



Nine out of Ten 7-Eleven Franchisees say Running Their Store Has Negatively Impacted their Health

National Coalition Survey Finds Trust of the Brand Remains a Significant Issue Among Franchisees

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SAN ANTONIO--(<u>BUSINESS WIRE</u>)--The 2021 National Coalition survey of 7-Eleven franchisees paints a picture of operators who are struggling to make a profit even as their health and well-being have been negatively impacted by running their stores. The survey, conducted during the summer, yielded responses from 598 franchisees, representing 1,118 stores in the U.S. Seventy-one percent of those respondents said they have been 7-Eleven franchisees for at least 10 years.

Sixty-eight percent of respondents said they signed the 2019 Franchise Agreement. Of those, 83% disagreed with the statement, "I am in a better financial position since signing the agreement." Seventy-five percent said they would not enter the system again as a franchisee if they had the chance to do it over.

"The results of this survey are alarming," said Jay Singh, chairman of the National Coalition of Associations of 7-Eleven Franchisees (NCASEF), an elected, independent body representing the interests of more than 7,400 7-Eleven franchised locations in the U.S. "The overall sentiment is that franchisees are unhappy. The company is making money selling gasoline, but franchisees are telling us they are not making a reasonable profit because of the nature of our contract."

When asked to choose from a list of 11 "most important issues facing my business," 82% cited staffing and the cost of labor. Eighty-seven percent said their job is more difficult today than it was five years ago. An overwhelming 80% agreed with the statement, "The effect of running my 7-Eleven business has negatively impacted my physical health, mental health, and/or family well-being."

(Click here to view the entire 36-question survey.)

Trust continues to be a major sticking point in the relationship between 7-Eleven, Inc. (SEI) and its franchisees. More than three-quarters of franchisees disagreed with the statement, "7-Eleven trusts its franchisees." The same percentage of respondents indicated they do not trust 7-Eleven. When asked if they thought 7-Eleven executives were honest and ethical, 74% disagreed. For comparison, in the National Coalition's 2018 survey of franchisees, 64% disagreed with that statement.

"Trust is a real issue in part because SEI accepts money from its vendor partners while telling us we won't necessarily receive the lowest cost of goods from the supply chain they control," said NCASEF Executive Vice Chairman Michael Jorgensen, a Tampa-area franchisee. "When we raised this issue with FTC Commissioner Rohit Chopra at our recent convention, he said the commission was aware of the practice."

In 2020, SEI unveiled a new accounting system for its U.S. stores. When franchisees were asked if they "trust the accuracy of 7-Eleven's retail accounting system," 89% disagreed. Eighty-two percent disagreed with the statement, "7-Eleven's initiatives and strategies are aligned with my goals."

When asked if it were possible to sell their store and salvage their investment, 71% indicated they would. At the same time, 80% said the equity in their store and its value are lower today than they were two years ago.

Since 2006, SEI has spent \$28.3 billion in 39 separate acquisitions, without investing in many of their existing franchised stores. Sixty percent said it had been more than a decade since their store received a physical plant upgrade worth at least \$10,000.

About <u>NCASEF</u>: The National Coalition is a trade association for 7-Eleven franchise operators in the U.S. Originally founded in 1973, NCASEF is comprised of 41 separate independent Franchise Owner Associations collectively having more than 4,400 7-Eleven operators as members.

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