

# Hannah Montana Syndrome

James S. Calvin, President  
New York Association of Convenience Stores



If you've never heard of pop princess Hannah Montana, count your blessings you didn't have to look into your 8-year-old daughter's puppy-dog eyes and tell her you weren't going to re-mortgage the house to buy tickets to her "Best of Both Worlds" concert tour.

On Disney Channel, platinum-haired Hannah, who only her family and a few close friends know is brown-haired, ordinary tween Miley Cyrus in real life, loves having it both ways. "Who would have thought that a girl like me, would double as a super star?" she chortles in the title song of her "Best of Both Worlds" album, which reached No. 3 on the Billboard charts last spring as her tour was selling out arenas nationwide.

Like Hannah/Miley, we all yearn for the best of both worlds, even convenience store operators.

There are those, for instance, who want full-time employees to perform at the highest level, but only want to pay them minimum wage.

There are those who beg suppliers to deliver the hottest new product to their store right away, but insist they take it back if it doesn't sell.

There are those who crave the revenue from selling alcohol and tobacco, but don't bother instituting the policies and procedures necessary to prevent minors from buying them.

And there are those who gladly accept the guidance and information NYACS provides, but scoff at paying dues to the organization to help keep it alive.

Yet the vast majority of New York convenience retailers have been around long enough to know you really *can't* have it both ways. Or can you?

When it comes to selling branded versus unbranded motor fuel, in New York, maybe you can.

Until now, retailers have had to choose between signing a contract with a major brand to exclusively supply fuel to their station or store, or remaining unbranded and buying on the open market.

But in New York, the state Legislature has just passed a bill that, if signed by Governor Paterson, will let retailers go outside their exclusive branded contract whenever they wish to purchase and sell unbranded gas. It essentially nullifies the exclusivity clause of any existing fuel supply contract.

NYACS was concerned that without the gallonage guaranteed by such exclusivity, refiners would be unable to cost-justify their up-front investment in pumps, tanks, canopies and other brand support at dealer locations, and thus independents – especially those with smaller volumes – might lose branding as an option altogether, and have no choice but to weather the volatility of the unbranded market.

But branded retailers who fought for the bill claim their refiners, while earning record profits, have been charging them excessive wholesale prices, making their street price uncompetitive, yet because of the exclusive contract they had no recourse. The ability to at least threaten to sell unbranded fuel instead of, or in addition to, branded, they argue, will give them leverage to negotiate better pricing.

Best of both worlds? Time will tell.