of the construction work-

hard time filling hourly craft positions that represent the bulk of the construction workforce, according to a survey released by Autodesk and the Associated General Contractors of America. • Camp Bow Wow, the nation's continued on page 80



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fresh food sales was most often cited. Greater consumer confidence also has helped grow store sales, according to the retailers NACS surveyed.

## C-stores Compete With Supermarkets In The Sandwich Market

As supermarkets ramp up their prepared-foods assortments, they find themselves increasingly competing against not only restaurants but also convenience stores, reported *Supermarket News*. The c-store industry overall has long fought against its stereotypical image as a purveyor of low-quality food, and many chains often by emphasizing freshly made or made-to-order sandwich programs. These include chains such as Wawa and Sheetz—the latter of which has actually trademarked MTO Made To Order as a brand—both based in Pennsylvania, and both of which have become destinations for their freshly made sandwich offerings.

have achieved considerable success,

Jeff Lenard, VP of strategic industry initiatives at NACS, said touchscreen ordering is now being used by many of the most progressive c-store operators. Many c-stores have also embraced limited-time offers to promote excitement around sandwiches and test new items, Lenard said, citing The Gobbler at Wawa as an example.

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industry, recently **announced its brand new #GiveAFetch campaign**, which promotes being a responsible pet parent and community member while celebrating the special things we do for our dogs. • A National Confectioners Association survey reveals that up to **77 per cent of Americans are likely to purchase candy to participate in traditional Halloween activities** this year. • Fashion specialty retailer Nordstrom, Inc. recently unveiled Nordstrom Local—the company's latest retail concept and neighborhood hub where customers can shop and access Nordstrom services in a convenient, central location.

# 

the digital version, online at Issuu.com before you receive the printed copy! To join the AVANTI distribution list and receive a link to the latest issue as soon as it is uploaded, send an e-mail to debbie.avanti@verizon.net with the subject field "AVANTI ONLINE" and you will receive an email alert as soon as the digital magazine is posted. Feel free to include your U.S. postal address in the email if you would also like to be placed on our AVANTI mailing list. AVANTI is also available on the NCASEF website in pdf format at www.NCASEF.com.

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Intro Offer 25% off for first order only, per store, 11/27/17-1/27/18



## **GREEN DOT**® MoneyPak









**PIN-OVER-PHONE** FRAUD

COVERED BY **7-ELEVEN ASSET** PROTECTION FUND

#### DRIVE ADDITIONAL REVENUE AND STORE TRAFFIC

- debit account without the prepaid card present
- Order more cards from FES when needed SLIN 349058

#### GREAT CUSTOMER VALUE

MSRP \$5.95

ANONYMOUS

- Load \$20-\$500 in any one transaction
- Available in thousands of retailers nationwide

## **ZERO FRANCHISE FEE PROGRAM ENDS**

SEI's Zero Franchisee Fee Initiative came to a close on September 30. The company was offering entrepreneurs an opportunity to own a 7-Eleven by waiving the franchise fee-a savings of up to \$80,000on select U.S. stores. The offer was also open to existing 7-Eleven franchisees looking to grow their retail business by adding stores. SEI introduced the zero-fee program in 2015 following a period of rapid growth and brought it back in 2016. During that time, the company franchised more than 200 stores. Currently, approximately 200 more eligible stores available to franchise are located in metropolitan areas across the country including cities like Buffalo, Richmond & Jacksonville. SEI said because these stores typically have lower sales volume compared to the national average, they may qualify for additional, limited-time financial support.

## **REDUCTION TEST** PROGRAM

SEI said it is furthering its commitment to reduce its energy footprint with a test program called RENEW at 95 stores in Portland, Seattle and Madison, Wisconsin. RENEW is a

company launched in collaboration with GreenPrint, a company promoting sustainability through the retail gasoline, fleet and consumer product industries. Customers will be able to reduce emissions by simply purchasing the same fuel they have always pumped at 7-Eleven stores. GreenPrint will calculate tailpipe emissions from gasoline sales to determine the amount to invest in certified carbon reduction projects to help neutralize those emissions in the atmosphere. Depend-



ing on the type of fuel purchased, emissions can be offset by up to 30 percent, SEI said in a released statement. As part of the one-year test, 100,000 trees will be planted across the United States in cooperation with the Arbor Day Foundation.

## SEI UNVEILS THE HOT STUFFED WAFFLE

New to 7-Eleven stores is the sweet and savory Pillsbury Stuffed Waffle served hot out of the oven. Developed and co-branded with Pillsbury, 7-Eleven's first stuffed waffle combines a crispy, maple-flavored waffle on the outside and a fluffy egg omelet, savory pork sausage and cheddar cheese on the inside. Suggested retail price on the new exclusive stuffed waffle is \$2.49.

## **SEI CARBON**

emissions, 7-Eleven will plant 100,000 trees across the U.S. in cooperation with the Arbor Day Foundation reduced emissions program the

To reduce carbon

breakfast sandwiches.

SEI has turned up the heat on its prepared-food program with 15 new locally made, chef-inspired,

GREEN DOT MONEYPAK **SLIN 349058** 

COMMISSION:

\$2.25 / 38%

MoneyPak

**NEW & IMPROVED** 

ORDERABLE PRODUCT:

000 1234 5676 9012

## **Member News**



The Pillsbury Stuffed Waffle combines three popular morning foodswaffles, sausage and eggs-into one flavorful, handheld breakfast that is easy to eat for hungry, and busy, people on the go. At a suggested retail introductory price of \$2.49, the cost is comparable to, or lower than, many fast-food restaurant

## **NEW CHEF-INSPIRED.** LOCALLY MADE MEALS

heat-and-eat meals. These convenient restaurant-quality meal solutions were created with inspiration from Italian, home-

style, Asian, and Mexican recipes, the company said. Prepared in local kitchens and delivered daily to participating 7-Eleven stores in select markets, these

"Fifteen new locally prepared, refrigerated meals are being delivered to stores in select markets."

on-the-go options for breakfast, lunch and dinner have been avail-

able in the refrigerated case since September 11. Meals can be heated at the store for immediate consumption or taken to-go. Suggested retail price ranges from \$3.99 to \$4.99.

Here is what's new on the 7-Eleven menu

Italian-Chicken Parmesan, Cheesy Tortellini, Cheese Lasagna with Meat Sauce, and Spaghetti Bolognese

· Homestyle-Macaroni and Cheese, and Homestyle Turkey Chili

• Asian—Asian-style Beef and Broccoli Bowl

· Mexican-Beef Enchiladas with Rice, Chipotle Chicken Bowl, and Deluxe Verde Chicken Enchiladas with Rice

• Breakfast Bowls-Chipotle Steak and Egg Bowl, Mile High Breakfast Bowl, and Early Riser Scrambler Bowl

## **7-ELEVEN DONATES** HORSE TO BALTIMORE POLICE

In late September, the mayor of Baltimore, Maryland, the Baltimore police commissioner, and employees

of 7-Eleven welcomed Slurpee, a chocolate draft continued on page 84



## Member News

continued from page 83



horse 7-Eleven donated to the city's mounted police force, reported the Baltimore Sun. The 4-year-old horse, which has been training for the past several months, will stand in for a horse-also named Slurpee-that 7-Eleven gifted to the Baltimore police years ago. "Slurpee Sr." served for nearly 10 years starting in 2006 and retired to the hills of Pennsylvania earlier this



year. The Baltimore Police, which has one of the oldest mounted units in the country, will use Slurpee and his horse counterparts as a way to boost the police force and its community relations.

## SEI UFC SPONSORSHIP

Mixed martial arts organization UFC and SEI recently signed a new agreement in which 7-Eleven will serve as the global brand's first-ever "Official Convenience Store" throughout the United States and Canada. As part of this collaboration, the two brands launched a peel-to-win "BIG GULP" sweepstakes on September 1, with more than

1.8 million individual prizes available at participating 7-Eleven locations. In addition to the sweepstakes and product placement inside UFC's world-famous Octagon, 7-Eleven will also have a presence on UFC.com and live-event programming, as well as being integrated across multiple UFC-based social and digital platforms.

Visit the NCASEF Website

www.ncasef.com

The sweepstakes, which runs through December 31, 2017, allows fight fans in the U.S. and Canada to purchase and/or collect UFC branded 30 oz. Big Gulps with designs featuring UFC gloves, a UFC Octagon and select UFC athletes. Fans can also purchase a 20 oz. UFC/7-Eleven Travel Mug that features the UFC's logo. Customers who purchase a Big Gulp drink will obtain a peel-to-win game piece containing one of the following options: Visit the NCASEF Website www.ncasef.com

an instant win game piece redeemable for a prize; an instant win food or beverage prize redeemable at 7-Eleven; non-winning ticket redeemable for a 10% discount on a purchase at UFCStore.com or a free 7-day UFC FIGHT PASS subscription. Instant win prizes include a grand prize 2017 Harley-Davidson Motorcycle, five Replica UFC Championship belts, 100 Xbox One EA UFC 2 games and more.

## PLEDGE TO IRMA VICTIMS

SEI has pledged a \$150,000 donation to the American Red Cross for Hurricane Irma disaster relief efforts. With over 800 stores in Florida, SEI said it also gave back to the community it serves by donating 4,800 cases of 7-Select purified water for free distribution at three Florida locations. In addition, 7-Eleven



has been encouraging customers to support the American Red Cross Hurricane Irma relief efforts. Customers can add \$1.00 to their in-store purchase at stores nationwide or donate online at https://www.7-eleven.com/hurricane-relief. 7-Eleven provided similar support in









#### WE WOULD LIKE TO THANK THE VENDORS AND AFFILIATE SPONSORS











DRUG



## Member News





"SEI pledged \$150,000 to hurricane Irma relief efforts in Florida."

the aftermath of Hurricane Harvey, which devastated parts of Texas and Louisiana, donating \$150,000 to the American Red Cross, water, food and supplies to shelters and over 1,200 care packages to employees impacted by the storm.

## NATIONAL COFFEE DAY

7-Eleven stores nationally celebrated National Coffee Day on September 29 and International Coffee Day on October 1 by giving a free any-size cup of coffee to each of its 7Rewards members. The National Coffee Day offer was redeemable one time between 12:01 a.m. local time Friday, September 29, and 11:59 p.m. local time Sunday, October 1. If not used, the coupon expired on Sunday, October 1 at 11:59 p.m. local time.

## Because of you, we can keep finding cures.

Because of you, discoveries at St. Jude Children's Research Hospital® have helped push the overall childhood cancer survival rate from 20% when we opened to 80% today. But it's not the same for every child. We won't stop until no child dies from cancer.

Because of you, there is St. Jude. Visit stjude.org to join our mission.





## Real, high quality ingredients surrounded by rich, smooth Ghirardelli Chocolate.



new buyers in and growing the category!

## Flavorful Teavana Craft Iced Teas

Teavana's six new bottled craft iced teas are a family of expertly blended iced tea, crafted from the finest teas and botanicals and premium, natural fruit flavors. Inspired by the popular iced tea flavors sold in Starbucks stores, Teavana Craft Iced Teas are filled with vibrant flavor in each refreshing sip.

Teavana is available in four flavors with just the right amount of sweetness: Pineapple Berry Blue Herbal Tea, Peach Green Tea, Mango Black Tea, and award-winning Passion Tango Herbal Tea (the 2017 Global Tea Championship Silver Medal Winner). Two flavors are available with no added sugar: Meyer Lemon Black Tea and Strawberry Apple Green Tea.



Order DSD, or for more information contact Randy Ornstein at (479) 381-9024 or at Teavana.team@anheuser-busch.com

## Party In Paradise With Swisher Sweets' Boozy Mango

Mangos just became a little sweeter with the limited edition twist on Swisher Sweets' classic mango cigarillos. Swisher Sweets Limited Edition Boozy Mango cigarillos pair the ever-popular mango with the tropical sweetness of guava.

Swisher Sweets Boozy Mango is available for a limited time in a resealable 2-count pouch with the "Sealed Fresh" guarantee and is ready for shipment to stores nationwide. It is offered in "Save on 2," "2 for .99" and "2 for \$1.49" options.

Limited edition blends continue to be customer favorites and this sea-

son they won't be able to resist the smooth, sweet taste of Boozy Mango! For more information, contact your Swisher representative at 1-800-874-9720.



Welch's has introduced Natural 100% Grape Juice in a convenient 14 ounce PET single serve. Order now to take advantage of the "25 percent off for first order only per store" deal, valid from October 30 to December 31, 2017. Non-GMO, no artificial ingredients, a straight from the vine taste, and 50 percent margin. Fill the 100% Grape Juice void in your assortment and satisfy the growing demand for better for you beverages with Welch's Natural 100% juices. Welch's is the #1 Grape Juice in the U.S.

## **VENDOR FOCUS**

## **Orbot Flying LED Balls** Will Fly Off Your Shelves

Premiering at 7-Eleven stores nationwide, Orbot Flying LED Balls are the coolest new techno-gadget out there today. Indoors or out-

> side, safe and durable, your customer's kids, families and friends will spend hours together being entertained with their Orbot Flying LED Balls. With no remote or batteries necessary, it's easily rechargeable with the included USB cable. A party favorite, the no-heat LED-lighted ball will have customers amazed at the fun created night

and day for evervone.

**Expertly blended Teavana Craft Iced** inspired by popular flavors.

Currently available in red, blue and

clear illuminating colors, customers will continue to collect Orbot Flying LED Balls! All new shapes and images will be made available first to 7-Eleven stores for the rapidly approaching holiday season.

Minimum orders are 48 units (One Master

Case of 8 Store Displays, each containing



Due to strong demand, maximum orders

6 units with 3 colors).

Make vour sales fly sky hiah with the new Orbot Flying LED Rall

are one master case of 48 units per store. Cost is \$4.90 per Orbot Flying

continued on page 88

## Welch's Natural 100% Grape Juice 25% Off Introductory Offer



## 

continued from page 87

LED Ball, \$9.99 SMR price. GP is 51 percent. All orders will be delivered directly to your stores.

**Amp Energy** 

**Exclusively** 

At 7-Eleven

unveiled a new organic

energy drink lineup—Amp

Energy Organic—for con-

sumers who want the en-

ergy boost and great taste

of Amp Energy, but with

Amp Energy recently

Organic

To order call Jeff Dole at DS Tiger, 214-543-7236.



Amp Energy Organic, exclusively at 7-Eleven stores 2/\$3 until early 2018.

simpler, organic ingredients. Amp Energy Organic launched with four refreshingly delicious flavors, available exclusively at 7-Eleven stores nationwide. The new "Organically Unstoppable" product, which is USDA-certified organic, offers Citrus, Pineapple Coconut, Grape and Tropical Burst flavors, all which boast just five simple ingredients: organic cane sugar, organic caffeine from green coffee beans, carbonated water, citric acid and natural flavors.

The ingredient list is not the only thing getting an update. The new Amp Energy Organic features a newly designed 12-ounce can with imagery that evokes refreshing, organic energy in four colors to reflect the unique and delicious flavors. Amp Energy Organic is sold at a suggested retail price of \$1.99 and promotional price of 2/\$3 at 7-Eleven stores nationwide, expanding to additional retailers across the U.S. in early 2018.



## Coffee-Mate 'Savor The Flavors' **Rebate Promo**

Liquid creamer usage away from home is on the rise and Coffee-Mate makes it easy for you to offer the flavor variety your customers crave. From October 1 through December 31, when you

Don't miss out on

Coffee-Mate's \$5 per

case rebate.

## **VENDOR FOCUS**

purchase three different qualifying flavors in either Liquid Creamer Singles or Pump Bottle formats, you can receive a \$5 per case rebate on every three cases you buy-up to \$150. It's all happening on CM-FeelTheLove.com.

#### **Pump Bottle Creamer**

LDU—2 Bottles Size—1.5liter bottle Coffee-Mate Hazelnut Pump Bottle Creamer—341594 Coffee-Mate French Van Pump Bottle Creamer-341545 Coffee-Mate Original Pump Bottle Creamer—341578

#### **NEW Pump Bottle Creamer**

LDU—2 Bottles Size—1.5liter bottle Coffee-Mate Irish Cream—964171 Coffee-Mate Salted Chocolate Caramel—964163

## **Increase Store Profits With** SweeTarts Soft & **Chewy Ropes**

SweeTarts Soft & Chewy Ropes offer a stimulating fusion of sweet and tart with a product experience edge that sparks new possibilities in candy. Available in Cherry Punch in a 5oz peggable bag, SweeTarts Soft & Chewy Ropes capitalizes on the

proven SweeTarts brand that has top selling confections offerings with Marketing/Media Halo on the Brand. Increase



Enjoy bigger sales with SweeTarts Soft & Chewy Rones.

your store profitsstore margin increases to 50.3 percent (before McLane markup). SweeTarts continues steady four-year growth fueled by new items. SweeTarts brand 2016 volume sales is up 12.2 percent vs. a year ago, and SweeT-ARTS Soft & Chewy Ropes is #4 in the top 10 of Sugar Peg dollar volume growth. Suggested SRP is \$1.79, Unit Cost is \$1.14, Intro ED Bill-Back is \$0.25, Net

Cost before McLane upcharge is \$0.89, \$GP/%GP is \$0.90/50.3%.

Perfection In A Pouch What You Customers Want, At Half The Price, So Go Ahead And Triple Your Sales!







#### **88** AVANTI SEPTEMBER | OCTOBER 2017





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## MIDWEST FOA/ALLIANCE OF 7-ELEVEN FRAN-CHISEES 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

## **GREATER SEATTLE FOA/** PACIFIC NORTHWEST FOA HOLIDAY PARTY

(venue to be announced) December 2, 2017 Phone: 425-308-1216

#### **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

## ROCKY MOUNTAIN FOA HOLIDAY PARTY

**Cheyenne Mountain Resort** Colorado Springs, Colorado December 8, 2017 Phone: 719-339-9518

## METRO NEW JERSEY FOA HOI IDAY PARTY

(venue to be announced) December 15, 2017 Phone: 908-232-1336



## AFFILIATE MEETING

Four Points by Sheraton Dallas Fort Worth Airport North Coppell, Texas February 5 & 6, 2018

#### 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

## NATIONAL COALITION **BOARD OF DIRECTORS** MEETING

Four Points by Sheraton Dallas Fort Worth Airport North Coppell, Texas February 7-9, 2018

#### NATIONAL COALITION **BOARD OF DIRECTORS** MEETING

San Juan Marriott Resort San Juan, Puerto Rico May 9-11, 2018

## DELAWARE VALLEY FOA ANNUAL TRADE SHOW

**Caesars Palace Atlantic City** Atlantic City, New Jersey April 4, 2018 Phone: 262-275-3086

# **BIGGER FLAVOR!** Softer Chew!\*



## \*Bigger Flavor, Softer Chew as compared to previous Orbit White pellet. © 2017 Wm. Wrigley Jr. Company.

FOA BOARD MEFTING

#### 7-Eleven FOAC

Phone: 847-353-9999 November 30, 2017 December 21, 2017

## **Columbia Pacific FOA**

Phone: 503-901-1677 November 9, 2017—Board Meeting

#### FOA Of Greater Los Angeles Phone: 909-822-4122 November 21, 2017

## **Metro New Jersey FOA**

Phone: 908-232-1336 September 13, 2017 November 22, 2017

Phone: 516-647-4617 **General Membership Meetings** 

November 28, 2017

**Board Meetings** November 21, 2017

**UFOLINY** 



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**Ø**DJARUM

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