



Food & Beverage REPORT

The official publication of the Associated Food Dealers of Michigan

February 2006

Just In

Spartan to purchase D&W Food Centers

Spartan Stores, Inc., announced in December that it has entered into a purchase agreement to acquire certain operating assets of D&W Food Centers, Inc., a privately held Grand Rapids-based retail grocery operator with 20 retail stores located throughout West Michigan. The agreement is subject to certain conditions including, among others, satisfactory completion of the Company's due diligence process.

The Company anticipates that the closing of the transaction will be completed late in its fiscal 2006 fourth quarter or early in its fiscal 2007 first quarter. Upon completion, the transaction is expected to increase the Company's retail

Spartan,

Continued on page 6.

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Bread companies step in to fill Sara Lee void

As it always seems to be the case, one company's decision to close a business or redirect its efforts, opens opportunities for others. In the December issue we reported that Sara Lee was abandoning some inner city Detroit stores. Their decision was a cost-cutting measure. This left some stores without the ability to provide fresh bread and baked goods to its customers.

Chip Gerlach, district sales manager for Interstate Brands, said that his company is already in the process of picking up some accounts that were dropped by Sara Lee. He said that Interstate Brands is servicing them with both

Sara Lee, Continued on page 20.

See you at the Super ball!"

We look forward to seeing you at the 90th Annual Trade Dinner and Ball. Themed the "AFD Super Ball" to honor Detroit's selection as the site of the 2006 Super Bowl, our trade dinner kicks off on SATURDAY, January 28, 2006—the weekend prior to the big game—at the Sterling Inn in Sterling Heights. If you haven't secured your tickets yet, please call Michele MacWilliams right away, (248) 671-9600, as seats fill quickly! See page 5 for complete details.



Gov. Granholm signs wine shipment legislation

On December 15, Governor Jennifer M. Granholm signed legislation that will allow Michigan and out-of-state wineries to ship their products directly to customers in limited amounts. The Governor signed the two bills while touring a high-tech company in Traverse City.

"Protecting Michigan wineries means protecting Michigan jobs," Granholm said. "This legislation represents a compromise that will comply with the Supreme Court and, more importantly, protect our local economies."

AFD past president, Mike Sarafa, added, "From our point of view, this is a satisfactory compromise. I know this because none of the interested parties are completely happy."

In May, the United States Supreme Court declared unconstitutional Michigan and New York state laws regulating the sale of wine. In both cases, in-state wineries were allowed to ship directly to consumers, retailers, and restaurants while out-of-state wineries were not. The Court ruled that states must treat wine producers equally.

The legislation signed by Granholm will allow licensed wineries to ship up to 1,500 nine-liter cases, or 13,500 liters total, directly to customers each year. The bills also put regulations in place to ensure that minors cannot get access to wine through direct shipment and allow the Liquor Control Commission to charge an annual license fee of up to \$100 to help fund the regulation of direct shipping vendors.

Michigan wineries also could continue to ship directly to retailers and restaurants. However, out-of-state wineries could not. The Michigan legislation did not address the direct-to-retail shipping because the court case did not and therefore continues what has been the status quo in Michigan for shipments to retailers and restaurants.

But the legislation also includes

a clause that says that if a lawsuit is brought against the section of Michigan's liquor-control code dealing with direct shipping, and the section is found unconstitutional, the entire section would be repealed and replaced with a new section prohibiting all direct sales to restaurants and retailers.

House Bill 4959 was sponsored by Representative Chris Ward (R-Brighton) and Senate Bill 625 was sponsored by Senator Michelle McManus (R-Lake Leelanau).

Provisions under the new law:

- Wineries that direct-ship would need to be licensed by the state and pay a \$100 annual license fee, and they would need to submit shipping reports quarterly to the state.
- Wineries would have to verify a purchaser's age by obtaining a copy of a photo identification or by using an age-verification service.
- Shipping containers must be labeled that the package contains alcohol and can be delivered only to a person at least 21 years old.
- Wineries must pay a parcel-delivery fee to ensure that the delivery company checks the identification of the person receiving the package and verifies his or her age.

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President's MESSAGE

A new year...full of opportunity



By Jane Shallal
AFD President

As the newly appointed president of AFD, I have been warmly welcomed by the Board, staff, members and many others. It is a great honor to have been appointed to serve in this important role. I look forward to continuing our positive strides in the industry and statewide and will continue to promote the best interests

of independent retailers and the food and beverage industry. I consider my appointment a wonderful opportunity.

My vision for the AFD is to increase membership information programs, educational and idea sharing and networking opportunities and provide better entrepreneurial tools, to help our members build their businesses and position themselves as strong competitors in their industry. Part of this vision includes expanding our service base to members by acting as a source for business development training and services. Some of these special programs and services will include product marketing and branding, business operations review, employee retention and incentives programs, loss prevention tips, crisis management, store management training, consumer loyalty programs, food safety programs, health care cost containment, and technology training. We hope that you will take advantage

of our programs.

As the new President, I will also continue to ensure that AFD aggressively monitors and influences regulatory processes affecting our industry and keeps you informed of changes in the law affecting your business.

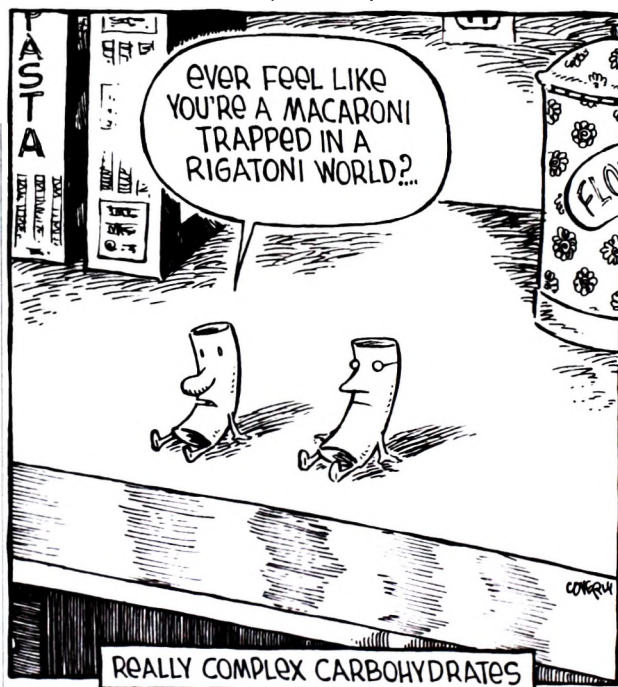
Fulfillment of these goals is only possible with the continued hard work and support of everyone involved with AFD activities. All of us have to be partners and facilitators in this process of growth. I am counting on your help and support.

This year marks AFD's 106th anniversary and the 90th year for our annual Trade Dinner and Ball. We hope that you will join us on January 28, in celebration and support of this great industry.

I welcome your opinions and comments and look forward to meeting lots of our members in person, and for those I cannot meet, my e-mail is always open at jshallal@afdom.org. I wish you the best for the New Year and look forward to working together, for our industry.

The Grocery Zone

By David Covertly



New law restores LCC's authority to reduce prices for quick sale

A recently passed Senate bill (SB 456) now restores the Michigan Liquor Control Commission's authority to reduce the price of items that are slow to move off shelves. The bill corrects an unintended consequence of the liquor discount law (Public Act 407 of 2004), by permitting SDDs to sell spirits at a price below the minimum retail selling price set by the Liquor Control Commission. Often, licensees purchase a new product thinking that it will sell well. However, when those sales don't materialize, licensees are stuck with the product and cannot reduce its price. Until recently, the LCC could allow spirits to be sold at a discount in these special circumstances. This new legislation restores the LCC authority and permits the licensee to get rid of the inventory and recoup at least some of the purchase cost. AFD has worked closely with the LCC on this matter, and believes this legislation will benefit its retailers.

*The Board
and staff of
AFD wishes its
members a happy,
healthy and
prosperous
New Year!*

For more smokers, it's quit or be fired

Firing smokers who won't kick the habit is illegal in 30 states, but some companies, citing higher health care costs, are introducing such policies in states that allow it. Scotts Miracle-Gro Co. says it will let go of workers who smoke beginning next fall, and four employees at Weyco Inc., a medical benefits administrator in Okemos, were fired after refusing to be tested for tobacco use.

-The Wall Street Journal

Smaller Servings, Big Growth

Coffee makers are realizing a big trend is growing in small packages, reports the Associated Press.

At Green Mountain Coffee Roasters Inc., for example, coffee containers, dubbed "K-Cups," will grow into what the specialty brewer hopes is "a revolution in the way Americans brew their favorite roast at home," notes the news source.

Green Mountain Coffee's K-Cups contain 2 or 3 grams of coffee that produce a single cup of coffee. Other brewers are also getting on board with single-serve coffee, as well as appliance manufacturers to offer new machines "for a population addicted to convenience," the AP notes.

"It's an instance of quality meets convenience," T.J. Whalen, marketing vice president at Green Mountain Coffee, said.

Meanwhile, companies and their coffee brands, such as Procter & Gamble Co.'s Folgers, Sara Lee Corp.'s Senseo and Kraft Foods Inc.'s Maxwell House, are also paying attention to single-serve trends.

"We know from different market research that there is a reasonable

potential behind this segment," Lars Atorf, a spokesman for Procter & Gamble's coffee products, told the news source. "We can definitely see where awareness is rising in the U.S."

The AP writes that according to the 2005 National Coffee Drinking Trends survey, conducted by the National Coffee Association of USA, more than 172 million American adults consumed coffee and 15 percent (roughly some 32 million) said they drank gourmet coffee daily. The survey also found that nearly two-thirds of consumers were aware of single-serve brewing systems, but only 2 percent reported owning one, while 14 percent said they were either "very" or "somewhat likely" to buy one.

Sara Lee Food and Beverage Vice President Jon Harris told the AP that the single-serve machines are not intended to replace Starbucks stores or the corner coffee shop. Rather, he noted that his company would like to see its Senseo brand complement the coffee house experience. "People are looking for that experience at home," he said.

- NACS

Calendar

April 2-5, 2006

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April 25 & 26, 2006

AFD Annual Trade Show
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May 7-9, 2006

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and Education Exposition
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(202) 429-4519

July 12, 2006

AFD Annual Scholarship Golf Outing
Fox Hills
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Contact: Michele MacWilliams
(248) 671-9600

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AFD works closely with the following associations:



Henry Boney, first NACS President, passes away

Henry A. Boney, the first elected leader of the National Association of Convenience Stores, passed away on Wednesday, Dec. 14, at the age of 91.

"The entire NACS family is deeply saddened by this loss," said NACS President and CEO Hank Armour.

"Henry Boney was a true visionary, said Kerley LeBoeuf, who served as NACS president and CEO from 1981 to 2005. "He could see the need for an association to represent this emerging industry to the supplier community and government. While he only operated a handful of stores, Henry took the initiative to gather industry retailers to form NACS," noted LeBoeuf.

Henry Boney was born August 18, 1914, in an isolated farmhouse in Kress, Texas. He moved to

California in 1934 and in 1943 began his career in retail, selling peaches at a fruit stand in Las Mesa with his wife Jessie. The business grew and in 1950, they opened their first store in Chula Vista. Later, Boney founded Speedee Mart. Although he sold the company in 1964, the Boney family remains active in retail.

NACS was launched in 1961 with 36 retail members operating more than 3,000 stores. In the 1999 book, Living the American Dream, authored by Henry and Jessie Boney, they reflected upon the founding of NACS: "In 1961 Henry decided that the burgeoning convenience store industry needed a professional organization to promote its interests. He called 14 owners, presidents and general managers of convenience stores across the country, told them he

was hosting a one-day meeting at the historic Muhlebach Hotel in Kansas City, Missouri, for the purpose of setting up such an organization, and invited them all to attend. All those invited showed up."

The initial meeting in 1961 was so successful that it extended to a second day, at which time the group agreed to form an association after they received word (via telegram) from Southland and U-Tote-M that they would join the new group. Harry Hunter, who worked for Boney's grocery wholesaler, was proposed by Boney to serve as executive director, a position that he accepted and held for 20 years. Boney was named NACS president, which is today known as chairman of the board.

**90th
Annual**



AFD Super Ball

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- \$600 for each additional table

Tables of 10—\$1,250 • Couple—\$275 • Individual—\$150

Spartan,

Continued from front page.

segment sales by approximately \$200 million annually and to be accretive to earnings within the first 12 months.

Commenting on the transaction, Spartan Stores' Chairman, President and Chief Executive Officer Craig C. Sturken said, "We are very pleased to bring together these two outstanding

retail grocery operators. This transaction is a component of our previously stated business strategy, which is to grow our business through opportunistic acquisitions of other grocery operators that are adjacent to or in markets where we operate today."

Spartan Stores has been operating as a grocery wholesaler in the Michigan market since 1917 and as a retail operator since 1999.

D&W Food Centers, Inc. has been operating retail grocery stores in the Michigan market since 1943. Because of the respective longevity in their trade areas, both companies have a profound understanding of grocery customer needs in the West Michigan market.

Mr. Sturken stated, "This transaction will significantly strengthen our competitive retail market position by expanding our

services to certain communities and trade areas not currently served by our existing store base. D&W Food Centers is a very well respected name in western Michigan grocery retailing known for its fresh and unique product offerings. This combination presents an outstanding opportunity to pool the talents and resources of both organizations to benefit consumers in the West Michigan market. Our distribution customers, associates and the communities where we operate will all benefit from the economies of scale created from this transaction.

"This business combination provides significant opportunities to improve retail sales growth and operating efficiencies. These opportunities include reintroducing our award winning 'Spartan' private label products to D&W Food Center customers, giving them the choice to purchase these sought after products in their local D&W Food Center stores. This transaction will also give us the opportunity to implement elements of our successful category management practices, to improve distribution efficiencies through higher sales volumes and to strengthen our buying power, which will benefit all of our customers," said Mr. Sturken. "We remain firmly committed to providing consumers in our trade area with one of the best conventional grocery store offerings and shopping experiences among traditional independent store operators in Michigan."



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Costco wants alcohol deregulation

Costco Wholesale Corp. is challenging the Washington State Liquor Control Board's regulation that requires both distributors and producers to mark up beer and wine prices by at least 10%, saying the rules prevent it from negotiating prices with out-of-state distributors.

"If you look at all the other states that don't have these kinds of antiquated laws, you'll find the selection is just fine and that consumers have lots of choices and much better prices," Costco CEO Jim Sinegal told the *Seattle Post Intelligencer*.

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NewsNOTES

Raid on Wal-Mart nets arrests

A government raid resulted in the arrest of more than 120 suspected illegal immigrants reportedly working for a subcontractor for Wal-Mart Stores at a construction site for a new distribution center in Pennsylvania. The discount retailer already settled similar claims last year; a Wal-Mart spokesperson said the retailer will cooperate fully with the government. -USA TODAY

Bud Light daredevil readies for Super Bowl

Anheuser-Busch hopes to appeal to a younger audience with a new ad campaign featuring the Bud Light daredevil Ted Ferguson. The new ads, which adopt a youth-focused brand of humor often found in SABMiller's Miller Lite ads, should see plenty of air time during the Super Bowl. -Chicago Tribune

Chiquita storm losses could affect fruit supply

Chiquita Brands International Inc. suffered between \$13 million and \$18 million in losses from Tropical Storm Gamma, which caused extensive damage to its banana crop in Honduras. Chiquita expects fruit shortages in North America in the first quarter of 2006, according to a company executive. -CNNmoney/Reuters

Study: Healthy fats in diet can prevent heart disease

Adding beans and healthy fats including olive oil to one's diet in exchange for about 10% of carbohydrates can improve "good cholesterol" levels and help control high blood pressure, according to a new study. Researchers said they were surprised to see the addition of unsaturated fat in the diet could lower blood pressure, adding the findings would help shift standard dietary advice. -The Washington Post

Wal-Mart to get tough on RFID laggards

Wal-Mart Stores CIO Linda Dillman said she has a message for suppliers that have been reluctant to embrace the retailer's RFID mandate: "We can't invest any more time in you." Dillman said some smaller, "hungry" suppliers are voluntarily investing in the technology, while other more technologically aware companies are pushing back against Wal-Mart's attempts to get them to move beyond the retailer's "slap and ship" tagging requirements. -MSNBC/Financial Times

Finlandia strips in new ad

Finlandia maker Brown-Forman Corporation has introduced an advertising blitz that declares the Finnish alcohol to be the "naked vodka" made from pure glacier water. The beverage, already a top-seller in pockets of Europe, hopes to improve on its 22nd place ranking among all vodka sales in the U.S. -The New York Times

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NewsNOTES

Beverage industry braces for tobacco-like lawsuits

Lawyers and nonprofit groups, on behalf of parents of schoolchildren, are planning to file their first lawsuit against the soft-drink industry that could claim beverage companies sought to get kids hooked on caffeine. "It is less egregious, but it is a little like having a cigarette machine in a school," said Richard Daynard, a law professor and consultant on lawsuits against tobacco companies. Meanwhile a trade group that represents nonalcoholic beverage companies plans to launch an ad campaign to highlight the industry's commitment to fighting childhood obesity. *-Journal and Constitution*

Retail prices affected by rising packaging costs

Milk companies and other heavy users of plastic packaging have begun raising prices in the face of soaring plastic costs. Resin producers have told some dairy companies they'll use "act of God" clauses in contracts to impose surcharges in the wake of reduced capacity caused by Hurricane Katrina, according to an industry group. *-The Boston Globe*

Trump to introduce premium vodka

Donald Trump, who was celebrated by the fashion industry as one of the most influential fashion icons in the country because of his line of moderately priced men's suits, has signed a deal with Drinks Americas Holdings licensing his name for the high-end "Trump: The World's Finest Super Premium Vodka."

The product should start appearing on store shelves in mid-2006.

J. Patrick Kenny, CEO of Drinks Americas, released a statement: "In our view, the Trump name is one of the most recognizable and valuable global trademarks in existence today... Our agreement is to search the world and work to develop the very best super premium vodka, and then to deliver that product to consumers in packaging and style worthy of the Trump trademark."

And Trump said in a prepared statement: "Trump Super Premium Vodka is a big idea... By the summer of '06, I fully expect the most called for cocktail in America to be the 'T&T' or the 'Trump and Tonic.'"

However, Trump was caught in a less prepared moment on the "Imus in the Morning" program, where he said that he had "mixed feelings" about the venture because he does not drink alcohol of any kind — in fact, doesn't even drink coffee because he does not want to be addicted to caffeine.

Commentary: Consumers will want Earth-friendly food

Steve Sanger, chairman and CEO of General Mills Inc., predicts consumers will be attracted to brands that are produced with less impact on natural resources. "People will care if we're a good shepherd. ... I don't think that's on consumers' minds today, but it will be," Sanger told food industry professionals at the GMA Conference on the Future of Food. *-The Des Moines Register*

Russell Stover agrees to label changes over carbs

Candymaker Russell Stover has changed the labeling on its "low carb" candy to read "net carb" in response to a lawsuit first brought in 2003. The company has changed wrappers for its pecan delights and other candies and agreed in a settlement to either provide affected consumers with refunds or 40%-off coupons for some of its products. *-The New York Times*

Report: Coke plans coffee drink with Godiva

Coca-Cola is partnering with Godiva on a coffee drink to launch in spring 2006, according to industry publication *Beverage Digest*. *-Journal and Constitution*

Price-switching goes high-tech

A college student downloaded a program called "Barcode Magic" in his dorm room, grabbed his Christmas list and allegedly stuck a homemade bar code for a \$4.99 set of headphones on a \$149 iPod at Target, police in Colorado said. Although price switching has been around for decades, police say it's only recently that the scam has involved computer programs. *-The Denver Post*

ConAgra to eliminate trans fats in snacks

As of February 2006, Orville Redenbacher's and ACT II microwave popcorn brands will be free of trans fats, ConAgra Foods announced. "By the end of 2006 ConAgra Foods expects to eliminate or significantly reduce trans fat so that it will be at zero grams or minimized levels for the vast majority of our products," a ConAgra official said. *-Just Food*

Study: Low-fat dairy helps fight high blood pressure

Consuming low-fat dairy products may decrease the risk of hypertension, a new study finds. Researchers recommend substituting low-fat dairy for whole milk products rather than simply adding low-fat dairy to one's diet. *-The New York Times*



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NewsNOTES

Pepsico's valuation surpasses Coke's

Pepsico has surpassed Coca-Cola Co. in market capitalization for the first time ever, a dramatic turnaround from just five years ago when Coke was worth nearly three times as much as its rival. A Pepsico spokesman said the company has a healthy respect for Coca-Cola and has no plans to rest on its laurels. Coke spokesman Ben Deutsch said, "Our focus remains on delivering sustainable growth, maintaining the strong underlying financial health of our business and delivering great marketing to support our brands." *-Journal and Constitution*

Retail giants notice popularity of pet products

Pet product entrepreneurs are seeing increased competition from larger retailers who've come to appreciate the seemingly inexhaustible demand for goods aimed at pampering pets. Even excluding pet food and services, the pet supply industry swelled to an \$8.5 billion sector in 2004, outpacing the baby supply sector by more than \$2 billion. *-The New York Times*

Diversity evaluation lauds Coke

Coca-Cola has made progress in its effort to diversify its work force, according to an independent task force. "As we move our diversity and fairness efforts from compliance to commitment and toward sustainability, the entire leadership team and I are personally dedicated to making diversity a competitive advantage for our organization," Chairman and CEO Neville Isdell said in a message to employees. *-Journal and Constitution*

School soda sales fizzle

Non-diet soda sales in schools slumped by 24% between 2002 and 2004, while sports drinks sales for the same period rose by nearly 70%, according to a beverage industry group. The group says the data indicate student drink preferences are shifting, but a School Nutrition Association spokesman notes schools have limited access to certain foods due to new laws and fears of litigation. *-The Charlotte Observer*

SuperTarget offers text messages to customers

Target Corp. is one of the first retailers to use text messaging to communicate promotions and grocery specials to their shoppers. SuperTarget began offering the option in November. *-Progressive Grocer*

U.S. Government recommends seafood twice a week

Backed by compelling science that links seafood consumption to reduced risk of disease, the U.S. government is recommending that all Americans – especially pregnant & nursing women and children – eat two seafood meals per week that are rich in omega-3 fatty acids. This recommendation is included in USDA's 2005 dietary guidelines and is being reiterated by the National Oceanic and Atmospheric Administration.

Researchers and medical professionals presented evidence linking the important relationship between seafood and health during an international science conference in Washington, D.C.

By eating the right kinds of seafood, pregnant and nursing women pass to their baby important nutrients that aid in brain development and may lessen the effects of dyslexia, autism, hyperactivity and attention deficit disorder, according to scientists presenting at the conference. Studies also have presented a link between these nutrients and increased intelligence in infants and young

children. Species that are rich in these nutrients – omega-3 fatty acids, iodine, iron and choline – include wild and farmed salmon, shrimp, pollock, cod, canned light tuna and catfish.

Pregnant women should avoid eating shark, swordfish, tilefish, king mackerel, tuna steaks and whale meat until after they have delivered and stopped breast feeding, scientists said. Exposure to mercury found in those species during the sensitive stages of fetal brain development may cause neurological damage. As an extra precaution, women who plan to become pregnant should avoid those species for six months before conception.

Further, studies show that nutrients found in fish and shellfish help the body heal after cancer treatments, and ward off auto-immune conditions, allergies, asthma, migraines, skin conditions, and Crohn's disease. Studies have found that people with omega-3 fatty acid deficiencies are at greater risk for sleep problems, depression, stress, schizophrenia and aggressive behavior.

Look for new product details in 2006!



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**SMASHED
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Wasteful Eating

University of Arizona Professor Timothy W. Jones believes Americans have "no respect" for the foods they eat, according to the Arizona Republic.

By digging through people's trash, Jones came to his conclusion that this "dysfunctional relationship" people have with food is costing the U.S. economy \$200 billion a year in "waste and health care costs."

"People look at (food) as a commodity or a product to be consumed and not something that nourishes and sustains our bodies," Jones told the newspaper.

Jones found that American households "throw away 1.28 pounds of food a day, not including scraps that go down the garbage disposer or into the compost pile," with vegetables comprising up to 27 percent of all food trash.

As American families seek out healthier food options, many do so by purchasing fresh vegetables. However, they also find that fresh foods go bad before they have time to prepare them. A Phoenix mother of three told the newspaper she wants to prepare healthful meals for her family, but rarely has the time and therefore relies on prepared foods.

Jones also says that restaurants and convenience stores may not be aware of how much food is being wasted.

"They believe the 'shrinkage' is due to theft," Jones told the newspaper.

Jones's study found that while convenience stores "have increased the amount of fresh and prepared foods they offer," more than 26 percent of these foods are ending up in the garbage. He suggests that "better training" would give employees the tools to "handle food correctly" and "more closely estimate demand and prepare appropriate amounts."

"They [convenience store employees] throw food out while it is still good and prepare more

Wasteful Eating,

Continued on page 33.

Americans are going Organic

According to the Organic Trade Association (OTA), industry research suggests a "robust future" ahead for organic products.

The OTA surveyed participants on their vision of the organic industry in the year 2025. Participants made the following predictions and expectations:

The organic industry will grow at a steady rate over the next 20 years, but at a slower pace than the current 20 percent average annual growth in sales. The average consumer household in 2025 will buy organic products on a regular basis, as well as organic clothing, household cleaning products and personal care items.

By the year 2025, sales of organic fiber and textiles will make up six to seven percent of all U.S. clothing. Organic products will be sold anywhere and everywhere.

Teen shoppers will continue to be interested in organic foods. Ethnic shoppers will also be more likely to buy organic products.

In terms of which types of organic foods consumers will be purchasing the most by 2025, the survey suggests that organic meat, dairy products, alcohol and "stages of life" foods for expecting mothers and newborns will be most popular.

"Because hectic lifestyles will continue to be the norm, convenience, ready-to-eat and prepared foods will proliferate," notes the OTA, adding that survey respondents also predict "growing interest in organic items that mimic conventional food brands and in organic products perceived by consumers as providing health benefits." - NACS

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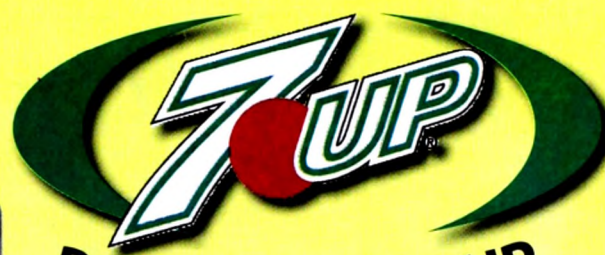
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Sara Lee,

Continued from front page.

Wonder Bread and Hostess products.

In addition, Gary Beasley, sales manager for Great Lakes Baking Company, saw the article and called AFD to make arrangements to assist those stores that Sara Lee no longer services. Great Lakes wholesales fresh bread and rolls to independent distributors, who then bring the product to the retailer.

According to Beasley, Great Lakes' Nickles split top white and wheat bread loaves are very similar to Tasty Bread provided by Sara Lee. In addition, Great Lakes can also provide hot dog and hamburger buns, boxed donuts, cinnamon rolls and other baked goods. Great Lakes Baking Company distributes daily in an area bordered by Port Huron, Flint, Ann Arbor and the Ohio border.

For service from Great Lakes Baking Company, retailers should contact Gary Beasley at (313) 866-0300. To inquire about service from Interstate Brands, call (313) 582-4776.

Convenience stores take to wheels in Taiwan

Taxicab drivers in Taiwan are making the most out of their time on the road, turning their vehicles into mini convenience stores.

The *United Evening News* writes that some taxicab drivers "have decided to use their taxis as a storefront to sell various small items to augment their income," noting that the extra money helps cover the cost of cab rental and gasoline.

"The phenomenon of using one's taxi as a venue to sell other items is becoming increasingly common. Some members of the public have said that when they get in a taxi, the drivers start a hard sell, trying to get them to buy various things, such as tea or small bags of rice. One taxi driver has decided to offer things that would be attractive to young people such as the latest accessories for their cell phones," writes the news source, noting that cabbies are also selling anything from spring onions to CDs and condoms.



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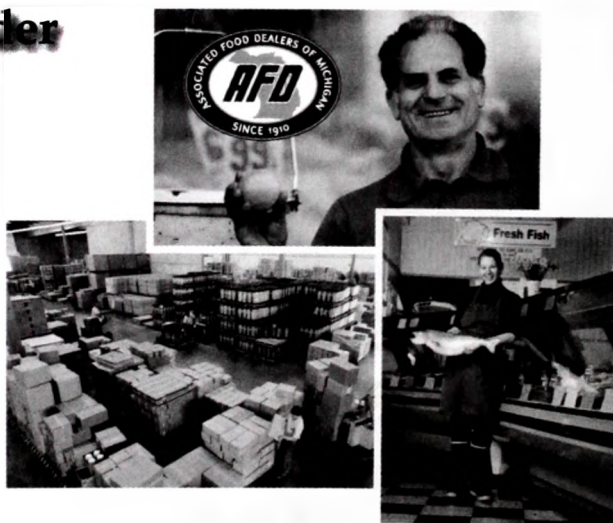
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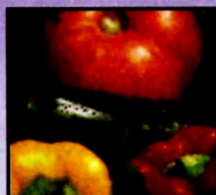
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High oil prices: get used to them

In December, the U.S. Energy Information Administration (EIA) released its annual long-term forecast looking at trends for the next 25 years. EIA's Annual Energy Outlook 2006 predicts that, in contrast to its previous long-term forecasts, oil prices will continue to remain high. EIA projects that oil prices in 2025 will be about \$54 per barrel (in 2004 dollars), which

is about \$21 per barrel higher than what it projected just last year. "Since 2000, world oil prices have risen sharply as supply has tightened, first as a result of strong demand growth in developing economies such as China, and later as a result of supply constraints resulting from disruptions and inadequate investment to meet demand growth. EIA expects oil

markets to remain tight (meaning spare production capacity will continue to remain low, both upstream and downstream), causing oil prices to remain elevated for the foreseeable future," EIA notes.

Also, on Dec. 13, the International Energy Agency (IEA) released its latest Oil Market Report, looking at oil markets through 2010 and noted that there is "no strong evidence of a

significant change in current market conditions over the next five years." Essentially, that means that IEA sees oil prices remaining elevated for quite some time. In addition, IEA notes that while it thinks OPEC spare capacity will grow in 2006, effective spare capacity may not reach 3 million barrels per day until 2009.

Supreme Court levels playing field between retailers, Indian tribes

U.S. Supreme Court recently ruled that the State of Kansas can tax the fuel sold on American Indian reservations without violating tribal sovereignty, therefore reversing the Denver, Colo.-based Tenth U.S. Circuit Court of Appeals decision, reports the Associated Press.

In a 7-2 vote, writes the news source, the U.S. Supreme Court ruled that Kansas can tax distributors who sell fuel at an Indian-owned and -operated gasoline station near the

Prairie Band Potawatomi Nation's casino.

Additionally, the tribes cannot challenge tax, which will affect the price at which they can sell fuel. The Supreme Court's decision will ultimately allow retailers to compete with the tribes on the sale of gasoline, cigarettes and other items.

Justice Clarence Thomas, writing for the majority, said the Circuit Court of Appeals was wrong by ruling that the tax violated tribal sovereignty, notes

the AP.

"Kansas law makes clear that it is the distributor, rather than the retailer, that is liable to pay the motor fuel tax," Thomas wrote. "While the distributors are 'entitled' to pass along the cost of the tax to downstream purchasers...they are not required to do so," the AP writes.

Announcing the decision to NACS, PMAA and SIGMA, J. Scott Detamore, senior attorney with Mountain States Legal Foundation

(MSLF), wrote, "I believe this is a very important decision and that other states will begin to adopt Kansas' system of taxation. The result will be that your members can better compete with on-reservation sales of gasoline, cigarettes and other items. I believe that it was important the Court receive your point of view—not just that of the several states that supported Kansas. I would like to think that your point of view, expressed by MSLF, assisted the Court in reaching its decision."



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Senator Mike Prusi has a long career of serving—and a long commute!

By Kathy Blake

State Senator Michael Prusi
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Democratic Vice Chair, Senate
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- Democratic Vice Chair, Joint Capital Outlay subcommittee
- Higher Education and Corrections
- Judiciary

State Senator Michael Prusi (D-Ishpeming), may represent the largest and most remote section of Michigan, but he is also looking out for the interests of the state as a whole. His district, the 38th, encompasses the thirteen western U.P. counties from Gogebic to Schoolcraft.

Prusi serves as the Democratic Vice Chair of the Senate Appropriations Committee. Much of his work deals with meeting the challenges of formulating the state budget and helping to decide where to spend the state's general fund dollars and in most recent years, how to address major funding shortfalls. "It's been a struggle trying to address the cuts we've had to make," said Prusi. "Fortunately, fourth-quarter revenue came in better than was anticipated and Michigan's economy is starting to show some signs of recovery. Hopefully, the FY 2007 budget will have enough wiggle room to provide for more than a bare-bones budget."

Because of its historic manufacturing based economy, Michigan has always lagged behind the national average in terms of economic recovery. While the rest of the country saw some improvement last year, Michigan is still trying to rebound.

While Prusi has been known to fight for his district, he says that his priorities are statewide and include education, healthcare, and helping to make Michigan more competitive in

the areas of life science and research and development.

Prior to his current Senate bid in 2002, Prusi won a 1995 special election to fill a seat vacated by the death of Representative Dominic Jacobetti. He served three terms in the Michigan State House, representing the 109th Legislative District and has been making the trip to Lansing for nearly ten years. On the differences between the House and Senate, Prusi admits, "You have a lot less people to convince on the Senate side, but as a member of the Minority Party, you still have to know how to negotiate and more importantly, compromise." Prusi added that his work in the Senate has been made somewhat easier because he had already served with thirty-four of his current Senate colleagues while he was in the House.

Prusi was encouraged to run for the 109th House seat when the post became available upon the death of Representative Dominic Jacobetti, who died in office while entering his 21st term in the House. Like Jacobetti, Prusi had also previously served as President of the United Steelworkers of America Union, Local 4950. It was his union brothers who convinced him that because of his union position he was the logical replacement. He took them up on the challenge, won the election, and served the 109th District from 1995 through 2000 when he left office due to term limits.

For more than twenty years before he came to Lansing, Prusi worked as an iron miner for the Cleveland Cliffs Iron Company (CCI) at both the Tilden and Empire Mines. He was an underground miner for approximately five years and was elected union president for three terms subsequent. During his service to CCI, he and his Board of Directors worked to build a strong political action committee and educational opportunities for local Steelworkers. "We had a tremendous Get Out The Vote campaign," said Prusi. "I feel we were very effective in building

a strong employee-employer alliance." He also served as a member of the United Steelworkers of America International Union's Wage Policy Committee, as Upper Peninsula Delegate for the Committee on Political Education, and as a member of the Marquette County Labor Council Executive Board.

Mining, forestry and tourism are predominant industries in the Upper Peninsula. However, the region also boasts a number of universities, hospitals, and correctional facilities. When the state faced recent budget shortfalls, cuts were made across Prusi's district, including Newberry Branch Prison, the Iron River State Police Post, and to two of his neighboring universities, Northern Michigan University and Michigan Tech. At the end of the day, Prusi was instrumental in restoring vital funding to each of these entities. "In the case of Newberry, had the prison facility closed, it would have had a tremendous negative impact on the area, its schools, and neighboring communities," Prusi said, "The already struggling Upper Peninsula economy could not have recovered from such a blow."

To aid the agricultural industry in Michigan, Prusi recently offered an amendment that would have encouraged the state to purchase Michigan-grown potatoes for statewide correctional facilities. The amendment was revamped by Senator Michelle McManus to include all agricultural products grown in the state. Newberry Branch Prison also offers a first-rate education program and has been effective in producing an increasing number of prisoner General Education degrees. The facility tries to do as much as they can 'in-house.'" Prusi said, "Prison Industries has been trying to



reorganize (in-house) food production in an attempt to put inmates to work and make more productive use of their time."

The Potato Council Association of Michigan recently provided the Newberry facility a sorting and grading machine to assist their operations. The inmates sort and grade potatoes, bag them, and ship them via state-owned trucks delivering supplies to other statewide facilities. Considering the state currently houses approximately 50,000 inmates, that's a lot of potatoes! Prusi's district currently produces more pounds of potatoes than any other area of the state.

Senator Prusi's local community involvement has included serving as Co-Chair of the United Way Fund Drive, as a volunteer for Habitat for Humanity, and as a Trustee on the Bell Memorial Hospital Board in Ishpeming.

The Senator attended Northern Michigan University and Lansing Community College. Mike has two adult daughters and resides in Ishpeming with his wife, Sandi.

You can reach Senator Michael Prusi at P.O. Box 30036, Lansing, Michigan 48909, or by calling (517)373-7840. His State Senate e-mail address is senprusi@senate.michigan.gov.



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Promotion allowance levels at 10-year high

A study conducted by research firm Promodata's Price-Trak Group projects a decade-high average promotion allowance of 15 percent by year's end. This high allowance level is being driven by consistent increases across all major product groups, with the exception of refrigerated foods, which peaked in

2002/03, according to the group.

While manufacturers of dry grocery, frozen foods, and household non-food products continue to allocate a higher percentage of their products' costs for available promotion allowances, those increases pale when compared to what health and beauty aid

manufacturers are doing, Promodata said.

Off invoice and bill-back allowances offered by HBA producers in 2005 average 3.0 percent points higher than 2004 and have almost increased two-fold since the end of the last decade (1995), according to the study.

In explaining the increases,

Promodata pointed to the continued competition between classes of trade, coupled with increased center of the store ROI pressures facing traditional grocery retailers.

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Paper, plastic, or cheap gas?

Grocery stores offer fuel promotions and expand formats to stay competitive

The days of gasoline price wars aren't over. According to a story by the Associated Press (AP), they've moved from service stations to grocery stores.

"It's convenient, so why not take advantage of a chance to save some money on gas?" said Teresa Vermeulen, of Clarkston, in reference to Kroger Co.'s discount of three cents per gallon for frequent shoppers.

Most of Kroger's competitors such as Meijer and Wal-Mart -- also have offered gasoline promotions. The gas discounts, usually tied to total shopping purchases or use of loyalty cards, vary in different markets.

The fuel promotions are one of the latest forms of competition in the grocery industry, where traditional grocery chains led by Kroger battle Wal-Mart Stores Inc., Costco Wholesale Corp., and other big-box discounters on one side, and upscale specialty food stores such as Wild Oats Inc., Trader Joe's Inc., and Whole Foods Inc. on the other.

"It's not a simple business," Jason Whitmer, a food retailer research analyst at FTN Midwest Research of Cleveland told AP. "It's not just putting discounts in the weekly circular or giving double coupons."

Some Kroger stores have also added bargain-priced non-grocery items such as televisions, deck furniture or toys, meant to make store visits "like a treasure hunt," said spokesman Gary Rhodes.

Best wishes for a successful 90th Annual Trade Dinner!



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Lottery set another record with School Aid Fund contribution



By Commissioner Gary C. Peters

When the Lottery set a record last year in the amount of money—\$644.8 million—it contributed to the School Aid Fund. I couldn't have been more pleased. With the help of our retailer partners and our devoted player base, we had done an excellent job of fulfilling our mission to maximize net revenues to supplement state education programs.

This year, we actually bested that amount and contributed \$667.6 million to the state for education. Clearly this was made possible with records sales of \$2,069,493,000—the first time in the 33-year history of the Lottery that the \$2 billion mark was surpassed. In an economy that has been hurt by layoffs and downsizing, that is a remarkable achievement. You, as the front line of our games, should be as proud of that accomplishment as I am.

While this year's contribution was a record \$667.6 million, the question of why do our schools still need money, or lack modern instructional materials, etc. will always persist. Most people have no idea how much it costs to fund K-12 education for the state's 1.7 million schoolchildren. The price tag is over \$12 billion, every year. People are amazed when they learn that and it often helps clarify for them that the Lottery cannot meet the financial needs of 500-plus school districts.

And yet, our \$667.6 million is definitely significant. It is an amount of money people don't exactly find in their bank accounts, but did you ever think about how much money it really is? To help illustrate the value of \$667.6 million, we've come up with some examples of what it can buy in the world of education:

- 12,796 public school teachers with the average salary of \$52,161.
- 11,125 school buses, with an average price* of \$60,000 each.
- nearly 42 billion sticks of chalk at .20 per dozen.
- 483,695 high level laptop computers, with an average price of \$1,380 each.
- 20.5 billion pencils, with an average price of .39 per dozen each.
- almost 1.1 million classroom microscopes at \$629.44 each.
- 171 billion sheets of wide-rule, lined paper at \$19.50 per 5,000.

Obviously, without the Lottery's dollars, the state would have to

find other financial resources for chalk and teachers and buses and microscopes and everything else that school children need.

So I'd like to take this opportunity to thank you for another outstanding year of partnership. Your commitment and support has clearly been an integral component of our success and the Lottery is very grateful.

Retailer Commissions

With the November 29 Mega Millions drawing producing a winning jackpot ticket that was sold in Saginaw, the Lottery has issued its first \$50,000 check under our new commission structure. The lucky retailer, South Michigan Express Stop, received the bonus after the Mega Millions winners, two Saginaw gentlemen, claimed their prize.

Congratulations to both the Express Stop and the winners!

**Prices obtained from Regional Education Media Center Association of Michigan*



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CRN010071

Food Marketing Institute's 2005 year in review

By Tim Hammonds
President and CEO
Food Marketing Institute (FMI)

The industry acted with vigor and compassion under demanding conditions last year.

When hurricanes devastated the Gulf States, the industry did what we have always done best for our communities. Supermarkets and their supplier partners responded fast and fully with more than \$100 million in food, funds and other aid to the victims.

Most remarkable about this relief effort is that it was not remarkable at all. FMI's recent food bank survey reaffirmed that supermarkets volunteer relief for the hungry every day from every aisle of the store. Industry donations are growing in recognition that hunger in America is still with us.

In a marketplace that has never been more competitive, supermarkets across the country rebounded this year with robust sales and profits, leading with ethnic foods, organic items, store brands, prepared meals, bountiful produce, convenience and exceptional service.

The biggest winner is the consumer, whose every demand can be satisfied by the abundant choices available today.

We also celebrate major victories last year in Washington — won through vigorous action and commitment by FMI members and our industry partners.

Congress delayed to 2008 the seriously flawed mandatory country of origin labeling law for meat, produce and peanuts. This move opens the door for a voluntary program to promote U.S. products and inform consumers where their food comes from in a

cost-effective manner.

We made food safer through the Project Chill campaign educating consumers to use thermometers to ensure their refrigerators are set at 40 degrees F or lower. Under FMI's Safe Quality Food (SQF) Program, more than 5,000 suppliers in 17 countries are now certified as

meeting the most rigorous global standards.

As challenging as the times are, FMI surveys show that industry leaders are optimistic about the future. This attitude is a testament to our resilience and resourcefulness over the supermarket's distinguished history of 75 years.

We celebrated the holidays last year with great pride over how the industry opens its heart to give to America's needy families. We can thank our government leaders who understand that laws and regulations must not undermine free enterprise. We can look forward to a prosperous new year of innovation and success.

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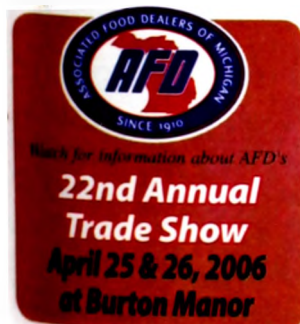
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12/2003 INST-A002811 Ed.



Dragon Payments Systems take the risk out of cashing checks

By Michele MacWilliams

Daire Rendon is a woman with a mission. She wants to take the risk and most of the expense associated with accepting a check, away from the retailer. Her company, Dragon Payment Systems, (DPS), does this by converting a paper transaction (check) into an electronic one.

"Check conversion is the new hot button," says Rendon. Check conversion is the process of converting a paper check, at the point of sale, into an electronic transaction. "Wal Mart, The Gap, Old Navy and even some dollar stores are currently using this process," she adds.

The program utilizes a check imaging scanner to image a picture of the check and to scan/capture the encoded bank routing, account and check number data. This information is then used to create an electronic deposit ticket, to which the appropriate payment data is entered. This data is then transmitted for processing, with funds electronically debited from the customer's checking account and credited to the retail store's account.

"With check conversion, the store doesn't even keep a hard copy of the check," she says, adding that the check is actually given back to the customer.

Benefits include reduced processing and handling time, reduced banking fees and reduced check deposit costs. Furthermore, money hits the store's bank account

in 24 to 48 hours, without a trip to the bank.

"With fewer physical checks to handle, you streamline your front end operation and reduce the opportunity for payment mishandling. Your end-of-the-day closing is faster and more efficient with fewer paper checks to process," says Rendon. "Transactions for checks, credit cards and debit cards can be processed in the same manner," she adds.

One of the key features of the system is its ability to retrieve funds from bounced checks. According to Rendon, electronic transactions are faster and take precedence over paper transactions when they hit the consumer's bank account. Therefore, Dragon Payment Systems can re-submit a check electronically with a better likelihood of receiving payment. Since there is no direct contact between the retailer and the customer, the relationship is kept intact. Furthermore, once the check clears and payment is recovered, Dragon hits the consumer's account for a redeposit fee, which is shared between Dragon and the retailer.

Prices for check conversion typically range from 18 cents to 22 cents per transaction, depending on volume and options chosen. DPS also offers a Guarantee with Conversion option through Visa, which is based on a percentage of the check total. Check Conversion, in a retail environment, requires the purchase of a check imager and

credit card machine. The cost of the equipment is typically in the \$950 to \$1,100 range. There is also a one-time signing fee and a recurring monthly account service charge.

For those retailers who are not ready to make the commitment to check conversion but still want to accept checks, DPS offers alternative solutions. Verification through a national database paired with an "electronic redeposit" program can help the retailer screen potential check writers, while making use of the electronic benefits of re-depositing non-sufficient funds checks. Through this program, once the non-sufficient funds check clears, DPS is able to hit the consumer's account for a return check charge, which is shared between DPS and the retailer.

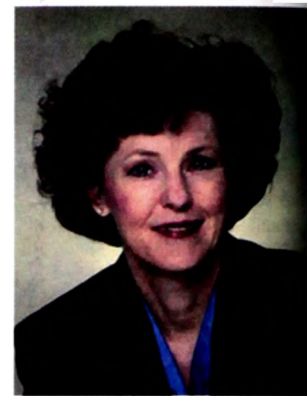
Some advice

When looking at implementing an electronic payment system, Rendon has some advice. She warns retailers to check out the depth of the database that the payment company uses. "It is very important to be in a good database because it is the driving force behind the process," she asserts.

In May, 2005, the Real I.D. Act was signed into law by President Bush. The passage of this Act requires that every state set new standards for issuing driver's licenses that are able to be read electronically by 2008. Rendon says that the database of any company that provides check processing must be able to adapt to these new standards. The Check Conversion process that DPS offers already utilizes the ability to electronically read driver's licenses.

A little history

Originally from the Grand Rapids area, Rendon moved to Northern Michigan when her husband took a job there in the 1980s. She began working at a collection agency



Daire Rendon

in Cadillac in 1985. The owner of the collection agency started a new company to deal exclusively with bad checks in 1987 and he asked Rendon to manage it. In 1988, the owner decided to get out of the check business, so he sold the company, Check Alert Systems, Inc., to Rendon. Through the years, the company grew with the purchase of two smaller check collection companies.

Active on a national level, Rendon correctly foresaw the gradual movement of paper checks to electronic transactions and in 1999, Check Alert Systems became the first check company in the country to offer check imaging.

Today, Check Alert – still owned by Rendon – is a licensed, bonded collection agency that boasts clients in Michigan, Illinois, Ohio, Kentucky and Indiana. Between Check Alert and Dragon Payment Systems, Rendon has 14 employees, most of which are located in Cadillac. However, the DPS sales staff is often on the road, and traveling across Michigan to meet customers at their place of business.

Daire Rendon is truly a woman with a mission – a mission to help retailers save money, collect it faster and retrieve funds that are rightfully theirs.



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Supermarket concept is the crowning "Glory" of Detroit neighborhoods

By Michele MacWilliams

Back in 2004, when The Great Atlantic & Pacific Tea Company announced the closing of its Detroit Farmer Jack and Food Basic stores, Mitch Gappy and a group of his partners saw an opportunity. They carefully considered the various store locations and then purchased those that made sense for a new store concept that they were developing.

Called Glory Supermarkets, the concept is an efficient, full-service, customer-first supermarket that takes the best things from the chains (the buying power of numerous stores) and combines them with a hybrid of customer service that independent grocery store owners have found works best in urban settings.

The group opened their first three stores in 2005, on Telegraph at 7 Mile, on Outer Drive at Southfield and on Woodward at Manchester in Highland Park. They plan to open two more in 2006. If all goes well, they may eventually have a chain of 10 stores in the Metro Detroit area. Gappy is a part owner in all three stores, but he has a different partner at each. That partner is also the store's manager.

So far the concept has met with a good deal of success and rave reviews from its customers.

Haitham Sheena is the part owner of the Glory on Woodward in Highland Park. His enthusiasm for his new store is contagious, and his customers have caught on quickly.

"When we were developing the concept for Glory, we talked about what the chains do well and what we can do as independents. We put together a model that, thank God, is working well," said Sheena.

Before Gappy and Sheena purchased the store, it was first a Farmer Jack and then a Food Basics. On July 16, 2005, the store was closed for a very quick but extensive remodel.

"We have a lot of senior citizens in the area that depend on this store," said Sheena. We felt that

it was our obligation to move as quickly as possible so that our core customers wouldn't be inconvenienced."

Because the store had been a Food Basics, the interior was very stark and simple. Sheena replaced shelving, moved coolers that could be salvaged and brightened the interior with new lighting and new fixtures. He reduced the square footage of the sales area in order to accommodate some of the new departments that he was adding which needed prep area and more storage space. He also removed the foreboding barriers that kept shopping carts from entering the parking lot. Then, on August 1, he reopened his Glory Supermarket.

"It was so thrilling to me to see people waiting outside in the morning of our first day," he enthused. They were all so happy to have us open in their neighborhood."

Today the store boasts a beautiful fresh produce section, a large fresh meat and poultry counter, large meat department, a good selection of frozen foods and all the other traditional trappings of a full-service supermarket.

This Glory Supermarket is also quickly becoming the center of town, as it also houses a bank and provides services such as check cashing, money orders, and utility bill payments. Sheena says that they are also working on providing cellular and traditional phone services.

"My philosophy is to make shopping at Glory as convenient for the customer as possible," Sheena adds.

When a customer can't find an item, he often personally takes them to the product. If the store doesn't carry it, he'll place a special order.

Hiring the right employees is also vital. Sheena went to area churches and hired from the neighborhood. He also retained many of the former Food Basics employees. He currently has a staff of 48, while the average for a Glory store is right around 45.



Haitham Sheena (left) is the managing partner at the Highland Park store. He credits Mitch Gappy (right) and his brother Sahir with the Glory Supermarket concept.



"We have a good team here, and we're fine-tuning our training and service all the time," Sheena says.

Product pricing is also an important factor. With multiple stores, Glory can buy in volume and pass the savings on to its customers. On the week that this story was written, the Glory sales circular featured boneless, skinless chicken breasts for 98 cents a pound, along with three 48-ounce bottles of Crisco Oil for \$5.

Finally, this business simply takes a lot of time. Sheena says he is at his new store seven days a week, usually from 8 a.m. until 10 p.m. (to the chagrin of his wife and

three children).

"I know that sounds like a lot of time, but I'm very proud of this store. I love being here, because it is never routine," he says proudly. "I'm full of energy and I want to make this store the greatest place to shop!"

All retailers know that there is a delicate balance that must be maintained between price, customer service, product selection and store cleanliness. Getting it right isn't always easy. Sometimes the most important factor in the equation is passion for the business. If that is true, Sheena is on his way to becoming a very successful retailer.

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Wasteful Eating,

Continued from page 16.

food than is necessary before lunch, special events and other peak-demand periods," Jones told the newspaper.

Meanwhile, NACS spokesman Jeff Lenard told the newspaper that Jones's number may be high. However, as convenience stores look

to expand their foodservice offering, food loss can be an issue.

"It used to be a business where products sat on the shelves until they sold," Lenard said, adding, that's not the case with fresh food, and unless convenience stores are treating their foodservice more like restaurants, there is a potential for food waste.

"We used to be gas stations that sold food," Lenard said, adding that convenience stores are becoming

more like restaurants that sell gasoline.

Jones told the newspaper that his study indicated smaller "mom and pop" restaurants and convenience stores had much lower rates of food waste than chain restaurants.

"Their employees have been there longer, and their owners tend to be more in tune with the nuances of their businesses," he said.

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POTATO CHIPS/NUTS/SNACKS:

American Way Foods (Vitar)	(313) 945-0710
Better Made Snack Foods	(313) 925-4774
Detroit Popcorn Company	(313) 835-3600
Frito-Lay, Inc.	1-800-359-5914
Motown Snacks (Jays, Cape Cod)	(313) 931-3205
Kar Nut Products Company	(248) 588-1903
Mexico Wholesale	(313) 554-0310
Niklas Distributors (Cabana)	(248) 582-8830

PROMOTION/ADVERTISING:

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

RESTAURANTS:

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

SERVICES:

AAA Michigan	1-800-AAA-MICH
Advance Me Inc.	(513) 518-3150
Al Bourdeau Insurance Services, Inc.	1-800-455-0323
Alarm-Medic	(248) 349-9144
American Mailers	(313) 842-4000
Americana Systems	(248) 379-1575
AMT Telecom Group	(248) 862-2000
Andrews Brothers Inc.	
Detroit Produce Terminal	(313) 841-7400
A.S.C. Security Systems	(734) 416-5550
Bellanca, Beathe, DeLisle	(313) 882-1100
Birno & Birno Investment Co.	(248) 540-7350
C. Roy & Sons	(810) 387-3975
Calvin Zara Insurance Agency	(248) 433-8508
Cantronic, Inc.	(760) 707-1265
Cateraid, Inc.	(517) 546-8217
Central Alarm Signal	(313) 864-8900
Cherry Marketing Institute	(517) 669-4264
Clear Rate Communications	(734) 427-4411
Closed Circuit Communications	(248) 682-6400
Constellation New Energy	(248) 936-9027
Cox, Hodgman & Giarmarco, P.C.	(248) 457-7000
D.J. King & Associates	1-800-781-5316
Diamond Financial Products	(248) 331-2222
Dragon Systems	(231) 876-1926
DTE Energy	(313) 237-9225
Excel Check Management	(248) 787-6663
Financial & Marketing Ent.	(248) 541-6744
Freedom Systems Midwest, Inc.	(248) 399-6904
Gadaleto, Ramsby & Assoc.	1-800-263-3784
Great Lakes Data Systems	(248) 356-4100
Guardian Alarm	(248) 233-1645
ICU Surveillance	(248) 255-6419
JJ Security Systems	(847) 668-2666
Kansmacker	(248) 249-6666
Karoub Associates	(517) 482-5000
Market Pros	(248) 349-6438
Metro Media Associates	(248) 625-0700
Milntek-Energy	
Conservation Service	(248) 932-1222
Optimal Payment Systems	(248) 540-7900
Paul Meyer Real Estate	(248) 398-7285
POS Systems Group Inc.	1-877-271-3730
Power One	(734) 455-2500
Premier Energy Marketing	1-866-348-7605
Prepaid Legal Services	(586) 777-9700
Rainbow Tuxedo	(248) 477-6610
REA Marketing	(989) 386-9666
Sagemark Consulting, Inc.	(248) 948-5124
Salim Abraham, Broker	(248) 349-1474
Secure Checks	(586) 758-7221

Security Express	(248) 304-19
Shimoun, Yaldo & Associates, P.C.	(248) 851-79
Simplicity Wireless	(619) 654-40
Southfield Funeral Home	(248) 569-90
Tri-County Pest Control	(586) 296-75
UHY Advisors, Inc.	(248) 355-10
Vix-Kersch Vending Co.	(248) 548-13

STORE SUPPLIES/EQUIPMENT:

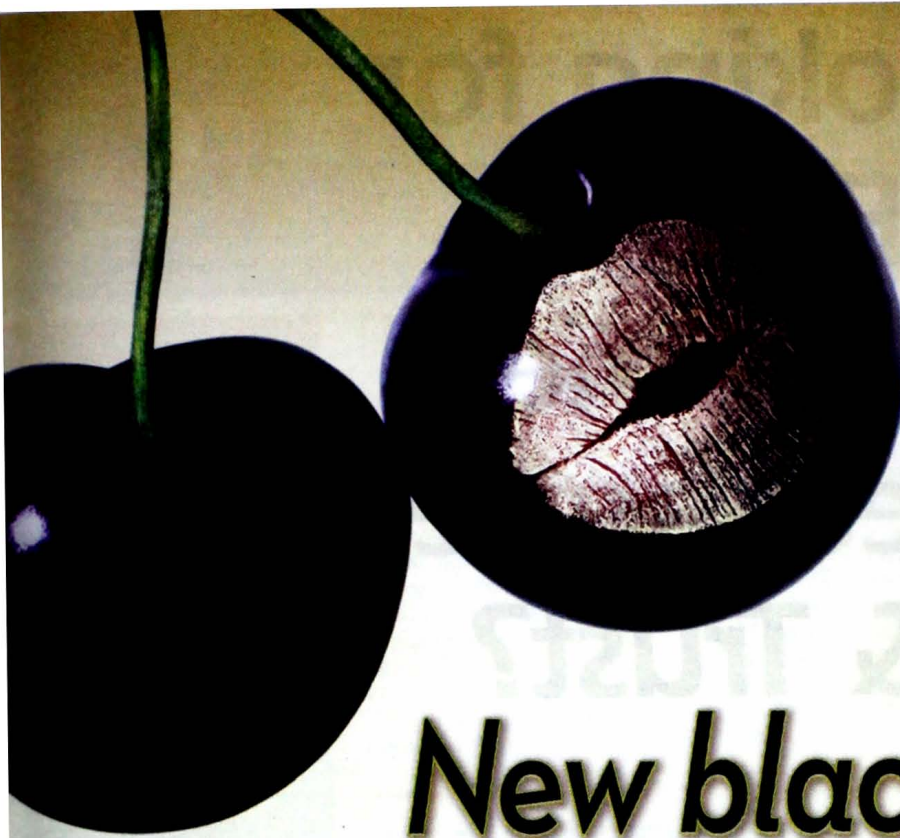
Alarm-Medic	(248) 349-9144
Belmont Paper & Bag Supply	(313) 491-850
Brehm Broaster Sales	(989) 427-58
Culinary Products	(989) 754-24
DCI Food Equipment	(313) 369-10
Envipco	(248) 471-47
Hobart Corporation	(734) 931-3205
JAYD Tags	(248) 624-86
Jim Leach, LLC	(989) 791-31
Martin Snyder Product Sales	(313) 272-40
MSI/Bocar	(248) 399-20
Sara Lee Coffee & Tea	(734) 414-84
Taylor Freezer	(734) 525-21
TOMRA Michigan	1-800-610-40

WHOLESALE/FOOD DISTRIBUTORS:

Brownwood Acres	(231) 599-31
Capital Distributors	1-800-447-81
Carp River Trading Co.	1-800-526-90
Chef Foods	(248) 789-53
Consumer Egg Packing Co.	(313) 871-51
CS & T Wholesalers	(248) 582-01
D&B Grocers Wholesale	(734) 513-17
Dearborn Sausage	(313) 842-23
EBY-Brown, Co.	1-800-532-92
Economy Wholesale	(313) 822-00
Epstein Distributing Co.	(248) 646-350
Food Services Resources	(248) 737-640
George Enterprises	(248) 851-690
Great North Foods	(989) 356-220
Hershey Creamery	(734) 449-030
I & K Distributing	(734) 513-820
International Ice	(313) 841-7711
International Wholesale	(248) 544-850
Interstate Brands/ Wonder Bread/Hostess	(586) 792-7580
Jerusalem Foods	(313) 538-150
Kaps Wholesale Foods	(313) 567-670
Karr Foodservice Distributors	(313) 272-640
Kay Distributing	(616) 527-012
Liberty Wholesale	(586) 755-360
Lipari Foods	(586) 447-350
Metro D Sales	(734) 416-880
Mexico Wholesale	(313) 554-0310
Michigan Quality Sales	(313) 255-733
Nash Finch	(989) 777-180
Nat Sherman	(248) 202-733
Niklas Distributors (Cabana)	(248) 582-883
Norquick Distributing Co.	(734) 254-100
Robert D. Arnold & Assoc.	(810) 635-841
Roma Foods Inc.	(313) 535-337
Royal Distributors of MI.	(248) 350-130
S. Ab raham & Sons	(416) 453-630
Sara Lee Coffee & Tea	(734) 414-84
Shaw-Ross International Importers	(313) 873-760
Sherwood Foods Distributors	(313) 366-310
Spartan Stores, Inc.	(734) 455-140
Suburban News: Southfield	(248) 945-480
SuperValu Central Region	(937) 374-700
Tom Macen & Son, Inc.	(313) 568-050
Tony's Pizza Service	(616) 795-020
Total Marketing Distributor	(734) 641-330
U.S. Ice Corp.	(313) 862-330
United Wholesale Grocery	(517) 267-900
Value Wholesale	(248) 967-210
Weeks Food Corp.	(586) 727-330
Wine Institute	(313) 882-700

ASSOCIATES:

American Synergistics	(313) 427-400
Canadian Consulate General	(313) 567-220
Wieden & Associates	(248) 588-230



New black cherry kissed by vanilla



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