

Associated Food Dealers 18470 W. 10 Mile Rd. Southfield, MI 48075

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VOL. 13, NO. 9

The official publication of the Associated Food Dealers of Michigan Working hard for our members

SEPTEMBER 2002

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Legislative Update

#### Despite override veto, State funds could be on chopping block

Revenue-sharing money for communities could be in eopardy over the next few months, despite a decisive vote in August to overturn Gov. John Engler's veto of \$845 million for local governments. Key lawmakers and budget analysts say a sluggish economy, a built-in state budget deficit and three potentially costly ballot proposals may put money for cities, townships and counties in jeopardy again, along with spending for public schools and universities.

Despite the Legislature's rejection of his proposal, Engler claimed a moral victory. Even in defeat, he focused public attention on what he calls "budget-busting" proposals that voters will see in November, and created pressure for local leaders to urge their rejection.

#### **Spartan Stores closes 12 outlets**

Spartan Stores Inc., which owns 100 supermarkets and 25 discount drugstores in Michigan and Ohio, is closing 12 stores in the two states, affecting about 400 workers. The stores are closing in phases and all closures will be completed by the end of September. Four of the twelve stores are in Michigan.

Spartan, which now employs nearly 12,500 people, may offer some workers jobs in other stores, said spokeswoman Jeanne Norcross. The action comes after the company had a first-quarter net loss of \$43.8 million, or \$2.21 a share, compared with income of \$5.6 million, or 29 cents a share, a year earlier. Spartan Store closings:

- Family Fare
   2153 West Main Street
   Lowell, MI
- 2. Glens' Markets 2100 North Mitchell Cadillac, MI
- 3. Food Town 644 West Market Street Tiffin, OH
- 4. Food Town 332 South Main Street Marion, OH
- 5. Food Town 27335 Telegraph Road Flat Rock, MI
- 6. Food Town 3000 Van Horn Road Trenton, MI
- 7. Food Town 1971 Baney Street Ashland, OH
- 8. Food Town 1544 Covington Avenue Piqua, OH
- 9. Pharm 1560 West Michigan Sidney, OH 10. Pharm
- 21 Yellow Spring Road Fairborn, OH
- 11. Pharm 1520 West Main Street Troy, OH
- 12. Pharm 713 South Sandusky Street Bucyrus, OH

## Stay Connected to the latest industry trends and new product introductions

Attend the AFD / Beverage Journal Holiday Show on September 25 & 26. See page 16 and 17 for show specials and details. Here are some of the latest industry trends, straight from the experts:

#### Sean Cahill from Discount Pop and Beer:

"The non-alcoholic beverage industry is on fire right now. We are seeing a wild frenzy of product introductions, designed to gain market share from the teas and fruit beverages. The interesting thing is that the products are being introduced so rapidly, with such massive marketing budgets, that consumers are sampling, and then moving on to the next trendy thirst quencher. It's hard to tell who is going to end up with the repeat business right now. The only sure thing in our industry, is that water continues to be in strong demand.

Kevin Downey, owner of Fox & Hounds Restaurant: "Proposed impaired driving legislation in Michigan, moving the legal driving limit from .08% to .05%, has dramatically influenced consumer drink choices in my restaurant. Our patrons are ordering less liquor and more beer and wine. We have never

been a big beer house, and until recently, we only offered six different wines by the glass. Now we have a regular rotation of beer on tap, and an expansive bottled beer selection. Moving from six to 15 different wines by the glass has also been important. We offer mini wine tastings right at the customer's table, which includes three glasses of wine, a pad for notes, and an instant jolt to the conversation. People want to experiment, and will eagerly try new micro-brews and upscale wines."

Sam Sheena from
Farmington Hills Wine &
Liquor: "Consumers prefer
clear alcoholic beverages.
American Whiskey and other
brown liquors are not as
popular as they used to be.
The dominant seller is
upscale, premium vodka.
Other clear beverages that
remain popular are rum and
tequila. The malt beverage
phenomenon brings a lot of
curious customers to the

store, but they have not yet established brand loyalties. In terms of wine, the Australians and Chileans are chipping away at California's market share. This is a very exciting time in the alcoholic beverage industry."

Steven Dodge from General Wine & Liquor Company: "Looking back on 2002, I see the year being remembered for the introduction of several maltbased beverages, and the continued strong growth of premium and super premium brands. Brands such as Grey Goose, Ketel One, Pearl Vodka and Jagermeister are growing at double-digit rates again this year. The market is showing us that consumers are still willing to try new super premium brands like Ultimat Vodka, with a shelf price of \$50.00. In addition,

See Industry Trends page 16

## Retailers offer EBT suggestions

By Michele MacWilliams
Now that the Electronic
Benefits Transfer (EBT)
system for food stamp
distributions has been fully
operational for a year,
comments from AFD retailers
are generally positive.
"EBT has been beautiful

because, in my opinion, it stopped about 90 percent of the people that traded their food stamps for drugs, alcohol, cigarettes or money," says Jerry Rabban, co-owner of two Detroit Save-A-Lot

See EBT, page 36

#### Made in Michigan Special Edition

Help us celebrate the bounty of Michigan products during our October Made in Michigan special edition. Please call Ray Amyot at 1-800-66-66-AFD or (989) 386-9666 to be a

(989) 386-9666 to be a part of this exciting publication!

#### The First Rule of Business:

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#### Chairman's Message

# Michigan's taxes boost smugglers' business



By Terry Farida AFD Chairman

In July, Michigan smokers stocked their pantries with cartons of cigarettes in anticipation of the 50-cent tax hike that took effect August 1. State figures project that with 787 million packs of cigarettes sold last year in Michigan, this new tax will increase the government's coffers by \$343.2 million. Last year, cigarette taxes reaped the state just over \$580 million.

Government officials have said the new monies will be used to close a budget deficit and fund education initiatives. The tax hike seems to be having three specific impacts.

One is that people stocked up. Sales of cigarettes to convenience stores were up 30 percent according to one estimate, and the shelves of many were empty of tobacco products as the clock ticked toward the hour when the new tax was imposed.

"People who usually buy three packs, now they're taking a carton," one retailer told the Associated Press in July. "People who buy a carton, now they're taking three. They're using their credit cards because they don't have cash. It's an investment."

The second impact is that the state estimates that some 44,000 people are expected to stop smoking.

The irony of all this would seem to be that if people stop smoking, the government's ability to gather revenue from this so-called "sin tax" would be greatly diminished.

This leaves some retailers pointing to the example of Seattle, which is considering a tax on lattés. In other words, the definition of "sin" seems to shift as a population becomes more virtuous... or at least, it does when "sin" is a money-making proposition.

Which brings me to the third impact. The tax is filling the wallets of smugglers and cash registers of convenience stores across the border in Ohio, Indiana and Illinois.

With the prospect of losing business to other states, it may be tempting to purchase cigarettes from smugglers. They have already figured out how to reproduce Michigan's tax stamp and with the recent tax increase, their business will be booming.

Smuggling isn't just limited to the cigarette industry. Alcohol and wine are big business too. Since prohibition people have been selling bootlegged spirits and the tradition continues. The difference is that today they purchase product in states with lower taxes and sell it at a discount to Michigan retailers. According to our law-abiding wholesalers, these bootleggers even offer special promotions, sales and discounts!

Purchasing alcohol and tobacco products from smugglers may be tempting, but remember it is illegal. If you are caught you will surely pay hefty fines and legal fees. You may even go to jail!

#### See you at the AFD/ Beverage Journal Holiday

I look forward to seeing you at our annual Holiday trade show, this year on September 25 and 26 at Burton Manor in Livonia. There you'll find great LEGAL deals on wine, spirits and other beverages. Don't miss this opportunity to sample new products, purchase holiday inventory and visit with your friends in the industry.

#### The Grocery Zone

By David Coverly



#### 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 Ray Amyot at (248) 557-9600.

# **Budget shortfall dominates summer legislation**

News on legislative issues from Karoub Associates, AFD's legislative consultant

For the first time in 25 years, state lawmakers overrode a governor's veto. Last month, they overrode Governor Engler's veto on revenue sharing, restoring \$845 million to local governments. The governor had signed the budget proposal but vetoed the line-item revenue sharing because he said it would strain the budget if the ballot proposals for the November election pass.

The budget shortfall surpassed all other legislative issues in Michigan's House and Senate this summer. The mainstay of the budget bailout proposal is a balance between higher taxes on tobacco products and cuts in a number of spending areas. Negotiations were expanded to include more money for education, full funding of the Wayne County Care Choice Program, a two-year roll back in the proposed single business tax reduction, and a reduction in the amount of proposed cuts to revenue sharing payments.

Despite giving in on a number of key issues, and direct involvement by

#### The budget shortfall surpassed all other legislative issues in Michigan's House and Senate.

Governor Engler, majority
Republicans had a difficult time
crafting an agreement to end the
budget stalemate. Most of the
problems could be traced back to the
Republican caucus where members
refused to follow their leadership and
would not provide the votes needed to
either pass a tax increase or make the
budget cuts needed to solve the
problem. Compounding the problem
was a unified Democratic caucus that
was unwilling to give Republicans
votes on any of the key issues.

The "Lame Duck" session promises to be spirited and interesting. Issues remaining on Governor Engler's wish list include an increase in the cap on the number of charter schools, approval of another Indian casino near Grand Rapids, and the complete restructuring and possible sale of Blue Cross/Blue Shield of Michigan.

There have been a number of

issues debated before the legislature that are of interest to AFD and its members. Probably the biggest is the recently passed increase in Michigan's tax collected on tobacco products. The increase from seventy-five cents a pack to a dollar and a quarter per pack placed Michigan second behind only New York in the amount of tax that is collected per pack.

There are two likely results of the passage of this tax increase. The first is that smokers will attempt to buy cigarettes and other tobacco products from cheaper sources. Other states that have yet to pass the increased tax on tobacco and the internet are the two most likely sources. This will result in a drop in sales for AFD members. especially ones in the southern part of the state where access to Ohio, Indiana and Illinois is easier. The second result of passage of the increased tax is that our neighboring states are almost certain to follow suit. so increased cigarette prices are likely in almost every state.

As serious as the tax increase will be for business, an amendment that was offered to eliminate the payment to store owners for shelf space considerations would have been just as damaging. Karoub Associates joined forces with AFD and other business to defeat the shelf space amendment.

The tax increase on other tobacco products was not as drastic as the increase was on cigarettes, actually ending up lower than most in the industry had expected.

Two other legislative issues of interest to AFD would be bills introduced by Senator Shirley Johnson. The first would allow

#### Karoub Associates joined forces with AFD and other businesses to defeat a shelf space amendment.

restaurants that cater events off premise to be allowed to sell the liquor for the event as a part of their catering license. The effect of the bill would be that the host could simply hire a restaurant/catering company to handle all of the food and beverage including liquor, eliminating the need for the host to purchase the liquor from a store. The concern from AFD was that the store would not only lose the liquor sale, but they would also lose sales on ice, beer and snacks. These items could be provided by the caterer, but often the host buys all of these items from the store when they pick up the liquor for the party.

The bill was reported out of committee, and the supporters of the

#### The bill would have allowed restaurants that cater events off premise to sell liquor for the event.

bill (the Michigan Restaurant Association) attempted to rush it through the Senate. Only a quick grass roots effort by AFD members allowed Karoub Associates to stop the bill in its tracks.

Right on the heels of the failure of the catering bill, Senator Johnson introduced a bill that AFD supports that would allow stores to hold wine tasting demonstrations in their businesses.

The final issue of concern for AFD is the recently passed General Government Budget that included an amendment that would allow for Sunday sales of lottery tickets. AFD is concerned that selling lottery tickets on Sunday will tie up staff in the stores that is usually kept at a minimum on Sundays. If additional employees are required to process the Sunday sale business, the store owner could actually see a loss in revenue as a result of selling lottery on Sunday. The bill only allows Sunday sales, and does not require it, but common sense would dictate that once stores begin selling lottery on Sunday, that customers will expect every outlet to

During a meeting with Karoub Associates, Speaker of the House Johnson mentioned that a number of caucus members will introduce a bill in the fall to make Sunday lottery sales illegal. It is doubtful that the bill would pass, but it would make a perfect vehicle bill to legislatively increase the percentage paid to lottery outlets for doing sales on Sunday.

#### Calendar

September 22-24

Human Resources/Training and

Development Conference

Scottsdale, Arizona
(202) 220-0715

September 25-26
AFD/Beverage Journal Holiday
Show

Burton Manor, Livonia Contact: Ginny Bennett (248) 557-9600

October 16 - 18 Global Electric Marketing Conference Phoenix, AZ www.gmabrands.com/ events2002/pcard.pdf

November 26
AFD Annual Turkey Drive
Metro Detroit
Contact: Michele MacWilliams
(248) 557-9600

February 14, 2003
AFD Annual Trade Dinner
Penna's of Sterling

Contact: Michele MacWilliams (248) 557-9600

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The AFD Food & Beverage Report (USPS 082-970; 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 reproduced without written permission from the AFD.

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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) 386-9666.

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#### Have a Coke and a chocolate milk

Bloomberg News reports that Coca-Cola has begun rolling out Nestle Choglit milk drink in 11-oz. cans, with plans to bring out a 15-oz. bottled version later this year.

The non-carbonated drink was created by Beverage Partners Worldwide, a joint venture between Atlanta-based Coca-Cola and Nestle of Switzerland, and is an attempt to compete with Cadbury Schweppes' Yoo-hoo in the \$20 billion-a-year milk category.

#### News Notes

#### Fridge pack boosts Coca-Cola's sales

A long, thin carton that holds 12 cans of soda is being hailed by loyal fans of Coca-Cola and Diet Coke, says industry observers. The fridge pack, which got its start from aluminum company Alcoa, is easier to store in refrigerators. Since its introduction in Atlanta and Chicago, ales of Coca-Cola soft drinks in cans there have increased by more than 10%, the company says.

- The Wall Street Journal

#### Tarantula Margarita gets a new look

Tarantula Margarita, a ready-to-drink margarita made with real tequila, has new packaging.

Available in 4 packs of 200 ml plastic, flask shaped bottles, it gives retailers a variety of conveniences and multiple placement options: cooler, shelf and/or case stacker.

Tarantula Margarita contains 5.5 alc/vol (11 proof) and the target shelf price is \$5.99 per 4-pack.

Tarantula Margarita is produced by McCormick Distillers. It is distributed by National Wine & Spirits 1-888-697-6424.

# Got Licuados? milk industry introduces classic Latin drink

The California Milk Processor Board (CMPB), creators of the "Got Milk?" advertising campaign, will use print ads for the first time to introduce "Licuados" blender drinks to the Anglo population. Three new ads will start running this month in the California editions of national magazines.

Licuados (pronounced lee-kwadohs) are milk-based blender drinks with deep family and social significance across Mexico and Latin America. Traditionally made at home with milk and seasonal fruits, they are also popular at "Licuado bars" where servers combine a variety of ingredients in creative and exotic ways

"Licuados are a passionate drink for passionate people," says Jeff Manning, CMPB's executive director. "Like sangrias and burritos, Licuados will rapidly bridge the gap between Latin and American cuisine."

Pre-advertising research conducted by the CMPB among California women 25-49 shows that, while awareness of Licuados is predictably low, more than 60 percent make blender drinks at home more than once per month, of those, most use milk as an ingredient.

"You can use any ingredient you want in Licuados - from mangos to M&Ms," said Manning.

#### ATMs to show commercials

Bank of America automated teller machines soon will be featuring commercials on their screens.

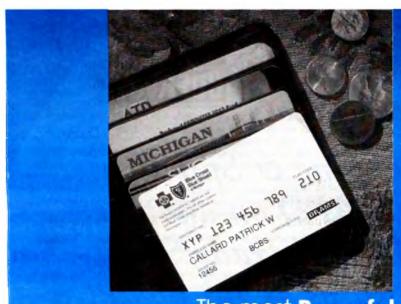
While consumers are waiting for cash to pop out of the slot, Bank of America plans to occupy their time by promoting television shows and other products. The ads are just seven seconds long - and run both when nobody is using the ATM and during the time lag while transactions are being processed.

Bank of America will run the ads on 2,000 ATMs in California for the next two months, and if it works out, could expand the initiative to its national network of 14,000 ATMs.

In an Associated Press story, a bank spokesman said, "We're still looking at how our customers are receiving it. If it has value, great. If not, we're not going to do it. The jury is still out on that question."

Retailers that have ATMs in their stores need to be concerned that these commercials could alienate customers, turning ATMs from conveniences to annoyances.

After all, they put the ATMs in to provide better customer service, not to inundate shoppers with useless promotional messages.



### The most **Powerful Card** in Your Wallet

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For information about Blue Cross coverage available to AFD members, please call Sheila Reeves at 1-800-66-66-AFD.



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- Royal Wine

- Rutherford Benchmark
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- Shaw Ross
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# Kmart, Wal-Mart cut store hours...and create opportunity

MorningNewsBeat.com reported yesterday that albeit in different ways, both Wal-Mart and Kmart are cutting hours at some of their stores.

At seven of its 110 supercenters - in Michigan, California and Alaska - Kmart has ended 24-hour operations, changing open hours to 6 a.m. to midnight. The cuts are a response to slow traffic at these particular units as well as the company's overall diminished sales numbers since it declared bankruptcy last January.

Arkansas-based Wal-Mart also has selectively begun to trim labor hours at some stores as a way of cutting costs in the current down economic climate. Wal-Mart reportedly has banned overtime from specific units, and had part-time hours trimmed until it gets closer to fall, when back-to-school and the holidays kick in.

For convenience stores, this can create opportunity in markets where these kinds of cutbacks can be seen. Convenience of location and hours of operation can be an extraordinarily powerful marketing tool when used in the right way and backed up by the right products at the right prices.

#### News Notes

#### **Dollar stores buck trend**

Healthy outlook for small-format value retailers, at expense of c-stores

Rapid new-store expansion, a compelling price/valūe/convenience model and growing consumer appeal have created a healthy outlook for the small-format value retail sector in general and dollar stores in particular, reports Retail Forward, a management consulting, market research and executive development firm specializing in retail intelligence and strategies, in its recent report, "Dollar Stores and Other Small Format Value Retailers."

"Unlike many other retail sectors—which suffered through the recent economic recession and continue to perform sluggishly as the economy grapples for recovery—dollar stores and other small format value retailers have bucked the trend," said Sandy Skrovan, author of the report and vice president of Retail Forward

#### Coming soon: disposable cellphones

Reuters reports that Hop-On, a small California company, has gotten U.S. regulatory approval from the

Federal Communications Commission (FCC) to sell "throwaway cell phones." The company says it will target the nation's convenience stores as the best possible location from which to sell the new product.

Reportedly, the stripped-down cell phones will cost \$40 and offer 60 minutes of initial local service, though cards that can add on additional minutes will be available, as will the ability to make toll calls for extra charges. The plastic phones are about the size of a deck of playing cards.

The product will first be rolled out in Southern California, and then be available throughout the country by the end of the year.

The company also reportedly is looking for co-marketing agreements with outside companies that would allow retailers and manufacturers to create their own, branded disposable cell phones.

#### Beer: Suddenly health food?

A new Dutch study on the health benefits of beer, reported on by the Wall Street Journal, suggests that beer "is slowly bubbling to the top as a beverage that not only lifts spirits but delivers protection against major ailments such as heart attacks, stroke, hypertension, diabetes and dementia."

The study took place over two decades and traced the specific impact of moderate consumption of beer — less hypertension, lower risk of heart attacks, increase in "good cholesterol" levels — that may even outweigh the benefits of red wine.

Researchers define moderate drinking as one drink a day for women and up to two a day for men.

New signage for the beer cooler clearly may be in order.

#### Wal-Mart's growth strategies

In five years, Wal-Mart could be twice as big as it is today if it increases its market share in newer areas such as gasoline, and major categories such as food and apparel, predicts Retail Forward.

In the recently released report The Age of Wal-Mart, Retail Forward, a management consulting and market research firm specializing in retail intelligence and strategies, expects that Wal-Mart will continue to grow rapidly and test the outer edges of its brand reach with consumers.





CODE	SIZE	ON PREMISE	OFF PREMISE	SHELF
45-7	50ML	\$.80	\$.82	\$.96
44-4	200ML	3.72	3.79	4.45
44-3	375ML	6.65	6.78	7.97
45-8	750ML	12.07	12.30	14.46
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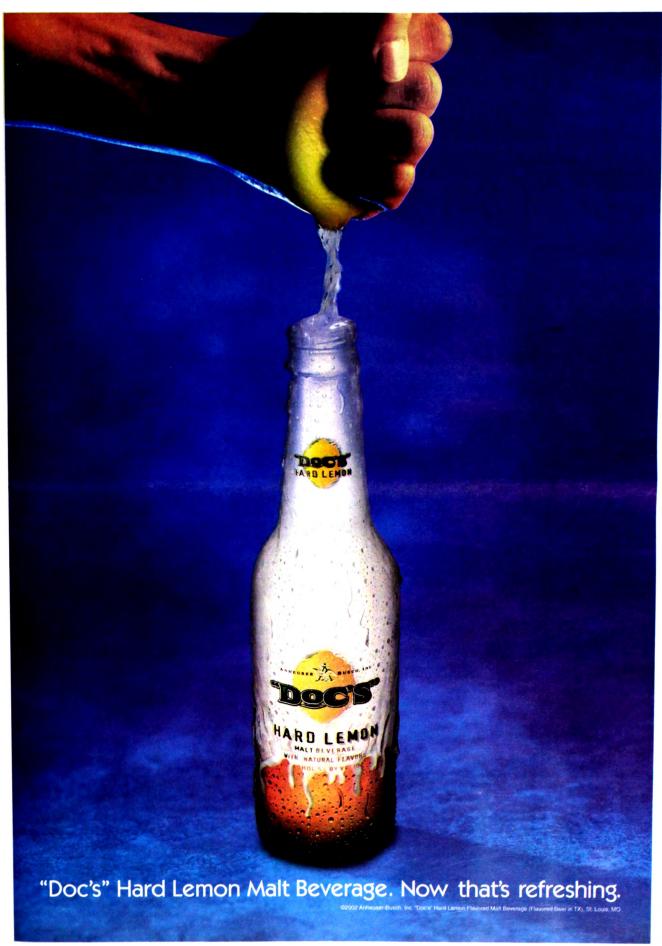


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#### Service is a "breeze" for Four Seasons Beverage and Equipment

According to Chester Mazzoni Sr., Four Seasons Beverage and Equipment—a full-service slush and drink company – was formed with one goal in mind, good customer service.

He looks at his product from the retailer's point of view. "When a customer enters a store," says Mazzoni, "the retailer has a brief opportunity to make a profit. When equipment is down or when the store is out of product, that relates to a lost opportunity to profit. Our belief is that, when our customers are serviced well, then and only then can they service their customers well," Mazzoni adds. "Service after the sale is as important as the sale itself.

Satisfied service customers are our best means of advertising. Keeping our customers satisfied is the only way we can make our business prosper."

Four Seasons Beverage was founded with that philosophy in mind, by Chester Mazzoni Sr. and Patrick Janssen. Mr. Janssen has over twenty years in the restaurant and slush business. He has heard the same complaints over and over and has seen the same problems again and again in customer service.

The two men designed their new company to be the most serviceoriented slush and beverage provider in the business

When developing the business, service was the first focus at Four Seasons.

The second was a slush and granita product that tasted great. Mr. Janssen said, "In all my years in the slush business, I heard over and over, "This sells, but it has no taste." so he created drinks that would stand out in customers' minds and give them one more reason to come in the store. "When you have a product that people like they will go out of their way to get it," Janssen assured.

Breeze Freeze is the brand name for the slush and granita drinks that Four Seasons developed, and the company has over 30 flavors. Some of the favorites are strawberry-banana, blue raspberry and cherry. New successes like Banana Split and Pina Colada are also selling well.

Breeze Freeze is an adaptable and trendy new product. Bars and nightclubs use it in frozen drinks such as rumrunners and hard lemonade.

Breeze Freeze slush drinks are popular in restaurants, convenience stores, and gas stations.



Patrick Janssen (left) and Dennis Richardson with their Breeze Freeze machines.

"There are a lot of slush companies out there, but no one offers the level of service and fine products that we do," said Chester Mazzoni III, service manager.

To fill a growing niche, Four Seasons Beverage has ventured into the healthful food products market as well. Fruit granita is especially popular among gyms and health clubs. With zero fat, only 130 calories, and at 25% pulp, it is guilt-free, nutritious refreshment after a workout. The concentrate is much more stable than other forms of smoothies, making it convenient, profitable and tasty.

"It's a top-shelf product. It's something Jared from Subway would drink," Janssen kidded.

A big advantage to all of Four Seasons' products is convenience. With a one-year shelf life and no refrigeration needed, the syrups are easy to store and maintain.

"Profitability is much higher too,"
Janssen added.

With other mixes, bar drinks like daiquiris require the bartender to open a new package and mix several drinks at a time. If all of the daiquiris are not sold, the remainder must be thrown away. Four Seasons' products do not cause this waste.

"There are many companies that storeowners can do business with. Some sell slush, some sell equipment, some have service, some have generic advertising material and, for some and/or all, this is just a part of their business

These companies also carry many other product lines to sell to storeowners. It's like the old saying, "Jack of all trades and master of none." The focus at Four Seasons is the slush business. Be the master of one and then, and only then, will you be able to service your customers the way they expect to be serviced," Janssen reasoned.

Four Seasons Beverage & Equipment has one focus and that is the slush business. The company carries slush, granita, and equipment -both manual and auto-fill (2 bowl and 3 bowl) as well as high-volume slush equipment used in stadiums and convention halls.

"As anyone knows, advertising is a must to promote and sell products and we have created the advertising needed," said Chester Mazzoni Sr. "We have three sizes of throw-a-way cups printed with the Breeze Freeze Logo and the cost to our customers is the same or less than they are paying for plain cups that they are currently purchasing. We have thermal refillable cups with the Breeze Freeze Logo as well. Along with offering posters, table tents, flags, banners, and laminated signs, we can also provide personalized window and door signs with the name of the store on them."

For bars and nightclubs, the company has developed "Breeze Freeze Nights" to help increase sales on traditionally slow nights. Four Seasons will help the establishment come up with custom drinks and print signs to advertise the special. For example, Tom's Bar might make up "Tom's Hard Lemonade" or for a sporting event "Zamboni Ice," which was popular during hockey playoffs.

From the service technicians to the

delivery personnel, Four Seasons Beverage and Equipment has built its business on the concept of service.

"Customer service is key to any business, and that is what we are trying to provide," explained Dennis Richardson, senior administrator. "When a machine is down, our customer is not making any money and neither is Four Seasons.

Typically, service calls in the industry are done within two to five days. Our goal at Four Seasons is to service the equipment promptly," Richardson added. "When equipment is down, no one profits."

Four Seasons Beverage is working to raise name recognition of their product, and they are doing it in ways to help the community. "It should be Coke, Pepsi, and Breeze Freeze," Janssen joked.

"We want to do this for our customers and the community too by helping sponsor fundraisers and car washes that help schools and churches."

For example, Four Seasons will donate the machines and equipment to a charitable organization for the day so the group can give away a free slush with every car wash.

During the Woodward Dream Cruise, Four Seasons set up at 13 Mile Road and Woodward, sponsoring a fundraiser to benefit the family of the Royal Oak police officer who was recently killed. The event was covered by Detroit oldies station WOMC FM, 104.3.

The company has grown in leaps and bounds since it started business in February. "When you give people something they want, word travels fast," said Richardson. Four Seasons Beverage is proud of its rising reputation.

To date, it has 177 customers in Michigan, and has recently expanded to Ohio, Canada, Florida, and Illinois. Four Seasons Beverage will be at the AFD/Beverage Journal Holiday Show on September 25 and 26 at Burton Manor in Livonia. There will be special prices on equipment and products. Orders will be taken for spring delivery.

"With only a small deposit, you can buy ahead at the discount prices," Richardson added.

Four Seasons Beverage will also hold an open house in November. Call toll-free at 1-877-736-3362 for details.



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	CODE #	BRAND	SIZE	ON PREMISE	OFF PREMISE	SHELF
•	85473	Jim Beam	50ml	\$.80	\$.82	\$.96
•	9244	Jim Beam	100ml	1.66	1.69	1.99
i	9242	Jim Beam	200ml	3.32	3.38	3.98
Ī	9243	Jim Beam	375ml	5.78	5.89	6.93
	9247	Jim Beam	750ml	10.41	10.61	12.47
	9257	Jim Beam	750PET	10.41	10.61	12.47
•	9241	Jim Beam	1.0L	12.67	12.92	15.19
	9248	Jim Beam	1.75L	20.82	21.23	24.95
i	171	Jim Beam Black	50ml	.63	.64	.75
Ī	98626	Jim Beam Black	375ml	7.08	7.22	8.49
7	97160	Jim Beam Black	375ml	7.08	7.22	8.49
Ĺ	250	TO BE SEED OF	(Square)			
	98636	Jim Beam Black	750ml	14.17	14.45	16.98
	98646	Jim Beam Black	1.75L	30.01	30.59	35.96
ı						

Jim Beam® Kentucky Straight Bourbon Whiskey, 40% Alc./Vol. ©2002 James B. Beam Distilling Co., Clermont, KY

#### Michigan State Fair Wine and Spirits competition welcomes national wine judges

Some of America's most notable wine experts were in East Lansing to judge nearly 250 locally grown wines from 25 of Michigan's 32 wineries.

This year's judges included Dan Berger, wine columnist for the L.A. Times and noted author and wine competition coordinator. He was joined by Doug Frost, the only American who is both a master of wine and a master sommelier. Also judging were well-known Michigan wine experts, including Madeline Triffon, master sommelier, Joe Borrello, executive director of Tasters Guild International; and Sandra Silfven, wine writer for the Detroit

The day-long event was held July 30 at the Kellogg Hotel and Conference Center in East Lansing. Thirty gold medals were awarded to 13 wineries. From those, five wines were chosen to receive Best of Category awards:

Dry White:

**Chateau Grand Traverse 2001** Whole Cluster Riesling

Semi Dry White:

Red:

Good Harbor Vineyards Harbor

Sparkling:

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The same week that a study by Retail Forward suggested that the small format sector and dollars stores would perform well because of their "compelling price/value/ convenience" approach, Wal-Mart announced that it is testing a "dollar store" boutique in a number of existing units, including some in Texas and Maryland.

Wal-Mart tests "dollar store"

concept

Essentially, these stores have segregated sections in which all items cost a buck or less.

The concept could spread to other stores if it catches on with consumers

There is some concern within the traditional dollar store business that Wal-Mart could build freestanding dollar stores, starting up its own chain using the format. However, Wal-Mart spokesman Tom Williams told Dow Jones that "the company hasn't broken ground or signed leases for any separate dollar-store business, and the company hasn't been shopping for irregular merchandise or closeout products often associated with dollar-store outlets.'

However, he wouldn't rule out the possibility of a freestanding chain. "I wouldn't want to speculate, but we are very comfortable with the storewithin-a-store concept," Williams said.

Wal-Mart has tested the storewithin-a-store concept before, most notably with candy stores. Considering its clear intentions in the gasoline business, and now this test of dollar stores, one has to wonder if eventually Wal-Mart will start getting into the convenience store business.

#### Kellogg launches new integrated web site

Site includes both Kellogg and Keebler food service programs

Kellogg Company's, Food Away From Home division has launched www.fafh.com which integrates the Kellogg's and Keebler brands. The site, designed to educate restaurants, food stores and the vendor community about available Kellogg and Keebler products, is a first for the

The site is designed for food service customers to find product information as well as detailed promotional offers intended to boost sales. Recognized icons, such as Tony the Tiger and Emie Keebler help demonstrate product diversity while providing eye-catching animation.

SpectraCom Inc. designed and built the site for Kellogg's Food Away From Home division.



For more information, contact your local LANCER Distributor at:

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2002 marks Miller Lite's third gold award-winning year as best American Light Lager at the World Beer Cup.

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# "Make the Connection" at the AFD/Beverage Journal Holiday Show

Connect with these exhibiting companies at the AFD / Beverage Journal Holiday Show on September 25 & 26 at Burton Manor in Livonia:

Absopure Anheuser-Buse Basket Eas Better Mad Champion's Coffee Connection Comerica DCI Food Equipment Decanter Imports Delicato Family Vineyards Financial Corp. Frito-Lay Four Seasons Beverage & Equip. Frank Kaminskas & Associates Future Brands LLC General Wine & Liquor Company: General Liquor Brown Forman Beverages

General Liquor
Brown Forman Beverage:
Charles Jacquin
David Sherman Corp.
Distillerie Stock
Doyna Michigan
Heaven Hill Distillers
Paramount
Pearl Vodka
Remy Martin
White Rock Distillers
William Grant & Sons

General Wine
Acosta-Motts
Allied Domecq Wines
A&M International
Barton Brands Ltd.
Batavia
Bear Flag
Boca Import & Market Co.

Brown Forman
Canandaigua Wines
Caravelle

Carriage House (Verdi)
Chalk Hill Winery
Charles Krug Winery
Conterra Wines
David Sherman
Deloach Winery
Diageo Wines
Distillerie Stock
Domaine St. George
Halewood International

Eing Estate
Cobrand Corp.
Leelanau
Mart Brewing Co.
Perific Wine Co.
Permod Ricard
Purple Pine Co.
Rayumand Vineyards
Remy merique
Rolar Imports
Royal Wine
Rutherford Benchmark

Schweine Vineyards
Shaw-Ress
Sidney Frank Co.
Spring Mauntain
Stimson-Lane
Southcorp Wines
Swedish Beverage Co

Tabor Hill
Takara
The Wine Group
Whitehall Lane
William Grant
Wine Wave
Winesellers Ltd.
21st Century Brand
Great Lakes Division
A. Hardy USA

Barton Brands LTD
Canandaigua
Mango Bottling
Nicholas Enterprises
Petmod Ric.
Shaw-Ross International
Sidney Frank Imports
Todhunter Imports
J. Lewis Cooper Company
Allied Domecq Wines
Bacardi
Brown-Forman
E & J Gallo Winery
Koan Spirits / Zodiac

Skyy Vodka
UDV-North America
Jones Soda
Josulete Wines, Inc.
Kansmacker
Kehe Foods
Market Place Solutions
Miller Brewing Company
Mountain Air
National Wine & Spirits:

Marie Brizard

National Wine & Sp Allied Domecq Bacardi USA Bishop Wine
Crillon Co.
Diagen
Laird & Co.
Luctor International
McCornick Distiller
Majestic Distillers
Millennium Co.
Spirit of Hartford
St. Maarten
White Rock Dist.
Wilson Daniels

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Pepsi-Cota PMCR Security Financial Services Stone | Creek Brewing Dompa Tri-Citie | Tobacco Leduction

Verizon Wiseles
Viviano Wine Esporters:
M. Trinchero | Sutter House
Pranciscan / Lancia
Cavit

**Industry Trends, continued from Page 1** 

suppliers like Brown-Forman have realized the consumer demand for premium and super premium brands. Over the past few years, they have introduced Jack Daniel's Single Barrel, Gentleman Jack and Woodford Reserve to great success and rave reviews. These three brands have proven you don't have to be imported vodka to show good growth and gain consumer loyalty.

Time will tell, but I believe the premium and super premium brands will continue to grow, and the next hot brands may come from the rum and imported cordials categories. Two brands to watch for, Appleton Estate VX Rum and Amarula Cream."

Faiez Asmary from National Wine & Spirits: "The Spirits industry is up a little less than 1%, during the first six months of 2002. Vodka remains the number one category, with over a 25% share of the market. Rum is second with a 14% share. Cordials and Canadians were next with about a 13% share

each

The fastest growing category in 2002 is Tequila, after a large drop last year fueled by a shortage of product scare and price increases. Tequila is back on the positive side with a sales growth of 4.5%. Rum was second in sales growth and Vodka third. Jose Cuervo leads the Tequila category with over a 51% share, and Jose Cuervo 1800 with almost a 9% share The biggest gain in share of market was Sauza; it grew its share of the market by almost 1.5%. In the large Vodka category, Smirnoff is the volume leader, followed by Popov and Absolut. Smirnoff's growth is being led by their flavors. Both Stoli and Smirnoff grew their flavor business in the first half of 2002. According to IRI Infoscan, Smirnoff is the #1 selling flavored vodka in Michigan. The consumer is going to see more flavor types, and more vodka brands producing flavors over the next few months.

The number two category, rum,

#### Why your peers attend the AFD / Beverage Journal Holiday Show:

"I want to see what's new in the market," said **Keith Hester from Bonfire**Bistro and Brewery. "In addition to our beers, we offer a variety of martinis and
cosmopolitans, so I'm looking for different mixers and unique drink
combinations. I'm also interested in meeting new distributors."

"I attend the show to preview new releases in the wine market, and I did see some Chilean wine that I was not familiar with," said Eric Novak from Hiller's Market.

"I am interested in exploring different marketing and merchandising ideas," said Sam Shoukri from Showerman's Fine Wine. "I want to know the best way to pair beverages with food. I'm also looking for unique ideas about how to promote certain products."

#### **Show Hours:**

Wednesday, September 25, 2002 5 p.m. - 10 p.m. Thursday, September 26, 2002 4 p.m. - 9 p.m. Burton Manor, Livonia, Michigan

Make the Connection; ask your sales rep for a half-price coupon to the AFD / Beverage Journal Holiday Show!

AFD members receive FREE TICKETS... watch your mail.



"Make the Connection" at the AFD/ Beverage Journal Holiday Show with these specials!

Connect with new products and show specials. Here are samples of some of the great deals:



Buy 10 cases of **Absopure** Spring Water (16 oz, 25 oz, 1 liter and 1.5 liter) and get five cases free.

Brown-Forman Worldwide Beverages is proud to introduce Amarula Cream, the finest natural and rich smooth cream liqueur. On the wide-open plains of Africa grows the Elephant Tree that bears the wild Marula fruit. From the Marula fruit an oak-aged liqueur is created. This captivating and exotic cream can be enjoyed on the rocks, neat or in creative cocktails.



Buy one case of coffee from the Coffee Connection and receive \$5 off a second case.

#### ComericA

Comerica Bank will be raffling off goodie bags full of merchandise, and they will be serving baklava throughout the show.



Profit up to \$5,088.00 with every \$540.00 invested; ask for more details when you visit Four Seasons Beverage & Equipment. Take advantage of special holiday show pricing on top of the line Breeze Freeze Ultra Gourmet Ice System, and receive free installation and training (manual fill frozen drink machine or auto fill frozen drink machine).

Frank Kaminskas & Associates will be raffling off an Anheuser-Busch stein.

Future Brands LLC will be sampling two new flavors, Dekuyper Tropical Pineapple and Dekuyper San Tropique.



General Wine will be sampling the following new wines: Talus 1.5 liter from California, Hartford 200 ml & 1.75 liter and Archipel both boutique wines, Verite "La Muse" and Verite "La Joie" from France, Quail Ridge Reserve from California, Bell a benchmark wine, Stimson Estate Cellars 1.5 liter from Washington, Maestro Italiano, Franz Reh from Germany, and three Chilean wines, 35 South Mountain, Castillo De Molina and Gato Negro, and from Australia, Penfold's Rawson Retreat, Penfold's Thomas Hyland and Lindeman 1.5 liter.

General Wine will also be sampling: Jack Daniel Malt, Jaz Hard Lemonade,

Red Square, a vodka energy drink, Raw Spirit, an English vodka premix in an aluminum bottle, and Caribbean Twist, a refreshing premix malt beverage.

Only 2000 cases a year are produced of these exceptional German wines. Josulete Wines, Inc. is the only distributor in Michigan for

the Kroth Winery located in Merl, Germany, a family owned and operated business since the 1800's. Come and sample Merler Konigslay Riesling, Merler Klosterberg Riesling Cabernet, Merler Konigslay Riesling (late harvest), and Merler Konigslay (select harvest). All grapes are grown on steep terraced slopes and are of exceptional quality.



#### KANSMACKER

Kansmacker will display their new Stainless Steel Reverse Vending Machine. Also look for the introduction of three new machines that will accept individual containers, and separate machines for cans, plastic and glass. Any orders placed at the show will receive ten cases of free hars.



Customers receive faster and more accurate checkouts, and employee training time is reduced with ECR Software Corporation's Catapult point of sale software. Market Place Solutions is the exclusive dealer and will be introducing this software package at the show.

Miller Brewing Company will be sampling Jack Daniels



Hard Cola, Skyy Blue, Stolichnaya Citrona and Sauza Diablo.

Mountain Air will be raffling off a Commercial Portable Air Cleaner each show day.

#### AFD is accepting nominations for the Board of Directors

It is time to choose our new AFD Board of Directors for 2003. Any voting member of the association may be nominated to sit on our board.

In order to be eligible, you must be a member in good standing for no less than the prior 12 months and you must be nominated in writing, no later than October 19, 2002. All nominations require the support of 26 other members in good standing or a majority vote by the nominating committee. If you are a retail member, you must seek a retail position on the board. If you are a general member, you must be nominated to stand for a general director's position.

In addition, the AFD will accept nominations for regional directors' positions for regions 5 and 6.

Please send your nominations with supporting signatures to the AFD Nominating Committee, 18470 West Ten Mile Road, Southfield, Michigan, 48075.

Our board of directors sets policies by which the AFD is governed. We urge all AFD members to get involved by nominating candidates you feel will devote their time and talent to represent the food industry with professionalism and integrity.

## NATIONAL wine spirits corporation

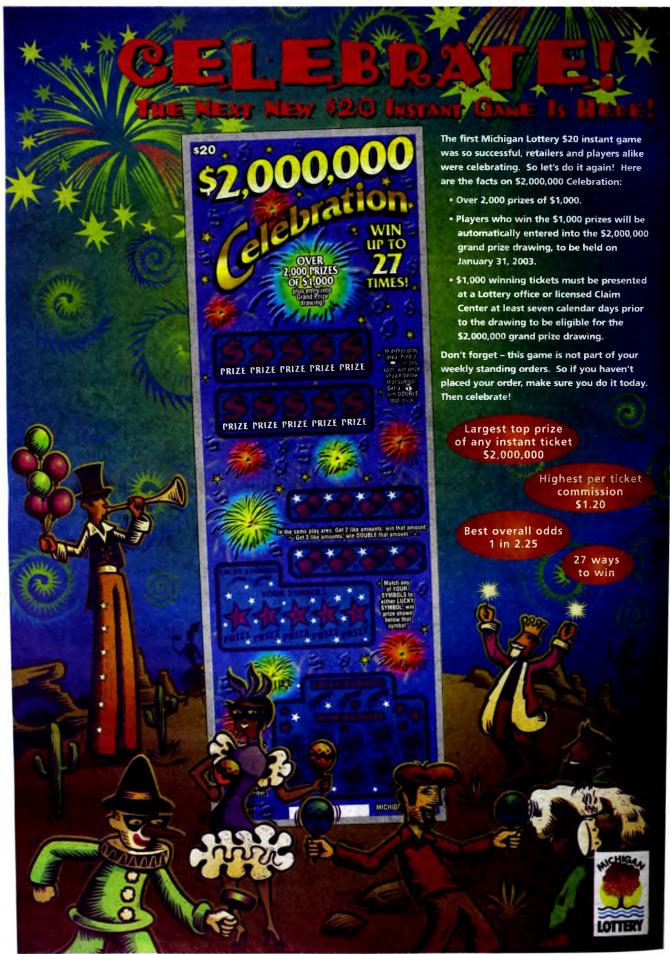
National Wine & Spirits will be sampling the following new products: Smirnoff Apple Twist, Kahlua Especial, Kahlua Black Russian 4Pack, Red Bull Vodka, Tarantula Margarita 4 Pack, and Tipperery Irish Cream. They will also be featuring limited quantity holiday gift sets, and retailers will have a chance to place their preorders.

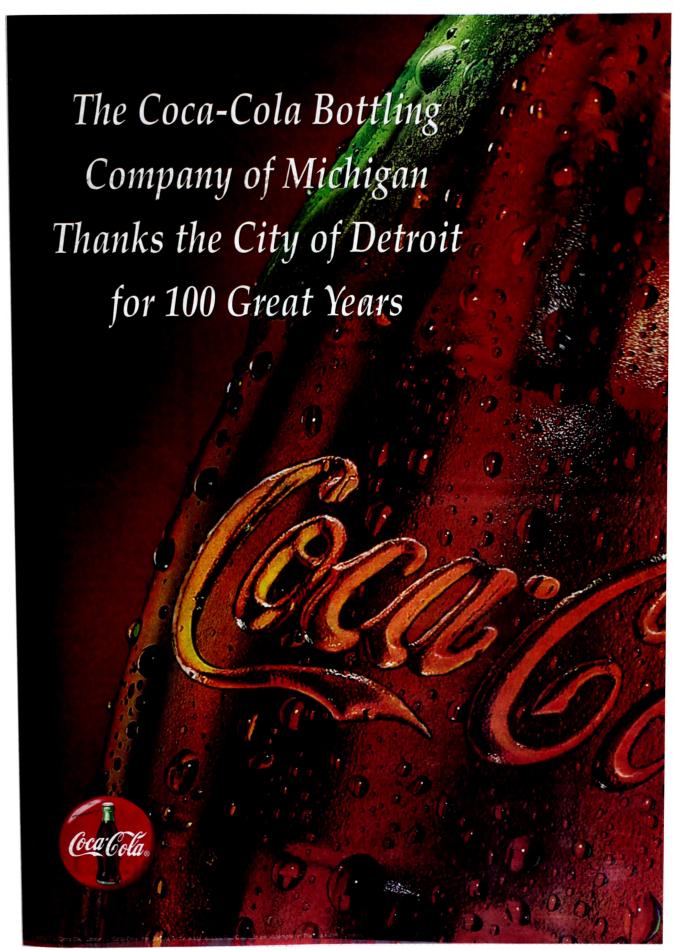
This is just a small sample of the new products and trade show only discounts that will be available. There will be hundreds of exhibiting companies showing, selling and sampling the very latest new products. Plus, there will be fun games, and cash prizes will be awarded every hour.

CONNECT with FUN!!!

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#### Lottery Lowdown

#### Excitement will rise waiting for the red ball to fall!



By Acting Commissioner Jim Kipp Just a reminder that beginning September 2, the Lottery will be

giving Daily 3 game players a second opportunity to win on the same Daily 3 ticket! The Daily 3 Red Ball Double Draw promotion will run from September 2 through September 21, 2002.

After each regular Daily 3 evening drawing (Monday through Saturday) during the promotion, the Lottery will conduct another drawing using a separate machine that contains five white balls and one Red Ball. When the Red Ball is drawn, the Lottery will then draw a second set of Daily

3 numbers, giving players a second chance to win on the same ticket. Prize amounts for the Red Ball Double Draws are the same as for the regular drawings.

When a white ball is drawn, it will be taken out of the machine and set aside—resulting in one less white ball to draw from the next night and increasing the chance of drawing the Red Ball. Double Draws will not occur on nights when a white ball is drawn.

Whenever the Red Ball is drawn,

all of the balls will be returned to the machine for the next drawing. It is guaranteed that at least three Red Ball Double Draws will occur during the promotion, and players can watch the drawings live every evening at 7:28 p.m. on their local Lottery network television station.

With all of the additional winners that will be generated, your sales will be sure to rise as players wait for the Red Ball to fall!

Free Instant Ticket Coupon. In February and April of this year, Lottery players throughout the state redeemed special promotional Lottery coupons that offered one free \$2 instant game ticket with the purchase of any \$5 instant game. Those coupons were distributed via select home-delivered newspapers and they were a huge hit with your customers!

Due to the huge success of the first two instant ticket coupon promotions, the Lottery has chosen to distribute another "Buy a \$5 Instant Ticket, Get a \$2 Instant Ticket Free" coupon on September 15 in more than 1.6 million home-delivered newspapers across the state. Coupons expire October 13, 2002, and must be validated by October 27.

The redemption method on the new coupons is exactly the same as it was for the first coupon. When a customer comes into your store, makes a \$5 instant game purchase and presents a valid coupon, all you need to do is give them the \$2 instant game ticket of their choice. Simply scan the barcode on the coupon at the time of purchase, then enter the underlined five-digit number from the coupon through your terminal. You do not need to turn the coupons in to the Lottery. Instead, handle the coupons as you would a validated instant game ticket. You will receive a 2-percent cashing commission on each coupon you take in!

"\$2,000,000 Celebration"
Instant Game Ticket. The brandnew \$20 "\$2,000,000 Celebration"
instant game, which went on sale
September 5, is different than any
Michigan Lottery instant game to
date

More than 2,000 prizes of \$1,000 will be awarded, offering players terrific odds of 1 in 852 to win that prize! Instant prizes ranging from \$20 to \$540 will also be available and may be paid by any Lottery retailer (approximate overall odds of winning a cash prize are 1 in 2.25).

When winners of \$1,000 prizes

See Lottery Page 37



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AFD Food & Beverage Report, September 2002.....23



#### Meet the AFD 2002 Scholars

The Associated Food Dealers of Michigan is proud to award scholarships for the 2002/2003 school year to these deserving students. Thanks to the support of our sponsors from the AFD Scholarship Golf Outing in July, we were able to award 30 scholarships this year!



Michelle O. Adebayo Submitted by Superior Fish Co. Sponsored by Pernod Ricard USA Michelle

plans to attend her first year of college at the University of Michigan in Ann Arbor. She graduated in 2002 from the Academy of the Sacred Heart High School in Bloomfield Hills where she received high honors. She participated in varsity lacrosse, basketball, and skiing, and was the Blue and Gold school spirit group leader. Michelle also volunteered at an elementary school once a week and monthly at Focus Hope, a charitable food organization.

Theresa H. Bashi Submitted by Freeway Liquor Shoppe Sponsored by Anheuser-



Theresa will be a freshman attending Wayne State University in Detroit, majoring in pharmacy. She graduated in 2002 from Walled Lake Western High School in Walled Lake She was on the honor roll and was awarded Outstanding Marketing Student.



Braden M. Boji Submitted by Orchard Market Place Sponsored by Coca-Cola **Bottling Co. of** Michigan

Braden will be a junior at the University of Michigan in Ann Arbor majoring in computer/electrical engineering. He graduated in 2000 with honors, 12<sup>th</sup> in his class from Brother Rice High School in Bloomfield Hills. Braden received the Michigan Competitive Scholarship and the Michigan Merit Scholarship. Braden has been on the Dean's list all through college.



Rebecca M. Brooks Submitted by Maria's Bakery Sponsored by CROSS-MARK Sales Agency

Rebecca will be a freshman attending the University of Michigan in Ann Arbor, studying business. She graduated in 2002 as valedictorian from Wayne Memorial High School in Wayne. She received the Michigan Merit Scholarship and awards for outstanding work in Accounting II, Ecology and AP English.

Heather L. Drake Submitted by Foster's Supermarket Sponsored by Absopure Water Company

Heather will be a junior at Michigan State University in East Lansing, studying early childhood development. She graduated in 2001 from Manton High School in Manton, where she was on the honor roll. She was also a member of the National Honor Society, track, band, color guard, and received the Michigan Merit Scholarship.



Noor Elias Submitted by Chaldean Federation of America Sponsored by Chaldean Federation of America

Noor will be attending Oakland University in Rochester, studying accounting and finance. She graduated from Troy High School in Troy with a business department award and a red cord for her grade point average. She was a peer mediation member while in high school.

#### Tim K. Habib Submitted by Leon's Party Store Sponsored by Kowalski Companies

Tim will attend his junior year at the University of Michigan in



Dearborn, studying computer engineering. He graduated in 1997 from Churchill High School in Livonia and received a

mathematical scholarship award from Schoolcraft College in 2000. He has maintained a 3.9 grade point average throughout college.

Matthew J. Hakim Submitted by Emily's Delicatessen Sponsored by DTE Energy/Detroit Edison



Matthew will attend his sophomore year at the University of Michigan in Ann Arbor, studying theatre and dance. He graduated in 2001 from De La Salle Collegiate High School in Warren. There, he was vice-president of the National Honor Society, founder and first president of De La Salle Drama Club, captain of the forensics team and captain of the debate team. He received the Macomb Scholarship Award and the AP Scholarship Award. Now in college, he is part of the Executive Public Relations of Residence Halls Association.



Julia D. Hawkins Submitted by Breadsmith Sponsored Canandaigua Julia will attend her junior

year at Franklin College Switzerland, studying international economics and international banking and finance. She graduated in 1999 from John Cooper High School in The Woodlands, Texas. She was a TAAPS current events finalist, played on the golf team, was French Club president and belonged to the National Honors Society. She was the student union secretary for the 2001/2002 academic year, and will be student union president during the 2002/2003 academic year.



Emily J. Heller Submitted by Stillwater Grill Sponsored by Philip **Morris** U.S.A. Emily will be a junior at Michigan

State University (MSU), in East Lansing, studying child development and advertising. She graduated in 2000 from Haslett High School in Haslett and has been on the dean's list at MSU.

Brian D. Hesano Submitted by Pilgrim Party Shoppe

Sponsored by Verizon Wireless

Brian will be a sophomore at Purdue University in West Lafayette, Indiana, studying aeronautical engineering. He graduated in 2001 from Detroit Catholic Central High School in Redford. He is on the Dean's list and received semester honors for both of his freshman semesters. He has been accepted into a co-op program and will be working for General Electric Aircraft Engines Division in the fall.



Tanya M. Kako Submitted By King's Market Sponsored by American Bottling Co. 7-LIP Detroit

Tanya will be a senior at Michigan State University in East Lansing, studying finance. She graduated in 1999 from Flushing High School in Flushing. She received the AFD scholarship in 1999 and the Kitty Fuller Scholarship in 2001. She is now on the dean's list and a member of Kappa Delta Sorority.

Sonia L. Lousia Submitted by Round **Haus Party** and Pizza Sponsored by Petitpren, Inc.



Sonia will attend her junior year at Wayne State University (WSU), in Detroit, studying nutrition and health sciences. She graduated in 2000 from St. Agatha High School in Redford. She is the secretary of the Chaldean American Student Association at WSU.

Matthew P. Michlitsch Submitted Fortino's Sponsored by Diageo Matthew will

he a senior at Purdue University in West Lafayette, Indiana, studying biomedical engineering. He graduated in 1999 from Grand Haven High School in Grand Haven. Matthew is a member of the National Society of Collegiate Scholars, Phi Eta Sigma Honor Society, Alpha Lambda Delta Honor Society, and National Service Fraternity. He has been on the dean's list throughout college and has received semester honors for the last 2-1/2 years.



Sandra will be a sophomore at Wayne State University in Detroit, studying electrical and computer engineering. She graduated in 2001 from Crockett Technical High School in Detroit. She has a grade point average of 3.3 and is a member of the Society of Women Engineers, (SWE).

La'Mont C. Muhammad Submitted by Metro Foodland Sponsored by Interstate Brands-



La'Mont will attend his junior year at Wayne State University in Detroit, studying accounting. He graduated in 1987 from Redford High School in Detroit. He is president of the Pre-Law Student Association, serves on the student Senate and is vice president of communications. La'Mont is a member of the Golden Key International Honor Society and the National Association of Black Accountants



Roxanne will attend her junior year at Michigan State University in East Lansing, studying business administration. She graduated in 2000 from Marian High School in Bloomfield Hills. Throughout high school she was on the honor roll, was a member of student government, and received a Scholar Athlete and Service award.

Muideen Ogunmola Submitted by NAACP Sponsored by Brown-**Forman** Beverage Co.



Muideen will be attending Alabama State University studying fine arts and marketing. He graduated from Detroit High School of Fine Arts in Detroit, where he won the Silver Key in Scholastics two years in a row.



Matthew S. Pisching Submitted by Eastown Distributors Sponsored by Eastown **Distributors** Matthew plans

to attend his first year of college at the University of Michigan in Ann Arbor, studying electrical engineering. He graduated in 2002 as valedictorian from De La Salle Collegiate High School in Warren. He was captain of the golf team, a Science Olympiad, a National Merit Finalist, and a member of the National Honor Society

Lauren M. Ramsev Submitted by NAACP Sponsored by Kar Nut **Products** 



Lauren will attend Michigan State University in East Lansing, studying microbiology, premed. She graduated Cum Laude from Lewis Cass Technical High School in Detroit. She was the first place gold winner at the science and engineering fair of Metro Detroit, received the Principal's 4.0 Award and the Outstanding Leadership Award from the Catholic Youth Organization.



University of Michigan in Ann Arbor, studying aerospace engineering. He graduated in 1999 from Lincoln High School in Ypsilanti. Bryan is currently vice-president of Aerospace Honors Society, he's on the dean's list and has received the Landes Prize for Outstanding Technical Writing.

Gregory R. Sheena Submitted by Village **Pantry** Foods Sponsored by Alex Bell

Memorial Scholarship

In the fall Gregory will be a freshman at Wayne State University in Detroit, studying pre-business. He graduated in 2002 from St. Mary's Prep High School in Orchard Lake.



attend her first year of college at the University of Michigan in Ann Arbor, studying English. She graduated in 2002 from Croswell-Lexington High School in Croswell. During her senior year, she was the secretary of the National Honor Society, and participated in the English Academic Games, band, French Club, and Quiz

Jennifer C. Stanis Submitted Stephen's Nu-Ad Sponsored by General Wine & Liquor Co.



Jennifer will attend her sophomore year at Oakland University in Rochester, studying Nursing. She graduated in 2001 as valedictorian from Utica High School in Utica. She received the Presidential Academic award, MAC All Academic Athletic award, and the US Marine Corp. Scholastic Excellence award. Now she is on the dean's list and received semester honors



Miller Brewing Company Addison will attend his first year of college at Monroe County Community College in Monroe. He graduated in 2002 from Monroe High School in Monroe

Stephanie M. Sulaka Submitted by Nickhlas Distributor Sponsored by National Wine and Spirits Corp.



Stephanie will attend her junior year at Central Michigan University in Mt. Pleasant, studying elementary education. She graduated in 2000 from Shrine High School in Royal Oak. She is the College Republican's Secretary, a member of the National Honor Society, and is currently on the Dean's list.



Cassidy L. Volek Submitted by Nash Finch Sponsored hy Central Distributors of Beer

attend her freshman year of college at the University of Missouri in Rolla, studying aerospace engineering. She graduated in 2002 from Birch Run High School in Birch Run. She was student council class secretary, vicepresident of the National Honor Society, and MHSAA Scholar Athlete Finalist.

Julia R. Weiss Submitted bv Frankenmuth IGA Sponsored by Faygo Beverages



Julia will attend her sophomore year at Lake Superior State University in Sault Ste. Marie, studying education. She graduated in 2001 from Frankenmuth High School in Frankenmuth. She is on the LSSU basketball team and helped win the GLIAC Conference and made it to the NCAA tournament. She also received the Board of Trustees Academic Scholarship.

See Scholars page 26



#### Meet the AFD 2002 Scholars

Scholars, continued from Page 25



Cydne K. Wines Submitted by AAA of Michigan Sponsored by AAA of Michigan Cydne will

attend her junior year at Oakland University in Rochester, studying communications and marketing. She graduated in 2000 from Oak Park High School in Oak Park. In high school she was a Wade McCree Scholar, Merit Scholar, Oak Park Business Alliance Scholar, and High School Academic Scholar. She is now a student mentor, an Oakland University Trustee's Scholar and again, a Wade McCree Scholar.



attend her junior year of college at Grand Valley State University in Allendale, studying therapeutic recreation. She graduated in 2000 as co-valedictorian from Comstock Park High School in Comstock Park. She is a member of the Therapeutic Recreation Club, an Honors College Member, and she received a Presidential Scholarship.

Megan E. Zimmer Submitted by Spartan Stores, Inc. Sponsored by Spartan Stores, Inc. Megan will

AFD wishes all of its scholars best wishes for continued

#### Scholars say thanks

Dear Canandaigua,

I just wanted to thank you for your contribution to the AFD Scholarship Program and for sponsoring me in particular. I really appreciate your financial support toward my college education. Without companies like yours many college students would find it very difficult if not impossible to attend the college of their choice. This program has helped me do this.

Thank you and all of those at Canandaigua again for your support. My family and I appreciate what you have done. I hope that you will continue to support students like myself in the future.

Sincerely, Julia Hawkins

Dear Faygo,

Thank you again for being my sponsor. As I now start my second year at LSSU, I appreciate so much your sponsorship of this scholarship. I plan on using the money for my books and tuition. Your kindness is something I think of often, for without my scholarships, attending LSSU might not be possible.

Thank you again, Julia Renee Weiss

Dear Anheuser-Busch.

I am writing to thank you for being my corporate sponsor for the scholarship that I received. I greatly appreciate it. I am going to use the scholarship towards Wayne State University to pursue a career in Pharmacy. It is a great assistance in helping me finance my schooling. I could not say thank you enough for your

gratitude. Thank you. Sincerely, Theresa Bashi

Dear Spartan,

Thank you for being my sponsor for the Associated Food Dealers of Michigan scholarship. The scholarship will help me pay for tuition and books this year at Grand Valley State University. I appreciate your generosity and would again like to extend my thanks.

Sincerely, Megan Zimmer

Dear DTE Energy,

After living through my first year of college at the University of Michigan, I know how expensive life can get when you are away from home. Coming from a household of four brothers, my father has several huge expenses each month. Your sponsorship of the Associated Food Dealers scholarship is a tremendous help to me and my family. I want to thank you very much for making it easier for my father to continue sending me to college.

Your generosity will alleviate much pressure from my father, who insists that I not worry about my financial life while studying at the University. I had quite a successful first year here, and I am looking forward to continue. My current majors are theatre and dance.

So thank you again for all that you have done and your generosity, it is greatly appreciated by me, my father, and my four brothers.

Sincerely, Matthew Hakim

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#### **Scholars say thanks**

Dear General Wine & Liquor,

Thank you so much for making my AFD scholarship possible. The scholarship money will go to good use and it is truly appreciated. I hope you enjoyed the golf outing and the banquet as much as I did. It was wonderful to meet you and again thank you very much.

Sincerely, Jennifer Stanis

#### Dear Coca-Cola,

I would like to thank you for being my corporate sponsor for the AFD scholarship award. The money will be put to good use toward my higher education. Thanks for helping make a difference and supporting students such as myself. Sincerely, Braden Boji

#### Dear Petitpren,

I would like to take this time to thank you for your sponsorship that allowed me to receive a scholarship on behalf of the Associated Food Dealers. It was very nice meeting you at the banquet program. The scholarship money will be very helpful when I move forward through my college career. I appreciate it more than you probably know and once again would like to thank you for your generosity.

Sincerely, Sonia Lousia

Dear AFD Scholarship Committee and Central

Thank you for all your hard work, time and effort. If it wasn't for you, the scholarship and dinner would not have been as wonderful. You all are wonderful, dedicated and organized people. Sincerely, Cassidy Volek

#### A Big Thanks for all the time and products that were donated to make the AFD Scholarship Golf Outing a success!

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...and all the others that helped!!!



#### As energy drinks power up market share, Magic Recovery invades U.S.

By Michele MacWilliams Energy drinks - those slim, 8 ounce cans of carbonated liquid that offer a punch of caffeine and other pick-me-up products - are moving from the bar scene into mainstream.

Red Bull, the industry leader with roughly 70% of the 7.55 billion (2001 est.) energy drink market, introduced the category in 1985. Originating in Austria, the caffeine, sugar, vitamin & mineral-packed beverage became a hit as a mixer in nightclubs and as an energy booster for cramming college students and long-haul truck drivers.

Anheuser Busch, Hansens and other beverage companies quickly jumped on the bandwagon to introduce competing products. According to Beverage Market Corporation, energy beverages garnered more that 7 percent of soft drink sales in 2000, and the category is growing quickly.

Convenience stores are by far the largest channel for energy drink sales, with 69 percent of the market. The reason is that the drinks are primarily purchased individually, for an immediate, quick energy boost.



Scarletta

The newest entry into the energy drink arena is Magic Recovery. Produced in Sweden, Detroit Red Wings defenseman, Nicklas Lidstrom is a major principal in the parent company, Swedish Beverages Inc.

Sam Scarletta, central regional vice president, says that what sets Magic apart from the others is its ingredients

According to Scarletta, Magic Recovery works in three stages with a carefully balanced combination of

fructose, guarana and ginseng. The company's sales brochure says that Magic sharpens the senses, improves concentration, coordination and auickens reflexes.

"People have become more health conscious and they exercise more," says Scarletta. "We want to stay

healthy and eat and drink products that are good for us. Magic Recovery fits into this mindset. Lidstrom swears by this stuff and drinks it when he plays.'

The ingredient list for Magic Recovery are short: water, fructose, citric acid, guarana extract, carbon dioxide, natural and natural identical flavors, maltodextrine, ginseng,

sodium citrate and natural caffeine.

Ginseng is a root that originated in China and has been used for thousands of years to improve stamina and concentration. Guarana seed contains more natural caffeine than coffee or tea, but has been rated "generally recognized as safe." by the US Food and Drug Administration. Together with fructose (sugar), the company says Magic provides fastacting energy that is particularly well suited for the active sports enthusiast.

The company claims that Magic is free of chemically manufactured ingredients such as taurine. preservatives, or artificial colorings.

"Recent market trends have indicated a move toward natural products and away from chemicallybased brands and Magic is in the perfect position to fulfill consumer demand for something natural and different," said Mervyn Silver, managing director of Megaboom Ltd., the UK distributor for the brand.

Magic is currently sold in a number of European countries and

> has now crossed the Atlantic to invade the U.S.

Marketing Magic Recovery to the U.S. market has started. naturally, in the Midwest, where Lidstrom's name is well known. Scarletta says that 20,000 cans were passed out at the Red Wing's last game of the Stanley Cup. More were handed out the next week at the victory parade.

"We're introducing the product at major Michigan events, including U of M

football games, during the Woodward Dream Cruise, and at the U of M Bookstore during the first day of classes," enthused Scarletta.

In addition, in-store signage that includes photos of Lidstrom, billboards, and radio commercials will support brand identity of the product, which at an intended retail price of \$1.99, is at the premium end of the energy drink category.

Magic Energy is being distributed in Michigan by CROSSMARK Marketing Agency, Tom Davis & Sons' Dairy and General Wine and Liquor. Look for it at the AFD/ Beverage Journal Holiday Show, Sept. 25 and 26 at Burton Manor in

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#### **Engler signs under-age license**

Though he vetoed the funding for the change, Governor John Engler signed legislation providing for driver's licenses of those under legal drinking age to be vertical rather than horizontal.

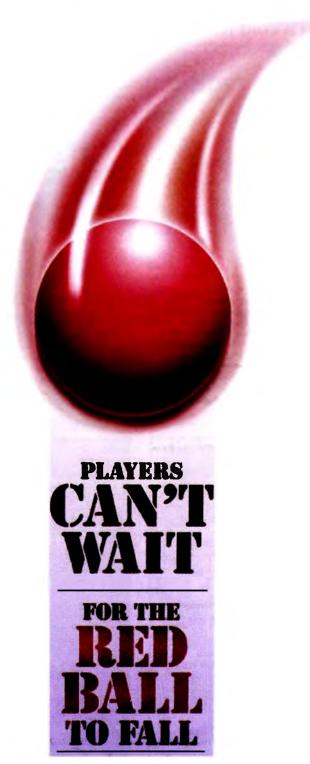
Under the license bills (SB 924 and SB 925, PA 553 and PA 554), anyone under age 21 would be issued a "portrait" license or state ID card rather than the current "landscape" oriented card. The card also would be required to carry the date on which the person will turn 18 and 21.

The program was set to cost \$1 million from the State Services Fee Fund, but Mr. Engler argued in his veto letter for the general government budget (HB 5646, PA 528) that the fund was not the appropriate revenue source of the project and that \$1 million for developing a new license, given the current state of the budget, was excessive.

"We're going to review the new law to see what our options are and if we have options because certainly this will be a very expensive program and it is one we cannot do without the funding," said Elizabeth Boyd, spokesperson for the Department of State. But she noted that the bills are not effective until July 1, 2003, "so we have some time to study.

Sen. Loren Bennett (R-Canton). sponsor of the legislation, said be expected, based on the veto message that the funding was cut in response to the three ballot proposals and that, should those proposals fail, it would again be considered for funding.

Kelly Chesney, spokesperson for the State Budget Office, said the contract for the driver license production is expiring and the plan is to include the new design in the terms of the new contract. "We believe we can build it into the criteria for the contract proposal, so we don't believe moving to vertical driver license should cost that much," she said.



During the Daily 3 Red Ball Double Draw promotion, excitement will rise — and so will sales! Players have a great new reason to come to your store and play the Daily 3 game: when the Red Ball falls during the evening drawings, they get a second chance to win on the same ticket. And it's guaranteed to happen at least once a week!

So make the most of the Daily 3 Red Ball Double Draw for your store. Remind your customers to play the Daily 3 and to watch the evening drawings to see if the Red Ball falls. Because when it does, more happy winners will come back to your store for more!

Limited time only! September 2 - 21 Monday - Saturday Evening Drawings



#### AFD on the Scene

#### AFD staff learns a cold lesson





Antique ice saws in the ice museum

On August 13, the AFD staff took a field trip to Party Time Ice in Port Huron. "I think that it is important for our staff and consultants to get out of the office and visit members in our industry," said AFD President Mike Sarafa. The visit included a tour of the ice-making factory and a very interesting tour of the Ice Museum. Much thanks go to Chuck Knowlton and Marty McNulty of Party Time for a wonderful afternoon and a great education in ice history!

#### **Snapple Big Apple Spree**

Wendy Kaufman, a.k.a "The Snapple Lady" "teaed" off on a Circle Line ship to inaugurate her Snapple Summer Spree she traveled all over the Big Apple this summer, handing out ice cold Snapple to hot and thirsty New Yorkers.



#### Consumers continue to show brand loyalty

According to a new survey released by the Grocery Manufacturers of America (GMA), three quarters of all American consumers consider a product's brand before making a buying decision, and 49 percent of US consumers say that a "familiar brand name" is the first or second most important factor in making a supermarket purchasing decision.

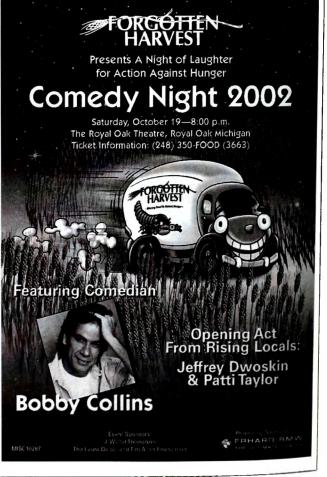
Other details from the GMA study:

- \* Sixty-seven percent of respondents said they would "chase the brand" to a different store if it wasn't available or do without until the next shopping excursion.
- \* Consumers are twice as likely to choose a brand that is of high quality but costs more, than one of average quality that costs less (57 percent to

28 percent).

- Americans would also pay a higher price for "a product whose taste they enjoy" (41 percent) and a "product with added health and nutritional benefits"(25 percent).
- \* Eight-four percent of those polled said that store brands "copy national brands' products." Sixty percent say that store brands look like national brands and 37 percent said that store brands develop new products on their
- \* More than eight-in-ten Americans frequently consider the price of a product before making a final selection. Over half (55 percent) say that an in-store product sale or coupon is most or second most important in making a specific purchase, including 50 percent of those with household earnings of \$90,000 or more.





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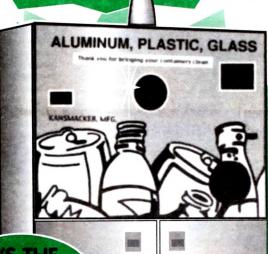


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# Representative Switalski welcomes the "tug and tussle" of politics

by Kathy Blake
State Representative Michael
Switalski (D-27) greets the challenge
of being a legislator with open arms.
"I enjoy it, it's a great tug and tussle,"
he said noting that resolving
differences between various interest
groups is the key to good
government.

"If we do our job right, we fashion an honorable compromise that represents the best interests of everyone in the state," says Rep. Switalski

"It's always fresh," he said in regard to the diversity of problems that he and his colleagues face in Lansing.

#### Senate nominee

Rep. Switalski is the Democratic nominee for the 10<sup>th</sup> district state Senate seat in southern Macomb County. He defeated State Board of Education member, Sharon Gire, in the Democratic primary last month. He is running against Republican Stephen Rice for the state Senate seat this fall.

#### Committee assignments

Currently in his second term, Switalski represents the 27<sup>th</sup> district which includes the cities of Eastpointe, Roseville and St. Clair Shores in Macomb County. He serves on the Appropriations committee. "That committee seems to be where people work together the best, regardless of party affiliation," says Switalski.

His subcommittee assignments are: vice-chair of Family Independence Agency; vice-chair of School Aid and Department of Education and the subcommittee on Community Colleges.

Switalski is concerned with the Family Independence Agency, which has the third largest budget in the state. A major part of that budget goes to the food stamp and WIC programs. He says the biggest problem with food stamps is the error rate due to manpower constraints. The representative requests input from members of the Associated Food Dealers on what the agency can



State Representative Michael Switalski (D-27<sup>th</sup> District) Eastpointe, Roseville, St. Clair Shores

Minority Caucus Chair Appropriations committee

Subcommittee assignments:
Vice-chair of Family Independence Agency,
Vice-chair of School Aid and Department of Education
Community Colleges

do to make processing food stamps easier and more efficient for all involved.

#### Cigarette tax

Rep. Switalski voted against the budget package that included the 50 cent cigarette tax increase. "I thought it was bad policy. It's not bringing in any new money, it's just shifting who pays us," he said. According to the representative, the single business tax acceleration and other cuts will cost us \$300 million. The revenue from the cigarette tax increase is projected at \$300 million.

"What did smokers do, why do they have to pay this?" says Rep. Switalski. Studies have shown that most smokers are at or near poverty level income, and the representative doesn't feel they should pay the budget deficit.

Now that we have the second highest cigarette tax in the nation, Rep. Switalski believes "the sales in convenience stores will be down because people are going out of state to purchase cigarettes or buying on the black market."

#### **Bottle bill expansion**

Switalski sponsored a bill for bottle deposit expansion in 2001 to include water and juice containers. Since the original bottle deposit bill was passed by voters, it would take 3/4 of the legislature to amend it. While Switalski is concerned with the impact on the environment from the increased consumption of single-use, non-carbonated drink containers, he is aware that it could create hardships for retailers and wants input from

those affected to make it fair and as painless as possible. "I don't want to make anyone rich or lose their business over it," he said.

#### Background

Switalski was chief of labor relations at General Dynamics, Detroit Arsenal Tank Plant from 1985 to 1993. He was appointed to fill a vacancy on the Roseville City Council in 1989. Switalski has a rather political family. His mother had also served on the Roseville city council in the early '80s and his older brother, Mark Switalski, is a circuit court judge in Roseville.

Rep. Switalski became a Macomb County Commissioner in 1993 and served until 1998 when he was elected to his current state representative seat. While a commissioner, he also chaired the Macomb County Planning Commission, was trustee of the Macomb County Retirement Board and served on the Area Agency on Aging.

Switalski graduated from Roseville High School in 1973. He received a B.A. in classical languages and an M.A. in history at Louisiana State University and went to Scotland 1981 to work towards his Master of Letters in Politics, at the University of Aberdeen.

While in Scotland, he met and married Roma Heaney, a native of Scotland. Rep. Switalski is himself half Polish with Scottish and Irish background. They have a son who plays soccer which the representative coaches. The three have begun playing golf together for recreation. The family celebrates Robert Burns birthday every year with a "Burns night party." Burns was a famous Scottish poet who wrote often about his "barley bree," a Scottish whiskey. At the party, Rep. Switalski serves Haggis and single malt premium whiskey to commemorate the poet's

To reach the representative, call (517) 373-0854, email: mswital@house.state.mi.us or write Rep. Michael Switalski, Michigan House of Representatives, PO Box 30014, Lansing, MI 48913.

# Bill Newlands named president of Allied Domecq Wines USA

William A. Newlands, Jr., was recently appointed to the position of president of Allied Domecq Wines USA.

Newlands replaces Mike Jellison who will help in an interim transition. Newlands takes full responsibility of Allied Domecq's North American wine business.

Graduating from The Wharton School, University of Pennsylvania, with a B.S. in marketing and Human Relations, and completing his MBA at Harvard Business School, Newlands joined Ernest and Julio Gallo in 1985, completing his tenure as Vice President of Marketing.

In 1995, Newlands joined LVMH as President and CEO of the North American still and sparkling wine group. In 1999, he joined Wine.com and served as President and CEO until the sale of the business last year. Under Newlands' leadership, Wine.com grew from \$2 million to a \$30 million business.

#### Miller promotes Mikulay, Brodman and Stein

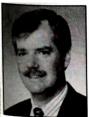
Miller Brewing Company recently named: Bob Mikulay executive vice president, sales and marketing; Douglas Brodman, senior vice president sales and

distribution
and Regenia
Stein, vice
president
national
accounts and
sales
planning.
Mikulay
has been with
Miller as



senior vice president-marketing, since 1999. Previously he served as senior vice president of marketing for Philip Morris USA, Miller's parent company.

Brodman served as Miller's vice president of national accounts and sales planning prior to his new appointment.



He joined Miller in 1999 as vice president-sales for the Eastern region. Before joining Miller, Brodman worked in the beer industry for nearly 18

Stein was formerly group sales director-supermarkets. She joined Miller in 2001 as team director-National Kroger Companies. Previously, Stein worked at Kraft Foods organization for 18 years and fone through the ranks to director of sales strategy and then director of category use planning.

#### People

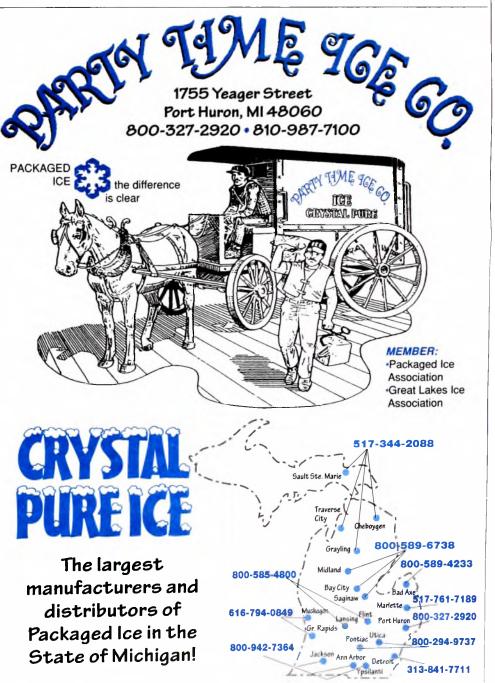
#### Noelle Clark to Head Consumer & Industry Services

Noelle Clark, an experienced business leader and small business advocate has been tapped by Governor John Engler to head the Michigan Department of Consumer & Industry Services following the departure of Kathy Wilbur.

Together with her husband Ellis, Clark owns and operates Lansingbased Hasselbring-Clark Company which sells and services copiers and advanced imaging equipment copiers. As employees of the company in 1976, they bought and turned it from a six-employee firm with annual sales of \$300,000 into a company with more than 50 employees and annual sales in excess of \$10 million.

Clark was a delegate to the 1995 White House Conference on Small Business. She currently serves on the National Board of Directors for the National Federation of Independent Business (NFIB), the Advisory Council of NFIB/Michigan and is a member of the Michigan Workforce Investment Board.





# USDA to force stores to audit produce and meat suppliers

by Tim Hammonds, FMI President and CEO

Charged by Congress with implementing a Country of Origin Labeling program for fresh grocery products, the US Department of Agriculture is considering placing the burden solely on retailers. The obvious problem with this is that only the producers, growers or the importers really know where their fresh products come from.

USDA is getting ready to issue guidelines implementing the new law which becomes mandatory on Sept. 30, 2004 (it's voluntary for the next two years). The USDA is seriously considering requiring supermarkets to police their suppliers by mandating that retailers audit them to make sure their country of origin declarations are complete and accurate. The USDA's "incentive" for retailers to do this will be to levy fines of up to \$10,000 per error on the supermarket, but not on the supplier.

What the USDA is considering would make supermarkets liable for their suppliers' mistakes. This would

be like the Food and Drug
Administration suddenly deciding that
supermarkets, not manufacturers,
should be liable for fraudulent labels
on branded products simply because
they are sold in retail stores. This
places an unfair and illogical burden
on all supermarkets, but it inflicts the
greatest harm on the smallest
operators.

Large companies generally have a large number of suppliers knocking on their doors. This makes it more likely that they will be able to select only those suppliers who consistently and accurately label all of their products with the country of origin. The smallest supermarkets are unlikely to have that same range of choice. In addition, the larger companies are able to spread the cost of supplier audits over all of their stores. Since the cost of a supplier audit is virtually the same regardless of the size of the retailer, the cost burden will fall disproportionately on the smallest supermarket companies.

Why would the USDA do this? The answer is disturbingly simple. This policy would minimize the number of sites inspectors have to check and make USDA's job of supervising country of origin labeling easier. Faced with the choice of placing the regulatory burden where it belongs or taking the easy way out, we believe the USDA is preparing to take the easy way out.

The Food Marketing Institute (FMI) has held several face-to-face visits with USDA officials and filed 13 pages of written comments asking USDA to implement a program that would distribute responsibility for country of origin labeling more fairly. You can view those comments at <a href="http://fmi.org/gr/comments/">http://fmi.org/gr/comments/</a>.

However, indications are that USDA officials are set to disregard any approach that places the compliance burden on suppliers as well as supermarkets. We need your help and we need it now! What can you do? Write a letter to Secretary of Agriculture Ann Veneman on your own letterhead asking that the burden of providing country of origin information for fresh products be shared equitably.

You can find a copy of a sample letter below or on the FMI website by going to <a href="https://fmi.org/gr">http://fmi.org/gr</a> and clicking on XXX. You can copy the text to your letterhead and then just fill in your own information as indicated in the letter.

If our industry is prepared to make itself heard, we still have time to change USDA's mind and get implementation rules we can live with. But time is short. Don't wait; send your letter today.

#### Sample Letter

[Insert Date]

The Honorable Ann Veneman Secretary of Agriculture 1400 Independence Avenue, SW Washington, DC 20250

Re: Country of Origin Labeling Program

Dear Secretary Veneman,

I am writing to urge you to hold suppliers – not just retailers – responsible for accurately determining the country of origin of meat, fish and produce, as required by the Farm Bill. I am the [insert brief job description, e.g., owner, store manager] for [insert company name]. Our company is located in [city, state] and operates [insert number] stores.

Suppliers are the only ones who can determine a product's country of origin accurately. We can't tell by looking at bananas whether they were grown in Honduras or Costa Rica or by looking at beef whether it was born, raised and slaughtered in the U.S. If USDA truly wants to implement a program to provide consumers with accurate country of origin information on fresh products, USDA must require suppliers to provide information to retailers – preferably directly on the products – and USDA must hold suppliers accountable for the accuracy of the country of origin determinations that they make. Requiring retailers to audit their suppliers for the accuracy of their country of origin determinations would be extremely unfair.

Our company fully intends to comply with the law when country of origin labeling becomes mandatory on September 30, 2004 and we would like to institute a voluntary program before then. But, rest assured, we certainly will not label voluntarily if we have to audit our suppliers for the accuracy of what they tell us and then be liable for their errors.

[Your title]

cc: USDA AMS Docket Room 2085-S Mail Stop 0299 1400 Independence Ave., SW Washington, DC 20250-0299

## Bush plans incentives to boost small investors

In late August, President Bush said he plans to propose a package of incentives to help small investors recoup some of their losses and entice them into a skittish stock market. White House officials said he wants to sign the measures into law this year.

#### State revenues inch up in 3rd quarter

State tax collections were up for the first time this fiscal year at the beginning of summer, but a state economist said in August that Michigan's economy is still weak.

#### **Classified**

WALK-IN COOLER FOR SALE—10 door. Also, Ann Arbor Bailer, Model 610 Will accept best offer, Both items at 1426 Broadway. Detroit. Call Jos Aubrey at 313-965-7275

FOR SALE—"C" store with bakery, ice cream a general merchandise, good gross also BP Gas with brand new Clawson 10,000 gal perma tank and enviro-flex piping, located downtown Roscommon, MI. Call 989-275-6246 for more information. Buy business and property or just business and lease property.

S.D.D. and S.D.M.—Liquor Licenses for sale. Call 586-634-3658.

FOR SALE—12,000 sq. ft. supermarket located in pleasant thumb town. Remodel done in 1996. SOD SDM license. Possible easy terms—MUST SELL (517) 879-7055 after 5:00 p.m.

SHOWCASES FOR SALE— 3 foot to 6 foot and 3 foot to 4 foot. Call Neil at (248) 252-4674.

PARTY STORE—Choice location. Liquor, Beer, Wine, Deli, Lotto. Lapeer area. Interested buyers inquire to P.O. Box 622, Lapeer, MI 48226.

PORT HURON LOCATION—2 blocks from Blue Water Bridge. Beer, Wine and Lotto. 8,000 sq. ligrocary equipped with deli, bakery and med department. with smoke house. Includes real estate and equipment. Always shown profit. Owner retiring—no reasonable offer refused. More information: call (810) 329-4198.

SDD/SDM LIQUOR LICENSES NOW AVAILABLE—One in City of Livonia, One in City of Riverview. Must Sell! Call (248) 548-2900, x3033.

FOR SALE: LIQUOR STORE—Good location in Detroit on main thoroughlare. Also has dei and groceries. Beer, wine, lottery. Size: 4,000 sq. ft, business and properly. For more information, call (313) 561-5390 evenings. Leave name, telephone number on answering machine.

KITCHEN HOOD FIRE SYSTEMS AND EXTINGUISHERS—Low discount proing to all APP members. New installs, remodels, inspections, recharging and testing. Also servicing auto paid booths and gas stations. All brands: Annal Pyrochem. Range Guard, Servicing Southeaster Michigan 24/7. Call Alan Ross at GALLAGHER FIRE EQUIPMENT—800-452-1540.

PARTY STORE FOR SALE—Beer, wine, Lottery, deli and grocery. Located on Dequindre Road in Warren. Call Sam at (586) 756-4010.

FOR SALE—Party Store in Warren. Excelled location! Good business with GREAT income. Call Sam or Mike at (586) 751-6440.

ESTABLISHED PARTY STORE—Port Huron, Mi High traffic area. SDD, SDM and Lotto. Owner retiring. Leave message: (810) 985-5702.

FOR SALE—Liquor, deli, pizza. Brighton area High volume corner! Business & property available Contact George at (313) 460-9194.

WELL ESTABLISHED PARTY STORE—160 minor or of Detroit in area of seven inland lakes. Tem miles from Lake Huron. Beer, wine, grocery, pizza, ice cream. 85% remodeled. Includes two-tends home next door. \$299.000. Ask for Martha: 984-9341.

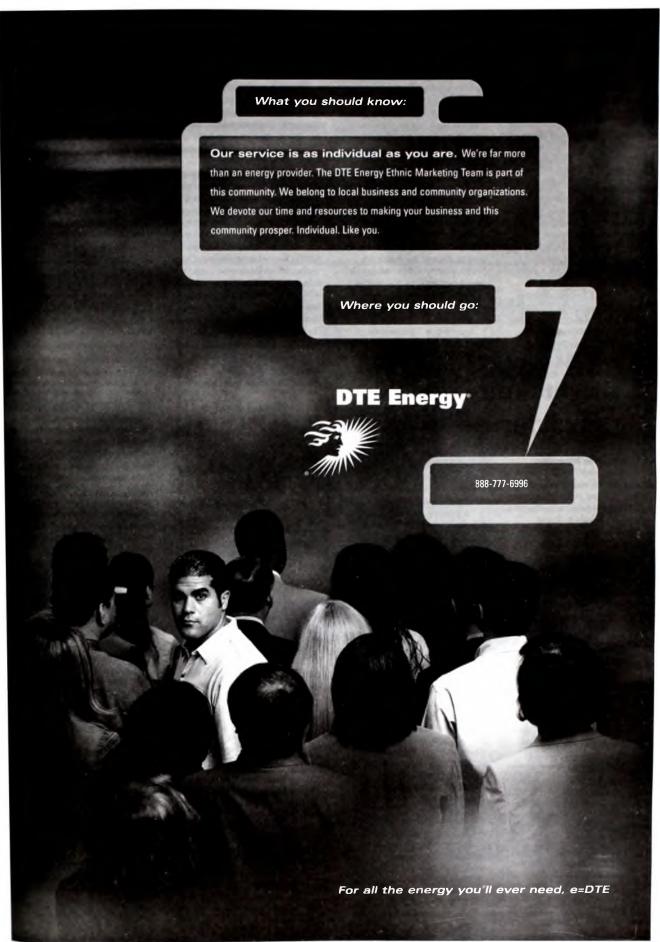
SPECIALTY WINE SHOP FOR SALE—SW Michigan location, SDD, SDM and Lotto. \$1 amm revenues, \$100M+cashillow Owners relining Great opportunity with strong potential for growth. \$275,000+ inventory. The Stratford Company (Broker): 616-385-4101

MID-MICHIGAN—Convenience store with passiles. 3,350 sq. ft. of space and 1,070-/- sq. ft. bedroom ranch home. Centrally located between three separate lakes in year-round resort area. Steel building, dura seal root, new 24-ft. nime-down walk-in cooler, new 12 x 8 walk-in freezer, kitchen, live bait room, beer 8 wine license, liquor liquor

FOR SALE: CONVENIENCE STORE—8 Mile & Beech Daly 2,425 sq. ft. Asking \$200,000 building. \$100,000 business, \$35,000 approx inventory. Call Chandler. (248) 231-2661 for more information.

FOR SALE—Major specialty food market located in Ann Arbor. MI. 9600 sq. ft. building can be purchased or leased (734) 975-8883.

28,000 SQ. FT. SUPERMARKET FOR SALE— Open house August 7.8.9 9 a.m. 2 p.m. 2 March north of I-75 on Baldwin Road in Onon Two North of Great Lakes Crossing Mail Call 248-391-2212



#### Supreme Court Ruling clarifies hiring practices

In a decision handed down in July, Chevron USA v. Echazabal, the U.S. Supreme Court unanimously ruled that employers are not required, under the job applicants whose own health and safety would be put at risk by performing the job — even if the job applicant is willing, undertake the risk to himself or herself.

The Supreme Court's decision appears to provide retailers much more discretion in refusing to hire job applicants with medical conditions, or who are otherwise disabled, within the meaning of the ADA, according to Christina Parascandola, an attorney with NACS' legal counsel, Collier Shannon Scott, PLLC.

In this case, Chevron refused to hire a job applicant who had Hepatitis C to work in a refinery because the company was concerned that exposure to toxins in the workplace would make the applicant sicker and possibly kill him. The applicant sued Chevron under the ADA, arguing that Chevron's medical screening was an unlawful qualification standard because the threat posed by his medical condition was only to himself and not to others in the workplace.

The Court rejected these arguments and held that Chevron's screen was lawful. It reasoned that, under the Occupational Safety and Health Act, employers have a duty to provide employees a safe place of employment. Therefore, an employer must be allowed to conduct preemployment medical screening to determine whether a prospective employee has a medical condition that would put himself or herself at risk on the job.

According to Parascandola, retailers should exercise caution in

conducting such screening.

"The Supreme Court's decision does not change the basic prohibitions in the ADA regarding testing of job applicants. Such screening must be job-related and consistent with business necessity. Most importantly, employers still cannot ask job applicants about medical conditions or require them to undergo medical examinations before a job offer is extended." she noted.

Employers may, however, condition a job offer on the results of a medical examination. (The same rule applies to pre-employment drug testing, although there are other restrictions on drug testing, which vary from state to state.) Also, the examination must be required of each and every other employee performing the same job. Furthermore, such screening also is restricted by Title

VII of the Civil Rights Act, which prohibits discrimination based on race, color, sex, religion or national origin.

"The law on pre-employment medical screening is evolving, and will be refined further as developments in other forms of testing, such as genetic testing, will make it possible to determine with greater certainty whether workplace conditions will affect the health of certain individuals more than others. Retailers should review their existing screening programs to ensure that they are in compliance with the ADA and other requirements,"

For more information and if you have additional questions, contact Christina Parascandola at (202) 342-8824 or cparascandola@colliershannon.com.

# **Bright future seen for small format stores**

A "compelling price/value/ convenience model" is just one of the reasons that the small format retail sector and dollar stores will perform well in coming years, according to a new study released by Retail Forward, the global management consulting, market research, and executive development firm.

Other factors that will contribute to the strength of this sector include increased store development and growing consumer appeal that have led to a 10.9 percent annual growth rate in the category over the past two years; same-store sales in the category last year grew at a rate close to eight percent.

#### Unlike many other retail sectors, dollar stores and other small format value retailers have bucked the trend

While Retail Forward projects more moderate growth over the next five years, it reports that there's plenty of life left in this segment of the business

"Unlike many other retail sectors - which suffered through the recent economic recession and continue to perform sluggishly as the economy grapples for recovery - dollar stores and other small format value retailers have bucked the trend," said Sandy Skrovan, author of the report and vice

president of Retail Forward.

Among the other trends driving this growth: "A shift in the mix toward more consumables," which drives traffic and volume.

"A growing consumer interest," especially among shoppers with fixed incomes and ethnic consumers.

"A compelling business model," which stresses convenience and low costs, as opposed to the "big box" stores

"Small format value retailers are a force to be reckoned with from a competitive perspective," said Skrovan. "Given the growing number of stores, attractive price points, and increasing consumer interest, the industry is big enough to chip away at several consumables categories that are core to more traditional formats."

For convenience store retailers, this report is more than just a light at the end of the competitive tunnel. It also suggests some possibilities for the future, as progressive retailers consider what the convenience store of the future will look like.

Is there a role for some sort of combined convenience store-dollar store format? Earlier this week, in a story about 7-Eleven's introduction of 'performance zones' that offer nutritional aids and supplements in select stores, it was suggested that there might be a potential for a combination convenience store/whole health store. The Retail Forward study offers another vision of the future — a convenience/dollar store combination.

#### EBT, Continued from front page

stores. "Our business definitely increased after EBT," he adds.

However, Rabban and his brother, store co-owner Roy Rabban, have a suggestion that they believe would assist both the retail food stores and the EBT clients: Issue payments twice a month instead of once.

The way the system works now, all clients receive their payments once a month on the same day each month. The payments are spread over the first nine days of the month, so every EBT client has received their payment by the 10<sup>th</sup>

"What happens is that the client gets their food stamp allotment all at once and they spend most of it right away. By the end of the month they're struggling," says Jerry Rabban.

For retailers this poses a unique problem. They must staff for high volume for the first third of the month and then reduce hours to employees for the remaining days.

"It's very hard on us and on our employees. They get 40 hours for the first week and then we have to reduce hours for the remaining weeks," he laments.

Jerry Rabban says that his volume drops in half by the 12<sup>th</sup> of the month and then by an additional 20 percent by month's end.

Roy Rabban adds that the one-time payment is difficult on EBT clients as well. "Say they get \$400 on the third of the month. It's not uncommon for a client to come in and spend \$350 all at once. They have a tendency to purchase impulse items – things that they have done without – instead of budgeting for the entire month," he adds.

The once-a-month payments have been a problem for Michigan retailers long before EBT was imposed. However, the Rabbans had hoped that when EBT was introduced, the electronic payment method would allow the Family Independence Agency to make a change.

The Rabbans feel that EBT payments should be divided in half and issued twice monthly, like most employers issue payroll checks. They maintain that determining the food needs of a family for 30 days in advance can be a real struggle, even for the best economists. Keeping kids out of the pantry when they are tempted with a month's worth of food is even harder.

Roy would like to see the payment split in two, with half distributed during the first nine days of the month and the remaining distributed after the 15th.

"I believe that this would be a winning situation for both the stores and the EBT clients," says Roy. "The split payment will help clients budget their food stamp money and it will help retailers budget their staff."

AFD contacted Kathy Shepherd of the Family Independence Agency to ask if it is possible to move to twicemonthly transactions. She didn't offer much hope, noting that some states issue all payments at once on the first day of the month. Spreading payments over nine days, she maintains, is a better alternative than other states offer.

AFD wants to know how you feel about the electronic benefit transfer program. Please call Dan Reeves at AFD (248) 557-9600 or email him at dreeves@afdom.org with your comments.

#### Lottery, continued from page 22

redeem their tickets at a Michigan Lottery regional office or bank claim center, their tickets will be entered in a drawing for the \$2 million grand prize, which will be conducted on January 31, 2003.

**New Instant Game Ticket** Validation Codes. All instant ticket games released after October 1, 2002 will feature new sight validation codes. The first game to incorporate the new codes will be "Super 6's," which launches on October 3.

Many players are familiar with the current validation code system and they often try to play the games using only the codes—sometimes throwing away winning tickets. The new threecharacter codes are designed to alleviate this situation. Keep in mind that, for a while, both sets of codes will be in circulation at the same time. Sight validation codes are for your convenience when cashing prizes of \$25 or less. All winning Michigan Lottery instant tickets must be validated on your terminal before paying out any cash prizes to ensure that prizes are not paid out for tickets that have expired, were previously

validated or were reported stolen.

Welcome Washington To Mega Millions! Mega Millions will become even bigger this September, as Washington state joins the group! Mega Millions tickets will be available in Washington beginning September 4, and the first drawing to include Washington will be conducted on September 6. That addition will make Mega Millions a 10-state game, with a potential for even larger jackpots and increased ticket sales. However, the addition of Washington will not affect the prize levels, price of tickets or game

Unclaimed Prizes. One \$150,000 Big Game prize still remains unclaimed. If your store has sold a top-prize winning ticket that still has not been claimed by its rightful owner, be sure and remind your customers to check their tickets, as any one of them could

have a winner and not realize it! All unclaimed prizes revert to the state School Aid Fund after one year from the draw date. Following are the details for the current unclaimed Lottery top prize: The Big Game for \$150,000, 10/12/2001, 04-12-17-22-49, Gold Ball 22 (match first five), purchased at 7-Eleven #32618 in Warren.

#### U.S. reports decline in food-borne illnesses

The Center for Disease Control and Prevention reported that incidents of E. coli, salmonella, and other bacterial illnesses caused by food have declined 23 percent since 1996. Recent data from FoodNet also shows the decrease in the major bacterial food-borne illnesses, indicating progress toward meeting the national health objectives of reducing the incidence of food-borne diseases by 2010. The national health objectives for 2010 target specific goals for the reduction in the incidence of four food-borne diseases: Campylobacter, E. coli O 157, Listeria, and Salmonella infections. The combined estimated incidence of infections caused by these four pathogens in 2001 was 21% lower than in 1996.

#### Hershev Foods project to blow kisses in Times Square

A make-believe candy factory is Hershey Foods' latest project, which would make it among the largest ad displays in New York's Times Square since the 1930s. What analysts call experimental marketing, the store on 48th Street and Broadway is an attempt to make the company's presence known in high-traffic tourist locations. - The Wall Street Journal

#### Coca-Cola To Give Coke Classic, Diet Coke New Look

Coca-Cola says it plans to roll out new packaging for its Coke Classic brand. The look, which is expected early next year, would return to the nbbon the Georgia-based company originally used in 1969.

- The New York Times



#### MANY RESOURCES

#### **FINANCIAL**

- · Blue Cross/ Blue Shield Health Care
- · Ameritech Payphone Program
- Verizon Wireless
- · Coupon Redemption Program
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#### **EDUCATION**

- · A/VLoan Library
- · T.I.P.S. Seminars
  - · Legal Consultation
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  - · Monthly Food & Beverage Report
  - · Scholarship Awards

#### **ACTIVITIES**

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- · Scholarship Golf Outing
- · Annual Seniors Picnic
- · Thanksgiving Turkey Drive
- Beverage Journal

Holiday Show

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ASSOCIATED FOOD DEALERS OF MICHIGAN 18470 West Ten Mile Road • Southfield, Michigan 48075

1-800-66-66-AFD

or (248) 557-9600

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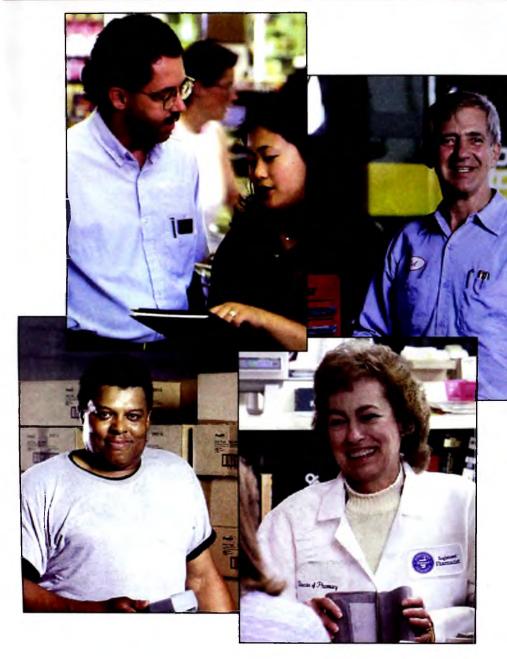
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AKERIES:		Golden Valley Dairy	(248) 399-3120	Stanley's Advertising & Dist.		& Supplies	
kroyd's Scotch Bakery		Melody Farms Dairy Company		Stephen's Nu-Ad, Inc.	(586) 777-6823	North American Interstate	
& Sausage	(313) 532-1181	Mexico Wholesale				Serv-Tech Cash Registers	
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vrey Bakeries, Inc.		Superior Dairy Inc.		Copper Canyon Brewery	(248) 223-1700	United Marketing Assoc.	
olly Madison Bakery		Tom Davis & Sons Dairy	(248) 399-0300	The Golden Mushroom	(248) 559-4230	Wadie Makhay Produce	(1.5-1) 201-5
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(Stella D'Oro)	(586) 757-4457	FRESH PRODUCE:		1st Choice Insurance Agency	(586) 737,2339	Calverlee Supply	
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nancial Corporth American Bankard		Quincy Ice Co.		Action Inventory Services		Dearborn Sausage	
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andard Federal Bank		INSURANCE:		Al Bourdeau Insurance	(000) 455 0333	Dolly's Pizza	
nited ATM's, Inc.		1st Choice Insurance Agency		Services, Inc.		EBY-Brown, Co.	
EVERAGES:		AAA Michigan	(800) AAA-MICH	Andrews Brothers Inc.	(313) 672-7000	Economy Wholesale Cash & Carry Elegance Distributors	
	1 800 224 1044	Services, Inc.	(248) 855-6600	Detroit Produce Terminal	(313) 841-7400	Energy Brands	
bsopure Water Co		Capital Insurance Group		AON Risk Services		Epstein Distributing Co.	
merican Bottling		Gadaleto, Ramsby & Assoc		Bellanca, Beattie, DeLisle		Fairway Packing Co.	
nheuser-Busch Co		JS Advisor Enterprises		Binno & Binno Investment Co		Fleming Company	
acardi Imports, Inc.		Frank McBride Jr., Inc.		BMC Grocery Systems Specialists		Food Services Resources	
ellino Quality Beverages, Inc		Meadow brook Insurance		Business Machines Co. (BMC)		Grandpa's Jerky	
rown-Forman Beverage Co		North Pointe Insurance		C. Roy & Sons		Great North Foods	
anandaigua Wine Co		Paulmark Agency		Canteen Services Cateraid, Inc.		Hamilton Quality Foods	
entral Distributors	(313) 946-6250	Rocky Husaynu & Associates	(248) 988-8888	Central Alarm Signal		Hav-A-Bar	
oca-Cola Bottlers of MI Aubum Hil	11- (240) 172 2462	LOGISTICS PLANNING		Check Alert		International Ice	
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Madison Heigh		Sa recti Logistics, Inc	(246) 203-9300	Clear Rate Communications	(248) 968-4290	Jerusalem Foods	
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Port Hur		Home Style Foods, Inc.	(313) 874-3250	Deford Distributing		Karr Foodservice Distributors	(313) 272-64
oors Brewing Co		Jaeggi Hillsdale Country Cheese		Detroit Edison Company		Kay Distributing	
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& J Gallo Winery		Nabisco, Inc.		Digital Security Technologies		Kramer Food Co	
astown Distributors		Old Orchard Brands		Eskye Com, Inc		L&L Jiroch/J.F. Walker L B Enterprises	
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eneral Wine & Liquor Co		Red Pelican Food Products Singer Extract Laboratory		Follmer, Rudzewicz & Co., CPA		Lipan Foods	
reat Lakes Beverage		Strauss Brothers Co.		Gadaleto, Ramsby & Assoc	(800) 263-3784	Mexico Wholesale	
ubert Distributors, Inc.				Goh's Inventory Service		Michigan Quality Sales	(313) 255-73
trastate Distributing		MEAT PRODUCERS/PACK		Great Lakes Data systems		Mr. Dee's Gourmet Foods	
Lewis Cooper Co	(313) 278-5400	Bar S Foods		J & B Financial Products LLC		Mr. Pita	
ava Joe's		Family Packing Distributors		Karoub Associates Law Offices-Garmo & Garmo		Nash Finch	
m Beam Brands		Calcada Mast Bashina	or (313) 873-3999	Market Pros		National Bulk Foods	
osulete Wines, Inc.		Gainor's Meat Packing Hartig Meats		Metro Media Associates		Nikhlas Distributors (Cabana) Norquick Distributing Co	
eelanau Wine Cellars		Hygrade Food Products		Nordic Electric, L.L.C.		Preferred Brands	
AcCormick Distilling Co.		Kowalski Sausage Company	` ·	North American Interstate		Robert D. Arnold & Assoc.	
Aichigan Grape & Wine	,555, 25+5050	Nagel Meat Processing Co		Paul Meyer Real Estate	(248) 398-7285	Roundy's	
Industry Council	(517) 373-1104	Pelkie Meat Processing		Payment Authority. The		S. Abraham & Sons	(616) 453-63
Ailler Brewing Company	(414) 259-9444	Potok Packing Co		POS Systems Management	(248) 689-4608	Sherwood Foods Distributors	
National Wine & Sprits		Strauss Brothers Co.		Preferred Merchant	(616) 704 2271	Spartan Stores, Inc.	
NI BOLOLO III	(888) 642-4697	Wolverine Packing Company	(313) 568-1900	Credit Resources		Suburban News: Warren	
Dak Distributing Company	(810) 239-8696	MEDIA:		REA Marketing		FlintSuperValu Central Region	
- Detroit	1-800-368-9945	The Beverage Journal	(800) 292-2826	Sagemark Consulting, Inc.		Tiseo's Frozen Pizza Dough	
- Howell		Booth Newspapers		Sal S. Shimoun, CPA		Tom Maceri & Son, Inc.	
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Red Bull North America		Detroit Newspaper Agency		Security Express		Value Wholesale	(248) 967-290
Seven-Up of Detroit		The Employment Guide		Serv Tech Cash Registers		Weeks Food Corp.	
Stony Creek Brewing Co.		Suburban News—Warren:		Southfield Funeral Home		Wine Institute	(31.3) 662-703
Tn-County Beverage UDV-North America			(810) 785-4200	T & L Acquisition		ASSOCIATES:	
		Trader Publishing	(248) 474-1800	T.D. Rowe Carp	(248) 280-4400	American Synergistics	(313) 427-444
BROKERS/REPRESENTATIV		WDFN-AM 1130		TeleCheck Michigan, Inc.		Canadian Consulate General	(313) 567-220
Acosta-PMI		WDIV-TV4	(313) 222-0643	Travelers ExpressMoney Gram		Livernois-Davison Florist	(248) 352-008
Bob Arnold & Associates				Variatee Wireless		Minnich's Boats & Motors	(810) /48-340 (248) SRR-235
CrossMark Hanson & Associates, Inc.		NON-FOOD DISTRIBUTOR	IS:	Verizon Wireless	(248) 763-1563 or (517) 896-7000	Wolvenne Golf Club, Inc.	. (586) 781-554
J.B. Novak & Associates		Items Galore	(586) 774-4800	Western Union Financial Services		WORKETHIE GOTI CIAD, IIIC.	. ,200
James K. Tamakian Company				Westside Cold Storage			
		POTATO CHIPS/NUTS/SN		Whitey's Concessions			
S & D Marketing		Better Made Potato Chips					
		Frito-Lay, Inc.		STORE SUPPLIES/EQUIPMEN			
S & D Marketing	(734) 591-5500	Germack Pictochio Co		Belmont Paper & Bag Supply			
S & D MarketingCANDY & TOBACCO:		Germack Frauenio Co					
S & D Marketing  CANDY & TOBACCO: Philip Morris USA		Jay's Foods	(800) 752-5309	Brehm Broaster Sales			
S & D Marketing		Germack Frauenio Co	(800) 752-5309 (248) 541-7870	Brehm Broaster Sales Bunzl USA	(810) 714-1400		
S & D Marketing  CANDY & TOBACCO: Philip Morris USA  R J Reynolds  CATERING/HALLS:	(248) 475-5600	Jay's Foods Kar Nut Products Company Mexico Wholesale	(800) 752-5309 (248) 541-7870 (313) 554-0310	Brehm Broaster Sales Bunzl USA Culinary Products	(810) 714-1400 (989) 754-2457		
S & D Marketing	(248) 475-5600	Jay's Foods Kar Nut Products Company Mexico Wholesale Nikhlas Distributors (Cabana)		Brehm Broaster Sales Bunzl USA	(810) 714-1400 (989) 754-2457 (313) 369-1666 (248) 471-4770		



For more information on the new EXTREME Pint Milks or any of our other fine dairy products please call 1-800-748-0480, ext. 1659.

Country Fresh, LLC • 4460 44th St. SE • Grand Rapids, MI 49512

#### There's a Place for YOU in Our Company!



Our company is committed to providing an environment where we respect and value the individuality of each of our associates. We own and operate 127 supermarkets and drug stores and are a distributor for 350 independent grocery stores and 6,600 convenience stores. As a result, we offer a wide variety of opportunities. To learn more about our company and the careers we offer, visit our website at www.spartanstores.com.

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