



Food & Beverage REPORT

The official publication of the Associated Food Dealers of Michigan

May 2006

Just In

Lottery changes its policy

In an effort to maintain profitability, the Bureau of State Lottery is implementing a minimum sales performance program. The new program replaces the previous terminal minimum sales program that charged retailers an annual low sales fee based on the difference in sales by terminal and the minimum requirement of \$750 per week. Under that program, retailers choosing not to pay the fee had their terminals removed.

With the new program, terminals will remain at each retailer location with no minimum sales requirement, but a weekly fee will be charged if sales fall below a minimum of \$500.

According to the Lottery, average weekly per-terminal sales last year were more than \$3,500. "Sales

Lottery,

Continued on page 16.

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AFD and Great Lakes Petroleum Retailers and Allied Trades Association approve merger

On February 21, the boards of directors of the Associated Food Dealers of Michigan (AFD) and the Great Lakes Petroleum Retailers and Allied Trades Association (GLPRA) voted to merge the two trade groups into a single association representing more than 3,900 small business locations in Michigan and Ohio. The merger became effective April 1.

"Today, the retail food and beverage business is increasingly cutting across many categories. Service stations, liquor stores, and independent supermarkets are all a part of our industry," said Jane Shallal, president of AFD. "Anyone who has stopped at a gas station food mart or a neighborhood grocery store for a gallon of milk can see just how much the two kinds of businesses have in common. We are excited about expanding into a new geographic market and adding new services," added Shallal.

By joining forces, the two organizations hope to dramatically expand its services when providing vendor discounts, industry news and training programs. In addition, the combined group will have more influence when sending its message to policy makers.

"The strength in our numbers will bring better buying power and a more powerful voice in speaking to the Michigan and Ohio legislatures," said



L to R: Dennis Sidorski, Chairman of GLPRA with AFD Chairman Fred Dally and Governor Jennifer Granholm at the first meeting of the merged associations.

Ed Weglarz, president of the Great Lakes Petroleum Retailers. "Small retail businesses play an important role in the economic health of our two Midwestern states, and they deserve recognition for it."

Governor Jennifer Granholm attended the first meeting of the combined boards of the two

associations in Dearborn. She wished them well, saying, "I want to be the first person to congratulate all of you on the marriage of two great organizations."

Shallal will act as President of the

Merger,

continued on page 28.

It's time for the annual

AFD Trade Show

The AFD Annual Trade Show is bigger and better than ever!

Attendees at the AFD Annual Trade Show may want to schedule more time at the show this year, since there will be over 25 percent more to see, taste and experience. "We're taking up all of Burton Manor's floor space for the show," says Cathy Willson, AFD Special Events Director.

Scheduled for Tuesday and Wednesday, April 25 and 26 at Burton Manor in Livonia, attendees will have five hours each day to visit trade show booths.

Sherwood Foods, which always has a dominant presence at the show, has increased their exhibit space to 50 booths in order to accommodate all their new products and show specials. In addition

to their displays of meat, deli and frozen foods, they are introducing dry goods and a bakery line at the show.

Spartan Stores has also increased exhibit area from 10 to 20 booths. Look for more show specials and a vastly increased product selection.

"We also have some interesting specialty food companies that are exhibiting for the first time," adds Willson. Polish Harvest will be making pierogies and Mexican Town Wholesale will feature products ideal for convenience stores, to name a few. For details on the show, including a floor plan, please see pages 36 through 39.

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Chairman's MESSAGE

The synergies of our new association give us strength

By Fred Dally
AFD Chairman

On April 1, AFD increased its strength, depth and reach when we officially merged with the Great Lakes Petroleum Retailers and Allied Trades Association. The combined association brings us the ability to provide more services to our membership.

You will soon receive a letter that describes these new and improved services in more detail. Please take the time to read it, so that you can take advantage of everything that your association has to offer.

The merger is important to our industry and also to business in Michigan and Ohio. Governor Granholm recognizes this, and attended our first meeting of the

combined boards to give her congratulations and show her support. Our association has the Governor's ear, which is vital to our industries.

With this merger it is important to note that AFD's mission has not changed. We are still, and will always be, the voice of the food and beverage industry in Michigan. Our responsibility is still to influence the social and political environment in which the food and beverage industry operates, to create a better understanding of the nature of our business, and to impact legislative and regulatory decisions that affect the manner in which your business is conducted.

The merger just gives us more strength and broadens our reach into Ohio and beyond. It also gives us the additional charge of representing the petroleum industry as well.



Gasoline retailers have many of the same issues and concerns as grocery and convenience store retailers. Now, we can work as one and with more strength to address issues as they arise.

I am looking forward to meeting our new members and learning from them. Since many AFD retailers have branched into the petroleum industry, this merger provides the opportunity for our current members to learn from petroleum retailers who have years of experience.

AFD's annual Trade Show (April 25 and 26) is the first time that the members of our combined association will be at the same venue at the same time. We hope you will join us in welcoming our newest members. We have a lot to learn from each other, and the trade show is a good place to start networking. I am eager to see you all at the show and to move forward from here as a united association.

The Grocery Zone

By David Coverly



AFD MEMBERS: We want to hear from you!

The AFD Food & Beverage Report will print new product releases as space permits. The service is free to AFD members. Each month we also write feature stories about our members' businesses. If you would like to see your name on the pages of the AFD Food & Beverage Report, call Michele MacWilliams at (248) 671-9600.

Sherwood Food Distributors moves to state-of-the-art facility

By Michele MacWilliams

Sherwood Food Distributors is in the process of moving its corporate headquarters and Detroit warehouse from its cramped building located between 6 and 7 Mile Roads near Van Dyke in Detroit to a state-of-the-art facility on the southwest corner of I-96 and Evergreen Road in Detroit. This facility was the former 21-acre 300,000 square-foot A&P Perishable Warehouse. However, the brick exterior is all that remains; the entire interior was gutted to suit Sherwood's needs.

Primarily a supplier of meats, Sherwood Food Distributors has grown dramatically in recent years and their old facility was simply too small to handle this growth. Although Sherwood is headquartered in Detroit, the company has locations and warehouses throughout the Great Lakes states.

"We looked at a lot of sites and buildings. This one suited our needs the best," said Earl Ishbia, Sherwood Foods President. "When complete, the facility will employ three-hundred workers while keeping our headquarters in the city of Detroit," he added.

Everything in the new facility is designed for efficiency and ease of operation. The freezer is 30,000 square feet and has its own refrigerated loading dock with infrared heating designed to keep people warm while merchandise stays frozen.

"It will take a month to bring down the temperature in the freezer to its desired level," says Ishbia.

Sherwood has also installed a completely new state-of-the-art refrigeration system. The temperatures in the refrigerated food warehouse will have the ability to be controlled aisle-by-aisle. In addition, heat created by the refrigeration units will be captured and used to keep the offices, employee cafeteria and other non-refrigerated areas warm.



Earl Ishbia (left) and Ernesto Ostheimer inside the Sherwood warehouse during construction



Only the exterior of the former warehouse will remain somewhat unchanged.

While the warehouse is scheduled to open at the end of April, it will be Autumn before Sherwood's corporate office staff is settled into their new digs. "A separate, brand new 20,000 square-foot office building is currently under construction on the site and we plan to move in at the end of summer," says Ernesto Ostheimer, Sherwood Director of Sales and Marketing Wholesale Division.

While all this construction is underway, Sherwood Foods is also busy planning for the AFD Trade Show, which takes place April 25 and 26 at Burton Manor in Livonia. This year Sherwood will have an expanded presence at the show, with 50 booths full of products. The theme for the Sherwood section

of the show is – appropriately – "Building New Opportunities."

"At the show we will feature some amazing deals on beef, pork and poultry along with processed meats, seafood, and other meat products," says Ostheimer. He adds that in addition to their vast meat selection, they will also be featuring frozen foods and use the show to introduce new lines of dry goods and bakery products. "We truly have something for every retailer."

Ostheimer encourages all attendees to stop by the Sherwood section of the show, sample the many new products, take advantage of show specials and learn more about their new state-of-the-art facility.

Calendar

April 25 & 26, 2006

AFD Annual Trade Show
Burton Manor
Livonia, MI
Contact: Cathy Willson
(248) 671-9600

July 12, 2006

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

September 13 & 14, 2006

AFD S.E. Michigan Holiday Show
Rock Financial Showplace
Novi, MI
Contact: Cathy Willson
(248) 671-9600

September 19, 2006

AFD West Michigan Holiday Show
DeVos Place
Grand Rapids, MI
Contact: Cathy Willson
(248) 671-9600

Statement of Ownership

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Kraft executive: Organic food is not a fad

David Johnson, president of Kraft Foods' North American Commercial group, speaking at a food conference in Chicago, called the organic food trend, "a freight train that's going to pick up steam." It's unclear whether the company plans to expand its organic offerings under mainstream labels or via its Back to Nature brand. -Reuters

Salmonella levels increase in chicken

The U.S. Agriculture Department announced a more vigorous testing program to eliminate salmonella from chicken, but critics say the department lacks the authority to enforce any change in the poultry industry. The occurrence of salmonella in raw chicken has increased 80% since 2000. -The New York Times

Chairman discusses the near future for A&P

Great Atlantic & Pacific Tea Co. Executive Chairman Christian Haub told a retail conference the chain will grow its Food Basics concept and shrink the number of conventional supermarkets it operates over the next two years. Haub said the chain's goal is to become the No. 1 or No. 2 player in each of its markets. -Progressive Grocer

Frito-Lay joins 100-calorie club

Adding to the shelf space devoted to portion-control and calorie-counting consumers, Frito-Lay has announced a new line of 100-calorie snacks featuring Cheetos and Doritos-branded snacks.

"Consumers want products that fit in a health-conscious lifestyle, and yet they are unwilling to compromise on taste," said Jeff Swearingen, vice president of shopper marketing at Frito-Lay North America, in a press release. "Our 100 Calorie Mini Bites gives consumers 'snack balance'—their favorite brands in convenient portion packaging that takes the guesswork out of calorie control."

The 100 Calorie Mini Bites line includes Baked! Cheetos; Doritos Nacho Cheese; Doritos Cool Ranch; and Cheetos Asteroids snacks. The press release notes that the Baked! Cheetos snacks also carry the PepsiCo Smart Spot symbol, identifying the snack food as a product that meets the company's nutrition criteria.

Available nationwide, Frito Lay's 100-calorie snack foods are packaged in boxes with five single-serve packs for \$1.99.

Parents try purging toxins from everyday life

Growing concerns over toxins in cleaning supplies, food and plastics are inspiring parents to buy organic goods and even make the move from plastic lunchboxes and wrappers to nylon bags and wax paper when packing lunch for their children. Though many of the chemical additives in such products are considered safe, some scientists are pushing for re-testing based on modern research.

-Seattle Post-Intelligencer

Coke bottlers fight to keep century-old system alive

The debate over direct-to-warehouse delivery continues, with Coca-Cola Co. executives and analysts saying the company needs to streamline its bottling and distribution system while small independent bottlers fearing for their livelihood point to a century old agreement.

-The Wall Street Journal

Study: Dairy doesn't help men lose weight

A new study by the Harvard School of Public Health says increased dairy intake does not lead to long-term weight loss in men, contradicting the recent studies that claim that dairy consumption promotes weight loss. -USA TODAY

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BP to franchise convenience stores

BP is rolling out a franchised format for BP Connect and Wild Bean Cafe, which will offer Amoco fuel, gourmet coffees, soups and sandwiches. The first franchise is set to open in southern Florida.

-Convenience Store News

Pepsi bottler to stick with higher water prices

Pepsi Bottling Group said it will keep price increases intact on its 24-pack of half-liter bottled water. It also said it will keep delivering product directly to stores, rather than moving to a warehouse system.

-The Wall Street Journal

Buying chocolate, discreetly

Cadbury Schweppes Plc. is minimizing the embarrassment that might accompany buying chocolate by placing displays of its new low-calorie Cadbury Thins candy at the end of the check-out counter or on the cosmetics counter in drugstores -- anywhere but the candy aisle. - Reuters

CVS under SEC investigation

Drugstore chain CVS said that it is being investigated by the US Securities and Exchange Commission (SEC) for having received more than \$40 million in barter credits from a third party, and also for having made a \$12.5 million cash payment to that party. CVS already has concluded after an internal probe that its accounting in this case was incorrect.

In the wake of the internal probe, the company's controller and principal accounting officer, Larry D. Solberg, and its treasurer, Philip Galbo, resigned. Company CFO David Rickard now is serving as interim principal accounting officer. - MorningNewsBeat.com

Monster could frighten energy drink sector

Hansen Natural, maker of Monster Energy drinks, signed an endorsement deal with motocross celebrity Ricky Carmichael and is rolling out new packaging and several new Monster products to further its already explosive growth. The company recently launched a low-carb Monster drink, a drink targeted toward teenagers, one toward surfers and skateboarders, and Monster Khaos, a breakfast option made with 70% juice. -Newsweek

Ready. Set. Grow! FMI Show set for May 6 - 8

The FMI Show, the industry's largest and most comprehensive international food industry event in North America will take place at McCormick Place in Chicago from May 7 through 9. Approximately 1,000 exhibitors will be on hand to showcase their products and services. In addition FMI offers 40 educational programs. Retailers, distributors, suppliers, importers and exporters are presented with the latest products and services available to grow their businesses. The show features world-class educational programming to enhance strategic thinking and achieve business goals. To learn more, you may register online at www.fmi.org, or call (202) 452-8444.



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FTC gives pre-approval to Albertsons sale

The US Federal Trade Commission (FTC) completed its pre-merger review of the \$9.8 billion acquisition of Albertsons by Supervalu, CVS and a consortium of real estate companies, and found that no divestitures are necessary for the deal to close. The various deals are expected to be completed by early summer 2006.

Retailers, suppliers to cater to older consumers

Kraft Foods wants to develop products for "liberated boomers," according to one company executive. Other manufacturers and retailers are rethinking everything from packaging to product placement on store shelves in anticipation of the coming retirement of the baby boom generation. -MSNBC/Reuters

Kellogg's Corn Flakes turn 100

The Kellogg Co. celebrates the 100th birthday of corn flakes this year. The year also marks a century of innovative marketing campaigns for the cereal, which were in step with the fads and celebrities of the time despite the fact the product's formula largely remained unchanged. -The Sun

Pepper 'kills prostate cancer'

The ingredient which makes jalapeno peppers hot, capsaicin, also makes prostate cancer cells commit suicide, a study suggests. Tests showed that capsaicin triggered 80% of the cells to start the process leading to cell death.

The US research in the journal *Cancer Research* also found tumours treated with capsaicin were smaller. In the study, researchers from Cedars-Sinai Medical Center studied mice who had been genetically modified to have human prostate cancer cells. They were given a dose of pepper extract equivalent to a man of 200 pounds (90.7kg) taking 400 milligrams of capsaicin three times a week. That would be the same as having between three and eight fresh habanero peppers - the highest rated peppers for capsaicin content.

Normal cells go through a constant process where millions die every second - a process called apoptosis - while millions more are made, to keep the numbers the same. But cancer cells avoid that process and "dodge" apoptosis by mutating or deregulating the genes that participate in programmed cell suicide. Capsaicin was seen to increase the amount of certain proteins involved in the apoptosis process.

Capsaicin also reduced the amount of prostate-specific antigen (PSA), a protein which is often produced in high quantities by prostate tumours.

Washington Public Policy Conference offers venue to meet with Members of Congress

On March 8, President Bush signed into law the USA Patriot Act Reauthorization which places significant restrictions on the sales of over-the-counter remedies containing pseudoephedrine (PSE). (See related article on page 12.) The first phase of the federal restrictions went into effect on April 8.

On Monday, June 12 through Wednesday, June 14, the National Grocers Association (N.G.A.) the Food Marketing Institute and the Food Industry Association Executives will co-host the Washington Public Policy Conference. The conference is a great opportunity for retailers, wholesalers and state associations to meet with their members of Congress. AFD encourages all members to attend. For more information, please contact N.G.A.'s Director of Government Affairs, Erik Lieberman at (703) 516-8811 or elieberman@nationalgrocers.org.

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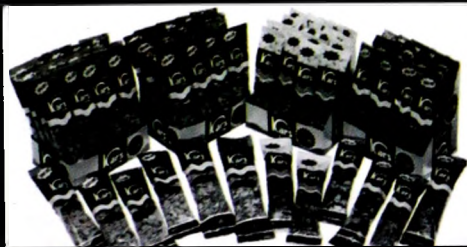
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All five of the Little Penguin wine varietals are straightforward Australian wines with lush fruit flavors dominating. There's just a touch of residual sugar and a nice, clean finish.



- the Little Penguin Chardonnay displays bright fruit with a crisp finish.
- the Little Penguin Shiraz wine is spicy with a big, bold taste
- the Little Penguin Merlot offers lush, ripe flavors and a soft, silky finish.
- the Little Penguin Cabernet Sauvignon wine combines rich, full flavors with a long, smooth finish.
- the Little Penguin White Shiraz delivers great berry fruit on the nose and palate.
- the Little Penguin Pinot Noir starts with rich flavors and ends in a smooth clean finish.

the "Littlest Penguin" from the Little Penguin

Introducing "the Littlest Penguin" from the Little Penguin—187 ml bottles! the Little Penguin is now offering his fun and approachable wines in fun-size packs. Easy to store, fun to break out at a penguin party and as attractive as the Little Penguin himself, these little bottles are sure to make a big splash.



What's with the Pint-sized Penguin?

At first glance, this diminutive creature appears innocent enough. (If a bit peculiar). But among his brethren in South Eastern Australia, the Little Penguin's reputation as the ultimate party animal is legendary. Consider that he lives on a beach in a colony with hundreds of like-minded party penguins. Throw in the fact that his native habitat borders some of the world's great Australian wine regions, and you start to get the idea. Fortunately, you don't have to fly to Australia to join the party. the little Penguin's flair for big wines, big flavor and big fun is migrating to a store near you. the little Penguin wines are just a short waddle away.

Products available at General Wine & Liquor Co. & Decanter Imports

Patriot Act brings new federal restrictions on pseudoephedrine sales

On March 9, President Bush signed into law the USA Patriot Act Reauthorization (P.L. 109-177). Contained within the USA Patriot Act is the Combat Methamphetamine Epidemic Elimination Act (CMEEA) which places significant restrictions on retail sales of over-the-counter pseudoephedrine (PSE) products. The first phase of the restrictions begins on April 8, 2006.

CMEEA allows retailers without pharmacies to continue selling products containing PSE if they are sold from behind a service counter or locked display case subject to the additional restrictions.

CMEEA restrictions apply to all products containing PSE regardless of the form—liquid, liquid-filled gel capsules and pediatrics are all restricted. Many current state laws mandate restrictions on the sales of PSE products, however a number of these laws exempt liquid and liquid-filled gel capsule formulations. CMEEA does not contain such

an exemption—all PSE products, regardless of form are subject to restrictions.

CMEEA includes measures to prevent international smuggling—the main source of the methamphetamine problem in the U.S.

CMEEA allows retailers without pharmacies to continue selling products containing PSE if they are sold from behind a service counter or locked display case

CMEEA is phased-in in two steps. The first phase impacting retail sales goes into effect on April 8, 2006 and contains only two restrictions:

(1) retailers are prohibited from selling a consumer more than 3.6 grams of PSE in a given day; and (2) consumers are prohibited from purchasing more than 9 grams of PSE per 30 day period. As product packages vary, the National Grocers Association (N.G.A.) is advising members to sell no more than two packages of any PSE products to any

one customer in a given day. Certain PSE products, such as those dosed for 12 hour and 24 hour relief may contain over half of the daily limit in a single package. For instance a 10 count box of Sudafed® 24 Hour tablets contains a total of 2.4 grams

of PSE as does a 20 count box of Sudafed® 12 Hour tablets. Retailers should not sell more than one package of any extended relief (12 or 24 hour) PSE product to any one customer in a given day.

The second phase of retail restrictions goes into effect September 30, 2006 and will require all PSE products regardless of form—including liquid, liquid-filled gel capsules and pediatrics—to be pulled from the shelves and placed behind a counter or in a locked display case.

These provisions will also require a log to be kept of each transaction and require retailers intending to sell PSE products to submit a certificate to the DEA. State laws exceeding the federal restrictions are not preempted by CMEEA (e.g. schedule V); however state and local laws that are less restrictive than CMEEA are preempted (e.g. liquid and liquid-filled gel capsule exemptions).

All ephedrine (EPH) products are restricted in the manner as PSE products under this law. EPH products are much less common and are typically only sold as bronchodilators. A well known EPH product is Primatene in tablet form.

A document explaining the new Combat Methamphetamine Epidemic Elimination Act is available from AFD. Please call Tamar at (248) 671-9600 for a copy. If you need additional information, please call Erick Lieberman of N.G.A. at (703) 516-8811.

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New product 'pacesetters' of 2005 revealed

And the winner is...

Information Resources Inc. (IRI) announced the top 10 new product "pacesetters" of 2005, featuring the top new products launched between February 2004 and January 2005.

Reuters reports that, in the food and beverage category, Unilever

Ple's Slim-Fast Optima product line "topped the 2005 list with \$166 million in sales" with Budweiser Select from Anheuser-Busch coming in second with \$123 million in sales.

Tide With a Touch of Downy laundry detergent topped the non-food brands category with sales

of \$266 million, followed by the Gillette M3Power razors with sales of \$100 million.

Valerie Skala Walker, IRI's new products expert, revealed the top 10 winners during IRI's Reinventing CPG & Retail Summit 2006 and also highlighted this year's "pacesetters-to-be brands," notes a

press release.

"The difference between a trend and a fad is how long it lasts," said Walker, adding "We're talking about the same trends this year as last year, but what's different is how those trends are evolving and playing out in the marketplace. For example, consumers keep raising the bar on the definition of convenience, and manufacturers keep responding."

IRI notes that the "2005 New Product Pacesetters" in food and beverage categories "reflect the evolution of consumer demand for foods that meet higher nutritional standards, taste better than the early versions of 'better-for-you' products, and are more convenient," adding, "For example, in snacks, Nabisco 100 Calorie Packs provide portion and calorie control through single-serve packages filled with lower-fat 'crisps' versions of their popular cookie and cracker brands, such as Oreo and Cheese Nips."

According to IRI, its figures account for sales in the first year at food stores, drug stores and mass merchandise stores, excluding Wal-Mart.

2005 New Product Pacesetters: Top 10 Food and Beverage Brands (In millions)

1. Slim-Fast Optima diet line: \$166
2. Budweiser Select beer: \$123
3. Frito-Lay Light salty snacks: \$112
4. Nabisco 100 Calorie Packs: \$107
5. Cherry Vanilla Dr. Pepper soda: \$107
6. Kraft Carb Well multi-category line: \$89
7. Bertolli Dinner for Two: \$88
8. Gatorade Lemonade: \$80
9. Coke C2 mid-calorie cola: \$77
10. Banquet Crock-Pot Classics: \$71

2005 New Product Pacesetters: Top 10 Non-Food Brands (In millions)

1. Tide with a touch of Downy: \$266
2. Gillette M3Power razors: \$100
3. Tylenol Extra Strength Rapid Release: \$68
4. Glad ForceFlex trash bags: \$67
5. Gillette Venus Divine razors: \$58
6. John Frieda Brilliant Brunette: \$49
7. Mucinex DM cold tablets: \$47
8. Downy Simple Pleasures: \$46
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10. Advanced Listerine mouthwash: \$41

*Source: IRI InfoScan® Reviews - NACS



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Big-box retailers eye convenience store model

Some of the world's largest retailers are recognizing the pros and cons of offering their customers convenience, reports the *Financial Times* (London).

According to the newspaper, Eduardo Castro-Wright, executive vice president and chief operating officer of Wal-Mart, said in an

interview that store format "will play an increasingly important role" in the big-box retailer's growth, which calls for a focus on convenience.

Castro-Wright told the newspaper that Wal-Mart is "looking at the Neighborhood Market format as a vehicle...to serve customers who need convenience for a key reason

for shopping at Wal-Mart." The retailer currently operates about 100 of its smaller Neighborhood Market stores (about 40,000 square feet).

In Orlando, Wal-Mart spokesman Eric Brewer told *Financial Times* that he views the Neighborhood Markets as being for people who "walk in and ask what they are

going to have for dinner tonight. We offer a lot of grab-and-go items, such as pre-prepared meals."

Meanwhile, Tesco is bringing its convenience concept to the United States with Tesco Express, which will be roughly the same size as a 7-Eleven or Circle K store at 3,000 square feet, writes the newspaper. Tesco's "premium range of 7,000 lines," ready-to-eat meals and packaged foods is also a concept U.S. grocery retailers have yet to capitalize on.

Darrell Rigby, director of the Boston office of Bain and Company, a global business consulting firm, told the newspaper that U.S. shoppers "will be surprised" at how Tesco defines a convenience store once the U.K. retailer lands stateside. — NACS



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Lottery.

Continued from front page.

under \$500 per week do not support the operating costs of the Lottery including fixed dedicated phone line charges," Michigan Lottery Commissioner Gary Peters said in a letter to Lottery retailers.

The new program is based on calendar quarters. The evaluation of weekly sales will begin with the Lottery quarter starting on July 4, 2006.

At the end of each quarter, weekly sales for that quarter will be averaged. If combined Lottery sales of all products sold at a retail location fall below a weekly average of \$500, the retailer will be charged \$20 per week, for every week of the following quarter.

The \$20 fee will be included as an adjustment on a store's Weekly Invoice Report and will be automatically included in the weekly settlement.

Retailers with more than one lottery terminal must maintain a combined minimum weekly sales average of \$500 per terminal. This also applies to self-serve terminals.

This program will also apply to retailers in temporary closed status, including seasonal accounts. However, the fee will be waived if sales over the previous 52 weeks exceed \$26,000.

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Michigan cracks down on cigarette tax dodgers

The state of Michigan is cracking down on residents who purchase cigarettes online to avoid paying state taxes—a program that has nabbed nearly 9,000 tax dodgers.

In the first year of a statewide crackdown, reports the *Detroit Free Press*, those nearly 9,000 residents have amassed a combined

\$5.9 million bill in owed taxes. Michigan's cigarette excise tax is the fourth-highest in the United States at \$2 per pack.

According to Michigan Treasury Department spokesman Terry Stanton, the average tax bill was about \$650, but some people have been ordered to pay much more.

The *Free Press* also notes that "Thousands more smokers could be targeted as the program to find cigarette tax cheaters continues."

Four of 13 Internet cigarette vendors have been subpoenaed by the state since February 2005 to turn over the names of their clientele, notes the *Free Press*, adding that

the state has yet to take legal action against Internet sellers who have not handed over their lists.

"We're assessing information and determining whether there is more tax liability," said Stanton, adding, "We reserve the right to take any action we need to get information."

One resident told the *Free Press* the state sent her a bill for nearly \$2,000 in unpaid cigarette taxes from purchases she made from "a New York American Indian tribe." Since paying her bill, she has begun rolling her own cigarettes.

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Is U.S. soft drink consumption going flat?

Following about 20 years of growth, sales volume in the United States soft drink industry declined for the first time in 2005, reports *The Wall Street Journal*.

The newspaper writes that soft drink volume dropped 0.2 percent last year in the \$68.1 billion U.S. market, citing steady gains for bottled water, sports drinks, premium coffees and other noncarbonated beverages. Some analysts also attribute the sales volume decline to "a lack of soft-drink innovation and increasing concerns about obesity hurting sugary sodas in particular."

Perhaps the most troubling news about the industry, writes the newspaper, is that diet soft drink sales are also fizzing.

"Diet Coke volume was essentially flat after posting a 5 percent gain in 2004. Diet Pepsi volume dropped 1.9 percent following a nearly 7 percent increase in 2004," writes the *Journal*.

John Sicher, editor and publisher of *Beverage Digest*, told the newspaper. "I thought diet sodas could continue to grow and lift this category, but I think that's questionable at this time."

Coke spokesman Dan Schafer told the *Journal* that the company was encouraged by holding on to the U.S. market share after losing share the previous two years.

Meanwhile, Pepsi "has been able to better weather the soda downturn" with a stronger lineup of noncarbonated drinks, such as Gatorade and Lipton teas. — NACS

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An overlooked demographic



By Michael Sansolo, Senior Vice President
Food Marketing Institute

Anyone following news of the recent \$365 million lottery winners got a clear picture of just how much America's demographics are shifting. Although the winners came from the heart of the country, Lincoln, Nebraska, the winners hailed from a variety of countries and ethnicities.

Demographic change continues to sweep the country, filtering into even the most traditional heartland areas.

It should be easy then for most of us to identify the important emerging population groups. Hispanics, Asians and the growing number of shoppers

adding natural and organic foods to their diet are clearly leading the list of those growing in number. And many of us could identify the new product and store trends geared towards making shopping a more pleasant experience for these groups.

But throughout the country there is another group whose growing numbers bring a host of new realities to retailers and suppliers looking to meet their needs. And that also means new opportunities to build loyal customer relations.

Today, there are about 100 million Americans aged 15 or older who are single or unmarried. To make that enormous number even more important, these Americans head up nearly 53 million households or nearly half of all American homes. In comparison, Hispanics - whose growing numbers are widely documented - make up a population one-third as large.

Singles, or unmarrieds, can have an enormous impact on nearly every aspect of your company. The most obvious is the size of products that might have worked wonderfully

for the traditional family of four, which today is far less prevalent throughout the nation. Just as we no longer live in an Ozzie and Harriet society, neither should the products we sell serve only people in that demographic.

Some of the statistics about this growing group of shoppers might startle you both in terms of their numbers and their reach across the country. And as with any demographic group, understanding the many types of shoppers that fall into this segment is essential to any hope of success. Consider the following:

- Half the adult population in the state of New York is unmarried, the highest rate of any state. (Just so you know this isn't a purely American issue, the statistics are similar in the United Kingdom. In London alone, nearly 60% of the residents are single or unmarried, and similar statistics appear for many other major cities across the globe.)

- 27% of adults in Gary, Indiana, Birmingham, Alabama, and the Florida cities of Clearwater, St. Petersburg and Hollywood are

formerly married (widowed, separated or divorced), the highest rates of formerly married people in any cities of 100,000 residents or more. Clearly, this population shift is far from limited to major metropolitan areas like New York or Los Angeles. And this group includes people from all age groups, not just young adults.

- More than half of all unmarrieds are women. Nearly two-thirds of unmarrieds have never been married. Nearly one-quarter of unmarrieds are divorced and 14% are widowed.

- Nearly 30 million Americans live alone. These single person households account for slightly more than one-quarter of all households.

Some 12 million Americans are single parents, more than 80 percent of them are women.

The numbers are large, which means the challenges and opportunities will be equally significant. Unlike an ethnic group, these shoppers won't come with special accents, languages or customs. But the opportunities are just as real for those who grab them.



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U of M study says there is room for improvement

According to a University of Michigan survey, the nation's leading supermarket chains aren't increasing their ability to satisfy customers. The survey is fourth-quarter 2005 data from the American Customer Satisfaction Index (ACSI), issued by the

University of Michigan. The study has rated them lower on being able to please in five of the past eleven years. This opens the door for alternative channels such as wholesale clubs, supercenters and specialty food retailers to gain market share.

Phil Lempert of Facts Figures and Future, says the good news for supermarkets, at least for now, is that the vast majority of operators in other trade classes that sell food are doing about the same: Supermarkets and specialty stores average a 74 percent customer

satisfaction rating, discount and department stores rated 75 percent, and drug stores 76 percent. None are in a decided uptrend.

The Index, issued by the University of Michigan Ross School of Business in conjunction with the American Society for Quality and CFI Group, show that scores consistently correlate with sales growth and loyalty, and link directly to stock performance.

"The ACSI's measure of satisfaction has historically led to repeat business and increased spending, and the new data (of the overall study) suggest that consumer spending will rebound," says Professor Claes Fornell, director of the University's National Quality Research Center.

"Among supermarkets, Publix at 81 percent and Supervalu at 77 percent stand out not only for their high ratings, but for their year-to-year consistencies. Whereas supermarkets overall are down from 76 percent in their baseline year of 1994, Publix remains virtually unmoved from its initial 82 percent score, and Supervalu is the same as its start of 77 percent," said Lempert.

By contrast, Kroger has slid from a 78 percent baseline to 74 percent in the latest measured quarter; it dipped as low as 71 percent as recently as 2003, yet rebounded to 73 percent in 2004. "Notably, Wal-Mart had a high 80 percent customer satisfaction baseline in 1994 as a discount department store. However, when its separate measurement line as a supermarket debuted in 2004, it registered 70 percent, and it stayed there in 2005, trailing every other major supermarket chain measured. Meanwhile, its discount department store rating also slid to 72 percent. Clearly, size and price don't mean everything to the American consumer," Lempert added.

Costco, the wholesale club operator, scored a 79 percent, exactly where it began when its customer satisfaction level was first measured in 1999. By comparison, Sam's Club is at 76 percent.



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State Senator Judson Gilbert gives thumbs up to small business

State Senator Judson Gilbert

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By Kathy Blake

State Senator Judson, (Jud) Gilbert, (R-Algonac) reports that small business is creating jobs for Michigan. "Relatively speaking, small business is creating more jobs than manufacturing. Small business is the key to enhancing Michigan's economy," he said. Approximately two out of every three new jobs are created by small firms. In Michigan small businesses have been almost solely responsible for job creation during the past several years as the auto industry continues to restructure.

The senator adds that the Single Business Tax, (SBT) is an impediment to Michigan's economical health. "With Michigan's unemployment rate much higher than the national average, we need to do everything we can to keep businesses in Michigan and entice them to locate here," Gilbert said. "Reducing unnecessary taxes and regulations is the first step toward economic recovery."

Gilbert is working in other ways to stimulate the economy also. He is chairman of the Transportation committee, in which he sponsored legislation to promote and encourage the use of E85, a fuel blend that is 85 percent ethanol, and biodiesel, a diesel fuel containing at least five percent biodiesel.

Biodiesel is a cleaner burning diesel fuel made from natural renewable sources such as soybean oil. Ethanol is a clean



burning high octane fuel primarily produced today from corn kernels. The legislation could help spur Michigan's agriculture industry.

Gilbert sponsored Senate Bill 1074, which would provide motor fuel tax exemptions on the purchase of renewable fuels, seven cents off the 19-cent tax on E85 and three cents off the 15-cent tax on biodiesel. "Renewable fuel is an economical and ecological alternative to regular gasoline, but right now it is not available in enough locations for regular use," explained Gilbert. "By providing tax breaks on the alternative fuels it will encourage more station owners to sell them and more consumers to use them regularly."

Although GM and Ford are investing heavily in the production of E85 vehicles, there are only four pumps dispensing the fuel in Michigan while Minnesota has 198 pumps and Illinois has 104 pumps statewide, according to Jud Gilbert.

Gilbert has sponsored a number of bills that directly affect the

food and beverage industry. He sponsored the bill that became Public Act 21 of 2005, which allows consumers to remove partially consumed bottles of wine from restaurants. He also sponsored legislation to get federal matching money for Michigan fuel taxes for highway funds.

Gilbert helped get farmers exempted from frost law weight restrictions for trucks coming and going directly from farms.

He co-sponsored water protection legislation which was enacted this year. It created new standards for water withdrawals and permit programs for water users to help them avoid adverse impacts on the environment.

He also served on the Bottle Bill tax force. "I came to the conclusion that any expansion of the bottle bill isn't good and is an unfair burden to grocers and small businesses. It's also not sanitary and it's impossible to be sanitary," Gilbert emphasized.

Locally, in his district, Gilbert

enabled local restaurant owners to have sidewalk cafes. He also helped get grant money to upgrade Lapeer Road between I-94 and 32nd street in Port Huron Township.

Senator Gilbert is a lifelong resident of Algonac. He attended Algonac High School, St. Clair Community College, Wayne State Mortuary School and became a licensed funeral director in 1974. After 20 years as a funeral director, Gilbert began pursuing a political career. He had always been interested in politics, inspired in part by his family. His father served on the Algonac City Council, school board and planning commission through the years. His grandfather Roy Gilbert was a legislator also.

Jud Gilbert was elected state representative in 1998. He was re-elected in 2000 and in 2002, he was elected to the state senate. "I've enjoyed the legislative process. There's been specific things I've been able to help with and that is a good feeling," said Gilbert.

Gilbert is a member of the Algonac Rotary Club. He has volunteered for numerous service organizations, including the Optimist Club and Youth for Christ, and has been a lunch buddy at a local elementary school. Senator Gilbert has served on many local government boards, including the E911 Citizen's Advisory Committee, vice-chair of the Clay Township Planning Commission, the Downriver Recreation Committee, Clay Township Downtown Development Authority and the Clay Township Economic Development Commission.

To reach State Senator Jud Gilbert, please call 517-373-7708, email senjgilbert@senate.michigan.gov or write State Senator Jud Gilbert, PO Box 30036, Lansing, Michigan, 48909.

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7-Eleven breaks 'Ciabatta' bread with two new sandwiches

First it was gourmet coffee, and now it's gourmet bread. Convenience retailer 7-Eleven has announced two new sandwiches made with ciabatta bread available at participating stores: "Brown Sugar Turkey" with cilantro poblano ranch spread, dill pickles and Romaine lettuce and "Sopressata and Pepperoni Italian Cold Cuts" with spicy basil spread, mozzarella cheese, roasted tomatoes and Romaine lettuce.

Kulsoom Klavon, 7-Eleven product development director for fresh foods and bakery, said in a press release that the company's food development team has been working more than a year to create a ciabatta recipe consistent with true European artisan breads which, ironically, are known for their inconsistency.

"Technically, artisan breads are hearth-baked one at a time so each one comes out a little differently. Our challenge was to create a more consistent product without losing the true European artisan qualities,"

said Klavon.

To retain the characteristics of ciabatta bread—moist, dense bread with a chewy crust—7-Eleven was challenged with developing a version that would not dry out before it reached consumers. The company turned to a European ingredient company to help perfect its bread recipe.

According to Kathy Hasty, 7-Eleven's sandwich category manager, ciabatta's popularity reflects the "natural evolution" of food trends in the United States.

"Many gourmet-style foods begin in trendy and exclusive restaurants and gradually transition to foodservice establishments that serve mainstream consumers," said Hasty, noting that as the product becomes more recognized and popularized, it will show up in more settings.

The press release notes that 7-Eleven plans to introduce other varieties of ciabatta bread sandwiches throughout the year. — NACS



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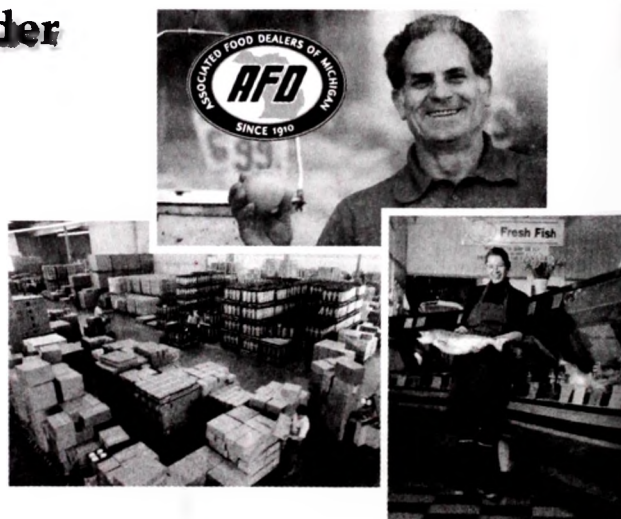
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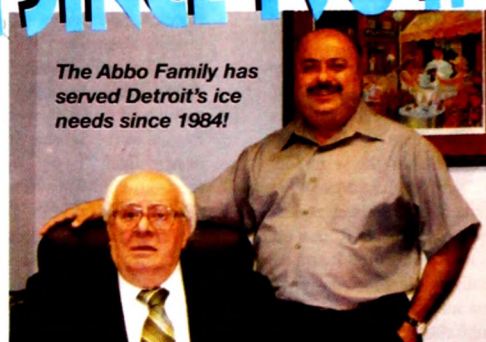
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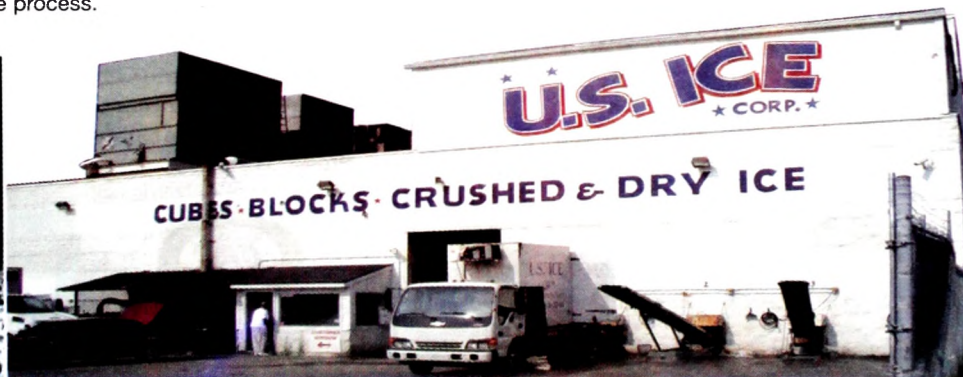
In the ice business, there are two basic choices of ice styles: VOGT and TURBO. Turbo ice has no uniformity whatsoever; as the machinery produces flat sheets of ice that are sent through a crusher; Vogt ice machinery produces long, cylindrical tubes of ice with a hollow center that are sliced to perfect uniformity. Over the years it has become apparent that our customers much prefer Vogt ice for its consistent drinking pleasure. That is why all U.S. ICE is manufactured by the Vogt ice process.



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Merger,

continued from front page.

merged organizations. Weglarz will take the position of Executive Vice President of Petroleum with Dan Reeves as Executive Vice President of Food & Beverage. Primary offices will remain in Farmington Hills, with additional offices in Lansing and field representatives in Ohio.

Members of both associations will soon receive information on new, enhanced benefits that the joint association is able to provide. In addition, this publication – the AFD Food & Beverage Report – will begin a process of changing to reflect its new membership base.

"Next month we will debut a new masthead, with logos representing both the AFD and the Great Lakes Petroleum Retailers. Inside will be a section devoted to the petroleum industry," said Michele MacWilliams, vice president of communications and AFD Food & Beverage Report editor. "Once a new association logo has been finalized, we will redesign our masthead accordingly," she added.

Although there are many tangible benefits to merging the two

associations, perhaps one of the most important benefits is intangible. "Many of our gasoline retailers have gotten into the convenience store business as an add on to their primary business. With this new association, they have the advantage of the expertise of the convenience store owners. Likewise, many convenience store owners are now branching into the petroleum industry. This association allows them both to rub elbows and learn best business practices from each other," added Weglarz.

The Associated Food Dealers of Michigan was founded in 1916 and represents more than 3,000 grocery stores, supermarkets and liquor licenses throughout Michigan. The Great Lakes Petroleum Retailers and Allied Trades Association has roots going back to 1929, when it was formed as the Service Station Dealers of Michigan. The group merged with the Ohio Petroleum Retailers and Repair Association in 2004 to become the Great Lakes Petroleum Retailers and Allied Trades Association. It represents more than 900 service stations and convenience stores in Michigan and Ohio.



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Study suggests a bad shopping experience leads to trash talk

A new study reveals that consumers who have a negative shopping experience are likely to let their friends and family know about it—and at the expense of that retailer's reputation.

According to the Customer Dissatisfaction study by Verde Group and the Baker Retailing Initiative at the Pennsylvania University's Wharton School, more than 50 percent of Americans say hearing about a negative shopping experience by their peers will prevent them from setting foot in that store altogether, notes a press release.

"This study is unlike anything we've seen before because it shows that for every 100 American shoppers, 64 people will be told about a store's poor products or services, and, no matter what the store does to entice shoppers, these people will not set foot in their store," said Verde Group President Paula Courtney in the release.

Stephen J. Hoch, professor and Marketing Department chair at the Wharton School, added that the study reveals "another risk" for retailers: unhappy customers will spread their dissatisfaction by word of mouth but won't bother to contact the company.

"If businesses want to stop the bleeding from negative word of mouth, it's clear that they need to invest in ensuring that each customer experience is first rate—from adequate parking, to trained front-line staff, to the right product mix, both in stock and on the shelves," said Hoch.

The Customer Dissatisfaction study also revealed the following:

- On average, shoppers tell four people about their negative shopping experience.
- The problem, as it passes by word of mouth, becomes embellished as it is repeated.
- The top three areas relating to negative shopping experiences

are time (can't find parking, long lines); merchandising (store layout and information displays); and customer service (lack of courtesy and inadequate product knowledge). Consumers encounter more problems in bigger stores.

- Men are less loyal than women.

"U.S. businesses should take note—every instance of customer dissatisfaction has the potential to negatively impact loyalty and, ultimately, the bottom line," commented Courtney, adding, "With this latest study, we now know that negative word of mouth is so powerful that it can deter potential customers from ever shopping at that store. But there is hope—by taking steps to better understand the problems their customers experience, retailers can begin to immunize themselves against negative word of mouth."

State Senate passes minimum-wage hike

Over continued objections of business, both the state House and Senate passed a bill that will raise the minimum wage.

Senate Bill 318, sponsored by Sen. Ray Basham, D-Taylor, passed the House unchanged from when it passed the Senate. The bill will raise the wage from the current \$5.15 an hour to \$6.95 an hour on Oct. 1, the first increase in the minimum wage in nearly nine years. The wage will increase further to \$7.15 on July 1, 2007, and to \$7.40 on July 1, 2008.

The bill is an attempt to head off a petition drive which would have put before voters in November a proposal to raise the minimum wage to \$6.85 an hour on Jan. 1, and provide for annual increases tied to inflation.

Senate Democrats and Gov. Jennifer Granholm supported the petition drive. However, before the Senate vote they issued statements welcoming the legislation.

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Recommendations for reducing unsaleable products and costs

The Food Marketing Institute (FMI) and the Grocery Manufacturers Association (GMA) issued recommendations for reducing the volume of unsaleable products. Developed by the Unsaleables Leadership Task Force, this new report, "Improving Unsaleables Management Business Practices – Joint Industry Recommendations," outlines how manufacturers and retailers should collaborate to fix the root causes of unsaleables and improve supply chain efficiencies. Key recommendations include:

- Unsaleable products should be processed through reclamation centers.
- Trading partners should use product condition data to better understand where and how damage occurs in the supply chain.
- Current data synchronization and registration initiatives should be expanded to help reduce unsaleable product volume.
- Trading partners should continue to use the voluntary guidelines and tools published in the "Joint Industry

Report: Product Reclamation Centers in 1990" – now known as the JIR – for efficient product reclamation.

Since the first industry benchmarks were published in 1995, the average reported rate of unsaleables has grown from 0.75 percent to 1.06 percent in 2004. The task force was formed from the Joint Industry Unsaleables Steering Committee at the request of the FMI and GMA boards of directors to develop new recommendations for lowering the rate of unsaleables. It comprises representatives from more than 30 manufacturers and retailers. The group completed its work in November 2005 and presented its recommendations at the Joint FMI/GMA Board meeting on Jan. 22, 2006.

For a copy of "Improving Unsaleables Management Business Practices – Joint Industry Recommendations," contact GMA's Chris Lashbrook, clashbrook@gmabrands.com, or FMI's Patrick Walsh, pwash@fmi.org.



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January	Store Design, Equipment
February	Trade Dinner and Ball
March	Service Organizations
April	Beer & Snacks
May	AFD Buying Trade Show
June	Deli & Dairy
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August	AFD Foundation Golf Outing
September	Meet our Scholars
October	Holiday Beverage Show
November	"Made In Michigan"
December	Food & Beverage Industry Trends

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High-tech options available to retailers

Some of the newest technologies will be showcased at the AFD Annual Trade Show, April 25 and 26 at Burton Manor in Livonia.

New technology is finding its way into grocery stores around the country. But all this high-tech isn't for every store. Before jumping into big expenditures for consumer gadgets, grocery store operators will want to know whether there's

a payback for them in cost savings or competitive advantage, industry analysts say.

According to an article by Doris Hajewski of the *Milwaukee Journal Sentinel*, there are five different technologies moving ahead rapidly.

Those technologies are wireless, radio frequency identification, mobile computing, Internet and media-rich graphics.

Peter Gertler, president of RV Consulting in San Francisco, thinks that high-end grocers are most

likely to use the fancy gadgets as a way to set themselves apart.

"The technologies don't have a tangible, solid payback," Gertler told the *Journal Sentinel*. As a result, supermarket operators in highly competitive markets have the strongest reason to use them.

Retailers have been using in-store kiosks to share information with shoppers for years, but new technology takes things a step further. Devices can now connect to shoppers' home computers and personal electronic devices to get their shopping list into the store and then guide them down the aisles to find the items.

With the deli order kiosk, a shopper could choose some cold cuts and cheeses, then continue shopping. A cell phone call will alert the customer when the order is ready.

"Retailers will have an opportunity to see some of the new technology at the AFD Annual Trade Show"

A new report published in January in *Supermarket News*, however, shows that kiosks rank low on supermarket operators' priority list. Retailers who responded to the *trade magazine's* annual survey said they spent the most money on expansion or upgrades to their checkout systems. According to the survey, 56% spent money on such point-of-sale systems in 2005. Only 11% invested in kiosks last year, and 4% said they would do so this year, the *Journal Sentinel* reported.


The spending on payment systems also is technology-driven. New systems that use radio frequency identification technology, or RFID, allow shoppers to pay by waving a credit card in front of a reader.

Technology,
continued on page 45.

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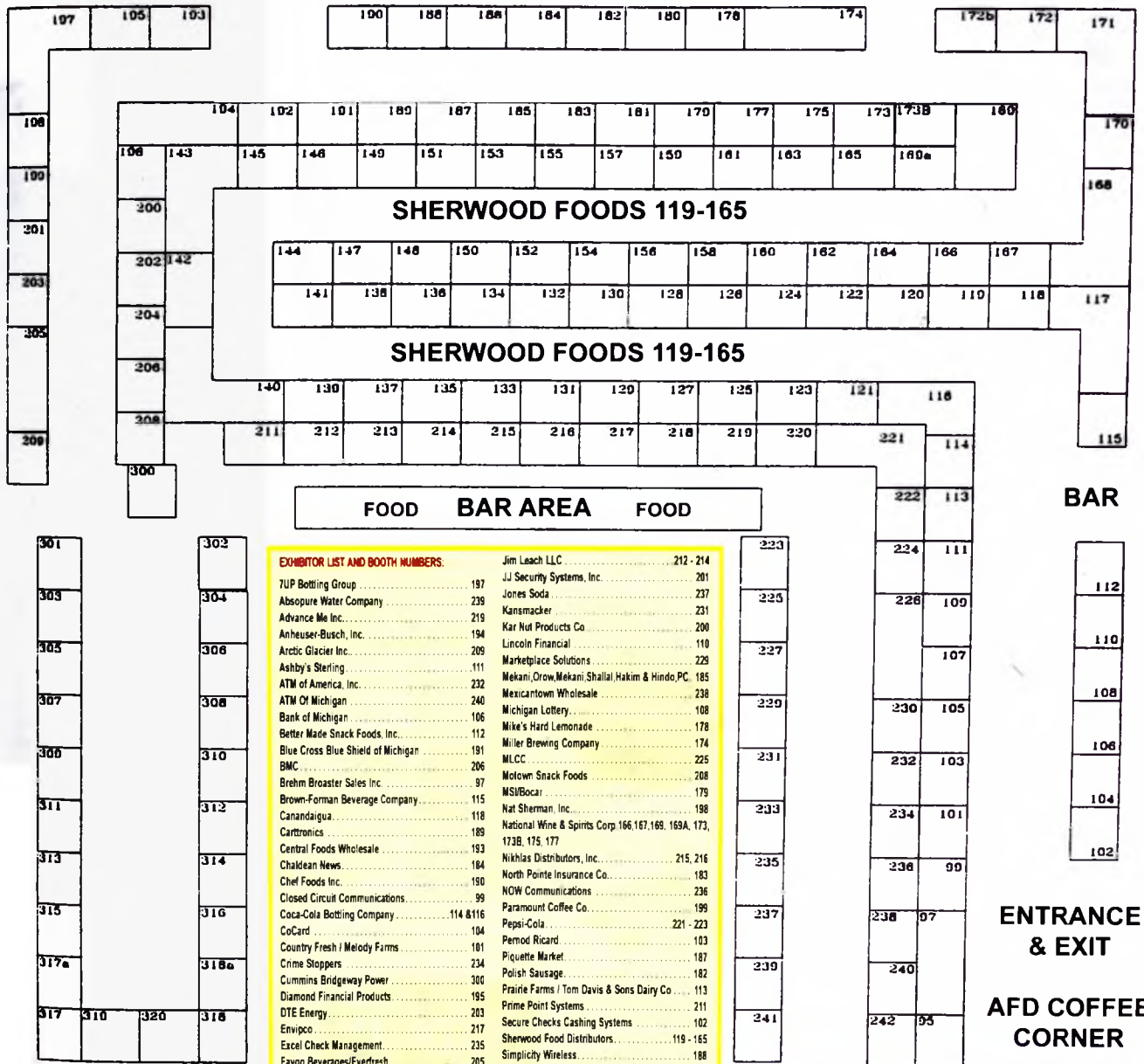
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Welcome to the 22nd Annual Trade Show

Tuesday, April 25 from 5 p.m. to 10 p.m. and Wednesday, April 26 from 4 p.m. to 9 p.m.



EXHIBITOR LIST AND BOOTH NUMBERS:

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Find these great new products & special deals at the AFD Trade Show

Join us Tuesday, April 25 from 5 p.m. to 10 p.m. and Wednesday, April 26 from 4 p.m. to 9 p.m. at Burton Manor in Livonia. Don't miss your chance to see, sample, learn and buy!



Kar's Nuts is now offering the taste kids (and grown-ups) can't get enough of... PB & J.

Fresh, salted peanuts combined with strawberry-flavored jelly drops create a snack mix with the actual taste of peanut butter & jelly. Visit booth #200 for a taste of Kar's PB & J Mix and to view their upcoming promotions.



Paramount Coffee—“An Employee Owned Company” is now your Fair Trade certified coffee dealer. Fair Trade is an investment in quality—ensuring that the finest coffee will continue to be available to you and your customers. Visit booth #199 for details and a sample of quality, gourmet coffee.

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The Michigan Liquor Control Commission

(MLCC) will be available at the show to answer licensing and enforcement questions, sign interested parties up for electronic fund transfer (EFT) product payment, and to provide educational materials including server training information as well as a variety of materials.



Anheuser Busch —Introducing **Peels**, a unique new alcohol beverage made with real fruit juice. With the sweet taste of freshly peeled fruit, it offers a natural escape from ordinary beverages. There are 4 distinct fruit flavors which can be served in a variety of fun ways. The flavors are - Blueberry Pomegranate / Strawberry Passion fruit / Pear Lemon / Cranberry Peach.

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Nat Sherman, Inc. will be showcasing their new product, **MCD King**. Please stop by their booth, #198 to learn more.

Polish Harvest

Stop by booth #182 for a Pierogi from Polish Harvest. Buy 10 cases of Pierogies and get one FREE.



Stop by booth #113 and check out the newly designed packaging from **Prairie Farms**. See what America's Good Neighbor can do for you.



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Brown Forman will be sampling its new products - Stellar Gin, with citrus crush infusion - especially for gin & tonic. Finlandia Vodka Wild Berries Fusion will also be sampled. Stop by booth #115 to register

to win a Jack Daniels Leather NASCAR racing jacket!

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Faygo, makers of America's favorite flavored soft drinks, will be sampling its newest flavors—Diet Cola with Splenda, Dr. Faygo, and a citrusy Grapefruit/lime combination called 60/40.

Come to the **Associated Food Dealers of Michigan** booth to receive \$25 off an AFD membership when you sign up at the show. In addition, you will receive 13 months of member benefits for the price of 12 months.



The Chaldean News now offers advertising on their website, which gets more than 60,000 hits each month! Rates are very reasonable—call (248) 932-3100 for details or visit them at booth #184.

Broaster Foods is a nationally known trade name and trademark and is a complete program for chicken and other foods. Brehm Broaster offers all the advantages of a franchise without the franchise fees. Visit them at booth #97 for samples and information.



Stop by the **Miller Brewing Company** at booth #174 to sample products and see our new packaging. Miller Brewing Company will be sampling a new Leinenkugel flavor Sunset Wheat. Meet the Miller models and preview the spring and summer promotions.



Carttronics CAPS system is the leading technology solution to shopping cart loss prevention. Come see why CAPS® is contributing to profitability on some 2,000 sites owned by more than 154 retailers around the world, including 15 of the top 25 global retailers! Visit booth #189 for the details on special AFD member pricing.

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New from **Heaven Hill Distilleries** comes **PAMA**, the world's first true pomegranate liqueur. Sample the essence of all-natural pomegranate with its complex, sweet yet tart taste and seductive color.

Sample **Burnett's Peach** and Cherry Flavored vodkas. Burnett's offers a line of twelve popular flavors to help you grow your profits in this dynamic category. Like Burnett's traditional vodka, these products are quadruple distilled and triple filtered for superior smoothness.



Get on board with the fastest growing premium rum - **Admiral Nelson Spiced Rum!** With growth currently outpacing the category 3 to 1, now is the time to enlist with the Admiral. To support this sales momentum, they have developed the Admiral Nelson Visor On-pack promotion for specially marked 1.75 liter bottles.

Indulge your senses in something new! **Pearl Persephone Vodka**, the Original Pomegranate Flavored Vodka, combines the balance, purity and smoothness of original Pearl Vodka with the refreshing taste of pomegranate fruit.

New in 2006, **Salvador's Cocktails** is introducing Bahama Mama, Hurricane, Mojito and Long Island Ice Tea just in time for the Michigan summer.

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Stop by booth number 231 to talk with **Kansmacker**. Ask about the extended warranty program.



MexicanTown Wholesale will be featuring their line of MexicanTown Brand of Hispanic products. These products are perfect for groceries, gas stations and convenience stores that want to tap into the growing Hispanic market. There is also a great opportunity for those interested in widespread distribution. Stop by booth 238 for packaged samples and wholesale information.

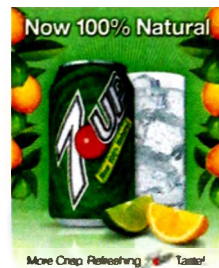
Make sure you visit **Spartan Stores, Inc.** at the AFD Show April 25-26.

Spartan Stores, Inc. has a "Fresh" answer to doing "Fresh" right. Customer Service is a top priority, from ship to shelf!!

Check out innovative ideas on "Fresh" new products for you.

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7UP is introducing a "Better for you" soft drink, which is 100% natural. The new 7UP contains nothing artificial. It also has a lower sodium level for a crisper, cleaner, more refreshing 7UP taste. Try a sample at booth #197.

GENERAL WINE & LIQUOR COMPANY

New from General Wine & Liquor Company and Decanter Imports

General Wine new items:

Arbor Mist Orchard Fruits Char
Ste Chapelle Riesling
Ste Chapelle Cab/Sauv
Ste Chapelle Chardonnay
Ste Chapelle Merlot
Ste Chapelle Syrah
Monkey Bay Rose
Forsythe Cab/Sauv
Forsythe Merlot
Houghton Shiraz
Houghton Chardonnay
Houghton Cab/Shiraz/Merlot
Houghton Chai/Verdelho
Houghton Semillon Sauv Blanc
Jewel White Zinfandel
Sidney Syrah
Sidney Napa Cab
Sidney Sonoma Cab
Ca Bolani Pinot Grigio
Ca Bolani Sauv/Blanc
Castoro Cellars Zin Paso Robles
Castoro Cellars Chardonnay
Castoro Cellars Syrah
Castoro Cellars Merlot
Castoro Cellars White Zinfandel
Archetype Barossa Valley Shiraz
Archetype Cabernet-Shiraz
Archetype Barossa Reserve Shiraz
Redcliffe Sauv/Blanc
Goya Cabernet-Merlot
Goya Shiraz-Pinotage
Goya Chardonnay
Goya Shiraz-Pinotage
Millwood Creek Sauv/Blanc
Millwood Creek Pinotage
Millwood Creek Cabernet Sauv
Millwood Creek Chardonnay
Porta Sauvignon Blanc Reserve
Porta Chardonnay Reserve
Porta Merlot Reserve
Porta Carmenerre Reserve
Constantia Uitsig Sauv/Blanc
Constantia Uitsig Reserve Char
Constantia Uitsig Unwooded Char
Constantia Uitsig Cab-Merlot
La Motte Musique Bordeaux Blend
La Motte Shiraz
Juno "Cape Maidens" Chardonnay
Juno "Cape Maidens" Shiraz
Castello Paneretta Chianti Classico
Lady Gabriela
LeVin Chardonnay
LeVin Merlot
LeVin Cabernet Sauvignon
Golden Kaan Cabernet Sauvignon
Golden Kaan Chardonnay
Golden Kaan Sauvignon Blanc
Golden Kaan Shiraz
Soiree Pinot Grigio Oregon
Bandon Oregon Pinot Grigio
Bandon Oregon Pinot Noir

Centerra Wines
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Golden Kaan USA
Golden Kaan USA
Golden Kaan USA
Low Country Imports
Row 11 Wine Company
Row 11 Wine Company

Decanter Division new items

Lulu B Chardonnay
Lulu B Pinot Noir
Lulu B Syrah
Duo Sauvignon Blanc
Duo Cabernet-Merlot
Moon Mountain Sonoma Sauvignon Blanc
Moon Mountain Sonoma Cabernet Sauvignon
Moon Mountain Sonoma Chardonnay
Chalone Monterey Cabernet Sauvignon
Chalone Monterey Chardonnay
Chalone Monterey Pinot Noir
Chalone Monterey Merlot
Infinitus Chardonnay-Viura
Infinitus Syrah
Infinitus Merlot
Infinitus Tempranillo
Infinitus Cabernet Sauvignon
Infinitus Tempranillo-Cabernet
Blackstone Pinot Grigio
Hardy's Stamp Riesling
Hardy's Stamp Shiraz-Cabernet
Hardy's Stamp Grenache-Shiraz Rose

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Spring Is In the Air!

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April 25 & 26, 2006

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Ask your sales rep for tickets.



Supermarket Industry Pioneer Michael J. O'Connor dies

Michael O'Connor, who played a major role in the creation of the Food Marketing Institute, has died at a hospice near his home. He was born in 1919.

O'Connor joined the industry in 1962 as chief executive of the Super Market Institute (SMI), a forerunner to FMI. Under his leadership, SMI

developed world-class research and educational programs that enabled supermarkets to keep pace with fast-changing consumers and share best-in-class innovations. He fostered the growth of the association's Information Service into the world's largest collection of resources covering all subjects related to food

distribution.

SMI's research and educational programs came together at its annual Supermarket Industry Convention and Educational Exposition, known today as the FMI Show. This event grew into one of the world's largest food industry conventions, attended by tens of thousands of executives

from more than 100 countries.

In the late 1960s O'Connor was among the first to recognize the potential of scanning using the Universal Product Code (UPC) – a technology now used today in more than 100 countries by over 20 industries as diverse as package delivery, nuclear waste tracking, an aerospace.

In 1977 he left his post at SMI when it merged with the National Association of Food Chains to form FMI. Before departing, O'Connor then played an instrumental role in the founding of FMI, particularly through his 1976 tour of 47 cities, during which he sold the benefits of the merger to food wholesalers and to retailers ranging from one-store operators to the largest chains.

In later years he discovered innovations abroad and shared them with U.S. retailers, as well as introducing the supermarket concept to executives in such areas as India, the Pacific Rim, Latin America, and Eastern Europe.

For 17 years O'Connor contributed articles to the journal *International Trends in Food Retailing*. He also worked as an instructor at the Food Industry Management Program at the Graduate School of the University of Southern California; Cornell University; and the Peter F. Drucker Graduate Management Center at the Claremont Graduate University.

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Red Cross: Shop early to prepare for possible pandemic

Americans should prepare for a potential avian flu outbreak by hitting the grocery stores and stocking up early on canned and dry foods, bottled water, cleaning supplies and household goods including batteries and flashlights, said an American Red Cross official. If an avian flu pandemic materializes, people need to be prepared for 10 days in their homes without water or electricity, said the Red Cross. —ABCNEWS

AFD Foundation Golf Outing 2006

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Players have more ways to win at Lottery than with tickets



By Commissioner Gary Peters

The purchase of a Lottery ticket is what creates the chance for a player to win a prize, but in reality, there is more to it than that. Michigan Lottery players have a selection of special drawings from which to

choose, affording them an opportunity to win more than just cash.

Currently capturing player interest is the Detroit Red Wings second chance game. Over the course of three drawings, more than 500 Red Wings merchandise prize packs will be awarded. Also, one Grand Prize winner will be selected in each drawing to receive their choice of an all-expenses paid Red Wings home game travel package, road game package, or a Sony® 42" LCD

widescreen television. Players may enter the second chance drawings by submitting their non-winning \$2 Red Wings instant game tickets either by mail or online at the Lottery's VIP Club, Player City. To

date, over 65,000 entries have been received.

Beginning March 20, Player City members were given the opportunity to win a cocktail table size Pac-Man arcade game. This contest is exclusive to Player City members. To enter, members need only "redeem" 20,000 of their accumulated P.C. Points. A maximum of 30 entries per member is allowed. Twenty additional winners will be selected to receive a Pac-Man baseball cap in the random drawing held on April 20.

In the online games area, we just finished Fantasy Flyaway, a very successful Fantasy 5 promotion in which players who spent \$3 on a Fantasy 5 ticket received a coupon for a chance to win a trip to Paradise Island in the Bahamas. Hundreds of players participated and 30 lucky winners are headed for fun in the sun!

Player City Update.

Citizenship in the Michigan

Lottery's Internet VIP club, Player City, continues to grow by leaps and bounds, as over 85,000 players are now participating. Go to www.playercity.net to see what all the commotion's about.

Speaking of Player City, we've just wrapped up the Lucky Dog contest that was run earlier this year through the Internet site. Over 1,000 Lottery players submitted their dogs' photographs and seven lucky winners were selected for the new \$1 instant ticket, which will go on sale in April. Demand for this game will be high, so be sure to keep your dispensers stocked.

All proceeds from the Lottery are contributed to the state School Aid Fund which supports kindergarten through 12th grade public education in Michigan. In fiscal year 2005, the contribution was \$667.6 million.

For additional information, please visit the Lottery's Web site at www.michigan.gov/lottery.



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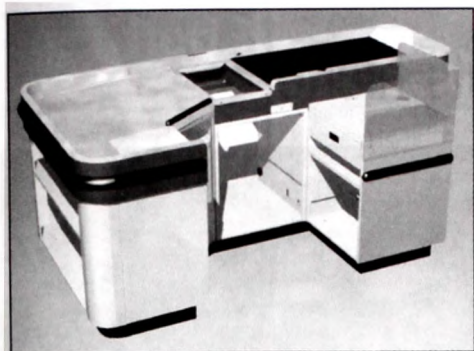
For more information on any of these excellent programs, call:

Associated Food Dealers of Michigan

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Farmington Hills, Michigan 48334

1-800-66-66-AFD

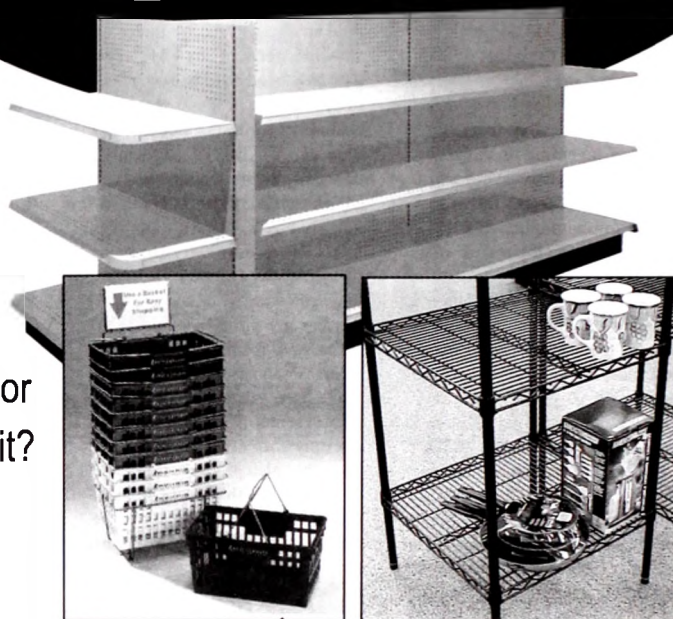
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Orchard Ten Quality Foods finds its niche

By Michele MacWilliams

Why does a customer choose to shop at one store over another? Why do some stores thrive, while others struggle to stay open? The answers, of course, are always different. A store concept that works well in one neighborhood can fail miserably in another. However, after writing about the retail food industry for 14 years, it is evident that one key to success remains constant: Stores succeed when they cater to their customer base. In addition, those that can anticipate the needs of their customers do it best.

Orchard Ten Quality Foods is a good example of a store that is in the midst of inventing its niche. Located on the southwest corner of Orchard Lake Road and Ten Mile Road in Farmington, the 18,500-square-foot store is the anchor of a recently renovated strip center. The store and the center were totally remodeled in 2004.

"It was a pretty dead corner," said Zack Atisha, one of the family owner/partners in the project. He said that at one time there was an IGA store in the mall, but it had been closed for two years before the Atishas began the renovating project.

Today, Orchard Ten Quality Foods sits in the center of the strip, flanked by a Dollar General and a Gelatto di Ramo Pizza. There is also a tanning salon and a Coney Island in the vibrant, busy strip center.

Orchard Ten Quality Foods' main competition is a Kroger store two miles away. However, Zack says that his customers prefer his store

for the service that he and his partners provide.

The store is owned by the Atisha family members: Zack, his father Jack, his older brother Noor, and his Uncle Moses, Uncle Steve and Uncle Robert. They also own two stores in Detroit, one on the east side and one on the west. Zack says that the product mix for each of the stores is different and requires knowledge of the surrounding neighborhoods.

"We cater to customers more than anything else. We thrive on customer service," he adds, saying that they bend over backwards to provide the products that their customers request. "Because of their requests, we've drastically changed our product line up."

An example of this is Orchard Ten Quality Foods' selection of organic foods. They now carry Horizon Milk, Yobaby Organic Yogurt and a large selection of organic produce, grocery items and meats.

The store is bright, cheery and clean. Graphics on the walls make it easy to locate the various departments. Shelves are stocked not only with everyday grocery items but also products that appeal specifically to the local clientele.

When remodeling the store, the Atishas added warehouse space to the back, in order to convert most of the existing warehouse space to selling area. "We added just enough space in the back for storage, but we like to keep shelves stocked, and items fresh, so we prefer to turn products and make frequent orders instead of keeping a lot of inventory



From left, Zack Atisha and Kiar Gamsho.



in the back," Zack explains.

Zack has worked in his parents' stores since he was very young, and still relies on his family's advice when it comes to managing Orchard Ten Quality Foods. "I talk to my uncles daily. My aunts and uncles are an incredible support group," he says adding that he constantly learns from their experience. He also relies on Spartan - the store's grocery supplier - for assistance. "Spartan has been great. If I have a question, they are always willing to help."

According to Zack, a store has to continually reinvent itself in order to remain competitive. Listening to its customers and reacting quickly, he believes is the key.

Microsoft, the computer software giant, has used this same philosophy to build on its success. Microsoft COO Kevin Turner's view is as relevant to the food and beverage industry as it is to the computer industry. Turner says, "Don't ride a horse too long if it's not going to get you to where you need to go."

Changing product mix, adding new product lines, increasing shelf space for hot items and anticipating what customers will want next are challenges for all retailers. At Orchard Ten Quality Foods, Zack Atisha and his partners take this challenge to heart, as they continually reinvent their store and its offerings to please their customers.



Classified

FOR SALE—Full service grocery store located in Warren. Beer, wine, lottery and ATM. 11,800 sq. ft. \$300,000 plus inventory. Option to purchase real estate for a total of 15,800 sq. ft. Call after 6pm (586) 781-3298.

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FOR SALE—Tempur-pedic mattress. As seen on TV. All sizes - bankruptcy. Limited Quantities. Call (248) 701-2933.

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FOR SALE—Entire pizza store with a stand alone building with equipment. Located in Whitmore Lake, MI. Approx 950 sq. ft. A turn key opportunity with land contract availability low cost low rent. For more info please call Jeff (248) 682-6400.

FOR SALE—Chevy/Workhorse & Grumman/Olson StepVans. 12'-14' work area, dual rear tires, gas ranging from 1995-2000 asking \$4000.00-\$7000.00. Call (800) 527-6887 ext. 177 for more info.

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FOR SALE—Ice cream equipment. Total cost \$50,000. Asking only for \$15,000. Used for three months only. Call Joe at (734) 213-4900.

FOR SALE—Northville party store. Beer, wine and lottery - business only. 2400 sq. ft. 14-door walk-in cooler. \$109,900.00. Call Brian Yaldeo, RE-MAX Classic at (248) 737-6800 or page him at (248) 806-9100.

FOR SALE—Convenience store located off busy I-94 exit. Beer & wine, bait & tackle, ice cream, bakery & deli and lottery. Celebrating 26th year in business. Owner ready to retire. Call (517) 764-5284.

FOR SALE—Detroit Warehouse. 22 ft. refrigerator truck for hire - daily/weekly. Call Dave Evola (586) 360-7662.

FOR SALE—Full service supermarket. 3200 sq. ft. Meat, produce, liquor. East side Detroit, facing Grosse Pointe. Call (313) 885-7140.

FOR SALE—Beer & wine license. City of Taylor. Hobart Slicer \$975. Deli scale \$100. Call (734) 946-4016.

FOR SALE—Small grocery/beer-wine store with lottery and ATM. Building 50x80 with large parking lot for additional development opportunities. Call John (313) 273-6015.

FOR SALE—Hobart Grinder #4632, 2 H.P. Single Phase. Completely rebuilt—\$2,000.00. Yorkshire Food Market, (313) 885-7140.

FOR SALE—Party store 50 miles north of Detroit. Beer, wine, lotto, groceries & DNR licenses. Gross-over \$400,000.00. Includes 100 rental houses plus building. \$425,000.00 plus inventory. Make offer. Ph. (810) 985-7663.

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

FOR SALE—6 foot deli self-server, front doors. \$1500 or best offer. Call 313-274-1426.

Technology,

Continued from page 34.


without touching it. MasterCard International Inc. has announced plans to test its contactless card, called Paypass, in New York subways.

Britt Beemer, head of America's Research Group in Charleston, S.C.,

said anything that makes shopping more convenient is likely to be a hit. But Beemer has doubts about the value of tech applications that send customers' online shopping lists into the store. "Only one in three shoppers who go into a store have a grocery list," he said.

"Retailers will have an opportunity to see some of the new technology at the AFD Annual

Trade Show," says Cathy Willson, AFD Special Events Director. Willson recommends that attendees plan to budget enough time at the show to talk to exhibitors and determine if the technology is right for their store. The AFD Trade Show is scheduled for April 25 and 26 at Burton Manor in Livonia. For more details, see pages 36 through 39.



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Art One Sign Expo, Inc. (248) 591-2781
General Mills (248) 465-6348
Jaeggi Hillsdale Country Cheese (517) 368-5990
Old Orchard Brands (616) 887-1745
Red Pelican Food Products (313) 921-2500
Singer Extract Laboratory (313) 345-5880
Strauss Brothers Co. (313) 832-1600
MEAT PRODUCERS/PACKERS:
Bar S Foods (248) 414-3857
Indiana Packers Corp. (765) 564-7206
Kowalski Sausage Company (313) 873-8200
Nagel Meat Processing Co. (517) 568-5035
Strauss Brothers Co. (313) 832-1600
Wolverine Packing Company (313) 568-1900

MEDIA:

The Beverage Journal 1-800-292-2896
Booth Newspapers (734) 994-6983
Detroit Free Press (313) 222-6400
Detroit News (313) 222-2000
Michigan Chronicle (313) 963-5522
Suburban News—Southfield (248) 945-4900
Trader Publishing (248) 474-1800
WDIV-TV4 (313) 222-0643

NON-FOOD DISTRIBUTORS:

Items Galore (586) 774-4800

POTATO CHIPS/NUTS/SNACKS:

American Way Foods (Vfner) (313) 945-0710
Better Made Snack Foods (313) 925-4774
Detroit Popcorn Company (313) 835-3600
Frito-Lay, Inc. 1-800-359-5914
Herr's Snacks (248) 967-1611
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
Pik a Snak, Inc. 1-866-466-9166

PROMOTION/ADVERTISING:

Art One Sign Expo (248) 591-2781
DBC America Modeling Agency (313) 363-1875
Enterprise Marketing (616) 531-2221
PJM Graphics (313) 535-6400

RESTAURANTS:

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

SERVICES:

AAA Michigan 1-800-AAA-MICH
Advance Me Inc. (513) 518-3150
Al Bourdeau Insurance Services, Inc. 1-800-455-0323
Alarm-Medic (248) 349-9144
American Mailers (313) 842-4000
AmericanA Systems (248) 379-1575
AMT Telecom Group (248) 862-2000
Andrews Brothers Inc.
Detroit Produce Terminal (313) 841-7400
A.S.C. Security Systems (734) 416-5550
Bellanca, Beattie, DeLisle (313) 882-1100
Binno & Binno Investment Co. (248) 540-7350
C. Roy & Sons. (810) 387-3975
Calvin Zira Insurance Agency (248) 433-8508
Carttrons, 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
Cummins Bldgway Power (248) 573-1515
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) 625-0070
Mientek-Energy
Conservation Service (248) 932-1222
Paul Meyer Real Estate (248) 398-7285
POS Systems Group Inc. 1-877-271-3730
Premier Energy Marketing 1-866-348-7605
Prepaid Legal Services (586) 777-9700
Rainbow Tuxedo (248) 477-6610

REA Marketing (989) 388-8869
Lincoln Financial Advisors (248) 948-5174
Secure Checks (586) 758-7722
Security Express (248) 304-1809
Shimoun, Yaldo & Associates, P.C. (248) 851-7000
Simplicity Wireless (619) 654-4004
Southfield Funeral Home (248) 588-8000
UHY Advisors, Inc. (248) 355-1004
Vix-Kersch Vending Co. (248) 548-1300

STORE SUPPLIES/EQUIPMENT:

Belmont Paper & Bag Supply (313) 491-8666
Brehm Broaster Sales (989) 427-4800
Culinary Products (989) 754-3666
DCI Food Equipment (313) 388-9800
Envipco (248) 471-4777
Hobart Corporation (734) 689-3000
JAYD Tags (248) 624-4000
Martin Snyder Product Sales (313) 272-4000
MSI/Bocar (248) 389-3800
Sara Lee Coffee & Tea (734) 414-8000
Taylor Freezer (734) 525-2000
TOMRA Michigan 1-800-610-4000

WHOLESALE/FOOD DISTRIBUTORS:

Brownwood Acres (231) 588-3100
Capital Distributors 1-800-447-8000
Carp River Trading Co. 1-800-528-8800
Central Foods Wholesale (313) 862-5800
Chef Foods (248) 788-6311
Consumer Egg Packing Co. (313) 871-5800
CS & T Wholesalers (248) 582-4800
D&B Grocers Wholesale (734) 513-1711
Dearborn Sausage (313) 842-2711
EBY-Brown Co. 1-800-532-6071
Epstein Distributing Co. (248) 646-3000
George Enterprises (248) 851-0800
Great North Foods (989) 358-2211
Hershey Creamery (734) 448-0000
I & K Distributing (989) 743-6444
International Wholesale (248) 353-0000
Interstate Brands/
Wonder Bread/Hostess (248) 353-8800
Jerusalem Foods (313) 538-1511
Kaps Wholesale Foods (313) 567-6711
Karr Foodservice Distributors (313) 272-4400
Liberty Wholesale (586) 755-3800
Lipari Foods (586) 447-3600
Metro D Sales (734) 416-8800
Mexico Wholesale (313) 255-7300
Michigan Quality Sales (989) 777-1100
Nash Finch (248) 202-7300
Nat Sherman (248) 582-8800
Niklas Distributors (Cabana) (248) 582-8800
Norquick Distributing Co. (734) 254-1000
Piquette Market (313) 875-5600
Robert D. Arnold & Assoc. (810) 635-3411
Roma Foods Inc. (313) 535-3177
S. Abraham & Sons (616) 453-6500
Sara Lee Coffee & Tea (734) 414-8000
Shaw-Ross International Importers (313) 873-7811
Sherwood Foods Distributors (313) 368-3800
Spartan Stores, Inc. (734) 455-1400
Suburban News Southfield (248) 945-4800
SuperValu Central Region (937) 374-7811
Tom Macen & Son, Inc. (313) 568-0800
Total Marketing Distributor (734) 641-3300
U.S. Ice Corp. (313) 862-3344
United Wholesale Grocery (517) 267-8800
Value Wholesale (248) 967-2900
Weeks Food Corp. (586) 727-3511
Wine Institute (313) 882-1100

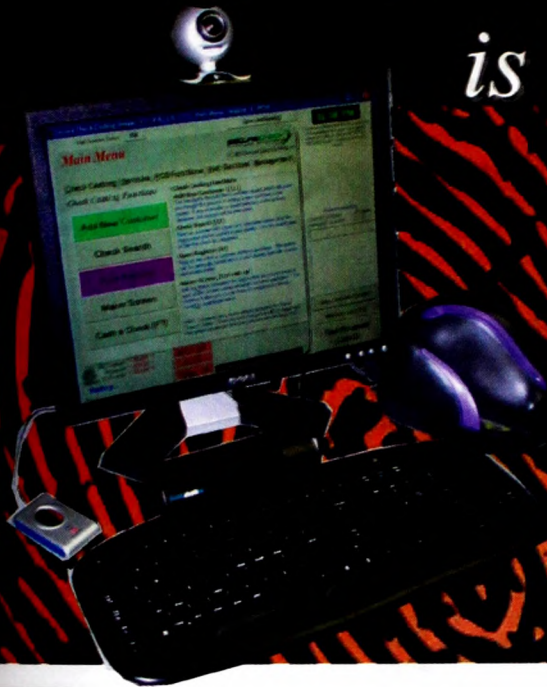
ASSOCIATES:

Canadian Consulate General (313) 567-1100
Wieden & Associates (248) 588-1100

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