



# Food & Beverage **REPORT**

The official publication of the Associated Food Dealers of Michigan

February 2005

## Just In

**Be the biggest winner at AFD's 21st Annual Trade Show**  
**April 19 and 20, 2005**  
**Burton Manor, Livonia**

Make a New Year's Resolution you'll want to keep. Resolve to add the AFD 21st Annual Trade Show to your list for 2005. AFD is planning ten full hours of uninterrupted buying, along with fun and terrific prizes.

With many booths already filled, exhibitors are making plans that guarantee excitement for trade show attendees. New products will be introduced at the show and exhibitors show specials will help your bottom line for months to come.

Plan now to be the biggest winner with all the savings at the 21st Annual Trade Show.

See the ad on page 25 and call Cathy at AFD for more information on exhibiting or attending the show. (248) 671-9600.

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## Pepsi backs off 2-to-1 bottle return policy

By Mike Sarafa  
 AFD President

I am happy to report that Pepsi Bottling Group quickly backed off their new policy of only accepting twice the amount of returns as ordered by a retailer on any given day. AFD was quick to point out to Pepsi that the policy was a violation of state law which requires them to accept all the returns that they distribute. Specifically, the law

states in part that "a distributor shall accept from a dealer an empty returnable container of any kind, size and brand sold or offered for sale by that distributor..."

AFD received many complaints from retailers about the new policy, saying that the 2-to-1 ratio was not sufficient, since we know that smaller stores often accept returns many times the amount of their sales.

The policy came about because a few retailers are taking advantage of the system to reap profits at the expense of other retailers, the distributors and the state of Michigan. The pop companies have informed AFD of a disturbing trend at a few stores that include short bags and non-returnable containers from other states. These illegal

*Pepsi, continued on page 31*



### All aboard the S.S. AFD!

Make plans to join your friends and associates at the AFD Annual Trade Dinner and Ball. This year we're casting off from Penna's of Sterling aboard the S.S. AFD for a night of cruise ship fun!

We are proud to feature AFD's Trade Dinner sponsors in a giant-screen media presentation. Sponsors, please call Michele MacWilliams at (248) 671-9600, to be a part of this special presentation.

The date is Friday, February 11 at Penna's in Sterling Heights. Please see page 9 for details or call Michele MacWilliams at (248) 671-9600.

### Top offenders of over-redemption. Year-to-date as of December, 2004

	Cases purchased	State deposit charged	Credit issued	% Redeemed vs. Charged
Store 1:	6,699	\$9,012	\$563,328	6251%
Store 2:	2,713	\$2,593	\$99,880	3852%
Store 3:	5,637	\$9,691	\$90,724	936%
Store 4:	3,680	\$6,545	\$52,840	807%
Store 5:	5,140	\$8,888	\$60,212	677%
Store 6:	72,611	\$96,403	\$640,716	665%
Store 7:	12,800	\$23,000	\$152,479	663%

## Frito-Lay offering special programs to increase profits

**AFD members' store profits could increase as much as 50%**

By Jim Chuck  
 Frito-Lay

Working with AFD, Frito-Lay has just unveiled a series of special programs and incentives that are designed to increase profits on Frito products for AFD members.

"Frito Lay is well aware of the difficulty all businesses face - particularly small business owners - and has come to the table with tailored programming to best fit each operation," said Kirk Tanner of Frito.

Whether it is Partners in Profit, Partners in Growth, or their newest Program, the PLATINUM CLUB, Frito's team will help AFD members decide which is best for their particular business, based on product

mix and the make up of the store's business. Frito Lay will also furnish projected sales and profit calculations for the calendar year.

Programming will include profit enhancements, rebate programs for sales growth, as well as special promotional pricing. "In years past Frito was willing to offer one or two of these elements to AFD members, but never anything like the options we have available now," explained Kirk. Kirk adds that in some cases, profits could increase by as much as fifty percent.

For more details, contact Jim Chuck at (734) 414-7727. Make sure that you mention that you are an AFD member.

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**NOW AVAILABLE IN 2-LITER BOTTLES,  
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## Chairman's MESSAGE

# Go slowly with new liquor law



By Ronnie Jamil  
AFD Chairman

The AFD office has been flooded with phone calls about the new liquor law and there has been a great deal of "street talk" as well. Most retailers are pleased with the opportunity to control their own margins on liquor. There are also many questions about how it works and how best to proceed.

The pertinent language in the new

state law is as follows:

"...alcoholic liquor shall not be sold at less than the minimum retail selling price fixed by the commission..."

You know by now that this means you may sell liquor above the state set minimum, but not below it. What this really means for each individual licensee depends on the store's location, its customer base, its product mix, the competition and merchandising ability. These, and other factors should be analyzed over time and your pricing policies adjusted accordingly. Each SDD licensee is free to proceed how they choose, but caution is advised so as to make sure that the overall impact of the new law does not have the unintended consequence of decreasing sales or lead to confusion with your customers.

There are a couple of things you can keep in mind. Your margin on

the smaller, less expensive items have been the same even though those items often require more handling and are inconsistently priced. Another important fact to bear in mind is that the 50 top brands account for almost 70 percent of all sales. Those brands are the most competitive and are the ones most likely to be carried by BIG BOX stores. The average independent will have many times the number of liquor items and sizes than the larger chain stores. Finally, higher end products are generally slower moving and therefore do not allow you to recoup your costs as quickly as faster moving items.

Again, each operator has to make his own evaluation as to how to proceed. But adjusting prices should be done cautiously and over time so that the market can more easily absorb the changes. We at AFD are excited about the prospects of the marketing potential the new law provides to our industry. Let's here from you.

## The Grocery Zone

By David Coverly



**AFD Members:**  
We want to hear  
from you!

Is your store celebrating a special anniversary? Did you just remodel or open a new facility? The AFD Food & Beverage Report wants to know. We will print information about our members as space permits.

Each month we also write feature stories about our members' businesses. If you would like to see your name on the pages of the AFD Food & Beverage Report, call our editor, Michele MacWilliams at (248) 671-9600.

# Help us to help you!

AFD's mission is to "improve the bottom line of its members." To that end, we continue to monitor legislation in Lansing, introduce bills when appropriate and work to stop those that could be harmful. Our recent success with the liquor discount legislation (see pages 3 and 5 for more details) is one example of how AFD continues to work for you.

However, we can't do it alone! We rely on the financial support of the retail food industry in the form of membership. If you are not a member, please consider joining. In addition, members and non-members alike all benefit from a donation to AFD's Political Action Committee fund.

## AFD PAC DONATION (PERSONAL CHECKS ONLY)

Please print

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Phone: ( ) \_\_\_\_\_

Fax: ( ) \_\_\_\_\_

E-mail: \_\_\_\_\_

**YES! I WANT TO CONTRIBUTE TO THE  
AFD PAC TO SUPPORT LEGISLATORS  
WHO HAVE SHOWN THAT THEY  
UNDERSTAND AND SUPPORT SMALL  
BUSINESS.**

Enclosed is my personal check or money order made payable to AFD PAC

- ☐ ..... \$500.00  
☐ ..... \$300.00  
☐ ..... \$200.00  
☐ ..... \$100.00  
☐ ..... \$50.00  
☐ Other amount ..... \$

☐ Check Enclosed ☐ Money Order Enclosed

Please return this form and your contribution to:

AFD Political Action Committee  
30415 West 13 Mile Road  
Farmington Hills, MI 48334

Please take a moment to fill out the forms below and send them to us today. Thank you for helping us help the retail food and beverage industry.

## AFD MEMBERSHIP APPLICATION

Please print

Store Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Phone: ( ) \_\_\_\_\_

Fax: ( ) \_\_\_\_\_

E-mail: \_\_\_\_\_

Owner: \_\_\_\_\_

Contact: \_\_\_\_\_

(If different from above)

Supplier Affiliation (primary): \_\_\_\_\_

What licenses do you have? (Please check all that apply)

- ☐ Daily Lottery ☐ Instant Lottery  
☐ SDM (Beer & Wine) ☐ SDD (Liquor)  
☐ Food Stamps ☐ WIC  
☐ Pharmacy ☐ Gasoline Pumps

No. of Employees \_\_\_\_\_ Square Footage \_\_\_\_\_

## DUES SCHEDULE

Retail Membership

(under 5,000 sq. ft.)

- ☐ Single location ..... \$175.00  
☐ 2 or more locations (same Federal ID no.) ..... \$350.00

Supermarket membership

(over 5,000 sq. ft.)

- ☐ Single location ..... \$250.00  
☐ 2 or more locations (same Federal ID no.) ..... \$500.00

- ☐ Supplier, Wholesaler, Distributor ..... \$400

- ☐ Check Enclosed  
☐ Credit Card ☐ Visa ☐ MasterCard

Card Number \_\_\_\_\_

Expiration Date \_\_\_\_\_

Signature \_\_\_\_\_

Please return this form and your payment to:

Associated Food Dealers of Michigan  
30415 West 13 Mile Road  
Farmington Hills, MI 48334

If paying by credit card, you may fax to:  
(248) 671-9610

## Calendar

**February 8-12, 2005**

National Grocers Association  
Annual Convention  
Bally's Las Vegas  
Las Vegas, NV  
(703) 516-0700

**February 11, 2005**

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

**April 4-5, 2005**

40th Annual Food Marketing Conference  
Western Michigan University  
Kalamazoo, MI  
(202) 452-8444  
www.hcub.wmich.edu/fmk

**April 19 & 20, 2005**

AFD Spring Trade Show  
Burton Manor  
Livonia, MI  
(248) 671-9600

**July 13, 2005**

AFD Scholarship Golf Outing  
Fox Hills  
Plymouth, MI  
(248) 671-9600

## Statement of Ownership

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AFD works closely with the following associations:



## The long road to liquor profits

Two years of hard work paid off with the passage of House Bill 4458, which now allows retailers to increase (but not decrease below the State-set minimum) the price that they charge for liquor. Here is a chronological recap of events that led up to the bill's passage:

3/26/2003 - House referred to Committee on Regulatory Reform  
10/14/2003 - House reported with recommendation with substitute H-2  
10/14/2003 - House referred HB 4458 to second reading  
10/14/2003 - House laid over one day under the rules  
10/29/2003 - House adopted and amended substitute H-2  
10/29/2003 - House placed HB 4458 on third reading  
10/29/2003 - House placed HB 4458 in immediate passage  
10/29/2003 - HB 4458 passes in House of Representatives  
10/29/2003 - House amended title  
10/30/2003 - Senate referred to Committee on Economic Development, Small Business and Regulatory Reform  
12/9/2003 - Senate reported favorably without amendment  
12/9/2003 - Senate referred to Committee of the whole  
11/3/2004 - Senate reported by Committee of the whole favorably without amendment(s)  
11/3/2004 - Senate placed HB 4458 on order of third reading  
11/4/2004 - Senate amendment(s) offered  
11/9/2004 - Senate amendment(s) defeated  
11/9/2004 - HB 4458 passes in Senate  
11/9/2004 - HB 4458 ordered enrolled  
11/15/2004 - House presented HB 4458 to the Governor at 11:32 AM  
11/29/2004 - HB 4458 was approved by Governor at 9:17 AM  
11/29/2004 - House filed with Secretary of State at 10:09 AM  
11/30/2004 - House assigned PA 407'04 with immediate effect

Dear AFD Staff,

I would like to thank you very much for getting the liquor bill 4458 passed. I am sure you people worked so hard to get it done. Thank you again and keep up the good work.

P.S. Now its time to work on the lottery commission to be raised 8%. The same with this, we haven't had a raise in 15 years.

Aniss Kajy, Heyden Drug Store

## Saxon offers custom liquor price tags at discount to AFD members

Adapting to the recent changes in Michigan's laws regarding liquor pricing, label manufacturer Saxon, Inc. is now providing custom liquor price tags to its subscribers. In addition, if the subscriber is an AFD member, Saxon will provide this service at a discount.

Located in Ferndale, Saxon, Inc. was founded in 1985 by Jim Turner and Scott Best. In 1990, Saxon began selling Liquor Price Tags for store shelves. Since then Saxon has supplied hundreds of Michigan retail liquor stores with annual subscriptions to its service and system.

Each year, subscribers receive one complete book of liquor price tags (over 5,000 items) and three quarterly updates of liquor tags; all the same sequence and with the set minimum prices as provided by the Michigan Liquor Control Commission's Price List book.

The tags fit into standard liquor shelf pricing rails. Each tag (2 1/2" x 1 1/4") contains vital information such as a distributor number, state order number, liquor description, size of the bottle in ML, price, and the date the tag was printed.

The tags come on sheets of 20, and are printed on a special dry tag material that has no adhesive on the back of the tags. In addition, all tags are laminated for added durability. Installation is quick and easy. Just peel the tag from the sheet and insert it into the shelf price rack for the appropriate liquor item.

Last December, Governor Granholm signed into law Public Act 407, which allows retailers to charge more than the retail price set by the Michigan Liquor Control Commission. The new law, however, does not permit retailers to sell liquor for less than the set price. The set price can vary from quarter to quarter based on price increases or decreases coming from the liquor manufacturers. For this reason, Saxon will continue its subscription service so that every retail liquor store subscriber that Saxon supplies

will have the most current quarterly legal pricing tags as authorized by the Michigan Liquor Control Commission.

The liquor price tags that Saxon supplies are the minimum prices that liquor items can be sold for in the state of Michigan without being in violation with the Michigan Liquor Control Commission.

For subscribers who wish to raise prices on select items, Saxon now offers custom-printed Liquor Price Tags sold by the sheet. Each sheet has 20 tags. The sheets, price tags, material, printed information, and quality are all consistent with Saxon's current subscription tag system. The only difference is that the tags reflect customized prices provided by the retailer.

Some of the immediate benefits of custom printed liquor tags:

1. Customers will not see physical

differences in the price tags to alert them of a price increase - i.e. hand-written prices, sticker numbers, etc. The professional appearance and continuity of the store's liquor shelves will be the same. This will help reduce the risk of upsetting and/or losing customers as the result of price increases.

2. The custom price tags will be easily placed over the existing minimum liquor price tag.

3. Special pricing will be available for multiple sheets with the same exact copy. This can be beneficial for multiple stores or for group orders to help reduce the costs per sheet. Contact factory for pricing.

For more information, call Jim Turner at Saxon, Inc. (248) 398-2000. Mention that you are an AFD member to receive the discount on custom price tags.

### SUBSCRIBE TO SAXON'S LIQUOR SHELF TAG SYSTEM

321 8506-6 Tower Of London 750 ML

2 1/2" x 1 1/4"  
Actual Size

**26.99**

One Piece  
Laminated  
Liquor  
Shelf Tags

The liquor shelf tags mirror the Michigan Liquor Control Commission's price list. They are printed in the same sequence, and reflect the Commission's set prices. A yearly subscription includes 1 complete "book" of over 5000 tags, and 3 quarterly updates. Cost for a new subscription is \$232.54 and a renewal subscription is \$198.75, which includes taxes and shipping.

For those who wish to raise prices on select liquor items, Saxon is offering custom printed liquor shelf price tags. Special forms are available for custom pricing requests. The custom tags are sold by the sheet. Each sheet has 20 different custom tags. Contact Saxon for custom tag pricing by the sheet and order form.

**AFD Member Discount Available On Custom Sheets**

**SAXON, INC.**

811 Woodward Heights • Ferndale, Michigan 48220  
800-727-1976 • Fax 248-398-2359



## TIPS training thanks

*Editor's note: These two letters were addressed to AFD Executive Vice-President, Dan Reeves.*

I am writing to express my admiration and appreciation for your good work with TIPS. The contributions you have made to their alcohol education sessions are indicative of your thoughtfulness and generosity, and you have every reason to be proud.

Your devotion to fighting underage drinking and drunk driving is laudable. The efforts of citizens like you underscore the value of community service and I encourage you to maintain this level of commitment in the future.

Again, I extend my heartiest thanks to you for your involvement with TIPS. My very best wishes for success in all of your future endeavors.

Sincerely,  
Carl Levin  
United States Senate

I would like to offer my thanks to you and the Associated Food Dealers of Michigan for your involvement in this year's promotion of the TIPS program. Your contributions toward eliminating alcohol-related incidents in Michigan have helped decrease the risk of tragedies related to drunk driving, underage drinking, and intoxication. What a great service you have provided to our state.

Again, thank you for your positive and proactive contributions. I salute you for your involvement with TIPS and your commitment to make Michigan a safer place to live.

Sincerely yours,  
Jennifer M. Granholm  
Governor

## Turkey Thanks

I am writing to express a hearty thank you on behalf of the 13th Congressional District for your generous donation to our Thanksgiving Turkey give away. Needy families of the 13th District are truly blessed to have the support and commitment of people such as you that are willing to share. It warms my heart to be in a position to help others, which was made possible with your donation.

Again, thank you and we look forward to seeing you and working together on future projects.

Sincerely,  
Cecilia Walker  
Chairperson

It is my great pleasure to personally thank you for your repeated generosity to Oakland Family Services. Your in-kind gift of 52 turkeys for our Thanksgiving baskets helped ensure that some of the many children and families in need within our community were able to enjoy a traditional Thanksgiving dinner.

As you know, for more than eighty years, Oakland Family Services has successfully enriched children's lives and strengthened families in our community... bringing hope and healing to more than 40,000 individuals and 12,500 families touched by our agency each year. We are blessed with many great supporters that want to be a part of our success in the community.

Thank you again for your overwhelming support, and for your ongoing commitment to Oakland Family Services.

Sincerely,  
Michael S. Earl, President and CEO  
Oakland Family Services

**To Our Valued AFD Customers:  
Thank You for Your Support in 2004**



**May You and Your  
Family Enjoy a  
Prosperous New Year.**

**From Your Friends at Frito-Lay!**



## Kellogg CEO nominated for Bush cabinet

Carlos M. Guttierrez, chairman and CEO of Kellogg USA was nominated by President Bush to be Secretary of Commerce. As is typical with Presidents that face a transition to a second term, President Bush is going to staff over half of the 15 cabinet positions as cabinet members return to private life. New

Secretaries are being appointed for Agriculture, Attorney General, Commerce, Education, Energy, Health and Human Services, Homeland Security, State and Treasury. Senate confirmation of Guttierrez and the other cabinet replacements are not expected to be completed until February 2005.



## Aunt Mid's rated Superior by American Institute of Baking

Aunt Mid's, a Detroit-based fresh fruit and vegetable processing company, has received a "Superior" rating for their facility by the independent auditors of AIB (American Institute of Baking).

The Detroit facility was graded in five areas: food safety programs, personnel/operational practices, plant safety, bio-terrorism and sanitation practices.

Superior is the highest possible rating.

## The buzz on honey's cancer-fighting power

**Scientists have some sweet news about honey—it may help fight cancer.**

Researchers from Croatia's University of Zagreb report that bee products applied orally or injected into mice significantly reduced tumor growth and the spread of cancer. The team's research findings are published in the December issue of the *Journal of the Science of Food and Agriculture*.

According to the scientists, the tests show that natural honeybee products, such as propolis, royal jelly, caffeic acid, honey and venom could be used to prevent cancer in the future, states FoodNavigator.com.

Propolis is a resinlike substance used in building honeycombs. Caffeic acid is a chemical contained in propolis that significantly decreases subcutaneous tumor growth. Honey also was found to slow the spread of tumors.

Royal jelly is produced by worker bees as food for bee larvae and was successful in inhibiting the spread of tumors. In addition, FoodNavigator.com reports that the researchers said that injections of bee venom caused tumors to shrink and delayed their growth.

## Coke may take on "the Dew"

Coca-Cola reportedly is pondering a new soda called Vault, which would go head-to-head with PepsiCo's popular Mountain Dew, according to industry reports. The

soft drink maker also is said to be considering a new diet cola to be called Coke Zero.

-*Journal and Constitution*



## A balancing act for the serious investor.

The most important investment decision you may ever make won't be the choice of a stock, bond or mutual fund. It will be how you decide to allocate your assets. Most industry experts believe that up to 90% of long-term returns are directly attributable to this one decision. Asset allocation helps reduce volatility, minimize risk and optimize return. Sagemark Consulting can help you and your advisors develop and maintain a personalized, long-term asset allocation plan—one that balances things just the way you want. Find out more. Call us today.

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# ALL ABOARD THE S.S. AFD!

*The 89th Annual  
Trade Dinner and Ball  
of the Associated  
Food Dealers  
of Michigan*

## SETTING SAIL FEB. 11, 2005

6:00 P.M.  
PENNA'S OF STERLING

*Please call Michele  
MacWilliams at AFD  
(248) 671-9600 for  
your Boarding Passes!*

Brought to you by:



#### **Platinum Sponsor: \$10,000**

(Limited sponsorships available)

- 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
- Half price on the ad of your choice in the *Food & Beverage Report*
- Use of four company products at dinner (or 4 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 ten company images for media presentation
- Corporate signage at the dinner
- Half price on the ad of your choice in the *Food & Beverage Report*
- Use of two company products at 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
- Half price on the ad of your choice in the *Food & Beverage Report*
- Use of one company product at 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
- Half price on the ad of your choice in the *Food & Beverage Report* \$900 for each additional table.

**TABLE OF 10—\$1,850 • COUPLE—\$275 • INDIVIDUAL—\$150**  
**Attention Sponsors: New video presentation will feature footage shot on location at your place of business. Excellent marketing tool!**



# Competition heats up for consumers' dollars

Retailers should put on their gloves and prepare to fight for consumers' dollars because 2005 will be another year of intense competition, according to industry analysts.

After several difficult years, 2004 was a year of recovery for some retailers while others continued to face challenges, according to Fitch Ratings. The luxury chains and warehouse clubs led the industry in 2004, suggesting shoppers were willing to splurge even as they continued to look for bargains. The supermarket chains began to recover from the effects of the prolonged strike in Southern California, while results among the specialty retailers were mixed.

Merger-and-acquisition activity accelerated in 2004, with notable transactions including Kmart's acquisition of Sears, May's acquisition of Marshall Fields, J.C. Penney's sale of Eckerd, Dillard's sale of its credit card operations, and Albertson's acquisition of Shaw's, said Fitch.

During the 2004 holiday, Fitch said the stronger retail segments were luxury, electronics and interesting fashion items; basic fashion items and toys remained weak. The disposable income of low- and middle-income buyers in particular is being pressured, not only by high gas prices, but also by the jobs situation and high consumer debt levels.

Fitch expects softness in overall revenue growth for retailers in 2005. This prediction is based on the economic backdrop of U.S. GDP growth of 3.3 percent in 2005 versus 4.3 percent in 2004 (as projected by Fitch), relatively flat unemployment, increasing interest rates and continued high oil prices.

Intense competition will continue, particularly for those retailers that compete with Wal-Mart. As Wal-Mart continues to expand into new geographies and broaden its selection within categories such as electronics, other retailers will have to differentiate themselves with broad product offerings, innovative

marketing and customer-retention strategies, and high levels of service, noted Fitch.

Fitch predicts the luxury chains will prosper in 2005 as consumers continue to splurge on high-priced fashions and accessories. However, comparable store sales growth for these chains will likely be moderate to more sustainable low single-digit levels. Growth of the traditional- and middle-market chains will be constrained by expected slower GDP growth and continued high energy prices. The chains with more of a fashion orientation like Federated and JC Penney will likely lead the pack. Profitability should track in-line with sales growth in 2005 because there is little additional upside to gross margins while labor, health care and energy expenses continue to move higher, stated Fitch.

Fitch expects that department store chains will continue to look at acquisition opportunities given the mature nature of the industry and the desire for greater economies of scale. In the absence of a blockbuster merger, department stores will continue to buy/sell stores or groups of stores in an attempt to build scale in certain markets and de-emphasize other markets on a targeted basis.

The general-merchandise discounters have been steady performers, although Wal-Mart's comparable store sales have slowed as gas prices moved higher. Persistently high gas prices will likely continue to constrain Wal-Mart's sales in 2005, predicted Fitch. Target has held up better by offering a combination of interesting merchandise at value prices. The warehouse clubs have benefited from their success in adding high-quality perishable items and the growing popularity of the club format. Overall, Wal-Mart, Target and Costco should continue to perform well as they expand rapidly




and take market share from other retail sectors.

On the other hand, Kmart and the regional discounters, including ShopKo, will continue to struggle, said Fitch. Kmart's merger with Sears will accelerate its downsizing, as it is expected that perhaps several hundred existing Kmart stores will eventually be converted to Sears stores. The long-term outlook for Kmart and Sears remains uncertain given their weak operating trends, evolving business models and plan to monetize excess real estate.

Next year is key for the supermarket industry as they see the full effects of several protracted union strikes that took place during 2003-2004. The results in 2005 should paint a picture as to how the supermarket companies are able to maintain and/or grow their core customer base.

Adding to this challenge is the fact that new competitors such as supercenters, warehouse clubs, dollar stores and pharmacy chains are taking business by offering convenience or drastically lower prices. The supermarkets remain at a cost disadvantage to the discounters and other nontraditional retailers given their higher cost structures associated with operating a primarily union work force. -NACS




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## NewsNotes

### Food prices rose in 2004

U.S. food prices in 2004 may have increased by as much as 4%, the largest increase since 1990, the U.S. Agriculture Department reported, although final figures are not yet available. Leading factors for the inflation include beef, which rose by 11%, and milk, dairy products and eggs, which had an increase of 8%, the USDA said. -CNNmoney/Reuters

### Retailers look for help in fight against organized shoplifting

One FBI official estimates retailers lose a combined \$15 billion a year due to theft and shoplifting, with some falling victim to organized shoplifting gangs that know how to deceive security tags. The Senate is debating a bill that would treat organized shoplifting as a federal felony. -Newhouse News Service

### Chocolatier touts confection's health benefits

St. Louis-based Bissinger's Handcrafted Chocolatier is marketing its premium chocolates as healthy treats containing ingredients that have been linked to cardiovascular benefits and slowing of the aging process. Health activists have blasted the campaign, but company officials say one chocolate per day can be part of a healthy diet.

### R.J. Reynolds increases list price on cigarettes

R.J. Reynolds Tobacco Company, a subsidiary of Reynolds American Inc., will be increasing the list price on certain brands of cigarettes. The tobacco giant also announced that it would reduce retail discounts on certain other brands.

The price increases vary by brand, but discounts to retailers would be decreased by \$1 a carton on the company's most popular brands—raising the cost of a pack of KOOL, DORAL, most Camel varieties and other cigarettes by 10 cents, a Reynolds spokesman told Reuters. Other brand prices will increase by 40 cents to \$1 a carton.

The company attributed these pricing actions to higher costs because of recent enactment of federal tobacco buyout legislation and higher rates from master settlement agreement obligations. R.J. Reynolds projects its total expenses associated with the master settlement agreement and the federal tobacco buyout legislation to exceed \$2.8 billion in 2005.

Last December, Philip Morris raised its prices for the first time in nearly 3 years, a move analysts see as a sign that larger cigarette manufacturers had regained some of the pricing power they had lost when some smokers turned to deep discount and private-label cigarettes, according to Reuters.

### Market forces weigh on Interstate Bakeries

While its Baker's Inn products provided a recent revenue boost, Interstate Bakeries, which recently filed for Chapter 11 bankruptcy protection, says it is unclear how discount pricing pressures and new government food guidelines will effect its restructuring efforts. The maker of Wonder Bread is evaluating its strategic options, including the possible sale of some assets. -American City Business Journals

### Dollar stores upend retail norms

While low-income families represent the core market for dollar stores, middle- and high-income shoppers are a fast-growing group within this segment, and suppliers and traditional retailers have noticed. Target, Albertsons and Kroger now showcase \$1 items, and packaged goods giants are now making products specifically for the dollar store segment. "Poor people need low prices. Wealthy people love low prices," one analyst said. -The Wall Street Journal

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# Michigan wine laws heard by U.S. Supreme Court

In December the Supreme Court considered whether state alcoholic beverage regulations put in place 70 years ago after Prohibition was lifted, should remain.

The court heard three cases challenging laws in Michigan and New York that make it a crime to buy wine directly from wineries in another state. Twenty-two other states have similar statutes.

At issue is the 21st Amendment, which ended Prohibition in 1933 and explicitly granted states authority to regulate alcohol sales. Twenty-four states subsequently passed laws requiring outside wineries to sell their products through licensed wholesalers in the state.

Michigan's case began when Eleanor and Ray Heald of Troy asked an Indianapolis lawyer, Robert Epstein, to challenge the Michigan statute barring direct sales to consumers from out-of-state wineries.

Wineries in-state are allowed to sell and ship directly to consumers. But all other wineries and breweries must sell to wholesalers, who ship the products to groceries, restaurants, bars and party stores.

The Healds, wine writers whose work appears locally in the *Observer & Eccentric Newspapers* and nationally in two wine publications, were frustrated by not being able to order samples directly from wineries outside Michigan.

During the December Supreme Court hearing, the justices seemed troubled that states could treat out-of-state wineries in a different way from those within their own borders. They were equally uncertain, however, about overturning long-established regulations aimed partly at protecting minors.

Alcohol is regulated by a three-tier system: a state-licensed wholesaler brings in the beverages, state-licensed retailers sell them to customers, and customers drink them.

Owners of small wineries, which have proliferated in recent years, say they can't compete with huge companies unless they can sell directly to customers over the

Internet or by allowing visitors to their wineries to ship bottles home.

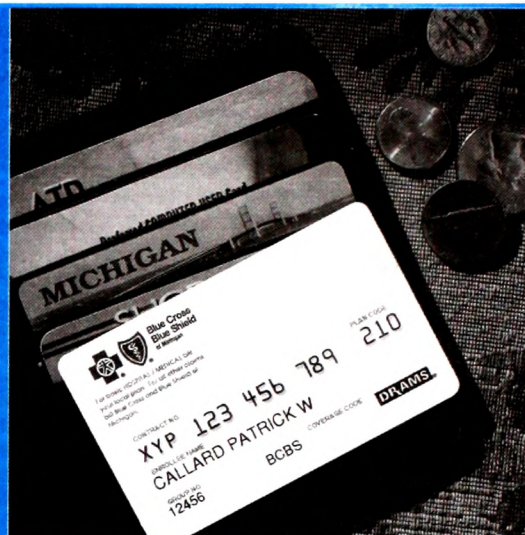
During oral arguments, Justice Anthony Kennedy wasn't so sure.

"Under your view, the whole three-tier system falls," Kennedy said, in response to wineries'

arguments that the state laws were discriminatory. Justice Ruth Bader Ginsburg suggested the court might remedy the problem of unfair treatment by striking down laws that allow direct shipments only for in-state wineries. "The out-of-state

vendors would be no better off, but it would be equal," she said.

The cases are *Granholm v. Heald*, 03-1116; *Michigan Beer & Wine Wholesalers Association v. Heald*, 03-1120; and *Swedenburg v. Kelly*, 03-1274.



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## NewsNotes

### Canada considers visit requirement to get prescriptions filled in the country

Canada's health minister is considering a requirement that Americans buying prescription drugs from Canadian-based Internet pharmacies must visit a Canadian doctor inside Canada before their prescription can be filled. "We may prevent the pharmacists or the doctors from co-signing the prescriptions" without the in-country visit, Minister Ujjal Dosanjh said. But Internet pharmacists who met with government representatives at a Manitoba meeting indicated disputes between the two sides remained unresolved.

-The Toronto Star

### Study: Overeating brain chemical associated with alcoholism

The same brain chemical linked to overeating also appears to be associated with over-indulging in alcohol, according to a new study. Scientists found rats injected with the neuropeptide galanin, which is associated with overeating, did not increase their water consumption, but drank much more alcohol.

-MSNBC

### Drug Celebrex linked to heart attack risk

Pfizer Inc. says it has found an increased risk of heart attacks with patients taking its top-selling painkiller Celebrex, a drug that is in the same class as Vioxx, which was pulled from the market in September because of safety concerns.

The National Cancer Institute, which was conducting the study for Pfizer, suspended the use of Celebrex after finding that patients taking 400 mg. to 800 mg. of the drug daily were found to have a risk 2.5 times greater of experiencing major heart problems than those who weren't. A separate cancer study found no increased heart risk with patients taking 400 mg. of Celebrex per day.

### Kroger sells more than food

Looking to lure customers shopping at Wal-Mart and Target and hoping to boost same-store sales, Kroger's Marketplace concept offers groceries plus home items, such as microwaves, lamps and rugs. Its recently opened Marketplace store in Columbus is the first of the 23 stores to carry the Kroger brand.

### Florida battles Coke, Pepsi on "light" OJ

Florida citrus officials are requesting the FDA require makers of "light" orange juice, including Coca-Cola and PepsiCo, to label their drinks as such on the front of the carton to clearly distinguish between these drinks and 100% juice offerings. Officials from Coke and Pepsi contend their labels are clear and see no need for them to be revised. "If [some people have] walked away from the category entirely, we would rather bring them back by selling them one unit with half the juice than no units with 100 percent juice," a Coke executive said.

- The Ledger

### Big boxes succeeding with online stores

One online retail analyst says the major brick-and-mortar players have "got their act together online" and are improving their offerings for customers. Additionally, another e-commerce executive notes such major players as Wal-Mart and Best Buy have done a good job of integrating their Web sites with their stores to appeal to multichannel shoppers.

-MSNBC

### Sweet-Talking Candy

M&M's wants consumers to eat their words. Masterfoods USA, makers of M&M's Brand Candies, now offers MY M&M's personalized M&M's.

MY M&M's are available in 21 colors and 13 of those—silver, gold, white, light blue, light purple, red, dark pink, pink, cream, yellow, orange, aqua green, and green—can be imprinted with a personal message.

"This is an exciting milestone in the history of M&M's Candies—now consumers have yet another way to have fun and interact with our brand by creating a personal message on America's favorite chocolate candy," said Janis Smith-Gomez, vice president of marketing for Masterfoods USA. "What better way to express yourself than on M&M's Milk Chocolate Candies?"

To create a custom candy gram, customers select the color or color combination they prefer, compose their message up to two lines (using eight characters or less per line) and indicate quantity and shipping preference. An 8-ounce bag is \$9.49 (minimum order is four bags); other order options are available on M&M's Web site, [www.mms.com](http://www.mms.com). -NACS

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# Representative John Stakoe's guide to fixing government: Become a leader

By Kathy Blake

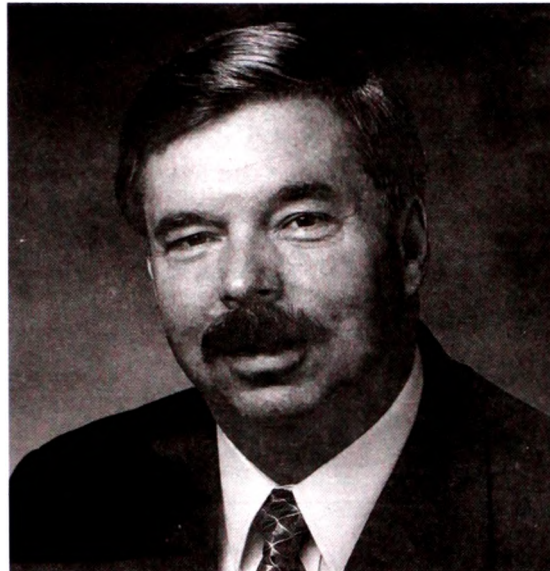
Representative John Stakoe (R-Highland), says if you don't like the way things are going, change them. In order to make changes, you need to be in a position of leadership and that's what led Rep. Stakoe to his career as a politician.

Stakoe was a police officer for Milford Township for nearly 20 years prior to taking the position of Supervisor for Highland Township in 1996. He ran against a 14-year incumbent and won. "The incumbent let the township run itself and didn't deal with the growing infrastructure and planning needs," said Stakoe. That was what prompted Stakoe to get involved. He saw things that needed to be done and when he took office, he did them. He led the board of trustees in developing a sewer plan and water system, a Downtown Development Authority and establishing a Brownfield re-development site.

When Stakoe ran for state representative in 2002, he won the Republican seat in a five-way primary. He was re-elected to his second term last fall and was elected assistant majority floor leader by House Republicans. He is assistant to Majority Floor Leader Chris Ward. "It's a tremendous honor and opportunity," Rep. Stakoe remarked about his leadership position. He's now a part of the team that discusses and recommends policy.

## Committee Assignments

Rep. Stakoe serves as Vice Chair of the Criminal Justice committee and is a member of the Higher Education committee; the Local Government and Urban Policy committee and the Tax Policy committee. His district includes the townships of Highland, Independence, Springfield and White Lake and the city of Clarkston. "I believe and work toward maintaining a presence in the district and providing an



advocacy for constituents," said Stakoe.

## Budgeting

One of the things that amazes Rep. Stakoe is how people prioritize when it comes to budgeting. "The first thing that people look at cutting is public services," he said. He believes public services should be the last to cut. "When roads are plowed, the police can come and the trash is picked up," he explained. He said he learned how to budget while serving on the township board. "Budgeting should be done by first looking at how much money you have to work with, then listing line items in order of importance," he added.

Looking at the state's budget, Stakoe says it has increased 1.5-1.6 percent over the last two years, (it's nearly \$40 billion now), while the tax revenue has decreased. "The state is constantly looking at the budget, for revenue. We need to quit looking for new taxes, prioritize and budget using the money we have."

## Keep the economy rolling

In order to increase revenue, Stakoe believes the state should do

whatever it can to keep existing businesses and attract new ones. "We're not doing anything to make it easy on them. We should be reducing regulation and keeping the costs of doing business down," said Rep. Stakoe adding, "This means allowing tax credits and inducements to make the state competitive for a wide range of business interests." Stakoe has sponsored and co-sponsored a number of bills that provide incentives and reduce government red tape.

## Sanitarian legislation

Stakoe sponsored legislation that streamlines registration for sanitarians and replaces the state licensure exam with the national examination. The new law allows sanitarian professionals, who are required to have at least a bachelor's degree, to become licensed. It sets state-level occupational procedures and guidelines for the sanitarians who serve as the environmental scientists working in local health departments. The bill also creates an advisory panel which includes members of the Michigan Groundwater Association, Michigan

Onsite Wastewater Recycling Association, the Michigan Association for Local Public Health and the Michigan Restaurant Association.

## Identity theft

Identity theft issues have been a concern for Stakoe, given his background as a police officer. He worked on recent legislation that tightens the rules for perpetrators and allows victims to use police reports of theft to improve their credit rating. Victims previously had to go before a judge to declare them a victim, said Stakoe.

## Rep. Stakoe's background

Rep. Stakoe graduated from Dearborn High School in 1970. His family formerly owned Stakoe's Meat Market, a meat and catering business in East Dearborn. Stakoe earned a bachelor's degree in secondary education in 1975 and a master's degree in criminology in 1996 from Eastern Michigan University. He also completed the School of Staff and Command at Northwestern University in 1993.

Stakoe is a member of the: Optimist Fraternal Order of Police; the SEMCOG Executive Committee; Huron Valley Lions Club, Huron Valley and the Clarkston Chambers of Commerce. He is past president of the Oakland County Supervisors Association and former co-chair of the Huron Shiawassee Headwater Project and former member of the Western Oakland County Corridor Study steering committee.

Rep. Stakoe is married with two daughters and enjoys downhill skiing, golfing, reading, riding horses, playing tennis and physical training.

To contact State Representative John Stakoe, call (517) 373-2616, email [johnstakoe@house.mi.gov](mailto:johnstakoe@house.mi.gov) or write The Honorable John Stakoe, State Representative, State Capitol, PO Box 30014, Lansing, Michigan, 48909-7514.



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# D&B Grocers Wholesale celebrates 10 years of service

By Michele MacWilliams

Walking the spotlessly clean aisles of D&B Grocers Wholesale, it is easy to see that the company is well stocked and ready to serve its Michigan clientele. From paper towels to chicken soup they stock a good portion of what a supermarket, gas station or convenience store would need in their grocery section.

Located in a new warehouse on Sears Drive in Livonia, D&B is the brainchild of Bobby Hesano, who started the business with his brother in 1994.

"Our family had been on the retail side of the food business since 1963. Moving into wholesale was a natural progression for me," says Hesano.

Bobby started by working in his parent's stores as a teen. He attended college at Western Michigan University where he received a food marketing degree. From there, it was on to Houston, Texas to work at Fleming Foods, where he stayed for eight years. Combining his formal education, prior experience as a retailer and his years at Fleming as a merchandiser where he worked his way up to the director of merchandising, Bobby decided the time was right to bring his knowledge back to Michigan and open a wholesale company.

Working with his brother Danny, they opened their first warehouse in Lincoln Park in 1994. The business grew right from the start, and soon they were looking for larger quarters. The new, 50,000-plus square-foot facility in Livonia,

which they moved into in 2004, is a shining example of the brothers' hard work and attention to detail.

The floors are spotless and grocery items categorized in a manner that streamlines the entire warehouse process.

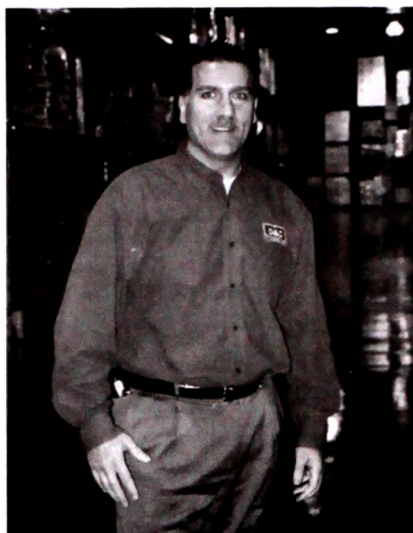
"We strive for efficiency," says Bobby. "The more efficient we are, the lower our costs. With lower overhead we can offer better prices to our customers."

D&B services all kinds of stores, from supermarkets to drugstores, produce houses, dollar stores and convenience stores. They have over 270 customers and the list grows daily. The service includes all of Southeast Michigan however, the main focus is in the Metro Detroit area.

Bobby said that he and Danny chose Livonia for their warehouse location because the highway system in the area makes it convenient to get to just about anywhere. "From here, we're only a few minutes from Detroit and it also takes no time at all to get to Ann Arbor, Flint or Lansing. It is really an ideal location," he added.

Although D&B services all types of stores, Bobby says that he and his brother are now concentrating on working to fill the needs of the independent stores in the Metro Detroit area.

"When Midwest Wholesale closed and Foodland left the area, it left the independent retailers with less choices. Due to the unique needs of



Left: Bobby Hesano in the D&B warehouse



Below: Jen Lucier in the D&B office.



the Detroit market we felt that there was a need for additional distribution sources," Bobby says. He added that when those wholesalers left the market, a need was created in the supply chain to these stores.

"Even with the major wholesalers still supplying the supermarkets, we feel that we can compliment the distribution channel to the independents due to the unique product mix we carry." Together with other wholesalers in the area, Hesano's goal is to bring the buying

power back to the independent retailers. "We want to give them the opportunity to be on a level playing field with all retailers, regardless of their size," he says, adding that. "Our goal is to support the independent retailers so they can compete with Farmer Jack, Kroger and Meijer. Together, with other independent wholesalers, this is achievable," he maintains.

To reach Bobby and Danny Hesano at D&B Grocers Wholesale, call them at (734) 513-1715.



## Disney has designs on food industry

**A very big mouse will soon be loose in the supermarket frozen-food aisle**

Walt Disney Co. announced plans to debut frozen meals and healthful packaged food products in early 2005.

Gary Foster, spokesperson for Disney's consumer products division, said the company is slated to introduce "comprehensive food products" including macaroni and cheese in the United States possibly as early as the spring, reports the *Los Angeles Daily News*.

Disney already has carrot sticks on the market in Europe and its European division is preparing to launch a range of food items with worldwide expansion expected in 2005, noted Foster.

Disney's plans differ from its past foodservice ventures, where it would market products from other companies, such as Kellogg's and Blue Bunny, under the Disney name. According to Foster, Disney will probably work with supermarkets to create the food items. Disney has partnered with the Tesco grocery

chain on its U.K. foodservice efforts.

This new strategy will help keep prices down for consumers, said Foster, adding, "The retail landscape has changed dramatically. Consumers are becoming much more cost-conscious."

Disney is taking the same tactics with its apparel and electronics products, for example, working with Wal-Mart to make its apparel.

"It's all part of a changing business model. More and more, we're developing our products in house," Foster told the *Daily News*.

Phil Lempert of SupermarketGuru.com cautions that "being in the food world is a very different business than producing movies or theme parks."

Lempert also said that food items featuring cartoon characters typically have a short shelf life, noting, "The Pokemon cereal went through the roof when it first came out; then it failed."

## New Eastpointe Save-A-Lot opens!



(l to r) Joe Arcori of Eastpointe Save-A-Lot with Save-A-Lot management representatives. Tom Luck, District Manager. Butch Ladd, District Manager, and Ron West, Perishable Counselor at the grand opening.



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# Beyond the bottle bill: Recycling

**Editor's Note:** The two articles below both deal with pending legislation regarding Michigan's Bottle Bill. Over the next few years AFD expects to see increased activity surrounding the possible expansion of our present bottle bill. According to President Mike Sarafa, AFD will be vigilant in its efforts to insure that the public and our political leadership understands the costs associated with and the ramifications of expanding the bill.

## Legislature moves Michigan closer to improved recycling

**MRP urges Gov. Granholm to sign SB 790 and SB 854 creating Recycling Advisory Council**

Michigan moved closer to improving its abysmal recycling rate with passage of legislation creating a state recycling coordinator and an advisory council to propose enhancements to Michigan's recycling system, said Mary Dechow, chairperson of the Michigan Recycling Partnership. "The Legislature has indicated that improving Michigan's recycling rate is a top priority for the state," Dechow said. "Now Governor Granholm has the opportunity to follow through on one of the goals she set out in her first State of the State Message – increasing Michigan's recycling rate."

With House and Senate passage of Senate Bills 790 and 854, the first

initiatives recommended by the Michigan Beverage Container & Recycling Task Force in Fall 2003 now make their way to the governor's desk for her consideration.

The task force, created by Senate Majority Leader Ken Sikkema and chaired by Sen. Cameron Brown, conducted hearings across Michigan in 2003 before issuing its recommendations.

SB 790 creates the Recycling Advisory Council, consisting of members appointed by the Governor and legislative leaders. The council is charged with reviewing how Michigan can increase recycling and assist in making recycling more self-sustaining through market

development of recycled materials. The Council's initial report, which will include funding recommendations, is due to the Legislature on Sept. 1, 2005. SB 854 sets in statute the position of Recycling Coordinator within the Department of Environmental Quality.

"Michigan needs a blueprint for recycling growth and this legislation is an important part of that plan," Dechow said. "By signing these bills into law, Governor Granholm can set the stage for adoption of comprehensive recycling legislation during the 2005-2006 legislative session."

Dechow said Michigan continues to have one of the lowest annual recycling rates in the nation – 15 percent. Total municipal solid waste produced in 2003 was recycled, according to the national BioCycle report. She added that while recycling rates continue to

languish, industry surveys show that 91 percent of Michigan residents want more recycling opportunities and two-thirds would recycle if more opportunities were available. Lack of recycling also contributes to Michigan's growing dependency on landfills.

The Michigan Recycling Partnership, a coalition representing more than 25,000 businesses and 400,000 employees who share a concern over the lack of a comprehensive solid waste policy in Michigan, believes comprehensive recycling holds the greatest promise for Michigan's future. Michigan Recycling Partnership's position is consistent with the primary conclusion of the Michigan Beverage Container & Recycling Task Force — Michigan must do more to support and encourage recycling opportunities that enable residents to recycle the majority, not the minority, of their household waste.

**The following editorial was written by AFD President Mike Sarafa and published in the editorial section of the Detroit Free Press on December 15, 2004:**

Recycling has not been a priority in Michigan for many years; we continue to have the worst recycling rate among Midwestern states.

Very little has been done to address this situation since Gov. Jennifer Granholm first called for a 40-percent recycling rate in five years in her first State of the State address. Since then, the recycling rate has moved in the wrong direction, going from 20 percent to 15 percent. Now we have the opportunity to begin to address the issue.

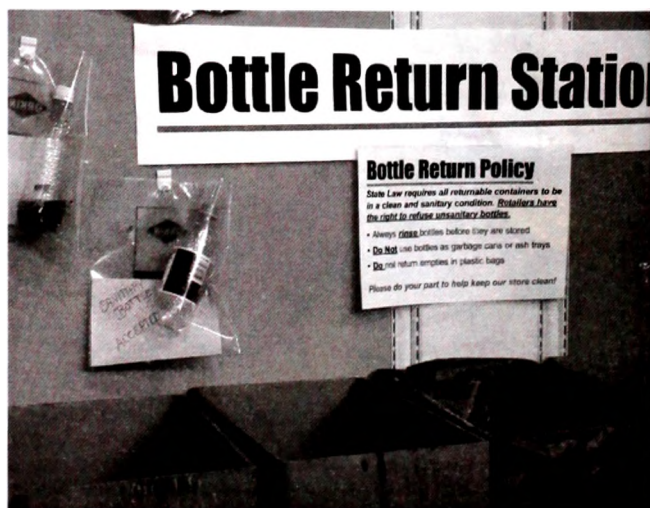
Just recently, the Legislature sent to the governor legislation that would create a state recycling coordinator and a task force made

up of a cross-section of the industry and environmental communities to explore options to enhance recycling in Michigan.

For too long, Michigan's bottle bill has masqueraded as recycling policy. To continue to rely on the bottle bill creates undue hardships and unfunded mandates on the retail establishments charged with handling and storing returnable cans and bottles.

The Associated Food Dealers of Michigan calls on the governor to sign these bills and create a public-private framework with all stakeholders involved.

Michael G. Sarafa  
President  
Associated Food Dealers





# Fair Power Legislation Will Fix Our Broken Electric Laws

**For months, CLEAR, the Citizens for Long-term Energy Affordability and Reliability, has been championing legislative reform to mandate fairness in the supplying of electricity to Michigan's residents and businesses. Fair Power Legislation requires all electricity suppliers to follow the same rules.**

Currently, out-of-state energy suppliers can supply electricity while providing only minimum reserves. This threatens reliability throughout Michigan. Fair Power Legislation will require all energy suppliers to provide the same level of reserves. Today we simply don't have the same level of backup as before Electric Choice.

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**Fair Power Legislation protects Michigan jobs more effectively than the current laws can. Urge the Governor and Legislature to support Fair Power Legislation. To learn more call CLEAR at 1-866-99-Clear or visit us at [clearmichigan.com](http://clearmichigan.com).**

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# Michigan provides strict security for Lottery games



By Commissioner Gary C. Peters

Many of you may be aware of a recent incident involving the Indiana Hoosier Lottery in which a lottery security officer revealed the location of a winning ticket to private individuals. In the aftermath, we've received several inquiries as to whether this could occur in Michigan. Let me assure you: our

system is extremely secure and very, very tightly controlled. This kind of fraud cannot happen in Michigan.

In this particular instance, the security officer was able to obtain, from the company that provides the tickets, information on which retailer had received a winning ticket as part of his inventory. I'm pleased to report that in Michigan, the information this individual obtained is simply not available. The company that provides our tickets will not give it to anyone—not even the Commissioner. The knowledge of where winning tickets reside cannot be determined.

The measures described above relate to our instant ticket process, but you should know that our diligence and security extend to our online drawings as well. Each drawing is supervised by a Lottery drawing manager, and more importantly, an outside auditor who is responsible for reviewing the

actions taken each step of the way.

Virtually every contingency that could be imagined, such as a power outage at the studio where the drawings take place, is addressed in an extremely detailed written procedures handbook. The equipment used in the drawings, including the balls for the Daily 3 and 4 games and the computers which generate the winning numbers for the other online games, are randomly rotated.

In addition, Michigan Lottery regulations prohibit the purchase of Lottery tickets by our employees. This rule even extends to all those living within a Lottery employee's household. Having policies such as this in place is another measure in assuring the public that we cannot benefit ourselves or our families with "inside" information.

The Michigan Lottery is many things, but we prize integrity above everything else. We take our

business very seriously and our reputation and relationship with our retailer partners and our players are critical. Rest assured that we will continue to operate under the highest of ethical standards.

**New instant games:** Several big prizes will be offered in a new round of instant tickets that went on the market in early January.

Players can hit the road with Take the Money and Run, a \$1 ticket with a \$5,000 top prize, and will have a chance to boost their winnings with Money Multiplier, which will sell for \$2 and carry a \$20,000 top prize. Both went on sale on January 3.

January 24 will give players a chance at both Doubling Red Bingo and On a Roll. At \$2, Doubling Red has a top prize of \$22,000, and for \$1, On a Roll offers a \$7,000 top prize. The month wraps up with an outstanding Millionaire's Casino ticket, which will sell for \$10 and have top prizes of \$1 million.

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*Limited time only! January 17 - February 5, Monday - Saturday evening drawings*



# A new twist to wine bottles

Something screwy is happening in the wine world. Instead of "pop" more and more consumers are hearing "crackle" as their bottle is opened.

According to Sam Gugino, Tastes columnist for *Wine Spectator* magazine, more than 120,000 screw-capped wine bottles from Cypress winery in San Jose, Calif., were released last May.

While most wines with screw caps are in the lower price range, some expensive wines have screw caps. Guino says that Plumpjack Winery in California's Napa Valley bottled half of its 1997 Reserve Cabernet Sauvignon in screw caps and sold that wine for \$145 — \$10 more than the other half that was sealed with corks.

The biggest problem, according to Guino, is cork taint — the result of a naturally occurring chemical contaminant (2,4,6-trichloroanisole, commonly known as TCA) nurtured by cork that can spoil wine. A wine afflicted with cork taint is said to be "corked." Though TCA poses no health risk, "corked" wines can smell like moldy cardboard or a

dank basement.

Wines sealed with screw caps prevent TCA. So do synthetic corks. But synthetic corks don't create as tight a seal as screw caps do or as natural corks do.

In addition to preventing cork taint, screw-cap closures were proven to hold fruit and maintain freshness more effectively than natural and synthetic corks. Hogue uses the best-known screw caps, Stelvin, made by the French company Pechiney Capsules, which has a factory in California.

"The reason we prefer Stelvin screw caps over synthetic corks is that synthetic corks allowed too much oxygen into the bottle. Screw caps allow less oxygen in and are consistent in the amount of oxygen," David Forsyth, director of winemaking at Hogue told Gugino. "After two years you could see the difference. Synthetics tasted tired, especially the whites."

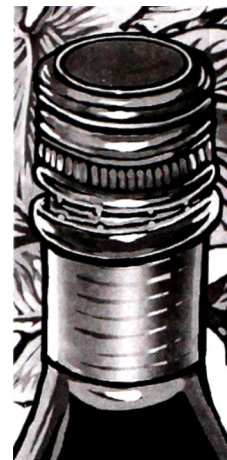
The Hogue study confirmed the findings of an Australian Wine Research Institute study on all wine closures published in 2001. It looked at white wines after 20 months in the bottle and found that wines were better preserved with screw caps than synthetic or natural corks.

The Australians were the first to break with tradition and use screw caps. Fifteen Riesling winemakers in Australia's Clare Valley decided to bottle their 2000 vintage with screw caps. This effort encouraged other winemakers in Australia and elsewhere to follow suit.

In addition to preventing cork taint and

keeping wines fresher and more consistent, screw caps are more user-friendly than corks. For example, wines can be cellared standing up (as opposed to wines with corks that must lie on their sides to keep corks moist). Opening a bottle is a lot easier too. Resealing the bottle is also easier.

While screw caps appear to have no downside, some people are wary about how well they preserve red



wines. Yet, after five years in the bottle, both the cork- and screw-cap-sealed 1997 Plumpjack Cabernets "aged identically" and "look and taste identical," according to Conover. A 2003 report authored by Australian wine writer Tyson Stelzer declared that screw caps were actually superior to corks in preserving red wines.



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## Another last-minute win for convenience store industry

In the last days of the 108th Congress, a compromise was reached on the 9/11 Intelligence Reform legislation. The approved legislation includes a provision regarding the electronic information stored on driver's licenses.

The National Association of Convenience Stores (NACS) urged congressional leaders to include a requirement that driver's licenses and identification cards be manufactured in a common

machine-readable format.

"There have been dramatic advances in the technology needed to read driver's licenses and ID cards and making all states incorporate a workable technology is a very achievable goal," NACS noted in the letter. "Taking this step will allow the convenience store industry to invest in new technology to help avoid sales of age-restricted products to minors. Simple math errors remain the most common reason for

the mistakes that do occur."

Retailers have an interest in being able to check purchasers' age to comply with legal restrictions on selling age-restricted products. Having a card reader that can electronically check all state driver's licenses and IDs would dramatically assist retailers in complying with the law and would clear the way for potential legislative efforts to establish affirmative defenses for retailers who invest in and use

electronic age-verification

equipment. In fact, a number of states—including Texas, Ohio and New York—have already passed legislation providing incentives (principally through affirmative defenses to alleged underage sales) for retailers to invest in and use technology to read driver's licenses and ID cards, and this legislation will help foster these innovative solutions.

## Global anti-smoking treaty to be enforced this month

A global anti-smoking treaty—covering everything from guidelines for cigarette-pack health warnings to increased tobacco taxes to tougher measures against cigarette smuggling—is set to take effect in late February.

Last November, Peru became the 40th signatory state to give proof of ratification, starting the countdown for the first legally binding health pact in the world, reports Reuters.

The deadline for the treaty to become effective is February 28, 2005, according to World Health Organization (WHO) officials.

"The WHO Framework Convention on Tobacco Control...will now become international law. Implementing this global treaty will help countries to limit the enormous harm done by tobacco," Lee Jong-Wook, director-general of the U.N.'s health agency, said in a statement.

In May 2003, WHO's 192 member states approved the convention, which requires countries to prohibit or implement tough restrictions on tobacco advertising, sponsorship and promotion.

WHO officials say that they will now work to increase the number of states where the treaty is applied. The United States, for example, has signed it but has not ratified it.

The pact, which took three years to negotiate, was challenged by international tobacco firms that called for voluntary restrictions, states Reuters, adding that the tobacco industry's efforts resulted in each country being allowed to determine whether or not to increase the price of smoking. WHO contends that hiking cigarette prices is key to encouraging smokers to quit the habit and to keeping young people from picking up the habit in the first place. — NACS

## Walgreens no longer welcomes American Express

Walgreens announced that it will no longer accept American Express cards effective January 14, 2005.

Walgreens, which is the country's ninth-largest retailer, said it made the decision because of higher service fees on each American Express transaction compared with Visa, MasterCard and Discover.

Although American Express hasn't raised its rates since Walgreens began accepting the card chainwide in 1996, Walgreens noted that it is

not seeing significantly larger purchases from American Express cardholders that might offset the high fees.

The decision affects all Walgreens drugstores nationwide, along with Walgreens.com, Walgreens Mail Service, Walgreens Home Care and Walgreens Specialty Pharmacy. The company said it wanted to give its customers a month's notice before it stops accepting the American Express card.

## What does 2005 hold for the economy?

Expert predictions are gravitating toward a good, but not great, economy this year. GDP is expected to grow between 3.5% and 4%, but

the falling dollar or a drop in home prices could ripple negative effects throughout the economy. Knowledge@Wharton

## Convenience store owner charged with reselling cigarettes

Antonia Pratts, owner of the Dexter Street Food Mart in Central Falls, R.I., has been charged with buying tax-free cigarettes from the Internet and then reselling them in her convenience store.

Lt. Paul Nadeau said Pratts was charged with failing to impose state taxes on cigarette sales, a first-time violation that is not as serious as a

misdeemeanor, reports the Providence Journal. If found guilty, Pratts could be fined \$150 to \$500.

Police received a tip that the Food Mart was selling cigarette packs that lacked the state tax stamp. The police notified a state Division of Taxation agent who went with them to the store. The officials seized 10

cartons and 79 packs from the store.

Nadeau told the Journal that Pratts has been purchasing tax-free cartons of cigarettes from the Native American Internet retailer ThreeFeathersTobacco.com, which is located in western New York. Pratts would then sell the cigarettes and not fill out the necessary tax return or

pay the taxes required by the state—a 7 percent sales tax and a \$2.46-per-pack cigarette tax.

"What people do is they buy the cigarettes, they don't pay the tax, and then they resell them. Bingo—you just made \$2.50," said Nadeau. "This is the first time in my 18-year career we've ever had anything like this."



# Colorado cigarette tax increases 320 percent

Smokers in Colorado are feeling the heat of higher cigarette taxes. Beginning on January 1, the state's cigarette tax increased 320 percent.

In November, voters approved the new tax law increasing the per-pack tax by 64 cents to 84 cents, reports the Associated Press. Revenue from the higher tax is slated to fund various health-care programs, such as smoking-cessation classes, cancer

screenings and insurance for children whose families cannot afford coverage.

The tax on other tobacco products increased by 20 percent.

JoAnn Groff, spokesperson for the Colorado Retail Council, told the Associated Press that retailers are concerned that the higher tax will prompt smokers to purchase their tobacco products from the Internet

or from catalogs.

Other states hiking their cigarette taxes in 2005 include:

- Alaska – 60-cent increase scheduled to take effect on January 1 to raise per-pack tax to \$1.60
- Montana -- 100-cent increase scheduled to take effect on January 1 to raise per-pack tax to \$1.70
- Oklahoma – 80-cent increase

scheduled to take effect on January 1 to raise per-pack tax to \$1.03

• Virginia – 10-cent increase scheduled to take effect on July 1 to raise per-pack tax to 30 cents.

Alaska is slated to raise its cigarette tax by 20 more cents on January 1, 2006, to \$1.80, and by another 20 cents on January 1, 2007, to \$2 per pack.

# Consistency captures customers' loyalty

Retailers that focus on delivering a consistently positive shopping experience are more likely to win their customers' loyalty, according to a consumer habits survey commissioned by StorePerform Technologies and conducted by Harris Interactive.

The survey revealed that a retailer's successful execution of critical in-store operations and initiatives is more important to creating customer loyalty than providing discounts and

promotions.

U.S. adults surveyed reported visiting stores typically eight times in the past year specifically to take advantage of promotions. Of these, 61 percent of respondents said promotions were very important or important, but larger percentages cited a well-stocked store (86 percent), an easy-to-navigate layout (73 percent) and sales-floor assistance (69 percent) as important or very important factors in

influencing loyalty to a particular retailer.

Each individual store's execution can mean the difference between gaining and losing customers for the brand, according to the survey. Eighty-three percent of respondents indicated that they are very likely or likely to shop with a particular merchant again if the shopping experience is consistent. Conversely, nearly half of respondents (48 percent) indicated that they are not

at all likely to shop with a particular merchant again if the shopping experience is inconsistent.

The three most common reasons cited for not shopping with a particular retailer again were poor service from floor associates (43 percent), overall appearance or cleanliness of the store (21 percent), and stores out of stock on staple or regular goods (15 percent). -NACS



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# WIC News

## Southern vendor contracts expire in June

The current contract with WIC authorized vendors in the southern part of the state will expire on June 30, 2005.

The following counties are included in the contract cycle for the southern part of the state: Allegan, Barry, Berrien, Branch, Calhoun, Cass, Clinton, Eaton, Gratiot, Hillsdale, Ingham, Ionia, Jackson, Kalamazoo, Kent, Lenawee, Livingston, Macomb, Monroe, Montcalm, Muskegon, Oakland, Ottawa, St. Joseph, Van Buren, Washtenaw and Wayne.

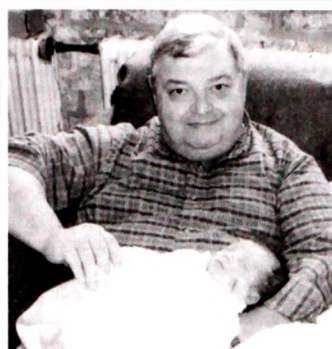
The new application period for WIC vendors in these counties will be from January 1, 2005 through February 28, 2005. WIC is in the process of implementing a three-year contract at this time, so during this period, all currently

contracted vendors in these counties interested in WIC authorization for the contract period from July 1, 2005 through June 30, 2008 must submit a WIC Vendor Application for a new contract. Applications along with instructions were mailed to each contracted vendor last December.

## Food stamps

As a new mandatory requirement, a store must now be on the Food Stamp Program (FSP), or applying for FSP authorization to be considered for the WIC program. Both WIC and FSP are funded by USDA-FNS to provide supplemental food.

All WIC vendor applications have boxes for the vendor to check if they are currently a Food Stamps vendor, or if they have applied to be on the FSP, as well as the date they applied.

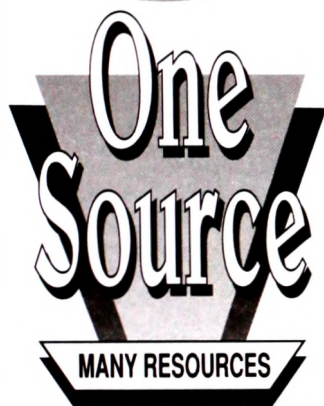


**Congratulations to AFD attorney Jim Bellanca and his wife Diana on the birth of their granddaughter, Sofia. Born on November 27 in London, she weighed in at a healthy 8 pounds! The Bellancas traveled to the UK for the happy event.**

## Report: Low-carb baked goods, cereals have staying power

Although low-carb diets have lost some of their luster for Americans, the low-carb bakery sector continues to show promise thanks to a decision by food companies to tweak popular brands to introduce low-carb

selections, which has caused a boom in sales, a new report says. The report does forecast, however, that this sector's growth will begin to slowly decline annually through 2009. - *Just Food*



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## Former AFD President passes away

Raymond H. Shoulders operated two grocery stores in Detroit and was outspoken in his belief that more African Americans should become entrepreneurs.

He was one of the first black Americans to become president of a trade association of food dealers and also was known for his "Heaven's Highway" radio

program in the 1990's.

Mr. Shoulders died at his home in Detroit on Thanksgiving Day of diabetes complications. He was 82.

Born in Earlington, KY, in 1922, Mr. Shoulders served in the U.S. Army in World War II, then moved to Cleveland, beginning a career as a radio broadcaster while attending Cleveland Bible College. He then

attended Western Reserve University's school of prelaw.

After founding two branches of Shoulders' Market in northwest Detroit, he was elected president of the Associated Food Dealers of Michigan in 1978.

AFD sends its sincere condolences to the Shoulders family.

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AbsoPure Water Co. 1-800-334-1064  
Allied Domecq Spirits USA (248) 948-8913  
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Detroit (313) 825-2700  
Madison Heights (248) 585-1248  
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Port Huron (810) 982-8501  
Coffee Connection (248) 583-1765  
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E & J Gallo Winery (248) 647-0010  
Eastown Distributors (313) 867-9900  
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Future Brands (248) 471-2280  
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Great Lakes Beverage (313) 865-3900  
Great Lakes Distribution (810) 794-1300  
Hubert Distributors, Inc. (248) 858-2340  
Intrastate Distributing (313) 892-3000  
J. Lewis Cooper Co. (313) 278-5400  
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Josulate Wines, Inc. (313) 538-5609  
Leelanau Wine Cellars (231) 386-5201  
McCormick Distilling Co. (586) 254-5650  
Michigan Grape & Wine Industry Council (517) 373-1104  
Miller Brewing Company (414) 259-9444  
MJC Distributors (248) 360-1005  
National Wine & Spirits (888) 697-6424  
(888) 642-4697  
Paramount Coffee (517) 372-3330  
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— Detroit 1-800-368-9945  
— Howell 1-800-878-8239  
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Pernod Ricard USA (630) 922-6484  
Petitpre, Inc. (586) 468-1402  
Schulz Coffee Co. (616) 956-6815  
Seven-Up of Detroit (313) 937-3500  
Stony Creek Brewing Co. (313) 299-5411  
Tri-County Beverage (313) 584-7100  
Vintage Wines (586) 294-9390

## BROKERS REPRESENTATIVES:

Acosta-PMI (734) 737-1250  
Bob Arnold & Associates (248) 646-0578  
CrossMark (734) 207-7900  
Hanson & Associates, Inc. (248) 354-5339

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Metro D Sales (734) 416-8969  
S & D Marketing (248) 661-8109

## CANDY & TOBACCO:

Altra Corp. Services, Inc. (734) 591-5500  
Brown & Williamson (734) 462-2931  
Fubidia, Inc. (810) 742-8274  
Nat Sherman (248) 202-7339  
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Farmington Hills Manor (248) 888-8000  
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St. Mary's Cultural Center (313) 421-9220  
Tina's Catering (586) 949-2280

## DAIRY PRODUCTS:

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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  
Serra Cheese Co. (586) 790-8000  
Superior Dairy Inc. (248) 656-1523

## ELECTRONIC AGE VERIFICATION

D.J. King & Associates (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) 843-0840

## ICE PRODUCTS:

International Ice, Inc. (313) 841-7711  
Party Time Ice Co. (800) 327-2920  
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 (800) AAA-MICH  
Al Bourdeau Insurance Services, Inc. (248) 855-6690  
Capital Insurance Group (248) 333-2500  
Gadaleto, Ramsby & Assoc. (800) 263-3784  
J.S. Advisor Enterprises (586) 242-1331  
Frank McBride Jr., Inc. (586) 445-2300  
Meadowbrook Insurance (248) 358-1100  
North Pointe Insurance (248) 358-1171  
North Star Insurance Agency (248) 398-5550  
Paulmark Agency (248) 471-7130  
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  
Family Packing Distributors (248) 738-5631  
or (313) 873-3999  
Hartig Meals (810) 557-0055  
Kowalski Sausage Company (313) 873-8200  
Nagel Meat Processing Co. (517) 568-5035  
Potok Packing Co. (313) 893-4228  
Strauss Brothers Co. (313) 832-1600  
Wolverine Packing Company (313) 568-1900

## MEDIA:

The Beverage Journal (800) 292-2826  
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  
J&B Medical Corp. (248) 324-8900

## POTATO CHIPS/NUTS/SNACKS:

Better Made Snack Foods (313) 925-4774  
Frito-Lay, Inc. 1-800-359-5914  
Motown Snacks (313) 931-3205  
Kar Nut Products Company (248) 588-1903  
Mexico Wholesale (313) 554-0310  
Nikhlis Distributors (Cabana) (248) 582-8830  
Rocky Peanut (313) 871-5100

## PROMOTION/ADVERTISING:

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Enterprise Marketing (616) 531-2221  
PJM Graphics (313) 535-6400  
Stanley's Advertising & Dist. (313) 961-7177  
Stephen's Nu-Ad, Inc. (586) 777-6823

## RESTAURANTS:

Copper Canyon Brewery (248) 223-1700  
Pizza Pappas Corp. (248) 540-2426  
Rio Wraps (248) 540-2426

## SERVICES:

AAA Michigan (800) AAA-MICH  
Advance Me Inc. (513) 518-3150  
Al Bourdeau Insurance Services, Inc. (800) 455-0323  
Alarm-Medic (248) 349-9144  
American Mailers (313) 842-4000  
AMT Telecom Group (248) 862-2000  
Andrews Brothers Inc.  
Detroit Produce Terminal (313) 841-7400  
AON Risk Services (248) 359-6080  
A S C Security Systems (734) 416-5550  
Bellanca, Beattie, DeLisle (313) 882-1100  
Binno & Binno Investment Co. (248) 540-7350  
BMC Grocery Systems Specialists (517) 485-1732  
Business Machines Co. (BMC) (517) 485-1732  
C-21 Travis Real Estate (586) 206-9000  
C. Roy & Sons (810) 387-3975  
Cartronics, Inc. (760) 707-1265  
Cateraid, Inc. (517) 546-8217  
Central Alarm Signal (313) 864-8900  
Check Alert (231) 876-1926  
Cherry Marketing Institute (517) 669-4264  
Clear Rate Communications (248) 968-4290  
Closed Circuit Communications (248) 682-6400  
Copper Mug Vending (248) 789-4943  
Cox, Hodgman & Giarmarco, P.C. (248) 457-7000  
D.J. King & Associates (800) 781-5316  
Detroit Edison Company (313) 237-9225  
Diamond Financial Products (248) 331-2222  
Digital Security Technologies (248) 770-5184  
Elite Pest Management (586) 294-7055  
Financial & Marketing Ent. (248) 541-6744  
FMS Accounting & Payroll Providers (615) 294-4055  
Freedom Systems Midwest, Inc. (248) 399-6904  
Gadaleto, Ramsby & Assoc. (800) 263-3784  
Great Lakes Data systems (248) 356-4100  
Guardian Alarm (248) 233-1645  
JJ Security Systems (847) 668-2666  
Kansmacker (248) 249-6666  
Karub Associates (517) 482-5000  
Market Pros (248) 349-6438  
Marketplace Solutions (989) 235-5775  
Metro Media Associates (248) 625-0700  
Mientek Energy  
Conservation Service (248) 932-1222  
National Processing Services, LLC (248) 540-7900  
Nordic Electric, LLC (734) 973-7700  
Paul Meyer Real Estate (248) 398-7285  
POS Systems Management (248) 689-4608  
Preferred Merchant  
Credit Resources (616) 794-3271  
Premier Energy Marketing (866) 348-7605  
Prepaid Legal Services (586) 777-9700  
REA Marketing (989) 386-9666  
Sagemark Consulting, Inc. (248) 948-5124  
Shimoun, Yaldo & 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) 569-8080  
T & L Acquisition (313) 381-2266  
T.D. Rowe Corp. (248) 280-4400  
Travelers Express/Money Gram (248) 584-0644  
UHY Advisors, Inc. (248) 355-1040  
Vanatee Wireless (248) 658-5000  
Vix-Kersch Vending Co. (248) 548-1300  
Western Union Financial Services (513) 248-4900  
Westside Cold Storage (313) 961-4783  
Whitey's Concessions (313) 278-5207

## STORE SUPPLIES/EQUIPMENT:

Alarm-Medic (248) 349-9144  
Belmont Paper & Bag Supply (313) 491-6550  
Brehm Broaster Sales (989) 427-5858  
Bunzl USA (810) 714-1400  
Culinary Products (989) 754-2457  
DCI Food Equipment (313) 369-1666  
Envipco (248) 471-4770  
Four Seasons Beverage & Equip (734) 254-0886  
Hobart Corporation (734) 697-3070  
Martin Snyder Product Sales (313) 272-4900  
MSI/Bocar (248) 399-2050  
National Food Equipment & Supplies (248) 960-7292  
Taylor Freezer (734) 525-2535  
TOMRA Michigan 1-800-610-4866

## WHOLESALE/FOOD DISTRIBUTORS:

Amendt Corp. (734) 242-2411  
Brownwood Acres (231) 599-3101  
Capital Distributors (800) 447-8180  
Central Foods Wholesale (313) 862-5000  
Chef Foods (248) 789-5319  
Consumer Egg Packing Co. (313) 871-5095  
CS & T Wholesalers (248) 582-0865  
D&B Grocers Wholesale (734) 513-1715  
Dearborn Sausage (313) 842-2375  
EBY-Brown Co. 1-800-532-9276  
Economy Wholesale (313) 922-0001  
Elegance Distributors (517) 663-8152  
Epsiten Distributing Co. (248) 646-3508  
Food Services Resources (248) 738-6759  
George Enterprises (248) 851-6990  
Great North Foods (989) 356-2281  
Hamilton Quality Foods (313) 728-1900  
I & K Distributing (734) 513-8282  
International Ice (313) 841-7711  
International Wholesale (248) 544-8555  
Interstate Brands  
Wonder Bread-Hostess (586) 792-7580  
Jerusalem Foods (313) 538-1511  
Kaps Wholesale Foods (313) 667-1700  
Karr Foodservice Distributors (313) 272-6400  
Kay Distributing (616) 527-0120  
Liberty Wholesale (586) 755-3629  
Lipari Foods 1-586-447-3650  
Metro D Sales (734) 416-8969  
Mexico Wholesale (313) 554-0310  
Michigan Quality Sales (313) 255-7333  
MJC Distributors (248) 360-1005  
Nash Finch (989) 777-1891  
Nat Sherman (248) 202-7339  
Nikhlis Distributors (Cabana) (248) 582-8830  
Norquick Distributing Co. (734) 254-1000  
Potok Packing (313) 893-4228  
Robert D. Arnold & Assoc. (810) 635-8411  
Roundys (419) 228-3141  
S. Abraham & Sons (616) 453-6358  
Shaw-Ross International Importers (313) 873-7677  
Sherwood Foods Distributors (313) 366-3100  
Spartan Stores, Inc. (734) 455-1400  
Suburban News, Southfield (248) 945-4900  
SuperValu Central Region (937) 374-7874  
Tiseo's Frozen Pizza Dough (586) 566-5710  
Tom Macer & Son, Inc. (313) 568-0557  
Tony's Pizza Service (616) 795-0220  
U.S. Ice Corp. (313) 862-3344  
United Wholesale Group (517) 267-9600  
Value Wholesale (248) 967-2900  
Weeks Food Corp. (586) 727-3535  
Wine Institute (313) 882-7630

## ASSOCIATES:

American Synergistics (313) 427-4444  
Canadian Consulate General (313) 567-2208  
Wienden & Associates (248) 588-2358  
Wolverine Golf Club, Inc. (586) 781-5544



# FBI's preliminary crime statistics for 2004 show drop in crime

Violent crime in the nation decreased 2.0 percent and property crime declined 1.9 percent for the first six months of 2004 when compared with data from the same time frame in 2003, according to the FBI's Preliminary Semiannual Uniform Crime Report released recently.

The report found that of the four violent crimes (murder, forcible rape, robbery and aggravated assault), forcible rape was the only one to increase in volume by 1.4 percent during this time frame. In volume, murder decreased 5.7 percent, robbery declined 5.0 percent and aggravated assault decreased 0.9 percent.

Property crime also declined in the first half of 2004 compared with the same period in 2003, according to the report, while the number of burglaries declined 2.2 percent.

Larceny-theft offenses decreased 1.9 percent and motor-vehicle thefts decreased 1.6 percent in the first half of 2004 when compared with the number of offenses that occurred in the first half of 2003.

One big surprise in the findings is the sharp decrease in homicides, which had been on the rise over the past few years even as other crimes had decreased, according to noted sociologist and security expert Dr. Rosemary Erickson, president of Athena Research Corp.

"There does not seem to be a reasonable explanation for the decrease in homicides," Erickson told NACS Daily, noting that the decrease is coming at a time when the crime-committing age group of 18 to 24 year olds will peak in 2005, which is when a drop in crime would be expected.

Erickson suggested two possible

explanations for the drop in crime.

"One is that the emphasis on homeland security has had a chilling effect even on the common street criminal because robbery is also down by 5 percent. It is the common street criminal that convenience stores have to be worried about," said Erickson. "The other possible explanation is that the decrease is a phenomenon for the first six months only of 2004, which may not hold throughout the year. Let's just say I wouldn't allow these numbers to let down my guard and I strongly recommend that retailers continue to be vigilant in using validated security measures to protect their stores."

The complete Preliminary Semiannual Uniform Crime Report is available on the FBI's Web site, [www.fbi.gov/ucr/ucr.htm](http://www.fbi.gov/ucr/ucr.htm). - NACS

**Pepsi,**

*continued from front page.*

practices cost the entire industry and are the biggest reason why many of you received smaller checks or no checks at all from the unclaimed deposit fund. The practices also cause the pop companies to take steps that punish the entire industry instead of those that are abusing the system.

The worst violators of the law are easily identified (see chart on front page) and should stop the practice of buying out-of-state containers and deliberately shorting bags. Otherwise, all retailers will continue to pay the price. If you know of stores that are partaking in these types of activities, you can report them to the state attorney general's office anonymously at 1-877-765-8388.

## Paper or Plastic?

By Michael Sansolo

The last thing any retailer needs these days is one more challenge. Especially when this one includes taking on Donald Trump and New York Yankees' owner George Steinbrenner.

Then again, maybe you should take them on as this is a battle that is costing you money. Plus, if you handle it correctly, you can change the situation and you can win.

For a host of competitive reasons, an ever increasing number of operators are accepting credit and debit cards for purchases in supermarkets and every statistic shows that customers approve. The percentage of goods purchased with cards rises each year and only promises to grow thanks, in part, to advertisements featuring celebrities such as Trump and Steinbrenner.

Convenience is only part of the picture. For retailers, this shift to plastic is bringing a host of new costs in processing these

transactions, plus all kinds of new complexity at the front end, where the last thing we need are new costs and new reasons for delays.

To help you sort this out and to help you understand the rights operators have when talking to customers, FMI created a training video for cashiers on the basic differences involved in handling card transactions. This video clearly lays out the advantages and disadvantages of pin-based versus signature debit cards and presents easy answers to some of the key questions you will get from customers.

Simply put, pin-based is less costly, less time consuming and less complex for both the retailer and the customer. There are strong arguments as to why pin-based transactions are more secure for your shoppers. Yet, because pin-based makes less money for the card

companies, those ads featuring all those celebrities tell your customer to do just the opposite.

It's a message you need to counteract and it's a message you give shoppers as part of the settlement of the lawsuit FMI and key retailers filed against the card companies.

You can find the video: Debit or Credit...It Does Make a Difference on FMI's website at: [www.fmi.org/elect\\_pay\\_sys/eps.htm](http://www.fmi.org/elect_pay_sys/eps.htm). It's a powerful training tool that should become an essential part of cashier training.

Remember, these transaction fees are coming right out of your bottom line and those higher costs lead to higher prices for shoppers. The facts will speak for themselves. Get your folks trained and ready so they can be the ones to say "You're Fired!" to Donald Trump's commercials.

## Helpful numbers to keep on hand

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

**To reach your representative or senator, call these numbers to get the phone number for your district.**

House of Representatives	(517) 373-0135
Senate	(517) 373-2400

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