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An official publication of the Associated Food Dealers of Michigan and its affiliate. Package Liquor Dealers Association

NOVEMBER 1990

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Senator Michael O'Brien continues his family legacy of helping business people. Profile on page 12

## LEGISLATIVE UPDATE

### Criteria for coupon acceptance broadened

The Department of Public Health has determined that it will no longer automatically reject certain coupon types, specifically infant formula coupons and some special formula coupons submitted for payment over \$40. Those coupons will be manually reviewed and compared against current price information for the respective peer group and payment will be made accordingly. All other criteria established for processing coupon payment will remain in effect. In view of this, the Department is urging retailers to accept formula coupons and redeem the full quantity of infant formula even if it exceeds the \$40 limit.

In order to accommodate the system modifications more efficiently to future price fluctuations "up" or 'down'', the Department intends to eliminate any specific mention of the maximum value on the coupon.

For additional clarification relative to the issuance of a specific coupon. call the local health department which issued a coupon (check the participant's ID/VOC folder for the telephone

#### Garbage backhaul measure approved in Senate

The Senate has passed its version of garbage backhauling legislation, which would limit trucks and railroad

See LEGISLATIVE, page 3

## -'Tis the season to be jolly and profitable-Merchandising to sell holiday spirits

During the holiday selling season, from November through the new year, the use of creative merchandising techniques can have a considerable impact on a store's profits. The festivities of the season which encourage sales beyond the usual demand can be capitalized on to increase

monthly sales by as much as 50 to 100 percent.

Suppliers are well aware of the importance of taking advantage of this traditionally peak period. The general consensus is that this year will be strong for premium product sales. While total consumption will probably be down, consumers will be drinking less but exercising their option to purchase the brands

they perceive as being best," said Robert Gilligan, president of R.M. Gilligan, Inc.

This is important to keep in mind when planning promotions. "Be aware of good value buys for the customer," said Spencer Phinney, Cooper-Wieferman Spirits. "Premium



products will generate greater profits while providing greater custome satisfaction.

Also significant during the holiday season are sales of specialty liquors 'After dinner drinks and holiday drinks will be featured more during the season," said Barbara Weiss-

See HOLIDAY, page 12

## LCC considers temporary transfer license report

Editor's note: The following is excerpted from a report submitted to the Liquor Control Commission by Blythe Morris, Governor's Executive Intern. The information is currently being reviewed by the LCC.

The Michigan Liquor Control Commission was established in 1933 after the end of Prohibition. At that time, the Michigan legislature chose to adopt the "control" system for our state. The Michigan Liquor Control Commission is responsible for controlling all alcoholic beverages and distributing liquor in the state. If it were a private industry, it would rank among the top 20 largest companies in Michigan. Since 1933, the Michigan Liquor Control Commission has grown to be one of the largest revenue producers in state government, collecting \$176,452,046 in fiscal year 1989. The goal of the Commission is to make alcoholic beverages available while maintaining standards that protect the citizens of Michigan.

In order to be issued a license, an applicant must first submit a number of forms. The Commission conducts a thorough investigation of the background, prior business, financial stability, and criminal history of the applicant. This is done to evaluate the

See TRANSFERS, page 9

## More and more consumers seeing the "Light"

#### Why People Use "Light" Products % of Light 86% Stay in better overall health... Reduce calories 85% R396 Reduce fat. Reduce cholesterol Reduce sugar/carbohydrates 76% Maintain current weight

## **Most Popular "Light Products**

96 Cor	of Light
Beverages	70%
Cheese, yogurt, sour cream and other	
dairy products	65%
ice cream and other frozen desserts	46%
Cakes, breads, other baked goods	40%
Chips and other snack foods	38%
Dinner entrees	32%

Source: Calorie Control Council 1989. National Survey conducted by The Gallup Organization.



IT TAKES A PART OF THIS COUNTRY AS
COLD AND CLEAN AS THE ROCKIES
TO BREW A BEER THIS PURE AND NATURAL.



# 1980 Coore Brewing Company, Golden, Colorado 80401 - Brewer of Fine Quality Beers Sinox 1873. 8617



## Liquor retailers await decision on check lanes

By John Dagenais - Consultant

Although the U.S. Supreme Court decided this past June in a 6-3 ruling that sobriety check lanes do not violate motorists' rights under the U.S. Constitution, the high court decision will allow the Michigan Court of Appeals a rehearing on state constitutionality.

If the Michigan courts rule that the proposed state police road blocks violate the Michigan constitution, there would be no appeal and return to the U.S. Supreme Court. Such action would mean that check lanes for checking motorists for alcohol violations would be outlawed. The entire process of Michigan court action would take several months or well into 1991.

The Supreme Court justices ruled that the roadblocks do not violate the constitutional right of unreasonable searches and seizures in spite of the fact that motorists are stopped without any suspicion of wrongdoing.

The percentage of check lane drunken driving arrests is very small according to several surveys. About one arrest occurs for every 100 motorists stopped in a check lane.

The ruling was hailed as a major victory by national leaders of Mothers Against Drunk Driving (MADD) and its Michigan chapter.

The history of the present check lane controversy dates back to May 1986 near Saginaw when Michigan State Police set up a late evening sobriety check lane and arrested two of some 126 motorists stopped late at night. Several state lawmakers and the American Civil Liberties Union in Michigan immediately filed suit. Wayne County Circuit Court Judge Michael Stacey ruled that the sobriety check points were unconstitutional and they were not used again.

The Michigan Court of Appeals upheld Judge Stacey, and the Michigan Supreme Court declined to hear the case, but the ACLU pushed the issue to the U.S. Supreme Court. The ACLU of Michigan will seek to settle the issue before the state Court of Appeals.

A good indication of Michigan lawmakers' opposition to the check lanes took place in June of this year when the House and Senate prohibited funding for check lanes in the annual state police budget.

Michigan State Police reports released earlier this year indicated that more than 95 percent of suspected drunken drivers who took breath tests last year flunked. An audit for 1989 showed 46, 120 people in Michigan were given Breathalyzer tests at police stations or posts and almost 44,000 registered 0.10 percent or more of alcohol in their blood. Michigan's law declares a person legally drunk at 0.10 percent or more.

While much attention weighs heavily on those who drink and drive, there is considerable criticism of bars, clubs and restaurants not exercising more care in serving on-premise customers. But there is another story

for off-premise retailers to examine if sobriety check lanes become a way of life in Michigan.

There is a state law banning open beverage alcohol containers in automobiles. Law enforcement officials in Michigan are especially concerned with young people under age 21 either consuming or possessing alcohol beverages within those cars.

Police officers have a duty to search the vehicles for alcohol containers and determine through questioning where the alcohol was obtained or who supplied it. More than ever before, beer and wine or liquor stores are falling under close scrutiny.

Since liquor liability insurance is now mandatory and required of all

Michigan licensees, there is also more legal action directed at off-premise retailers where accident and/or injury is involved in alcohol related incidents—especially where stores sell to minors.

The combined forces of AFD and Package Liquor Dealers as one organization serving off-premise licensees offers outstanding training and tools for combatting needless liquor violations. This story emphasizes the need to be fully organized and properly educated.

If you are interested in participating in the AFD T.I.P.S. (Training Intervention Procedures by Sellers) educational program, call (313) 557-9600.

## LEGISLATIVE from page 1

cars from carrying food if they had transported garbage or toxic and hazardous materials. The Senate version of the bill contains a provision that would stiffen federal penalties for selling drugs at truck stops and rest areas. The House version, H.R. 3386 was approved in March. Differences between the House and Senate version are being worked out at the staff level. The Senate and House bills both contain language making it clear that the hauling of cardboard and other food packaging in food and grocery trucks would not be prohibited.

## Nutrition labeling proposed for fresh and frozen foods

Nutrition labeling of most foods in the U.S. marketplace including produce, meat, poultry and seafood, and restaurant foods was recommended recently by a committee of the National Academy of Sciences Institute of Medicine. The Committee on the Nutrition Components of Food Labeling issued a report calling upon both the Food and Drug Administration and the Food Safety and Inspection Service to reform and broaden nutrition labeling for foods they regulate. The report suggested that retailers of fresh fruits and vegetables, and fresh and frozen meat, poultry and seafood be required to post at the point of purchase nutrition information for about 20 of the largest selling foods in each category

## Hayden Initiative could impact taxes and food prices

If California voters pass Proposition 128 in the November election, the costs to the state and the entire country will be exorbitant. Californians will take on billions of dollars in increased taxes and food prices throughout the country will soar, according to Sprectrum Economics, an independent research firm.

Known as the Hayden Initiative, Proposition 128 is the strongest environmental initiative ever to appear on a ballot in the United States. It would ban any pesticide with even a trace of carcinogens; require major cuts in carbide dioxide emission; prohibit offshore oil drilling within three miles off the coast; end the use of ozone-depleting chemicals; end private forest clear-cutting; and create the nation's first elected state environmental advocate

## Privatized liquor distribution system under consideration by commission

By John Dagenais

EDITOR'S NOTE: The lengthy report on LCC Liquor Distribution released earlier this year requires several reports to cover the entire scope of the study released by Price Waterhouse. Therefore, we present this first review of several to follow.

A lengthy study authorized by the Michigan Liquor Control Commission on the "Impact of Privatized Liquor Distibution" and conducted by the Detroit office of Price Waterhouse was recently completed. The study examined the effect of private handling of the Michigan's state-operated liquor distribution system and compared Michigan's system with liquor administration in other key states.

Wholesalers performing the merchandising functions for distilled spirits would be streamlined and would probably introduce additional costs from marketing and competitive activity.

see SDD/SDM, page 14

## ATTENTION SDD AND SDM LICENSEES

AFD is offering 1990 **Drive License and I.D. Guide** booklets at \$9.00 per book plus \$1.00 shipping.

This comprehensive booklet shows a picture of a valid drivers license from **each** state.

You can accept out-of-state I.D. if you can prove its validity. Check it out in this booklet. Don't serve a minor with a tampered license—check it with this booklet.

AFD advocates responsibility in selling alcohol. Using this book will help determine a legitimate sale.

## Order your I.D. Guide Booklet today!

Call AFD at 557-9600 or 1-800-66-66-AFD.

## Help us elect AFD's "Member of of the Year"

Joseph D. Sarafa Executive Directorships



One of the most important benefits of being an AFD member is the opportunity to participate in events that provide a different way to conduct business and develop friendships. By taking advantage of these

activities, both the retailer and the supplier member have the chance to build relationships away from the usual business atmosphere. Watch for these traditional AFD events, and the newly created activities.

Associated Food Dealers has instituted a new way for members to acknowledge and give special thanks to a fellow member. Any association is only as strong as the individuals of which it is comprised. The contribution each member makes through his participation is the lifeblood of a volunteerpropelled organization and a few outstanding members are the arteries which give it direction.

The "Member of the Year" award is a small way to show appreciation to someone who has given their utmost to the benefit of all AFD members. Because it is an honor bestowed by peers, the "Member of the Year" award is truly a prestigious

In addition to AFD participation, the nominees should be involved in the community and industry and be active in a successful business. The award will be presented at the trade dinner

Consider members you know and send in the official ballot on page

Other AFD events are in the planning stages, including the trade dinner scheduled for January 18, 1991 at Penna's in Sterling Heights and the trade show which will take place on April 16, 1991 at Fairlane Manor, Dearborn (see page 13). Mark your calendar for these events

AFD members will also be able to participate in the Michigan Winter Ice Festival 'Winterfest 91' at a special low rate. The Winterfest is slated to take place January 25 through February 3, 1991 at the Michigan State Fairgrounds in Detroit. The new family entertainment event features ice sculptures and a laser ice show. AFD members and their families will have the opportunity to participate in the fun at a reduced

rate. More information will be available in the next Food & Beverage

Another food and beverage industry event is Thanksgiving for the opportunity it gives for increased sales and increased goodwill. At this time of year it is appropriate that AFD thanks each of you for help in making our industry strong and successful. In a way, you are all members of the year and your contributions to our association keeps AFD at the forefront of the food and beverage industry

### ATTENTION RETAILERS **Best Bagger Contest**

Would you participate?
AFD would like your input on the possibility of holding a statewide "Best Bagger Contest" in conjunction with the annual 1991 trade show in April. However, we MUST know how many of you, our retailers, are interested in having one of your employees participate in the contest. There is quite a bit of time and cost involved in holding this event and we need participation. Please let our association know at your earliest convenience if you and/or your employees would participate in the contest. Please call for more information. Your response will be greatly appreciated. Call Vicky at 557-9600 with feedback!

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## AFD service of the month

#### **On-line Debit Card** Point-of-Sale a new customer convenience

On-line Debit Card Point-of-Sale has made its way to Michigan. The familiar "wiggly" ML logo that identifies the Magic Line, has taken on a new meaning.

Magic Line is the electronic services network serving hundreds of financial institutions throughout Michigan. It is most familiar to consumers as the ML logo on Automated Teller Machines (ATMS) indicating that the card can be used at any ATM displaying the ML logo. Approximately 350 financial institutions in Michigan are members of Magic Line including Michigan National Bank, First of America, Comerica, Old Kent Bank, State Employees Credit Union, Mutual Savings, etc.

The Magic Touch program allows consumers throughout Michigan to use ATM cards (over 3.5 million cards) that display the Magic Line logo as an alternative method of payment at retail stores throughout Michigan. This type of program-often called on-line point-of-sale by the banking industry-is already in operation in several regions including Florida, Texas, Pennsylvania and California.

When the consumer uses the Magic Touch POS program at a participating merchant, the magnetic strip on the back of the card is read by a card terminal, just as an ATM machine reads the same magnetic strip. The consumer then enters their personal identification number authorizing use of the card in coordination with their checking account. The amount of the purchase is then deducted from their checking account balance, just as it is when a withdrawal is made using the card at an ATM.

Since Magic Touch is a quick and easy program and offers merchants guaranteed payment-it offers an acceptable alternative payment method to cash and checks. Grocery stores. gas stations, drug stores and convenience stores have traditionally been the first to implement debit card programs. However, as the awareness of debit programs increase, other retailers begin to see how they can take advantage of a debit program.

Up until now, it was clear who the typical debit card user was: a young, affluent urban professional who used ATMs frequently However, new information from Mobil Oil suggests that this description is changing. Mobil's recent studies of debit card transactions at its locations reveals that the age of the typical debit customer is creeping up. Previous information revealed that two thirds of debit users were under 35 years old. Recent studies show users are under 45 years old with some customers in their 60s

This is a demographic group that retailers want, especially considering that POS activity will only grow as this affluent convenience-oriented group increases in size through the

Michigan Bankard Services, a division of Michigan National Bank, is offering on-line debit as a standard part of our payment processing package. For those locations that currently accept credit cards, a debit card program adds additional value to the card program. For those who do not accept credit cards, the program allows for future implementation of credit cards and check guarantee services if desired.

For more information about Michigan Bankard's debit program, call 1-800-848-3213 or call AFD at (313) 557-9600.

## **VOTE FOR** MEMBER OF THE $\mathsf{YFAR}$

The Associated Food Dealers is pleased to introduce a new forum to recognize an outstanding individual in the food and beverage industry. We are asking that you nominate three AFD members for this prestigious award. The "Member of the Year" will be honored at the AFD's 75th Anniversary Trade Dinner on Friday, January 18, 1991.

Your nomination should be based on the following criteria:

To be eligible nominees must be:

- AFD members or employees of AFD member companies
- · AFD board members are ineligible

Consideration of individual nominees:

- · AFD involvement
- · Industry involvement
- · Community involvement
- · Successful business operation
- Nominees can be retailers, wholesalers, suppliers, distributors, food processors, brokers, service members

Please use the official ballot below to nominate up to three individuals that you feel qualify for the "Member of the Year" award. Entries must be signed and sent on the ballot below. The top nominees will be voted on in December. Please send this ballot to:

Associated Food Dealers/ 18470 W. Ten Mile Road/ Southfield, MI 48075/ Attention: Debbie Cooper Thank you for your participation.

## AFD member benefits

As a member of the oldest and largest food and beverage association in the state you are entitled to the following:

- · health and medical benefits through Blue Cross/Blue Shield, at our group rates;
- · liquor liability insurance at minimal rates, through an admitted and accepted insurance company: · worker's comp insurance with dividends and a loss prevention
- program; coupon redemption program that saves both time and money:
- political action that supports your interests. Visa/MasterCard charge service, for customer service;
- legislative representation in Lansing full-time to protect your industry;
- checking services TeleCheck and verification directories to reduce bad debt accounts;
- legal consultation
- · industry exposition for product display, promotion and discount
- . Magic Touch Debit Program to eliminate the handling of checks;
- · monthly publication;
- educational seminars and a number of special events

Take advantage of the services available to you! Call AFD for more information at (313) 557-9600 or 1-800-66-66-AFD.

AFD	MEMBER	0F	THE	YEAR	OFFICIAL	BALLOT
Nomi	nees:					

comments	
comments	
name/business	
comments	
name/business	
comments	

## Shelf management can maximize profits

By Tom Forkin

Tom Forkin is a management and marketing consultant and owner of Retail Consulting Services, specializing in food and beverage store operations. He has just completed a book, Retail Beverage Merchandising: Guide to Increasing Sales and Profits, which will be published in the next few months. the following is an excerpt from the book:

Shelf management is a retailing concept which involves making decisions on the placement of merchandise on the shelf according to certain principles. These principles can be based on price, markup, product category, sales volume, package size, color, taste, shape, shelf life, market position, and several other factors.

Every shelf management system is different because the importance of each factor is usually determined by the motives and needs of the person designing the system. One store owner might want to set his shelves to maximize high-profit items, another may want to set his shelves for the convenience of his cashiers while another feels maximizing impulse item sales should be the top priority in setting up his department.

Many of your vendors have excellent shelf management programs which they will be more than happy to share with you. Some are even using computers to generate a shelf management program tailored to your store's product mix and department size. Ask your beverage representatives about shelf management programs the next time you see them. Shelf-management increases sales by:

- Brand consolidation: creates billboard impact and makes items easy to find.
   Makes your ordering and stocking easier.
- Advantageous positioning: reserving eye-level shelf for best selling item optimizes its fast turnover. Increases the return on your investment.
- Category grouping: places all the rums in the rum section, vodkas in the vodka section, etc. Encourages the sale of additional types, especially premiums. Earn extra profit from premium brand sales.
- Allocation of facings: increasing facings can increase sales up to 40 percent. Allocating facings to category leaders gives them their fair share of space based on sales. Reduces your sales losses due to out-of-stocks.
- Right hand trade up: arrange facings (left to right) from small to large, light to dark. Appeal to right-hand customers (the majority) by predisposing them to reach for larger sizes. Earn extra profit from largersize sales.
- Discounts displayed: draws attention (via shelf-talkers, etc.) to your special promotions, offers, rebates, values. Get larger number of impulse sales.
- Impulse location: Put fastest moving major brand in high traffic areas.
   Boosts your impulse sales, which account for 20-40 percent of all spirit sales.

Retailers benefit from shelf management's ability to create visual impact. facilitate product selection, and simplify stocking and inventory control. It also increases product awareness leading to impulse buying, builds awareness of complementary products, provides a permanent home for related products, and reduces out-of-stock situations.

The widespread use of shelf management concepts will increase shopping convenience and appeal, and facilitate brand selection. And, retailers will gain an additional opportunity to improve inventory control, volume, turns, and profitability.

### Right hand trade up

This is a basic concept of merchandising and one that every retailer should utilize. Right Hand Trade Up involves the placement of merchandise on the shelf according to the bottle size of the product. Larger sized bottles are placed to the right of smaller sized bottles.

An example in the liquor section would be Smirnoff 1.75 liters on the right followed by 750 mls in the middle followed by 375 mls on the left. A wine section example would be Inglenook 3.0 liters on the right followed by 1.5 liters in the middle followed by 750 mls on the left. A beer department example might be Bud 40 ounce bottles on the right followed by Bud quarts on the left.

The principle behind this merchandising concept is that most customers are right handed. Their natural instincts always steer them to the right.

By placing the largest package sizes in this area you are maximizing the potential for larger sized sales. If they decide not to purchase the large size bottle, the next size in their view will be bigger than the one on the left. This Right Hand Trade Up concept will increase your dollar sales and is a proven merchandising tool.

#### Vertical blocking

This merchandising concept is used with a shelf management program. It involves arranging categories of merchandise on the shelf so that the borders of that category form a vertical box or ribbon.

An example might be placing all the rums in the same section but on different shelves taking up approximately the same amount of space on each shelf. The effect is a designated section for all the rums created by the placement of bottles in that one section.

Your customers will have an easier time distinguishing where the rum section is and will be able to easily and intelligently make their purchase decisions.

### Price progression

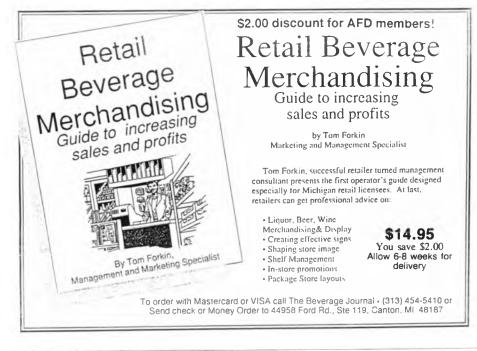
This involves grouping products together by a combination of price, markup and market share. The most expensive and profitable items are placed in prime positions (at eye level or in the front of the department) with the number of facings equivalent to their market share. The lesser priced items are below them with the lowest priced items on the bottom and all facings based on volume.

This program insures that your higher priced, more profitable items get maximum exposure, category leaders are rewarded with increased facings and positioning, and your chances of getting impulse sales are at their utmost potential.

## Scholarship posters will soon be available

The Associated Food Dealers Scholarship Program has been in existence since 1972 and each year awards college scholarships to those students exemplifying academic excellence. Those eligible to apply are high school seniors, college freshmen, sophomores and juniors who are employed by an AFD member company, or whose parents work for an AFD member company. This program is funded by the proceeds from the annual golf outing. AFD awarded 15 students with \$1,000 and \$500 scholarships totaling \$8,500 for the 1990 academic year.

This December, AFD will ask that members hang promotional posters in their stores. These scholarships posters will be mailed out to member companies with hopes that they will reach the employees and ultimately a record number of students will apply for college scholarships. The posters should be posted from January 1991 thru April 1991. With your support and participation, AFD will continue to help in the education of youth.



#### LOTTERY



#### QUESTION:

Are there any general rules or regulations concerning instant ticket sales that agents should be aware of?

#### ANSWER:

Each instant game is accompanied by a set of rules and regulations pertaining to that specific game. In addition, each game directive contains a section titled "retailer conduct," which applies to all instant games offered by the Bureau.

These rules include, but are not

- (1) Retailers should sell their tickets in sequential order within a book and in book number order
- (2) Retailers are prohibited from exchanging books with other retailers.
- (3) Retailers are prohibited from marketing instant game tickets using any method other than fair chance or contrary to the principle that every ticket has an equal and random of winning a prize
- (4) Retailers and their employees are prohibited from placing their own or any other name on ticket not purchased

or redeemed by said retailer or

(5) Retailers must place their agent number on the back of each ticket they redeem

If all agents adhere to these general rules of fair play, the lottery, the players, and the retailers all benefit.

#### MSL opens new regional office

The Michigan Lottery is opening up a new regional office and claim center to service the retailers in western Wayne County, Monroe County and a portion of southwestern Oakland County

The new office is: Bureau of State Lottery Downriver Community Conference Center Southgate, Michigan 48195 Phone: (313) 282-6045

Office hours: Monday thru Friday (except holidays) - 7:45 am to 4:45 pm

Those retailers that are serviced by Robert Collens, Marian Caldwell. Doris Leigh, Benjamin Lockhart, Brian Milantoni, Theresa Redden. And Brenda Wilkins should direct any inquiries or transactions they may have to his office by calling the phone number (313) 282-6045.

## Board of directors nominees picked

The Nominating Committee, chaired by Nabby Yono, has selected candidates for a three year term on the board of directors of AFD. The term begins January 1, 1991. Ballots will be sent to all retail and wholesale members in November. All ballots are held by AFD accountants until the December board meeting when they are counted and the results are announced.

Five retail board members will be elected from the following nominees: Frank Capoccia, owner of the Bonanza Wine Shop in Livonia: Sam Dallo, incumbent, owner of the In-N-Out Food Store in Pontiac; Curtis Estes, owner of the Big Ten Party Store in Ann Arbor; Richard George, M.C., owner of the Wine Barrel in Livonia

and three other stores; Badri Jamil, owner of 8 Mile Party Shoppe, D. & H. Market, and World Wide Liquor in Detroit; Mark Karmo, owner of Royal Food Center and five other stores, incumbent; Frank Tumbarello, Frank's Party Store, incumbent, and Thom Welch, marketing and merchandising director for Hollywood Supermarkets in Troy, incumbent.

Two general board members will be selected from the following nominees: Fred Davis, territory sales manager at Carnation Company; Jerry Inman, president and chief executive officer of Paul Inman Associates incumbent; and Bill Viviano, consultant to the Borden Company and past president of the Prince Pasta Company, incumbent.

## AFD plans 75th Trade Dinner

The year 1991 marks a very special year for the Associated Food Dealers, as it is the 75th anniversary of the Annual Trade Dinner. This dinner is hosted each year by AFD with the help of generous member sponsors. This year's dinner promises to be a spectacular extravaganza. The dinner, The Diamond Jubilee" will be held on Friday, January 18, 1991 at Penna's of Sterling Heights.

The evening entertainment includes a star-studded show with the headlining act being a Motown group from the past, The Contours. This group began their career in the early 1960's and has most recently been recognized

for their hit song, "Do You Love Me" from the movie Dirty Dancing. The Contours will perform classic Motown hits and much more in two shows at the dinner

The magic act of Scorpio and Linda will enthrall the crowd with grand illusions

Denny McLain, talk-show host on WXYT-AM and former Detroit Tiger pitcher, will be the evening's emcee.

Black and silver balloon arches and center piece accents will be the perfect back-drop for the black-tie affair. Many wonderful door prizes will be given away.

## design foods.

### Deli Foods Available

Homestyle Beef Stew Homestyle Mac & Beef

Green Pepper Steak Sliced Meatloaf

Salisbury Steak Stuffed Green Pepper

Stuffed Cabbage Rolls

Chicken Ala King Homestyle Mac & Cheese

Corn Souffle

Broccoli in Cheese

Beef Stroganoff Turkey with Cornbread

Dressing

Swiss Steak & Gravy Meatballs

Golden Corn Dogs Rice Pilaf

Au Gratin Potatoes Yams & Apples

Cinnamon Apples

Lasagna

Vegetable Lasagna

Cream Cheese Pastry Stix

Blueberry Pastry Stix

Pastry Stix

Apple Pastry Stix Cherry Pastry Stix

Apple Crisp Cherry Crisp

## Hot Food Entrees



"Our Individuals. We feel this is the greatest resource of anv corporation."

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## Taking aim at the food stamp program

#### By Harry Sullivan

Senior Vice President and General Counsel Food Marketing Institute

The food stamp program always offers a tempting target for governmental tinkering, whether it be from the U.S. Congress, or the Administration. This is particularly evident when the program is up for reauthorization, as it is this year.

Current efforts to change the food stamp system include a test program wherin cash is substituted for food stamps; a move to change the cligibility requirements for retailers authorized to accept food stamps; and a test of the use of electronic equipment to dispense benefits to food stamp recipients.

All of these need to be examined carefully.

The current food stamp program (an earlier authorization dated back to 1938) began in the 1960s. The first year is was in effect the total cost was about \$100 million. Today's food stamp expenditures may approach \$18 billion. With this kind of explosive growth, the cost of administration of the program has likewise shot up. The possibility of fraud has also increasedfraud by recipients not entitled to the benefits and from bogus distributors who devise schemes to siphon off food stamp money for illegal purposes. Trafficking in food stamps has reached alarming proportions in some parts of the country

Because of this some sort of improved system, providing more efficiency and better control, is badly needed. Thus, the tests of an electronic system are timely and are already showing promise. There are problems which still have to be resolved, but EBT may well be the wave of the future. In the meantime, moves to tighten the controls in the current

program are being made, which are also essential.

Some approaches which are being suggested, however, are questionable. Substituting cash for food stamps is being tested in two parts of the country. While the objective is laudable, the realities of such a program are likely to be disappointing. Providing cash is a complete reversal of the food stamp benefit approach. Retailers have previously been required by law to follow strict guidelines as to what food products are to be exchanged for food stamps. The cash-substitute program relies on recipients to spend the money allotted to them in place of food stamps for nutritious food. The opportunity for abuse is readily apparent.

In another instance, the Administration had proposed to change the standards a retailer must meet in order to handle food stamp transactions. Current laws require that stores handling food stamps have over 50 percent of food sales volume in staple foods," such as meat, fish, bread, poultry and dairy products. The administration wanted this changed so that an eligible store must have at least 50 percent of its gross sales in staple items, as defined by the food stamp regulations. The proposal was made as an attempt to fight fraud, waste and abuse by removing problem outlets that sell mostly alcoholic beverages. However, the proposal would also eliminate other legitimate types of food stamp stores, particularly smaller retailers who may sell gasoline. It was rejected by both the Senate and House in their versions of the farm bill, and will not be enacted this year.

This kind of proposal was made before, in 1981, but was defeated when it was shown that smaller retailers, who would not be eligible under the proposed change, are often the only food stores that serve some rural and inner-city areas of the country, and as such the only food outlets available to the food stamp shoppers.

Another stir was created earlier this year when the USDA sent out detailed forms to a number of retailers which were supposedly for the purpose of reauthorizing the retailer's continued participation in the food stamp program. Among other things it required retailers to furnish for each store such things as all licenses currently held by the store and the criminal records of store managers—including moving traffic violations.

The USDA quickly discontinued this program, but the provision enabling USDA to require that all food stamp stores be reauthorized every two years was included in the House version of the Farm bill. Efforts to remove this section during the House-Senate conference are underway.

These are some of the activities which have centered around the food stamp program this time around, and others will be advanced in the future. Food stamps have proved to be a life-sustaining activity for many recipients. The program needs to be protected from its friends as well as those who want to abuse it.

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0	) Peas and Carrots	\$12.00 case
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### NACS announces responsible tobacco retailing program

Forty-four states currently have laws on the books regulating the sale of tobacco products by age. The legal age for tobacco purchase across the country ranges from 16 to 19 years of age, but recently the Secretary of Health and Human Services Louis W Sullivan, M.D. testified before Congress that 80 to 90 percent of smokers begin to smoke at younger ages. Sullivan also stated in a letter to NACS President, Kerley LeBoeuf that "Numerous studies have shown that teenagers can easily purchase cigarettes over the counter, even in states where the sale of cigarettes to minors is illegal."

NACS has been developing a responsible tobacco retailing program for the past several months. Consultation with the tobacco industry has been part of the project's development and the industry stands with us in support of the campaign.

Modeled after the highly successful "It's the Law" program for responsible alcohol retailing, the new tobacco program is also titled "It's the Law" Signs and decals for use in convenience stores have been prepared to communicate with customers and employees about the legal purchase age for tobacco products.

The convenience store industry stands at the front line of defense for preventing tobacco use by minors where it is illegal. As major retailers of tobacco in the United States, the industry has a responsibility to ensure its legal sale. Adopting company policies regarding tobacco sales and employee training on the policy are also key elements of a good company

Information kits about this new NACS program will be distributed in late March.

## TRANSFERS

reliability of the potential licensee. As mentioned above, local governmental approval is needed for all Class C licenses and police department approval is needed for all Class C. SDD and SDM licenses. This is done in order to protect the public and to provide for local input. An establishment that is proposed to be licensed must also meet zoning and health code requirements

Due to the need for detailed investigations, liquor license decisions require a great deal of time. Although liquor license investigations are lengthy in order to protect everyone involved, this is often discouraging to applicants especially when an application has been made for a license transfer where both buyers and sellers are affected. In 1989, 2,607 license transfers took place in Michigan. In order for a license to transfer ownership, all requirements for an original license must be met by both parties involved in the transfer. This may take a very long time to happen and in the meanwhile a number of problems can arise.

License transfer applications can take up to eight months to complete. During this time, the seller's priority may not be in maintaining the current condition or viability of the establishment. Poor business controls may result in violations which harm the public and may delay the process. While the transfer is pending, it is also legally difficult for the buyer to become very involved in the operations of the business. Those trying to obtain licenses are continually losing money while those selling businesses are being restricted to their unnecessary obligations to an establishment in which they no longer have interest. These persistent problems have shown there is a need to make a change in the manner that transfer licenses are handled.

In order to address this continuing problem, a temporary transfer licensing system has been suggested. A temporary transfer licensing system would serve to expedite the transfer process and allow businesses to continue operations under the purchaser's control while the transfer is pending. To qualify for a temporary license, the buyer would need to successfully complete a preliminary investigation including paperwork, fingerprinting, and a criminal record check. In order for the Liquor Control Commission to consider issuing a temporary transfer license, the applicant must simultaneously file for a transfer of ownership, pay a \$70 inspection fee, and file and pay for a temporary 120 day, or some established time period, permit. If a permanent license is approved, the applicant must pay a transfer fee which would be likely to cost between \$100 and \$300. This fee would be paid upon the completion of the license transfer. In accordance with Liquor Control Rule #436.1049,

a temporary transfer license could not be granted when a violation is pending. The Liquor Control Commission would be able to deny an application for a temporary permit based upon pending violations or prior operating record. Temporary licenses would be available for 120 days, or some established time period, with no option for renewal and initially would only be issued for ownership transfer of off-premise businesses that are currently operating. Because of this stipulation, an establishment intended to be transerred should already be in accordance with current operating standards and ordinances. A permanent license would be issued pending further investigation. However, a temporary license would not be a guarantee for a permanent license.

In order for a temporary license to be obtained, the buyer and seller of the business intended to be tranferred would need to establish an escrow account. The escrow account would serve to protect the seller. The money would be used if the buyer does not purchase the establishment but does any type or damage in the meanwhile. A \$10,000 bond payable to the State of Michigan would also need to be set forth by the buyer in order to cover any violations that may occur during the transfer time. The transferee must obtain temporary Dram Shop insurance in his/her own name because during the transfer period, the buyer would be responsible for all violations and actions involving the establishment. The Dram Shop insurance would cover claims for up to two years. The transferee must purchase, in cash, all alcohol currently on the premises of the establishment. If a permanent license is not issued, the intended licensee can either keep the spirits, sell them back to the Liquor Control Commission for ten percent less than the original price, or sell them to the permanent licensee. Beer and wine may be kept, returned to the wholesaler or alcohol may be sold to the permanent licensee

A temporary transfer licensing system would be very beneficial for the business climate in Michigan. With implementation of a temporary transfer licensing system, businesses would be able to change hands much faster than they currently do while simultaneously maintaining current quality standards and financial status. A temporary transfer system would allow the buyer to get involved in the business much sooner than what is currently possible. This proposed change in the licensing system is generally supported by people involved in businesses because they have the most to gain by this type of change. As mentioned before, transfers currently can take up to eight months to complete and they are very costly in terms of time and money. Additionally, businesses often suffer because of neglect that occurs while the transfer is pending. A temporary transfer licensing system would help solve

See TRANSFERS, page 18



## Proposed rules for food salvage operations

by E.C. Heffron Director, Food Division



Heffron

Over the last few years a number of operations sprang up calling themselves food salvagers. Unfortunately, many of these operations were not equipped or trained to conduct

trained to conduct reconditioning or true food salvage. As a result, large amounts of damaged, distressed, and adulterated food entered the chain of commerce.

Insect and rodent infestations, both past and active, bloated and leaking containers, chemical contamination, and improper temperature maintenance are some of the problems identified by Food Division inspectors. Eleven seizures, the largest on 500,000 pounds of food, were placed just in the first three months of 1990. Criminal warrants were issued against five businesses and one individual for selling or offering for sale adulterated food in violation of the Michigan Food Law in 1968.

As a result of these findings and the imminent hazard implication to public health, it has been the Food Division's policy that food items unsuitable for human consumption or sale shall not be released for shipment to other locations - except to a business officially recognized by the Food Division as a food salvage operation.

At this time no establishments in Michigan are licensed or recognized as food salvagers; i.e., able to reprocess or relabel large quantities of distressed food. Therefore, no food, unfit for human consumption, may be released to a Michigan location. (Such food may be permitted to leave Michigan for approved reconditioning in another state, provided it is shipped under MDA approval who will advise the FDA or the responsible state agency in the state receiving the product.)

...large amounts of damaged, distressed, and adulterated food (have) entered the chain of commerce.

However, distressed food, unsuitable for sale yet still fit for human consumption, may be donated to recognized charitable organizations, such as the the Food Bank Council,

for non-sale distribution. For example, mislabeled food products including short weight items may be donated.

The Food Division has drafted proposed administrative rules for food salvage operations, both to specify and clarify the requirements on handling and reconditioning distressed food. To summarize the major provisions on these rules:

"Distressed food" means any food without label, mislabeled, or that has been subjected to possible damage due to accident, fire, flood, adverse weather, physical trauma, mishandling, or to any other cause, and which may have been rendered unsafe or unsutable for human consumption or use, or unsuitable for commerce.

"Reconditioning" means any appropriate process or procedure by which distressed food can be brought into compliance with all department requirements and making it suitable for consumption by humans or animals, but it does not mean the sorting of saleable from non-saleable items.

Anyone wishing to engage in a food salvage operation or to sell, distribute, or otherwise traffic in distressed food shall first obtain a salvage permit from the Food Division This permit shall be required in addition to the MDA food establishment

license, but there is no fee for the permit.

No permit would be required for a licensed food establishment to sort distressed merchandise produced in normal operations of their establishment; i.e., sort merchandise into distressed and non-distressed categories. For example, when a case of cans is dropped in your storeroom, no permit would be required to sort the damaged, non-saleable cans from saleable cans. However, the damaged, non-saleable cans shall only be distributed to a person only if holding a salvage permit from the department.

Salvage permits may be suspended or revoked for the creation of an imminent public health hazard or violation of the food salvage rules. A permit holder has a right to a hearing and provision is made for the reinstatement of permits in accordance with the Administrative Procedures Act.

Other aspects of the rules cover specific requirements for the sanitary handling of refuse, housekeeping, vehicle maintenance, and the transportation of distressed food. Salvageable food shall be protected from contamination, and poisonous and toxic materials shall be identified and

See SALVAGE, page 13



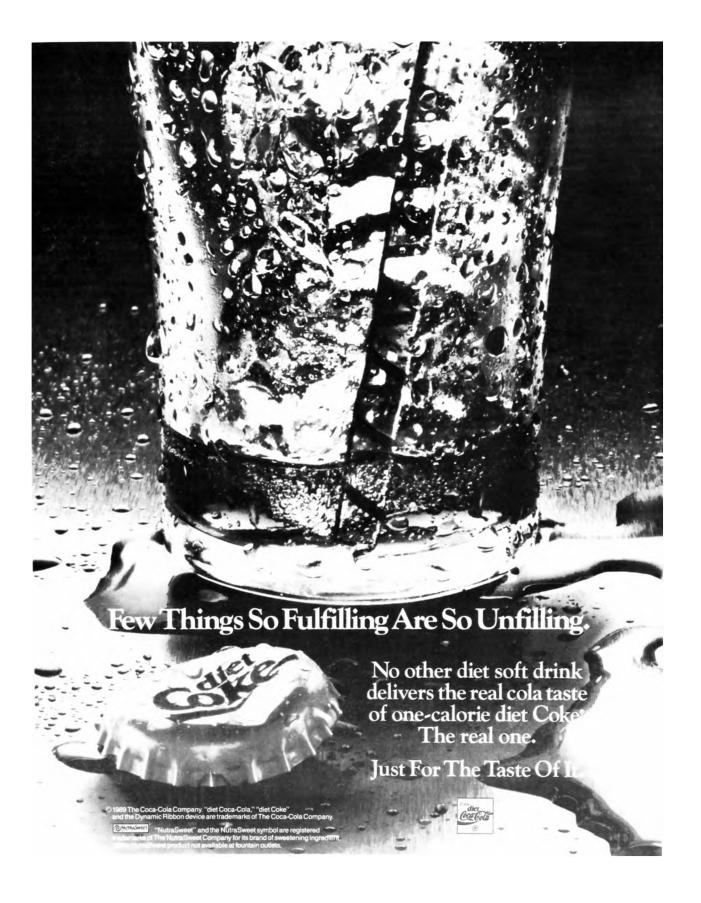
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## Mike O'Brien — a helping hand in Lansing

A big teddy bear!

Poker-faced...who cuts deals with the best of 'em! The underdog's best friend in Lansing!

He's been called many things since his arrival at the Capitol on a cold December morning in 1974. But that's the way it is when you're a scrapper and not afraid to get out front on a number of issues.

Senator Michael J. O'Brien took the oath of office nearly a month before his colleagues in that election year of 1974. His father, Senator Mike O'Brien Sr., had recently died and O'Brien the younger ran successfully for the vacated office.

But it wasn't as if this was his introduction to politics. On the contrary, his victory assured a continuity of service that is now approaching legend: an O'Brien has represented the northwest section of Detroit for nearly fifty years.

Senator O'Brien still speaks fondly of his father and grand-father. His speech is laced with such terms as "you know, the ol" man used to say..." and, "helluva nice guy, he knew my grandfather."

The O'Brien legislative legacy is characterized by an agenda that simply says, if it's good for working men and women, then it's good for the state.

From the first day Mike O'Brien assumed a seat on the Senate floor, he has been an outspoken champion of independent business people. And that translates into a fifteen year record of support for the Associated Food Dealers of Michigan.

It came as no surprise when AFD honored Senator Michael J. O'Brien in 1981 as Legislator of the Year. "It's an award I'll always cherish," O'Brien said during a recent interview. "When you consider the membership of AFD is one that places a premium on integrity and hard work, then being singled out for such an honor is both gratifying and humbling."

O'Brien prefers to work outside the limelight, a characteristic not normally associated with politics. "You can get much more accomplished when people know you're trying to help someone because it's the right thing to do, not because it'll look good in a press release," O'Brien said in response to a question regarding his style. "I'm a lot more productive that way."

Currently, O'Brien sits on the Regulatory Affairs Committee where legislation involving liquor disbursement and sales is



Mike O'Brien is highly respected by both parties in the Michigan legislature.

considered. In years past, prior to Republican control of the Senate, he chaired the powerful State Affairs Committee.

Those who have served with him know the quiet but purposeful resolve Mike O'Brien brings to the legislative arena. As one colleague pointed out, "Mike O'Brien commands a great deal of respect from both sides of the aisle. When he's involved in an issue somehow the votes just seem to be there. Everyone has been contacted, questions have been answered and nobody knows why."

Another colleague put it more succintly: "I want Mike O'Brien on my side."

The O'Brien-AFD relationship is nurtured out of respect and loyalty. "A lot of the guys in AFD are friends from the old days, guys I ran the streets with," O'Brien says. "I still feel close to them."

"More importantly, though," he goes on, "is that I really believe in their issues. That legislation involving unredeemed deposits was long overdue. I'll do whatever I can to help retailers in general and AFD in particular."

Mike O'Brien — one of AFD's best friends in Lansing.

## HOLIDAY from page 1

Street, state manager - Michigan, The Paddington Corporation. "People are looking for something that is not the same old drink." The majority of sales for brands such as Bailey's Irish Cream and Amaretto di Saronna take place during the holidays.

Another item suppliers anticipate will be a big seller is imported vodka. "Sales of imported vodka have been strong all year,"said Phinney. "Relations between the U.S.A. and U.S.S.R. continue to improve, which will help Stolichnaya sales."

In response to these projections, suppliers plan to offer packaging and displays which will highlight premium brands.

In addition to taking advantage of advertising and promotional programs made available by suppliers, retailers can use tested methods which create an image that will capture the largest possible share of the increased

The extra effort and imagination

it takes to establish a store as a center for gift and entertaining purchases can bring the year's greatest opportunity for sales and profits.

The following merchandising tips, excerpted from the book Retail Beverage Merchandising, by Tom Forkin, should inspire ideas to create a festive retail atmosphere.

- \* Use a separate area for your holiday display area. Dress up area with decorations, props, and other holiday related merchandise. Plan in advance how much room your display area will need, which products are to be displayed, and what gift sets to offer.
- \* Keep an annual log of display ideas, sales figures, trends, and take pictures for future reference.
- \* You'll be seeing many new faces during the holidays, customers drawn from your promotions, and you want to see them return. That's why customer services are vital and product knowledge so essential. At no other time of the year are customer services more responsive to a sympathetic understanding of their purchasing problems, and appreciative of

courtesy, trustworthy assistance and advice.

- \* Commercial buyers and professionals are prime targets in the holiday gift market. To reach them, some retailers do special promotional mailings. They stress their attractive gift wrappings. A simple personalized letter to doctors, lawyers, past clients, and other service companies in your area can work wonders.
- \* Buy astutely. Carry solid selections of the industry's attractive gift packages and wine assortments. In your expanded inventory investment, focus on well established brands, on new and popular types and sizes. Inventory is one of your best selling tools.
- \* Feature your store's advantage of ordering gifts by the phone. With spirits, buyers know exactly what they are ordering.
- Have gift cards available for gift buyers. They are a great convenience.
   Be imaginative. Suggest that customers "Give a Drink" for Christmas. The ingredients, all attractively displayed and also boxed and

- ready to go, will certainly spur sales.

  \* Gift containers such as baskets, racks, wine casks and other containers are ideal for gifts. Stock a selection.
- \* Tiny jingle bells and small sprigs of mistletoe give an extra lift to standard gift wraps.
- Hang various sized Christmas tree bulbs from the ceiling with transparent fish line over holiday displays.
- \* Hang long sheets of wrapping paper from the ceiling, perhaps in the shape of arrows pointing down.
- \* Run twisted streamers of foil garland from display to ceiling.
- \* Hang Christmas fireplace stockings. A colorful filled stocking to hang over the fireplace is a good impulse purchase. Let your customers fill the stockings their way with mix and match miniatures.

After Christmas, slightly change the store theme to encourage New Year's Eve purchases. Take down Christmas decorations, but leave gift wrapping up and add paper roll throws, hat, and horns.

### BOARD MEMBER PROFILE

## Dallo stresses service, honesty



Sam Dallo tailors his party stores' services to their neighborhoods' needs.

Sam Dallo owns two party stores in Pontiac and one in Detroit, and through his many years of experience running them he has learned much about marketing. With the help of his wife, family and friends Dallo has been able to accomplish much since his first days in the business when he worked free to gain butchering skills.

"If you offer good services, people will come to your store," said Dallo. "In my opinion, customers don't always go for price as their first priority." He offers check cashing, lottery, money order service, and many other services.

The customers drawn to the stores varies, with one store more

## SALVAGE from page 10

handled to prevent contamination of salvageable food.

Any time a fire, flood, or other disaster results in distressed food, the establishment must contact MDA as soon as possible. Other requirements specify the proper reconditioning of distressed food and approved cleaning and sanitizing of soiled containers. Non-salvageable damage to cans is delineated; for example, leaking or swollen cans are considered non-salvageable.

All food that has been reconditioned, or reprocessed, must be labeled to indicate that the food has been reconditioned before it may be sold. Reconditioned before it may be sold. Reconditioned food from salvage-processing facilities outside of the state could be sold or distributed in Michigan only if the salvage processor and facilities conform to these same rules.

Copies of the full text of the proposed rules are available to anyone who is interested. If you have any questions or you wish to comment on the proposed rules, please contact. Neal Fortin, Standards Coordinator, of our Lansing Office. Please contact the appropriate MDA regional office if you need information on which establishments are approved to receive distressed food.

The Food Division appreciates your cooperation in helping stem the commerce of bootleg salvaged food and preventing mislabled, unwholesome, and contaminated food from reaching consumers.

dependent on neighborhood business and the other on traffic. But Dallo realizes the way to please both groups is through service. "In today's party store, you have to offer more than just beer, wine, and pop," he said. "You have to offer deli items, hot foods, and other things you can't find at a gas station."

Dallo does things like providing breakfast foods in the morning to increase business. "Chances are when they come in to get morning coffee they will buy something else, too," he said.

He hires employees locally and trains them thoroughly to encourage them to stay with the store.

Dallo is an active AFD board member. He serves on the membership committee, the political action committee and attends WIC advisory meetings to make sure AFD's voice is heard. "AFD is the best place to learn about the business," said Dallo. "I have learned a lot about different areas of the food business through the contacts I have made."

He is constantly making an effort to learn new things in other avenues as well. He has gone to night school to increase his business knowledge and is an avid reader.

Dallo is also very family oriented, with one son and three daughters.

Dallo has developed some important safety procedures which have proven successful. He believes the following guidelines can help party store managers maintain a safe environment:

- \*\* let the customer know that there is not much money in the cash register. Don't cash checks from the register so customers can't see how much money is inside
- \* keep the safe deposit box behind the service counter so customers can see money is not being put into the cash register.
- \* keep windows clear and the register by the window so people passing by will see if there is a problem in the store.
- \* light the parking lot at night.
- \* have one extra person in the store for emergencies.
- \* If a problem does occur, don't get involved but let the police handle it.
- \* be honest with the customers to build their confidence.

## FFD TRADE SHOW1991



Tuesday, April 16, 1991 Noon - 8 p.m. Fairlane Manor, Dearborn

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- Make new business contacts
- · Sell, sell, sell
- Talk with over 1,500 retailers in one afternoon

Exhibit at AFD's trade show on April 16, 1991

The trade expo is an industry-wide show displaying products and services relating to the food and beverage industry. If you service this industry, in any way, you **need** to have a booth in the 1991 show. Reserve a booth today.

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## SDD/SDM

Deregulated liquor prices would enable the state's retailers to compete on shelf prices. But the report admits "Price competition may cause some changes in the retail market, such as reduced numbers of retailers or larger retailers."

Price Waterhouse's report indicated that their analysis showed several elements that affect consumption of alcohol beverage in a particular state such as prices, demographics, advertising, number of retail outlets, hours of business, and consumer preferences and drinking habits. The report went on to conclude that if consumption decreases it may have an effect on tax revenue depending on the type of tax structure adopted by the state.

Michigan is currently over-licensed, with more outstanding licenses than indicated by existing quota levels.

The report will be studied by the Liquor Control Commission, Michigan Legislature and our association as well as all liquor industry sources during the coming year and most likely would be given serious consideration after this year's state elections in November 1990.

Since space in our publication can only devote a shortened version of the entire report, we will present various sections of the book-size document starting with "Licensee Impact—Level of Service."

Presently. licensees in Michigan receive the following services: Licenseed retailers have weekly ordering and pickup... Most licensees can place their orders over the phone from an established price and product listing... They pick up these orders weekly except that those assigned to stores 110 and 163 (District I) receive delivery of their orders and are billed for the delivery... Most licensees throughout the state pick up their orders or arrange their own delivery.

Licensees deal only with the state for distilled spirits ordering and do not have to compute prices. Michigan distributes approximately 1,100 board items and about 1,600 special order items.

By comparison, a privatized level of service would have private wholesalers perform a wide range of service related functions including: Basic order taking, retail customer delivery, retail shelf set-up, pricing assistance, point of sale cash register equipment programming, point of purchase display set-up and local advertising and promotion campaigns.

Wholesalers can provide a range of services contingent upon state regulations such as stocking the retailer's shelves and setting up adver-

tising displays and signs—but only if the state would allow such services.

State liquor authorities generally place restrictions on what wholesalers can do for retailers in order to control the level of influence wholesalers may exert over retailers. If allowed by state law, wholesalers will extend credit and provide retailers with information regarding both new and existing products.

The firm of Price Waterhouse. Detroit, with offices in Washington, D.C. listed the following points that local retailers gave on the level of service: Licensees would appreciate having merchandise delivered...Some SDD licensees said they would like to set prices on liquor or be able to make more money...Some retailers appreciated the fact that there is no 'cut-throat pricing' under Michigan's system... And many retailers appreciate the level of control that Michigan imposes on licensing ... For example, license quotas and distance between business locations.

The report concluded that with price competition, "it is reasonable to expect that some change in the number of licensees may occur." The report said that some stores will become discount stores and together with large chain operations, charge lower prices.

Finally, the report stated "Michigan is currently over-licensed, with more outstanding licenses than indicated by existing quota levels. The study also pointed to a benefit for the public and customers through greater variety of brands in stores, wholesale representative's assistance in stores and more advertising on the part of retailers.

## Soft drink association sues Michigan

The Michigan Soft Drink Association filed suit in Ingham County Circuit Court recently to challenge Michigan law that sets unclaimed bottle deposits aside for environmental clean-up projects.

The soft drink group charges that the law is unconstitutional because it allows the government to "seize the private property" of soft drink bottlers.

The unclaimed deposit law requires soft drink bottlers to set aside bottle deposits not redeemed by consumers who pay 10 cents for all soft drink containers they purchase.

Michigan Soft Drink Association has always held to the position that many of the controls exercised by the Michigan Liquor Control Commission over returnable containers does not apply to those beverages containing no alcohol.

Michigan beverage industry leaders are concerned that the lawsuit might delay implementation of a program to compensate retailers from the unredeemed deposit fund.

### RETAILER PROFILE



Ken Atchoo is pleased with the newly remodeled MCK's Wine Shop.

## MCK's remodeling makes it easier on employees, customers

The recently remodeled MCK's Wine Shop in Garden City is the pride of part-owner Ken Atchoo. He started the business in January 1977 with his brother Kevin and his father Buddy. His sisters Carla and Kim also help with the store.

The remodeling job was completed in February and took about a month to complete. "We didn't have to do it," said Atchoo, "but it is a much nicer atmosphere now and that helps business. It is also easier to work in because it is better organized."

The entrance and aisles were widened and shelves were turned around so customers could help themselves to fifths of liquor. The Atchoos added a wine section and an office. Track lighting, a new floor and ceiling add to the modern, clean look of the store. New cabinets behind the service counter hold 104 different

kinds of cigarettes in an easy-to-find layout.

"People thought we had expanded the store," said Atchoo of customer response.

The business is family run as well as owned although they have brought in stock boys and cashiers to help out. "In 13 years there has not been a family member in the store, only three or four times," said Atchoo.

Buddy Atchoo had a store in Detroit in which the family grew up working. The family plans to continue in the party store business but is now looking for another store in the food industry.

"It's a good business to be in," said Atchco. "The way I look at it, I see my daughter's friend's fathers traveling on business all the time while I get to spend time with my family.

## Monitor sugar company joins AFD

Monitor (Big Chief) Sugar Company recently joined the Associated Food Dealers. They have the distinction of being the first and only sugar processor to be a member of AFD.

"Big Chief sugar products far outsell all other sugar brands in the state of Michigan and our sales in southeastern Michigan are especially strong largely due to the support of the retailers," said Ed Zebrowski, consumer products sales manager for Monitor. "We believe in trade associations such as AFD and support their efforts and the wholesalers, chains and retailers they serve."

Monitor sugar offers a full size range of granulated, brown and powdered sugar. The company is headquartered in Bay City, Michigan with a packing facility in Battle Creek.

## 1989 traffic fatalities lowest in U.S. History

The National Highway Traffic Safety Administration (NHTSA) announced recently that the number of U.S.

traffic fatalities reached an all-time low in 1989.

According to preliminary data from NHTSA, the 1989 fatality rate was 2.2 deaths per 100 million miles of travel. The 1989 rate is down from 2.3 deaths in 1988 and represents a decline of one-third from the 1980 rate of 3.3 deaths per 100 million miles of travel.

NHTSA estimates report the number of traffic fatalities in 1989 at 45,500, down from 47,093 in 1988. This 3.4 percent reduction in U.S. traffic deaths is significant given that total estimated travel for 1989 was 2.09 trillion miles, a record high. The fatality rate is one of the more widely accepted measures of trends in highway safety.

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### PEOPLE

### Keough named to H.J. Heinz board



Donald R Keough has been elected to the board of directors of H.J. Heinz Company. Keough is president, chief operating officer and a director of The Coca-Cola Company. In addi-

Keough tion, he is chairman of the board of Coca-Cola Enterprises, Inc., the world's largest bottling system.

Keough's tenure with Coca-Cola dates to 1950. He held various positions prior to being named president of the Company's Food Division in 1971. Subsequently, he held the office of the president of Coca-Cola USA and later was given responsibility for the company's business in North and South America.

He was elected president, chief operating officer and a director of The Coca-Cola Company in 1981. Keough was elected chairman of the board of Coca-Cola Enterprises in 1986. He serves on the boards of National Service Industries, Inc. and the Washington Post and is chairman of the Board of trustees of the University of Notre Dame. Additionally, he serves on the boards of various other educational, charitable and civic organizations

Keough has recieved various honors, including honorary doctorates from the University of Notre Dame and his alma mater, Creighton University.

#### **Spartan Stores** names two V.P.'s

Spartan Stores, Inc. announces two promotions within the organization. George Williams has been named vice president of Grand Rapids Operations and Joe Smoliga is vice president of Plymouth Operations. (Spartan Stores second warehouse is located in Plymouth, Michigan for service to Eastern Michigan and Ohio.) Both will report directly to president and CEO of Spartan Stores, Patrick M. Quinn. They replace senior vice president Bob Scofield who left Spartan Stores last May to pursue other interests.

Williams, most recently director of Grand Rapids Operations at Spartan Stores, will be accountable for all warehousing and transportation functions. He has been an associate of Spartan Stores since May 1987 when he joined Spartan as director of Grand Rapids transportation. In June of 1988, he was promoted to director of fleet operations. In the past three years, Williams has been instrumental in implementing the Cadec System, computer routing and backhauling programs

Smoliga assumed the positions of

director of general manager of the Plymouth Division in June, 1989. He has been an associate of Spartan since November of 1987 when he joined as director of warehouse operations in Grand Rapids. While in that position, Smoliga was accountable for assisting with the implementation of the Dallas warehouse system and engineered labor standards.

According to Quinn, "These promotions will allow Spartan Stores to continue serving our 503 retail customers in the most effective manner possible, guided by the experience and knowledge of two very valued Spartan associates. As vice president of Grand Rapids Operations, George Williams will oversee the efficiency of Spartan warehousing and transportation. And with the Plymouth facility an integral part of Spartan's future, we expect to continue to increase our market share in Eastern Michigan and Ohio under Joe's leadership as vice president of Plymouth Operations.

Spartan Stores, Inc. is a retailerowned wholesaler providing products and services to 503 independentlyowned stores in Michigan, Indiana and Ohio. Subsidiaries of Spartan Stores include Shield Insurance Services, Spartan Insurance Company, United Wholesale, L&L/Jiroch Distributing Company and Capistar, Inc.

#### Foodland distributors adds affiliate

Foodland recently added another affiliate when Ron and Mary Neal opened their Vic's Foodland store in Big Rapids Located at 910 South State Street in the Southland Plaza, the store employs approximately 45 people from the surrounding area.

The 15,000 square foot store will feature a wide variety of products in its deli, bakery, general grocery and health & beauty aids departments.

Vic's is the only small full-service market in the area. Because of its proximity to Ferris State College (right across the street!), the Neal's hope to enjoy a brisk business from students and faculty. They also expect regular visits from seniors who find it difficult walking around the larger supermarkets

Foodland Distributors, headquartered in Livonia, is one of the largest independent wholesalers in Michigan, Supplying 110 independent supermarkets

#### MDA director named to Miatco board of directors

Robert L. Mitchell, director of the Michigan Department of Agriculture (MDA), has been named to the Mid-America International Agri-Trade Council (MIATCO) board of directors.

Established in 1970, MIATCO strives to increase the volume and value of midwest exports by developing overseas markets for high value added food and agricultural products

manufactured by food processors and agri-business firms located throughout the 12 state region

The board of directors, comprised of the 12 midwest State Departments of Agriculture directors, is responsible for establishing policy and operating guidelines, using the guidelines to provide oversight and control over the organization's operations and approving and monitoring MIATCO's fiscal policies operating budget. In addition, the board regulates policy issues pertaining to personnel.

Mitchell is confident that combining efforts with other exporting states through MIATCO will help Michigan companies benefit from the organization's various marketing programs and public relation campaigns

Other states besides Michigan represented by MIATCO include Ohio, Indiana, Illinois, Wisconsin, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South

### **Spartan Stores names** vice president

Spartan Stores, Inc., announces that Charles B. Fosnaugh has been named vice president of Spartan Stores Market Development Division. His predecessor, Robert N. Schoof, recently retired after 21 years of service with Spartan.

In his position, Fosnaugh's responsibilities include overseeing market and consumer research, real estate assistance, store engineering, construction management and retail shelf management. He will also direct real estate management for Spartan Stores and the operations of Spartan's corporate stores.

Fosnaugh was formerly President and Chief Operating Officer of D & W Food Centers, Inc. He worked 13 years in various positions with this 26-store grocery chain which is supplied by Spartan Stores, Inc. Prior to that, he was employed four years wijth Touche Ross & Company as Staff Auditor and General Services Advisor. Fosnaugh has served on numerous grocery-related committees and boards including Michigan Grocer's Association as Vice Chairman, the MGA's Leglislative Committee, Spartan Stores Retail Advisory Board, Food Marketing Institute's ATM/EFT Committee and

### Program developed to address workplace substance abuse problem

'Drugs Don't Work' is a comprehensive employee substance abuse program created by the Greater Detroit Chamber of Commerce. It provides small and medium-sized businesses with the resources necessary to detect and address employee substance abuse problems.

and is available to members and nonmembers of the Chamber. AFD has endorsed this program as a means to help employers handle this problem.

Local companies which participate in 'Drugs Don't Work' will benefit from a half-day seminar on November 28, featuring discussions on writing employee substance abuse policies, government regulation, the legal implications of drug testing, subscription to a high quality, affordable employee assistance program, manual and guidelines, and access to an ongoing advisory council made up of legal, drug enforcement and employee assistance professionals. For information, contact Greg Handel at (313) 964-4000.

#### AFD adds trade show consultant to staff

Marlys Vickers has been retained by AFD as a consultant to the 1991 Trade Show which is scheduled to take place on April 16 at Fairlane Manor, Dearborn. Vickers works for the Economic Development Division of Oakland County as supervisor of marketing/research and does trade show marketing and consulting on a part-time basis. She has put together a marketing plan for AFD which identifies what must be done to make the show a success. Vickers has met with the Trade Show Committee and will continue to work with them on details of assembling and producing the

#### **COMING EVENTS**

November 11 - 13 - In-Store Systems Conference sponsored by Food Marketing Institute, to be held at the Wyndham Paradise Valley Resort, Scottsdale, Arizona. For information, call (202) 452-8444.

January 11 - 13 - National Food Distributors Association Mid-Winter Table-Top Show, to be held at the Yacht and Beach Club Resorts, Orlando, Florida-For information, call (312) 644-6610.

January 18 - AFD's 75th Annual Trade Dinner, to be held at Pennas, Sterling Heights. For information, call (313) 557-9600

January 28 - 31 1991 N.G.A. Convention & Buying/Merchandising Expo, to be held at the New Orleans Convention Center, New Orleans, Louisiana. For information, call (703) 437-5300.

April 16 - AFD Trade Show, to be held at Fairlane Manor, Dearborn. For information, call (313) 557-9600.

### CLASSIFIED

For Sale: Liquor store with Lotto. Keego Harbor near West Bloomfield. Call (313) 682-9282 or (313) 851-2743.

#### **PRODUCTS**

#### Fantastic Fantasia **Desserts Come To Foodland Stores**

Dessert tortes and pastries are now available at your neighborhood supermarket, thanks to Fantasia Confections of San Francisco and Foodland Distributors.

Customers can serve pastry-cart desserts-the type featured at hotels and fine restaurants-in their own homes for a fraction of the price they'd pay at fancy specialty bakeries

Fantasia desserts are available in the deli/bakery departments of supermarkets served by Foodland Distributors, a Livonia-based wholesaler. The 9-inch tortes are individually boxed and sold frozen. Customers thaw them in the refrigerator for 24 hours before serving. Half cakes are also available, along with petits fours and single-serving French pastries.

Included in the Fantasia collection are a Black Forest Torte filled with cherries and flavored with Kirsch: a Grand Marnier buttercream, a Chocolate Truffle with chocolate and hazelnut layers and chocolate truffle cream: an Almondine Torte, with chocolate and nut layers and chocolate amaretto cream; a Sacher Torte filled with raspberry jam and covered with

chocolate fudge; and a Charlotte Mandarin, sponge and custard layers topped with raspberry jelly roll slices and glazed with apricot.

French pastries include Chocolate Mousse, Espresso, Black Forest, and Hawaiian Delite.

For information, contact: Foodland Distributors, 12701 Middlebelt Road, Livonia, MI 48150; (313) 523-2216.

### Leelanau Wine Cellars **Medalists Awards**

Leelanau Wine Cellars, Ltd. has been awarded a Gold medal and two Silvers for three of its consumer wines. The prestigious honors were presented by Tasters Guild, a Wine and Food Educational Society based in Washington, D.C.

A total of only 58 Gold medals were awarded by judges along with 178 Silver honors at the International Wine Judging, May 7-9, 1990 at the Amway Grand Plaza Hotel in Grand Rapids, MI.

According to Leelanau Wine Cellars owner. Mike Jacobson. 'Hundreds of wines from all over the world were evaluated by 23 judges from around the country. The judging panels were comprised of a combination of retailers, winemakers, wine writers, restauranteurs and experienced consumers. We feel honored to be among the medal winners, especially for the difficult Gold. This is a tremendous

accomplishment not only for us, but for the entire Michigan wine industry.

Leelanau's 1989 Johannisherg Riesling-Ice Wine won the coveted Gold Medal with one of the highest point totals in the competition. Silver awards were given to Leelanau's 1988 Baco Noir and their 1988 Chardonnay

For additional information contact: Bill Skolnick, Leelanau Wine Cellars, Ltd., (616) 386-5201 or 1-800-782-8128.



#### New Chico-San rice cakes

Just introduced throughout the East, new Chico-San Cheddar Cheese Popcorn Cakes combine real popcorn with real cheddar cheese in a crunchy rice cake.

Made from whole grain yellow popcorn and brown rice, and topped with cheddar cheese, Chico-San Cheddar Cheese Popcorn Cakes have fifty calories per cake.

Cheddar Cheese Popcorn Cakes

were first introduced on the West Coast in January and are already the third best-selling rice cake variety in the Chico-San product line (behind Butter Flavor and Lightly Salted Popcorn Cakes.) Low in sodium, Chico-San Cheddar Cheese Popcorn Cakes are packed 16 per bag. The package has a suggested retail price of \$1.59.

### London's Farm Dairy satisfies light taste

London's Farm Dairy has frozen dairy products low in calories, fat, and cholesterol.

London's line of Gourmet Frozen Yogurt features seven creamy flavors-vanilla, strawberry, peach, raspberry, blueberry, black cherry and strawberry banana. The product is available at supermarkets in Michigan in round half gallons with a suggested retail price of \$3.29. It has only 90 calories and three grams of fat per serving.

The dairy's Lite and Scrumptious line of premium ice milk is also low in calories and fat. The full-bodied dairy dessert is available in six flavors, including vanilla, heavenly hash, strawberry cheesecake, caramel pecan cluster, cookies and cream and chunky chocolate. London's Lite and Scrumptious is sold in half gallon round containers at a retail price of

# ESE GUYS.









To Michigan Lottery retailers, these faces are very familiar. After all, the success of Keno and the other games has meant increased profits for all.

In fact, for the more than 8,600 Lottery retailers, sales commissions and special fees are currently averaging \$1,500,000 a week. That includes a 6 percent commission

that comes with every ticket sold, and a 2 percent redemption commission on all prizes paid at the retail level. Not to mention the publicity gained when a customer wins the top Lotto 47, Zinger, Keno, and

Fame and Fortune prizes. MICHIGAN LOTTERY

So, as a retailer, make the most of all the Michigan Lottery has to offer. It's the one game you can't lose.

## TRANSFERS from page 9

these problems. Temporary licenses would allow legitimate business people to run an establishment they are intending to purchase before a final license is granted. This would let regular business continue and the establishment could change owners much more efficiently.

The benefits of this type of change are quite obvious. On the other hand, there are clearly a certain number of drawbacks that need to be considered. Local governmental units and police departments have expressed concern that temporary permits would allow people to run establishments who haven't been thoroughly investigated and may not actually be qualified. Hypothetically, temporary licensees may be more apt to serve to minors and intoxicated persons and commit other violations. Although local governmental approval isn't needed for issuance of SDD and SDM licenses, governmental units are given notice of changes that are requested and they have 15 days to report any concerns they may have. Ideally, local police approval would not be needed in order to issue a temporary license. It would be advantageous to have police departments run a Liquor Control Commission operating record check on temporary applicants, but actually allowing police approval in this process would slow things down considerably and be somewhat self defeating. However, police approval would eventually be needed in order to issue a permanent license. If police approval was a stipulation of temporary transfer licenses, it would be necessary for the departments to conduct their investigation within the established temporary period. Otherwise, applicants would be justified in

requesting time extensions.

A center point of debate concerning temporary licenses is liabilities Maintaining public safety is a matter of concern not only to the Liquor Control Commission but to everyone. These concerns are frequently represented by local governmental units and police departments. It is critical that under all circumstances the operators of liquor establishments remain responsible. Due to temporary status, buyers may be inclined to take advantage of an establishment and use it for all that it is worth in order to receive immediate gratification. This could include selling to minors and intoxicated persons, violating hours of operation restrictions, and even more serious matters such as selling illegal drugs. For these reasons it is vital that liabilities be clearly defined. A temporary liquor license would not serve as an excuse to operate an establishment in a negligent manner

Obviously, there are numerous circumstances that may arise where liabilities are not clearly defined. For example, if a temporary licensing system is implemented and a violation occurs under a temporary license that never actually receives a permanent license, someone will need to be responsible for the violation. Reasonably, it would be the temporary licensee. However, if the temporary licensee is never granted a permanent license, the penalty would not be an effective punishment or deterrent. As mentioned above, there is a genuine concern that temporary licensees may be ant to run an establishment more loosely because they have "nothing to There is also the possibility that a temporary licensee could do irreparable damage to an establishment. This could permanently decrease the value of the establishment and if a final license is never approved. the original owner would have to suffer from the damages incurred under the temporary licensee. The bond and secrow accounts, which are protective devices, should take care of most of this. However, extensive damage could be done that effectively turns away the established clientele and permanently changes the value of the establishment.

In order for a temporary transfer licensing system to be implemented. numerous legislative changes would need to occur. Legislative change would need to give the Liquor Control Commission the authority to immediately withdraw a temporary license if any violations occur during the transfer period. Additionally, legislative change would need to immunize the Commission against liability and denial suits. It would also be helpful to amend Liquor Control Act 436.47 in order to have all temporary licensing fees go to the Licensing and Enforcement Division in order to help defray processing

It is obvious that a temporary transfer licensing system would have both positive and negative impacts. There are numerous trade-offs involved. Undoubtedly, the Liquor Control Commission would experience an increase in administrative costs due to a larger work load. There may also be a need to hire additional help in order to complete license transfers in a timely manner. The licensing fees should help defray costs but they will not completely cover the increase.

Therefore, a budget increase would probably be necessary. Another matter of concern is public safety. The Liquor Control Commission is not only responsible for making alcoholic beverages available but for protecting the citizens of Michigan as well. As mentioned above, there is a great concern that temporary licenses would allow unqualified people to have liquor licenses. This poses the possibility that a temporary licensee would sell alcohol to monors, intoxicated persons, and conduct other negligent behavior. If temporary licenses are eventually made available, it cannot be at the expense of public safety.

On the other hand a temporary transfer license system could potentially be very beneficial for the business climate in Michigan. Although the majority of license transfer applications are eventually approved, extensive rules need to be made in order to cover the exceptions. Businesses are currently suffering because of the lag time involved with license transfers. Extraordinary amounts of time and money are wasted during license transers. If temporary licenses are eventually made available, people will be able to move in and out of businesses much faster than what is currently possible. This would save time and money for everyone involved. A temporary system would be worthwhile if it expedited the licensing process without putting the public at risk or disproportionately increasing costs

## Welcome, new AFD members!

Avon Country Market, Rochester Bagley-Trumbull Market, Detroit Berger's Country Store Inc., Bay City Brother's Food Center, Flint Cellars, Detroit Checker Drugs, Detroit Dan's Market #181, Bronson Diamond Dot Market, Detroit Dockside Market Ltd., Muskegon Efros Drugs of Southfield, First Grocer, Wyandotte Green Hill Grocery, Traverse City Homestead Enterprises, Pullman Independent Dairy Inc., Lambertville House of Beer, Dearborn Heights Hungarian Village, Detroit Independent Dairy Inc., Milan Independent Dairy Inc., Monroe Independent Dairy Inc., Maybee Independent Dairy Inc., Dundee Jack's Foods, Marquette Janose's Inc., Alto

Jim's Foodtown Market, Warren

Kelly's Butcher Shoppe, Allen Park

K-C Liquor, Detroit

Mt. Clemens Lake Center Drugs, Pontiac Leer and Biquor Party Store, West Branch Madison Food Center. **Grand Rapids** Meijer's Thrifty Acre, Monroe Merchant of Vino, Troy Miller Boat Livery & Grocery, Movie Warehouse, Utica Mr. E's - Blacks & Evans Supply. O'Briens Party Shoppe Inc., Detroit Peking House, Saginaw Plaza Pharmacy, Grand Rapids Saleh Services Inc., St. Clair Shores Shep's Market, Ida Sherni's Candies, Whittemore Shop 'N' Save, Dearborn Heights Southfield Liquor, Allen Park Supersave Liquor, Detroit TCBY Yogurt, East Lansing Tenuta's Foodland, Waterford Westside Market, Mt. Morris Wright Pharmacy, Hemlock

Klemm's Party Store Inc.,

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C & C Distributors 283-8693	BAIRW 45-55-5-5	MEAT PRODUCERS/PACKERS:	
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	Milk-O-Mat/Country Pride Dairy 864-0550	Hygrade Food Products 464-2400	Winston Sales & Services 739-321
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Anheuser-Busch, Inc	DEI ICATECCEM.	Oscar Mayer & Company 464-9400	Doag Cold Storage Waterlouse 304-300
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Stroh Brewery Company	New City Ice Co 485-0430	BATTIE SHIPS BUILD AND AND	Miesel/Sysco Food Service 207 7000
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	marci conikol;	Detroit Popcorn Company 531-9200	Norquick Distributors 522-1000 Northern Michigan Food Service 478-6200
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ATERING HALLS:	Monique I Natural Cosmetics 464-8070	Rafal Spice Company 259-6373	The area code is 313 for above listings unless otherwise indicated.
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Courmet House, Inc. 771-0300	Nabisco, Inc		If you are not listed or need to change your
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GLAD-LOCK FREEZER, STORAGE,
& SANDWICH BAGS
HI-C ASEPTIC DRINKS \*
RAGU' SPAGHETTI SAUCES
TREESWEET JUICES
VLASIC BABY DILLS (PPCD),
SPANISH, & RIPE OLIVES
VLASIC MILWAUKEE PICKLES

PERISHABLE DEPT

BETTY CROCKER BROWNIE SUNDAE & GOLDRUSH BARS OH BOY! STUFFED POTATOES TREESWEET AWAKE & ORANGE PLUS

**HEALTH & BEAUTY CARE DEPT** 

DEP STYLING GELS FUJI FILM TAMPAX TAMPONS ULTRA SLIM FAST

REPRESENTED IN GRAND RAPIDS ONLY

THANK YOU FOR YOUR PARTICIPATION THIS YEAR & WE LOOK FORWARD TO YOUR HELP AGAIN NEXT YEAR!

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