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Happy Holidays!

AFD PAC Dinner brings SDD licensees closer to discount increase

On November 12, AFD hosted a special Political Action Committee fundraising dinner that was designed to raise money for AFD’s PAC and also increase awareness for our latest political efforts—an increase in the liquor discount.

Since there hasn’t been an increase in 22 years, AFD believes that Michigan SDD licensees are due to receive one. This initiative is something that AFD is taking on single-handedly and will require considerable assistance from our members. Our goal is to increase the discount from 17 percent to 20 percent.

AFD President Mike Sarafa believes that increasing the liquor discount for SDD licensees is an issue that we can win, but not without the support of a healthy PAC fund.

At the dinner, Sarafa outlined how a store with yearly liquor

Pepsi to modify package strategy in 2003

Pepsi Bottling Group had informed the Associated Food Dealers of Michigan (AFD) that due to the change in consumer dynamics, Pepsi will be introducing a new package strategy starting in 2003. According to Pepsi, over the last 10 years the 12oz can packages have doubled in market share and now represent 55% of the CSD category. Additionally, Pepsi has been very successful in their introduction of the 24oz. 6-Pack plastic bottles, to which they believe the consumer has responded very well. The combined benefits of the 12oz. cans and a 6-Pack 24oz. they believe will be the best selection to the consumer going into 2003.

As a result, Pepsi will be eliminating the 20oz. 8-Pack from their product portfolio, and 24oz. 6-Pack will be the primary plastic multi-pack package in Supermarkets, Mass Merchandisers and Warehouse Clubs. The 20oz. can and a single serve cases will remain available to all Retailers. The AFD will be analyzing the impact of this change and will have full coverage in the January edition of our Food & Beverage Report.
The First Rule of Business:
Give the customer what they want.

We've got all the brands and flavors people crave. That's why we're the preferred beverage company in Michigan. Improve your business. Call today for product information and sales opportunities.
AFD supports principles of small group market reform for Michigan’s health insurance industry

Market Reform was created to provide guidelines for market reform. AFD sits on the executive committee of this coalition and subscribes to its principals. We believe:

- All carriers (BCBSM, HMOs, commercial insurers) operating in the small group market should be treated the same with regard to allowable rating practices, rate filing, and rate approval. Rating practices and methodologies must be applied consistently for all Michigan small group business.

- For groups of one, a carrier may apply an open enrollment period (for example, the month of the date of birth) or a six-month pre-existing condition clause. The Insurance Commissioner should define a "basic" or minimum plan that must be offered to groups of one by all carriers.

- Every carrier operating in the small group market in Michigan shall establish rate bands (a fixed range from minimum allowable to maximum allowable rate for each product offering in a geographic area). Only allowable case characteristics may be used for determining the rate within the band for a specific group.

- Upon renewal, a small business can receive no more than a 15% adjustment within the band for changes in case characteristics. Therefore, the maximum increase any group could experience is the annual adjustment in the index rate plus 15%.

- Each carrier may establish no more than 10 geographic areas for the purpose of setting rate bands. No geographic area may be smaller than the smallest Michigan County.

- Carriers may impose participation rules of no more than 75% required participation for groups of six or more eligible employees and carriers might also require higher participation for groups smaller than six eligible employees. Carriers may enforce them at the carrier’s discretion.

- A premium penalty of up to 50% may be applied for two rating years to employers that are entering the small group insured market from a self-insured arrangement.

- All carriers in the small group market must bill small businesses using a "composite" rate. A premium bill may not apply case characteristics at the individual level resulting in higher premiums for some employees than for others. Plan options, family composition, and Medicare eligibility is the only factors that can result in premium differentials on the employer’s premium bill.

- The Insurance Commissioner will prepare a “State of the Small Group Health Insurance Market” report periodically to provide policy makers with information about affordability and availability of coverage in the small group market as well as the market share of commercial carriers, HMOs, BCBSM, and any carriers that have entered or left the market.

These principles should serve as the foundation upon which legislation should be based to fix the broken small group market. It is imperative that the focus remain on the small group market and that other extraneous issues such as the proposed internal changes to Blue Cross Blue Shield of Michigan not become a hindrance to finding a plausible solution. These principles represent a fair and reasonable approach that would help stabilize the small group market in Michigan.
The new legislative lineup

The following lists newly elected leadership in both chambers for the 92nd Legislature, which convenes in January 2003. We will keep you apprised as things develop in Lansing.

Senate Republican Leadership
- Majority Leader: Ken Sikkema (R-Grandville)
- Majority Floor Leader: Bev Hammerstrom (R-Temperance)
- Assistant Majority Floor Leader: Alan Cropsey (R-Dewitt)
- President pro tempore: Patty Birkholz (R-Saugatuck)
- Assistant President pro tempore: Alan Sanborn (R-Richmond)
- Assistant Majority Leader: Mike Bishop (R-Rochester)
- Caucus Chair: Wayne Kuipers (R-Holland)
- Assistant Caucus Chair: Ron Jelinek (R-Three Oaks)
- Majority Whip: Jason Allen (R-Traverse City)
- Assistant Majority Whip: Laura Toy (R-Livonia)

Senate Democratic Leadership
- Minority Leader: Bob Emerson (D-Flint)
- Minority Floor Leader: Mark Schauer (D-Battle Creek)

House Republican Leadership
- Speaker of the House: Rick Johnson (R-LeRoy)
- Speaker pro tempore: Larry Julian (R-Lennon)
- Associate Speaker pro tempore: Steve Ehardt (R-Lexington)
- Majority Floor Leader: Randy Richardville (R-Monroe)
- Assistant Majority Floor Leader: Bill Huizenga (R-Zeeland)
- Assistant Majority Floor Leader: Jerry Kooiman (R-Grand Rapids)
- Majority Whip: Brian Palmer (R-Romeo)
- Caucus Chair: Joanne Voorhees (R-Wyoming)
- Caucus Vice Chair: Shelley Goodman Taub (R-Bloomfield Hills)

House Democratic Leadership
- Minority Leader: Diane Byrum (D-Onandaga)
- Assistant Minority Leader: Jack Minor (D-Flint)
- Minority Floor Leader: Mary Waters (D-Detroit)
- Assistant Minority Floor Leader: Paul Gieleghem (D-Clinton Township)
- Caucus Chair: Glenn Anderson (D-Westland)
- Caucus Whip: Carl Williams (D-Saginaw)

Want to be in the know?

Keep up with the latest industry news
Sign up for AFD Email program

Keep up on important issues facing the food and beverage industry with AFD's new email program. Be assured that you won’t receive dozens of emails everyday and we will never sell our email list. We don’t email unless it is important!

To sign up, email to Dan Reeves at dreeves@afdom.org. In the message block simply say SIGN ME UP! We’ll do the rest.

If you prefer, fill in the form below and fax it to Dan at (248) 557-9610.

Name ____________________________
Company _________________________
Email ____________________________
Phone ____________________________

Statement of Ownership

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AFD works closely with the following associations:

IFDA
NACS
NFIASS
FIDA
AFIA
Burger King deal in question

Diageo's sale of Burger King to Texas Pacific Group may not proceed as planned, analysts say. The two groups will be meeting over the next few weeks to further discuss terms of the deal that were contingent on the fast-food chain meeting certain performance targets. Diageo says it hopes to sell the chain by the end of the year to focus on its liquor business.

—Bloomberg

Plenty of interest in Adams candy

Cadbury and Nestle have both expressed interest in acquiring Pfizer's Adams candy business, which manufactures such brands as Certs, Clorets, Trident and Dentyne. Wm. Wrigley Co. also remains interested in the deal, which is expected to earn more than $4 billion. —Chicago Sun-Times

General Mills to close plants in Minnesota, Missouri

The company has announced plans to close plants in Eden Prairie, Minn., and Hazelwood, Mo. Both plants manufacture frozen baked goods, which would be moved to other facilities.

—Star Tribune

Advertisers move away from 30-second spots

Coca-Cola's presence in Fox's American Idol is an example of branded products spilling into TV programs. Analyst Richard Tomkins says merging advertising and entertainment is due to marketers' lack of confidence in traditional TV ads. The trend also is helping advertisers prepare for technology that eliminates TV commercials.

—Financial Times

Consumers opting for lower-priced food items

Industry observers say as consumers feel the financial pinch, they trade down and buy cheaper products. As a result, such retailers as Royal Ahold, Safeway and Kroger are reducing prices to provide better value and remain competitive with Wal-Mart.

—Duluth News Tribune

Organic rule takes effect

The USDA's National Organic Rule took effect October 21 along with new labeling guidelines and a new USDA logo that will help shoppers identify those foods that have been grown, processed and packaged in accordance with organic practices. Only products with a minimum of 95 percent organic ingredients can use the seal.

There are four new organic categories:

• 100 percent organic
• Organic, defined by the USDA as containing 95% of organic ingredients
• Made with organic, that includes products with at least 70% organic ingredients
• Some organic products with less than 70% organic ingredients are only allowed to list the organic items in the ingredient panel on the side of the package.

Engler makes appointment to Liquor Control Commission

On October 22, 2002 Governor John Engler announced the appointment of Jim McBryde to the Liquor Control Commission, which is charged with the control of alcoholic beverage traffic and consumption in Michigan. McBryde, of Mt. Pleasant, is special assistant for drug policy in the Michigan Department of Community Health. He is appointed to a term expiring June 12, 2003.

Managed Traditional Plan
Community Blue PPO
Blue Care Network HMO

It's the Blue Cross Blue Shield of Michigan member card, and it's honored by more doctors and hospitals in Michigan than any other health insurance card.

More people in Michigan carry this card with confidence. The Blue Cross card — it can't buy you everything, but what it does pay for, money can't buy.

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

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Deputy Chief Ronald Haddad keeps an open door with retailers

By Kathy Blake

When Detroit Police Deputy Chief Ronald Haddad started his career with the Detroit Police Department, he didn’t just walk his beat. He became acquainted with store owners and residents in the east-side precinct he patrolled. He stepped out of his car and became involved with making a difference in his community. A lifelong resident of Detroit, Haddad is dedicated to his city and protecting the lives and livelihood of the people.

Haddad developed relationships with store owners who he says have been open and honest with him. He found them to be powerful allies in fighting crime.

Over his 30 year career, he has been a top crime fighter, has participated in many community events and programs and has risen through the ranks of the 4,235-member police force to his current position as Department Executive Staff Officer under the Chief of Police, Jerry A. Oliver Sr.

Homeland Security. He says this will involve educating the public and technology. Haddad says these changes will help protect the community from terrorists in addition to making the police department more responsive. “That will make us a more efficient police department to serve the community,” says Haddad.

The deputy chief serves on the Metro Detroit Gas Station Owners Advisory Board. “We work with them on crime, diversity and image issues,” says Haddad.

Haddad said the main problems with store image are litter and loiterers. “You don’t invest a million dollars (in a store) to have crackheads loiter outside.” Haddad says that store owners should not sell items that are used in the preparation and sale of illegal drugs, such as Chore Boy wire, cigarette rolling papers and small tiny baggies. “When we reach out to the business sector, we ask them not to sell those items. We ask them to voluntarily refrain from selling them.” Haddad adds that he wants to make sure store owners have access to community policing.

He’s also affiliated with the American Arab Chamber of Commerce and the Chaldean Federation. He helps with the Chaldean Annual Street Festival on 7 Mile. As a Lebanese-American, Haddad understands the issues that face people of ethnic origin, first-hand.

Haddad has been involved with Business United with Officers in Youth, (BUOY), where he helped organize picnics, basketball teams and mentoring programs. “Those are the kinds of things that sustain good community relations and break down cultural differences,” says Haddad. “Many convenience stores pour their hearts out for these programs.” Haddad says. “Not only do store owners support these programs, they also provide sorely needed work opportunities to people in the community. I am very grateful for the jobs they provide to hundreds of citizens.”

Haddad is an ally to retailers. AFD President Mike Sarafa says “Ron does a great job communicating with small businesses. He’s responsive and sensitive to our needs. He helps us help ourselves.”

Haddad has developed relationships with store owners who he says have been open and honest.

Having grown up in Detroit, Haddad knows how early intervention can help set youth on the path to success. He and his twin brother had good role models while they were growing up. Their father and a few uncles were in the military. His father was active in the UAW. “Ever since I was a kid, I wanted to be an officer,” said Deputy Chief Haddad. His twin brother is the general manager of a Sears Department store.

Deputy Chief Haddad graduated from Salesian Catholic High School and received an Associates Degree from Highland Park Community College. He graduated with a Bachelor’s degree from the University of Detroit Mercy in 1979.

He graduated from Northwestern University School of Police Staff and Command in 1996. While attending the academy, he was taking night classes to earn his Master’s degree from Eastern Michigan University. That was quite an accomplishment in respect to the grueling training of the police academy.

Haddad earned most of his degrees while maintaining a full-time position at the police department. He started out as a police officer, then sergeant, lieutenant and inspector. It was while he was an Inspector at the 11th precinct that the chief told him to go back to college for his master’s degree so he could advance.

Within a year of completing his Master’s, he was appointed to commander of the 11th precinct patrol operations, then Deputy Chief and now Department Executive Staff Officer.

Haddad has built his career on hard work, dedicated service and maintaining open communications with the public he serves. He is a motivator of people and sets a good example for Detroit’s youth as well as providing opportunities for youth enrichment.
Tradition, quality, pride.

THE WORLD FAMOUS BUDWEISER CLYDESDALES
More than 20 years ago Peter and Jim Bellanca began working with AFD as legal counsel to the Board of Directors. As such, the Bellanca family and Bellanca, Beattie & DeLisle has become a part of the extended AFD family.

We wanted to share their family story with you in part because it is a story of an immigrant family’s success similar to many stories of AFD members.

James V. Bellanca, Sr. immigrated to this country in about 1912 from Italy. James was only four years old. At the time, his father insisted that young James get an education to take advantage of the American dream. Ultimately in 1935 after having married Rosalie Militello, an arranged marriage between their respective parents, James, Sr. was admitted as a lawyer in Michigan.

The first fee that he earned was 15 cents, a considerable sum in the late days of the depression. Enough money to pay for admission to GEM Theatre and its all-night movies so that Rosalie and Jim and their infant son, Peter, could at least be warm for one night in a cold winter. The nickel that they had leftover paid for a loaf of bread and some milk so that they could fill young Peter’s hungry stomach and their own.

A little less than 30 years later, James Bellanca would see his son Peter become a lawyer, followed by his other son, Anthony. They worked only for a brief time together as Bellanca, Bellanca and Bellanca. James, Sr. died in 1965 while his youngest and only remaining child, James, Jr. was in college. Like his father before him and his two brothers, Jim also became a lawyer, being admitted to practice in 1969, four years after his father’s death.

For the next 30 years the Bellanca brothers worked together in the firm that grew to be known as Bellanca, Beattie & DeLisle.

Peter Bellanca died in 1998. Now, four years after his death, James V. Bellanca, III, Jim’s son, named after his grandfather, has graduated Cum Laude from Wayne State University and has been sworn in as the third generation Bellanca and the third James V. Bellanca to be admitted as a lawyer.

In his service to the AFD Board of Directors, Jim, Jr., has for the last 20 years assisted AFD and credits himself with the phrase AFD so often uses in its dealings with government as it seeks to protect, preserve and voice the concerns of its members. “AFD wants to be part of the solution, not part of the problem.”

The Bellanca family’s immigrant background and Tony, Peter and Jim’s first generation approach not only to their ethnicity but to the opportunity America has given them is at the very essence of the same American dream of so many members of AFD.

Editor’s Note: The holiday season, if it is nothing else, is a time for family, a time for thanksgiving, a time for new promise. We hope as you have read this story you share with us those same feelings of thanksgiving...hope and promise. From the Bellanca family and from the AFD family, we offer you the best of the holiday season.

AFD board member and legal counsel Jim Bellanca Jr. with his son, and third generation lawyer, James V. Bellanca III
GREAT TASTE
LESS FILLING

at a place called
MILLER TIME

Live Responsibly
Food industry gains productivity ground

A new study says that food distributors have outperformed other U.S. wholesalers in total sales.

According to the 2002 Distributor Productivity and Financial Report published by Food Distributors International (FDI), wholesale grocers experienced a 6.6 percent sales gain, and foodservice distributors’ sales grew 7.1 percent, at the same time that overall U.S. wholesale sales fell 1.3 percent (before the effects of inflation).

The report was prepared by Industry Insights Inc. of Columbus, Ohio, using 2001 information provided by 20 wholesale grocers and 32 foodservice distributors. The most significant results for wholesale grocers were:

- Return on net worth soared from 16.3 percent in last year’s report to 20.9 percent this year.
- Payroll as a percent of sales rose slightly, from 5.4 percent to 5.7 percent, but non-payroll expenses as a percent of sales were flat, at 3 percent.
- Sales jumped from 4.2 percent to 6.6 percent.
- Accounts receivable fell from 15 to 13 days.
- Asset turnover fell from 6.2 to 6.0 but was consistent with the ten-year average.
- Financial leverage (ratio of assets to net worth) rose from 2.4 to 2.9.

The report breaks down much of its information by category to make it easier for companies to measure their own performance. For example, while the report says that wholesale grocers’ sales grew 6.6 percent overall, sales of high-performing firms grew 8.2 percent. The “Anatomy of a Successful Wholesale Grocer” section outlines the characteristics of a high-performer, such as 2.6 percent warehouse operating expense (as a percent of sales), vs. 3 percent for a poor performer.

The report offers guidance on how companies can improve their own financial performance starting with accurate measurements. For example, one section explains in detail how to estimate Sustainable Growth Rate to enable a company to grow without additional borrowing.

The trends for foodservice distributors were a little different, the report says. For example, sales were higher than for wholesale grocers and for all wholesalers, but the foodservice channel’s 7.1 percent showing represented a drop from 9.0 percent in the 2001 report. Before-tax return on net worth, however, jumped from 12.6 percent to 16.6 percent, and asset turnover improved from 4.7 to 5.2—the highest since 1996. Inventory turnover was unchanged at 13.4.

As for wholesale grocers, the report profiles a Successful Foodservice Distributor. The high-performer has total operating expenses of 14.7 percent of sales, vs. 16.9 for the average poor-performer. 13 percent total return on assets (vs. 4.2 percent) and before-tax net profit that is 2 percent of sales (vs. 0.2 percent).

The report makes extensive use of charts and graphs in an effort to help companies determine quickly and easily where their own performance fits into the overall industry picture.

Irradiation approved for imported produce

The U.S. Department of Agriculture has published a new rule permitting the use of irradiation on imported fruits and vegetable that are often subject to fruit fly infestation. Currently, the only irradiated produce sold in the United States are papaya and some other specialty fruits from Hawaii. Expanding the process to cover all imported fruits and vegetables could have a substantial impact, given that up to 40% of produce sold domestically is imported, industry observers said. Under current federal law, individual units of irradiated food must include appropriate labels and symbols, or be merchandised under signage, covering the entire display that states the product has been irradiated.
Fleming sells 28 stores

Fleming Cos., the leading U.S. grocery supplies distributor, said it would sell 28 of its California-based food stores to Save Mart Supermarkets for up to $165 million, which it will use to pay down part of its $2 billion debt.

The sale, part of a plan to divest a total of 110 loss-making supermarkets, is expected to be finalized within 60 days, Fleming said in a statement. It said upon closing, the deal would let it be the supplier for the 28 stores.

Fleming, which has seen its shares stuck at 30-year lows for nearly two months, announced plans to sell its 110-store retail division, saying the unit had become a drag amid fierce competition from other retailers, including giant Wal-Mart Stores Inc.

Dallas-based Fleming, which ranks ahead of Supervalu Inc. said it would continue the process of selling the remaining stores this quarter and next year.

Save Mart, with 97 stores, operates in California under the Save Mart, Food Maxx, and S-Mart banners. Shares of Fleming — whose retail store operated under Food 4 Less and Rainbow Foods brands — closed at $6 last month on the New York Stock Exchange, where they hit a 52 week low of $2.60.

Helpful numbers for retailers

Michigan Department of Agriculture
1-800-292-3939

Michigan Liquor Control Commission
(517) 322-1400

Michigan Lottery
(517) 335-5600

WIC (517) 335-8937

EBT Customer Service
1-800-350-8533

Food and Nutrition Service/Food Stamps
Detroit
(313) 226-4930
Grand Rapids
(616) 954-0319

Michigan Consumer and Industry Services
(517) 373-1580

Michigan Department of Treasury/Tobacco
(517) 241-8180

Michigan Department of Attorney General
(517) 373-1110

Kmart searches for answers

Kmart Corp. subpoenaed some of its former employees in its investigation of the factors that led to the company filing for bankruptcy court protection.

Dow Jones reports that Kmart is looking into staff members' travel records and relocation expenses as it probes for possible misconduct by the company's former management team.

Attorneys for Kmart's former division president William Wulfers filed a response and objection to the company's subpoena. Wulfers is among the 25 Kmart executives who got $28 million in forgivable loans a few months before the company filed for bankruptcy. In December 2001, Wulfers got a $750,000 loan; he departed the company in May.

The filing from Wulfers' lawyers apparently included information about Wulfers' 'Rights on the company's corporate jets, his relocation expenses, and denies that Wulfers or his family received any gifts related to his job at Kmart.

The FBI and U.S. Securities and Exchange Commission are looking into possible criminal conduct.
New “WINFALL” game to replace Michigan Millions

Saturday, January 18, 2003 marks the final drawing of Michigan Millions. It will be replaced by a brand new game - "WINFALL" - which goes on sale January 19, 2003. This exciting new game is fun, easy to understand, easy to play and best of all, offers a whole new way to win! "WINFALL" may remind many of you of "Michigan Lotto," the game replaced by "Michigan Millions."

Players will again simply choose six numbers from a field of 49. "WINFALL" jackpots will start at $2 million and a player wins the jackpot by matching all six numbers. Players can also win great cash prizes by matching five, four or even three numbers.

The "WINFALL" jackpot will continue to grow until it reaches $5 million! If no one matches all six numbers by the time the jackpot hits $5 million, all of the prize money - including the cash accumulated in the jackpot - is paid out to the match five, match four and match three winners. These prizes will end up being roughly ten times the amount they would be in a regular drawing! Instead of one winner taking home millions, "WINFALL" creates thousands and thousands of big money winners across the state.

The "WINFALL" game is expected to attract many new players since the overall odds of winning any cash prize are just one in 54!

Players are not the only ones who will win big with this new game! The Lottery expects to see thousands of match three winners for each drawing, so Lottery retailers can expect to see many players turn those $5 prizes into more Lottery sales.

The cost to play "WINFALL" is just $1 per wager. The first "WINFALL" drawing will be held on Wednesday, January 22, 2003. Just like Michigan Millions, "WINFALL" drawings will be held on Wednesday and Saturday evenings.

If no one matches all six numbers in the final Michigan Millions drawing on January 18, the jackpot prize money will automatically rollover to the jackpot for the first "WINFALL" drawing.

If the remaining "Michigan Millions" jackpot exceeds $5 million and no one matches all six numbers in the first "WINFALL" drawing, the jackpot prize money will be paid out to winners at the other prize levels!

A statewide television and radio advertising campaign to help boost sales in your stores will accompany, the launch of "WINFALL". Each Lottery retailer will receive a full array of point-of-sale materials. I encourage you to prominently display these materials to generate interest in this new game.

Additionally, a buy one, get one free coupon insert will be sent to adults in select home-delivery newspapers throughout the state.

ROLLODOWN BUY ONE, GET ONE FREE: This month the Lottery is giving players an extra opportunity to win big with its Michigan Rolldown game! During the week of December 8, 2002, special flyers were inserted into more than 50 home-delivered newspapers across the state. Each flyer features a buy one, get one free coupon for the Michigan Rolldown game! The coupons expire on January 5, 2003.

RETAILER COMMISSIONS: Nearly a year ago, the Michigan Lottery implemented a new retailer commission schedule that made "Michigan Millions" much fatter, and "WINFALL" is even fatter.

For more information, contact your local LANCER Distributor at:

DCI FOOD EQUIPMENT INCORPORATED
5350 E. Davison • Detroit, MI 48212
(800) 899-9DCI
(616) 243-8863

See Lottery, page 23
The 87th Annual Trade Dinner and Ball of the Associated Food Dealers of Michigan

 Spend a romantic evening enjoying superb cuisine, dancing and entertainment with more than 1,000 industry leaders!

Friday, February 14, 2003, Valentine's Day at Penna's of Sterling

Co-Chairs: John Jonna, Merchants Fine Wine and Syd Ross, General Wine and Liquor Co.

Platinum Sponsor: $10,000
• Three tables of 10 for dinner (VIP seating)
• 30-second video or fifteen company images for media presentation
• Title sponsorship signage for music, photo booth or centerpieces
• Full page ad w/ spot color in the Food & Beverage Report
• Use of four company products at the dinner (or four additional images in media presentation)
• $600 for each additional table

Gold Sponsor: $7,000
• Two tables of 10 for dinner (Prime seating)
• 15-second video or 10 company images for media presentation
• Corporate signage at the dinner
• 1/2 page ad in the Food & Beverage Report
• Use of two company products at the dinner (or two additional images in media presentation)
• $700 for each additional table

Silver Sponsor: $4,000
• One table of 10 for dinner (Preferential seating)
• Five company images for media presentation
• Corporate signage at the dinner
• 1/4 page ad in the Food & Beverage Report
• Use of one company product at the dinner (or one additional image in media presentation)
• $800 for each additional table

Bronze Sponsor: $2,500
• One table of 10 for dinner
• Two company images for media presentation
• Corporate signage at the dinner
• 1/8 page ad in the Food & Beverage Report
• $900 for each additional table

Please call Michele MacWilliams for reservations and sponsorship information: (248) 557-9600
Two “Baker Boys” make dough in Traverse City

By Michele MacWilliams

“Fudge” is the term that “locals” from Northern Michigan towns like Traverse City, Mackinac Island, Petoskey and Charlevoix give to those who come up for vacation. The term was coined because these tourists make the usual stop in the fudge shops to bring home the confection as a sweet memory of their trip. When in Traverse City, however, it may be wise to forgo the fudge and head for the Great Harvest bread store instead.

Located on Garfield, just west of the airport in the Garfield Plaza, Great Harvest Bread Company tempts customers with the welcoming aroma of freshly baked breads, rolls, muffins, cookies and scones. Once inside, customers are greeted with a warm hello, and an invitation to sample a slice of one of the daily bread specials. A case at the counter displays the breads for sampling. Customers choose what they want to try and receive a generous one-inch slice, with butter and jam if desired.

The company’s mission statement, “Be loose and have fun, bake phenomenal bread, run fast to help customers, create strong and exciting bakeries, and give generously to others,” is boldly printed on the wall behind the kneading tables. The atmosphere of the store reflects this statement, as the continuous stream of customers is greeted with friendly smiles.

The concept is not new, Great Harvest Bread Company is a franchise that has stores in Ann Arbor, Birmingham, Brighton, Commerce, Farmington, Grand Rapids, Lansing, Northville, Okemos and in 35 other states.

It all began in 1972, when Laura and Pete Wakeman paid for their college education by selling bread they made in a garage. After college they opened their first Great Harvest bread store in downtown Great Falls, Montana, doing everything by hand, with all-natural ingredients. The business was a hit, and in 1978 the first franchise opened its doors in Kalispell, Montana. By 1995, Great Harvest had over 100 bread stores in 34 states. Today, over 25 years since its inception, Great Harvest has almost 200 bread stores across North America.

Three years ago Brad Mullet and Scott Carpenter opened the Great Harvest franchise in Traverse City. Friends since elementary school, they had worked together at a Great Harvest store in Okemos and enjoyed the experience.

The two friends parted ways to attend college but after graduation they both ended up working in Traverse City. When in Traverse City, Brad kneads two loaves of bread at a time – one with each hand – while greeting customers, answering questions and giving instructions to employees.

They bake between 300 and 500 loaves of bread each day their busiest time of the year is November and December, however they have a steady stream of customers year-round.

Great Harvest supplies bread for a few select restaurants but 95 percent of the business is retail.

Most of the work is done by hand, and the store even mills its own flour daily. Wheat berries, for Great Harvest’s wheat bread, are fed into a mill in a back storeroom.

The store is open from 7 a.m. until 6 p.m., Monday through Friday; 7 a.m. to 3 p.m. on Saturday and is closed on Sunday. Either Brad or Scott must arrive at work between 3:00 a.m. and 4:00 a.m. each day in order to bake for the morning rush.

Being a multi-tasked individual is a big plus when it comes to running this busy store. Brad kneads two loaves of bread at a time – one with each hand – while greeting customers, answering questions and giving instructions to employees.

They bake between 300 and 500 loaves of bread each day their busiest time of the year is November and December, however they have a steady stream of customers year-round.

Great Harvest supplies bread for a few select restaurants but 95 percent of the business is retail.

Most of the work is done by hand, and the store even mills its own flour daily. Wheat berries, for Great Harvest’s wheat bread, are fed into a mill in a back storeroom.

The store is basically one open room, with the counters and register separating customers from the baking area. A caricature of the two “Baker Boys” (the name Baker Boys is their company DBA) is etched into the picture window and is repeated on an interior wall.

There are a few tables in the front of the store, where people can enjoy a coffee or juice and a slice of free bread, as they watch the Baker Boys at work.

The store publishes a weekly Bread Schedule that lists the specialty breads baked on each day of the week. As an example, cinnamon swirl, pumpkin walnut, sunflower mullat and cinnamon chip and a baker’s choice are featured on Mondays, while apple crisp, cinnamon swirl, nine grain, pizza swirl, spinach feta, cherry walnut and sourdough are the Thursday selections. In addition, white and honey whole wheat are baked daily.

The selection of cookies, muffins and scones changes each day too, and cinnamon rolls are always available.

Since there are no preservatives in Great Harvest bread, care instructions are printed on the back of the bread schedule. They warn never to put bread in the refrigerator. Store it on the counter for seven to 10 days or in the freezer.

Great Harvest Traverse City has 12 employees and since its inception three years ago, has been on a steady path of growth. “We saw a big jump this year,” says Brad. “Although the economy is down, we haven’t seen it here,” he adds, saying that most of the store’s sales come from local residents so tourism fluctuations don’t make much of an impact. As more locals discover Great Harvest, business has grown.

In getting up at 3:00 a.m. and slaving over a hot oven for 12-hour days more appealing than working for an industrial supplier? Both Brad and Scott say “yes!” Owning your own business, being able to live in beautiful Traverse City, getting to know people in the community and making them smile...these are things that make the hours zip by and owning a Great Harvest franchise worthwhile.
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18. APF Food & Beverage Report, December 2002
By Karen Braschayko

With little effort, it is now possible to bring the smell of freshly baked French bread to Michigan grocery and convenience stores.

Cuisine de France can "create a bakery or enhance a current setup, with minimal labor and minimal skill," said Kathleen Frantz, business development coordinator. With a minimum of one square yard of space to set up the movable oven and cooling rack, Cuisine de France’s full range of bakery products can be hot from the oven.

Sicilian or Venetian loaves, Irish fruit soda bread, Polish rye bread, ciabatta, French baguettes—"an international range of breads and baked goods can make your store a neighborhood hit. Whole wheat to pumpernickel, fruit or chocolate pastries to donuts, and bagels to all kinds of muffins.

These premium products are shipped frozen or par-baked and simply need to be slipped in an oven. "Our quality philosophy is fresh—we don't promote prepackaged food," said Frantz.

The ovens make baking as fuss-free as possible. They are one-touch preprogrammed and custom manufactured to the product's needs. But if a business already has an oven, it can be used easily as well.

Cuisine de France packaging is designed to maximize the impulse sale. Attractive wooden displays advertise and show off the products to attract customers. All baking can be completed during the day, "so that no night bakers are needed. You can fill it full during the day," explained Frantz.

Cuisine de France will work with businesses to get the store up and baking. "We are willing to provide stands and equipment based on mutual agreement. If deemed necessary, we're willing to invest in the company and develop it, help manage the category and advance it," smiled Frantz. Customer service is top priority.

A multimillion dollar company based in Dublin, Ireland, Cuisine de France is rapidly-growing international success. The products have been spreading through Michigan for two years now. "All products are made with European flours and butter," explained Frantz. A state of the art plant is under completion in Canada. Quality control is a point of pride.

After 14 years, Cuisine de France has become the top seller in the category in Europe and rapidly growing in the United States.

Contact Kathleen Franz at (847) 378-5340 and see the full range of products at www.instorebakery.com.
Liquor Control Commission provides Internet ordering option

The Michigan Liquor Control Commission announces that its Internet Liquor Ordering website is now open for business to all liquor licensees. Liquor licensees must sign up to use the application.

“I applaud the Liquor Control Commission and Michigan Department of Information Technology staff for working extensively on this project throughout 2002 in order to bring this exciting new service to Michigan liquor retail licensees and better serve their customers,” said Noelle Clark, director of the Michigan Department of Information, which oversees the Michigan Liquor Control Commission.

State of Michigan Liquor Internet Ordering offers ordering flexibility to liquor licensees and is the latest enhancement to the award winning Michigan.gov web portal.

Those who wish can place one order for all their liquor for the week, and receive it on their next regularly scheduled delivery day. The system will divide up the order by Authorized Distribution Agent (ADA) and show the person placing the order the delivery date for each ADA. Licensees can also choose to order the way that works best for them, such as placing separate orders closer to each ADA delivery day.

“This new website enables all liquor licensees to order their liquor at their convenience 24 hours a day on-line,” Jacque Passino, DIT Director said. “One of the key features is that the system checks inventory availability for every item of each ADA.

Our team implemented the newest technology available in order to provide this feature on the new ordering system to ensure that customers receive the latest information on product availability and delivery to better serve their inventory needs.”

Licensees placing an order via the website receive an email confirmation of the order, including transaction confirmation numbers, delivery dates, a listing of items ordered, and price.

Licensees who use the Internet ordering system can go back into the system throughout the day the order is placed and make updates to that order. Items can be added, deleted or changed throughout the order day.

“The program was piloted with a small group of liquor licensees who agreed to be first to both test and use the system. We’ve received very positive feedback from the test group, so we are opening the program up to all licensees to use,” said Dan Gustafson, LCC Chairman. “We expect a significant number of licensees will want to take advantage of this convenient new program.

The Liquor Control Commission launched an Electronic Fund Transfer program in 1999 and it has been a huge success so we know our licensees are always willing to embrace the newest technology to save time and make the ordering process easier.”

No payment information is required or taken by the Internet ordering system. Licensees pay by EFT, check or cash at delivery time as usual. This makes the system even faster and easier to use than other types of ordering.

The Michigan Liquor Control Commission Internet Ordering application is a cooperative effort between the State and its Authorized Distribution Agents. The State system communicates with Authorized Distribution Agent information systems to obtain delivery dates and inventory availability information.

The Authorized Distribution Agents are partners with the Commission in making this convenient service available.

Licensees wishing to use this free service must first obtain a password and user ID. The address to access the Michigan Liquor Control Commission’s web page is: www.michigan.gov/cls. Then click on the Liquor Control button in the left-hand column. The website provides information for licensees on obtaining a password to start using the Commission’s Internet Ordering system.
Look what just blew in for the holidays! Four great new holiday-themed instant tickets, each designed to whisk more holiday shoppers into your store. Stock up and recommend them — along with the great variety of other instant tickets — as perfect holiday gifts. Take advantage of this selling season, before the holidays are gone with the wind!

Cool New Holiday Games

The sales will warm up your season

Look what just blew in for the holidays! Four great new holiday-themed instant tickets, each designed to whisk more holiday shoppers into your store. Stock up and recommend them — along with the great variety of other instant tickets — as perfect holiday gifts. Take advantage of this selling season, before the holidays are gone with the wind!
Security tips for shopkeepers: staying safe and preventing ethnic violence

By Rosemary J. Erickson, Ph.D., president, Athena Research Co.

The following was originally developed Oct. 12, 2001, but remains timely with continuing safety concerns. It is reprinted with permission from author Rosemary Erickson. This, and other documents related to retail safety and security, can be viewed at www.athenaresearch.com.

There are many steps you can take to safeguard your employees and customers. After the events of September 11, ethnic hostility and other criminal activity may jeopardize the security of both employees and customers. Follow this advice:

- Take every threat seriously
- If something seems wrong, it probably is.
- Follow your instincts.
- Call management to report any suspicious activity.
- Call the police if necessary.
- Watch for suspicious behavior, not suspicious people.

These are the signs of possibly suspicious behavior, if anyone:

- Parks for an unusual length of time in or near the parking lot.
- Comes into the store, but does not make a purchase.
- Asks an employee’s nationality.
- Returns to the store after having been in there earlier.
- Seems agitated or raises their voice.
- Makes inflammatory or derogatory remarks.
- Verbally or physically threatens employees or customers.

If a threatening note, sign, message, or recorded message is left at the location, save it and report it to the police.

Follow these security rules:

Territoriality
- Define your territory with:
  1. Landscaping.
  2. Fences.
  3. Signs.
- If graffiti shows up on your building or fence, take a picture of it for the police and have it removed immediately.
- Keep the store and parking lot neat, clean and free of litter.

Access Control
- Limit the number of entrances and exits to the store and the parking lot.
- Install gates, locks, or turnstiles.
- Use guards, if necessary.

Surveillance
- Use lighting and cameras, both inside and out.

• Remove signs from windows to provide clear lines of visibility to the cashier.
• Move displays that block visibility to the cashier from the outside.
• Make sure that security cameras are working.
• Keep tapes for longer than usual because details that may not mean anything at the time can be critical to the police.
• Remember that people are the best form of surveillance.
• Be alert to your surroundings and report any problems.

Suspicious Mail
Here are some of the things, adapted from the U. S. Marshall’s Office and U. S. Postal Service, to look for that could indicate a bomb or biochemical agent, such as anthrax, in a package or letter:

- An unusual or unknown sender or place of origin
- No return address
- Mail that you are not expecting
- Postmark does not match return address
- Has a restricted address, such as confidential, personal, etc.
- Incorrect spelling on the name or address
- An excessive amount of postage
- Abnormal or unusual size, shape, or weight
- Uneven balance
- Oily stain on the package
- Peculiar odor (explosives may smell like shoe polish or almonds)
- White powder or other substance on the package or in the package
- Wires or strings protruding from or attached to an item

If you see one of these things, do the following:
- Do not touch or move the object.
- Do not inhale the substance.
- Contain the area immediately, such as closing a door, and moving to another area.
- Immediately wash your hands.
- Call the police, FBI, your management, and/or public health officials.

There is no guarantee of safety, but these steps have been shown to help increase security and reduce the risk of harm. For additional suggestions, you may refer to related publications and research updates listed on www.AthenaResearch.com.

Grocery store owners entitled to attorney’s fees and costs

Married grocery store owners were entitled to attorney’s fees and costs incurred in their challenge to tax assessments made by the IRS. The IRS’s position in underlying Tax Court litigation that the taxpayers understated their income was not substantially justified. Because the taxpayers failed to provide the daily receipts for the entire years at issue, the IRS used national gross profit statistical data prepared by Dun & Bradstreet to establish that the taxpayers understated the income of the stores. The grocery stores, however located in a depressed urban area where most purchases were made with food stamps. The IRS lacked a reasonable basis for comparing receipts from a low-income grocery store chain to the national average.

Attorney’s fees awarded to the grocery store owners were limited to the statutory amount of $140 per hour because no special factors were present warranting an increase. Even though the taxpayer’s attorney was highly educated and was recognized publicly as a tax specialist, this did not warrant additional costs where the facts of the case did not require such skills in order to prevail.

Submitted by Randy Denha of Cox, Hodgman & Giarmarco, P.C.

Spartan Stores chairman to retire

Spartan Stores, Inc., announced that James B. Meyer, Chairman, President and Chief Executive Officer has informed the board of directors of his intention to retire next year. The exact date of Mr. Meyer’s retirement will be based on the orderly and seamless transition. “It has been an incredible pleasure to be a part of Spartan Stores for the past 30 years,” stated Mr. Meyer.

Mr. Meyer has been with the Company since 1973, served as President since 1996, Chief Executive Officer since 1997, and Chairman since 2000. Spartan Stores, Inc. has engaged Korn/Ferry International, an executive recruiting firm, to immediately commence a search for a highly qualified successor with a proven track record and retail industry experience. Mr. Meyer will continue to serve in his current role as Chairman, President, and Chief Executive Officer during the transition.
Lottery
Continued from page 12

The commission structure for its instant games. The new commission structure is incentive-based, and is designed to help increase sales and provide you with more control over your earnings.

For the first three quarters of 2002, the Lottery paid out an additional $2 million in retailer instant commissions. Lottery retailers still earn a six-percent sales commission on all instant games and the current cashing and bonus commissions are still in place.

If your instant ticket sales, however, are a minimum of 2.5 percent higher during this quarter (October 1, 2002 – December 31, 2002) than in the same quarter last year, then you earn an additional one percent commission on your total instant ticket sales for that quarter.

The extra one-percent is paid to qualifying retailers through their Lottery Electronic Funds Transfer (EFT) account at the end of the quarter. Your sales goals will be announced at least 30 days before the start of the new quarter.

The first quarter goal for 2003 is a 2.5 percent increase over the same period last year. Your district Lottery sales representative or Tell-Sell agent can provide your historical instant ticket sales information to help you achieve your quarterly sales goals.

We appreciate the important role our retailers play in the continued success of the Michigan Lottery. We continue to strive to reward our retailers with some of the highest-paying commissions nationwide. This new program will pay out more commissions than ever before to our lottery retail partners.

HOLIDAY CLOSINGS and DRAWINGS: The Lottery offices will be closed in observance of the Christmas holiday on December 24th and 25th, as well as the New Year’s holiday on December 31st and January 1st.

NO DRAWINGS ON CHRISTMAS DAY: In observance of the Christmas holiday, regular Wednesday drawings for the Daily 3, Daily 4, Michigan Rolldown, Change Play, Keno and Michigan Million games will not be conducted on Wednesday, December 25th. All Michigan Lottery drawings will resume their regular schedule on Thursday, December 26th.

NEW INSTANTS: We will be unveiling five new instant games in December. On sale December 5th, is the $1 “Cash Cow,” with a top prize of $4,000. On December 12th, the $2 “Ante Up” game hits-stores, with a top prize of $25,000. Two more games will make their debut on December 19th: the $1 “Instant Numbers” with a top prize of $3,000, and the $5 “Sky’s The Limit” with a top prize of $250,000.

HAPPY HOLIDAYS: I want to take this opportunity to say a special thank you to each of you. You are the front line of contact with Lottery players and your continued support of Michigan Lottery products has a direct impact on the Lottery’s success.

May your holiday season and New Year be filled with happiness and success.

AFD’s Video Library: Training is the Key

In today’s ever-changing world, the need for quality employees has never been greater. Once you have found that “perfect” employee, then what? In order to get the most out of the new hire you must train them to do the job correctly and efficiently. How do you go about it? Fortunately the Associated Food Dealers of Michigan can help you through their vast loan library of training videos.

The library contains a large selection of training videos to meet your needs in areas of customer relations, employee health and safety, food safety and sanitation, marketing and merchandising, loss prevention and training and development.

These videos are available for a maximum of two weeks and are loaned to AFD members at no charge. Non-members are charged a $20.00 rental fee. In either case a $5.00 shipping and handling fee is assessed. (There are no shipping and handling charges for tapes that are picked up and returned to AFD. A refundable $50.00 Visa/Mastercard deposit is required.)

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- Fast, Hot-Keyboard Keys
- No-Scan plays Sound
- Weight Produce
- Electronic Receipts
- e-Mail Broadcaster
- End-of-Day Coin Counter
- Track Loyalty-Gift Cards

Lakeshore Market - John
Spartan Grocery Store promotions and scans-downs are managed effortlessly

AFD Food & Beverage Report, December, 2002...23
U.S. to offer $5 million reward

C-stores asked to help spread word to break up terrorists’ financial networks

To energize efforts to financially paralyze terrorists, the Bush administration plans to offer a reward of up to $5 million for information that results in the breakup of networks used to finance terrorist organizations, reports the Associated Press. The administration is planning a campaign to increase public awareness about the reward and will work with trade associations representing banks, convenience stores, pawn shops and others to help get the word out, an administration official said.

The reward would be offered for “information leading to the dismantling of any system or scheme used to finance a terrorist organization and information leading to the arrest or conviction of those who planned or aided in any act of terrorism against U.S. persons or property,” said the official.

The bounty would come from a long-standing “Rewards for Justice” program administered by the State Department, the official said. That program, created by a 1984 law, has paid out more than $9.5 million to 23 people. The government doesn’t discuss specifics on who got what for fear of endangering informants. Last year, the government also announced a $25 million reward for information leading to the capture of Osama bin Laden.

The government believes that by offering the reward it may “gain new information and insights into how terrorist financiers are moving money for deadly purposes,” the official said.

After last year’s attacks on the World Trade Center and the Pentagon, the U.S. led an effort to cut terrorists off from their sources of financing. While that campaign has yielded substantial results, more work needs to be done, Treasury and State department officials have said. Roughly $112 million in assets belonging to al-Qaida and its associates have been frozen worldwide since the September 11, 2001, terrorist attacks. But U.N. experts in the summer said al-Qaida is continuing to receive financial support from bin Laden’s personal inheritance and investments, from its own members and supporters, and from charitable organizations.

In October, administration officials told lawmakers that terrorists still have the financial muscle to carry out fresh attacks on the U.S. In tracking the terror money trail, one of the biggest challenges is following money that moves outside the traditional banking system. Those other means include informal money networks that don’t leave a paper trail; bulk-cash and cigarette smuggling; trafficking of diamonds, gold and drugs; and donations to charities, administration officials said.

For further information on the reward and other anti-terrorist activities, visit the Treasury Department at http://www.ustreas.gov or Reward for Justice at http://www.rewardsforjustice.net.

Wal-Mart is forging a larger share of food category sales

Supermarket share declines over last three years but shows a modest upward trend over past three quarters.

While supermarkets clearly continue to dominate in consumer food shopping, their share of food dollars has slipped by three percentage points over the last three years. The primary beneficiary? Wal-Mart, whose aggressive supercenter expansion, coupled with an increasingly value-conscious consumer base has created significant changes in consumer shopping patterns. Between 1999 and 2001, Wal-Mart achieved sizable gains in consumer penetration (+6%), shopping trips (+11%) and spending per trip (+12%).

Food categories within supermarkets that are most heavily impacted by a supercenter opening nearby include shelf stable grocery items, frozen foods and refrigerated dairy.

White House announces regulations to promote generic drugs

On October 21 President Bush announced a new rule that would give Americans greater access to less costly generic drugs. The proposed regulation would in effect close loopholes in the “Hatch-Waxman” law, which governs how generic drugs are approved and brought to market. The new rulemaking could make it more difficult for brand-name drug companies to delay generic drug competition by filing frivolous or inappropriate patent challenges.

The proposed rulemaking would reduce the number of new drug applications (NDAs) filed by brand-name drug companies. Under the Hatch-Waxman Act, brand-name drug companies are allowed to compete with their generic drug rivals if they file a bioequivalence challenge within 30 months of the generic drug’s approval.

The proposed regulation would change the timing of such challenges and require that brand-name drug companies file a bioequivalence challenge within 30 months of the generic drug’s approval or else lose their exclusivity period.

The proposed regulation would also require brand-name drug companies to file a bioequivalence challenge within 30 months of the generic drug’s approval, and if they do not, their exclusivity period would be reduced by 30 months.

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7UP turns things upside down with dnL

7UP turned the cola world upside down in 1967 when it introduced its famous "Uncola" marketing and advertising campaign, which featured the crisp, clear taste of 7UP in an upside-down cola glass. Today, the makers of 7UP are once again turning things upside down with this week's rollout of their newest soft drink called dnL.

Billed as the "upside-down" or "flipped" 7UP, dnL's arrival satisfies the changing tastes of consumers who have demonstrated that they want new and different beverages to quench their thirst. Targeted toward teens and young adults, dnL is bright green in color, includes a kick of caffeine and features a blend of fruit flavors.

"dnL offers consumers a chance to turn their thirst and perspective upside down – or as we like to say 'Flip it,'" said Mike McGrath, president and chief operating officer of Dr Pepper/Seven Up, Inc. "dnL provides our teen and young adult consumers with a one-of-a-kind taste and a kick of energy they'll love."

Beginning in November, consumers in approximately 60% of the country were able to find clear 20-ounce bottles of dnL on store shelves.

Distribution of the 20-ounce package will be expanded nationwide in January. Take-home packaging, including 12 packs and 2-liters, will roll out in April 2003.

Keebler Adds Knott’s Berry Farms Cookies

The Keebler Co. has added Knott’s Berry Farm Shortbread Cookies to its snack product line. Kellogg/Keebler will now distribute and sell both the 2-oz. and 3-oz. lines of these cookies to convenience stores nationwide.

Knott’s Berry Farm Cookies are bite-sized shortbread cookies prepared with Knott’s Berry Farm’s fruit filling. The 2-oz. line flavors consist of Raspberry, Boysenberry, Apricot and Blueberry. The 3-oz. line is prepriced at 99 cents and is available in all 2-oz. flavors, as well as Strawberry.

The Knott’s Berry Farm brand is owned by Omaha, Neb.-based ConAgra Foods Inc.

Mistic offers a Taste of Paradise

Last month Mistic introduced two new beverages that are bolder than ever before, Lotta Colada and Bahama Blueberry.

The tropically-inspired drinks are the latest additions to Mistic’s Tropicals line of juice drinks. The new blends, Lotta Colada and Bahama Blueberry, have tropical flavors targeted to the youth market.

Lotta Colada is Mistic’s newest addition to the fast growing dairy category. Complete with a creamy texture and sweet taste, Lotta Colada delivers a blend of juicy pineapple and refreshing coconut flavors. Bahama blueberry has a blend of blueberries and raspberries.

The drinks are available in easy-grip 16-ounce glass bottles.

Other Mistic products include Tropical Haze, Purple Reign, Tropical Fruit Punch, Kiwi Strawberry, Grape Strawberry, Mango Mania, Peach Beach, Watermelon Kiwi, Pineapple Orange and Peach Cranberry.

Mistic is a product of the Snapple Beverage Group, a unit of Cadbury Schweppes, plc.

Uncle Ray’s adds Roasted Garlic to chip lineup

Detroit entrepreneur, Uncle Ray (Jenkins) has come out with one more uniquely flavored potato chip, a Roasted Garlic flavor chip. It is the latest in a broad product line that includes Kosher Dill, Ketchup, Mustard & Onion Coney, and Jalapeno chips and as many as 17 other unusual flavors.

Certified Kosher, the chips are made with high quality oil that enhances flavor. They are available in 23 states.

The company was founded in 1965 and produces 5,000 pounds of chips every hour. Each bag of chips has an anecdote written by Ray Jenkins, along with a photo from his youth. Since June, 2000 he has written 34 chapters which have appeared on bags.
Engler appoints Gustafson to Gaming Control Board

Governor John Engler announced that he has accepted the resignation of Nelson Westrin, executive director of the Michigan Gaming Control Board, and appointed Dan Gustafson to succeed him.

Westrin has resigned to accept a federal appointment to the National Indian Gaming Commission.

"Nelson Westrin has done an outstanding job heading the Gaming Control Board," said Engler. "He has taken a new board, guided it professionally and ethically, and I am grateful for his service to the state of Michigan. As he prepares to serve on the National Indian Gaming Commission, I wish him and his family all the best."

Succeeding Westrin is Dan Gustafson, of Haslett, who has served as the chairman of the Liquor Control Commission since December 2000. Previously, he served as chief of staff to Lt. Governor Dick Posthumus, a state representative and on the Ingham County Commission. While serving as a state representative, Gustafson was Republican vice chair of the oversight and ethics committee at the time the gaming control legislation was being debated, giving him thorough knowledge of and insight into Michigan’s gaming legislation.

Gustafson earned a Bachelor of Science degree from Oakland University in 1981 and a master's of business administration degree from The George Washington University in Washington, D.C. in 1983. He is appointed to a six-year term, expiring November 2008.

Small tobacco to up prices

Survey shows increases coming in first-quarter 2003

The deep-discount category represents approximately 9% of total tobacco industry volume and has successfully taken volume and share from the "big four" cigarette makers, according to Salomon Smith Barney analyst Bonnie Herzog. And the category is still growing—but at a price, as most small manufacturers are expected to raise wholesale prices early next year.

SSB recently conducted a survey of some of the smaller manufacturers and importers in the deep discount category. Small manufacturers surveyed serve approximately 1,257 wholesalers and 130,300 retailers nationwide. Among the survey’s findings was most small manufacturers expect to take a price increase in the next several months. Herzog said. Approximately 58% expect to increase their wholesale prices by about 10 cents per pack. Most of these increases are expected to occur during first-quarter 2003.

Delivers In More Ways Than One.

MANY RESOURCES

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For more information on any of these excellent programs, call: ASSOCIATED FOOD DEALERS OF MICHIGAN 18470 West Ten Mile Road • Southfield, Michigan 48075 1-800-66-66-AFD or (248) 557-9600

Letters

Roy’s General Store adds hot food

Editor’s note: This email was sent to Ginny Bennett, the author of the November story “Traverse City store causes a buzz,” which was about Roy’s General Store. Here are photos of their new hot food bar.

Ginny:

Ted and Roy have read the story and think it's great. I told you we were working on putting in a hot food bar by request of our customers and we opened it Wednesday this week, I wish you could have been here to see all the smiles and all the customers, we doubled our lunch sales the first day. That is a very satisfying feeling to know you have made so many happy.

Thanks for your interest,

Kathie Hentschel Caldwell
Price of turkey dinner drops for third consecutive year

Editor's Note: Each year, AFD surveys Metro Detroit grocery stores to determine the cost of a traditional Thanksgiving meal. This information is then released to Michigan media. Here are the results of this year's survey:

Even if your budget is tight, with a little shopping savvy you can loosen your belt after a big Thanksgiving dinner without breaking the bank. According to the Associated Food Dealers of Michigan (AFD) the average price to purchase and prepare a traditional turkey dinner is $3.18 per person, down about 2 cents from 2001.

AFD President Michael G. Sarafa said the costs are based on a standard turkey dinner for 10 people and includes all the traditional trimmings: stuffing, mashed potatoes, gravy, yams, green salad, fruit salad, cranberry sauce, rolls, and pumpkin pie. Beverages were excluded.

"We have surveyed retailers since 1994 and found that dinner costs have remained quite consistent," says Sarafa. The prices reflect the average cost of items that can be purchased at supermarkets throughout the Metro Detroit area on the Monday of the week prior to Thanksgiving. This year that was November 18. Sarafa says that many of the items on the traditional Thanksgiving dinner menu are on sale during this time. Actual prices vary from store to store.

"This year stores are particularly price conscious," says Sarafa. "We're seeing steep price incentives, like turkey for 29 cents a pound." Sarafa also notes that some stores even offer free turkeys with additional purchases. "Retailers are going to great lengths to make this a happy and affordable Thanksgiving for their customers," he adds.

Sarafa says that Thanksgiving is a great time to fill the freezer and stock pantry shelves, since most stores offer turkey and related items at or below their cost.

McDonald's opening outlets in new Wal-Mart stores

McDonald's is opening new outlets inside Wal-Mart Discount Stores and Supercenters across the U.S. The fast-food chain is currently in about 700 Wal-Mart stores and plans to expand.

Consumer satisfaction edges up

Customer satisfaction rose to 73.1 percent in September, up from 72 percent a year ago, according to the University of Michigan's American Customer Satisfaction Index. Analysts attribute the increase to companies responding to pricing pressure by offering better values.

Ice cream cartons shrink

Rising ingredient costs coupled with an unwillingness to raise the price of a half-gallon of ice cream over $5 has many ice cream manufacturers reducing container size. Dreyer's cut its package sizes to 1.75-quart containers, and other companies are considering implementing similar changes.

Vanilla Coke boosts soft drink's earnings

Robust North American sales of Vanilla Coke, diet Coke with Lemon and Minute Maid juice products contributed to the 8 percent increase of Coca-Cola's quarterly earnings. The No. 1 soft drink company says the popularity of the new products increased its unit case volume by 9 percent.

28......AFD Food & Beverage Report, December, 2002
Add SPDs to your list of business hurdles

Information provided by Gadaleto, Ramirez & Associates

If you offer welfare benefits to your employees, there is a new regulation in town. The U.S. Department of Labor (DOL) recently issued new regulations under ERISA requiring certain items to be disclosed to participants in a Summary Plan Description (SPD).

The new regulations cover all types of employee benefit plans including group health insurance plans. All plans that have renewed for the second year as of January 22, 2001 are required to report under the SPD regulations.

Many welfare benefits plan insurers and health benefit organizations (medical, dental, disability, life and other coverages) provide a booklet or certificate to participants which, while containing many of the required items, do not include all provisions necessary under the new SPD regulations.

As the plan sponsor, you are obligated to maintain an SPD containing all of the required provisions. If an SPD is not maintained or is deficient, you could be subject to civil penalties in a DOL audit.

Participants could file lawsuits claiming that the failure to maintain an SPD with all the required information led to the improper handling or denial of a claim.

A Summary of Material Modification must be provided within 210 days after the end of the plan year in which the modifications are adapted. Material reductions in covered services or benefits need to be disclosed no later than 60 days after the change is adopted.

The idea is simple - provide Summary Plan Descriptions (SPDs) to all plan participants in a format that is easy to read and understand so employees don’t have to rely on complicated and confusing documents. Retirement plans, welfare benefit plans (insurance plans), and cafeteria plans all require an SPD.

There are only a few exceptions, which include:
- Government plans
- Some church plans
- Plans maintained to comply with worker’s compensation laws, unemployment compensation laws, or disability insurance laws
- Plans maintained outside of the United States primarily for the benefit of non-resident aliens
- An excess benefit plan

Lack of an adequate SPD is probably the most common noncompliance issue. Most companies provide SPD’s for their retirement plans because most Third Party Administrators (TPA’s) supply them with one. Many times plan sponsors of insured welfare plans (medical, dental, life, and disability) think that the certificate of insurance will suffice as their SPD but more than likely it will not. The certificate of insurance is a state requirement and does not include all the information required to be an SPD, which is a federal requirement.

However, required information can often be added to this certificate and listed on a single page. Just a little effort in this area can bring most plans up to compliance and prevent potential problems. The easiest way to distribute an SPD is in person or by first-class mail.
For more information on our fine dairy products please call 1-800-748-0480, ext. 1659.

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Dinorah Espinoza-Dykstra
Pharmacist

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AFD’s 18th Annual
Buying Trade Show
Tuesday, April 23, 2002
5 p.m. 9 p.m.
Wednesday, April 24, 2002
2 p.m. 8 p.m.

Look inside for more details about
winning a million dollars!

Associated Food Dealers of Michigan
18470 West Ten Mile Road
Southfield, Michigan 48075
Guaranteed!
Some lucky customer from Sherwood Food Distributors will have the chance to WIN $1 MILLION!!

DON'T MISS OUT!
Attend AFD's 18th Annual Trade Show. Buy some products in the SFD section of 36 booths, and you will get a chance to play for $1 million. Did we mention that we are offering outstanding deals?

YOU CAN'T LOSE!
We will have some amazing deals on the following products:
- BEEF
- CHEESE
- DELI
- PORK
- POULTRY
- SEAFOOD
- TURKEY

Of course, we will be introducing some new products, too!

TRADE SHOW HOURS:
Tuesday, April 23, 2002 • 5 p.m. - 9 p.m.
Wednesday, April 24, 2002 • 2 p.m. - 8 p.m.
Burton Manor, Livonia, Michigan

Call your Sherwood Food Representative at (313) 366-3100 or call Ginny at AFD at (248) 557-9600.

IT'S REALLY EASY . . .
- All Sherwood Food customers receive free admission into the AFD Trade Show. Preregister by mailing in this form, and you will receive a badge in the mail. No waiting in long lines!
- If you do not mail in the form, please bring it with you to the show, or you will be charged $5 at the door.

The law demands that you must be at least 21 years of age to attend this Trade Show.

OVERNIGHT ACCOMMODATIONS:
Holiday Inn—$109
(734) 464-1300
Comfort Inn—$72
(734) 458-7111
Admission into the Trade Show is free for all SFD customers who register.

Name: 

Store Name: 

Address: 

City/State/Zip: 

Associated Food Dealers of Michigan • 18470 West Ten Mile Road • Southfield, MI 48075
Swing Into Spring at Burton Manor, Livonia, MI April 23 & 24, 2002

Two days with 10 full hours of uninterrupted SELLING!

A SELLING Trade Show attracting buyers from convenience stores, supermarkets, specialty stores, drug stores and gas stations

Sell to thousands of buyers in just two days!

Working hard for the food & beverage industry for over 86 years!
The AFD Trade Show:

Right in the Heart of the Fairway

A Chance to Win a Million Dollars
Guarantees Attendance

Exhibitors that offer Show Specials will be included in a sweepstakes game. Attendees visit participating booths to get game cards stamped. A completely stamped card gives the buyer a chance to win a million dollars by getting a hole-in-one.

Partnering with AFD is like a "Seeing-Eye Putt"

- Ten no-conflict exhibit hours
- A forced floor plan
- Free promotional materials
- Dedicated exhibitor support
  - direct mail promotions
  - complimentary customer tickets
  - ad discounts
- Instant access to:
  - convenience stores
  - supermarkets
  - specialty stores
  - drug stores
  - gas stations

"The AFD show is valuable to us because of the deals," said Joyce Polsky from Fox Hills Medi Mart.

"I go to the show to learn about the latest trends in the industry, and see if any unique ideas are appropriate for our store," said Ron Larkin from J&J Foodcenter.

"I'm looking for new products; I want to see something different," said Richard Schiff from Richard's Drug.

"I came to the show with a specific agenda to purchase products that could be used for a Spring Summer promotion," said Bill Schmid from Manhattan Marketplace.

"My customers are looking for fast and easy meals on-the-go, so I want to see branded food concepts," said Jay Beydoun from Jay's Redford Amoco.

The Associated Food Dealers of Michigan (AFD) is one of the largest trade associations in the country. We've been serving the food and beverage industry for over 86 years, and we have been hosting a successful selling trade show for 18 years.

Call or E-mail Ginny at AFD for more information at (248) 557-9600 or gbennet@pop.net. Ask for a LIST OF EXHIBITORS when you call.
Discover How You Can Profit!

Exhibit Hours:
Tuesday, April 23, 2002  5 p.m. - 9 p.m.
Wednesday, April 24, 2002  2 p.m. - 8 p.m.

Exhibit Fees:
1 booth $950
1+ booths $1200
2 booths $1600
2.5 booths $2150
3 booths $2700
4 booths $3400
4+ booths $3400 + $750 for each additional booth

Receive a 50% discount on all ads in the Food & Beverage Report. Purchase a half- or full-page ad and receive free spot color, too.

AFD Non-Members: add $400 to the above prices.

Standard Booth:
• 8 feet deep by 10 feet across
• back drop is curtained
• company name sign
• 50 complimentary customer tickets
• one 8-foot skirted table ($25 per additional table)

Location:
Burton Manor, Livonia, Michigan

Electrical:
All electrical requirements must be made through Burton Manor. All electrical costs will be borne by exhibitors.

Corkage:
All beer, wine and liquor that will be sampled must be purchased through Burton Manor. The corkage is 15% on the wholesale cost. Exhibitors may bring in their own alcohol if it will be used only for display purposes. Please make arrangements at least two weeks prior to the show with Sales Manager Susan Giffin at (734) 427-9110, ext. 25.

Drayage:
Assistance with move-in is optional; there is no charge. Exhibitors utilizing storage space at Burton Manor prior to the show must make arrangements through Burton Manor; there is a charge for this service.

Installation:
Tuesday, April 23, 2002  8 a.m. - 4 p.m.

Dismantle:
Thursday, April 25, 2002  8 a.m. - 12 p.m.
Everything must be out by 12 p.m. (noon)—no exceptions.

Secure Your Return-on-Investment Right Now:
1) Review the enclosed floor plan and choose a booth
2) Fill out the enclosed contract and mail it to AFD.
Sell to thousands of buyers in just two days!

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18470 West Ten Mile Road
Southfield, Michigan 48075

Contact: Ginny Bennett • gbennettafd@pop.net
Phone 248-557-9600 • Fax 248-557-9610
www.afdom.org