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Meet Representative
LaSata
* See page 18

Meet the Master of
Cognac
* See page 20

The Karoub Report
gets a legislative update
* See page 26

WIC Application
Expires

The current contract with WIC authorized vendors in the southern part of the state will expire on June 30, 2001. The application period for WIC vendors in these counties is from January 1, 2001 through April 2, 2001. During this period, all currently contracted vendors in these counties interested in WIC authorization for the contract period from July 1, 2001 through June 30, 2003 must submit a WIC Vendor Application for a new contract. An application along with instructions will be mailed to each contracted vendor during the first part of January 2001. See WIC, page 28

Inside

A tempting offer from AAA

AFD members with AAA insurance may be eligible to save up to 22 percent on automobile insurance and up to 15 percent off their homeowner’s insurance.

In our continuing effort to provide you with quality services and programs, the AFD members of Michigan is pleased to provide several ways to save you money through the AFD/AAA Group Insurance Program. The AFD’s partnership with AAA Michigan allows you to have access to high-quality, affordable auto and home insurance with special group savings. In addition, you’ll be eligible for the extensive benefits of AAA membership.

Insuring both your auto and home through AAA is a wise choice. As a member, you can take comfort in knowing you’re protected by AAA’s highly-rated 24-hour claim service, dependability and strength. With AAA, you’ll always be more than just a customer, you’ll be a member.

Even better, there are many ways you can save on your auto and home insurance premiums on top of your group discount. Additional savings are available for

See AAA, page 24

WIC Update

WIC Application for a new


Working hard for our members.

Happy New Year!

Wishing you good health and prosperity in 2001

Blast off with us in 2001

It’s time to prepare for AFD’s 85th Annual Gala Trade Dinner and Ball on Friday, February 9. This year’s theme is “2001, A Space Odyssey!” Over 1,000 industry leaders will attend this popular event at Penna’s of Sterling. See page 27 for details and call Michele Mac-Williams at (248) 557-9600 for sponsorship and ticket information.

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Even better, there are many ways you can save on your auto and home insurance premiums on top of your group discount. Additional savings are available for

See AAA, page 24

Over 2000 turkeys in 2000

AFD board member Mark Karmo with Beatrice Jackson of Southfield Human Services during AFD’s 20th annual Turkey Drive. AFD is still taking donations for the 2000+ turkeys purchased for needy families. Please call Michele at (248) 557-9600 and see page 22 for more photos

Being different for profit’s sake

Competition is heating up in traditional grocery center store product categories. Increase the drawing power of the center store with innovative consumer centered merchandising strategies.

By George Anderson, ideabest.com

I recently conducted a very informal survey of friends, family and a few folks I met at trade shows. Each of the respondents acknowledged having recently shopped in a supermarket for a period of at least 30 minutes.

Survey participants were asked to complete the following sentence.

Shopping in the supermarket is

1. Not a lot of fun - 1 vote
2. Fun - 1 vote
3. Best done alone - 1 vote
4. Awful - 1 vote
5. Painful - 1 vote
6. Something you have to do - 1 vote
7. All right (okay) - 2 votes
8. Necessary - 3 votes
9. Tedious - 4 votes
10. Boring - 10 votes

Clearly, supermarkets have a shopping image problem if these numbers are representative of consumers’ perceptions.

On the plus side, many supermarkets are getting the message that consumers would prefer most things (with the possible exception of a trip to the dentist or in-laws) over going to the store to stock up on groceries.

In response, we’ve seen stores with everything from sushi bars to valet parking to in-store childcare. Stew Leonard’s has performing mechanized barn animals in the store and a petting zoo

See Profit, page 24

THEY HAVE BRAINS.
THEY HAVE AMBITION.
BUT THE FUTURE COMES FROM YOU.

Join in the AFD/Pepsi Scholarship Challenge Drive.

Please call Liz Arbuz at AFD to make a donation: 1-800-66-66-AFD.
Every vote really does count

By Sam Dallo
AFD Chairman

I am writing this column on December 13, while watching George W. Bush give his victory speech after a very long and contested presidential race. Whether you are pleased with the election results or disappointed, one thing this election underscored: your vote is important.

Almost 200 million Americans are eligible to vote. Any U.S. citizen, 18 years and older, can register to cast a ballot in any local, state or national election. A voting card is free and is easier to obtain than a driver’s license or a marriage certificate. However, despite massive “get out the vote” campaigns leading up to Election 2000, nearly 100 million people stayed home on November 7, according to post-election estimates. Only half of the eligible electorate bothered to vote.

The 2000 presidential race proved to be the richest campaign in our election history. The Bush and Gore campaigns each spent over $50 million. Both the Democratic and Republican parties spent an additional $60 million in support of their candidates. Each campaign made nearly 70 million telephone calls in the final weeks, with an estimated 25 million calls on Election Day alone. And yet, only half of us bothered to vote.

Throughout the campaign, the candidates traversed the country as though it were a pinball table, seven states in one day, five more the next, early morning rallies, late night speeches. With three nationally televised debates, appearances on TV shows and the final news stories, both candidates seemed to be everywhere.

Add in the proliferation of cable news networks, talk radio shows and web sites, it was virtually impossible to spin the channels or “point and click” and not encounter coverage of the political races. Still only half of us bothered to vote.

The right to vote is something we should never take for granted. People in many other countries are not given the opportunity to vote. In other countries, the voting is so corrupt that election results are not necessarily the will of the people.

There are many theories as to why voter turnouts continue to drop, in the U.S. Some think their vote doesn’t count: one person can’t make a difference. Others don’t want to make the investment in time to know the issues. Some don’t see any individual benefit (“what’s in it for me?”) while others claim to have lost faith in the election process; they feel politicians care more about being reelected than in performing the job to which they were elected.

The excuse I think irks me the most is “my vote doesn’t count.” Regardless of which candidate they would have favored, how many of those 100 million eligible voters who chose not to exercise their right as Americans can now say “my vote won’t make a difference?”

History is full of instances where a single vote did indeed make a difference:

- In 1776, one vote made English official language instead of German.
- Thomas Jefferson and John Quincy Adams were both elected president by one Electoral College vote.
- One vote saved the Selective Service Act in 1941, just 3 months before the Pearl Harbor bombing. Please – if you haven’t already – register to vote. Then, take the time and get to the polls. I hope that the 2000 presidential election has taught our nation something very important…that our votes really do count.

I would like to take this opportunity to wish you and your family a healthy and prosperous New Year from the Board of Directors of AFD.
Tyson jumps on IBP

Tyson Food Inc., the country’s largest poultry producer, made a $2.8 billion, half stock, half cash bid for the country’s biggest beef producer, IBP Inc. The deal, at $26 per share, trumps Smithfield Foods Inc.’s $25 per share offer. A Tyson-IBP deal would make the combined company the country’s largest chicken and beef producer, and the second largest pork producer.

Pepsi quenches thirst

PepsiCo sealed its $13.4 billion acquisition of Quaker Oats, thus gaining the market-leading Gatorade sports drink brand, beating The Coca-Cola Co. to the punch. Sports drinks and non-carbonated soft drinks are among the fastest growing segments of the beverage market. While Gatorade was the jewel in the crown, analysts believe that Quaker Oats’ food items may benefit from PepsiCo subsidiary Frito-Lay’s distribution channels.

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AMA: GM foods safe

The American Medical Association’s Council on Scientific Affairs reported that genetically altered foods do not pose health risks to consumers, nor do they require special labeling. The council addressed the global impact of genetically modified foods, such as the potential to increase food production to cope with the world’s growing population.

Scientists search for ways to control peanut allergies

Allergy scientists are hoping that shots of Ig-E, or immunoglobulin-E, may help to control severe peanut allergy reactions. Ig-E plays a major role in allergies by stimulating immune cells to react when exposed to particular allergens. The study, which will take several years, will attempt to ease allergy effects, including itching, swelling and even death. - MSNBC

European farm ministers agree (sort of) on mad cow measures

Hoping to ensure the safety of European consumers and return confidence to the continent’s beef industry — currently plagued by fears of mad cow disease — a majority of European farm ministers approved a plan to ban livestock feed containing animal products across the EU. The prohibition itself is expected to cost $1.7 billion, according to the Associated Press. Scientists believe cows and other livestock can contract mad cow, or bovine spongiform encephalopathy, by consuming feed made from animal products. Although 15 of the ministers voted to approve the measure, Germany and Finland voted against it and Belgium abstained. The French representative hailed the measure but added that France, where concerns over the disease first resurfaced this fall, deserves compensation commensurate to the damage incurred by its farmers. Still under consideration is a proposal to destroy all untested animals older than 30 months, which would add another $1 billion to the mitigation tally. The mentality seen by the dissenting countries provides an interesting contrast to food safety attitudes in the United States, where millions have already been spent to trace and recall foods made with a strain of corn that may or may not cause minor allergic reactions in a tiny percentage of the population.

Statement of Ownership

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AFD works closely with the following associations:

Food Industry Association Executives

Calendar

February 9, 2001
AFD 85th Annual Trade Dinner "2001, A Space Odyssey"
Penn’s of Sterling
Michele Mac-Williams
(248) 557-9600

Feb 9 - 11
A Focus on Labor
Hilton Walt Disney World Village
Orlando, Florida
1-888-FOODSVC

April 1 - 3
FMI Pharmacy Conference
Wyndham Anatole
Dallas, Texas
(202) 220-0710

April 30 - May 1, 2001
AFD Wheel of Fortune Selling Trade Show
Burton Manor, Livonia
Ginny Bennett
(248) 557-9600

May 6-8, 2001
FMI Annual Convention
McCormick Place
Chicago
Dan Reeves
(248) 557-9600

4... AFD Food & Beverage Report, January 2001
"What Have You Done For Me Lately?"
2000 AFD Highlights

Sometimes we get so busy that we may not take the time for one of the most important aspects of our job—telling our members what we have done! The year 2000 was an eventful one. Please allow us to toot our horn a bit as we explain just what we've done for you lately:

AFD drafted bills to increase lottery commissions from 6% to 8% and the liquor discount from 17% to 20% for the upcoming legislative session.

AFD helped roll out EBT after years of work, which we expect to increase sales and reduce fraud.

AFD worked with legislators to keep gas stations from receiving beer and wine licenses.

AFD defeated expansion of the bottle law to include juice containers.

AFD worked closely with the Michigan Department of Agriculture on the 2000 Food Law that includes administrative penalties instead of criminal penalties and one investigative body instead of two.

AFD's Beverage Journal Holiday Trade Show brought an even greater variety of exhibitors and savings on products during its second successful year.

AFD diffused a bill to take away liquor or lottery licenses for food stamp violations.

AFD continues to work closely with governmental agencies to provide members with the most up-to-date information regarding their programs.

AFD helped eliminate the cash out program for food stamp clients.

AFD defeated local control of SDM and SDD annual license renewals.

AFD helped pass an Internet bill preventing the sale of alcohol to minors and at the same time protecting our retailers from out of state sellers going directly to consumers.

AFD convinced the Liquor Control Commission to create a customer service committee.

AFD has partnered with two companies to provide a reduction in electrical costs through the members only AFD Electric Choice Program.

Belonging to the AFD Doesn't Cost...It Pays!

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Entering water category not a snap decision

Snap20 — unsweetened, noncarbonated water with fruit flavors — existed in the company's development pipeline before Cadbury Schweppes acquired the company this fall. Cadbury, however, is reportedly wary of entering the rapidly expanding bottled water category, according to Bloomberg News, and may not favor a national rollout despite test results from LA and environs.

Drug distributors agree to merge

Cardinal Health Inc., New York, the nation's second-largest pharmaceutical distributor, said it has agreed to acquire fifth-ranking Bindley Western Industries for about $1.6 billion in stock.

The merger agreement augments Cardinal's own distribution network and also places it into a new business of supplying radioactive imaging agents to hospitals. Reuters reported this latter business is part of a $1 billion market. Cardinal will also gain Bindley's existing distribution contracts with the U.S. government.

Cardinal executives projected savings of $100 million after the third year and expect long-term growth of 20 percent.

The acquiring company is

See News Notes, page 8
Launch these tickets and watch your commissions soar!

Rocket to new heights with the three newest instant tickets from the Michigan Lottery. These galactic games offer a universe of cash prizes — up to a lofty $1 million! With so many choices and so many ways to win, you'll be in orbit with the extra sales and store traffic they're sure to create. So have plenty of tickets on hand, display them prominently, and begin the countdown to out of this world commissions!

"Mount Cashmore" on sale now
"Bingo Mania II" on sale January 2, 2001
"$1,000,000 Jackpot" on sale January 8, 2001

WIN THE "$1,000,000 JACKPOT" SWEEPSTAKES!
Receive a $2,000 cash prize in addition to the regular $2,000 cashing bonus when you sell one of the top prizes winning "$1,000,000 Jackpot" tickets. The more you sell, the better your chances to collect an extra $2,000!
Spartan Stores, Inc. restructures

Grand Rapids-based Spartan Stores, Inc. (NASDAQ: SPTN) announced it has restructured senior management, creating three executive vice president positions reporting directly to Chairman, President and Chief Executive Officer James B. Meyer.

Joel Barton has been named executive vice president sales and marketing. He will be responsible for sales and marketing for the entire company, including the convenience store division, retail operations, advertising and consumer affairs. Barton had been vice president retail.

David M. Staples has been named executive vice president and chief financial officer with responsibility for human resources, information technology, real estate and finance. Staple had been vice president and chief financial officer.

John Sommavilla has been named executive vice president purchasing and logistics in charge of the company wide supply chain and category management initiatives. Sommavilla, who began his career at Spartan as a grocery warehouse supervisor, had been vice president purchasing.

In announcing the promotions and restructuring, CEO Meyer noted, “These changes will facilitate our growth in the retail sector and enable us to better serve our wholesale customers.”

Based in Grand Rapids, Michigan, Spartan Stores owns and operates 93 supermarkets and 25 deep-discount food/drug combination stores in Michigan and Ohio under the Ashcraft’s Markets, Family Fare Supermarkets, Great Day Markets and The Pharm banners. The company also serves more than 350 independent grocery stores and 9,600 convenience stores as a wholesale distributor.

Oak Distributing Company delivers its last case of beer in Oakland County

Oak Distributing Co. Inc., a wholesaler of beer, delivered its last case of beer in Oakland County on Friday, December 1, 2000 after 41 years of service to Oakland County retailers. Founded in 1959 by Robert Baetens, Oak started as a one-truck operation with such brands as Schmidts, Bosch, and E&B and has grown through the years to its current 80-person operation. “Growth has come in many ways,” says Robert Baetens who, at 76, still manages to come in every day. Baetens says, “Landing Schilitz in the 60’s and Coors in the 80’s was paramount to our success.” Oak also has had brands come and go such as Billy Beer from former President Jimm Carter’s brother, Billy, and California Coolers.

Baetens has two sons in the business-Ronald, who has worked at Oak since the 60’s, and David, who has worked at Oak since the 70’s. The family shares many fond memories in the often-challenging beer wholesale business.

Oak’s decision to leave Oakland County was not an easy one according to Ron Baetens. He cites many reasons for Oak’s departure. “The beer business has changed in so many ways over the years. Beer distributors are getting bigger at the expense of the smaller wholesalers,” says Baetens. Baetens feels confident that most of Oak’s employees will find jobs either with other beer wholesalers or in other industries. He also says that Oak will continue to distribute beer in Genesee, Lapeer, and Shiawassee Counties.

No deal for the Michigan Chronicle

The deal to sell the Michigan Chronicle and its sister publications in Chicago, Pittsburgh and Memphis to black owned Public Media Works Inc. ended in early October. The Chronicle focuses on Detroit’s Afro-American community and has a circulation of 44,000.

Jerome Butler, vice president and general counsel for Sengstacke Enterprises Inc., which owns the paper would not comment on why the estimated $14-million deal fell through or whether the papers are still up for sale. He said the chain’s ownership is now “considering other alternatives and options.”
Drug distributors from page 5

confident this deal will avoid the fate of two earlier attempts within the drug distribution biz to merge. The FTC blocked Cardinal’s previous plan to merge with Bergen Brunswig Corp. as well as a merger between AmeriSource Health Corp. and McKesson, the No. 1 U.S. drug distributor.

Cargill to purchase Agribrands
Cargill Inc. signed a deal to buy Agribrands International Inc. for $80 million, or $54.50 a share, breaking up a merger between Agribrands andRalcorp Holdings. The deal enables Cargill to expand its animal nutrition business in foreign markets. Agribrands holds the Purina and Checkerdoo brands.

Kmart enlists brand-building Brent Willis for new position
Kmart Corp., Troy, Mich., named former Coca-Cola Co. executive Brent Willis to the newly created position of chief marketing officer in hopes to advance its branding savvy. The appointment is effective immediately.

The appointment of Willis, who led Coke’s Latin America division, is just one of the recent appointments or replacements made by Kmart chairman and CEO Chuck Conaway, who took the reigns in June, according to Reuters.

Chiquita goes green
Chiquita Brands International Inc., the world’s top banana producer, announced that all of its 127 Latin American farms have obtained Better Banana Project certification. The rigorous environmental guidelines require companies to conserve soil and water, curtail the use of toxic chemicals, control pollution and protect the health and safety of workers.

Wal-Mart distribution unit acquires AmeriServ
Wal-Mart’s grocery-distribution unit McLane Co. purchased AmeriServe Food Distribution Inc. for close to $110 million, giving McLane principal distribution services for fast-food restaurants including Taco Bell, Pizza Hut and Long John Silver’s. McLane is the largest convenience-store supplier in the US.

Coke checks into Library of Congress
Coca-Cola Co. will donate 20,000 of its TV commercials from the past five decades to the Library of Congress to mark the 50th anniversary of Coke’s first TV ad and the 200th anniversary of the library. Three vintage ads are running on television currently, and some of the other ads will be available online.

Kellogg scales back prior to Keebler deal
Kellogg Co. told analysts that it’s trimming forecasts for near-term profitability and “simplifying its business structure” in preparation for its $3.86 billion acquisition of Keebler Foods Co. in the first quarter of 2001. The cereal manufacturer will focus on marketing, advertising and sales, and lay off 200 to 300 positions worldwide out of a workforce of 15,000.

Cloned chickens to lay cancer-fighting eggs
Scientists at the Roslin Institute in Edinburgh, Scotland—the group that cloned Dolly the Sheep—and Florida-based biotech firm Viragen unveiled plans to develop cancer-fighting drugs in eggs of genetically modified chickens. The project will initially target a protein-based antibody to skin cancer, and later produce antibodies for lung and intestinal cancers. CNN/Reuters
CHECK ID. AT THE VERY WORST YOU MIGHT MAKE A 35-YEAR-OLD’S DAY.

“May I see your ID?” A simple phrase, but one of great importance. To help store owners like Lee, Anheuser-Busch designed a program called “Operation ID.” It helps retailers spot fake IDs and verify valid ones. In the last 10 years, Anheuser-Busch and its distributors have given retailers nearly one million of these ID-checking tools to help stop sales to minors. It’s people like Lee and programs like this that have helped reduce teenage drinking by 47% since 1982.

WE ALL MAKE A DIFFERENCE.
News from Verizon Wireless

Now it's easier than ever to find a calling plan that fits. With the Single Rate Great Lakes plans, you'll get no roaming or long distance charges on all calls you make from your regional calling area. The new expanded home calling area includes Michigan, Ohio, Illinois, Indiana, Minnesota, Wisconsin and St. Louis, Missouri.

411 connects you to the world

Dial 411, press SEND and 411 Connect will help you find listings anywhere in the U.S. from our nationwide directory. Plus, automatic call completion conveniently and safely connects your call. Enhanced services include category searches (similar to Yellow Pages), movie listings with show times, and a local restaurant database. Friendly operators can help you find what you need day or night. Best of all, 411 Connect is only $0.85/call plus airtime, toll and taxes.

Reach for the stars with AFD in 2001

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It's a numbers game

How many times should you advertise? The answer may surprise you! What are people actually thinking about as they read your ad in an association publication? Thomas Smith, a 19th-century London businessman, offered the following advice to advertisers in 1885. It still holds true today:

• The first time people look at an ad, they don't even see it.
• The second time, they don't notice it.
• The third time, they are aware that it is there.
• The tenth time, they ask friends and colleagues if they've used the service.
• The fifteenth time, they start to think they may need it.
• The twentieth time they see your ad, they count their money very carefully.
• And, the twentieth time they see your ad in a magazine, they buy what it is offering.

In other words, if your ad campaigns aren't showing immediate returns, don't give up hope. But, do understand that it takes time!

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USDA admits that the WIC program needs changes

FMI reported that the U.S. Department of Agriculture (USDA) proposed a drastic overhaul of its rules governing the retail food store participation in the Supplemental Feeding Program for Women, Infants and Children (WIC). At the request of FMI, Reps. Marty Martinez (D-CA) and Buck McKeon (R-CA) released a "Dear colleague" letter urging all House members to oppose USDA's WIC vendor limiting rule because it would force state wide agencies to limit the number of eligible retailers authorized to provide food to WIC recipients. In its response, USDA admitted that revisions were necessary before they could publish a final rule. The agency received nearly 100 comment letters from state and local agencies, public interest groups, the vendor community and others. Almost all the respondents were opposed to making limitation mandatory. This is good news for those retailers participating in the WIC program. FMI does not yet know the specifics of the revisions to the vendor limiting criteria language, but it's promising that USDA made a significant change in their response to concern over the rule.
Heinz launches new products

To propel profits, H.J. Heinz Co. has launched several innovative products, including EZ Squirt green-colored ketchup, nonrefillable plastic ketchup bottles and StarKist tuna in a pouch. Heinz's canned pet food and StarKist tuna sales have sagged recently due to shifting consumer demand and low prices.

Garlic health claim misleading

The Center for Science in the Public Interest asked the FDA and FTC to order makers of garlic supplements, such as One A Day and Centrum, to stop claiming that their products can lower blood cholesterol levels. The consumer group cited a Health and Human Services study that concluded that garlic supplements fail to reduce cholesterol levels for an amount of time long enough to help users. —CNN/Reuters

Happy hour may return to TV

Hard liquor companies dropped their self-imposed broadcast advertising prohibition in 1996, and are slowly making their way back into cable and local affiliate airwaves. While the national television networks continue to ban liquor advertising, distillers say that the public is now more willing to accept liquor commercials on TV and radio.

Philip Morris purchases Nabisco Holdings Corp.

Philip Morris Cos. completed its purchase of Nabisco Holdings Corp. for almost $14.6 billion. The acquisition will add the company's $1.3 billion revenue from Nabisco's Kraft Foods subsidiary to its $48 billion revenue. The deal will give Philip Morris valuable brand names such as Oreo cookies, Ritz crackers, Lifesavers candies and Grey Poupon mustard. It also means it wants to spin off the food business in an IPO. The Federal Trade Commission (FTC) approved Philip Morris' purchase of Nabisco Holdings on December 7 on the condition that the firms make five divestitures. Nabisco is selling the dry-mix desserts and baking powder businesses to Jel Sert. At the same time, R.J. Reynolds Tobacco Holdings Inc. purchased Nabisco Group Holdings Corp., the former parent of Nabisco Holdings Corp., for $30 a share, or about $9.8 billion.

Hershey's No. 2 executive resigns

Hershey Foods Corp. announced the resignation of COO Michael Pasquale, the head of the company's grocery business and leading contender for the chief executive post. CFO William Christ will take over the COO post and Vice President Frank Cerminara will be CFO.

Seagram Spirits Deal Closed

On December 20, Diageo and Pernod Ricard announced the signing of an $8.15 billion deal with Vivendi Universal, Seagram's new owner. For its drinks brands, Diageo and Pernod face scrutiny by European and U.S. regulators but are confident they will pass muster. This is the biggest deal in the beverage industry since Diageo was formed in 1997 and will reshape the global liquor industry, which has been consolidating rapidly. —GMA

Kroger buys Omaha stores

Kroger Co., the largest US retail grocer, will purchase 15 Baker's Supermarkets and one Food 4 Less in the Omaha, Neb., area from grocery distributor Fleming for undisclosed terms. Kroger operates 2,343 supermarkets and multi-department stores in 31 states. —The Boston Globe and The Cincinnati Enquirer (12/15)

Postal Commission approves penny hike

The Postal Rate Commission approved a one-cent increase in the cost of a first-class stamp to 34 cents, the first increase since January 1999. The commission also raised the cost of mailing one pound of Priority Mail from $3.20 to $3.50. The 22-cent cost of a second ounce of first-class mail will stay the same, as will the 20-cent postcard. The rate increase will most likely take effect January 7.
Bucking a trend in Oxford

By Ginny Bennett

When AFD’s Harley Davis returned to the AFD office his unbridled enthusiasm was catching. He had been to a new store in Oxford to sign up a member for AFD’s coupon program and found the new store to be a delight.

At a time when many independent grocery stores are being gobbled up by chains, Mike’s All World Market is bucking the trend with a welcomed, fresh approach.

AFD member Mike Ostrander of Mike’s All World Market, was the general manager of five Foodtown Markets that were purchased in October 1999 by Farmer Jack. Although the sale was a boon to the founders of Foodtown, it closed a door for Mike. However, as he puts it, “when one door closes, another opens.”

Farmer Jack closed the Oxford Foodtown, which sat empty for a year, opening a door for Ostrander that has led to the realization of his dream to own a store.

“To be successful in a store like this,” opines Mike, “the trick is to find a building in the right location. You can’t just open a store anywhere and hope to do well. To begin, you need a base clientele. Then there is a learning curve that can be a couple of years long.”

Mike knew the building, liked the location and had a good idea of what was needed in Oxford, a small town in northern Oakland County that has experienced significant growth.

Mike’s All World Market concept is a refinement of the popular upscale specialty produce market. He has leased space with licensed agreements to eight separate vendors.

“All eight have operated similar businesses,” says Ostrander. “I’m a fan of this format and I went out searching for the concessions I wanted and I got most of them.” A few relocated and others opened a new location.

The concessions at Mike’s All World Market are Mr. Meat’s Meats, All World Deli, Randazzo’s Gourmet to go!, Third Wave Seafood Co., Jacobson’s Flowers, Justine’s Beans Coffee Shop, Sweet Harvest Bakery, and Oxford Produce Station. Each entity is identified with their company logo. Design Fabrication of Troy designed interesting graphics that pull it all together with a warehouse look. A colored chalk on blackboard motif fits in with corrugated metal awnings around the inside perimeter.

Mike’s produce is the freshest and finest available and the selection is larger than in a traditional grocery. In addition to a large produce section, Mike has a larger grocery section than most specialty produce markets, and grocery sales are above projection. Abundant choices are important to Ostrander. “We picked the most popular items and found that we are not missing anything,” says Mike. “We just don’t offer them in multiple sizes.”

Mike believes in this concept, noticing stores where it was too cramped to push a cart through or too deficient in essential items. “I can’t compete on non-food items,” says Mike, “but I can provide a quality shopping experience and my prices are in line with Farmer Jacks and Kroger.”

Mike’s All World Market is housed in a 30-year-old, 25,000 square-foot building. During renovation the entire inside was gutted, exposing a unique edifice which would be cost prohibitive if built today. The 92-foot-long ceiling beams were cut from Washington State yellow pine and shipped to the site by rail car. They span the entire construction allowing for unobstructed floor plan.

The now beautiful wood-beamed ceiling was completely covered as an energy constraint but is now considered one of the building’s best features. A new epoxy finish, slip-resistant cement floor makes it entirely new from top to bottom.

The market opened November 2nd to rave reviews from people who missed their hometown independent grocer. “We fill a niche,” says Mike, “we offer a choice. People love the store but we have to build a clientele. We have to have better stuff and we have to keep the product moving to ensure freshness and quality.”

Ostrander started working at Food Town when he was in high school and during summers in college. In spite of 30 years in the business, he is still learning. “We’ve added 250 items at customer request. We had about 700 wines to begin with and we’ve added around 50 in the last four weeks.”

The influx of a German and northern European clientele to the area surprised Mike. At their request he has searched out suppliers for over 150 items to add to the mix.

The arrangement between Mike and his licensees is working well. They have gone from meeting weekly as a group, to having one on one meetings as needed. “We are a team,” Mike says, “and we are friends.” Mike’s team is augmented by his general manager, Mike Ryan, a former Food Town employee. “We all have ideas but we manage them and balance our egos,” says Ostrander. “I don’t have to get involved with their day-to-day business. Each store within the store is responsible for their staff and their quality control. I handle the financial stuff, the advertising and the promotions. And it is working well,” he continues, “we don’t have any issues.”

Mike chose the vendors knowing that they all had standards as high as his own. He still feels Mike’s All-World Market is a work in progress but he already is sufficiently inspired by its initial success to search for another location.

Oxford is lucky to have Mike’s All World Market in town. An independent home town grocer helps to make a town like Oxford a desirable place to live.

Like Harley, AFD’s coupon redemption specialist said, “I wish I had a Mike’s near me.” This writer agrees and I am keeping an eye out for a good location!
INTRODUCING THE NEW PLASTIC BOTTLE.

BECAUSE IT'S ALL FUN AND GAMES UNTIL SOMEONE LOSES A BEER.

GRAB A

IT'S MILLER TIME.
Convenience Store Corner

Inexpensive tools to market your business

Something as simple as passing out your business card two or three times a day can be a powerful marketing tool. Barbara, the manager of a Parkerburg, West Virginia convenience store is the perfect example. During an 11 week period, she passed out 200 cards to people she did not recognize as being her customers. On the back of each of these business cards she had written “free regular soft drink or coffee” and signed it.

Of the 200 cards she passed out, 51 came back for over a 25 percent return. There is no doubt that most of those who came in and redeemed the card also bought other things. Many of them will return to make purchases at her store.

A blitz program

Another successful tool is the “blitz” program. To do this you gather a group of volunteers or employees, and canvas the neighborhood distributing fliers, coupons, free cards, door hangers or whatever is needed to get people in the front door. One business uses free sandwich cards. They’re more than willing to give away that first sandwich because they know once they get that customer to try them out they’ll have a lot of repeat business.

Here are some helpful hints to doing a rewarding blitz:
- Assign territory for each participant so that you don’t overlap.
- For sales reluctant people assign
- We've got you covered in every direction!

Full line supplier of nuts, meat snacks and candy
1-800-KAR-NUTS
KAR NUT PRODUCTS CO. • FERNDALE, MI 48220 • www.karsnuts.com

In selling services, ask a few questions to uncover needs and potential future business. Limit the time out. A day or two is best but no longer than a week. If you stretch it out too long you’ll begin to waste time.

Reverse blitz

Another form of the blitz is the reverse. A college book store offered customers a free bungee jump with a textbook purchase. This turned what would normally be a simple sale, into a major event. The business invested $5,000 in bungee jumping equipment but it brought in over $75,000 in sales.

Oops!

We can also learn from others mistakes. When the client returns to the vet to pick up his AKC registered champion show dog, he notices that his bill seems awfully high for a bath and spray. So he mentioned that he felt it seemed pretty pricey to the tune of $100, just to get his dog clean and flea free. That’s when he discovered that he was being billed for a bath and spray. The lawsuit that followed basically rendered the vet financially neutered. We don’t know if they every got rid of the fleas. Lesson: Give your customers what they want.

Sweet Surprise

A new kosher style deli was having problems with their young servers because they just weren't familiar with the product line. It seems that they couldn’t tell the difference between corned beef and corn dog. One customer orders a Reuben sandwich on challah. Challah is traditional Jewish braided bread. When his order arrived he was surprised to see that they put his sandwich on halavah, which is pronounced much like challah, but is a very sweet, candy-like dessert. Lesson: Before you let your employees serve your customers or clients, make sure they understand the products and services you offer.

Making mistakes is part of doing business, the key is to learn from them. The volunteer chairperson for an ad-hoc committee of a non profit organization couldn’t get his committee members to attend the meeting. The volunteer chairperson decided to do a blitz. They passed out cards promising a free sandwich to everyone who tried them. The blitz was a huge success and his committee members attended the meeting.

See Tools, Page 25
85th Annual Trade Dinner and Ball

Blast off with AFD for an unforgettable night traversing the Galaxy...Boldly go where no one has gone before! With more than 1,000 industry leaders!

AFD-2001
A Space Odyssey

February 9, 2001 at Penna's of Sterling

Co-Chairs: Emmett Denha, Shopper's Food Market
Frank Bodi, Seagram Americas
Honoring: Mike George, Melody Farms-AFD's "Man of the Year"

Black Tie, Please

Platinum Sponsor-$10,000
(Limited Sponsorships Available)
- Three tables of ten for dinner (VIP Seating)
- Fifteen company photos in slide show
- Title Sponsorship signage for: music, photo booth or centerpieces
- Full page ad w/ spot color in the Food & Beverage Report
- Use of four company products at dinner (or four additional slides)
- $500 for each additional table

Silver Sponsor-$3,500
- One table of ten for dinner (Preferential Seating)
- Five company photos in the 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
- Two tables of ten for dinner (Prime Seating)
- Ten company photos in slide show
- Corporate signage at the dinner
- 1/2 page ad in the Food & Beverage Report
- Use of two company products at the dinner (or two additional slides)
- $600 each additional table

Bronze Sponsor-$2,000
- One table of ten for dinner
- Two company photos in slide show
- Corporate signage at the dinner
- 1/8 page ad in the Food & Beverage Report

Liquor Companies Please Call for Additional Details

General Admission
Tables of ten-$900
Couples-$200

Call AFD Special Events Director Michele MacWilliams at (248) 557-9800 for Details & Reservations.
Representative Charles LaSata helps reclaim wastelands

by Kathy Blake
State Representative Charles LaSata (R-79), of St. Joseph in Berrien County, has made a name for himself pushing for brownfield redevelopment. Brownfields are idle, industrial and commercial properties that have some level of environmental contamination.

For 10 years, Rep. LaSata has worked to reclaim and renew brownfields in St. Joseph, Benton Harbor and Benton Charter Township.

At the age of 29, Rep. LaSata served as the youngest ever City Commissioner and then youngest Mayor for Saint Joseph. Through those years from 1991-1998, LaSata formed many important liaisons. During his tenure as Mayor, he received an American Hometown Environmental Protection Agency (EPA) conferences on reclaiming brownfield sites.

As a result of LaSata’s efforts, the EPA targeted four Berrien County brownfield sites for assessment, cleanup and redevelopment. One is the Edgewater redevelopment area in St. Joseph which is adjacent to the St. Joseph River and a quarter mile from Lake Michigan. It has been slated for a residential district of 60-80 homes.

The sites were selected for their redevelopment potential, ability to sustain long-term growth, and potential to spur redevelopment in the areas surrounding them. The project is being administered and coordinated by the City of St. Joseph, supported by a local non-profit economic corporation and implemented by the individual local governments.

Brownfields do not generate tax revenues, but represent lost development opportunities, contribute to urban blight, and offer only burdens to the local economy. Roads, sewers, and utilities are available but become underutilized. Decaying buildings keep the community depressed and may even be dangerous. Although exact documentation is lacking, there appears to be a significant number of such sites nationally, and a large concentration of sites in Michigan.

Although the origins of any particular brownfield vary, they appear to be the product of the combination of economic, legal, and demographic factors. Economic factors in the 1970s, for example, forced the closing or relocation of industries. Demographic factors dictate what types of new users are potentially available for the now unused property, and the resources available to put the property to such use. And legal hurdles created by environmental laws may render reuse risky, difficult, or impossible.

In Michigan, the commonality of interest in attacking this problem has led to rapid change in legislation and policy to provide incentives (or remove disincentives) to redevelop brownfields sites.

Rep. LaSata was instrumental in establishing his district’s brownfields as “Michigan Renaissance Zones,” tax-free redevelopment areas created to spur economic development in distressed or environmentally sensitive areas. His district holds one of only 20 Renaissance zones in Michigan, he says.

Rep. LaSata believes the Renaissance zoning will improve his district’s economy. The district is fortunate to have someone who is pro-business. According to the EPA, the poverty level in Benton Harbor is 58 percent and in Benton Charter Township, it’s 27 percent. Unemployment in Benton Harbor has exceeded 20 percent since the late 1970s, and 75 percent of residents there live in subsidized housing. LaSata is dedicated to promoting regrowth and prosperity for his district.

Trans America, a financial services corporation, recently located its headquarters in the Berrien County Renaissance zone. Whirlpool Corporation World Headquarters—the country’s second largest employer, is located in St. Joseph and has combined research and development with Trans America. The Michigan Economic Development Association built a six million dollar facility in St. Joseph. Other major companies already located in his district include, All-Phase Electric Supply, Dawson Manufacturing, Bosch and Atlantic Automotive Components.

“We attract these businesses because of our aggressive business practices and pro-business approach,” says LaSata. Other industry in his district includes fruit farming. Berrien County is in the midst of the Michigan fruit belt with many orchards and vineyards and a sizeable food processing industry. Benton Harbor is home to possibly the largest fruit market in Michigan. Brokers come from Chicago to buy fruit, says LaSata.

Rep. LaSata says he is honored to hold office and was re-elected to serve a second-term. “The reality of the job continues to exceed my expectations.”

Last term, he was vice-chair of the Republican caucus. He served on the Appropriations Committee and the Higher Education and Retirement subcommittee, and he chaired the subcommittees of Corrections and Fiscal Oversight, Audit and Litigation.

“T...
Michigan Rolldown bonus play promotion brings bonus pay to retailers!

Lottery Lowdown

By Commissioner Don Gilmer

It has been almost a year since the Lottery's Michigan Rolldown game debuted, and over the past 11 months the Lottery has awarded over $25 million in Michigan Rolldown cash prizes to lucky Lottery players all across the state.

This month the Lottery is giving players an extra opportunity to win big with its Michigan Rolldown game! From January 15 to February 10, 2001 the Lottery will be conducting a Michigan Rolldown Bonus Play promotion. Rolldown players who purchase a five-panel wager get a sixth “easy pick” free. Those customers who purchase a 10-panel wager will get two “easy picks” free.

This special promotion is not only good for Lottery players, but great for retailers as well. Every five-panel ticket sold earns 20 percent more sales commission for you, and because multi-draw wagers are eligible for this promotion too, your extra commissions will really add up!

I encourage you to prominently display the Rolldown Bonus Play point-of-sale materials the Lottery has provided to support this promotion. Also, be sure to ask your Lottery customers if they would like a Bonus Play. The extra time you take to ask for the sale will give players a free chance to win big money and you will get free extra cash for yourself!

Countdown to New Lotto Game. February 24, 2001 marks the final Michigan Lotto drawing. Therefore, multi-draw wagers began “counting down” by one after the December 20, 2000 Lotto drawing. Check your January 2001 Gameline publication or contact your Lottery representative.

The First drawing for the new Lotto game will be on February 28, 2001. You will receive detailed information about the new game in your February 2001 Gameline publication.

Unclaimed Prizes. In addition to the all the winning at the Lottery, unfortunately a number of prizes currently remain unclaimed.

If your store has sold a top winning ticket that still has not been claimed by its rightful owner, be sure and ask your customers if they’ve checked their tickets lately. All unclaimed prizes revert to the state School Aid Fund after one year from the draw date.

See Lottery, Page 24

Verizon Wireless

Connect your team. Free yourself.

Service from Verizon Wireless not only makes it easy to stay in touch with everyone on your team, it also gives you the flexibility you need to get things done. Verizon Wireless is adding another benefit for Associated Food Dealers of Michigan members and their employees. Now you can get special rates on service from Verizon Wireless and keeping in touch will cost you less. Join in.

Ask about our special rates for Associated Food Dealers members and their employees!

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Call Verizon Wireless today at 1-888-772-2355

Call Verizon Wireless for Business Sales: Detroit Metro Market - 248-763-1563
Greater Michigan Market - 517-896-7000

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See Lottery, Page 24
France's connoisseur of cognac visits Detroit

By Joe Sarafa
AFD President

This past November, Master Blender Alain Royer paid a visit to the Detroit area for some special wine and Cognac events. It was his first trip to the United States to promote his cognac line. "I was his first customer in Michigan with the A. de Fussigny line," says Lossia. "Alain is an extremely experienced blender, which I think is the most important aspect of creating a premium cognac." Lossia maintains that Royer's cognacs have the subtleness and complexity that isn't found in mass-produced cognacs. "Blending is such a talent. He knows how to take product that is young - say aged for six years - and blend it with one that has been aged for 12 years, giving it maturity and power. Then he'll add one that is 25-years-old for complexity. The proportions are so important and can really make the difference in determining the style of a cognac," Lossia adds.

At New York's renowned La Caravelle restaurant, co-owner Andre Jammet knows cognac: "When I was very young, my father - and my grandfather before him - would travel to Cognac to select a perfect barrel and bring it back to Paris to be bottled. Each one had such superior and distinctive flavors to it. This is exactly the sort of cognac Alain Royer makes. They are truly excellent."

Alain Royer says about his cognacs: "If you want innovation, come to A. de Fussigny. Our cognac is different. It is aged longer, very flavorful and fruity with a great aftertaste."

As with all true cognacs, A. de Fussigny is distilled exclusively from grapes grown in the Cognac region of France. By a small, venerable producer, Royer has access to smaller, extra aged lots from the best growth areas in Cognac, Grande and Petite Champagnes regions. The result is noticeably finer blends with older-average ages and more complex, satisfying flavors.

"What we make at Royer is different from the mass-produced cognacs. The proportions are so important and can really make the difference in determining the style of a cognac," says Lossia, "Alain is an extremely experienced blender, which I think is the most important aspect of creating a premium cognac." Lossia maintains that Royer's cognacs have the subtleness and complexity that isn't found in mass-produced cognacs. "Blending is such a talent. He knows how to take product that is young - say aged for six years - and blend it with one that has been aged for 12 years, giving it maturity and power. Then he'll add one that is 25-years-old for complexity. The proportions are so important and can really make the difference in determining the style of a cognac," Lossia adds.

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The A. de Fussigny collection includes six cognac blends, all of which are extra aged, exceeding both government requirements and the ages of other mass produced cognacs: Selection, average age 6 to 8 years, is the youngest in the collection. It has a high proportion of cognac from the Grande Champagne region and the flavor is mellow and warm, with floral and licorice notes. Ebony Blend, average age 8 to 10 years, is a rich blend of Petite Champagne and offers hints of floral, walnut and cigar box aromas. X.O., average age 25 years, is a balanced blend that features Petites Champagnes and Grandes

See Cognac, page 25
retail technology at its best

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AFD’s 20th Annual Turkey Drive was a huge success
AFD and its volunteers delivered over 2000 turkeys to needy families in 2000!
(More photos on page 29.)
From January 15th to February 10th, when your customers buy a five-panel Rolldown wager, they get a sixth Easy Pick on that ticket FREE. Good for players, but great for you, as every five-panel ticket sold earns 20% more in sales commissions. And, because Multi-Draw wagers are also eligible, extra commissions can really add up! Ask players if they’d like a Bonus Play and let your Rolldown sales multiply with increased $5 purchases. They get an extra chance to win cash while you get cash – FREE.

5 = 6. The new math can equal big commissions!
Reeves promoted to AFD Vice President

Dan Reeves has been promoted to the position of vice president of the Associated Food Dealers of Michigan. An employee of AFD for six years, Reeves previously held the title of deputy director.

"AFD and our members benefit a great deal from Dan’s knowledge and experience. I am very pleased to have Dan as our vice president," said Joe Sarafa, AFD president.

Dan is a certified TIPS trainer and a Serve Safe sanitation trainer. He holds the National Restaurant Association designation as a food management professional and serves on numerous food-related committees, including the Western Michigan University Food Management Advisory Board, the MDA Retail Advisory Committee and the Detroit Zoning Advisory Group.

Profit, continued from front page outside. A growing number of brick & mortar stores have pick-up and delivery services for consumers who can think of several thousand things they’d prefer to do other than go shopping in a supermarket.

In short, supermarkets have looked high and low for ways to improve the shopping experience. But, having been in stores from one coast to another it often appears to me as though stores are passing over the most obvious problem - the center store.

Aisles of boxes, bags, bottles and cans are not nearly as stimulating to the senses as the rich aroma of fresh brewed Sumattra coffee filling the air or the visual impact of a tank filled with live Maine lobster. They are more important to a supermarket’s bottom line, however.

The importance of center store categories has not been lost on other retail formats.

• Mass merchandisers such as Knart with its Pantry section are using top-selling grocery center store brands to try and increase shopping visits and market baskets.

• Wal-Mart’s super centers leverage the high traffic/repeat visits of grocery with the high margins associated with the sale of hard and soft goods to further increase the chain’s retail dominance.

• Warehouse clubs have grown from a business-to-business trade channel to a widespread shopping alternative for consumers who buy select center store category products in bulk.

• Pure play e-tailers from NetGrocer to Webvan are relying on power consumer brands as a means to gain market share in the hopes of achieving eventual profitability.

Here’s a short list of ideas for improving center store performance.

• Don’t box yourself in. Even the most creative in-store environments have more in common with other stores than they have points of difference. Don’t assume that the center store has to follow the traditional row after row of aisles. Perhaps, destination centers based on usage occasion aligned with consumer behavior would be more effective.

• Don’t get skued. Nothing is more central to a successful shopping trip than walking out of the store with the products you came to buy. Fact-based sku optimization is critical to deliver on the product and place requirements of consumers.

• Don’t repeat yourself. How many skus of a product can you have before you have too many? Most center store categories roughly follow the 80/20 rule. Don’t use the 20% of available space on me-too products when you can innovate and deliver items that are unique to the category and your store.

• Be the merchandiser. A few years back, Macfadden Trade Communications surveyed retail store managers about their training in visual merchandising. Roughly 80% said that they had no formal training in creative display techniques from their companies. Stores need to focus on creating a center store environment that engages shoppers. Training from headquarters down to store-level is essential.

• Be different. Unless you’ve got the purchasing power of Wal-Mart, chances are price is not a strategy that you will be able to sustain. Define your competitive difference in the center store with products and merchandising techniques that communicate your brand identity to consumers.

SSA increases for 2001

The Social Security Administration (SSA) recently announced an increase in the maximum amount of earnings subject to payroll tax, and the amount of social security and supplemental security income benefits for 2001. Effective January 1, the social security payroll tax will increase to $80,400 from $76,200. Taxes will increase by $260.40 per year for affected employers and employees.

Social security and SSI benefits will increase 3.5 percent. The increase is based on the annual rise in the CPI for urban wage earners and clerical workers from the third quarter of one year through the corresponding period of the next. The benefit increase begins in January 2001 for the 3.5 percent increase that social security beneficiaries receive. The increased payments to SSI recipients begin on December 29, 2000.

Lottery, continued from page 19

New Instants! In addition to the new "$1,000,000 Jackpot," January marks the debut of four other exciting new instant games. The $5 "Bingo Mania II" goes on sale January 2 with a whopping $300,000 top prize. This new bingo game features 10 play areas and players can win up to 10 times on each ticket! Also on January 1, the $1 "Seeing Green" hits counters with a $5,000 top prize. On January 15, customers will be flocking to your stores for a chance to strike it rich with the $2 "Good Rush," offering a $35,000 top prize. Finally, just in time for Valentine’s Day, the $2 "Sweetheart Cash," with a $14,000 top prize, hits ticket counters on January 22.
Cognac, from page 20

Champagnes cognacs. This mature cognac is strong and powerful, yet is also elegant.

Cigare Blend, average age 25 years, is aromatic, complex and satisfying.

Fine Champagne Vieux Reserve, average age 30 years, is a blend of Grandes and Petites Champagnes cognacs. It’s elegant, subtle flavor and long-lasting finish make it a favorite of sommeliers.

Tres Vieux Grande Champagne, average age 45 to 50 years, is deep yellow with mahogany highlights. It is considered one of the few great Grandes Champagnes cognacs of the world.

Note from Joe Sarafa: My meeting with Alain Royer proved to be an outstanding opportunity to learn from an expert.

MPSC documents and information resources available on web

Information about Michigan’s regulated electric, natural gas and telephone services is available on the Michigan Public Service Commission web site at cis.state.mi.us/mpsc/. The MPSC is an agency within the Department of Consumer and Industry Services. The website provides immediate access to an array of documents related to the utility and motor carrier industries such as Commission meeting schedules, agendas and minutes, consumer alerts and hearing notices, brochures and utility service providers and areas with links to pricing.

You may access the MPSC Case Index for quick identification of case number by specifying the company or utility name or time frame for the case.

AFD offers FMI convention discounts

If you are planning to attend the FMI Annual Convention May 6-8, 2001, at McCormick Place in Chicago, some early planning could save you money. By calling AFD, you can be a part of the FMI Group Advantage Program and receive:

• 38% Discount – Every group participant receives a discount on show registration.

• Complimentary Registration – Companies and associations receive complimentary show registrations based on group size.

• Hotel Accommodations – Get guaranteed hotel room blocks at a centrally located Chicago hotel.

• Complimentary Private Meeting Room – AFD will have a meeting room, available to our members, at the convention center.

• Group Program Merchandise – FMI’s gift to all group participants.

For more information, call AFD’s Dan Reeves at (248) 557-9600.

Tools, from page 14

meetings and this was causing his time involvement to be much greater than he anticipated. He had only one scheduled meeting left. He wanted to ensure that a quorum would be present so they could vote on their final recommendation and then he’d be free of this task once and for all. To motivate his committee members to attend, he promised them a free chicken dinner at the end of the meeting. Everyone showed up. After the vote he treated them to their free chicken dinner—little packets of dried corn! Lesson: Don’t do this.

And last, but certainly not least words of wisdom. A fast food franchise owner who was so proud of his new braille menu, that he had it laminated. Lesson: Use a little common sense.

The Public Affairs Assembly

The Future Is Now

Make a Difference

Cosponsored by Food Distributors International, Food Marketing Institute and the National Grocers Association

This has truly been one of the closest and most important elections in history. No one in America will ever again question the value of their vote. The House and Senate are more narrowly divided now than anytime since the 1950s. This gives us a great responsibility and opportunity to meet in Washington and work with both parties so that they understand and support us on key industry issues. Join us in March to get to know your new members of Congress and build on those relationships you’ve already established. Your participation at the 2001 Public Affairs Assembly can make a difference.

Last year, nearly 300 food industry executives met with both Democratic and Republican lawmakers to promote and protect our interests. Those visits helped the industry win a huge victory in the battle to repeal the estate tax and in the fight to stop the ergonomics regulation. Following the 2000 Public Affairs Assembly, Congress sent the Death Tax Elimination Act to the White House with overwhelming bipartisan support. Then, the Senate followed the House’s lead and approved language that would prevent OSHA from finalizing its ergonomics rule.

This year, let’s keep up the momentum and build on those achievements. Estate tax relief, health care reform and many other important industry issues will be in play. Don’t miss your opportunity to help shape the legislation. Come to Washington and work with other industry executives to help lawmakers understand your concerns.

Call Dan Reeves at AFD
(1-800-66-66-AFD) for more information

March 26 & 27, 2001

The Grand Hyatt
Washington, DC

AFD Food & Beverage Report, January 2001... 25
Karoub Associates provides year-end summary

The following is a brief summary of the major bills acted upon in the last two weeks of the 2000 session provided by Karoub Associates, one of AFD's lobbying firms:

**Concealed Weapons**

The CCW bills were passed in different versions by the House and Senate 18 months ago, but were held in limbo following the killings at Columbine High School. Despite strong opposition, the legislation passed and was sent to the Governor. Indications from his office are that he will sign the measure. The bill eliminates current law, which gives the state's 83 counties discretion to approve or reject permit applications and replaces it by requiring counties to grant permits except to those with a felony conviction or a history of mental illness. The bill also contains a number of new restrictions limiting where permit holders can carry a gun and mandating a training course before getting a permit. Opponents have promised a petition drive to put the issue before the voters in the 2002 election.

**Diabetes**

After weeks of debate and disagreement between the leadership of the House and Senate, a Conference Committee put together a compromise package which has passed both Houses. It mandates that health insurers would have to provide coverage for diabetic supplies and medications. Opponents argued that "mandates" undermines Michigan families' access to affordable, quality health care.

**Living Wage**

Currently four Michigan cities have passed ordinances setting their own minimum wage standards. Proponents of legislation abolishing this authority argued that it was potentially destructive to the state's economy to have a patchwork of minimum wages throughout the state. Just as in Proposal 2, in the November 7 General Election, opponents argued that this was another example of the state attempting to set local government policies. The bill passed the Senate and died in the House because the House rejected the Senate provision "grandfathering" the four cities which currently have these ordinances in effect.

**Drain Code**

Efforts to overhaul Michigan's drain code died when the Senate defeated the 268-page bill over worries about its environmental and tax implications. The current code was enacted in 1956. The revision would have allowed local governments to petition for construction of a drain or drainage district, allowed for petitions by landowners for drains if signed by more than 50% of the landowners in the designated area and provided for assessment of landowners when drain funds fall below certain levels.

**Casino Resolutions**

An effort to urge Governor John Engler to negotiate an agreement with an Indian tribe that wants to build a new casino in Allegan County has been quashed by gambling opponents. However, it appears that the issue will likely be back. Governor Engler promised in 1998 when he negotiated the last four casino Compacts with Indian tribes that he would not enter into negotiations on any future casinos. The pending resolutions, which could not garner the votes, were seen as a way of relieving the Governor of that promise.

**Insurance Political Action Committees**

The 44-year old prohibition against insurance companies establishing PAC's was removed as House Bill 5959 passed both Houses and was sent to the Governor. The change was approved as supporters said the proposal would put insurance companies on an equal footing with other corporations.

**Abortion Coverage**

Under a three-bill package passed by both Houses, employers will be required to request abortion coverage in their health insurance. The bills affect Blue Cross/Blue Shield of Michigan coverage, and would prohibit the company from automatically offering coverage for elective abortions.

**Mourning Doves**

Legislation setting a mourning dove hunting season was defeated after much controversy. The measure, which has received a fair amount of publicity, failed by one vote in the Senate. It generated substantial emotional response from the public. The 91st session of the Michigan Legislature is scheduled to convene on January 10, 2001.
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Seth Godin on defining convenience & “unleashing the ideavirus”

In an exclusive interview with ideabeat.com’s George Anderson, e-guru Seth Godin offers his unique perspective on how consumers define convenience and what retailers in all venues must do to address their needs and concerns.

by George Anderson

Seth Godin is the author of numerous books, including the national bestseller, Permission Marketing. He was the founder of Yoyodyne, the first direct marketer on the Internet, which was acquired by Yahoo! in 1998. Godin served as Vice President of Direct Marketing for Yahoo! before leaving early in 2000 to devote time to writing and speaking.

Ideabeat: Do you think that consumers are changing the way they define convenience?

Godin: If you’ve ever bought from Amazon, it’ll ruin you for the real world. First, you want to know where everything in the store is... right now! Second, you want to buy it with one click, no waiting, no typing, no circle.

IB: What do retailers/tailors need to do to address the convenience needs of consumers and how do they communicate this to existing customers and potential customers?

Godin: Get out of their way! Don’t ask for anything that you don’t need to satisfy them! (WHY do you need my social security number?)! Observe about time.

IB: How do retailers/tailors selling essentially the same product differentiate themselves in ways other than having the lowest price?

Godin: They really can’t, can they? Thus, being a middleman of branded, price sensitive goods is a bad, bad idea if you’re not Amazon.

IB: In Permission Marketing, you wrote that only a limited number of companies in each industry would survive and that they would exert great influence. The chairman of Ahold recently talked about their being only three global retailers in the not too distant future. How do you expect a limited number of retailers with huge economies of scale will deal with suppliers and consumers?

Godin: I think that there are economies of scale, but to contradict my last point a bit, I think you can differentiate enormously by offering unique products, subscriptions and other permission based benefits. So don’t look for just three retailers. I don’t see it.

IB: What does Unleashing the Ideavirus have to do with retailers/tailors and their understanding of consumers and the services they provide?

Godin: I don’t think retailers and even e-tailers have done nearly enough homework about the cost of acquisition. Unleashing the Ideavirus is about investing in great products, high quality and other buzz creating tools to dramatically increase word of mouth.

IB: In Unleashing the Ideavirus you write about marketers needing to “help consumers talk to each other.” How do they do this?

Godin: By telling them what to say. By giving them digital or non­ digital tools that make it easy to spread the word. By rewarding them for doing so.

IB: How do retailers determine what Ideavirus to launch and how to launch it?

Godin: Ah. That’s hard. First, is it virus worthy? Is it worth spreading? Then, try it! If it fails, try something else.

IB: How important is it to be first?

Godin: An ideavirus adores a vacuum. Which means that going first matters — a lot.

Think about the horrible song, “Happy Birthday.” We sing it every time. Why?

Cause it was first. It’s going to take an act of God to replace that song in our brains.

IB: Why do e-tailers businesses fail?

Godin: Because they misjudge the lifetime value of a customer and fail to acquire customers for less than they’re worth. Because they insist on paying big money to interruption media outlets when that “branding” activity is clearly demonstrated waste of money. Reprinted with permission ideabeat.com

FDI joins coalition lawsuit to stop OSHA ergonomics regulation

The National Coalition on Ergonomics, recently filed a lawsuit with the U.S. Circuit Court of Appeals in the District of Columbia to overturn the misguided and costly ergonomics regulation the Occupational Safety and Health Administration (OSHA) issued.

The final version of the regulation is being codified less than a year after its draft publication in the Federal Register.

“Willingness of a federal agency to issue such an economically damaging regulation has taken the Clinton administration to a new low, something most people thought was impossible,” Food Distributors International President John R. Block said.

“OSHA has been completely unwilling to listen beyond a few pro forma hearings to the legitimate concerns of business as it crafted this regulation,” Block said. “Even worse, OSHA has grossly underestimated the cost of its mischief to the U.S. economy.”

“And if that isn’t enough, the agency has thumbed its nose at the bipartisan will of Congress, which has voted to prevent OSHA from moving forward with the regulation,” he said.

The matter remains a stubborn block between the White House and Congress in completing the budget.

The president has pushed OSHA to doggedly pursue the implementation of a sweeping set of rules before the end of his administration despite a 1998 agreement between Congress and the White House to fund an $85,000 National Academy of Sciences (NAS) study to determine if there is even clear scientific evidence supporting the need for an ergonomics regulation, Block noted.

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