

AT THE PUMP DOWN THE AISLE &

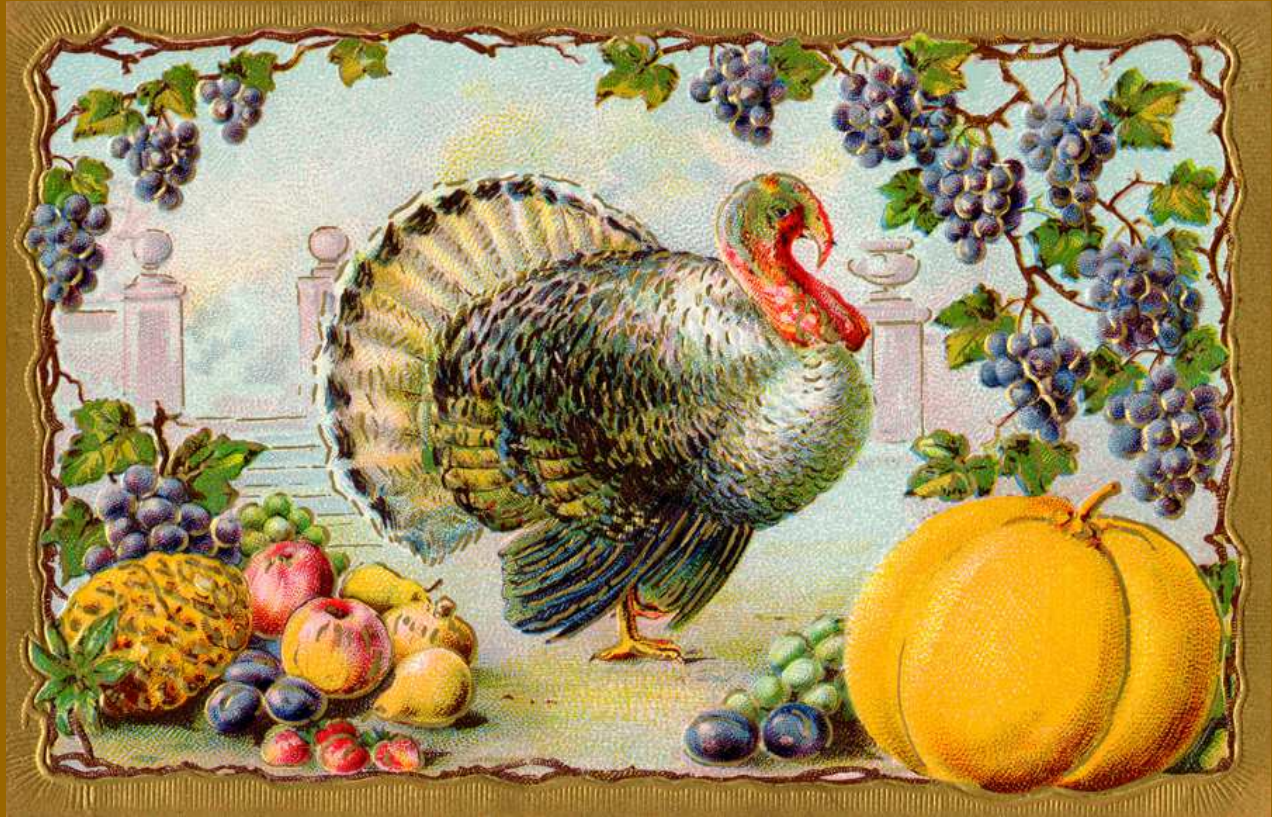
PROVIDING LIFE'S ESSENTIALS TO WEST VIRGINIA-
FUEL , FOOD & CONVENIENCE



November 2013

Number 631

Happy



Thanksgiving!

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From the President ...

It has been a busy fall season in the Association Office!

We've been busy putting together a new Membership Directory for the Association, which you will be receiving soon. A lot of work goes into this publication, but we feel that is one of the best resources we offer our members. We hope you will be as pleased with it as we are.

October was a busy month for me. I traveled to Atlanta for the Annual PMAA Meeting (I served on the board for PMAA) and the NACS Show. The NACS Show is always a great learning experience. We have covered many of the highlights of the show in this publication (Pages 8 - 12). I also attended ATA's annual meeting and many things I learn at these meetings are very helpful for our OMEGA members as well.

NACS had a great interactive app for their show, which we are going to work on for our Expo in May. I think it will be a great asset to our event. Speaking of our 2014 Trade Expo, the Advisory Committee will be meeting November 21st to plan for this event. We have a lot of great ideas and we couldn't be more excited about our new venue at The Waterfront Place Hotel in Morgantown. We hopefully will be going to the printer with registration materials early in December, with plans to distribute the information in early January.

Its hard to believe that Thanksgiving is just a couple of weeks away. In this season of gratitude, Traci , Katie and I want to take this opportunity to thank you for your membership in the Association. We appreciate the support that you give us and the trust you place in us throughout the year.

Happy Thanksgiving to you, your family and your employees.

Jan

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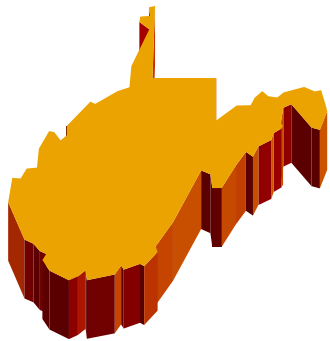
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West Virginia News

W.Va. Ranks High in Tax Friendliness

West Virginia is one of the most taxpayer-friendly states in the union, imposing a lower tax burden on its citizens than Virginia, Maryland, Pennsylvania, Ohio and 35 other states.

Recently, Kiplinger launched its new interactive state-by-state Tax Map online at www.Kiplinger.com.

The map is designed to give users a comprehensive visual guide to state tax policies across the United States. Users have the ability to view and compare a whole range of taxes - including income, property, sales, gas and "sin" taxes - across different states.

Each state has built its own tax system to fund its government. Some lean more heavily on income and sales taxes, while others raise a greater proportion of revenue through property taxes.

While it's easy to compare income, sales and gas taxes side-by-side, other taxes are more complicated. The Tax Map tries to boil down all separate taxes to show the actual bottom-line effect.

West Virginia actually ended up on the good end of the spectrum, rounding out the top 10 for "Most Tax-Friendly States." It followed Delaware, Wyoming, Louisiana, Mississippi, Arizona, Alabama, Nevada, South Carolina and New Mexico.

Kiplinger data also shows that West Virginians are taxed less than our neighbors in Virginia, Maryland, Pennsylvania, Ohio and Kentucky.

Sure, West Virginia's 6-percent sales tax is higher than Ohio's 5.5 percent and Virginia's 4.3 percent. Yes, our income tax rates of 3 to 6.5 percent are more than Ohio's 0.587 to 5.925 percent, Virginia and Maryland's 2 to 5.75 percent and Pennsylvania's flat 3.07 percent.

And that pesky 35-cent state gas tax is higher than Ohio's 28 cents, Maryland's 31 cents and Pennsylvania's 32 cents.

However, as state Deputy Revenue Secretary Mark Muchow likes to tell people, West Virginia residents benefit from some of the lowest property tax rates in the country. And those rates are what pushed West Virginia near the top of Kiplinger's ratings.

Combined with the state's median home price (a relatively low \$94,500), West Virginia has a median property tax of \$464 - a mere fraction of what people pay in other states. Ohio's median property tax is listed as \$1,836, Virginia's is \$1,862, Pennsylvania's is \$2,223 and Maryland's is \$2,774.

The state also benefits from not having a tax on inheritance or estates.

Hole Opening in Future State Budget

The budget problems West Virginia is facing now and in the years ahead are not a surprise to Senate Finance Committee Chairman Roman Prezioso (D-Marion, 13).

At this point, the budget shortfall for Fiscal Year 2015 in West Virginia is projected to be between \$265 million and \$350 million.

Depending on how revenues come in to the state, the number could go higher.

State lawmakers will start working on the 2015 budget in the New Year. Already, many state agencies have again been asked to submit budgets that are 7.5 percent below current spending levels. Public education, corrections and Medicaid and others have been exempted from those cuts.

McKown recently told legislators they will be looking at an \$80 million shortfall in the upcoming 2013-14 state budget, and that the gap is expected to grow to \$260 million the following budget year.

So while perception may tell us otherwise - especially at the gas pump - West Virginia's tax structure might not be as much of a pain as it seems.

WorkForce WV Says Despite "Three Hard Months" Unemployment Compensation Trust Fund is Stable

Despite being fueled by recent layoffs in the coal industry, the executive director of WorkForce WV says, "We've truly had three hard months," said Russell Fry, "But, all of our projections, even with that, show we're going to be in good shape even through next year." The trust fund has collected \$241 million from employers in 2013 and paid out nearly \$230 million.

Currently, the fund has a balance of more than \$117 million.

Study Finds Consumer Savings and Job Creation from Swipe Fee Reform

Since the implementation of the Durbin Amendment, debit swipe fee reform has had a positive impact. While the Fed's rule should have followed the law and delivered more benefits, savings have been realized for both consumers and merchants alike. These savings supported 37, 501 jobs in 2012 alone.

If the Fed had followed the law, things would have been even better. For example, if the Fed had used the maximum 12 cent fee it had in its proposed rule we would have seen an additional 17,824 jobs in 2012.

The positive impact of swipe fee reform holds across all states. Here are some facts about swipe fee reform in the state of West Virginia:

- ◆ As a result of swipe fee reform, in 2012 West Virginia consumers saved more than \$26.9 million.
- ◆ West Virginia merchants saved over \$12 million last year thanks to swipe fee reform.
- ◆ Because of swipe fee reform, 172 jobs were created in the state of West Virginia in 2012.
- ◆ If the swipe fee were reduced to the maximum 12 cent fee found in the Fed's proposed rule, West Virginia consumers would save an additional \$12.8 million each year.
- ◆ Were swipe fees reduced to 12 cents, West Virginia merchants would realize an additional \$5.75 million in savings per year.
- ◆ 81 additional jobs would be created each year in West Virginia if the debit swipe fee was reduced to 12 cents.



Federal Issues

Senate Plans to Vote on Minimum Wage Bill

Senate Majority Leader Harry Reid (D-NV) indicated that he plans to bring the Fair Minimum Wage Act of 2013 (H.R. 1010 – S. 460) to the floor for consideration during the remaining legislative weeks prior to adjournment of the first session of the 113th Congress.

The legislation, which would increase the federal minimum wage, is sponsored by Rep. George Miller (D-CA), Ranking Member of the House Education and Workforce Committee and Senator Tom Harkin (D-IA), Chairman of the Health, Education, Labor and Pensions Committee. The proposals would bump the minimum wage from the current hourly rate of \$7.25 to \$10.10 in increments of 95 cents over a three year period. After three years, the legislation would adjust the minimum wage based on increases to the cost of living index.

Meanwhile, Senator Mitch McConnell (R-KY) has introduced the Family Friendly and Workplace Flexibility Act (S. 1626), a bill that would amend the Fair Labor Standards Act (FLSA) to allow employers to offer comp time to employees at a rate of one-and-one-half hours for every hour of overtime work. The comp time option would be voluntary for both employers and employees, and employees who want to receive cash wages would continue to do so. S. 1626 is very similar to a comp time bill (H.R. 1406) sponsored by Rep. Martha Roby (R-AL) that was approved by the House of Representatives back in May.

Another bill of interest and worth watching is the bipartisan Forty Hours is Full Time Act of 2013 (S. 1188) sponsored by Senators Susan Collins (R-ME) and Joe Donnelly (D-IN). This initiative would increase the number of hours an employee would need to work in order to be considered “full time” under the Affordable Care Act (ACA) from 30 to 40. Numerous employer organizations including FMI have been highly critical of the current definition of full-time, which is set at 30-hours under ACA, arguing that it may result in companies reducing part-time hours to below 30 and not allowing part-time employees to work additional shifts that would make them “full-time” under the ACA.

Three-Quarters of Americans Want to Up Minimum Wage

Three-fourths of Americans support increasing the minimum wage from the current \$7.25 to \$9 per hour, according to a new Gallup poll. The poll shows 76 percent support the change -- up from 71 percent in March - while 22 percent oppose it

The White House announced last week that President Obama supports a bill from Sen. Tom Harkin (D-Iowa) and Rep. George Miller (D-Calif.) that would increase the minimum wage, incrementally, to \$10.10 per hour. Obama had proposed a \$9 minimum wage during his February State of the Union Address.

Polling regularly shows very high support for an increase in the minimum wage. The increase stands little chance of passage, though, as House Speaker John Boehner (R-Ohio) and even some Democrats have expressed opposition. The new poll also finds 69 percent of Americans would support a minimum wage that is indexed to inflation.

IRS Delays Start of Tax-Filing Season

Due to the impact of 16-day government shutdown, the IRS has announced it will delay the start of the tax-filing season. The formal start date will be announced in December, but it is expected to be between January 28 and February 4. The government closure came during the peak period for preparing IRS systems for the 2014 filing season. About 90 percent of IRS operations were closed during the shutdown, with some major workstreams closed entirely. This put the IRS nearly three weeks behind its timetable for being ready to start the 2014 filing season. Programming, testing and deployment of more than 50 IRS systems is needed to handle processing of nearly 150 million tax returns.



Convenience Store News

Consumer Optimism Rebounds as Holiday Shopping Season Approaches

Following three straight months of rising pessimism, consumers today report feeling better about the economy, according to the latest monthly NACS Consumer Fuels Survey that examines how gas prices affect consumer sentiment.

Overall, consumers feel more optimistic than they have since August, and that bodes well for retailers of all types seeking strong holiday sales to end the year on a positive note.

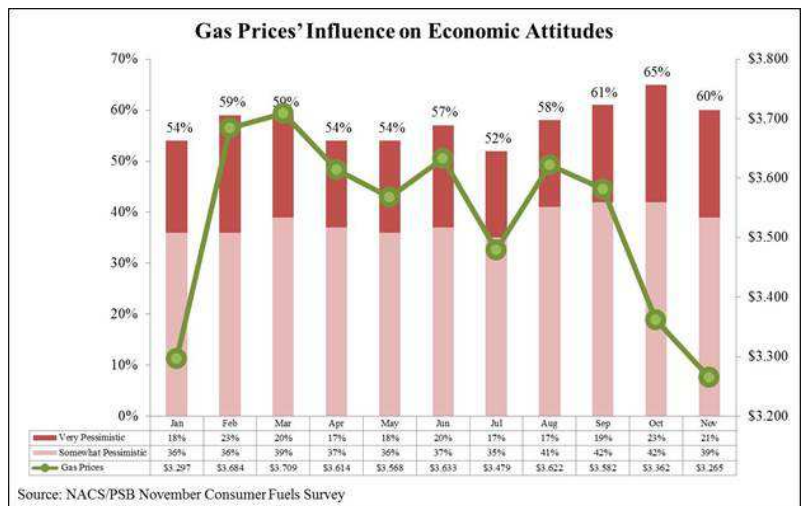
The national survey of drivers is conducted every month to measure the effect gas prices have on consumer sentiment. An analysis of the 2013 to date has shown that price fluctuations (increases or decreases) have had a greater impact than overall prices when it comes to consumer sentiment. Consumer sentiment has regularly followed price movement this year, and in November a nearly 10-cent drop in gas prices contributed to a 5-point drop in consumer pessimism.

The decrease in gas prices is nurturing optimism about gas prices in the near future. For the second month in a row, a majority of consumers (58%) believe that gas prices will be lower 30 days from now. Only 43% of consumers say that gas prices will be higher next month, a big decrease from July when a year-high 64% said they thought that prices would increase.

Q: Thinking into the future, do you think gas prices in 30 days will be...?

(% Gas consumers in November		OCT.	SEPT.	AUG.	JUL.
Much or somewhat lower than today	19	17	11	10	6
About the same than today	39	38	35	39	31
Much or somewhat higher than today	43	45	54	51	64
Monthly change in gas prices					
Compared to previous month	↓9.7¢	↓22.0¢	↓4.0¢	↓4.0¢	↑14.3¢

“Changes in gas prices clearly play a critical role in affecting consumer sentiment,” said NACS Vice President of Government Relations John Eichberger. “Gas prices have decreased more than 35 cents per gallon in the past three months and we are happy to see that positive news at the pump is having a great impact on consumer optimism.”



The Keys to Success

At the NACS Show, business leader and author Chip Conley shared insights he's learned during his years in the boutique hotel industry, which he said apply to the convenience and fuel retailing industry.

Conley, acclaimed business leader and author, delivered a sermon of sorts to attendees.

"My sermon of success relates to humans: How do we understand humans better? If you understand humans better, you're more likely to be successful," he said.

Conley, founder and former CEO of Joie de Vivre — California's largest independent hotel company and America's second-largest boutique hotelier, said he has much in common with c-store retailers.

"We tend to employ many of the same people," he said. "Quite often people who have not gone to college, who are earning an hourly wage, many of them immigrants in what some people on the outside would consider dead-end jobs."

Conley spoke about psychologist Abraham Maslow's "Hierarchy of Needs" theory, which represents our basic needs as humans near the bottom of a pyramid, such as survival, to the needs we seek when our lives are thriving, those geared toward transformation.

Applying the model to employees, he said "money" is the base of the pyramid, and "recognition" is found in the middle.

"When people are recognized by their boss, they're more likely to be loyal," he said. "If you create an environment where people feel like what they do matters, they step up."

The top of the employee pyramid of needs is "meaning." This can be an internal motivator based on inspiration. It equates to somebody feeling as if they're fulfilling their calling in life. So how does one help a cashier or an employee who cleans toilets find meaning in their work? Show them the value of it to others.

"It's not easy to help people who are making minimum wage to have a sense of calling," he said. "But the truth is, if you can get the basics (such as money) satisfied with your employees, you can help housekeepers or cashiers move up this pyramid to the top and if you do, it takes a lot less work to manage people who are living their calling than those who are living a job."

NACS CEO Armour Outlines NACS Focus Areas: Food, Fuels and Swipe Fees

While many other retail channels struggle, the convenience store industry continues to thrive, with annual sales topping \$700 billion – more than those of the grocery industry or restaurants.

But that doesn't mean that there aren't challenges, from demand destruction for gasoline and cigarettes to new regulations that challenge convenience operations.

"Well, fortunately, you've got NACS focusing every day on all of these challenges – protecting your interests and giving you the tools you need to successfully grow your business," said NACS President and CEO Henry Armour during today's general session at the 2013 NACS Show in Atlanta.

The companies that thrive today are the ones building strong skills at both the store level and at headquarters, said Armour, and the NACS training portfolio to assist its members is impressive. From computer-based training to more intensive training for field supervisors and headquarter staff like the NACS Leadership Executive Program at Cornell University and NACS Financial Leadership Program at the Wharton School of Finance, "No other association offers programs to its members of such high quality and acclaim," he said.

"But wait, there's more!" Armour joked, and there certainly is, especially related to three big areas: fuels, food and swipe fees.

First, fuels. NACS is conducting a new monthly consumer survey to help better understand and respond to dynamic changes in consumer attitudes. These findings are available for members at nacsonline.com/gasprices, and also are valuable to the media, said Armour, as he showed a "Today" show segment citing NACS data.

This year also marked the launch of The Fuels Institute, a think tank focused on bringing together all of the stakeholders in the fuels arena – including retailers, jobbers, refiners, alternative energy producers, automobile manufacturers and environmental groups – to pursue critical research with the goal of creating more effective energy policies.

NACS' fuels efforts also continue on Capitol Hill and with the U.S. Environmental Protection Agency, to modify the Renewable Fuel Standard to allow retailers to sell renewable fuels while protecting them from unnecessary and unfair liabilities.

A second major focus area for NACS is food, said Armour. NACS has been fully engaged with the U.S. Food and Drug Administration on menu labeling to make sure that these regulations make sense, and has been active in Congress defending the industry's participation in programs like SNAP.

NACS also provides the tools to help retailers grow their foodservice programs.

The intensive NACS CAFÉ Certified Convenience Foodservice Manager program lays out best practices in foodservice, food safety and effective marketing tactics.

And NACS is leading an initiative to tell the industry's story related to nutrition and obesity. "We have a good story to tell, and we will tell it, said Armour. "How we provide healthy choices – probably more per square foot than just about any other channel. How we sponsor youth sports teams and other activities that promote calories out. And how we offer great food."

The third focus area is swipe fees and breaking the monopoly that the credit card companies have on setting fees.

"We are absolutely right on this issue. But being right simply isn't enough. We need to fight for what's right, and we need to be persistent," said Armour.

In fighting the deep-pocketed banks, they win when their opponents run out of time or passion. "Well, in our war on swipe fees the opposite has happened. Because of your incredible support, we haven't run out of either money or passion. And we are seeing results," said Armour.

Debit swipe fee reform is the best example. In August, a federal judge agreed with NACS with its lawsuit against the Federal Reserve for failing to properly establish reasonable swipe fee rates.

It will likely be another year before the issue is fully addressed, but the fact remains that debit swipe fee reform saved the industry and its customers nearly \$400 million in annual savings. "And there's more coming," stressed Armour.

Meanwhile the battle continues on credit swipe fees. NACS continues to lead the opposition to the proposed \$7 billion swipe fee settlement announced earlier this year in the antitrust litigation against Visa and MasterCard.

"Our industry has mobilized and spoken together as one voice. And we have shown that being right – and fighting for it – can lead to great things. We have already shown that with swipe fees and we will also show it again, and again, and again on all the other issues facing our industry. When we speak as one voice, we are an awesome force to be reckoned with," he concluded.

NACS "Ideas 2 Go" DVD Now Available

The newly released NACS "Ideas 2 Go" DVD is now available for purchase. The DVD features the 53-minute "Ideas 2 Go" presentation that was shown NACS Show. NACS member companies can purchase a copy of the 2013 NACS "Ideas 2 Go" DVD (item number 30088020) for \$30 (\$60 regular price). Orders can be placed online at nacsonline.com/shop or by calling NACS Customer Service at (800) 966-6227.

The featured stores/companies are:

Earth Market/Atlas Oil Co. (Frankfort, IL)

Using a grand opening, the company launched a new concept designed to serve both on-the-go customers and those who want to slow down and enjoy the "destination station" and its amenities. The new Earth Market, opened on Earth Day, naturally incorporates a number of Earth-friendly ideas.

Stop and Go Mini Mart (Bend, OR)

"You need to separate yourself from the competition," stresses owner Kent Couch. And this one-store operation certainly does, beginning at the pump, with crisply dressed attendants who deliver high-end, full-service fueling. Inside the store, the beer vault sells as much beer as the big-box competition in town. And that doesn't even include the "Growler Guys" program, which has 36 different beers on tap, as well as a dozen types of teas and sodas.

Casey's General Stores (Ankeny, IO)

Casey's isn't just a company with 1,700-plus convenience stores. In many small towns, the stores are also a gas station, a pizza parlor, a bakery and community gathering place. The retailer's pizza program is so successful that the company is one of the top five of pizza sellers in the United States. In 2011, Casey's began pizza delivery, which had the potential to reduce in-store traffic and overall sales; instead, both in-store and delivery sales grew.

Gourmet Food at Gas Stations (metro Washington, D.C.)

Can some of the best gourmet ethnic food be found at the gas station? In the Washington, D.C., area, the answer is "yes," as four retailers are delivering exceptional food, as well as innovative new ideas. Others have taken notice, as foodies from around the country, including from The Food Network, have raved about the food. The stores featured are R&R Taqueria (Elkridge, MD), Fast Gourmet (Washington, D.C.), The Thai Pan (Leesburg, VA) and Seoul Food DC (Wheaton, MD).

Maverik (Salt Lake City, UT)

Maverik continues to innovate and deliver upon its promise to customers that its stores are "Adventure's First Stop." New programs include several loyalty offers, customer segmentation, a unique branding partnership and an emphasis on foodservice, as well as how customers can earn treats through exercise.

Jubitz Travel Center (Portland, OR)

A renovation in 2000 created one of the nicest truck stops in the country, so nice that the Fox Travel Chanel in 2003 named it "the World's Classiest Truck Stop." In addition to its two convenience stores, Jubitz offers catering and boxed lunches through its restaurant and true one-stop shopping for truckers, including regular country music concerts.

Bolla Market (Brooklyn, NY)

New York City's huge cigarette tax increases forced the company to re-evaluate its business, and it emerged with a big emphasis on fresh, quality foodservice and an organic, bird-friendly coffee program unique to the convenience store industry. And then there is the focus on customer service. Following the aftermath of Superstorm Sandy, the company became a community destination for fuel and necessities.

Oasis Stop N Go (Twin Falls, ID)

In 1999, Oasis faced intense competition as a big-box retailer began selling fuel at wholesale cost. It fought back by developing a new coalition loyalty program that today has 4.5 million cardholders. The loyalty program goes beyond discounts and involves both gamification and customization at the pump.

The NACS Show Highlights

Even Greater Success Is Possible, Says NACS Chairman Dave Carpenter

The convenience store industry has seen phenomenal success and growth while other channels have faced challenges, but even greater success may be possible as it continues to evolve, stressed 2013-2014 NACS Chairman Dave Carpenter before a standing-room-only general session audience at the NACS Show.

"I don't think it's any stretch to say that many of our stores are now destinations for food" — something that was not the case a few decades ago, said Carpenter, president and CEO of West Des Moines, Iowa-based J.D. Carpenter Companies Inc.. In fact, today the industry's U.S. foodservice sales are so robust that they are roughly equal to those of McDonald's, the largest QSR in the United States.

However, there are still too many people who have negative perceptions of the industry, and it adversely impacts the industry's ability to grow.

"We want to turn the discussion from NIMBY — Not In My Backyard — to 'What took you so long to get here?'" Carpenter said.

As the industry continues to evolve and move forward, Carpenter also put forth a challenge, one that he is personally addressing: providing the right culture for his people.

"I'm inspired by companies like Kwik Trip out of LaCrosse, Wisconsin, which gives 40% of its profits back to its employees. Their employees want to know the whys behind the hows — they don't want underperforming employees working alongside them. They care about the promotions and whether they will truly drive sales. The turnover is almost non-existent, and shrink is as low as it can get."

As Carpenter grows his business, he said that placing more of an emphasis on growing his people can lead to a big payoff.

"I'm convinced I will have a better business because of it. Even more exciting to me is that I will have a team of people around me that want to succeed as much or more than I do," he said. "Creating better people will create better stores, and selfishly a better me. The end result is that our people will take better care of us. Think about how powerful this will be."

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Trend Hunting at NACS

Convenience Store Products has taken a look at a handful of trends revealed among the new products launched at the show, which are below:

1. **Flavor Building.** It's rare to find a one-note candy or snack these days, because manufacturers are instead bringing in flavors that are meals unto themselves. Ferrero USA showed off Summer Ice Pop flavored Tic Tacs in the Cool New Products room. Featuring red, white and blue pellets, the fruit-flavored candies take on the flavor of the ice-cream truck favorite. Blend-in-cup milkshake brand f'real released its 2014 LTOs—pumpkin cheesecake and s'mores—while Jack Link's sampled its burrito-flavored jerky. Mars continues to see success with its 7 Layer Dip Combos, and Skittles announced a new Desserts flavor set to launch in December; flavors include strawberry milkshake, key lime pie and blueberry tart.
2. **Go for the Bold.** Alongside that burrito jerky is a new sriracha variety, and Jack Link's wasn't the only company capitalizing on the slow-burning sriracha trend. Brakebush showed off boneless sriracha chicken bites, and Heinz had a sriracha wing dip at its booth. Lest you forget America's first favorite hot sauce, a Tabasco-flavored chocolate bar was on display in the Cool New Products room.
3. **CPG "Drafting."** A number of larger manufacturers are bringing product lines that have been successful in grocery stores to the convenience space, hoping to "draft" off that strong consumer acceptance in a different need state. The WhiteWave Foods Co. had an International Delight-branded dispensed iced coffee on display, capitalizing on the popular iced-coffee product launched in the grocery dairy aisle.
4. **Foodservice Evolves.** In similar silo-busting news, an increasing number of traditional restaurant suppliers have been showing up at The NACS Show. Along with its typical packaged snacks, General Mills is bringing more items from its foodservice business to the show. Pillsbury cinnamon rolls and Yoplait bulk yogurt—in pastry bags for easy parfait prep—both made their NACS Show debuts.
5. **Equipment Innovations.** In another sign of the evolution of c-store foodservice, Manitowoc brought its sophisticated Convotherm combi ovens and Frymaster open-well fryers to the show for the first time. Ovention's Matchbox—the new dual-surface oven that launched at last year's NACS Show and was recently purchased by Hatco—was also at the show with a larger presence.
6. **Dispensed Profits.** We all know dispensed beverages make up a decent amount of in-store sales and promise very healthy margins, and suppliers are keeping innovations flowing at the fountain. Insight Beverages showed off its Frozen Hot Chocolate, and retailers can now capture the smoothie trend in the dispenser category with V8's V-Fusion smoothie mix, made in a partnership between Campbell's and Island Oasis. The Coca-Cola Co. showcased a vitaminwater dispenser in the Cool New Products room, and also announced plans for a Diet Coke Frost Cherry frozen carbonated beverage.
7. **Seasonal sells.** Confectioners are placing a stronger emphasis on opportunities around seasonal-candy sales with pack sizes specific to the channel and marketing calendars that plan a year out. Beer and wine companies are also ramping up their special-occasion-based LTOs and promotions. (Check out this article from CSP's Angel Abcede on a NACS Show education session about seasonal opportunities.)
8. **Giving Her What She Wants.** Suppliers and retailers continue to cast a net to capture the female shopper. V2 Cigs launched Vapor Couture, an electronic cigarette with a slim, sleek design geared toward females. In Zone Brands relaunched its kids' juice line with the new good2grow brand featuring spill-proof juices, vegetable and fruit blends with lower sugar and toy tops for some peace and quiet on the road.
9. **Black Is the New Black.** Decades of research from fast feeders may show that red and yellow pique consumers' appetites, but black will always make them feel cool. Suppliers rolled out sleekly designed products such as Swisher Sweets BLK Pipe Tobacco Tip Cigarillos and Miller Fortune, an undistilled golden lager with 6.9% alcohol by volume sporting a black and dark gray label. Marlboro Edge rolls out Oct. 30 with a bold flavor, cork tip and black packaging.
10. **The Power of Packaging.** We may take for granted the importance of packaging that fits both form and function. A number of new products boasted more bells and whistles on their outsides than inside. Innovations in foodservice packaging allow products to go from freezer to cooler to microwave, while beverage cans now have resealable tops. In the name of convenience, a number of unlikely items have been packaged for individual consumption, such as alcohol shots and mouthwash.

11. **Bits and Pieces.** Among the miscellaneous trends we noticed were the countless jerky products from suppliers familiar and new, and a similar bounty of bars, be they indulgent or better-for-you, gluten-free or protein-laden. Bite-size, unwrapped and pouched confections were found at nearly every candy booth, while beverage makers spent their R&D bucks on sparkling waters. Coasting on its better-for-you halo, Greek yogurt is being blended into just about everything. In our melting-pot world, suppliers are still focusing on comfort foods such as the return of Hunt Brothers' Buffalo chicken pizza and Deli Express' Premium Selections line—which was built directly from consumer research indicating the desire for high-quality yet familiar foods. And food manufacturers are getting better at fully enclosed hand-held items, such as Land Mark's new breakfast additions to its calzone line, Johnsonville's sausage-and-gravy-stuffed biscuits and Lettieri's Roll-Upz.

FDA Enforcement "We Card" Data

The latest FDA enforcements publicly available data thru 9/30/13 shows:

1. 90,000 compliance checks of retail stores in 2013 - that's on track to meeting or exceeding the 95,000 checks in 2012
2. 221,000 compliance checks since 2010
3. FDA conducts compliance checks in 42 states + D.C.
4. The average fine stands at \$631 with \$250 appearing frequently as the first fine and some fined \$2,000-\$5,000 for repeat violations.
5. FDA promises (and does) re-check retailers who receive Warning Letters or fines.

WV Statistics

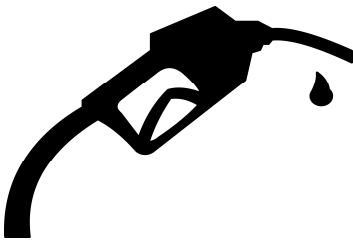
- ◆ Total Compliance Checks: 2,666
- ◆ Number of "No Violations": 2,552
- ◆ Number of warning Letters: 114
- ◆ Civil Penalties: 0
- ◆ Violation Rate: 4.28%

We Card 2014 materials are available now and we're ready to take your order. I encourage you to order early and avoid the last-minute ordering crush during December. Visit www.wecard.org to download a catalog.



**Trade Expo Moves to
Waterfront Place
Hotel in Morgantown
for 2014!**

**Mark Your Calendar!
May 13 - 15, 2014
Waterfront Place Hotel
Morgantown, WV**



Oil Marketers Update

CFTC Approves New Position Limits Proposed Rule

Recently, the Commodity Futures Trading Commission (CFTC) approved, by a vote of 3-1, a new position limits proposed rule which would cap the number of futures contracts a speculator can hold in the NYMEX Light Sweet Crude Oil (CL), NYMEX RBOB Gasoline (RB) and the NYMEX NY Harbor ULSD (HO) contracts. The new proposed rule was released in light of the CFTC dropping its appeal on its initial position limits rule which was vacated by the U.S. District Court of DC. Congress gave the CFTC the authority to set position limits to prevent investment banks, hedge funds and other financial entities from having too much concentration in the oil markets.

Currently, the oil futures markets are made up of more than 80 percent for purely speculative interests rather than for hedging fuel costs. The new proposed rule would limit traders to 25 percent of deliverable supply in the month when a futures contract matures. The spot-month limits apply separately to physically settled and cash-settled contracts. Traders will be permitted to hold cash settled contracts equal to five times deliverable supply as long as they stay out of the physical-delivery spot-month contract for the same commodity. For future months, the caps limit traders to 10 percent of the first 25,000 contracts of open interest and 2.5 percent of amounts beyond that.

During the CFTC position limits meeting, Commissioner Bart Chilton announced that he plans to leave the Commission in the near future. PMAA commends Chilton's work who has been an advocate for an across the board position limits rule to reduce speculators' control on the oil markets.

PMAA Update

PMAA Board recently met in Atlanta. Following are some of their actions:

- ◆ The Northeast Region proposed that PMAA form a national task force to explore the creation of a social media infrastructure and campaign. This infrastructure is a 21st century necessity to compliment and expand existing media resources in order to educate and influence consumers. Educated consumers can become allies to promote PMAA's and its members' legislative agenda.
- ◆ The C-store committee decided to have PMAA file comments opposing any new restrictions on Menthol Cigarettes and we will oppose FDA regulation of Electric Cigarettes. Also, we will continue lobbying efforts to make sure SNAP (food stamp) provisions in the Farm Bill do not enable discrimination against convenience stores. OMEGA and the WV Wholesalers Association have sent letters to FDA regarding Menthol Cigarettes.
- ◆ PMAA staff was directed to make it a high priority to educate Members of Congress and the Obama Administration about the inability of ethanol blends above 10 percent to meaningfully help refiners comply with the national ethanol mandate in 2014 or 2015.
- ◆ PMAA staff was directed to expediently meet again with the EPA to present the difficulties in meeting EPA compatibility documentation requirements for storing and dispensing blends between E10 and E15 and offer the suggestion of enhanced leak detection for tanks and piping as an alternative documentation of compatibility for locations of unknown compatibility."

PMAA Board Elects 2014 Leaders

Sam Bell, CEO of Echols Oil Company Inc., Greenville, South Carolina was elected PMAA Chairman- elect October 12, 2013 at PMAA's Fall Board Meeting in Atlanta, Georgia. He will take office in January 2014. Sam has been around the oil business his entire life as his father was a marketing rep for Exxon. Sam still has connections with Exxon as CEO of Fred H. Wood Oil Company, an Exxon jobber in Fountain Inn, SC. He looks forward to helping guide PMAA through complicated legislative and regulatory issues.

Others elected to the 2014 Executive Committee include: 1st Vice Chairman: Grady Gaubert, LA; 2nd Vice Chairman: Mike Bailey, WY; Northeast Region Chair: Sharon Peterson, CT; North Central Region Chair: Mark Whitehead, NE; Southeast Region Chair: Daniel Erwin, NC; South Central Region Association Executive: Ron Leone, MO; Western Region Association Executive: Suzanne Budge, ID.

"Nasty Winter" Predicted by Weather Company

Are you ready for a "nasty winter" in the Eastern U.S.? Well that's one of the predictions being made by Weather Trends International (WTI), which says its "statistical math-based trade secret formula forecasting methodology" projects temperature, precipitation and snowfall trends by day and week a year-ahead for 6.4 million locations in 195 countries with 85% or better accuracy.

WTI believes the statistics and climate index similarities with past "nasty winters" suggest that the winter of 2013-2014 will be similar to the 1962-1963 season that generated, among other occurrences, the sixth coldest January in over 118 years along with "copious" snowfall. (So much for global warming!)

Furthermore, based on its "leading indications," WTI is making 10 other predictions regarding weather patterns the U.S. should experience this winter:

- ◆ Nor'easters will be more frequent bringing the snowiest winter in three years with 35% more snow than last year and much above average.
- ◆ Temperatures across the Eastern U.S. will trend three to six degrees colder than last winter making it the coldest winter in 3 years with below average temperatures.
- ◆ Major widespread cold snaps are likely in middle December, middle January and early February.
- ◆ The West will trend the warmest in four to eight years, but snow and rain still likely to make headlines in the Pacific Northwest with twice as much snow as last year.
- ◆ Parts of California are likely to have the wettest conditions in nine years bringing the threat for at least one major flooding/mud slide event this winter.
- ◆ The southwest may escape winter's wrath with the warmest conditions in eight years and 31% below average snowfall.
- ◆ A drought may begin to develop in the Southeast by late winter.
- ◆ A major freeze possible in Florida late January and early February.
- ◆ Winter seasonal merchandise sales will experience the best winter in three years with sales up 20% to 100% in the Eastern U.S. with sales of snow accessories up 250% or more. However, overall retail sales and store traffic will be severely hampered by that same winter weather (no duh!)
- ◆ Home heating bills will be up 15% to 30% in the East but down as much in the West further eating into consumers' discretionary spending going into 2014.

Briefs

D.C. Gas Tax Snafu

On Oct. 1, the District of Columbia transitioned from a cents-per-gallon gas tax of 23.5 cents to an 8 percent levy on the wholesale price of gasoline. The D.C. Tax Office, however, calculated the tax for the first week on the retail, rather than the wholesale, price of fuel. Consequently, wholesalers, retailers and consumers were overcharged during the first week. The District is suggesting that refunds flow in the same manner with retailers eventually providing credits to consumers for their over payments during that period.

EIA Raises 2013 Gasoline Demand Estimate

The Energy Information Administration (EIA) increased its 2013 forecast for gasoline demand to 8.71 million barrels per day. This represents a 0.1 percent increase from earlier projections. The agency's 2014 estimate calls for consumption at a lower rate of 8.67 million barrels per day. Diesel's 2013 forecast was reduced to 3.83 million barrels, while next year's estimate is 3.91 million barrels per day.

\$70 Crude Predicted By End Of Decade

A London-based commodities economist is predicting that crude oil prices will drop to less than \$70 before the end of this decade. New technologies, such as horizontal drilling and hydraulic fracturing, are leading to a glut of inexpensive shale oil on the global markets. Currently, only the U.S. and Canada are producing shale oil in commercial quantities, but it is merely a matter of time before other countries begin to utilize the technologies to produce shale within their own borders.

U.S. to Take #1 Oil Producer Spot

The U.S. is forecast to produce 12.1 million barrels of liquid petroleum each day for 2013. That will move the U.S. ahead of Saudi Arabia into the top oil producer position. The nation will produce 1.6 million barrels per day more than Russia, which is the third-highest supplier. Shale oil output, which has increased production by 3.2 million barrels per day over the past four years, is the primary driver of the growth. Saudi Arabia and Russia both produce about 3 million barrels per day more in crude oil than the U.S.

Reminder

OSHA is making changes to its hazard communication standard which requires employers to notify employees of the presence of hazardous chemicals in the workplace. Petroleum marketers have been required to comply with the OSHA hazard communication standard since it was first introduced in 1983. The changes are being made to align OSHA's requirements to international standards for chemical container labeling and material safety data sheets (MSDS). Employers must train applicable employees on the label and MSDS changes by December 1, 2013.

Please refer to our bulletin dated November 5th for additional information.



**Have you checked with your agent
to see if you are eligible for a 6.1%
discount on your workers'
compensation premium through
BrickStreet?**



Grocery Highlights

SNAP Stimulus Cuts Effective November 1

The boost that the American Recovery and Reinvestment Act of 2009 (ARRA) provided SNAP recipients during the economic downturn ended on November 1, 2013. This resulted in a benefit cut for every SNAP household and the amount depends upon the household size. For example, a household of four will see a \$36 per month reduction; a household of one will receive an \$11 per month reduction. In August, USDA sent this letter to states to begin preparing them for the change. The Food Research and Action Center (FRAC) has prepared this document to assist in answering any questions regarding the benefit decrease.

SNAP License Questions

From time to time, we receive inquiries regarding a store name change or ownership change, and how it affects the store's SNAP license. Below is USDA FNS guidance on this issue.

- ◆ If your store changes ownership, if you move, or if you close your store, your license is void.
- ◆ You cannot transfer your license to someone else. If you are closing or selling your business, you must inform FNS and return your license to FNS.
- ◆ If you own more than one store, you must apply for a SNAP license for each store.
- ◆ Remember, it is against the rules and regulations of SNAP for you to accept or redeem any SNAP benefits until you are authorized by USDA, FNS.

For more USDA FNS guidance for retailers, visit http://www.fns.usda.gov/snap/retailers/pdfs/Retailer_Training_Guide.pdf or <http://www.fns.usda.gov/snap/retailers/merchants.htm>.

Holiday Foods and SNAP Eligibility

With the holidays quickly approaching, we offer the following USDA guidance on the SNAP eligibility of certain foods:

- ◆ If pumpkins are edible, they are eligible for purchase with SNAP benefits. For example, if it is a pumpkin that can be cooked down as squash and/or the seeds used for pumpkin seeds, it is eligible.
- ◆ However, inedible gourds and pumpkins that are used solely for ornamental purposes are not eligible items.
- ◆ Items such as birthday and other special occasion cakes are eligible for purchase with SNAP benefits as long as the value of non-edible decorations does not exceed 50 percent of the purchase price of the cake.
- ◆ Gift baskets that contain both food and non-food items are not eligible for purchase with SNAP benefits if the value of the non-food items exceeds 50 percent of the purchase price.
- ◆ Holiday gift baskets for Valentine's Day, Easter, Mother's Day, Thanksgiving, Holiday stockings, and seasonal items like holiday tins are not eligible for purchase with SNAP benefits if the value of the nonfood part of the item clearly accounts for more than 50% of the purchase price.
- ◆ For Example: A stuffed holiday bear sold with a small package of chocolate for \$14.99 would not be eligible for SNAP purchase, but a gift basket consisting primarily of meats and cheeses or snack foods, and including a small toy where the cost of the food items clearly accounts for more than 50% of the purchase price of the item would be eligible for purchase with SNAP benefits.
- ◆ Baskets and holiday stockings that contain any amount of alcohol, cigarettes, cat, dog, or other pet food and/or pet toys may not be purchased with SNAP benefits.

Menu Labeling Update

Given that FDA's menu labeling rule is not expected to be finalized and published until sometime in 2014, We are renewing efforts to keep supermarkets' concerns on the radar of FDA and Members of Congress. Please ask your U.S. Representative to co-sponsor H.R. 1249, introduced by Reps. Cathy McMorris Rodgers (R-WA) and Loretta Sanchez (D-CA) to prevent FDA from expanding menu labeling regulations to grocery store operations. Currently, the bill has 50 co-sponsors but growing the list of co-sponsors and introduction of a bipartisan Senate companion will keep our momentum going.

NOW AVAILABLE: 2013 NGA/FMS Independent Grocers Financial Survey

NGA and FMS have released the results of their joint 2013 Independent Grocers Financial Survey. Showing their resilience and business savvy, independent grocers capitalized on the improvements in the economy and posted an average net profit before taxes of 1.65 percent in fiscal year 2012, up from 1.12 percent in 2011. They also grew inflation-adjusted same-store sales and improved gross margins across key store categories. As unemployment, consumer confidence and other key economic indicators improved, so did the financial results of independent grocers. For more information or to purchase the survey, visit https://netforum.avectra.com/eweb/shopping/shopping.aspx?site=nga2&prd_key=8c19cfed-8fef-4976-b5eb-160a5334495f.



NGA offers weekly webinars on a variety of topics relevant to independent grocers and our industry. Webinars are FREE for NGA members and \$39 for non-members.

Visit www.nationalgrocers.org/webinars to keep up to date on NGA's webinar schedule or register today!

UPCOMING WEBINARS:

- ◆ November 20 - Employment Practices Liability - Wage & Hour - The Good, Bad & Ugly
- ◆ December 4 - Healthcare Regulations - Impact on Dental and Vision Plans
- ◆ December 11 - Succession Planning



Miscellaneous

Welcome New Member

We would like to welcome the following new member to the Association:

Incomm

250 Williams Street
Suite 500
Atlanta, Ga. 30152

Phone: 865.389.0005

Email: jgingras@incomm.com

Contact: John Gingras
Regional Sales Manager

Membership Directory

Our new Membership Directory is now in the printing process. Members will receive their copies by the end of the month. Please let us know if we have information that is incorrect for you, so that we can update our records.

Calendar of Events



2014 Trade Expo & Golf Outing
May 13 - 15, 2014
Waterfront Place Hotel
Morgantown, WV

DRUG FREE

IT'S NOT AN OPTION



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