



7-Eleven Franchisees Gather as Corporate Moves to Reduce Store Owners' Profits

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San Antonio, TX – Over 1,100 7-Eleven Franchisees will convene in Orlando next week for the annual convention of their independent franchisee association, NCASEF (National Coalition of Associations of 7-Eleven Franchisees). It comes at what may be the most tumultuous time in the history of the company.

The theme of this year's convention is, "Franchisees are the Brand." It is bold idea guiding the nation's more than 5,000 store owners, whose love for the brand is reflected in the exemplary way they run their businesses. But, it has become increasingly clear the corporation does not share that sentiment. 7-Eleven has unveiled a new Franchise Agreement, which thousands of operators with agreements expiring in 2019 and 2020 must sign. The company is applying heavy pressure for franchisees to sign the new agreement by the end of this year. Its provisions run counter to what CEO Joe DePinto told his company's magazine about 7-Eleven operators. "Franchisees know their customers and business better than anyone," he said.

The new agreement is DePinto's first as CEO and the first since 7-Eleven Japan has taken ownership and it further enhances the pervasive control 7-Eleven already exercises over its operators. For years, the company has been eroding franchisee profitability by increasing operating costs and mandating open ended investments. Now, 7-Eleven is aggressively advising franchisees to sign the new deal immediately before its terms get worse.

Jay Singh, Chairman of the National Coalition, says the agreement reflects the company's greed and fails to address franchisee concerns as outlined in a 27-point memo delivered to the company earlier this year. "We outlined for the company the most important issues facing franchisees, but the agreement they have presented us with lacks understanding of the very real issues which are impacting franchisee profitability and quality of life," Singh said. "The agreement they are offering will make it increasingly more difficult for our franchisees to realize a profit for their hard work and dedication to the 7-Eleven system.

Some of the most egregious issues in the new agreement include:

- A \$50,000 franchise renewal fee, which is among the highest franchise renewal fees known to exist in any franchised system in the U.S.

- A new Graduated Gross Profit Split that gives 7-Eleven as much as a marginal 59 percent share off the top, even as franchisees must absorb higher operating costs.
- Franchisees are responsible for maintaining aging store equipment that they don't own and which 7-Eleven won't replace.
- No guarantees that the cost of goods franchisees receive from the 7-Eleven supply chain will be lower than what they could buy at a local big-box retailer.
- One-sided legal provisions that force franchisees to: pay 7-Eleven's court fees even if they win their case, give up their right to a jury trial and be subject to the governing laws of the state of Texas regardless of where they operate their stores.

More franchisees have registered for the 2018 conference than for any previous convention, which, according to Singh, is a result of 7-Eleven operators' uncertainty and apprehension surrounding the new agreement.

The National Coalition convention is being held July 23-26 at the Gaylord Palms Hotel and Convention Center, 6000 Osceola Parkway, Kissimmee, FL. Media are invited to attend. Please contact Darcie Fisher (contact info below) to facilitate interviews: **darcie@ellisstrategies.com** | **774-281-3506**.

About the NCASEF: [The National Coalition of Associations of 7-Eleven Franchisees](#) is the national trade association for 7-Eleven franchise owners. Originally founded in 1973, NCASEF is comprised of 44 Franchise Association members who represent more than 4,600 7-Eleven owners in the U.S.

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