



Food & Beverage REPORT

The official publication of the Associated Food Dealers of Michigan

August 2005

Just In

Legality questioned on subsidized lottery payouts

AFD has recently received several inquiries from retail members regarding the legality of retail stores awarding higher payouts on Daily Lottery winnings. In order to attract customers, AFD has become aware of the fact that some stores up the ante on lottery payouts by subsidizing the winning tickets. They promote this to their customers in order to create more traffic and additional Lottery sales.

AFD staff and legal counsel are currently researching the legality of this issue.

AFD also made an inquiry to the Lottery Commissioner's office, who is forwarding the question to the Michigan State Attorney General.

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AFD leaps into wine war



On Tuesday, June 14, the AFD Board of Directors unanimously agreed to support legislation that would prohibit all direct shipments of wine from wineries to individual consumers.

As reported in the July edition of the *AFD Food & Beverage Report*, a May Supreme Court ruling said that states that allow direct wine shipments must do so on an even-handed basis and not just for in-state wineries, as Michigan law previously allowed.

Identical state House and Senate bills introduced in June would ban all direct shipments by Michigan wineries and out-of-state wineries to

individual consumers and retailers. House Bill 4959, sponsored by Chris Ward, R-Brighton and Senate Bill 600, sponsored by Bob Emerson, D-Flint, are in response to the May U.S. Supreme Court ruling.

In a letter to Michigan legislators, AFD President Mike Sarafa wrote: "On behalf of Michigan's 8,000 wine retailers, I encourage you to support legislation being introduced by Rep. Chris Ward and Sen. Bob Emerson that will address a recent U.S. Supreme Court decision that abolishes Michigan's law regulating the importation of alcoholic liquor. From a strict business standpoint, every bottle of alcoholic liquor shipped into Michigan is a lost sale for a Michigan retailer.

"Michigan beverage retailers are heavily regulated and taxed under the Michigan Liquor Code. The introduction to this code states that the Liquor Control Commission was created 'for the control of the alcoholic beverage traffic within the State of Michigan.' The mechanism used for this control has been the three-tier system, which has served

Michigan well for over 70 years. The cornerstone of the three-tier system has been the retailer/consumer relationship. We would like to preserve this system not just as a matter of business but as one of public safety as well.

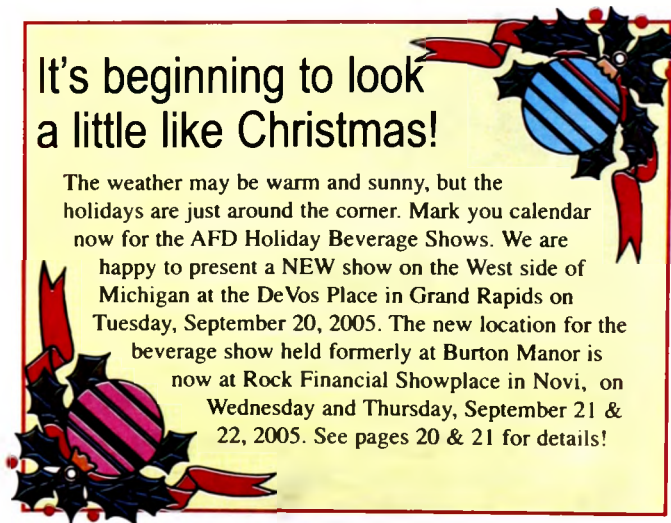
"Alcoholic beverages remain a unique commodity that requires strict regulation and control. Under the 21st Amendment to the U.S. Constitution, states have the right to regulate alcohol. But in today's society, this right further extends to a duty and moral obligation to protect citizens from unsafe and illegal use of alcoholic beverages."

Another position that may be considered by our legislature is one that is currently being advocated by Michigan wineries and the California Wine Institute. Under this plan, limited shipments would be allowed. The state would regulate the amount of wine that is either shipped by wineries, received by individuals or both.

The AFD Food & Beverage Report will continue to monitor this situation and report on all new developments.

It's beginning to look a little like Christmas!

The weather may be warm and sunny, but the holidays are just around the corner. Mark you calendar now for the AFD Holiday Beverage Shows. We are happy to present a NEW show on the West side of Michigan at the DeVos Place in Grand Rapids on Tuesday, September 20, 2005. The new location for the beverage show held formerly at Burton Manor is now at Rock Financial Showplace in Novi, on Wednesday and Thursday, September 21 & 22, 2005. See pages 20 & 21 for details!



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Chairman's MESSAGE

Funding recycling one penny at a time



By Mary Dechow

As food retailers, we have long been one of the leaders in Michigan's recycling efforts. Through our work, billions of bottles and cans are recycled. In addition, grocers have led the way in recycling everything from corrugated boxes and stretch wrap to wood pallets and used bakery oils. The bottom line is, our efforts make up a large part of Michigan's overall recycling.

Sadly, Michigan's 20% recycling rate is one of the lowest in the U.S. and the lowest in the Midwest. And it's declining. Due to budget cuts, many communities are paring back on residential recycling programs. It's a trend that's bad for the environment and bad for the economy.

Recycling is a \$240 billion industry in the United States, providing

millions of jobs, income and tax dollars for other states. This business opportunity is untapped in Michigan. According to national figures, a five percent increase in recycling could result in the creation of 18,000 new jobs, \$574 million in payroll and \$204 million in tax revenue. It's a shot in the arm that our economy certainly needs.

Today, it's difficult for a Michigan business involved in recycling to be sustained due to the lack of materials available here. The company Clean Tech in Dundee, for instance, reprocesses used plastics into HDPE and PET post consumer resin pellets that are ultimately used in the making of other products including bottles, plastic sheeting, fibers strapping, and drain tiles. CleanTech has to import from other states nearly 60 percent of the plastics it needs because Michigan's current recycling infrastructure is unable to supply the plastics. According to the National Recycling Coalition, two Michigan plastics recycling facilities recently closed – a loss of 100 jobs – because of inconsistent supply. It's a trend that can't continue.

Some have suggested Michigan should increase recycling by expanding the current bottle deposit law to juices and waters. But expanding the bottle bill will only bump up our recycling rate by approximately seven-tenths of one percent. Millions of items – from soup cans to cell phones – would continue to be destined for landfills. Consumers and businesses would bear the burden of an estimated \$60 million cost, while there would be no economic benefit for the state or Michigan workers.

In a recent survey conducted by Public Sector Consultants, 90% of those polled said they would support efforts to expand recycling in Michigan and two-thirds of those responding said they would support a funding source for expansion. Ten potential funding sources were

The Grocery Zone

By David Coverly



See Recycling

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Cognac, Scotch and conversation featured at AFD Industry Night

By Michele MacWilliams

A night of tasting Scotch and Cognac with friends and industry representatives was AFD's most recent PAC fundraising event. Held June 1 at Shenandoah Country Club, it was an excellent forum for members to see old friends, meet new ones and catch up on AFD's

political agenda. In addition to the great beverages and a nice selection of hors d'oeuvres, AFD hosted a special presentation titled, "The New Liquor Law: Is it Working?"

Marty Wolinsky of Owen Consulting in Avon, Connecticut gave an informative presentation on pricing liquor for profitability. Then, representatives from the liquor

industry hosted a lively round-table discussion.

"The AFD Industry Night was a great forum for our members to address their concerns regarding liquor pricing, and get some solid recommendations from the industry," said Ronnie Jamil, AFD chairman and the retail representative on the panel.



Marty Wolinsky of Owen Consulting addresses the crowd.



Panel members Randy Miller of General Wine & Liquor, Scott Skinner of Diageo, Wolinsky, Ronnie Jamil from Mug & Jug and Trans-Con's Brad Still.



(L to R) Brian Yaldeo, Ronnie Jamil and Al Chittaro enjoy the evening.



A Happy Group



Shenandoah Country Club was a beautiful venue for the event.



The crowd listens intently.

Calendar

September 20, 2005

AFD W. Michigan Holiday Beverage Show
DeVos Place, Grand Rapids, MI
(248) 671-9600

September 21 & 22, 2005

AFD S.E. Michigan
Holiday Beverage Show
Rock Financial Showplace
Novi, MI
(248) 671-9600

October 29-November 1, 2005

NACS Show 2005
Ernest N. Morial Convention Center
New Orleans, LA
www.nacsonline.com

January 27, 2006

AFD Annual Trade Dinner and Ball
Penna's of Sterling
Sterling Heights, MI
(248) 671-9600



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AFD works closely with the following associations:



Study: Calcium and vitamin D in diet help prevent PMS

A diet rich in calcium and vitamin D, which helps the body absorb calcium, could reduce women's risk of developing premenstrual syndrome, or PMS, according to a new study. In comparing diet and supplement use over 10 years among women ages 27 to 44 who developed PMS and those who didn't, researchers found those with high intakes of vitamin D and calcium had a 40% lower risk of developing PMS. -CBS

The "inconfundible" Dr. Pepper

Marketers at Cadbury Schweppes were surprised and delighted to learn that acculturated Hispanics drink 62% more Dr. Pepper than the public at large, but creating a Hispanic advertising campaign still presented a problem. The solution was to build a campaign that distinguished Dr. Pepper from its better known rivals in the cola market by playing on its recognizable flavor with the slogan "inconfundible," meaning "unmistakable." -Advertising Age

Grocery Store becomes Altar

A church is so conventional, why not get married in a grocery store?

Fourteen months ago, Quincy, Illinois residents Diane Rodenick and Tom Lane met at a local Hy-Vee store, and on June 11, before 75 friends, family and store employees, the couple said "I do" in the location where the courtship began.

Progressive Grocer notes that Lane, the Hy-Vee store's assistant produce manager of 15 years, told a local newspaper that the floral department took care of the flowers and the bakery department took care of the cake. Store onlookers served as curious guests while the couple and their invited guest enjoyed the ceremony and reception in the grocery store's dining area.

Nash Finch to launch dedicated IGA distribution center

A Cincinnati, Ohio Nash Finch distribution center will be converted to a dedicated IGA facility offering IGA retailers better selection and buying power, according to officials of Nash Finch, Minneapolis. In a June meeting attended by more than 120 IGA retailers, Ron Marshall, Nash Finch's chief executive officer, and Dr. Thomas Haggai, chairman, president and CEO of IGA, also announced a market development program for IGA retailers including improved circulars, more sales events, increased private-label offerings and better sales and merchandising programs, Marshall said.

Miller to renew ad assault on Anheuser Busch

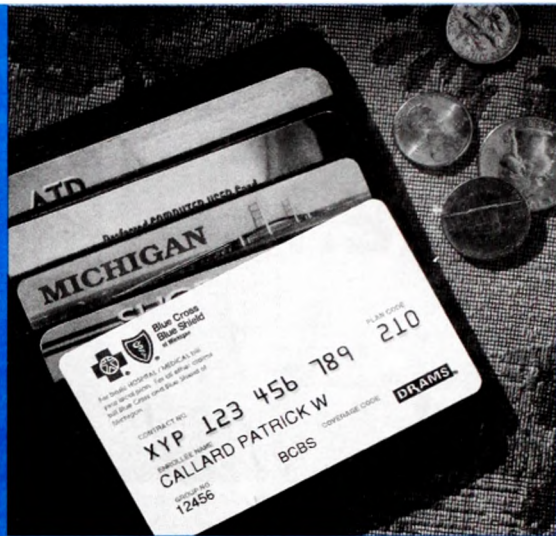
Miller Brewing Company is touting the better taste of its beers in a new ad campaign aimed directly at Anheuser Busch. The brewer also said it was out-executed recently by Bud brand pricing, and plans to make necessary adjustments to stave off any price-driven market share loss to its rivals.

Costco to stop selling Pampers in most stores

Procter & Gamble Co. does not expect the removal of its Pampers line from Costco wholesale clubs to hurt its business. Although no reason was given for the decision, one analyst speculates Costco has forged a deal with P&G rival Kimberly-Clark to be its diaper supplier. -The Cincinnati Post

Study: Children cannot regulate their food intake

Study: Children cannot regulate their food intake: If parents and caregivers hope to curb the risk of childhood obesity, they must control children's portion sizes because children will eat what is in front of them, regardless of what else they have eaten during the day, a new study found. -WebMD



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NewsNOTES

Study: Vast majority of online 'Canadian' pharmacies are frauds

Out of approximately 11,000 Internet sites designed to look like Canadian pharmacies, only 1,009 actually sold prescription products, according to a study released this week by Cyveillance. Also, only 214 had any discernible connection to Canada, either with registration data traced back to that country, or any indication they were hosted

by a Canadian internet service provider. Cyveillance worked with the U.S. Food and Drug Administration on the project. Over half of the sites registered in the United States and dispensing drugs were registered by a single firm, Cyveillance reported, information that has been forwarded to the FDA.
—supermarketnews.com

Patriotism fuels Hooah! energy bar sales

D'Andrea Brothers secured the exclusive rights to distribute Hooah! bars, the official energy bar of the U.S. military, to civilians with a portion of sales being pumped back into the military. The bars became available in nearly 12,000 retail locations in early spring.
—The Wall Street Journal

Procter & Gamble makes high-level management changes

Procter & Gamble here has made a number of high-level management changes effective July 1. P&G's board of directors elected Paolo deCesare to president, global skin care, personal cleansing and deodorants. Melanie Healey was elected president, global feminine care. Steven Jemison was elected secretary and associate general counsel. Charles Pierce became president, global oral care. He was president, global family care, a position that David Taylor will take, rising from his post of vice president North America family care. Martin Riant was elected president, global baby care and adult care. Retiring from P&G are John Jensen, vice president and comptroller; and Michael Kehoe, president, global oral care.

Study: Sweet drinks leading source of calories

A study by a Tufts University professor found sweetened beverages have become the top energy contributor in the American diet, accounting for 14% of calorie consumption and replacing white bread, which accounts for about 6% of calories consumed. Dr. Odilia Bermudez believes the food industry could use her findings to help educate consumers.
—FoodNavigator

Finding consumers in the sweltering summer

As a marketing ploy, hiring a plane to trail a banner above a beach may seem small time, but in fact the number of impressions might make some cable TV advertisers jealous. Aerial banners can reach upward of three-quarters of a million bathers on Lake Michigan, a half-million on the New Jersey shore and well over a million sun worshippers along the beaches around Los Angeles.
—Advertising Age

A&P creates reward for shoppers

A&P recently rewarded shoppers who made a sizable store-brand purchase. In a Fourth of July-themed promotion, the retailer offered a free cooler bag to customers who spent \$25 on America's Choice products in one shopping trip. The bag sports a patriotic theme and a red, white and blue America's Choice logo. An ad in "Easy Solutions," the retailer's in-store magazine, pictured the bag with picnic-related America's Choice products, including potato chips, cola and crackers. The offer ran through July 6. Several A&P banners participated, including A&P, Walden's and Farmer Jack.
—supermarketnews.com

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NewsNOTES

To Wal-Mart or not to Wal-Mart

Some residents of Halifax, Nova Scotia, were up in arms recently when they saw a sign announcing that a new Wal-Mart would be built there, to be opened in about a year. The phone reportedly rang off the hook in the offices of local officials, as residents wondered what was going on.

As it ends up, nothing was going on.

The sign was actually an experiment by local architecture students, who wanted to know how residents would react to the notion of a Wal-Mart coming to town. The result, by the way, was that 25 percent of residents seemed to think it was a pretty good idea.

Local officials, however, were not amused.

Safeway Offers Buyouts To Almost Six Thousand Employees

The *Contra Costa Times* reports that Safeway Inc. is presenting a buyout deal to some 5,800 employees in Northern California who have been working for the company for at least three years.

The goal of the buyout is to replace higher-paid workers with newcomers who would make less money and have less costly benefits because of the deal struck with the union earlier this year. The United Food and Commercial Workers (UFCW) is officially neutral on the offer, saying it is up to individual members to make a decision.

Safeway emphasizes that the buyout offer is voluntary.

Recycling

Continued from page 3

polled and all received better than 50% approval, but the one with the highest approval was a penny transaction fee on retail purchases.

Under this potential penny plan, retailers would collect one penny on every completed sale of goods, with that penny going to fund recycling. The penny may be collected on sales of only \$2 or higher and the amount collected for the entire sale would never exceed a penny no matter how many items are in the transaction. The transaction fee would not apply to services, utilities, business-to-business sales, or major purchases, such as a boat or a car.

The penny plan recognizes that nearly everything we buy has a disposal consideration and a recycling possibility. The financial implications for any individual would be small – \$10 to \$11 annually – while the total collection potential could result in a major boost for recycling and Michigan's economy. Since the penny would apply to appliances, cell phones and similar items, funding could also

be earmarked toward programs that enable communities to collect and recycle these and other products that pose a hazard when landfilled. In addition, funding would help support new and current curbside and drop-off recycling programs, and aid in the development of business opportunities in the collection, processing and re-manufacture of recycled materials.

Ultimately, passage of the penny plan would significantly boost our statewide recycling rate and it would render efforts to expand the bottle bill as unnecessary and redundant.

Michigan Recycling Partnership Board Members, including AFD President Mike Sarafa, have been meeting with lawmakers and others regarding the penny plan and the concept is receiving increased support. Like the passage of any legislation, however, the process of writing, introducing and passing such a proposal will take the time and efforts of all of us in the industry. If you'd like more information, please feel free to contact Mike Sarafa (248) 671-9600 or me (616) 878-2469.



AFD Chairman Ronnie Jamil (right) and Vice Chairman Fred Dally met with Governor Granholm last month at a fundraiser in Oakland County. Photo by Jeffrey Joseph Atto.



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Combating inventory shrinkage

Retailers are more openly adopting electronic article surveillance programs.

Inventory shrinkage is a common problem in retail, and grocery is no exception. Defined as a combination of shoplifting, administration fraud, employee theft and vendor fraud, inventory shrinkage cost the nation's retailers \$31.3 billion in 2001, or 1.7% of companies' total annual sales, according to findings from "The National Retail Security Survey." Equally frightening is that these companies reported that 31.7% of shrinkage resulted solely from shoplifters, accounting for \$9.7 billion in lost revenues.

To combat these losses and reduce these sobering statistics, retailers are more openly adopting EAS programs. Their first option is to employ a source tag program that involves embedding tiny anti-theft labels, similar in size to a paper clip, directly inside a product's label or packaging. Typically, these units are installed by the supplier at the time of packaging so the tags are hidden from the customer's

view. Other retailers are choosing an in-house program that involves fastening anti-theft tags to product. In both cases, the tags broadcast an audible alarm throughout the store when a shoplifter attempts to improperly remove the tag or tagged merchandise from the store.

"Stores that utilize security technologies generally have lower overall inventory shrinkage than retailers who do not," says ADT's president Mike Snyder.

An average return on investment for an EAS system usually occurs within 12 months. While EAS's penetration is slow in the supermarket industry compared to other retail sectors, source tagging programs are driving stronger adoption within grocery.

"As retailing formats continue to blur and other retail sectors like convenience stores, drug and mass merchants encroach on supermarket customers, grocers need to be more competitive," says Lee Pernice,

ADT's retail marketing manager. And it is clear EAS programs are a good way to stay in the game.

Whether working with supplier partners to implement a source tagging program or taking on the project in-house, the number of supermarket chains utilizing EAS tags is growing throughout the industry. "Technology also allows employees to focus more time on assisting customers and less on patrolling the aisles," adds Snyder.

However, those aisle patrols continue due to the manual process of logging alarms. As alarms are set off, managers or associates are required to log the alarm-causing item and alarm location onto a paper-based spreadsheet. The challenge, however, is how to centralize this data. "Imagine a grocer that manages between 200 and 500 locations, all using an EAS system," explains Pernice. "A manual system cannot support analysis at an item and alarm

location level, or even how well the system is working."

ADT is helping retailers centralize this data through its new automated alarm logging system, UltraLink. Working in conjunction with anti-theft tag detectors, pedestals and EAS tags, UltraLink is an electronic system that collects and centralizes information on EAS events. This stored data is later analyzed and turned into critical reports that reveal trouble spots within a store.

"Grocers have tight time crunches and need to manage multiple things, and an automated system is a key to management," says Tony D'Onofrio, vice president of emerging technologies for Tyco Retail Solutions Group. "By providing them with a system that centralizes all EAS activity, retailers use reports that pinpoint issues that cause exceptions. These reports will help managers better utilize their time by

Shrinkage,
continued on page 17.



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New products coming soon

MallowCreme from DMH Ingredients

DMH is introducing MallowCreme, a new marshmallow-flavored cream that allows for a quick and easy way to make crispy rice squares and other cereal or breakfast bars. The company says the product gives retailers a way to increase the bottom line while giving customers something they will want to take with them. www.mallowcreme.com

Light Garlic & Herb Cheddar from Cabot Creamery

Cabot has combined fragrant herbs and a touch of roasted garlic with its award-winning 50% Light Cheddar to create new Cabot 50% Light Garlic & Herb Cheddar. This savory light cheddar is brimming with the flavor of fresh herbs and roasted garlic, making it perfect for punching up sandwiches, casseroles and snacks. www.cabotcheese.com

Mediterranean-inspired cheese from Madame Chevre Elite

This soft, unripened, pasteurized

goat milk cream cheese is layered with a blend of roasted vegetables and olives. The Mediterranean-inspired product is conveniently packaged in 6-ounce cups for easy entertaining. www.woolwichdairy.com

New cheese offerings from Winona Foods

Winona Foods now offers assorted cube sizes of Blue, Gorgonzola and Feta packed in oil accented with herbs and spices. The 6.5-ounce package contains 1.25 ounces more than the leading brand. These products are available as a private label or under the Cheese Crafters brand. The glass jars are available with printed lids and are packed 12 to the display-ready case. www.winonafoods.com

All-natural deli ham from Maple Leaf Foods

This ham is uncured, which means no nitrites or nitrates are added. Only naturally occurring ingredients such as sea salt and unrefined cane sugar

are used. Natural vegetable juices are added to create a clean taste, while natural hardwood smoke enhances the flavor. www.mapleleaf.com

Pretzel Crisps from Snack Factory

Snack Factory has introduced Pretzel Crisps, a spreadable pretzel cracker that's trans-fat-free and all natural. Available in 6-ounce resealable stand-up pouches in Original, Garlic and Everything flavors, the product comes in 12-count display cartons and 80-count floor shipper displays. Free sampling crisps are available with each order. www.pretzelcrisps.com

Soy Thin Crisps from Stacy's Pita Chip Company

Stacy's Pita Chip Company has raised the bar for healthy snacking, offering 10 varieties of Pita Chips and six varieties of Soy Thin Crisps. www.pitachips.com

Hummus to go from Sabra Foods

Sabra is introducing individual "to-

go" servings of its hummus packaged with crackers. The product extension includes nine flavors in individual 4.1-ounce containers complete with crackers. www.sabrafoods.com

Simmer & Spoon Fresh Soups from Sandridge Food Corp.

Simmer & Spoon Fresh Soups are refrigerated, never frozen. Set to launch in the fall, they will be available in 16- and 32-ounce sizes for grab-and-go convenience and come in four varieties: Chicken Noodle Soup, Clam Chowder, Chili with Beans Soup and Cream of Potato Soup. www.sandridge.com

TimeStrip CoolerStrips and Grip2Go from DayMark

DayMark Food Safety Systems is launching TimeStrip CoolerStrips that automatically track the expiration dates of perishable and prepared items in the cooler by

New products,

continued on page 31.

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Agriculture director announces resignation

Dan Wyant, Director of the Michigan Department of Agriculture (MDA), announced that on July 29, 2005, he will step down from the post which he has held for nine years. Wyant was appointed to the position by the Michigan Commission of Agriculture in October of 1996. Wyant has accepted a position as

President and Chief Operating Officer of the Edward Lowe Foundation, a private operating foundation that assists entrepreneurs. The foundation is located on 2,500 acres of rural farmland in Cassopolis, Michigan. "Dan has made important contributions to the Department of

Agriculture. He is a friend of AFD and we have enjoyed working with him," said AFD President Mike Sarafa.

Wyant, a native of Cass County, Michigan, brought a vast agricultural background to MDA with a B.S. degree in Food Systems Management



Dan Wyant

from Michigan State University and an M.B.A. from American University in Washington, D.C. He began his public career providing policy expertise for the Michigan Senate and serving as legislative liaison for the MDA. In February 2002, Wyant was appointed by U.S. Secretary of Agriculture Ann Veneman to serve on the USDA Fruit & Vegetable Advisory Committee. In early 2003, he was appointed by Governor Jennifer M. Granholm to the Michigan Land Use Leadership Council.

Under Wyant's leadership, MDA has seen an increase in consumer confidence due to programs that have placed a priority on food safety. Wyant is especially proud of his role in introducing initiatives that promote environmental stewardship on farms. A highlight of his MDA career included attaining split-state status for bovine tuberculosis, saving the state's livestock industry millions of dollars in testing costs and ensuring markets for Michigan-raised cattle. Wyant has also been a strong advocate of programs that help farmers add value to Michigan-grown commodities.

Wyant added, "It has been an honor to serve as department director for the past nine years, and I leave very optimistic about the future economic potential of agriculture in Michigan."

The Director of Agriculture is appointed by the Michigan Commission of Agriculture, which will begin accepting applications for the post immediately. Application information may be obtained from Debra Merrill at (517) 335-3403.

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One-stop shopping attracts busy people...even celebrities

By Kathy Blake

Ann Bahri is a busy lady who knows people want to get everything they need in one stop. As owners of the Pine Knob Wine Shoppe, she and her husband, Raad, have created a formula that keeps customers coming back regularly. "With the world we live in now, everything has to be convenient," says Ann. She offers fresh ready-to-eat meals and everything from postage stamps to . . . to help the busiest of customers.

She and her staff provide fresh food made from scratch daily. Barbara Townsend is the chef. "Barb and I are always brainstorming new ideas," beams Ann. "Today, we made a sampler pack with a Mediterranean meat roll, tabbouleh, and hummus. Customers say, 'everytime we come in here, there's something new. We like to keep it fresh, with fresh ideas. I will not serve anything out of the carton,' she stated. "If people come in and have a great chicken salad sandwich, they'll always come back," explained Ann. They keep people coming back by providing a quality product. "We're always consistent," she adds.

Besides fresh sandwiches, they also sell pizza, mixed salads, Greek and chef salads, soups, subs, chicken tenders, meat dishes and trays of goulash, wrapped sausages, calzones, vegetable trays, stramboli, and more. "There's a guy that comes in and buys five of our meatball sandwiches

at a time. That's how people feel about our food," says Ann.

Lunch customers have time to grab their lunch and get back on the road. The prices are clearly marked in refrigerator cases and on the menu, making it easy for those who are on a budget. "Superior service is very important to us. Customers are in and out in two minutes," says Ann.

The convenience store draws many customers travelling to and from the Pine Knob/DTE Energy Music Theatre, for concerts, events, skiing and golf. Located at 5726 Maybee Road, just east of Sashabaw, the store is just down the street from the entertainment area.

Celebrities have been known to shop at the store. Kid Rock, the musician, purchases Coors Light there. Ann says stage managers stop in or have food catered to the DTE Energy Music Theatre for whoever's doing a show that night.

There is a great wine and liquor selection with the shelves stocked full. "If people request things, I always order it for them."

For parties and occasions, Pine Knob Wine Shoppe offers catering of meat trays, salads, six-foot subs and pizzas.

Ann stocks numerous items that aren't typical for a party store, such as fresh fruit and vegetables, stemos and baking soda. She believes in doing whatever it takes to help busy customers get what they need to make it through the day.

They also offer Money grams,

which brings people from the outlying area. Other services they offer include: ATM, money orders, check cashing and copies and fresh flowers daily.

Ann is an energetic lady who pays attention to every detail. Dressed in a stylish skirt and blouse with a full apron made of a print of small chili peppers and flowers, canvas sandals with red painted toenails: she is just as ready to serve a customer as work out a business deal. At first glance, people might be deceived by her feminine appearance, however, she's not just a pretty face. As a woman business owner, Ann is a force to be reckoned with in taking care of and looking out for her store and employees. She also has a heart for her customers.

After 27 years, her store has become a fixture in the community. She donates products to the Clarkston High School post graduation party every year. She takes great pride and responsibility in owning a store that provides the daily needs for people in the area. "People look at Pine Knob Wine Shoppe like a staple in the community. We're like family. You don't get that feeling in chain stores," explains Ann.

When the store celebrated its 25th anniversary, Ann had t-shirts printed for the staff, with the words, "The Best People in the World Shop at Pine Knob Wine Shoppe". This reflects her belief that customers are to be treated well and made to feel at home.

For every holiday, Ann and her staff decorate the store, to make it



Ann Bahri and her right-hand cook, Barbara Townsend



Nicholas Bahri helps customers get on their way quickly.

more inviting to customers. She keeps the parking lot neat and maintains attractive landscaping on a strip of property separating her parking lot from the next business. She and her husband bought the building in the late '70s, when it was a barbershop. They added on to it and when the barber moved out, they expanded into that space.

In the early years, she remembers young customers who couldn't reach the counter. Now the children of those kids shop there. "Customers move away and come back to visit. People love that they have something to hold on to in the community," Ann explains. She has raised her own children; Nicholas and Natalie, while growing her store. Now that they are young adults, they work at the store.

Ann said she and her husband are very proud to have run a successful business that has provided a valuable service for all these years. In the near future, they plan to retire in Florida and leave the store for someone else to carry on the tradition of taking care of busy



Ann keeps up appearances outside the Pine Knob Wine Shoppe

Shrinkage,

continued from page 10.

focusing on trouble areas, rather than areas that are not causing problems."

UltraLink is a keypad device typically mounted on the wall next to alarm pedestals located near store exits. When an EAS alarm sounds, UltraLink's LCD screen prompts the employee to enter data about the event, including the exact terminal or item that triggered the alarm, directly into the unit's touch screen interface. This screen also tracks and displays the employee's response time. Employees' input data is stored directly within the box, where it stays protected and will not be lost if the network goes offline.

It is not uncommon for employees to forget to deactivate a tag, causing an alarm to sound as the innocent customer tries to leave a store with the product. To track these events, ADT linked a handheld component to the system from Symbol Technologies, located in Holtsville, N.Y. As the EAS alarm sounds, employees armed with a Symbol handheld unit approach the customer carrying the tagged merchandise. Users can scan bar codes on register receipts or specific products, and data is electronically transmitted to the box.

All collected data is eventually electronically transmitted from the box into corporate, directly over the retailer's communications or point-of-sale (POS) network. Once the data arrives at the corporate level, it is stored in a central repository that is linked to Datavantage's Proact XBR loss prevention and POS data mining software. Upon analyzing data, the system creates reports that assess better training methods, more accurate merchandise tagging, equipment repair and identification of high-theft products.

Some retailers may be familiar with another Datavantage-ADT partnership that links the Proact XBR with its Intellex digital recorder. This partnership, however, tracks events revolving around POS data linked to closed circuit television systems. "Both systems enable trend analysis at the corporate level," says D'Onofrio. "UltraLink results will allow the loss prevention team to focus on high-risk locations, store departments or actual items." Currently, between six and

10 retailers, including some supermarkets, are testing the UltraLink technology. "It is the right time to introduce this technology," says D'Onofrio. "Our customers were asking for this technology, and it will definitely increase the efficiency of their operations."
— Grocery Headquarters

Plant-based diet helps maintain healthy weight

Lacto-vegetarians, those who eat dairy but avoid meat, fish and eggs, tend to have lower BMIs and are less likely to be overweight, according to several studies. Experimenting with meatless options, consuming healthy carbs and using dairy products are all ways to curb meat intake, and possibly reduce fat intake and weight.
—The Washington Post

Diet soda linked to weight gain

Those who drink soda have a higher risk of growing overweight or obese, says a study of patient data that baffled researchers. Drinkers of diet or regular soda were more likely to become overweight than nondrinkers, but with all other factors considered, regular soda was not linked with being overweight.
—The Miami Herald



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Lemon idea crystallized his success

When David Schleider was 8 years old, he would peel 2,000 hard-boiled eggs in a sitting to help out his father's catering business. By 12, he'd make hors d'oeuvres by the thousands.

"The idea of hard work, determination and sacrifice is what kept me going," Schleider said. "I might be the boss' son, but I could

do as good a job or work as hard as anybody."

Now 39, Schleider is determined to take on a challenge far beyond kitchen work: He wants to change the way Americans think of, and use, the lemon.

Eighteen months ago, he launched a product that took him nearly three

years to develop. He took fresh lemon juice and lemon oil, squeezed it, mixed it and turned the concoction into fine crystals. He put the crystals into bright yellow and blue packages and called it True Lemon, with the dream of making it as ubiquitous as salt, pepper and sugar. Sprinkle it in water, on fruit or in yogurt. Add it to

your water or tea. Use it in cooking. [One packet equals a third of a lemon.]

"We want an open box in every pantry," said Schleider, who is president and CEO of Grand Brands in White Marsh, Maryland. In January, the company signed a distribution agreement with Sugar Foods Corp., the company that distributes Sweet 'N Low, Sugar in the Raw and Blue Diamond almonds. By the end of July, Schleider expects True Lemon to be in 15,000 stores.

"It has been quite a success," said Brad Vickery, vice president of sales and marketing and purchasing at Distribution Plus Inc., which has been distributing True Lemon for the past 12 months. "I think it has large potential."

It may be the only product of its kind on the market. A spokeswoman for Cadbury Schweppes, said its product, RealLemon, only comes in liquid.

By October, Schleider expects Grand Brands to break even. He is also working on True Lime, which he expects to roll out this fall, and a secret product designed for the coffee industry.

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Four considerations for your business fleet auto coverage

By Brandon Horrocks

Meadowbrook Insurance Agency

If your business owns one or more vehicles that your employees use to make deliveries, sales calls or run errands, then you need commercial automobile insurance. Even if your business does not own any vehicles, you still may have exposure from the use of your employees' personal

autos in the course of your business.

Business auto insurance (sometimes called: "fleet insurance") functions similar to personal auto insurance, providing liability and property coverages for injury, damage, and theft exposures of your business vehicles. This article will review some specific considerations when evaluating or purchasing commercial auto insurance.

1. Lowering Your Rates. For the best prices, shop around for multiple quotes. Start by asking the agent who handles your general business insurance to get a quote from the same insurance company where they placed your other business coverage. Most carriers offer discounts for additional policies and could save you an additional 20%.

Raising your comprehensive and

collision deductibles can also help lower your premium. Of course, you have to understand that by doing this you are assuming a bit more risk of expense in the event of a claim.

Finally, a good safety program will gain favor with insurance companies. When hiring drivers, employers should check their driving records. Keep vehicles in safe and good, working order. Employers should retain thorough maintenance records. Many businesses have Fleet Safety Programs. These programs consist of policies and procedures for employees to follow with regard to use of the company vehicles.

2. Limits of Liability. In general, higher coverage limits are recommended: \$1,000,000 should be the standard. Many will suggest minimum liability protection of \$500,000 as sufficient. However, in the event of an accident resulting in injuries, multi-party claims can quickly exhaust your available limit. It is worthwhile to consider raising your liability coverage to \$1,000,000 or more. In comparison, the higher limit will not necessarily cost that much more. Generally, it is less expensive to purchase higher amounts of coverage on a commercial vehicle than a personal auto.

Umbrella insurance can also be used to provide higher coverage limits. An umbrella policy can be purchased to apply in excess of your auto liability policy and provide an additional layer of coverage.

3. Hired and Non-Owned Auto. Hired and Non-Owned auto coverage should be included on your commercial auto policy to protect your company's interests should a loss occur while your employee uses their own vehicle or their rented vehicle on company business.

Your employee's personal auto insurance will respond to any claim first, as the primary coverage with your commercial auto policy applying in excess of this employee's policy. In terms of rental cars, many personal lines insurance companies routinely reject claims for cars rented for business use, resulting in an exposure to your business.

The solution is to use the "Employees as Insureds Endorsement" to provide coverage for employees using their own autos.

Four Considerations,
continued on page 24.



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The cost of plastic is too great for some retailers

A local CiCi's pizza restaurant exemplifies a trend in retail where merchants are balancing some customer's desire for rewards programs with the increasing costs of accepting plastic. And in the case of this CiCi's, the cost outweighed the benefits, notes the *Sarasota Herald Tribune*.

The owner of the local CiCi's, Carl

Grosskreutz, told the newspaper that after allowing his customers to pay for their \$3.99 pizza buffets by plastic for the past two years, he stopped accepting credit cards after costs escalated to \$6,000 to \$7,000 per year.

"Pretty much all retailers are concerned about this," NACS Director of Public Affairs Jeff Lenard

told the newspaper. "I don't think there's anyone out there who isn't looking at it."

The impact can be even greater at convenience stores that sell gasoline, with owners sometimes getting charged twice on the same customer if a customer fills up at the pump using a credit or debit card, then goes inside the convenience store and buys

a few dollars worth of in-store items, again with plastic.

"Sometimes we're getting double-pinged," Lenard told the newspaper.

Increasing the frustration for retailers are the new "premium" cards, such as the Visa Signature card, that carry higher fees, noted the National Retail Federation's (NRF) Vice President for Government Affairs Craig Shearman.

"They'll send that to the consumer and say, 'You've been upgraded to the signature card.'" Shearman told the newspaper. "What they don't tell the consumer is the retailer, instead of paying 1.4 percent on the card, they'll be paying 2.9 percent on the card."

And Mallory Duncan, NRF's senior vice president added, "We're convinced that if consumers saw that hidden cost, they would choose the cheaper form of payment."

Four considerations,
continued from page 22.

for your company's business. Non-owned and hired auto coverage is not that expensive. Expect to pay around \$100 per \$1 million of coverage. Also, check to see if you have overlapping coverage. Some business owner policies include non-owned and hired auto liability in their coverages.

4. D.O.C. — Drive Other Car Coverage. Employees who are provided an automobile as part of their employment often do not purchase personal auto insurance in their own name. While using a furnished auto, an employee and his or her family members are covered under the business auto policy.

This sounds great. However, a potential problem exists: employees who lease, hire, rent, or borrow other autos for their personal use are not covered by their employer's business auto policy. Drive Other Car Coverage — Broadened Coverage for Named Individuals is an endorsement to the commercial auto policy which closes this coverage gap. An employee's spouse who resides with them automatically receives the same coverage without being specifically identified by the endorsement.

Brandon Horrocks is the Director of the Select Business Unit of Meadowbrook Insurance Agency. Contact Brandon directly at (248)204-8237 or e-mail him at bhorrocks@meadowbrook.com.

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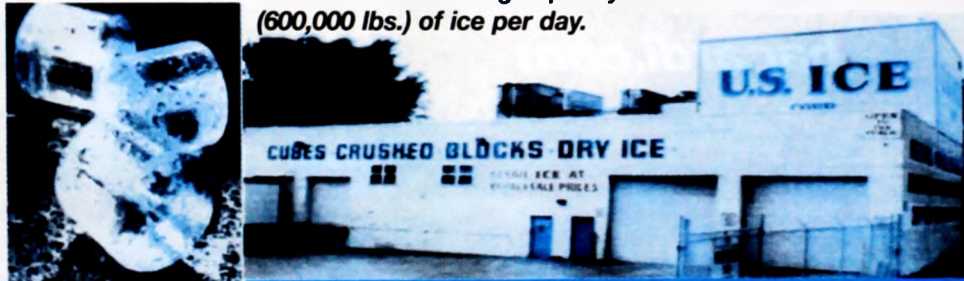
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Crisp, cool refreshing taste of vinegar?

In the summertime, many Americans like to reach for a tall glass of water or lemonade to quench their thirst. In Japan, an ingredient used to make salad dressing is making a huge splash as a new beverage trend.

Drinking vinegar, writes Japan Daily, is a recent fad that is showing signs it is here to stay, prompting vinegar manufacturers to capitalize on consumer demand for vinegar-based beverages.

"I feel refreshed when I drink vinegar, especially in summer," a 36-year-old consumer shopping for vinegar at a department store in Tokyo told the newspaper. "I've had apple vinegar for drinking purposes, but now I want to try other fruit vinegars, like litchi and cranberry."

Another reason why Japanese consumers are picking up vinegar beverages may be that they are becoming more health-conscious and

want to reap the benefits vinegar can provide. The newspaper says according to a professor at Kinki University, vinegar promotes blood circulation and contains citric acid, which aids in recovery from fatigue, stimulates appetite and assists in digestion.

The newspaper notes that vinegar beverage sales for Japan's largest vinegar manufacturer, the Mizkan Group Co. nearly tripled to 21.46 billion yen between March and August 2004 from 7.57 billion yen in the same period in 2000. Sales of cooking vinegar were at 12.98 billion yen during the same period, compared to 13.14 billion yen in 2000. Vinegar manufacturer Uchibori Vinegar Inc. has also experienced its average monthly sales at each of its six shops to increase 10 times over sales from two years prior.



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Dear AFD

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I think that all of the participating vendors, not just the ones in our section, recognized the hard work that your staff contributed to the success of this show. After speaking to other vendors, it appeared to me that everyone was satisfied with the results.

Your show, in my opinion, has become the premier show in our diverse industry and we at Sherwood Foods look forward to continuing our partnership with you and the Associated Food Dealers.

On a personal note, it is a pleasure to work with your association and employees. I look forward to having this opportunity again next year.

Sincerely yours,
Ernesto Ostheimer
Director of Sales Wholesale Division

AFD Scholars say thanks...



I want to thank you for granting me with the Associated Food Dealers scholarship. This award means a lot in paying for my education at Harvard. I will spend the money that I have won wisely and I will work hard and stay focused at school.

Thank you,
Eric Wingo

This is just a note to say thank you for the scholarship I received. It will definitely help with the cost of room and board, books, tuition, and the many other expenses I'll face. I greatly appreciate it and wanted to let you know. Thank you again and God bless.

Timothy Finch

Thank you so much for your generosity. Everything is greatly appreciated. It definitely helps with the cost of college. I plan to attend Michigan State University in the fall and major in nursing. Once again, thank you so much for this scholarship, it means a lot to me.

Sincerely,
Allison Atchoo

I want to personally thank you for your donation to the Associated Food Dealers Scholarship. I'm very excited to be heading off to college this fall and I am greatly honored to receive a scholarship. It will help me very much. Your support is greatly appreciated.

Thanks again,
Alex Shook

I am writing to express my thanks for your immense generosity. I am extremely grateful that you were able to sponsor my award and promise that the AFD scholarship will be put to good use this fall at Notre Dame. I look forward to seeing you at the awards banquet this July. Thanks again for your kindness.

Sincerely,
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Base games need to be part of successful retailer's mix



By Commissioner Gary C. Peters

What makes a successful Lottery retailer?

There are a number of actions a retailer can take to ensure that he or she is in the best position possible to maximize instant game sales, and in turn, maximize commissions. A good place to start is by making sure that a full lineup of base games is available to customers.

Base games are those instant games that have a sustained value and longevity, resulting in consistent and steady sales. They are not theme-based, such as NASCAR or Harley Davidson which are games that have a niche audience, but those tried and true that appeal to all demographics: age, income, geography, and education. Current base games, in the \$2 category, are Cashword, Wild Time and Bingo; \$5 base games are Bingo Mania and Super Red Hot Cashword.

To date in FY 2005, the three \$2 base games account for 55 percent of weekly \$2 game sales. Average weekly sales for Cashword are \$1,667,000; Wild Time, \$889,000, and Bingo, \$724,000, for a total weekly average of \$3,208,000. On the \$5 side, Bingo Mania sales average \$345,000 per week and Super Red Hot Cashword averages \$337,000, for an average of 28 percent of all weekly \$5 game sales.

Together, these five games average \$3,962,000, or 30 percent, of total weekly sales. In FY 2004, this number was \$3,861,000, or an average of 29 percent of total weekly sales, so you can see that it is on the rise.

The sustained appeal of these games is interesting. Sales of the average instant game peak early and then

slowly decline. But these five games have defied that trend: Sales of each remain strong and steady week after week, and in the case of Cashword, continue to grow! Obviously, players continue to come back to these games and count on them being available. We strongly recommend that you

carry all of these games, and some of these games, such as Cashword, should have multiple facings to ensure adequate inventory levels. This applies whether you display instant games in dispensers in counters, over the counters or behind the counters. Also, it is important to eliminate

out-of-stocks and maximize sales opportunities.

If you need additional information about base games or your inventory levels, talk to your Lottery district sales representative. They are available to assist you in maximizing your return as a Lottery retailer!

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A heady brew of beer pitches

Some observers say the best way to find out what's going on in the beer industry is to simply watch a bit of television. If that's so, then the big story revealed by those slick, often entertaining commercials is an all-out race for market share between the largest players as a resurgent Miller Brewing Co., tries to gain ground on Anheuser-Busch, the longest frontrunner.

Right now, the major players are bombarding the airways with advertising, often attacking each other with cute slogans and skits as much as promoting their own products. Anheuser-Busch is making strong pitches for its Budweiser, Bud Light and Michelob brands, while Miller is being at least aggressive with its own advertising program for High Life and Miller Light.

Other brewers are also assertively targeting beer drinkers with advertising, whether it's the costly type found on television and in top consumer magazines, or through other less expensive vehicles. For all, the bottom line is keeping the brand top of mind.

"It's beyond promotion," says Brian Sudano, senior vice president of Beverage Marketing Corp. in New York. "It's how you communicate propositions." So in an industry where consumers typically associated price with quality, what marketing strategies actually get results? Here's a look at what some beer companies are doing to stay in consumers' heads.

Anheuser-Busch: staying ahead of the pack

St. Lewis-based Anheuser-Busch appears to be an almost untouchable competitor, with sales that by far exceed those of any other domestic brewer and profits that account for more than two-thirds of the industry's total. The company's Budweiser brand outsells all other domestic premium beers combined. However, company officials say that despite A-B's success with premium beer, the segment itself has experienced a period of persistent decline, demanding creative marketing strategies for some of the most popular brands.

One innovative approach

has come from Treasure Coast Marketing Corp., an Anheuser-Busch licensee that coordinates the licensed merchandise program for beer in national retail markets. The corporation works to feature licensed merchandise in, on and around traditional store displays in an effort to create streamlined and consistent selling points. Jon Dangler, vice-president of national sales for Treasure Coast, says these presentations "give retailers the opportunity for a good margin and incremental sales." Upcoming promos include a Dale Earnhart Jr. theme to endorse the new Budweiser eight-pack and a tennis and golf ball package for Michelob Ultra.

Industry officials say A-B has done an excellent job with its advertising, particularly with the Budweiser brand. The company also seems willing to devote a great deal of money to future promotional efforts to maintain market share.

Miller: success breeds innovation

Several years ago Miller Brewing was struggling for an identity and market share in the competitive beer business. Today the company appears to be back on its feet and grabbing market share, thanks to a strong advertising program and other promotional activities.

Working in A-B's shadow, the company is attempting to reinvent itself with new product sizes and promotional activities to attract new, perhaps younger, consumers. For example, a new fridge 18-can pack has been designed in response to the popularity of the 12-can pack, and it will be available for certain brands beginning early this year.

Barton Beers: a world view

A good example of the benefits of diversity is Barton Beers, an import and marketer for the western 25 states. In addition to having No. 1 import Corona in its lineup, the company also has the Mexican brands Negra Modelo, Modelo Especial and Pacifico, the German brand St. Pauli Girl and the Chinese brand Tsingtao. Barton posted strong sales for Corona last year, and company officials hope to keep the momentum going this year.

InBev: building off a merger

The merger of Interbrew and Ambev last summer, which created InBev, is being viewed as a positive for the overall beer category by company officials and by some industry observers as well. It certainly should make some noise since the merger created the No. 1 brewer in the world by volume. Dominated by import labels, the company's assortment of 17 beers

includes brands such as Rolling Rock, Beck's, Bass, Stella Artois and the Labatt Blue family.

InBev is launching Beck's Premier Light, the first low-carb import to hit the U.S. market. Not only will this product be a first in the import segment, it will also lay claim to the title of the most low-calorie beer in the U.S., with 64 calories per serving. "We are very excited about early enthusiasm from retailers for Beck's Premier Light," says Victor Melendez, director of marketing at InBev USA.

Boston Beer: the specialty business

When Jim Koch started the Boston Beer Co. in his kitchen in 1984, he could only guess how the industry would look roughly 20 years later. But now, with much of the growth in beer consumption coming specifically to craft brews, Boston Beer is "riding the wave," says its founder. The company's seasonal beers, in addition to its popular Samuel Adams brand, are consistent players in the retail market. The company plans to introduce a new brew, Samuel Adams Black Lager.

But despite the money-making allure of the import and craft brands, Koch points out that stores need to



dedicate more space to them in order to keep up with consumer demand.

FX Matt: finding the niches

The FX Matt Brewing Co., based in Utica, N.Y., is not your typical brewery, and therefore does not brew a typical beer. Family-owned and operated for 116 years, the company refers to its brews as "high-end niche products." They are distributing on the East Coast from Maine to North Carolina and the west to Ohio.

"The beer category has allowed itself to be a commodity," says Fred Matt, vice president of marketing and sales, prompting consumers to look for innovative and flavorful alternatives to regular beer. With six types of brew under the Saranac label, as well as a series of seasonal and festive assortments, he says, FX Matt's variety is particularly appealing on supermarket shelves, where more specialty beer is sold than any other venue.

Matt also points out that flavored beers, such as the company's Chocolate Amber and Wild Berry Ale, require less marketing money, allowing distributors to effectively promote them through store sampling and thematic displays.

— Grocery Headquarters

New products,

continued from page 12.

changing color when food is about to expire. Also being introduced are Grip2Go disposable pastry bags, with a no-slip exterior that makes them feel and perform like canvas. Available in three sizes, Grip2Go pastry bags are designed to fit all tips and couplers. www.daymark.biz

Turtle shell pastries from Rain Creek Baking Co.

These pastries are made from caramel with pecans, almond pieces or peanut butter, nestled under a crisp fillo shell enrobed and crowned with a pecan half, whole almond or peanut. They're individually cupped, ready to serve and have a four-month shelf life. The upscale desserts are available in bulk and retail packs. www.raincreekbaking.com

Cheesecake Fruit Crisps from Suzy's Cheesecakes

With the evolving interest in healthier eating, Suzy's has fused cheesecake, flash-frozen fresh fruit and organic ingredients to create a line of Cheesecake Fruit Crisps. Each is a three-layer cheesecake with IQF fruit and topped with an all-butter streusel prepared using organic spelt flour. They contain no trans fats, artificial colorings or preservatives. www.suzys.com

Cracklebred from Good Health Natural Foods

Cracklebred, an all-natural delicate cracker, is a fat-free partner for cheeses, spreads or any topping. The product is available in three varieties: Original, with the taste of rice and corn; Veggie, lightly seasoned with the flavor of tomato and herbs; and Multigrain, a combination of rice, corn and whole wheat. www.e-goodhealth.com

Thin & Crispy Pizza Crusts from Spartan Foods of America

Spartan Foods of America is introducing Mama Mary's Gourmet Thin & Crispy Pizza Crusts made with real pizza dough. Each package contains two crusts, which are made with honey, are cholesterol-free and have a third less sodium than the leading brand. An invisible shield prevents crusts from becoming soggy when topping are added. www.mamamarys.com

Cone Cakes from Camelot Desserts

Camelot Desserts is introducing Cone Cakes, confetti cake baked in an ice cream cone, topped with swirled vanilla icing and sprinkled with confetti. There is one for every day, and a collection for holidays that has coordinating colors, sprinkles and labels. The shelf-stable product comes four to a container with a colorful label.

Fruit filling and toppings from I. Rice & Co.

I. Rice & Co. is introducing its high-quality filling and topping line, available in strawberry, blueberry, cherry and new chunky mango varieties. All fillings contain real fruit and can be used in danishes, pastries, pies and a variety of other bakery applications. www.iriceco.com

Shrimp skewers from Beaver Street Fisheries

New from Beaver Street Fisheries, retail-ready shrimp skewers are packed 10 per box, with seven premium P&D tail-on shrimp per skewer. It's a great item for promoting in display freezers or serving in the deli: convenient, fast and easy. www.beaverfish.com

-Grocery Headquarters

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State Representative Chris Ward is a young leader with old-fashioned ethics

By Kathy Blake

CHRIS WARD Republican-Brighton 66th District

House Majority Floor Leader

Legislative Committees:

- Health Policy
- Higher Education and Career Preparation
- House Oversight, Elections, and Ethics Chairman
- Natural Resources, Great Lakes, Land Use and Environment



State Representative Chris Ward (R-Brighton), recently praised the House Appropriations Committee for presenting a balanced budget that does not raise taxes on the residents or businesses of Michigan. "As part of the House Leadership, we were all proud that we were able to pass a balanced budget without raising taxes. It's a good sign. We're sending a message to the business community that we're serious, we're doing the tough stuff to turn the state around for economic recovery," Rep. Ward beamed.

"In the last several months, we have listened to Michigan residents and looked at ways for the state to live within its means," said Ward. "I'm pleased the budget increases K-12 funding, and includes ways to fund state college and universities as well as continuing to provide services people have come to expect, without raising taxes and fees."

According to Rep. Ward, the House Republican budget:

- Does not raise taxes;
- Stops nearly \$300 million in Granholm-proposed tax increases and fund shifts;
- Increases funding for K-12 education;
- Creates a new funding formula for colleges and universities;
- Protects essential services for seniors, children and those with disabilities;

- Preserves police and fire protection by increasing money given to local municipalities.

Rep. Ward is the House Majority Floor Leader. He describes this leadership position as the traffic cop for the House of Representatives. He decides which bills to take up and manages debate on the floor.

He is also chair of the House Oversight, Elections, and Ethics committee. He co-sponsored the bill for the new election consolidation law. In order to reduce confusion for voters, the newly enacted law limits local government election dates to four Tuesdays per year: in February, May, August and November. It also requires school elections to be held by local governments. "It got schools out of the business of holding elections," said Ward. Other provisions of the law made absentee ballots more accessible. Rep. Ward said he recently introduced a bill allowing early voting, a few days prior to election dates.

Earlier this year, Rep. Ward introduced a bill that imposes a six-month waiting period for departing lawmakers to become lobbyists. Ward said 27 other states have similar legislation. "We want

to ensure there is not a conflict of interest regarding departing members of the Legislature working on special interest agendas while still in office," said Ward. "To take a position so soon after leaving office brings potential questions of impropriety that we cannot ignore," Ward explained. "It's just an appearance issue. With term limits, the potential for harm is great," he added. The bill is currently under consideration in the Senate.

Rep. Ward is also a member of the following committees: Health Policy; Higher Education and Career Preparation; and Natural Resources, Great Lakes, Land Use, and Environment.

During his first term, the 2003-2004 session, Ward introduced 24 bills that were signed into law. One that he is particularly proud of is House Bill 6164, which became a Public Act of 2004, part of a three-bill package giving local municipalities the authority to enact contract zoning. It allows developers and local government to come to an agreement. Sometimes a developer might be willing to donate land or pave roads in exchange for desired zoning designation. "Before the new law, local governments had no recourse if developers didn't

hold up their end of the agreement after getting the zoning they wanted," explained Ward. The land remained zoned that way. Now if the developer doesn't do what they said they were going to do, the government considers the zoning as non-conforming, which makes it hard for developers to sell or change the land. This holds the developers more accountable for their plans and agreements with local governments, according to Ward.

Rep. Ward became politically active at a young age. In the eighth grade, he worked on George Bush Sr.'s political campaign. When he was a senior at Brighton High School, he ran for the Brighton township board and was elected in the fall after graduating. He served as trustee for six years while attending college and was clerk for four years. He graduated from Cleary University in Howell with a Bachelor's degree in Business Administration prior to beginning his first term as a State Rep. in 2003.

Rep. Ward's district includes parts of Livingston and Oakland counties: the fastest growing counties in Michigan. Livingston is the fastest growing, percentage-wise. Last year the county grew by 25,000 residents. His district includes the village of Milford and the city of Brighton as well as several townships.

Ward is a member of the Brighton District Library Board, the Township Lakes Committee, Township Open Space Committee, the Township Personnel Committee, Fire Board and Water Authority. The Michigan Jaycees awarded Rep. Ward with their "Outstanding Young Michiganander in Government" award in 2001.

Rep. Ward is a lifelong resident of Brighton. He is married with three young children. He enjoys reading, bicycling and playing with his children. To contact Rep. Ward, call (517) 373-1784, email to chrisward@house.mi.gov or write The Honorable Chris Ward, State Representative, State Capitol, PO Box 30014, Lansing, Michigan, 48909-7514.



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Member **PROFILE**

JAYD Tags supplies customized price tags for liquor shelves

By Kathy Blake

Jonathan Yono and his family saw a need arise and turned it into an opportunity. The Legislation passed in late 2004, which allows retailers to set their liquor prices at any rate above the state minimum, has created a greater demand for customized liquor price tags for store shelves.

"The new law gave us the idea to start the business. We realized it was going to be costly for stores to get new tags that are customized to the stores' liquor pricing strategy. We wanted to not only save customers money, but time also," said Jonathan.

As a convenience store owner, the Yono Family has insight into how to best provide the shelf tags and make everything more convenient for retailers. Jonathan, his brother Jerome, and sister and brother-in-law, Jennifer and Anthony Dickow started JAYD Tags earlier this year. Jonathan and his siblings receive advice from their father, George Yono, who has been in the business

for more than 30 years. The Yono's acquired their knowledge of the liquor business from working at the family's convenience store, Super Y Market of Romulus.

Since state law still requires liquor pricing to be clearly displayed, the opportunity for changing prices has created a need for liquor price tags that are customized to the retailer's pricing strategy.

"We noticed most stores have been raising their prices, but staying in relatively the same ball park. There are some stores that haven't marked up prices at all for one of two reasons. One, the retailers wanted to raise prices but did not have an affordable and convenient option for purchasing price tags to keep their shelves presentable. Two, some retailers weren't sure what they were going to do with their pricing strategy," said Jonathan, adding, "We can give them some insight on what mark-ups we are seeing in the marketplace."

JAYD's services include taking



Above: Anthony Dickow (left) and Jonathan Yono of JAYD Tags.

Left: Samples of JAYD Tags liquor pricing tags.

inventory of customers' shelves and placing the liquor price tags on the shelves, free of charge, for the retailers' initial order. When a customer adds a new item to its shelf, they complete a change sheet and either fax or email it to JAYD tags.

Every quarter, JAYD sends its customers new tags for the items they carry in which the MLCC price has changed and every year, the customers are sent an entire new set of tags.

"We're very service-oriented and personable with our customers," said Jonathan proudly. JAYD provides its customers' tags within 2-3 days of taking inventory and/or receiving a change sheet. They are continuously looking for ways to make their services even more efficient, said Jonathan.

Their liquor price tags are printed on customized laminate paper. The 1x2 inch tags have the price, complete brand name, bottle size, date of label, distributor and liquor codes printed on the tag. These tags make it easier for ordering products

and also keeps the retailer's new pricing strategy almost invisible to the retailer's customers, Jonathan said.

While JAYD Tags is focused for now on liquor tags, they hope to expand into supplying other tags, such as wine descriptive tags and barcodes for convenience and grocery stores. The Yono family started their business based on retailers' need to adapt to the changing liquor market and make price adjustments easier.

For more information, call Jonathan Yono at 248-939-8888 or Anthony Dickow at 248-730-2403 or email sales@jaydtags.com.

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Food samples please taste buds, and increase sales

Retailers looking to boost new product sales or show off a new food trend are realizing the benefits of providing in-store food demonstrations to keep customers coming back for more.

An article in the *Washington Post* highlights a recent survey conducted by Supermarket Retail Marketing that showed 70 percent of respondents said they would shop at a store if they knew it would be offering free product samples. Of that group, 86 percent said they would be more likely to buy a new brand if they could sample it first in the store.

Costco uses Club Demonstration Services Inc. to hold its in-store product demos and track sales of that product following the demo. Regional Manager Tammie Allen told the *Post* that 89 percent of the time, sales will increase. "The sale may not happen that day, but they come back for it," she said.

An Arlington, Virginia, Whole Foods Market offers food samples as a way to turn customers on to a new product. Sarah Kenney, mid-Atlantic marketing director for Whole Foods, told the *Post*, "Our shoppers aren't familiar with the products and the brands... We expand their horizons. We've turned people on to a lot of things." Whole Foods does not track sales of the products it provides customers to sample. "Our approach is to share the food," added Kenney. "Sampling is part of our culture."

Whole Foods also sets up unmanned "passive sampling" stations throughout its stores where customers can help themselves to a particular product. The newspaper

notes that Whole Foods is conscious of not placing any foods out that could provoke allergic reactions and generally supplies product labels at each sampling station.

While food demo-ing is proving a positive move for some retailers, not all grocery chains are on board with the service. Giant Foods Public

Affairs Manager Jamie Miller told the *Post* that the grocery chain is planning to expand its food sampling demonstrations, but not on the same level of Costco or Whole Foods.

Caroline Cotten Nakken, chief executive of Mass Connections, a company that handles food sampling services for grocery chains such as

Giant, Food Lion and Harris Teeter, told the *Post* that in addition to food demo-ing, retailers have a long laundry list of other items they would like to have manufactures spend their money on. However, retailers are moving funds to accommodate in-store sampling, a service that has increased as much as 64 percent in the last year. -NACS

Bakeries go bite-size

Several grocery chains and retail bakeries are reporting an increased demand for smaller muffins, scones and croissants, the result of increased awareness of portion control and the desire to eat on the run, according to the CEO of Caribou Coffee Co. Wegmans Food Markets no longer sells full-size muffins in its stores, and Balducci's reports surging sales in this category as well.

-The Washington Post

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Legislation goes after cigarettes by mail

"Undeliverable" is how Representative John McHugh (R-NY) would like to classify cigarettes and other tobacco products being shipped through the mail via the United States Postal Service (USPS).

On June 8, the New York member of Congress introduced a bill that would ban the delivery of cigarettes and other tobacco products through

the mail that were purchased over the Internet, notes The New York Times.

"It's a very clear solution--we must get these tobacco items out of the mail stream. As long as cigarettes and other tobacco products are available, the costs to our society are great," said Rep. McHugh in a press release. "State revenues are

suffering to the tune of \$1.4 billion in uncollected taxes and our children are able to buy these products with ease. The Postal Service hasn't stepped up to prevent this, so this bill will ensure that tobacco by mail is simply not an option."

The press release notes that specifically, the legislation would amend Title 39 of the United States

Code and provide that "Cigarettes, smokeless tobacco, pipe tobacco, and roll-your-own-tobacco are nonmailable matter, shall not be carried or delivered by mail, and shall be disposed of as the Postal Service directs." The legislation would also impose a penalty of \$100,000 for each code violation.

The New York Times notes that current law in New York prohibits the direct shipment of cigarettes and bans private carriers such as FedEx from delivering cigarettes. However, the state cannot dictate to USPS how it should regulate cigarette traffic through the mail.

NACS Daily previously reported that New York officials cite USPS as being responsible for delivering the bulk of illegally purchased cigarettes to residents across the state.

"While this private-carrier ban does discourage some sales, it leaves a \$400 million loophole in New York alone," said Rep. McHugh. "And worse, it still leaves open the possibility of tobacco sales to minors. Changing the law won't eliminate sales altogether, but it will definitely throw a wrench into these illegal practices." -NACS

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Couch is USA's movie spot

A new study by the Associated Press and America Online reveals that three quarters of Americans would rather watch a movie at home than go to the theater -- which, according to the AP, may explain why "Hollywood is in the midst of its longest box-office slump in 20 years, and 2005 is shaping up as the worst year for movie attendance in nearly a decade, if theater business continues at the same lackluster rate."

However, the poll also found that "people who use DVDs, watch pay-per-view movies on cable, download movies from the Internet and play computer games actually go to movies in theaters more than people at the same income levels who don't use those technologies. That suggests the technology may be complementing rather than competing with theatergoing."

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FOR SALE—Party store 50 miles north of Detroit. Liquor, beer & wine, lotto, groceries & DNR licenses. Gross-over \$400,000.00. Includes two rental houses plus building. \$500,000.00 plus inventory. Phone (810) 985-7663.

FOR SALE—Party store 40 minutes north of Lansing. Beer, wine, liquor, groceries, lotto, grossing approximately over \$9,500.00 a week. Includes building, equipment, 2 extra lots \$175,000, plus inventory. Terms possible. Owner retiring. Phone (989) 875-6073.

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Supervalu announces new president

Supervalu Inc., owner of the Save-A-Lot grocery chain, recently promoted Mike Jackson to the positions of president and chief operating officer, and named Jim Stoffel as treasurer.

Chairman and Chief Executive Jeffrey Noddle previously held the title of president in addition to his current titles. A spokeswoman said

the role of chief operating officer is newly created.

Sherry Smith, senior vice president of finance, also previously held the title of treasurer. Both Stoffel and Smith report to the company's chief financial officer, Pamela Knous.

Jackson, 51, joined Supervalu in 1979 and most recently served as executive vice president and

president of Supervalu's distribution food companies. Stoffel, 39, previously was corporate vice president of financial planning.

Noddle said the reorganization will help ready the company for its new initiatives, including a third-party logistics business, new produce offerings and retail projects.

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BAKERIES:

Ackroyd's Scotch Bakery & Sausage (313) 532-1181
Archway Cookies (616) 962-6205
Awrey Bakeries Inc (734) 522-1100
Interstate Brands/
Wonder Bread/Hostess (586) 792-7580
S & M Biscuit Dist (Stella D'Oro) (586) 757-4457
Taystee Bakeries (248) 476-0201

BANKS

ATM of America (248) 932-5400
ATM of Michigan (248) 427-9830
Cash Depot (920) 432-5777
Comenca Bank (313) 222-4908
Fifth Third Bank (248) 603-0550
Peoples State Bank (248) 548-2900
Standard Federal Bank 1-800-225-5662

BEVERAGES:

Absopure Water Co 1-800-334-1064
Allied Domecq Spirits USA (248) 948-8913
Ambassador Service Group (248) 879-7704
American Bottling (313) 937-3500
Anheuser-Busch Co 1-800-414-2283
Bacardi Imports Inc (248) 476-6400
Brown-Forman Beverage Co (734) 433-9989
Brownwood Acres (231) 599-3101
Central Distributors (734) 946-6250
Coca-Cola Bottlers of MI

Auburn Hills (248) 373-2653
Detroit (313) 825-2700
Madison Heights (248) 585-1248
Van Buren (734) 397-2700
Port Huron (810) 982-8501

Coors Brewing Co (513) 412-5318
Diageo 1-800-462-6504
E & J Gallo Winery (248) 647-0010
Eastown Distributors (313) 867-6900
Faygo Beverages Inc (313) 925-1600
Future Brands (248) 471-2280
Galaxy Wine (248) 363-5300
General Wine & Liquor Co (313) 867-0521
Great Lakes Beverage (313) 865-3900
Great Lakes Distribution (810) 794-1300
Hansen's Beverage (313) 575-6874
Hubert Distributors Inc (248) 858-2340
Intrastate Distributors (313) 852-3000
J. Lewis Cooper Co (313) 278-5400
Jones Sodas (269) 382-4200
Josulate Wines Inc (313) 538-5609
Kent Beverage Co Inc (616) 241-5022
McCormick Distilling Co (586) 254-5650
Michigan Grape & Wine Industry Council (517) 373-1104
Miller Brewing Company (414) 259-9444
National Wine & Spirits 1-888-697-6424
1-888-642-4697
Paramount Coffee (517) 372-3330
Pepsi-Cola Bottling Group
- Detroit 1-800-368-9945
- Howell 1-800-878-8239
- Pontiac (248) 334-3512
Perk and Brew Corp (734) 669-8380
Pernod Ricard USA (630) 922-6484
Petipren Inc (586) 468-1402
Sara Lee Coffee & Tea (734) 414-8433
Seven-Up of Detroit (313) 937-3500
Tri-County Beverage (313) 584-7100
Vintage Wines (586) 294-9390

BROKERS/REPRESENTATIVES

Bob Arnold & Associates (248) 646-0578
CrossMark (734) 207-7900

Hanson & Associates Inc (248) 354-5339
J.B. Novak & Associates (586) 752-6453
Metro D Sales (734) 416-8969
S & D Marketing (248) 661-8109

CANDY & TOBACCO:

Altia Corp. Services Inc (734) 591-5500
Fubidia Inc (810) 742-8274
Nat Sherman (248) 202-7339
R.J. Reynolds (248) 475-5600

CATERING/HALLS:

Farmington Hills Manor (248) 888-8000
Karen's Cafe at North Valley (248) 855-8777
Penna's of Sterling (586) 978-3880
St. Mary's Cultural Center (313) 421-9220
Tina's Catering (586) 949-2280

DAIRY PRODUCTS:

Country Fresh Daines 1-800-748-0480
Golden Valley Dairy (248) 399-3120
Melody Farms Dairy Company (734) 525-4000
Mexico Wholesale (313) 554-0310
Pointe Dairy (248) 589-7700
Prairie Farms/
Tom Davis & Sons Dairy Co (248) 399-6300
Superior Dairy Inc (248) 656-1523

ELECTRONIC AGE VERIFICATION

D.J. King & Associates 1-800-781-5316

EGGS & POULTRY:

Consumer Egg Packing Co (313) 871-5095
Linwood Egg Company (248) 524-9550

FRESH PRODUCE:

Aunt Mid Produce Co (313) 841-7911

ICE PRODUCTS:

Arctic Glacier Inc (810) 987-7100
International Ice Inc (313) 841-7711
Quincy Ice Co (248) 968-4290
U.S. Ice Corp (313) 862-3344

INVENTORY SERVICES:

Action Inventory Services (586) 573-2550
Goh's Inventory Service (248) 353-5033

INSURANCE:

AAA Michigan 1-800-AAA-MICH
AFLAC (248) 968-9884 Ext. 103
Al Bourdeau Insurance Services Inc (248) 855-6690
Capital Insurance Group (248) 333-2500
Gadaleto Ramsby & Assoc 1-800-263-3784
Frank McBride Jr. Inc (586) 445-2300
Meadowbrook Insurance (248) 358-1100
North Pointe Insurance (248) 358-1171
Rocky Husaynu & Associates (248) 851-2227

MANUFACTURERS

Art One Sign Expo Inc (248) 591-2781
General Mills (248) 465-6348
Jaeggi Hillsdale Country Cheese (517) 368-5990
Old Orchard Brands (616) 887-1745
Red Pelican Food Products (313) 921-2500
Singer Extract Laboratory (313) 345-5880
Strauss Brothers Co (313) 832-1600

MEAT PRODUCERS/PACKERS:

Bar S Foods (248) 414-3857
Indiana Packers Corp (765) 564-7206
Kowalski Sausage Company (313) 873-8200
Nagle Meat Processing Co (517) 568-5035
Strauss Brothers Co (313) 832-1600
Wolvenne Packing Company (313) 568-1900

MEDIA

The Beverage Journal 1-800-292-2896
Booth Newspapers (734) 994-6983

Detroit Free Press (313) 222-6400
Detroit News (313) 222-2000
Michigan Chronicle (313) 963-5522
Suburban News—Southfield (248) 945-4900
Trader Publishing (248) 474-1800
WDIV-TV4 (313) 222-0643

NON-FOOD DISTRIBUTORS:

Items Galore (586) 774-4800

POTATO CHIPS/NUTS/SNACKS:

Better Made Snack Foods (313) 925-4774
Frito-Lay Inc 1-800-359-5914
Molton Snacks (313) 931-3205
Kar Nut Products Company (248) 588-1903
Mexico Wholesale (313) 554-0310

PROMOTION/ADVERTISING:

Art One Sign Expo (248) 591-2781
Enterprise Marketing (616) 531-2221
PJM Graphics (313) 535-6400

RESTAURANTS:

Copper Canyon Brewery (248) 223-1700
Pizza Papa's Corp (248) 540-2426
Rio Wraps (248) 540-2426

SERVICES:

AAA Michigan 1-800-AAA-MICH
Advance Me Inc (513) 518-3150
Al Bourdeau Insurance Services Inc 1-800-455-0323
Alarm-Medic (248) 349-9144
American Mailers (313) 842-4000
Americana Systems (248) 379-1575
AMT Telecom Group (248) 862-2000
Andrews Brothers Inc
Detroit Produce Terminal (313) 841-7400
A.S.C. Security Systems (734) 416-5550
Bellanca Beattie DeLisle (313) 882-1100
Binno & Binno Investment Co (248) 540-7350
C. Roy & Sons (810) 387-3975
Calvin Zara Insurance Agency (248) 433-8508
Cartronics Inc (760) 707-1265
Cateraid Inc (517) 546-8217
Central Alarm Signal (313) 864-8900
Cherry Marketing Institute (517) 669-4264
Clear Rate Communications (734) 427-4411
Closed Circuit Communications (248) 682-6400
Constellation New Energy (248) 936-9027
Cox, Hodgman & Giarmarco P.C. (248) 457-7000
D.J. King & Associates 1-800-781-5316
Diamond Financial Products (248) 331-2222
Dragon Systems (231) 876-1926
DTE Energy (313) 237-9225
Excel Check Management (248) 787-6663
Financial & Marketing Ent (248) 541-6744
Freedom Systems Midwest Inc (248) 399-6904
Gadaleto Ramsby & Assoc 1-800-263-3784
Great Lakes Data Systems (248) 356-4100
Guardian Alarm (248) 233-1645
ICU Surveillance (248) 255-6419
JJ Security Systems (847) 668-2666
Kansmacker (248) 249-6666
Karoub Associates (517) 482-5000
Market Pros (989) 235-5775
Metro Media Associates (248) 625-0700
Milentek-Energy
Conservation Service (248) 932-1222
Optimal Payment Systems (248) 540-7900
Paul Meyer Real Estate (248) 398-7285
POS Systems Group Inc 1-877-271-3730
Power One (734) 455-2500
Premier Energy Marketing 1-866-348-7605
Prepaid Legal Services (586) 777-9700
REA Marketing (989) 386-9666
Sagemark Consulting Inc (248) 948-5124
Shimoun Yalido & Associates P.C. (248) 851-7900
Salim Abraham Broker (248) 349-1474
Secure Checks (586) 758-7221

Security Express (248) 304-1900
Southfield Funeral Home (248) 589-8080
Tri-County Pest Control (586) 296-7580
UHY Advisors Inc (248) 355-1040
Vix-Kersch Vending Co (248) 548-1300

STORE SUPPLIES/EQUIPMENT:

Alarm-Medic (248) 349-9144
Belmont Paper & Bag Supply (313) 491-8550
Brehm Broaster Sales (989) 427-5858
Culinary Products (989) 754-2457
DCI Food Equipment (313) 369-1666
Envipco (248) 471-4770
Hobart Corporation (734) 697-3070
JAYD Tags (248) 624-8897
Jim Leach, LLC (989) 791-3131
Martin Snyder Product Sales (313) 272-4800
MSI/Bocar (248) 399-2050
Sara Lee Coffee & Tea (734) 414-8433
Taylor Freezer (734) 525-2535
TOMRA Michigan 1-800-610-4885

WHOLESALE/FOOD DISTRIBUTORS:

American Way Foods (313) 945-0710
Brownwood Acres (231) 599-3101
Capital Distributors 1-800-447-8180
Carp River Trading Co 1-800-526-9676
Chef Foods (248) 789-5319
Consumer Egg Packing Co (313) 871-5095
CS & T Wholesalers (248) 582-0885
D&B Grocers Wholesale (734) 513-1715
Dearborn Sausage (313) 842-2375
EBY-Brown Co 1-800-532-8276
Economy Wholesale (313) 922-0001
Epstein Distributing Co (248) 646-3508
Food Services Resources (248) 738-6759
George Enterprises (248) 851-8880
Great North Foods (989) 358-2281
Hershey Creamery (734) 449-0301
I & K Distributing (734) 513-8200
International Ice (313) 841-7711
International Wholesale (248) 544-8885
Wonder Bread/Hostess (586) 792-7580
Jerusalem Foods (313) 538-1511
Kaps Wholesale Foods (313) 567-4710
Karr Foodservice Distributors (313) 272-8800
Kay Distributing (616) 527-0120
Liberty Wholesale (586) 755-3025
Lipan Foods (586) 447-3500
Metro D Sales (734) 416-8433
Mexico Wholesale (313) 554-0310
Michigan Quality Sales (313) 256-7333
Nash Finch (989) 777-1181
Nat Sherman (248) 202-7330
Norquick Distributing Co (734) 254-1000
Robert D. Arnold & Assoc (810) 635-8411
Royal Distributors of MI (248) 350-1300
S. Abraham & Sons (616) 453-8354
Sara Lee Coffee & Tea (734) 414-8433
Shaw-Ross International Importers (313) 873-7877
Sherwood Foods Distributors (313) 388-3100
Spartan Stores Inc (734) 455-1400
Suburban News—Southfield (248) 945-4900
SuperValu Central Region (937) 374-7874
Tiseo's Frozen Pizza Dough (586) 588-5710
Tom Macen & Son Inc (313) 588-0657
Tony's Pizza Service (616) 795-0222
Total Marketing Distributor (734) 641-3353
U.S. Ice Corp (313) 862-3344
United Wholesale Grocery (517) 267-9800
Value Wholesale (248) 967-2900
Weeks Food Corp (586) 727-3535
Wine Institute (313) 882-7830

ASSOCIATES:

American Synergistics (313) 427-4444
Canadian Consulate General (313) 587-2288
Wieden & Associates (248) 588-2359

Credit card security worries retailers

Retailers are concerned that they might bear the brunt of lapses in credit and computer security, including the breach that led to hundreds of thousands, and perhaps millions, of credit card numbers being stolen from a credit processing center that was disclosed last month.

American business suffers roughly \$50 billion in annual losses from credit card fraud, including identity theft, Federal Trade Commission Chairman Deborah Platt Majoras told a Senate panel. Consumers can't be held responsible for more than \$50 of fake charges, according to federal law, and many credit companies absolve them of that - choosing to hold the merchant responsible.

"The system assumes that somehow the retailer is at fault for the fraud happening in their stores," Elizabeth Oesterle, the National Retail Foundation's government relations counsel, said.

The issue flared after the credit processor, Atlanta-based CardSystems Solutions Inc., was found to have compromised as many as 40 million credit card numbers when a hacker apparently broke into its system at an Arizona facility last month.

At least 200,000 numbers are confirmed stolen from CardSystems, which processes credit transactions for small and mid-sized businesses. About 68,000 of them came from MasterCard International Inc., which said it discovered the breach through its security monitoring system.

Store owners - particularly small to mid-sized merchants who don't know how to fight the system - frequently end up paying for fraudulent charges made in their establishments, Oesterle said.

Harold Smith, a manager at Acoustix Clothing in Baltimore, said his small business had to pay \$1,300 when a stolen card was used there during the past year. The credit card companies "take their money right off the top," Smith said.

The National Retail Federation is asking credit companies to beef up security by adding PINs to their cards to help avoid fraud altogether.

"We did not create these cards. It's their system," said Mallory Duncan, the group's chief counsel, referring to the credit card providers. "When a thief takes advantage of the flaws in the system, the first burden should be

on them rather than the retailer."

MasterCard was quick to point out that the "breach happened at CardSystems Solutions. It's not a breach of MasterCard security, that's very important," said spokeswoman Jessica Antle.

"We retailers very much hope that the card issuers will do the right thing. It's in their power to do that,"

Duncan said.

In typical credit card fraud, such as the stolen wallet kind, the burden of proof is on the store in which an illegal transaction occurred. Merchants have to prove they followed security procedures, such as checking a card for a signature, or they must pay.

This time, Duncan said, the credit

companies know the numbers that were stolen and could spare merchants from having to jump through hoops.

Who would pay "depends on the nature of the fraud," said Leslie Sutton, a spokeswoman for Discover. "It's determined on a case-by-case basis. ... Until the investigation is completed, I really wouldn't know."

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