Michigan’s Beverage Industry:
What we’re drinking for the holidays

by Michele MacWilliams

With the holiday season fast approaching, liquor sales will skyrocket. Consumption of spirits nearly double in December, over the lows of January, February and August (see related graph). So what’s hot for the holidays? According to the Michigan Liquor Control Commission, we prefer vodka, which took three of the top five spots on

Michigan’s top selling spirits list:
1. Popov vodka
2. Bacardi Light dry rum
3. Absolut vodka
4. Smirnoff vodka
5. Seagram’s Extra Dry gin

Nationwide, the top call brands of 1998 are:
1. Absolut
2. Bacardi
3. Dewars
4. Jack Daniels
5. Tanqueray
6. Stoli
7. Ketel One
8. Captain Morgan
9. Smirnoff
10. Jose Cuervo

The Beverage Journal, a trade magazine for the beverage industry, asked readers to name the best performing new brands in their local marketplaces. While some of the brands they nominated have been around for a while, they have been rejuvenated and retailers consider them “hot,” at least for this year. The up-and-coming stars of the spirits world are:
Belvedere, Stoli Flavors, Grey Goose, Alize and Tequila Rose.

Among wines, the consumer is speaking very directly with purchases of a specific brand from among a world of selections. While by-the-glass wine servers account for a large number of the Beverage Journal’s survey responses, by-the-bottle merchants generally agreed with their choices for 1998’s potentials: Forest Glen, Turning Leaf and Concha y Toro were the top three wineries.

Kristen Tuinstra, assistant editor of the Michigan Beverage Journal, says a hot item for the holidays will be the new Pucker line by Jim Beam. The tart-tasting liquors come in Sour Apple, Cheri-Beri and Grape and Tuinstra believes they’ll liven up beverage sales. Also hot will be the ever-popular Jack Daniels Single Barrel, packaged for the holidays.

Beer manufacturers are also planning to take a piece of the holiday beverage sales pie with special packaging and holiday promotions.

With strong sales predicted, it looks like it will indeed be a Merry Christmas for beverage retailers!
The tale of "Tony Coupons" and other criminals

by Bill Viviano

AD Food & Beverage Report

The tale of "Tony Coupons" was reported recently in the Youngstown Area Grocers Association Newsletter. However, its relevance is nation-wide and Tony's fate should be told to all grocers, across the country.

It seems that there is a grocer in Fishtown, a section of Philadelphia, who is still called "Tony Coupons." Although he was nailed in a coupon scam way back in the early '80s, his nickname has stuck. Tony spent almost two years on work release; he would work in the store during the day and spend his nights in jail.

The one man who may know more about Philadelphia coupon fraud than anyone is Assistant United States Attorney Paul Sarmousakis. Close to 70 individuals have been convicted for coupon fraud in Philadelphia, most of them coupon brokers and their henchmen. All the operators convicted in Philadelphia have been independents, according to Sarmousakis. They were mainly single store operators, and as one retired retail executive once said of the temptation of coupon fraud: "It's like putting $50 in every Sunday paper."

These convicted Philadelphia area supermarket operators might have been quietly scamming along to this day if the long arm of coincidence hadn't intruded into their schemes. Sarmousakis was part of the coincidental discovery.

He was an IRS agent then, with the Criminal Investigation Division. There was a routine criminal tax investigation of an individual who owned a supermarket. While conducting the audit, the IRS agent noticed people walking into the store with brown shopping bags and coming out empty-handed. Was it a drug drop? A money laundering scheme? The owner was confronted and talked about a coupon scam. The store owner died prematurely, but not before he had identified others.

Two separate investigations in the Philly area discovered coupon fraud schemes that netted between $1 million and $12 million each. Other cases were between several hundred thousand dollars and $1 million. Sarmousakis says that the typical case is usually in the $1.5 million to $2 million range.

And hiding the scheme is getting harder and harder because with over $1 billion lost by manufacturers yearly in coupon fraud, the manufacturing and law enforcement empires are striking back.

Bill Miller, operations manager for the Coupon Information Center, said the crown jewel of coupon fraud scams he knows of was in South Florida and netted as much as $44 million over 12 years. Larry Krasnick, the organizer known as the "Coupon King," did a year for racketeering, organized fraud and grand theft in the late '80s.

Krasnick and his gang wouldn't have been caught except they got greedy and organized too fast, says Miller. Almost 200 people were convicted of fraud, which made it the largest criminal case ever handled by the Florida state courts.

So who gets hurt by these fraudulent acts? The bottom line is that we all are hurt because the losses find their way to prices on our shelves.

When asked if he thinks coupon fraud will continue, Sarmousakis says he doesn't think it will ever be totally eliminated. However newer laws that impose stricter fines and longer jail sentences help. Another deterrent is the IRS. When the Justice Department is finished handing out its sentence, the IRS is waiting in the wings.

Sarmousakis says it is a rare instance where there is coupon fraud without tax evasion. There are back taxes, interest and huge penalties to deal with. Is it worth the risk? If you asked Tony Coupons - who has had to live quietly scamming along to this day if the long arm of coincidence hadn't intruded into their schemes - he would probably say "If you can't do the time, don't do the crime."
A Win for Workplace Safety

Small businesses benefit from new OSHA laws

by John R. Block

While U.S. industry has a long history of placing worker safety at the top of the priority list, recent actions by Congress and the President that elevate the importance of workplace safety in this country brings cheers from the manufacturing and distributing communities. Small companies, in particular, will reap the most rewards from two new laws that encourage increased support from the Occupational Safety and Health Administration (OSHA)—the government agency responsible for workplace safety in U.S. businesses—to ensure safe work environments.

On July 16 President Clinton signed into law two bills pertaining to OSHA. One, the OSHA Compliance Assistance Act, requires OSHA to establish and support programs that provide voluntary safety audits for small businesses without fear of penalty if violations are corrected. The other, Prohibiting OSHA Enforcement Quotas, bans the use of inspections, citations or penalties as quotas or performance measures for OSHA inspectors.

Passage of this legislation is a great first step to reforming the outdated OSH Act, which has not been altered since 1970!

So how do these laws help small businesses and workers?

OSHA Compliance Assistance

First, let’s take a look at the compliance assistance issue. The OSHA programs in place for the last 28 years funded a small state grant program under which agencies provided assistance, education and training on workplace safety issues. While this program has been very popular, it remains one of the most underfunded and ignored programs in OSHA’s history. Sometimes employers have to wait more than a year for requested assistance, maybe even two, which denies employees vital safety and health protections in the meantime.

The new OSHA Compliance Assistance Act makes that small,

Passage of this legislation is a great first step to reforming the outdated OSH Act, which has not been altered since 1970!

informational program a central part of the agency’s mission and operations. Not only does this law help small businesses provide the safe work environments they desire, but it gives them a chance to correct violations without penalty and receive an exemption from OSHA inspections for one year.

For years, the food industry in particular has demonstrated an intense concern for workplace safety, policing itself in light of understated support from OSHA. The terrific thing about the new law is that it further encourages businesses to remain proactive in their quest for an ideal work environment, rather than reinforcing their fears of penalties or repercussions. It actually encourages them to seek assistance, rather than hide from a slap on the hand.

Enforcement quotas

That leads to the issue concerning quotas for OSHA inspectors. While the OSH Act doesn’t mention quotas or performance measures for inspectors, OSHA’s past effectiveness has been measured by the number of inspections completed, serious citations issued, dollar penalties collected and serious violations issued, as well as the number of criminal cases referred to the Department of Justice for prosecution.

This type of system reminds me of a police officer who must fork out 100 tickets a month, or else. It somehow diminishes the idea of OSHA and businesses working as partners to achieve a common goal, and instead puts the focus on catching the perpetrators.

The fact is, it’s in the best interest of U.S. businesses to provide a safe workplace. Not only does a workplace accident or negligence harm an employee, but it can greatly harm a company’s reputation. This is especially true in the food industry where brand names and company names are placed on trucks, buildings and packaged retail products—all of which are in the public eye.

On behalf of industry and small business, I applaud the efforts of Rep. Cass Ballenger (R-NC), who championed these bills through Congress and ultimately to the President. It’s reassuring to know the OSH Act is not impenetrable and that positive change can occur—change that will benefit our industry, employees and consumers.

But let’s not stop here. More changes are needed to ensure that we provide American workers with the safest work environment possible. In fact, more legislation to reform OSHA is on the table in Congress that may prove to be as beneficial as the recently passed laws.

The U.S. food industry values its employees tremendously. Without dedicated workers, we would be out of business. Buzzwords in our industry right now are partnering, sharing information, and working together to solve common dilemmas. Let’s apply some of this philosophy to the relationship between OSHA and business. After all, both parties have the same goal in mind—to provide the best work environment possible for American workers.

Just food for thought....

John R. Block is a former U.S. Secretary of Agriculture and is currently president of Food Distributors International. His radio show, “John Block Reports,” is heard on some 200 stations across the nation.

AFD MEMBERS:

We want to hear from you!

The AFD Food & Beverage Report will print new product releases as space permits. The service is free to AFD members. Each month we also write feature stories about our members’ businesses. If you would like to see your name on the pages of the AFD Food & Beverage Report, call Tom or Ray Amyot at (248) 557-9600.

Calendar

November 5-6
Category Management - The Basics
Philadelphia, PA
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November 8-11
Retail Store Development Conference
Sponsored by FMI and FDI
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(703) 532-9400

November 24
AFD Turkey Drive
Metro Detroit
(248) 557-9600

February 12
AFD 83rd Annual Trade Dinner
Penna’s, Sterling Heights
(248) 557-9600

February 19-21
MARKETECHNICS
Sponsored by FMI
New Orleans, LA
(202) 452-8444

April 27 & 28
15th Annual AFD Trade Show
Burton Manor, Livonia
(248) 557-9600

May 2-5
FMI Supermarket Convention & Educational Exposition
Chicago, Illinois
(202) 452-8444

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The AFD Food & Beverage Report (USPS 089-970; ISSN 0894-3567) is published monthly by the Associated Food Dealers of Michigan at 18470 W 10 Mile, Southfield, MI 48075. Material contained within The AFD Food & Beverage Report may not be reprinted without written permission from the AFD.

The opinions expressed in this magazine are not necessarily those of the AFD, its Board of Directors, staff or members. Bylined articles reflect the opinions of the writer.

POSTMASTER: Send address changes to AFD Food & Beverage Report, 18470 W 10 Mile, Southfield, MI 48075.

ADVERTISERS: For information on advertising rates and data, call AFD, Ray Amyot, 18470 W 10 Mile, Southfield, MI 48075, (248) 557-9600 or (517) 396-9660.

AFD works closely with the following associations:
Electronic Benefits Transfer coming for WIC

by Marva Livingston Hammons, Director
Michigan Family Independence Agency

By next summer, retailers serving certain public assistance customers will save time and expense in the check-out lane because of a new program called electronic benefits transfer, or EBT.

EBT is a project introducing the use of debit cards to obtain benefits from food stamps and various cash programs, and a pilot for WIC, the health program which provides nutrition for women, infants, and children.

Later phases are expected to increase the number of benefits used via debit cards and may include certain federal cash programs. EBT is required for the food stamp program by the federal welfare reform act of 1996. It is currently being used in more than 30 states and has shown demonstrable benefits.

Retailer benefits

When public assistance customers use an EBT debit card instead of food stamp coupons, retailers benefit. First, they won't have to deal with food stamp coupons—the transaction will be similar to a credit card purchase. Retailers will save time by eliminating the need to count and bundle food stamps, and by no longer needing to complete redemption certificates. This can reduce the cost of serving these customers.

Retailers will no longer carry negotiable food stamps to their financial institution at the end of each business day. The EBT settlement function will electronically deposit their funds into their financial account.

Also eliminated are risk factors associated with accepting bad checks and the possibility of losing or accidentally destroying food stamp coupons.

An unexpected benefit reported by other states is this: food sales for legitimate retailers tend to increase when EBT is implemented. We believe this is because state and federal investigators can better identify fraudulent activity through the electronic process.

Point-of-sale equipment

Retailers with their own point-of-sale equipment can generally choose to use that equipment for EBT. They will probably require software upgrades, but a second piece of equipment at the retailer checkout can be avoided.

Those retailers who choose not to use their own equipment and those retailers currently without a business case for installing point-of-sale equipment, can obtain these devices free of charge from the state.

If you choose to use your own equipment and currently pay a third party processor to route your transactions, maintain your equipment, and provide accounting services, you will also incur charges for EBT transactions. If you accept free state equipment, you will not be able to accept commercial credit or debit cards with that equipment.

Card Technologies

The State of Michigan will use two card technologies in EBT. Magnetic stripe cards will be used for food stamps and customer cash services. They look and work exactly like the ATM cards many people obtain from their financial institution. Michigan expects to obtain permission from the federal government to proceed with EBT this autumn. If this timetable is maintained, the Family Independence Agency will begin implementation in Jackson County in the spring or summer months of 1999.

This pilot will operate for about two months before beginning the process of expanding electronic cash and food stamp services to the rest of the state. WIC services will continue to pilot until the end of the year 2000, at which time the state will determine whether or not to expand this process further.

If you have further questions about electronic benefits transfer, please route your inquiries to the Family Independence Agency through Dan Reeves at AFD (248) 557-6600.

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Regardless of the nature of your business...

...Liquor law hassles can be a sobering experience.

When it comes to liquor law regulation, Michigan is one of the toughest states in the country. Bars and restaurants represent only a small fraction of the businesses affected. Airlines, retail department stores, hotels, non-profit organizations, political committees and a broad spectrum of other entities can be shut down for non-compliance.

The law firm of Abbott, Nicholson, Quilter, Foshako & Youngblood PC in Detroit is proud to announce that Thomas J. Giachino — a recognized Michigan liquor law expert — has joined the firm. A former Michigan assistant attorney general, Giachino represented the Michigan Liquor Control Commission for 23 years. He is qualified to help companies in metro Detroit deal with Michigan's regulatory and administrative liquor law hurdles.

The law firm of Abbott, Nicholson, Quilter, Foshako & Youngblood PC, 300 River Place Suite 8000, Detroit, MI 48207-4291 (313) 566-2500 fax: (313) 566-2502 e-mail: angry@angry.com

AFD FOOD & BEVERAGE REPORT, NOVEMBER 1998...
G&P Market—everything will be new but the name

by Ginny Bennett

The adage “nothing ever stays the same” is certainly appropriate for G & P Market. The small Royal Oak convenience store has changed many times over its fifty year past—everything has changed but the name of the store. Owner Hani Samona has met Pearl, the store’s original owner, the “P” of G & P, because she still lives nearby in Royal Oak. She told him how she and George (the “G”) opened the store as a butcher shop fifty years ago. The store changed hands numerous times until it finally became a convenience store. In addition to the butcher shop, Hani says that one tiny part of the building was the original office of the Royal Oak Tribune.

The emphasis today is on beer, wine and liquor sales although G & P sells groceries and offers many services, like Lottery, money orders, money grams, video rentals, copy and fax.

Hani bought the store in October of 1985 with his brother-in-law. Then four years ago Hani bought out the partnership. Now he owns it with his three brothers.

Now a major change is underway for G & P Market. Hani Samona and his co-owner brothers Bob, Lami and Karim, will build a new 7,000-square-foot building on their property at 1810 Main Street. G & P will be the anchor with two smaller stores available for lease. When the new G & P is in place, the original will be torn down and the space it occupies will be the parking lot.

In 1978 Hani and his brothers and sisters came to the US with their mother, Gurgia. The oldest children worked as meat cutters and meat wrappers to support the family. Eventually Hani and his brothers saved enough to become owners of their store. For Hani and Bob owning their own store is everything they ever wanted. Being their own boss lets them choose their own hours. For Bob, this means Saturday morning breakfast with his three children at McDonald’s Restaurant. “I love this,” says the proud father. We all spend as much free time as possible with our families. Except for Lami, the brothers each have three children.

Hani and Bob split the day into two shifts and alternate early and late shifts with their brothers. Bob jokingly says they work eight days a week but they manage to find time to be with their families and even take a little time for fun. Bob also volunteers at his church and enjoys an occasional Red Wings or Lions game. Attending wine tastings is another diversion for Bob and his heightened awareness of fine wines led Hani to put him in charge of expanding the wine department. “Before we were the owners here,” says Hani, “G & P had a good wine business and that had fallen by the wayside. We are building a good reputation, again, for our wine selection.”

Along with the expanded wine section, G & P is known for its variety of beers and liquors.

Whether you seek an ingredient for an unusual cocktail or a mix for the newest drink craze, chances are pretty good you will find it at G & P. They also will have any bartending accouterment necessary to serve it, spice it and stir it. A humidor full of cigars complements the ample selection of single-malt Scotch, port and cognac. And all that notwithstanding, they also do a great business selling keg beer.

During the hockey playoffs they displayed a specially framed Red Wings jersey and some other unique souveniers. Customers were pretty excited to see that revered jersey during the hockey fever that swept Detroit. “It made quite a special conversation piece,” says Hani.

Whenever there is a big event in Metro Detroit the excitement frequently spills over into Royal Oak. Local business success in Royal Oak is legendary and everyone seems to benefit from it. Enthusiasm for the Red Wings was a big sales stimulus but nothing has surpassed the business generated by the 5th Annual Woodward Dream Cruise. Bob and Hani agree that it was phenomenal. The one-day event has turned into four really good business days. “Whenever and whatever I can do to support events like that, I’ll do it. It was like Christmas for us,” says Bob.

Now that the permits have been secured, the building will begin in the Spring. G & P is fairly surrounded by the major players. All the big new drugstores, a giant video store and some pretty well-known grocery stores are well ensconced nearby. Hani isn’t intimidated by the competition. He is respectful of his customers and knows that he can offer personalized, friendly, fast-in and fast-out service. From that respect comes the loyalty that has kept customers coming to G & P for fifty years.
New Members
Please join AFD in welcoming these new members!

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Cole’s Party Store
D & B Market
Danny Zeb’s Party Store
Delly’s Party Store
Dudley Party Store
Family Market
Food for Living
Frank’s IGA Food Center
Full Basket Food
G A S H Enterprises
DBA Sims No. 1
Hines Haus Party Store
Holiday Market
House of Vino Party Shoppe
Howard Market
Hull’s Party Store
JNB Market, Inc.
Liquor Locker
Little Brown Jug Party Shoppe
M & K Market
Mayflower Party Shoppe
Meehan Inc.
DBA Meehan Liquor
Meov Inc. DBA Meov Market
New Gratiot Food Center
Old Redford Food Center
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Parkcrest Party Store
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In stock means in business

In an industry based on convenience, there’s nothing convenient about out-of-stocks—those products absent from store shelves at the consumer’s point of purchase. For retailers, out-of-stocks translate into lost sales and decreased customer satisfaction.

To identify those best practices that can help store operators reduce out-of-stocks, capture lost sales and encourage customer loyalty, NACS, Anheuser-Busch Inc., and the Coca-Cola Company co-sponsored the 1998 Convenience Store News study, *In Stock Means In Business*.

The study’s results signal an area in which performance is squandering profits:

- Depending on category and retailer, 9.2 percent of items are out-of-stock at any time. Similar research for other retail channels found an 8.2 percent out-of-stock level in supermarkets and a 6 to 12 percent rate for mass merchandisers.
- More than 20 percent of audited items were out-of-stock for at least one day each week.
- If faced with an out-of-stock on their favorite item, 29 percent of customers will leave the store without purchasing a substitute. The average store loses 3 to 6 percent of sales due to out-of-stocks, equating to an annual industry loss of $1.5 to $3 billion.
- Ten percent of customers said they’ve stopped going to a convenience store that was out-of-stock on a favorite item. On average, shoppers quit a store after encountering an out-of-stock item during two to four visits. Store switchers are valuable customers; they visit stores an average of 5.6 times a week and spend about $5.12 per visit.

Obviously, in comparison to the supermarket and mass merchandiser channels, the convenience store industry has ground to make up.

The good news is that the study also identified best practices to address the out-of-stock issue:

- **Redefine out-of-stock**—view out-of-stocks through consumers’ eyes. Consumers are unlikely to know or care if an operator has just ordered an out-of-stock item.
- **Communicate**—develop a consistent approach to two-way communication (between headquarters and stores; between stores and wholesalers/distributors; and between senior management and the front-line). Assess vendor performance to ensure delivery of the right products at the right time.
- **Value and use scanning information**—move past order data to movement and inventory data for placing orders; minimize use of the “MISC” key; and establish a back-up decision-making plan (who to call for rush orders versus waiting for the next delivery).
- **Adopt these inside the store practices**—establish a consistent routine for facing and stocking; leave the shelf space empty for out-of-stock items; use shelf tags across the entire store; use planograms at store level; use a single data source to generate the pricebook, order book and shelf planograms and tags; and provide standardized training for handling out-of-stocks.

If faced with an out-of-stock on their favorite item, 29 percent of customers will leave the store without purchasing a substitute.

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8. AFD FOOD & BEVERAGE REPORT. NOVEMBER 1998
Season's Greetings.

It's Always Been True. This Bud's For You.

This Holiday Season Budweiser Reminds You To Know When To Say When.
Has your business been “slammed?”

“Slamming” is a term used to describe any practice that changes a consumer’s long distance carrier without the customer’s knowledge or consent.

Here’s a probable telephone slamming scenario. A business receives a call from a company claiming affiliation with its present long-distance telephone company. The solicitor says he/she wants to save the business money by enrolling it in a plan to consolidate its local and long-distance telephone bills. After agreeing to the plan, the business then receives a bill from another long-distance carrier with costs that most likely are much higher than what the business paid with its previous service provider. You wonder–how did this happen? Well, this practice occurs more often than you might imagine, and it is called “slamming.” Slamming happens when a long-distance telephone company changes a business’ long-distance carrier without the business’ consent, or obtains a business’ agreement to change long-distance carriers by misrepresenting the services and benefits the business will receive from the new carrier. Sometimes a phone company will call you simply to verify your name and address. Once this is verified, you get switched. Or, you enter a contest without carefully reading the small print and by entering you inadvertently give permission to be switched. Occasionally your phone can be honestly slammed — by mistake. Carefully look over your phone bill each month. If you do you will pick up unauthorized service and can immediately question any changes you didn’t authorize. If your business is slammed, you should:

• Call the local telephone company and explain: 1. that your business did not request service from the new long-distance company, 2. that your business must be reconnected to your preferred long-distance company, and 3. that all switching charges must be removed from your telephone bill.

• Call the long distance company that slammed your business and inform the company that your business will only pay the charges that the preferred carrier would have imposed and ask that they pay all reconnection charges.

• Call your preferred long-distance carrier and report that your business was switched without prior permission. Ask to be reconnected at no charge. Ask also to be put back on the plan you originally used.

• File a complaint with the Federal Communications Commission by sending a letter or calling: Federal Communications Commission Common Carrier Bureau - Consumer Complaints Mail Stop code 1600A2 2025 M Street, NW Washington, DC 20554 1-888-225-5322

It may also be possible to lock in your long-distance carrier service. This is called “blocking,” or in some areas it is called (Primary Inter-exchange Carrier) PIC Freeze. In November, according to an Ameritech Small Business Services operator, information about PIC protection procedures and policies will be published. In some areas written approval is necessary before the long distance carrier can be changed.

If your business wants to switch to another long-distance company, make sure the new long-distance company uses one of these methods to verify the switch:

• The long-distance company obtains your business’ written authorization on a “Letter of Agency” in which your business indicates the request to switch long-distance companies; 

• The long-distance company provides your business with a toll-free number to call to confirm the request to switch long-distance companies.

See Slammed, page 11
Arcadia Brewing Company brings a bit of Britain to Michigan

Arcadia Brewing Company was established in 1996 in Battle Creek as a microbrewery and restaurant. The 25-barrel Peter Austin Brewery was designed and fabricated in Great Britain, and specializes in the production of worldclass British style ales, porters and stouts. Arcadia Brewing Company brewed and sold over 1,855 barrels of beer (1 barrel = 31 gallons) in 1997 throughout the state, and is on pace to reach 3,000 barrels in 1998. “Our focus is Michigan, and we are continuously improving our distribution within existing Michigan markets, as well as controlled expansion into other areas,” says Arcadia president & CEO Tim Suprise. “We currently have a production capacity of 6,500 barrels per year, and our mission is to continue a measured and deliberate growth strategy within our home state prior to expanding to other regional markets,” Suprise added.

The distinctive taste of Arcadia Ales is beginning to gain recognition, from consumers, retailers, and professionals within the beer and brewing community. In fact, Arcadia’s beers have received three medals in the 1998 World Beer Championships; sponsored by the Beverage Tasting Institute of Chicago.

The brewery in downtown Battle Creek is complemented by a 120-seat restaurant specializing in wood-fired oven cuisine such as gourmet pizza, oven-roasted sandwiches, and specialty salads. Patrons are able to view the brewery and bottling operations through windows throughout the facility. Tours are conducted every Saturday afternoon and by appointment by calling (616) 963-9690.

Arcadia President and CEO Tim Suprise (I.) takes United States Senator, Carl Levin, of Michigan, (center) along with other community leaders on a tour of Arcadia’s brewing facility in Battle Creek.
Lansing lobbying firm opens Detroit office

Muchmore, Harrington, Smalley & Associates, Inc. (MHSA), recently announced the opening of its Southeast Michigan area office in downtown Detroit.

The firm, which represents nearly 70 clients and has been a fixture in Lansing for the past decade, has opened an office on the tenth floor of the One Woodward Avenue building.

"Because so many of our clients are from the Detroit area, we want to help them solve their problems with city and county governmental agencies just as we have been able to do for them at the state level. With the tremendous revitalization taking place in the City of Detroit, we feel it is time to establish our presence in Southeast Michigan to serve our present clients and work for new clients who need assistance in developing their projects," said MHSA founding partner Dennis Muchmore.

Michael G. Sarafa, Esq., former Executive Assistant to Mayor Dennis Archer, will head the office, serving as the firm’s Southeastern Michigan Government Relations Specialist.

"We are very excited to have Mike on board. His background in the Archer administration makes him very valuable to our clients. He knows his way around the City of Detroit," Muchmore added.

In 1994, Sarafa, 32, of Detroit, was appointed by Mayor Archer to serve as his liaison to the Detroit City Council. He managed legislative affairs for more than 30 city departments and agencies. He was promoted in 1997 to Executive Assistant for Economic Development, a position he held until joining MHSA. His responsibilities included coordinating public and private agencies in the planning, facilitation and execution of major development projects in downtown Detroit.

Mike Ranville, of Karoub Associates and AFD lobbyist said, "I welcome him to the lobbying core. When people of Mike Sarafa’s integrity and ability join our industry, the real beneficiary is the entire system."

He is a graduate of Wayne State University School of Law. earned a masters degree from the University of Pennsylvania and a bachelors degree from Michigan State University.

MHSA is a multi-client lobbying firm whose mission is to guide businesses and organizations through the bureaucratic process of state, county and local governments. Dennis Muchmore founded the firm in 1988. It expanded in 1993 by a merger with Pat Harrington, former State Representative from Monroe County. In 1991, Jon Smalley, of Okemos, joined the firm and he became a partner in 1996.

Spartan looks at warehouse/distribution changes

Consistent with the company’s long-term business strategy, Spartan Stores, Inc. today announced it will negotiate with an international distribution and logistics company to build, own and operate a new, full-service, multi-commodity facility.

Spartan Stores President and Chief Executive Officer James B. Meyer said the company’s board of directors on Wednesday approved a plan to negotiate an agreement with Tibbett & Britten Group (TBG) to open a proposed 400,000-square-foot facility in northern Ohio by early 2000. When complete, the facility could service all of Spartan’s customers in Eastern Michigan and throughout the eastern portion of the U.S.

The work currently done at Spartan’s distribution facility located in Plymouth, Michigan which employs approximately 300 people, would be performed at the new distribution center.

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A blizzard of holiday commissions forecast.

Get ready! There's a blizzard of Michigan Lottery instant ticket commissions headed your way! Popular games like Season's Greetings, $1,000,000 Gift and Jingle Bills make great gifts and give you big commissions. We're predicting the strongest instant ticket sales for the entire year, so stock up on Michigan Lottery instant tickets today! Display them and recommend them to customers. Then, get ready for a windfall!
Spartan purchases Ashcraft’s Markets

Spartan Stores, Inc. announced the company’s return to retail supermarket ownership with the signing of an agreement to purchase eight Ashcraft’s Markets in Michigan for an undisclosed purchase price. This is Spartan’s first return to retail ownership since the sale of its last corporate-owned store in 1994. Ashcraft’s is a family chain headquartered in Harrison, Michigan. The eight stores, in Clare, Midland, Alma, Standish, Harrison, Gladwin, Mt. Pleasant and Marion, Michigan, range in size from 17,000 square feet to more than 45,000 square feet. “Ashcraft’s has built a solid name and reputation for nearly 50 years,” said Chuck Fosnaugh, Spartan Vice President of Development. “We will retain the Ashcraft’s Market’s name, quality service and local flair of the independent supermarket. Customers can expect to continue to receive the customer service that they’ve come to know and expect when they shop at an Ashcraft’s store.”

The Ashcraft’s Markets acquisition should be completed in 60 to 90 days. The stores will be owned and operated through Valuland, Inc., a wholly owned subsidiary of Spartan Stores, Inc. Spartan’s return to retail ownership is part of an overall company strategy designed to grow the business in a highly competitive marketplace.

Retail industry analysts support this move, with industry studies showing that wholesaler success in gaining market share is directly tied to aggressive acquisition of retail chains.

Foodservice Solutions conference tackles the labor issue

In a continuing effort to find the most innovative solutions for the foodservice industry, the Electric Foodservice Council announces the 1998 Foodservice Solutions Conference. A Focus on Labor. The conference will be November 15-17 at the Walt Disney World Hilton in Orlando, Florida. The keynote speaker will be Herman Cain, NRA President and CEO, who will address the “Labor Challenge.” Harold Lloyd will show attendees how to build the team you have always wanted and speakers from the Disney Institute will share the Disney approach to people management. Also, attendees can receive continuing education credit for ADA, ASPSA and DMA.

To register, call 1-888-FOODSVC (366-3782) or visit the web site: www.foodservicecouncil.org.

HomeStyle Foods renovates for expansion

Mike Kadian, president and owner of HomeStyle Foods, in Hamtramck, recently unveiled plans for a $750,000 renovation to the company’s 18,000 square-foot building.

Located at 5163 Edwin, the 43-year-old business has been owned by Kadian for 35 years. The additional 6000 square feet to be added is to accommodate Kadian’s decision to move into the specialty foods segment of the industry. In addition to the larger facility, Kadian will also add five to ten new employees to the current work force of 50.

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Plus, get a FREE PHONE

All with a two-year service agreement from AirTouch Cellular.

With association rates from AirTouch, you really are well connected—especially now that the benefits of membership include getting reliable and convenient cellular service from AirTouch at a lower group rate. So take advantage of this special offer for Associated Food Dealers members and their employees. After all, what good is meeting all the right people if you can’t stay in contact?

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7 Up and Canada Dry Mixers put a festive sparkle on any holiday gathering.

Best Holiday Wishes from 7 Up Detroit.
Melody Farms' Premium Egg Nogs and Creamy New Ice Cream flavors are sure to add a festive touch to Holiday gatherings. Stock up for a season of Merry Melodies!

Happy Holidays from Melody Farms®

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Open Monday-Friday 7:00 a.m. to 6:00 p.m.
Michigan Liquor Control Commission changes meeting dates

The Michigan Liquor Control Commission's Semi-Annual Public Hearing scheduled for December 9, 1998 in its Lansing office, has been changed. The Public Hearing will be held at 11:30 a.m. on Wednesday, December 2, 1998 at the Commission's Lansing Office, 7150 Harris Drive, Lansing, Michigan.

Also, the Commission's Monthly Meeting scheduled for December 9, 1998 in its Lansing office, has been changed. The meeting will be held at 11 a.m. Wednesday, December 2, 1998 at the Commission's Lansing office. All AFD members are welcome to attend. For more information, call (517) 322-1345.

MLCC business manager leaves commission

Asha Shah, business manager for the Michigan Liquor Control Commission, left the commission to become director of administration for budget analysis and financial management for the Family Independence Agency.

Shah began her nine years with the MLCC as a director in 1989 and moved on to business manager in 1993, the position she held upon leaving this fall. Michigan Liquor Control Commissioner Walter Keck wishes her well in her new position. The commission has no candidates for her replacement.

Food policy hearings set

The Michigan Department of Agriculture began hearings last month to gather public and industry comments on the department’s plans to implement a new uniform food code.

“Michigan’s food laws have remained essentially the same for the last 25 years, even though we have seen dramatic changes in all aspects of the food distribution chain.” Department of Agriculture Director Dan Wyant said.

State food laws to be addressed include public access to inspection records, food safety education and standards for grocery stores and restaurants.

The second meeting will be held November 6, 10 a.m. to 12 noon, at the Comfort Inn in Gaylord. The third meeting will be held November 13, 10 a.m. to 12 noon at the Holiday Inn in Southfield.

Public comments may also be addressed to Katherine Fedder, Director of the Food and Dairy Division, Michigan Department of Agriculture, P.O. Box 30017, Lansing, MI 48909 or by fax to (517) 373-3333.

Why pay for prepaid phone cards when you can have them for free?

You may now have low-cost electronic processing, prepare for the government required EBT program, be ready for the year 2000 and activate prepaid phone cards all from one credit card terminal.

Merchant Card Services, LLC, has come a long way. They started as a Master Distributor for Digitec 2000, Inc., a NASDAQ listed provider of Prepaid Phone Cards whose sales are expected to reach $70 million or more this year.

Merchant Card Services has created an alliance between Digitec and one of the top processors in the U.S., processes all forms of electronic payment (credit cards, EBT, ATM/Debit, Checks, etc.) while being a leader in Debit and EBT.

This alliance can offer very competitive rates and a free phone card activation program when a merchant buys or leases POS equipment and services. A phone-card-only program exists for retailers who only want that service. The retailer can rent equipment from Digitec if his own cannot be programmed. The nominal rental fee ($19/month) is waived if the retailer sells $500 or more per month in retail face value.
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TAKE ME TO YOUR COOLER!
This holiday season Michigan lottery retailers can give themselves the best gift of all—a fully stocked instant game counter! Instant tickets make great stocking stuffers, and by offering a constant mix of these glittering games, retailers will be able to maximize their commissions. This year's holiday lineup includes three new games and a favorite from last year. The new $5 "Jingle Bills" will help ring in the holiday season with a top prize of $250,000. The $25,000 top prize in the $2 "Season's Greetings" game is bound to make anyone's holiday merry and bright. The final new holiday instant ticket—the $1 "Frosty the Doughman" game—is sure to warm hearts all over Michigan with a top prize of—you guessed it—$1,000,000! This attractive line-up will definitely put your customers in the holiday spirit. Be sure to ask for the sale and remind your Lottery players that instant games make the perfect gift year-round. The Lottery players will support your in-store efforts with festive point-of-sale materials and targeted radio and television ads running Thanksgiving Day through Christmas Eve.

Commissions Top $116 Million!
The Lottery recently wrapped up its seventh consecutive record year as unaudited ticket sales approached $1.639 billion. Lottery retailers continue to play an enormous role in the Michigan Lottery's success, as they earned more than $116 million in commissions during fiscal year 1998. Our 9,300 retailers spend a significant amount of time each and every day promoting the Lottery's products and answering customer's questions about those products. That is time well-spent, as it obviously keeps customers coming back for more! As a matter of fact, according to unaudited total prize reports, lucky Lottery players took home $940 million in prizes this past year.

Lottery retailers have an even bigger reason to be proud of their success this year. I am thrilled to announce the Lottery's unaudited fiscal year contribution to the state School Aid Fund this year was a whopping $609 million! Every net dollar generated by the Michigan Lottery supports Michigan's public schools (K-12)—a cause we can all stand behind!

As we close the books on fiscal 1998, I would like to sincerely thank each of you for your support of the Lottery. Your continued enthusiasm and hard work will help us reach greater milestones in 1999.

Special Commission Wrap-up
The Michigan Lottery introduced a special bonus commission period this past summer for retailers that sold jackpot-winning Michigan Lottery tickets. Between August 1 and September 30, the following five lucky retailers each collected $10,000 bonuses:
- Alpena Oil Self Serve, 1017 W. Chisholm St. in Alpena
- Boardwalk Party Shoppe, 27310 Ford Road, in Dearborn Heights
- Toms Food Markets Inc., 1201 S. Division St., in Traverse City
- Val U Variety, 10698 Michigan Ave., in Posen
- Lakeview Bait & Liquor, 2206 Novi Road, in Novi.

Bonus commissions earned through this promotion were paid to retailers regardless of redemption status of the jackpot-winning tickets. Congratulations to all the lucky retailers who hit the jackpot!
Tomra increases coupon distribution

Tomra of North America has announced an agreement to increase its coupon distribution program with the addition of 99 Farmer Jack stores in Michigan. Beginning November 1, Tomra will add the Farmer Jack chain to its current program that runs in all 83 Kroger Michigan stores.

As the leader in the reverse vending industry, Tomra turned to the recycling process to launch a cost-effective coupon program. Utilizing the reverse vending machine as a coupon distribution tool, Tomra capitalized on the activity of recycling to create an in-store coupon distribution program.

In May of 1997 Tomra conducted a pilot test in 10 Kroger Michigan stores. The test determined the viability of distributing coupons via Tomra reverse vending machines. The pilot was conducted during an eight week time frame from August through September 1997. Participants included major manufacturers Coca-Cola, Dr. Pepper, Hershey, Cool Whip and Post Nabisco cereals. Audits and Surveys Worldwide conducted the research and analyzed scanner data. Test results showed Tomra’s coupon program has unique advantages. The most advantageous being Tomra’s ability to guarantee the distribution of a coupon, in-store, before the customer shops.

Tomra averages 10 percent plus redemption levels along with significant increases in unit volume by as much as 113 percent. The research was conducted by Audits and Surveys Worldwide and EMS scanner data was used to measure unit movement.

Intercept interviews confirmed that the Tomra Coupon Program allowed manufacturers to speak to “promotionally missed” consumers. Research showed that 10 percent of Tomra coupon users don’t usually use coupons, while 16 percent had not planned to buy the category on that day. Twenty-one percent of the Tomra coupon users said that the coupon choice was not their brand. This program demonstrated the ability to influence consumer purchase behavior before the consumer begins shopping.

The coupon program is category exclusive and runs in four-week cycles.

And it was said of him that he knew how to spend Christmas well, if any man alive possessed the knowledge. And may it be said of us, and all of us. And so, as Tiny Tim exclaimed, God bless us, everyone!"

—A Christmas Carol
Michigan Department of Agriculture (MDA) Director Dan Wyant today announced his appointments to the newly-created Michigan Organic Foods Advisory Committee. Seventeen members were selected, including six from Southeast Michigan, to develop a statewide strategic plan for the organic food and agriculture industry.

“We were very pleased at both the caliber and quantity of individuals who volunteered to develop the plan that will lead Michigan’s organic community, from producers of organic milk, beef and crops to food processors, a marketing consultant, a journalist and consumers. “The U.S. organic food market is projected to more than triple in value in the next four years, and we hope to position Michigan to be very competitive in that marketplace,” Wyant concluded.

The Southeast Michigan residents on the panel are:

- Melinda Curtis of Keego Harbor, an organic consumer and broadcast journalist
- Gregory Hochradel of Milan, an organic grower and marketer
- L. Ernest Otter III of Livonia, an organic consumer and organic food processing consultant
- Peter Murray of Ann Arbor, Director of Operations/Certification at Clean Clothes, Inc.
- Michael Potter of Clinton, chief executive officer of Eden Foods, an organic food manufacturer
- Carol Osborne of Detroit, organic consumer and member of the East Michigan Environmental Action Council.

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Detroit Edison serves up savings to food service industry

The idea behind this unique program is to help companies in the commercial food arena—hospitals, schools, restaurateurs, grocers, convenience store operators and other food-related businesses—understand their options for food-service equipment and operate more profitably. Through Partners in Excellence, equipment dealers throughout Southeastern Michigan can take advantage of a range of support services from Detroit Edison, including training and consulting on the benefits of all types of food-preparation equipment.

"Detroit Edison trains our trade partners to work with commercial food business owners," says Donna Zalewski, principal planner, Retail Customer Marketing. "Our comprehensive energy experience enables three dealers to promote smart, efficient solutions."

Zalewski says that the Partners in Excellence program helps ensure first commercial foodservice customers have competent, qualified advice about all their options before making sizable equipment purchases.

"What’s unique about Partners in Excellence is we’re training food service management representatives and dealers to help customers understand what’s out there and also to choose the best equipment for their needs."

"Partners in Excellence representatives are trained to find the best solution for the customer, based on a variety of factors—the applications, the available energy load, and more. More often than not, the most appropriate and cost-effective solution for food service is electric."

To learn more about how our Partners in Excellence Program can help your food service business serve up higher profits, call 1-800-477-4747.

Coupons are here to stay

A staggering 310 billion cents off coupons are distributed each year in the U.S.—enough to provide every man, woman and child with 1,240 each! According to Promotions Marketing Association of America:

- Shoppers use coupons to save more than $54 billion annually.
- A whopping 7 out of 19 Americans regularly use coupons and the most popular are for cold cereal, soap, deodorant and dog food.
- More than 3,000 manufacturers offer coupons and 80 percent arrive in the Sunday newspaper.

Great partnerships begin with TRUST.
Lasting partnerships are built on CONFIDENCE.

It's great when you find someone who understands what you want and is there to help you reach your goals. That's why, as Michigan's largest electric utility, we developed our Partnership In Excellence program. This program teaches select food service equipment partners how to analyze your unique energy needs in order to reduce your overall operating costs. It's a great way to begin a rewarding relationship. And it works.

We'll introduce you to some of the best partners a business could ever have.

Detroit Edison
A DTE Energy Company
Memorable moments flagged with catchy slogans are endless with Wonder Bread and Hostess products. For example, Toofer is a 1944 advertising campaign for Hostess Cup Cakes. And the campaign was successful even without the cream filling and trademarked squiggle on top. It wasn't until 1950 that the cup cake was reinvented to where it is known today simply as "the one with the cream filling" (focus group survey 1990s).

Wonder Bread and Hostess trivia is made for a Jeopardy program like peanut butter is made for bread. Ever wonder how the Twinkie got its name, or the effect that World War II had on bread? It all started in 1924 when eight rival bakers decided to form a buying group called Continental Baking. Their first acquisition was Taggert Baking Company in 1925, makers of Wonder Bread.

The next milestone was Hostess Cake's introduction of the Twinkie in 1930. As Sales Manager Jimmy Dewar drove to a sales meeting, he mulled over names for the new snack cake he had just invented. He rounded a corner and saw a sign for "Twinkle-Toe Shoes," and thus, the name Twinkie was inspired. The original Twinkie recipe was sponge cake with banana cream filling. During World War II, banana oil was scarce, so the Twinkie became cream filled. They sold two for a nickel, and consumers loved the cream filling.

Did bread always arrive at grocery stores sliced? Again in 1930, Wonder Bread introduced sliced bread to the nation. But in 1943, unsliced bread made a return to the grocery shelves. The steel used to slice bread was needed for the war effort, so the food administration took possession of every baker's steel. Full-page advertisements were printed nationally instructing consumers how to slice their own bread. The ad's outlined the dos and don'ts of bread slicing with detailed photographs in sequential order.

Wonder Bread and Hostess products have always led the industry in sales, but they had several owners along the way. International Telephone and Telegraph purchased Continental in the 1960s. Ralston Purina purchased the company in 1984. And in 1995, Interstate Bakeries Corporation purchased Continental Baking Company. In addition to Wonder Bread and Hostess products, Interstate has numerous flagship brands such as: Butternut, Merita, Dolly Madison, Eddy's, Millbrook, Holsum, Parisian, Toscana, J.J. Nissen, Mrs. Cubbison's, Brauns, Rainbo, Di Carlo, and Columbo.

Almost immediately after purchasing the company, Interstate Bakeries Corporation made a change that will have a huge impact on the bakery business in Michigan. Plans have been underway for a Wonder Bread bakery in Toledo, Ohio since 1995. The bakery will service the entire Midwest with three production lines including croutons, dry stuffing and bread. Production started on the bread line in July 1998.

The new bakery gives Interstate a competitive advantage. Bread will be delivered to the market within eight hours which means fresher product for consumers. Other companies have 24 hour delivery schedules. According to Interstate's General Manager, Bill Mackin, "freshness is first and fundamental in the bakery business." There is also a Hostess bakery in Detroit ensuring that all of our sweet favorites are as fresh as possible too.

The new 157,000-square-foot bakery is a technological marvel. There are two 200,000-pound silos right outside the back door. And Interstate is extending railroad tracks so raw ingredients are dropped off literally an arms length away from the bakery. There is an automated trough system that formats the bread sponges. The computer knows when ingredients have sat long enough, and are ready for the processing stage.
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And add PROFITS to your BAKERY SECTIONS!

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One more layer of protection:
Spartan retailers are getting certified in food protection

Because of the home meal replacement trend, supermarkets are starting to look more like restaurants. And because supermarket workers are handling and preparing more food than they have in the past, supermarkets are starting to act more like restaurants by putting more emphasis on food safety and sanitation procedures.

"Today’s retail food workers need to have a keen awareness and thorough understanding of food safety and sanitation," says Art Shook, one of Spartan’s retail training analysts.

Certifying retailers in food safety
Art helps retail managers and retail associates develop awareness about food safety in a Food Protection Certification workshop. The workshop consists of a home study module through Cornell University, a five-hour manager workshop or a three-hour associate workshop and a certification examination. Art is the only person in Michigan certified through FMI and Cornell University to instruct the workshop.

In the workshop, Art teaches retailers about microbiology, viruses and bacteria, foodborne illnesses, food temperature control, cleaning and sanitizing, personal hygiene, pest control, food laws and inspections and designing a sanitation program.

"Consumers want and need to feel confident that the people who work in supermarkets are informed and educated about the safe handling of food products," says Art.

HACCP: Not a requirement (yet)
Another component of the workshop is HACCP, which stands for Hazardous Analysis of Critical Control Points. HACCP is a food safety "checklist" that retailers, wholesalers and manufacturers can use to identify critical points in the process where a food safety hazard might exist (e.g., temperature controls, handling procedures, sanitizing equipment, etc.).

Although Spartan as a wholesaler is required to have HACCP programs in place in the warehouses, retailers are not. In the future, food safety laws may require HACCP programs at retail. Many retailers are already using HACCP programs.

"There are many more HACCP steps at retail than there are at the distribution level, which makes HACCP training at the retail level a hurdle," says Art.

Being proactive
About 250 retailers (representing 12 companies) have participated in Art’s certification workshop. Their participation is voluntary and proactive since there are no state or federal regulations that require food stores to train or certify food workers on proper food safety and sanitation procedures, although there most likely will be in the near future.

"I tell retailers that sanitation practices affect a store’s image and reputation, which ultimately affects profitability and sales," says Art.
Ours is a competitive world. And redefining your position in the marketplace means not only attracting new business but enticing current customers to buy more each time they visit your store. Spartan Stores, Inc., offers the tools you need to drive sales and strengthen top-line results.

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- Associate training programs—reap the competitive benefits of outstanding customer service.

We rely on our Spartan Stores team to help us develop distinctive, customer-focused marketing programs—whether we’re planning a special event at a single location or a major promotion at all of our stores.

Bob Kaiser
President
Family Fare Supermarkets

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• One table of ten (10) for dinner
  (Preferential Seating)
• Five (5) company photos in slide show
• Corporate signage at the dinner
• 1/4 page ad in the Food & Beverage Report
• Use of one company product at the dinner (or one additional slide)
• $650 for each additional table

GOLD SPONSOR $6,000.00
• Two (2) tables of ten (10) for dinner
  (Prime Seating)
• Ten (10) company photos in slide show
• Corporate signage at the dinner
• 1/2 page ad w/ spot color in the Food & Beverage Report
• Use of two (2) company products at dinner
  (or two additional slides)
• $600 for each additional table

PLATINUM SPONSOR $10,000.00
—LIMITED—
• Three (3) tables of ten (10) for dinner (VIP Seating)
• Fifteen (15) company photos in slide show
• Title Sponsorship signage for: musical entertainment, photo booth or centerpieces
• Full page ad w/ spot color in the Food & Beverage Report
• Use of four (4) company products at dinner (or four additional slides)
• $500 for each additional table

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