

# Retail 6

## 7-Eleven



2711 N. Haskell Ave., 34th Fl.  
 Dallas, TX 75204-2911  
 Tel: (800) 255-0711 (214) 828-7764  
 Fax: (214) 841-6776  
 E-Mail: jwebbj01@7-11.com  
 Web Site: www.7-eleven.com  
 Ms. Joanne Webb-Joyce, Dir. National Franchise  
 Sales

7-ELEVEN stores were born from the simple concept of giving people 'what they want, when and where they want it.' This idea gave rise to the entire convenience store industry. While this formula still works today, customers' needs are changing at an accelerating pace. We are meeting this challenge with an infrastructure of daily distribution of fresh perishables, regional production of fresh foods and pastries and an information system that greatly improves ordering and merchandising decisions.

**BACKGROUND:** IFA MEMBER  
 Established: 1927; 1st Franchised: 1964  
 Franchised Units: 35141  
 Company-Owned Units: 462  
 Total Units: 35603  
 Dist.: US-6378; CAN-462; O'seas-28763  
 North America: 31 States, 5 Provinces

Density: 1292 in CA, 565 in FL, 636 in VA  
 Projected New Units (12 Months): 200  
 Qualifications: 4, 4, 3, 3, 5, 5

### FINANCIAL/TERMS:

Cash Investment: Varies by Store  
 Total Investment: Varies  
 Minimum Net Worth: \$15K  
 Fees: Franchise - Varies by Store  
     Royalty - Gross Profit Split; Ad. - NR  
 Earnings Claims Statement: Yes  
 Term of Contract (Years): 15/15  
 Avg. # Of Employees: 5 FT, 5 PT  
 Passive Ownership: Not Allowed  
 Encourage Conversions: Yes  
 Area Develop. Agreements: No  
 Sub-Franchising Contracts: No  
 Expand In Territory: No  
 Space Needs: 2,400 SF

### SUPPORT & TRAINING:

Financial Assistance Provided: Yes (I)  
 Site Selection Assistance: NA  
 Lease Negotiation Assistance: NA  
 Co-Operative Advertising: No  
 Franchisee Assoc./Member: Yes/Yes  
 Size Of Corporate Staff: 1000  
 On-Going Support: A,B,C,D,E,F,G,H,I  
 Training: 4 Weeks Various Training Stores throughout US; 2 Weeks Franchisee's store

### SPECIFIC EXPANSION PLANS:

US: NW, SW, MW, NE, Great Lakes, Southeast  
 Canada: No  
 Overseas: No

For 80 years, 7-Eleven has been both a leader and innovator in the convenience store industry. Today, as the world's largest convenience retailer with a widely recognized brand name, 7-Eleven continues to thrive, and was recently named the #1 franchise opportunity for 2008 by *Entrepreneur* magazine. Globally, 7-Eleven operates, franchises or licenses more than 35,200 stores in 17 countries. This exposure has made 7-Eleven an industry giant and a widely recognized symbol of fast, reliable and convenient service, while its focus on community and people has preserved its reputation as "the friendly little store that's just around the corner."

7-Eleven has a multi-faceted relationship with franchisees, serving as a landlord, financing source and record keeper to franchisees. 7-Eleven takes an active role in the franchisee's business, investing directly in their success in an effort to ensure a profitable and beneficial relationship between the franchisee and 7-Eleven.

Operating Units	12/31/2006	12/31/2007	12/31/2008
Franchised	3650	4043	4330
% Change	--	10.8%	7.1%
Company-Owned	1723	1536	1387
% Change	--	-10.9%	-9.7%
Total	5373	5579	5717
% Change	--	3.8%	2.5%
Franchised as % of Total	67.93%	72.47%	75.74%

### Investment Required

The franchise fee for a 7-Eleven store depends on the franchised store's gross profits for the past year, i.e. the fee is higher for locations that generate more revenue. The fee for a store with sales less than \$200,000 in 12 months is fixed at \$10,000. Stores with gross profits of \$200,001 to \$250,000 have a fee equal to 5% of the store's historical gross profit, stores with profits between \$250,001 and \$350,000 have a fee of 15%, stores with profits of \$350,001 to \$450,000 have a fee of 20%, stores with profits between \$450,001 and \$800,000 have a fee of 25% and stores with profits exceeding \$800,000 have a fee of 30%. Fees for brand new store

locations are determined by the average gross profits of nearby locations. The fee can be reduced or waived depending on a franchisee’s experience. Financing is also available.

7-Eleven provides the following range of investments required to open your initial franchise. The range assumes that all items are paid for in cash. To the extent that you choose to finance any of these expense items, your front-end investment could be substantially reduced.

Item	Established Low Range	Established High Range
Franchise Fee	\$0	\$441,200
Initial Gas Fee	\$0	\$40,000
Training Expenses	\$0	\$3,400
Initial Inventory	\$30,350	\$75,700
Cash Register Fund	\$100	\$10,000
Store Supplies	\$250	\$2,000
Licenses and Permits	\$100	\$3,000
Additional Funds (3 months)	\$0	\$30,000
Total Investment	\$30,800	\$605,300

**On-going Expenses**

7-Eleven franchisees pay on-going fees of 48% of gross profit or more that vary based on total gross profit and advertising fees ranging from 0.5%-1.5% that vary based on total gross profit.

**What You Get—Training and Support**

Prior to store opening, franchisees undergo four weeks of initial training in a designated 7-Eleven Training Store, followed by two weeks of training support in the franchisee’s store. The initial training covers the 7-Eleven concept, basic store operations, computer-based training, POS training and store changeover support training. 7-Eleven also provides ongoing training opportunities, including in-store computer-based training programs for employees.

7-Eleven continues to support franchisees after store opening with a field consultant who meets weekly with the franchisee to help maximize store performance and profitability. 7-Eleven provides exceptional support services to its franchisees, including record keeping, bill paying and payroll services for store operations as well as financing for all normal store operating expenses.

**Territory**

7-Eleven does not grant exclusive territories.