

## Just In

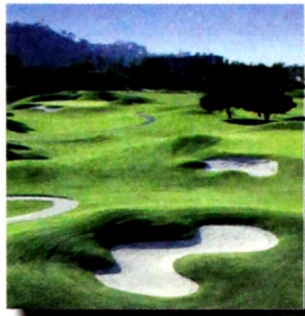
### Start the holidays at two AFPD Beverage Shows

It is not too early to start planning for the holidays! Special pricing, holiday gift sets and new products galore will be available at AFPD's two holiday beverage shows.

We begin with AFPD's 4th Annual West Michigan Holiday Beverage Show, which takes place on Wednesday, September 10 at the DeVos Place in Grand Rapids. See page 22 for more information.

Then, on Tuesday and Wednesday, September 23 and 24, AFPD's 10th Annual S.E. Michigan Holiday Beverage Show will take over Rock Financial Showplace in Novi. "This show is so popular that we suggest getting there early, in order to have enough time to visit all the booths," says Cathy Willson, AFPD special events director. More details are on page 23.

## AFPD Foundation Golf Outing is fast approaching



If you haven't done so yet, it is time to reserve your foursome for the AFPD Foundation Golf Outing. Scheduled this year for Wednesday, July 16 at the beautiful Fox Hills in Plymouth, Michigan, this popular event gives members of the food, beverage and petroleum industries a chance to "connect" on the course, while putting around for a good cause.

Michele MacWilliams, event coordinator, strongly suggests that you

make your sponsorship reservations now, since space is limited.

"The AFPD Foundation Golf Outing is the one annual social event where retailers, wholesalers, manufacturers and service

providers all come together to have a little competitive fun for our scholars," said AFPD President Jane Shallal.

MacWilliams added that last year the outing completely filled both Fox Hills courses – the Golden Fox and the Fox Classic.

"Your support allows the AFPD Foundation to award at least 20

scholarships to deserving students, plus it is a great way to greet old friends and meet new people in our industry. MacWilliams added. See page 15 for details.



The GTECH team at the 2007 AFPD Foundation Golf Outing

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## Michigan Senate passes bill to forbid retailers from augmenting lottery payouts

On Tuesday, May 20, the Michigan Senate passed House Bill 5102, which amends the Lottery Act to prohibit a retailer from

providing additional payouts over and above the amount awarded by the Lottery to the holder of a winning lottery ticket. The bill, which was passed by the Senate on a 38 to 0 vote, now states that a licensed lottery sales agent is "prohibited from offering to give, or from giving, any money or other thing of value to the holder of a lottery ticket or a share of a lottery ticket for winning the lottery. The sales agent would still be allowed to pay the amount of the prize, if such payment by a sales agent is authorized by the Lottery Commissioner." The bill had previously passed the House vote.



The Commissioner can suspend or revoke the license of an agent who violates the act or rules promulgated under the act.

As of the printing of this publication, the bill was awaiting Governor Granholm's signature.

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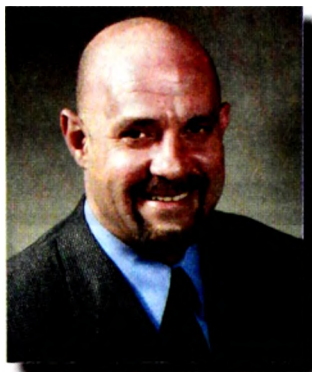
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## Retailer/supplier relations



By Chris Zebari  
AFPD Chairman of the Board

I was in a store the other day visiting a friend, having a cup of coffee and talking about family, business, sports and any other subject that came up (yes, it may come as a surprise to many of you, but I do spend a lot of my day

talking). A sales rep from one of his suppliers came in. The rep looked a bit worn and was likely not having the best of days. He seemed happy to walk into my friend's place of business, almost like it was a break in his day.

He quickly joined in on the conversation we were having and seemed very comfortable in this environment. Within 15 minutes he had written a very substantial order in between talking and laughing with us. His day appeared to be getting better. He left, thanking my friend, his customer, for the order and excitedly told him that he had some new items to show him next week. He looked much better than he had when he had walked in and my friend had a smile too. Both sides were happy.

That scene is repeated throughout our industry countless times every day. Selling and buying. Both sides important, both sides requiring a

level of skill, both sides, if done correctly having RESPECT for each other.

I have been lucky enough through the years to "work both sides of the counter" so to speak. As a retailer, I have dealt with sales reps when I was looking for the "best deal." Conversely, I have sold ideas and products to retailers. In the end, it's the RELATIONSHIP that wins for both sides most times. While "fact based selling" has some merit, a solid relationship is usually what gets the sale for the sales person and a large degree of comfort for the retailer.

Things for "Mr. Salesman" to implement on a day-to-day basis:

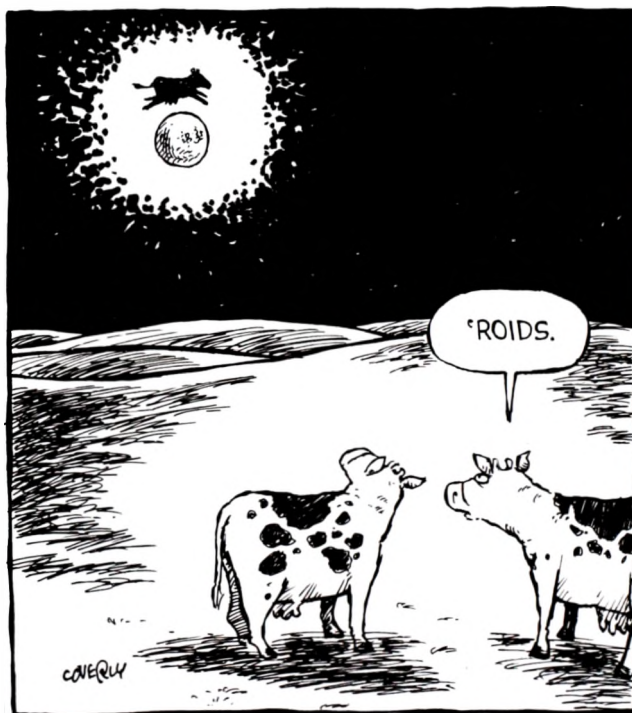
1) The "square peg in the round hole" sales pitch can be a disaster. Trying to sell something that does not fill a need is of no benefit to either side (especially to the sales rep if the customer ends up stuck with an item that did not sell). This will only inhibit future sales pitches because there is no trust.

2) Another one is trying to "hit a number" that the rep's company has mandated. This may work in the event a relationship is in place, but the retailer's needs should always be foremost. Develop the relationship and then ask for the favor (or better yet, do a favor before expecting a favor).

3) Pricing is always an issue. Often sales rep commissions and bonuses are directly linked to revenue generated in an account. Try "giving some back" in order to gain

## The Grocery Zone

By David Coverly



Chairman's Message,  
Continued on page 18.

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# Credit Card Fair Fee Act update

The House Judiciary Committee's Antitrust Task Force held a hearing on May 15 regarding H.R. 5546, the Credit Card Fair Fee Act. The bill, sponsored by committee chairman John Conyers (D-MI) and a bipartisan group of 28 Democrat and Republican co-sponsors, would provide a market-based mechanism to address the

sky-rocketing costs of the credit card interchange fees through transparency, allowing retailers an opportunity to negotiate as a group with Visa and MasterCard. AFPD strongly supports H.R. 5546 and retailers and wholesalers should continue to ask their Representatives to co-sponsor and vote for H.R. 5546.



## Calendar

**June 11, 2008**

Ohio AFPD Annual Trade Show  
Cleveland, OH  
Contact: Cathy Willson  
1-800-666-6233

**July 16, 2008**

AFPD Foundation Golf Outing  
Fox Hills, Plymouth, MI  
Contact: Michele MacWilliams  
1-800-666-6233

**July 24, 2008**

AFPD/Liberty USA Golf Outing  
Weymouth Golf Club, Medina, OH  
Contact: Tony Deluca  
1-800-666-6233

## July is...

- National Baked Bean Month
- National Culinary Arts Month
- National Hot Dog Month
- National Ice Cream Month
- National Blueberries Month
- National Picnic Month
- National Pickle Month

## Statement of Ownership

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# Petroleum News & Views

Information of Interest to Petroleum Retailers, and Allied Trades

## Ohio legislative update

By Capitol Strategies Group  
AFPD's Ohio Lobbyists

The Associated Food and Petroleum Dealers (AFPD) sent a letter to all members of the Ohio General Assembly to explicitly state their opposition to the Ohio Healthy Families Act and explain how, if enacted, it will be detrimental to AFPD members.

The Ohio Healthy Families Act would require all businesses with 25 or more employees to provide seven days of paid sick leave per year for full time employees, and a proportional amount for part time employees. It's expected that the coalition backing the proposal will be able to collect the necessary 120,683 valid signatures of registered Ohio voters to have the issue placed on the November 4th ballot.

While proponents of this issue claim that the 25 employee minimum requirement exempts small businesses from the additional burdens that this proposal entails, we assessed that this is truly not the case. Some AFPD members employ less than 25 individuals per location, but exceed the 25-employee minimum when all locations, under

one business name, across the state are taken into account. These employers will therefore be subject to the provisions of this proposal.

AFPD is among a number of prominent groups in Ohio opposing this proposal, including the Ohio Society of CPAs, the Council of Smaller Enterprises and the Ohio Chamber of Commerce.

### Fuel quality testing

The Office of Budget and Management (OBM) is considering adding an amendment to the budget corrections bill that would give the Department of Agriculture increased authority over fuel quality standards. Discussions regarding this issue have alluded to granting the Department the authority to charge fees, either per pump or per underground storage tank, and conduct inspections.

At this time, we do not believe the amendment will be included as part of the budget corrections bill because the Republicans in the General Assembly feel that subject is too complex to warrant independent hearings. AFPD is actively monitoring this issue and is prepared to take action if necessary.

## AFPD continues to monitor Ohio SB 193

AFPD is continuing to monitor Senate Bill 193, which would require retailers to notify the Ohio Department of Commerce if they increase the price of gasoline by seven cents or more in a week. At this point no additional hearings are scheduled; however, if the bill does return to the committee schedule, most likely, it will not include the provision that requires gasoline retailers to submit a written notice to the Ohio Department of Commerce. AFPD is closely monitoring this piece of legislation and will keep you informed.



## Discount for cash and promoting proprietary credit cards

By Ed Weglarz  
Executive Vice President  
of Petroleum



As the price of fuel escalates, retailers continue to look for ways to keep the costs down for their customers, without resorting to selling fuel below cost. Some practices are legal, some are clearly illegal, and others fall into a grey area.

Keep in mind that the vast majority of your credit card processing agreements specifically prevent you from charging a fee for the use of a credit card! However, within certain parameters you may offer a "discount-for-cash"

Fuel price posting regulations come with a number of caveats. You must clearly indicate on your roadside price sign the cash and non-cash price. Also, the fuel must be dispensed at the appropriate, corresponding posted price (i.e. cash or credit). Most pump controller software can be programmed to dispense at multiple price levels for the same product. You cannot post a per-gallon price that reflects a price that the motorist enjoys after a rebate which appears on the credit card statement. The rules indicate that fuel must be dispensed at the advertised sign price!!!

As an alternative, you may choose to designate certain islands or dispensers as "cash only" dispensers, and other islands or dispensers as "credit only" dispensers.

In all cases, explanatory pump toppers aid in promoting the concept and answer many customer questions.

Of equal importance is the need to educate your motorists/customers. Aggressively promote the use of your proprietary credit card (flagship card such as a Marathon, Shell or Mobil) or co-branded credit card (VISA or MasterCard that also carries the service station brand name, such as Marathon, Shell or Mobil). In most cases, these cards provide significant rebates to the motorist, and reduce credit card processing fees for you, the retailer. Institute a program to educate your customers about the features and benefits afforded by your proprietary or co-branded credit cards. Then, encourage the use of those cards. Your customer will enjoy significant savings on purchases, and you will reduce your credit card fees.

As always, feel free to call me at (800) 748-0060 about clarification of this or any other petroleum issue.

# Broadway Market and Café provides one-stop shopping for Columbus, Ohio commuters

By Kathy Blake

Broadway Market and Café has everything that busy workers need: gasoline, car wash, lunch, lottery, (in hopes they can quit work) and beer and wine for dinnertime.

Located in Columbus, Ohio at the E. North Broadway exit off I-71, the Sunoco Gas and Subway Food co-brand convenience store draws a lot of commuters as well as area residents. The convenience store is 2,000 square feet, the gas station has eight fueling bays, with two for diesel and there is a touchless Hydrospray carwash that washes up to 200 automobiles on a busy day. The Hydrospray uses very high-pressure water and soap to clean the automobiles with no brushes.

When owner Jim Mandas purchased the gas station five years ago, it had three bays with a repair garage and a small convenience store. "I tore it down and rebuilt from the ground up. It was quite a dilemma, but we stayed open during the daytime throughout the whole construction phase, except for several times for a few hours," said Mandas. The construction took six months.

Before Broadway Market & Café, Mandas was a partner in

a company called Restaurant Dimensions, which owned 12 fast food and sit down restaurants in Columbus, Dayton and Canton, Ohio including the Boulevard Grille, a contemporary cuisine restaurant and bar with an executive chef and sous chef. After 30 years in the business, Mandas said "I just needed a change." He and his partners sold all their restaurants and Mandas shifted gears to the gas and convenience store business.

Broadway Market is open 24/7, but business is conducted through a window from 11 p.m. to 5:30 a.m. "I don't want to take a chance on the safety of employees," said Mandas.

Treating workers well is a priority for Mandas. "Treat people well, pay well and praise them when they do a good job," advises Mandas. "I think that's the main reason for success in any industry. If my employees are happy being here, they in turn treat the customers with tender loving care. We have customers that come in here five to six days a week. Our customers want to be recognized when they come here," he explained.

Broadway Market and Café has 11 employees and the last new employee

was hired a year ago. His manager, Megan Green, came on board three years ago. Mandas is very happy that she can run the store when he is off and during his annual four-week vacation to Greece, where he was born.

"I think we do a great job of training people, especially for the Lottery sales. It's a very service-oriented part of the store. Customers are very personal about how they play. They know their game."

Mandas said Lottery sales have increased dramatically every year. They average 200 customers for Lottery tickets everyday.

The convenience store has a beer cave walk-in cooler and a nice wine selection with four to five varieties of Merlot, Cabernet, Pinot Grigio and Reisling. Along with convenience staples, there are eggs, lunchmeat, bread, and the recent addition of fresh fruit so they can accept food stamps and EBTs.

Attached to the store is Broadway Market's Café, one of the top 20 Subway franchises in the Columbus area. Nick Valasidis, Mandas' son-in-law is the franchisee. Mandas' son Vince, also works in the store in the summer, when he's home from college.

## Broadway Market & Café

Jim Mandas is a member of AFPD's Petroleum Advisory Board. "As a dealer, AFPD gives me an opportunity to voice my opinion," said Mandas who is very vocal about Ohio's Commercial Activities Tax (CAT). His opinion is that the CAT tax is unfair.

The CAT is an annual business privilege tax measured by a business's gross receipts within the state of Ohio. The CAT became effective beginning July 1, 2005. The full weight of the tax has been phased-in over a five-year period, at approximately 20 percent per year. Businesses with annual taxable gross receipts of \$150,000 or less are not subject to the CAT; those with receipts from \$150,000 to \$1,000,000 pay a minimum \$150 tax and businesses with receipts exceeding one million dollars will be taxed at .26 percent when fully phased in by April 1, 2009.

"Originally the CAT excluded gasoline. All of a sudden, we're being taxed the CAT every quarter. That's an added expense that you have to cover with other store generated revenues, since there are days when we're not making any money on gas. The current situation cannot continue without price increases. Everything has to be passed down to the consumer," Mandas commented.

AFPD opposes the CAT tax and is seeking to have the tax assessed only at the "rack" for refined petroleum products where it will be more equitably applied.

Although relatively new to the gas station industry, Jim Mandas is very familiar with the trials and tribulations of operating a retail business. His 30 years of restaurant experience is put to good use each day at his one-stop Broadway Market and Café of Columbus.



Jim Mandas in front of his Broadway Market



# Ohio underground tank fund update

By James R. Rocco  
Chairman  
Petroleum UST Release Compensation Board

As Chairman of the Petroleum Underground Storage Tank Release Compensation Board, I would like to take this opportunity to report on the status of Ohio's Financial Assurance Fund. The past year has presented many new challenges and milestones. We have continued to manage our income and expenses and claims liability with an eye towards maintaining the Fund's viability and solvency. We have proposed new administrative rules to help clarify and define the process for eligibility and reimbursement and we have hired a new executive director. I would like to address these and several other issues for you in the coming months.

## Reimbursement Milestone Reached

As of December 31, 2007, the Fund has reimbursed over \$175,000,000 to Ohio's underground

storage tank (UST) owners for performing corrective actions for accidental petroleum releases from their USTs. This reimbursement involves the settlement of approximately 8,900 claims for corrective actions costs incurred to clean up about 2,550 sites. Over 4,800 of these claims are related to 1,615 sites that have received a No Further Action (NFA) from the Bureau of Underground Storage Tank Regulations (BUSTR). While this is a significant milestone, we still have a long way to go in processing claims and reimbursements and we continue to need the patience and support of Ohio's tank owners. Because tank fees and interest earnings on those fees are the only source of income for the Fund, reimbursements are dependent on the timely payment of fees and the accuracy of the information provided to the Board. Our success is not possible without the continued support of Ohio's tank owners.

The program continues to head

in the direction envisioned at its inception in 1989. Fees were anticipated to increase to finance corrective actions primarily resulting from tank removals and upgrades in response to the 1998 federal regulations that required release detection and corrosion protection. We also anticipated that as corrective actions were completed, the annual fees would stabilize and as the Fund's liability declined, fees would also decline. Although we haven't quite yet reached the point in the program where fees can be reduced, the downward trend in the estimates of the Fund's unpaid claims liability indicates we have reason to be optimistic.

In the meantime, the Board will continue to look at ways to maintain the Fund's solvency and ensure it remains a viable and affordable mechanism for Ohio's UST owners.

Next month I will detail the Fund's Five Year Outlook.

# Ohio BUSTR news

## How to report a release

The Ohio Bureau of Underground Storage Tank Regulations (BUSTR) recently issued a reminder to all tank owners and operators that petroleum releases must be reported to BUSTR within 24 hours of discovery.

To contact BUSTR, report a petroleum release or if you have an emergency, call (614) 752-7938 or (800) 686-2878 during regular business hours. After 5 p.m. and on weekends, call (614) 536-0047.

Visit the Bureau's web site at [www.com.state.oh.us/sfm/bust/](http://www.com.state.oh.us/sfm/bust/)

BUSTR is a Bureau of the State of Ohio Fire Marshal's office. The Bureau's mission is to effectively regulate the safe operation of underground storage tanks and to ensure appropriate investigation and cleanup of releases from underground storage tanks for the purpose of protecting human health and the environment for the citizens of Ohio.

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# Michigan gasoline sales tax

As a service to our members, we are providing you with a chart that calculates the applicable Michigan Sales Tax on gasoline at various price levels. This chart has been updated to more realistically reflect the level of recent retail prices.

Selling Price \$	Sales Tax ¢	Selling Price \$	Sales Tax ¢	Selling Price \$	Sales Tax ¢	Selling Price \$	Sales Tax ¢
2.599	13.6	3.049	16.2	3.499	18.7	3.949	21.3
2.609	13.7	3.059	16.2	3.509	18.8	3.959	21.3
2.619	13.7	3.069	16.3	3.519	18.8	3.969	21.4
2.629	13.8	3.079	16.3	3.529	18.9	3.979	21.4
2.639	13.9	3.089	16.4	3.539	19.0	3.989	21.5
2.649	13.9	3.099	16.5	3.549	19.0	3.999	21.6
2.659	14.0	3.109	16.5	3.559	19.1	4.009	21.6
2.669	14.0	3.119	16.6	3.569	19.1	4.019	21.7
2.679	14.1	3.129	16.6	3.579	19.2	4.029	21.7
2.689	14.1	3.139	16.7	3.589	19.2	4.039	21.8
2.699	14.2	3.149	16.7	3.599	19.3	4.049	21.8
2.709	14.3	3.159	16.8	3.609	19.3	4.059	21.9
2.719	14.3	3.169	16.9	3.619	19.4	4.069	22.0
2.729	14.4	3.179	16.9	3.629	19.5	4.079	22.0
2.739	14.4	3.189	17.0	3.639	19.5	4.089	22.1
2.749	14.5	3.199	17.0	3.649	19.6	4.099	22.1
2.759	14.5	3.209	17.1	3.659	19.6	4.109	22.2
2.769	14.6	3.219	17.1	3.669	19.7	4.119	22.2
2.779	14.7	3.229	17.2	3.679	19.7	4.129	22.3
2.789	14.7	3.239	17.3	3.689	19.8	4.139	22.3
2.799	14.8	3.249	17.3	3.699	19.9	4.149	22.4
2.809	14.8	3.259	17.4	3.709	19.9	4.159	22.5
2.819	14.9	3.269	17.4	3.719	20.0	4.169	22.5
2.829	14.9	3.279	17.5	3.729	20.0	4.179	22.6
2.839	15.0	3.289	17.5	3.739	20.1	4.189	22.6
2.849	15.0	3.299	17.6	3.749	20.1	4.199	22.7
2.859	15.1	3.309	17.7	3.759	20.2	4.209	22.7
2.869	15.2	3.319	17.7	3.769	20.3	4.219	22.8
2.879	15.2	3.329	17.8	3.779	20.3	4.229	22.9
2.889	15.3	3.339	17.8	3.789	20.4	4.239	22.9
2.899	15.3	3.349	17.9	3.799	20.4	4.249	23.0
2.909	15.4	3.359	17.9	3.809	20.5	4.259	23.0
2.919	15.4	3.369	18.0	3.819	20.5	4.269	23.1
2.929	15.5	3.379	18.0	3.829	20.6	4.279	23.1
2.939	15.6	3.389	18.1	3.839	20.7	4.289	23.2
2.949	15.6	3.399	18.2	3.849	20.7	4.299	23.3
2.959	15.7	3.409	18.2	3.859	20.8	4.309	23.3
2.969	15.7	3.419	18.3	3.869	20.8	4.319	23.4
2.979	15.8	3.429	18.3	3.879	20.9	4.329	23.4
2.989	15.8	3.439	18.4	3.889	20.9	4.339	23.5
2.999	15.9	3.449	18.4	3.899	21.0	4.349	23.5
3.009	16.0	3.459	18.5	3.909	21.0	4.359	23.6
3.019	16.0	3.469	18.6	3.919	21.1	4.369	23.7
3.029	16.1	3.479	18.6	3.929	21.2	4.379	23.7
3.039	16.1	3.489	18.7	3.939	21.2	4.389	23.8

## Ohio Tank Board meeting schedule announced

The Petroleum Underground Storage Tank (UST) Release Compensation Board has announced the following meeting dates:

- September 10, 2008
- November 12, 2008

All meetings are scheduled to begin at 10:00 a.m. The Board urges all those interested in attending to call 800-224-4659 in advance to confirm the meeting date and time. The meetings are held at the Board's offices located in the LeVeque Tower at 50 West Broad Street, Suite 1500, Columbus, OH 43215.

Check out [www.petroboard.com](http://www.petroboard.com) for links to full text minutes from previous board meetings.

## AFPD opposes proposed Ohio fuel quality testing fees

The Ohio Office of Budget and Management (OBM) has submitted an amendment to a Corrections Bill that would give the Ohio Department of Agriculture increased authority over fuel quality standards. The Ohio House and Senate Republican Caucus believe that this issue is far too complex to roll into the Corrections Bill. AFPD's position is that any fuel quality testing must be regulated on a state-wide basis, and no increased fees of any kind should be assessed upon the fuel retailer. Other trade associations and fuel retailers in Ohio have joined AFPD in opposing this area of legislation.

Watch for more information about the

**AFPD/LIBERTY USA**

**Golf Outing**

July 24, 2008

Weymouth C.C.

Medina, Ohio



# Michigan Lottery system update underway



By M. Scott Bowen, Commissioner

Last month the GTECH Corporation, which operates what might be referred to as the "back end" systems of the Michigan Lottery, was awarded a new contract. The most noticeable change will be that the very familiar orange Lottery terminals will be replaced with much more updated terminals that will have many new functions.

This conversion process will be long and detailed and will certainly involve much more than just new terminals. With an April 2009 completion date, it has actually already started but because not everyone is affected by every aspect of it, some of the changes will go unnoticed. Along the way to completing this conversion, we will keep you informed through your Lottery sales representatives, terminal messaging, and our retailer newsletter, Game Line. While there will be new things to learn with the new system, we are confident that the end result will be a much more efficient process for all: the retailer, the player and the Lottery.

Below is a list of some of the features that will be available once the conversion is completed.

- Ticket checkers in all retailer locations
- New touch screen terminals with thermal printers at all retail locations

- Flat screen monitors at Club Keno locations
  - 17" monitors for display of advertising at traditional retailers
  - IP satellite communications network
  - Multiple new Instant Ticket Vending Machines, plus other self service equipment
  - New computer systems with enhanced reporting capabilities
- Obviously, this is a huge project but we're excited about the prospects of updating the Lottery. We're looking forward to the positive changes that are ahead.

## New Instant Games:

Just as the newest Indiana Jones movie debuted so did the Lottery's \$2 Indiana Jones instant ticket. Retailers should note that only a limited number of tickets were printed for this game and the inventory was intended to last two to four weeks. Since the ticket became available on May 12, sales coincided nicely with the May 22 release of the movie.

Also on May 12 the Grand Giveaway ticket, at \$5, went on sale. This game features over 500 top prizes of \$1,000 each and four second chance drawings that award a total of 100 trips for two to the Grand Hotel on Mackinac Island. On May 23, the \$2 Cashword Multiplier game launched along with the \$1 game Cash Splash. The Glittering 7's Sweepstakes kicked off on June 9 with the release of Ruby Red 7s (\$10), Sapphire Blue 7's (\$5), and Emerald Green 7s (\$2). In addition to millions of dollars in instant win cash prizes, non-winning tickets from these three games are also eligible for over \$1,000,000 in second chance drawing prizes. Tickets available June 23 included Bingo Blast (\$5), Blazin' Hot Bucks (\$2), and Games Galore (\$20) featuring 6 pages of games including four Hasbro products. For additional information, please visit the Lottery's Web site at [www.michigan.gov/lottery](http://www.michigan.gov/lottery).

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## Food prices to moderate

Joseph Glauber, the U.S. Department of Agriculture's chief economist, says that inflation in retail food prices will gradually moderate over the next several years, even though prices for commodities such as grain and oilseeds aren't likely to come down.

For this year, Glauber expects retail food prices to rise four to five percent. Key factors are domestic and global economic growth, weather, rising energy costs, export restrictions and use of biofuels.

"Yield growth and supply response both in the U.S. and abroad will help moderate crop prices in the long run, but for the near term, tight supplies will keep markets volatile with much

attention paid to growing conditions worldwide," Glauber said. He added that continued expansion of biofuels production will likely maintain corn and soybean prices at historically high levels and livestock producers will adjust to the increase in feed costs by reducing production, leading to higher retail prices for beef and pork in the longer term.

Higher corn and soybean prices have contributed to increases in the retail prices of cereal and bakery products and fats and oils. In addition, higher corn prices have increased the price of high fructose corn syrup, an ingredient in soft drinks and many other products.

## Coke and Pepsi shrink bottle size

In an effort to boost single-serving soda sales, both Coke and Pepsi are testing alternatives to a convenience-store icon: the 20-ounce bottle.

Back in the 1990s, soft drinks in 20-ounce plastic bottles revitalized U.S. sales for Coca-Cola Co. and PepsiCo Inc. by getting Americans to drink larger servings, according to a recent story in the *Wall Street Journal*.

Now, health concerns, an aging population and the softening economy have taken a big bite out of the 20 ounce bottle sales. While U.S. soda sales in major retail channels overall declined 3.5% in the first quarter, convenience-store sales dropped 4.2%, according to *Beverage Digest*.

To win back sales, several Coca-Cola and Pepsi bottlers are conducting pilot tests on a variety of bottle sizes.

Coke launched a test in about 1,700 convenience stores in Virginia in which it has replaced 20-ounce bottles of Coca-Cola, Diet Coke, and other brands with 16-ounce and 24-ounce bottles.

The 16-ounce bottles are generally priced at 99 cents, less expensive than the 20-ounce bottles. The 24-ounce size is priced at as much as \$1.49.



Pepsi Bottling Group Inc., Pepsi's largest bottler, is testing 12-ounce and 16-ounce bottles in some markets alongside 20-ounce bottles, according to *Beverage Digest*.

A Pepsi spokesman told the *Wall Street Journal* that the move "is about giving consumers more choices, and if that leads to more frequent transactions and greater volume, it's also a win for our customers, our bottlers and us."

## Spartan Stores earnings grow

Combining comparable-store sales gains of 5.2% with improved gross margins in its distribution business, Spartan Stores grew net earnings in its fiscal fourth quarter, ended March 29, by 11.6% to \$8.1 million. Sales of \$570.7 million in the quarter increased by 9.1% and were up by 18.7% when adjusted for an extra week in the 2007 fourth quarter.

Spartan said the sales lift was

due primarily to the acquisition of Felpausch stores, along with a comparable-store sales gain of 5.2%. The elimination of sales to Felpausch, a former Spartan distribution customer, also helped affect a margin rate improvement in the distribution segment, the company said. Enhanced purchasing opportunities and more efficient promotions also helped, Spartan added. Sales for the 52-week fiscal year increased 12.5% to \$2.5 billion, compared with \$2.2 billion in the 53-week preceding year.

— *Supermarket News*

**Spartan**

## Meijer takes the lead in photo finishing

Meijer Inc. has taken digital photography to a new level, with its individualized photo department stations. Customers bring in their digital photos and at the stations, can edit, delete, crop and print the photos they desire. Meijer and other retailers are investing in the technology to increase their profit margin in the \$35 billion retail photo finishing business.

Offering the privacy similar to a study corral, the individualized stations are meant to let people go through the process leisurely.

Last fall, Meijer became the first retailer in the country to introduce Hewlett Packard's advanced Digital Photo Center Solution kiosks. The switch to the new technology at all of the chain's 180 stores was completed in April.

The new system gives consumers more options for personalizing their images, including converting them

Higher Standards  
**meijer**  
Lower Prices

into posters, scrapbooks, calendars and slide shows with music.

With the new system, printing photos can take as little as 15 minutes.

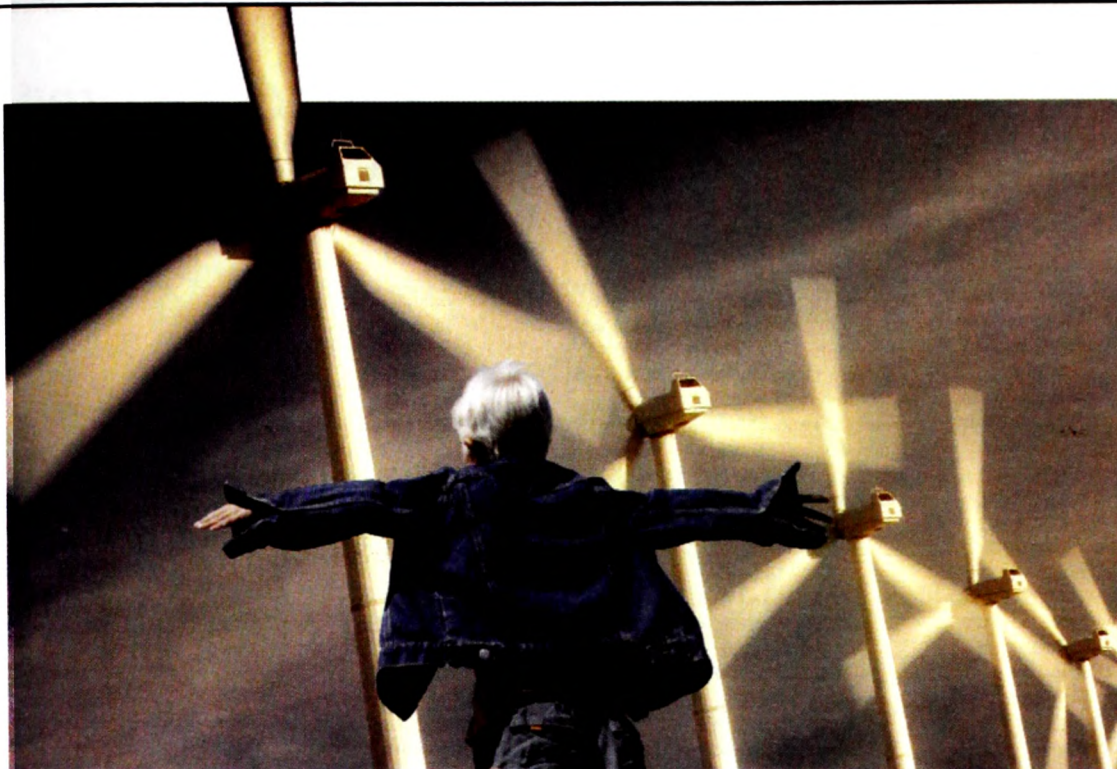
A key element of the new system is new printing methods. The trend is moving to "dry" printing technology, replacing the "wet" or chemical process used for decades.

In addition, Snapfish by HP hosts Meijer's online photo site, where customers can place orders for prints and creative photo products online and have them mailed directly to a their home or sent to a Meijer location for fast printing and in-store pickup.

### Attention Suppliers and Manufacturers: AFPd wants to feature your new products!

Do you have an innovative new product or service that our members should know about? If you do, we want to hear from you. Call Michele MacWilliams at (248) 671-9600 or email to her at [micmetro@aol.com](mailto:micmetro@aol.com) and tell her your story. From these calls, we will choose items to feature in a "New Products and Services" section of the AFPD Food & Petroleum Report.





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# Western Michigan University's Gambino prepares the next generation of food industry leaders

By Kathy Blake

Dr. Frank M. Gambino, Director of the Food/CPG Marketing Program at Western Michigan University, says there is a multitude of opportunities in the food industry. "The thing about the food industry is, it is a very stable industry for employment," he assures.

Dr. Gambino is a Professor of Marketing and Director of the Food/CPG Marketing Program. He has been on the WMU faculty since 1984 and currently teaches classes in "Category Management" and "Retail Merchandising."

Dr. Gambino oversees the Food Marketing internship program and annually organizes a two-week travel course which takes students on a tour of Food and Package Goods organizations throughout the Great Lakes region. He also plans,

with the assistance of a 40 member industry advisory board, the annual WMU Food Marketing Conference. It is a two-day conference that brings over 500 industry executives to the Kalamazoo area to discuss key industry issues and emerging developments. Students have the opportunity to interact with industry leaders at both the conference and the annual industry tour.

"We're seeing a lot of evolution in how we market products. We're seeing major changes in how retailers and manufacturers reach consumers. The younger people are not getting their product information in newspapers, they're getting it from cell phones and the internet," said Gambino.

Prior to joining the WMU faculty, Dr. Gambino spent 15 years in the food retailing industry where he held various positions in corporate merchandising, promotion,

purchasing, pricing, and retail operations. His teaching, research, and consulting interests are in the food and CPG industries, category management, retail merchandising and sales training. In 2007, Gambino was recognized with an Outstanding Alumni Award from WMU and in 1999 he received the Teaching Excellence Award.

Dr. Gambino has remained active within the industry at both the national and regional levels. He often accepts speaking engagements and performs consulting work for a wide array of companies and organizations including: Alliance Associates, Brownberry, Coca-Cola, Daymon Associates, Dial Soap, the Food Marketing Institute, the Kellogg Company, National Grocers Association, TOPCO Associates and the United States Government Commissaries of Europe.

He has also conducted numerous seminars in merchandising and sales training and his writings have been published in national and regional academic and trade journals and he co-wrote the Kellogg Company Sales Orientation Manual and their Space Management and Category Management Manual.

Currently Dr. Gambino is serving his second term on the Board of Directors for Spartan Stores in Grand Rapids, Michigan and in 2007 he was appointed to the Retail Site Development Committee for Wakefern Food Corporation's Board of Directors in Elizabeth, New Jersey. He has served on several national and regional advisory groups including: the National Grocers Association's (NGA) National Skills Standards Coalition, the NGA University Coalition, the NGA Entrepreneurial Institute Advisory group, the Food Marketing



Institute's Educators Consortium, the Southwest Michigan Regional Edge Food Consortium, and IRI's Apollo Space Management Product Advisory Group.

Dr. Gambino received his undergraduate degree in Food Marketing from WMU, his Masters Degree in Business Management from Central Michigan University, and his Doctoral degree in Human Resource Development from WMU.

Drawing from his experience, knowledge and pursuit of excellence, Dr. Gambino has helped make WMU's Food and Consumer Packaged Goods Marketing program become one of the best in the world, turning out some of the top level food marketers for the industry.

## Students in retail industry look to Food and Consumer Package Goods at WMU

Western Michigan University in Kalamazoo, (WMU) is one of the premier universities in the United States for four-year business degrees specializing in Food and Consumer Package Goods (CPG) Marketing.

The WMU Food/CPG Marketing program is housed in WMU's Haworth College of Business and the Department of Marketing. Graduates earn a Bachelor of Business Administration (BBA) degree with a major in Food and Consumer Package Goods Marketing and a minor in General Business. Practical hands-on training including state-of-the-art information technology for shelf and category management applications gives students the necessary skills to pursue a variety of career opportunities.

WMU provides annual scholarship opportunities with industry support, totaling more than \$100,000. The AFPD Foundation contributes annually to this by including WMU students in its scholarship program.

WMU graduates are heavily recruited by leading firms from all segments of the industry - including manufacturers, sales agencies (brokers), food distributors, retail operators, and marketing research firms.

"Graduates of the program can go to work for many of the leading retailers, manufacturers or brokers. Another area they can go into is category management for virtually any industry segment as well as data providers such as Nielsen, IRI or Spectra Marketing. Another area is the food service arena working for companies such as Gordon Food Service, U.S. Food Service or Sysco," said Gambino.

Students in the Food/CPG Marketing major receive exposure to each segment of the industry: Sales and Marketing, Logistics, Information Technology and Retail Management.

In 2009 the WMU Food/CPG program will celebrate its 50th Anniversary with a gala tied to the annual Food Marketing Conference. The gala and conference will be held at the Radisson Plaza Hotel in Kalamazoo on March 23 & 24, 2009. To learn more about the WMU program, call 269-387-2132 or visit the website [www.hcob.wmich.edu/fmk](http://www.hcob.wmich.edu/fmk).



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# Michigan Rep. Joel Sheltroun leads the band for accomplishing goals

Michigan State Representative Joel Sheltroun (D-West Branch) has a diverse and unusual career background. A musician and propane dealer by trade, four years ago he went from bandleader to lawmaker.

"My wife encouraged me to run for office, thinking that I would spend more time at home. However, I'm gone more now than I was when I traveled with my band!" he muses.

Joel Sheltroun is a life-long resident of northern Michigan's Ogemaw County. As a State Representative, his current priorities include: Expanding job opportunities in the state, such as the repair and maintenance hangar at the Oscoda-Wurtsmith Airport; ensuring that students have access to career and technical education needed for good-paying jobs; reducing government regulation on business; finding innovative ways to fund the DNR without raising fees.

Rep. Sheltroun became politically active at an early age. He was elected his high school class vice president at West Branch High School, where he graduated in 1965. In 1966, he enlisted in the U.S. Navy and was sent to Vietnam. He achieved the rank of 2nd Class Petty Officer as a Communications Technician with a Top Secret Crypto Clearance and received an honorable discharge in 1970. He later went on to attend Western Michigan University and Kirtland Community College.

Following his wartime military service overseas, Sheltroun returned to West Branch, where he managed his father's John Deere Dealership. Then in 1978, Sheltroun purchased a propane dealership in West Branch and continued in that business until he was elected to the Michigan House of Representatives. He is also an accomplished musician and throughout his pre-legislative career, was part of a band that traveled throughout the Great Lakes region.

## Government Experience

He served as an Ogemaw Township trustee from 1978 to 1988, and as the Ogemaw Township supervisor from 2000 to 2004. He also served as vice president of the Ogemaw Townships Association.

He decided to run for the State Representative slot when he became frustrated with his local government over the condition of the gravel road he lived on. A school had been built on his road and the increased traffic caused huge ruts. The local government refused to maintain it with more gravel, saying that their policy was not to maintain dead end roads.

This gave him an idea. He ran for office on a platform of paving all the dirt roads in his district. He then went door-to-door to all his potential dirt road constituents and asked for their support. He planned to pay for the paving through a short-term tax increase. His idea was well accepted by his fellow dirt road neighbors. On Nov. 2, 2004, Rep. Sheltroun was elected to the Michigan House of Representatives with 56.5 percent of the vote in a 54 percent Republican district.

Then, true to his word, he quickly began the road-paving project. Today, all roads in his township are paved!

## Community Involvement

Rep. Sheltroun is an active volunteer with the West Branch Crisis

Pregnancy Center, the Ogemaw County Relay for Life and the West Branch Senior Citizens Center.

He holds a music ministry position at Calvary Baptist Church in West Branch and is a member of "Crossing Jordan," a gospel quartet that sings at various churches in northern Michigan.

As a well-known local musician, Rep. Sheltroun regularly performs at local churches, the West Branch Memorial Day Ceremony, the Ogemaw County Fair Opening Ceremony and Relay for Life. He also has helped out with the Jazz Band at Ogemaw Heights High School.

Joel Sheltroun has been happily married for 36 years to Teresa. He has three children: Alison, 35, Nick, 32, and Don, 28. He is the younger brother of the former 103rd District State Representative Dale Sheltroun (D-West Branch) and the son of long-time former Edwards Township Supervisor Ed Sheltroun.



## Contact information

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S1387 House Office Building  
P.O. Box 30014  
Lansing, MI 48909-7514  
email: joelsheltroun@house.mi.gov  
web: <http://house.mi.gov/jsheltroun>  
phone: 517-373-3817  
fax: 517-373-5495



Rep. Sheltroun's District 103 includes the counties of Ogemaw, Missaukee, Roscommon and Isosco.

**Representative Joel Sheltroun** chairs the influential House Committee on Tourism, Outdoor Recreation and Natural Resources, which recently approved a three-bill package that provides \$60 million, over the next two years, to promote Michigan's tourism industry.

This is important for the state, especially in its current recessionary climate, because tourism is a sure-fire revenue generator.

A recent study by the Longwoods Institute showed that for every dollar that Travel Michigan spends on advertising, the state receives over \$2 back in sales tax revenue. By spending money to promote the state, Michigan receives a two-to-one return on its investment.

The anticipated increase in travel can directly impact grocery retailers and particularly petroleum dealers. With more people choosing Michigan as a vacation destination, these out-of-state guests will need fuel and groceries as they head to Michigan's beaches, campsites and resorts.



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# Show specials, unique products and services highlighted AFPD's 24th Annual Food & Petroleum Trade Show

By Michele MacWilliams

There was so much to see and sample at AFPD's Annual Trade Show, that it was difficult to take it all in. Held for the first time at Rock Financial Showplace in Novi on April 28 and 29, the event showcased new products, fantastic food, show specials and innovative services.

"The show is an excellent venue for picking up on industry trends," said Jane Shallal, AFPD president. "It is interesting to see how the market responds to the interests and needs of consumers. Nowhere is this more apparent than in the beverage aisles. Over the last few years, we have watched the competition heat up in the energy drink category. Now, we're seeing the flavored, vitamin-enhanced water taking the spotlight," she added.

For those who were unable to attend – or for that matter, for those that attended and couldn't visit every booth – here is a sampling of some of the interesting new products and specials from the show.



Hoyt Green, Sunny Bousleiman and George Karam display their Citron energy drink, their juices and green teas. They explained that their business has exploded over the past year, with huge growth in Puerto Rico, Mexico and California.



A popular stop was the Frosty Yogurt booth, where Aaron Morris and Alan Bell dished out samples of their yogurt, smoothies, and other treats. Frosty Products can provide an added revenue source for convenience stores, gas stations and others.



Gus Briko of Secure Check Cashing Systems jokes with a customer.



Sherwood Foods kept with the space theme, "Launching for Success" with 75 booths displaying a "galactic" array of products and show specials.



(l to r) Brad Long, Mark Atkinson and Kevin Salatrik of Lighting Supply Co. offered lighting solutions for all types of businesses.



The Miller booth was popular!



The Faygo booth featured Asante, their new nutritionally enhanced flavored vitamin water.



Ben Benjamin and Tim Callahan of Kar's Nut Products



Rita Gafari with her new ATM machines.



The smiling Frito threesome kept people munching!



The Select Michigan section featured products grown and/or produced in Michigan. Dried cherries and blueberries, the unique flavors of S. Serra Cheeses, beautifully pickled vegetables from Safie's, and an artistic display of Michigan produce drew attendees to the area.





The familiar men in orange served up their favorite Jones.



they Protein Isolate Antioxidants Tea Extract

Robert Shammani with his giant Aqua-T energy drink, Aqua-T features whey protein isolates, green tea extract and more.



Mo Banners offers quick and easy signs and banners, plus some great show specials.



The ZUP Bottling Group featured some very unique beverages, including their new A&W Root Beer and Sunkist Orange floats, plus Canada Dry Sparkling Green Tea Ginger Ale.



There was always a line at the Krispy Krunchy Chicken booth!



The smiling team from Huntington Bank (Sonya Kory in foreground) offered banking options tailored to the retailer.



Spartan Stores showcased their products with 18 booths featuring a huge assortment of beautifully displayed fresh produce, grocery items, bakery products and more.



Tava was the hot new beverage introduced by Pepsi. It is a zero-calorie sparkling beverage enhanced with vitamins.

Michelle Gravlin and Marc Berger of Piquette Market served up some scrumptious dips. Piquette Market also offers fresh and frozen meats and cheeses.



The Hot Logic booth featured a unique display oven that cooks frozen prepared foods – like frozen dinners, pot pies and burritos – each at their own appropriate temperature and time, then holds them at the proper temperature. Called the Personal Chef, this unique unit allows customers to open the glass doors and retrieve their own hot meal, without the risk of being burned.



The show was decorated in an outer space theme, and to reinforce the concept, AFPD's Tamar Moreton (right) and Tara Quist donned Jetson's costumes to greet attendees.



Diane Banks and Derek Humphrey of Axiom Protection Group spoke to attendees about protecting their assets.



Karima Hill and Mike Eida of Scada Systems displayed their security systems and show specials.



Chris Lalonde served up Margaritaville margaritas to the thirsty crowd.



The smiling Prairie Farm group dished out delicious Ashby's Sterling Ice Cream.

The show featured real video celebrities! Inside the Sherwood section was the Hagendorf family, featuring their Hook to Cook Gourmet Food, next to a TV monitor of their video program.





# Keeping food safe

Two national programs help suppliers and retailers address this issue

By Michele MacWilliams

With growing consumer concerns regarding food safety, it is important for retailers to be a source of knowledge and expertise. To this end, both the Food Marketing Institute (FMI) and the Grocery Manufacturers Association (GMA) provide useful information and programs.

## FMI's SQF

FMI operates the Safe Quality Food (SQF) Program, a fully integrated food safety and quality management protocol designed specifically for the food sector. SQF is the culmination of 10 years development and is designed specifically for the food industry with application at all links in the food supply chain.



SQF Certification provides an independent and external validation that a product, process or service complies with international, regulatory and other specified standard(s) and enables a food supplier to give assurances that food has been produced, prepared and handled according to the highest possible standards.

By purchasing food from an SQF supplier, retailers provide assurance to their customers that the food they sell is safe and of the highest quality.

The program provides independent certification that a supplier's food safety and quality management system complies with international and domestic food safety regulations. This enables suppliers to assure their customers that food has been produced, processed, prepared and handled according to the highest possible standards.

## GMA launches safety website

In addition to the SQF program, there is a helpful website that retailers and consumers can access to help sort out food safety issues. Launched by GMA, [www.keepfoodsafesite.org](http://www.keepfoodsafesite.org), is a new food safety information website for retailers, policymakers, the media and consumers. The site features a Food Safety 101 page and links to food safety stories.

"Food safety is in the news today like no other time in recent history and is the subject of intense debate in Washington, D.C.," said GMA Senior Vice President and Chief Science & Regulatory Affairs Officer Robert Brackett, in a statement. The "keep food safe" site helps address this issue and offer assistance for consumers and retailers.

## FMI briefs Hill staff on SQF

FMI recently conducted a briefing on its SQF Program for key House Energy and Commerce Committee Staff. FMI stressed that the SQF program, which is being supported by a growing number of supermarket companies, can be improved or upgraded quickly when necessary and is cost effective even for smaller food retailers.

## Chairman's Message, Continued from page 3.

more in the end. Remember that any percent of something is better than 100% of nothing.

These are easy points to follow once you have earned the respect and trust of your customer. Don't be surprised if he begins to ask your advice in dealings with reps that are your competition. Try to become his consultant/confidante so to speak.

Through time you might even become friends. That is the ultimate in the relationship.

As for "Mr. Retailer:"

1) Don't try to "beat the best price out of the rep" EVERY TIME he comes in. The rep will dread his visit and begin to feel like a punching bag. He might actually hold back a deal or two because he can. Give and take has always worked well in business.

2) Show respect to the sales person. Understand that many things are out of his control and try to take advantage of what he does control. He is usually dealing with 10 to 15 other customers that day. He might even share some things with you about your competition.

3) DO NOT ASK THE SALESMAN TO DO SOMETHING AGAINST HIS/HER COMPANY'S POLICY. This is unethical and could get that person in trouble.

In this challenging business climate, it is imperative that all sides operate as flawlessly as possible. Retailers must fill customers' needs or risk losing them to the vast amount of competition out there. Sales people must have what is right or face the same dangers as the retailer.

Be ready to listen to what is being said and to focus on what is good for both sides. The relationship must become a partnership for it to be good for both sides.

James Yono, owner of Westland Foods in Westland, Michigan had this to say about his relationships with vendors: "It is important to me that I 'look forward' to a visit from any rep that comes into my store. I appreciate professionalism and a person that has my business' best interests at heart along with being able to fulfill his job duties. I have always treated visitors to my store with respect and have found that when I do this I receive the same in return. It becomes a good relationship for both. It starts at home and if administered correctly, carries onto where you work."

Mike Rosch, general manager - Wine Division at General Wine and Liquor, a veteran in his industry and one of the best sales people I have known, said "Ultimately, the best working relationship between a sales rep and a customer is achieved when the customer is treated as a partner."

# N.G.A. opposes proposed IRS reporting of electronic payments

In a letter to Senate Finance Committee Chairman Max Baucus (D-MT) and Ranking minority member Charles Grassley (R-IA), the National Grocers Association (NGA) strongly opposed a legislative proposal by the Internal Revenue Service (IRS) to require credit card issuers and processors to report to the IRS the amount of credit and debit card and other electronic revenue paid

to merchants annually. The IRS contends that small business is underreporting income and would use the reports to create a screen for IRS audits as a means to close the alleged "tax gap"

If the IRS felt that the industry average for electronic payment revenue in grocery stores or supermarkets were 50 percent of total sales, then the IRS would use that standard to compare

to a grocers reported income. For example, a grocer's tax return shows \$2.5 million in gross income and the electronic payments report to the IRS shows \$1.5 million in electronic payments, the IRS could audit and challenge that retailer because the sales weren't \$3 million.

The proposed discussion draft is based upon a false assumption of the IRS that small business significantly

underreports taxable income. In representing many small businesses in the retail grocery industry, N.G.A. is concerned that the proposal will result in inaccurate reporting of income to the IRS and subject grocers to costly IRS audits based upon unsubstantiated assumptions about a merchant's ratio of credit and debit card transactions against other tender sources, such as cash and checks.



## Organized retail crime continues to grow

Organized retail crime has mushroomed into a \$15 billion per year problem for the grocery and drugstore industries, according to presentations given during the "Organized Retail Crime — Issues and Opportunities" session at the 2008 Food Marketing Institute Show.

"During the past eight to 10 years [organized retail crime] has gone from a minor problem to a major problem, and it all has to do with the Internet," said John Griffin, mid-Atlantic investigations team leader for Target. Organized shoplifters were once forced to fence stolen goods through local pawnshops and flea markets, but now, online auction sites give them access to a national market where they can sell large quantities of merchandise anonymously. Griffin encourages retailers to use a combination of tactics, ranging from installing new closed-circuit television equipment at store level, to collaborating with law

enforcement and other retailers in their region to help bust large rings of thieves operating together.

If your place of business is the victim of organized crime, Dan Reeves, AFPD executive vice president of Food & Beverage recommends calling the police first, and then placing a call to him at (248) 671-9600.

"If it appears that this is part of an organized ring, I'll spread the word to other AFPD members via a fax blast," Reeves said, adding that this practice has worked in the past to warn other retailers so that they can take steps to protect themselves and their businesses.

In addition, Detroit business owners can use a new feature on the Detroit Police Department's website to review the incidences of recent crime in their area. The site is accessible by going first to the City of Detroit's site, [www.detroitmi.gov](http://www.detroitmi.gov) and then click on Police Department.

## AFPD members meet with Ohio Senator John Carey



On April 25, a group of AFPD Ohio members attended a breakfast meeting with their State Senator, John Carey (R. Wellston). The topics of discussion centered around legislative matters that are pertinent to AFPD Ohio members, including the Commercial Activities Tax (CAT), problems with retailers selling petroleum below cost, and credit card interchange fees. Pictured above were some of the breakfast attendees: (l to r) Richard Davison, an independent Marathon retailer from Chillicothe; Chad Walters a Valero Chillicothe dealer; Ohio Senator John Carey; Jason Holzappel, a multiple location owner based in Wellston; and Glenn Willis, also a multiple location owner based in Wellston.

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# "Independents' Day"

*On July 4th, we celebrate our independence as a country. This month, in a play on words, AFPD salutes our "independent" supermarkets, gas stations, grocery stores and convenience stores that work hard, day after day, to preserve the American spirit.*

*Baseball, hot dogs and apple pie are American icons known around the world.*

*This July 4th, as Americans set out to celebrate Independence Day by tuning their radios to their local baseball game and dining on hot dogs and apple pie, the independent retailer will be well stocked and ready to serve them along the way.*

More than ever, the independent retailer must be aware of consumer trends and shopping patterns in order to stay solvent. Faced with competition from big box stores and chains that have the luxury of buying power discounts, the independent must offer products and services that appeal to their market. Carving out a profitable niche isn't always easy. However, keeping abreast

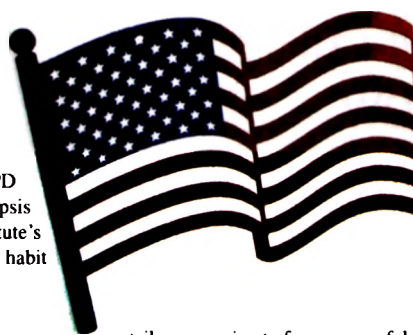
of new shopping pattern trends is one important role that the independent retailer can't ignore. To assist, AFPD provides the following synopsis of the Food Marketing Institute's (FMI) most recent shopping habit study, "Consumer Trends."

## Price Power Grows

Most years, the increasingly diverse nature of the American population makes broad generalizations relatively meaningless. Instead, building successful links with a loyal shopper base requires keen attention to the specific needs of various niches.

However, with the economic outlook darkening, the power of price is asserting itself again — raising significant areas of concern. Shoppers showed renewed emphasis on price as a key factor in selecting a primary or secondary store. Yet, price is one of the main areas where shoppers see industry performance falling short.

As price sensitivity grows, even to shoppers with higher levels of income,



retailers are going to face a powerful squeeze between passing on rising food prices and the need to meet shopper concerns over those prices.

"We have noticed that our customers are looking at our ads more closely and shopping what is on sale," said Thom Welch of Hollywood Supermarkets in Southeast Michigan. "The independent retailer needs to be competitive and cross-merchandise those sale items," he added.

## The Other Half

As economic issues move to the center of the nation's awareness, value shopping is grabbing headlines. The grocery shopping decision-making process has grown far more complex and smart retailers

will need to keep a close eye on shopper patterns. For instance, how will shoppers respond to private label products, many of which have considerably improved over the years, and some of which have also taken on a premium look and feel?

What's more, the median household income in the U.S. remains around \$45,000 per year. The strategies and merchandising that works for those in the upper half may be radically different than what works for those in the lower half, who were already struggling to make ends meet before the downturn took hold. Every economic downturn is unique and the strategies employed by both shoppers in stores in previous periods merit consideration along with examination to see if those same strategies are relevant today.

"The bottom line is, people can eat a whole lot better and cheaper at home than they can by dining out. The idea is to have quick and easy

**Independents' Day,**  
*Continued on page 24.*

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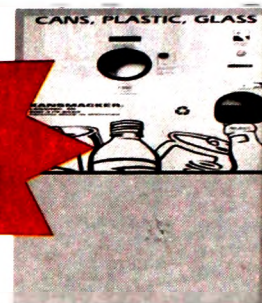
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Rear Unload W/ Rear Glass	47"	72"	54"
Rear Unload W/ Side Glass	67"	72"	34"
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110-115V 1 Ph (Standard Outlet)

#### PERFORMANCE/CAPACITY

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Cans—50+/minute—Holds 720

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Front Unload W/O Glass	32.5"	72"	33"
Rear Unload W/ Rear Glass	32.5"	72"	53"
Rear Unload W/ Side Glass	53"	72"	33"
Rear Unload W/O Glass	32.5"	72"	33"

#### VOLTAGE

110-115V 1 Ph (Standard Outlet)

#### PERFORMANCE/CAPACITY

Glass—40/minute—Holds up to 140

Plastic—30-45/minute—Holds 120-200

Cans—50+/minute—Holds up to 480

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# Global Distribution mixes oil and water— with Asian and Italian influences

We all know that oil and water don't mix, right? They do if they are Aqua Exotics flavored waters and MGL Select cooking oils – both products of Livonia, Michigan-based Global Distribution. Founders Tom Lin and Giulio and Mario Ledda, bring a long history of Asian and Italian restaurant experience into this partnership and want to tap into the growing demand for healthier food.

They introduced these new products, along with Little Diablo Salsa, at the AFPD Michigan Food & Petroleum Trade Show in April, to rave reviews.

"We're right now in a new wave with consumers," GordonTofler, Global Distribution's marketing director told the Detroit News. "People are looking for ways to eat healthy. We want to be right on the cutting edge with what's happening in that arena."

The Aqua Exotics vitamin waters, which retail for about \$1.29 a bottle, feature flavors such as dragon fruit, pomegranate and mangosteen, but

offer less sugar than many other flavored waters and only 20 calories per serving.

The cooking products, designed to retail around \$7.99 each, are made with rice bran, canola, palm fruit and coconut oils. While the health benefits are important, Lin said the taste will bring customers back to these products.

"More than ever, people want to know where their food comes from, how it was prepared and the health benefits," said Michele MacWilliams, AFPD vice president of communications. "With the growing demand for organic foods, vitamin-enhanced beverages and products that don't include trans fats or artificial flavorings, companies that promote the health benefits of their products stand to gain market share," she added.

Global Distribution is using the Michigan area



as its test market and plans wider distribution of its products in the near future.

For more information, contact Global Distribution at (734) 524-0100.

## Independents' Day,

*Continued from page 20.*

meal options readily available and then promote these items. We're seeing a whole generation of people who don't really know how to cook. We must make meal preparation fast and easy for these folks," said Welch.

### Talk to Them!

Food safety is in the news and on shoppers' minds. As the bouncing number of consumer confidence shows, shopper opinions can be wildly swayed by the events in the news. For the vast majority of shoppers, the store is their only connection to the food supply. While consumers may believe problems are caused at processing plants, at farms or other countries, their only place to take action is in the aisles of the supermarket.

This raises the question of what kinds of information could be best communicated through the store on labels, signs, by employees or even emails. New programs to better educate shoppers on food safety, sourcing, science and even problem alerts might all help stores better cement relations with shoppers and create improved food handling from farm to the family table. (Note: See related food safety article on page 18.)

### The Most Important Meal

Retail food stores are seen as providing healthy and economical alternatives to restaurant meals, certainly two of the most important issues facing shoppers in 2008. However, shoppers don't always behave as well as they suggest. Within the restaurant industry, much of the discussion centers on whether diners will trade down during an economic slowdown, moving more meals to fast food places and away from sit down.

The biggest cause for alarm in these statistics should surround the discussion of breakfast. Only about

made to promote breakfast as a meal with the same flair given dinnertime meal solutions. Nutritionists have long referred to breakfast as the most important meal of the day. Merchandisers may need to catch up.

### Fresh Approaches

The important role that meat, poultry, fruits and vegetables play in the success of traditional retail food stores is clear. While supermarket share of many categories continues to slide, for this year meat and produce remain the critical areas where conventional

anecdotal evidence of trading down in their aisles and similar trends are beginning to surface in the foodservice industry, where quick serve restaurants are taking market share from sit down establishments.

"Gas prices are high right now and everyone is watching their wallet. This provides the retailer a tremendous opportunity to educate customers on the value of eating at home. Making it easy for them to do this by promoting time-saving meal preparation options as cost-saving as well, is one way to carve out a profitable niche and gain market share," Welch maintains.

Of course, there is no single approach to winning shopper loyalty. Emerging issues like environmental concerns or bio-fuels continue to gain attention among an increasing share of shoppers. Even in difficult economic times, a significant share of customers seems ready to make environmental concerns, natural eating and health and wellness concerns key to their shopping decisions. Understand that there will be some trading down in the shopping patterns of most all customers – from those struggling to make ends meet to the most affluent. The most important thing in this economic downturn is to know your customer and anticipate their needs.

*"Only about one-third of shoppers are regularly having the first meal of the day at home."*

one-third of shoppers are regularly having the first meal of the day at home, a statistic that would have been unthinkable a generation ago. After all, breakfast probably offers the most economical option, the simplest meal preparation and incredible diversity in healthy choices. Yet, breakfast is rarely merchandised as a meal. Whereas the typical McDonald's changes signs and menus for breakfast, the supermarket breakfast offering remains largely unchanged. Cereal is still in one aisle, and milk in another. Although shoppers have changed drastically, little attempt is

operators maintain shopper loyalty. However, the big box stores' share of these products continues to improve and the near future may favor even more growth. Throughout FMI's "Trends," shoppers show increasing concern about price and the economy, factors that favor big box stores. The independent retailer should focus on economy, quality and value in the fresh food aisles.

Independent retailers will be challenged to avoid the erosion in product dominance seen in areas like paper products or breakfast cereals. Already, retailers report



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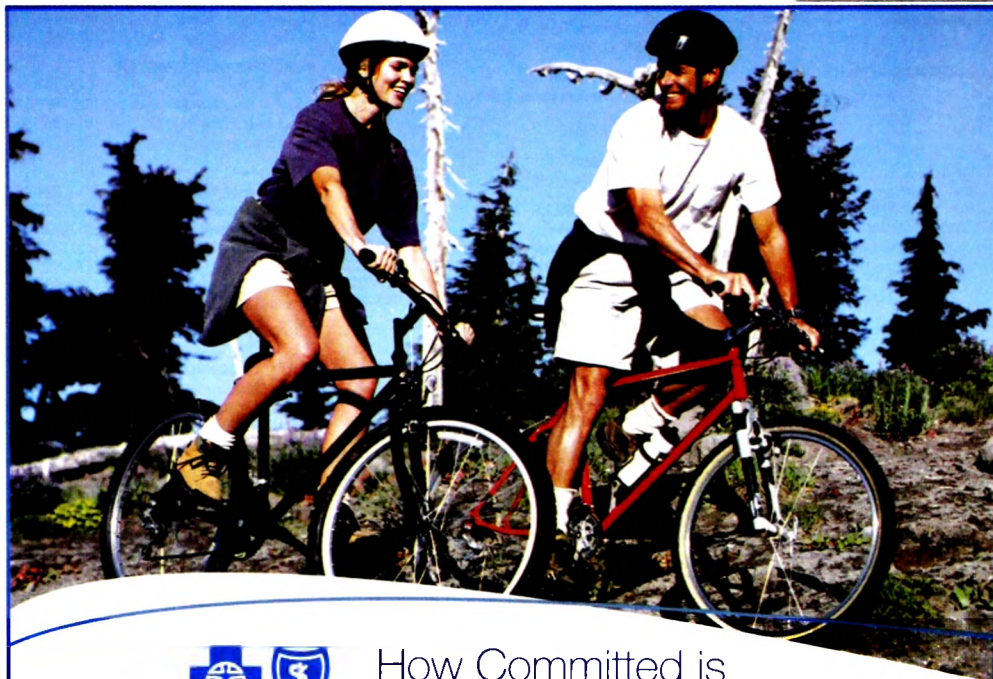
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## Supermarket sales increase 4.6 percent

FMI unveiled its annual "state of the industry" research, saying that supermarket industry sales increased 4.6 percent in 2007, and same-store sales rose 4.2 percent, the highest mark for this performance measure in more than a decade. These gains, however, were largely offset by the 4.2 percent food-at-home inflation rate last year. FMI CEO Tim Hammonds said, "The industry performed quite well in an extraordinarily challenging year ... Companies managed spikes in energy, commodity, healthcare and credit card interchange costs, along with relentless competition in the industry."

## Red Bull protects its name

Red Bull North America, Inc. won another lawsuit against a bar for deliberately and willfully "passing off" generic energy drinks as Red Bull, this time against Wet, a Chicago-based nightclub. The judgment includes a permanent injunction against Wet and its employees that prohibits the practice and a penalty against the owners and operators of Wet in the amount of \$679,827.48.



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Metro Detroit (313) 868-2008  
Port Huron (810) 982-8501  
Coca-Cola Bottling - Cleveland (216) 690-2653  
Coors Brewing Co. (513) 412-5318  
Dan Henry Distributing (517) 393-7700  
Diageo 1-800-462-6504  
Distilled Spirits Council of the US (202) 628-3544  
E & J Gallo Winery (248) 647-0010  
Eastown Distributors (313) 867-6900  
Fan-T Corp. 1-877-278-2807  
Faygo Beverages, Inc. (313) 925-1600  
Future Brands (248) 471-2280  
Galaxy Wine (734) 425-2990  
General Wine & Liquor Co. (313) 867-0521  
Great Lakes Beverage (313) 865-3900  
Hansen's Beverage (313) 575-6874  
Henry A. Fox Sales Co. 1-800-762-8730  
Hubert Distributors, Inc. (248) 858-2340  
Imperial Beverage (269) 382-4200  
Intrastate Distributors (313) 892-3000  
J. Lewis Cooper Co. (313) 278-5400  
Jones Soda (269) 217-4176  
Kent Beverage Co. Inc. (616) 241-5022  
Liquor Group (248) 449-2987  
McCormick Distilling Co. (586) 296-4845  
MGL Select (734) 524-0100  
Michigan Beverage Dist. LLC (734) 433-1886  
Mike's Hard Lemonade (248) 344-9951  
Miller Brewing Company (847) 264-3800  
National Wine & Spirits 1-888-697-6424  
1-888-642-4697  
New England Coffee Co. (717) 733-4036  
Old Orchard Brands (616) 887-1745  
On Go Energy Shot 1-877-LIV-ONGO  
Paramount Coffee (517) 853-2443

## Pepsi-Cola Bottling Group

- Detroit 1-800-368-9945  
- Howell 1-800-878-8239  
- Pontiac (248) 334-3512  
Pernod Ricard USA (248) 601-0172  
Petitpre, Inc. (586) 468-1402  
Premium Brands of MI (Red Bull) 1-877-727-0077  
Skey Spirits (248) 709-2007  
Shaw-Ross International Importers (313) 873-7677  
Tri-County Beverage (313) 584-7100  
United Beverage Group (404) 942-3636  
Xango (313) 608-9847

## BROKERS/REPRESENTATIVES:

Bob Arnold & Associates (810) 635-8411  
CROSSMARK Sales Agency (734) 207-7900  
Property One Real Living (614) 545-1421  
S & D Marketing (248) 661-8109

## CANDY & TOBACCO:

Martin Snyder Product Sales (313) 272-4900  
Nat Sherman (201) 735-9000  
R J Reynolds (336) 741-5000

## CAR WASH:

Car Wash Technologies (724) 742-9000

## CATERING/HALLS:

A-1 Global Catering (248) 514-1800  
Farmington Hills Manor (248) 888-8000  
Penna's of Sterling (586) 978-3880  
St. Mary's Cultural Center (734) 421-9220  
Tina's Catering (586) 949-2280

## DAIRY PRODUCTS:

Buth-Joppe's Ice Cream (616) 456-1610  
Country Fresh/Melody Farms 1-800-748-0480  
Dairymens 1-800-944-2301  
Edy's Grand Ice Cream (734) 656-1034  
Frosty Products (734) 454-0900  
H. Meyer Dairy (513) 948-8811  
Kistler Farms (269) 788-2214  
Pars Ice Cream Co. (313) 366-3620  
Prairie Farms Dairy Co. (248) 399-6300  
Williams Cheese Co. (989) 697-4492

## EGGS & POULTRY:

Linwood Egg Company (248) 524-9550  
Weeks Food Corp (586) 727-3535

## ENVIRONMENTAL & ENGINEERING:

Environmental Services of Ohio 1-800-798-2594  
Flynn Environmental, Inc. (330) 452-9409  
Huron Consultants (248) 546-7250  
Oscar W. Larson Co. (248) 620-0070  
PM Environmental (517) 485-3333

## FRESH PRODUCE:

Aunt Mid Produce Co. (313) 841-7911

## FUEL SUPPLIERS:

Atlas Oil Company 1-800-878-2000  
Central Ohio Petroleum Marketers, Inc. (614) 889-1860  
Certified Oil Company (614) 421-7500  
Countywide Petroleum (440) 237-4448  
Free Enterprise, Inc. (330) 722-2031  
Gilligan Oil Co. of Columbus, Inc. 1-800-355-9342  
Gillota, Inc. (216) 241-3428  
Refiners Outlet Company (216) 265-7990  
Ullman Oil, Inc. (440) 543-5195

## ICE PRODUCTS:

Arctic Glacier, Inc. 1-800-327-2920  
U.S. Ice Corp (313) 862-3344

## INVENTORY SERVICES:

PICS/Action Goh's 1-888-303-8482

## INSURANCE:

AAA Michigan 1-800-AAA-MICH  
Advanced Insurance Marketers (517) 694-0723  
Al Bourdeau Insurance Services (248) 855-6690  
Avizent (614) 793-8000  
BCBS of Michigan 1-800-666-6233  
CBIZ Benefits & Insurance Services (614) 793-7770  
Charles Halabu Agency, Inc. (248) 968-1100  
Cox Specialty Markets 1-800-648-0357  
Frank McBride Jr., Inc. (586) 445-2300  
Gadaletto, Ramsby & Assoc 1-800-263-3784

Lyman & Sheets Insurance (517) 482-2211  
McCarthy & Flynn (248) 545-7345  
Meadowbrook Insurance Group 1-800-482-2726  
North Pointe Insurance (248) 358-1171  
Rocky Husaynu & Associates (248) 851-2227  
Underground Storage Tank Insurance (Lyndall Associates, Inc.) (440) 247-3750

## MANUFACTURERS:

Art One Sign Expo, Inc. (248) 591-2781  
Burnette Foods, Inc. (616) 621-3181  
General Mills (248) 465-6348  
Old Orchard Brands (616) 887-1745  
Red Pelican Food Products (313) 921-2500  
Signature Signs (586) 779-7446  
Singer Extract Laboratory (313) 345-5880  
Williams Cheese Co. (989) 697-4492

## MEAT PRODUCERS/PACKERS:

C. Roy & Sons (810) 387-3975  
Kowalski Sausage Company (313) 873-8200  
Nagel Meat Processing Co. (517) 568-5035  
Wolverine Packing Company (313) 259-7500

## MEDIA:

Booth Newspapers (734) 994-6983  
Chaldean News (248) 932-3100  
Detroit Free Press (313) 222-6400  
Detroit News (313) 222-2000  
HSI (586) 756-0500  
Michigan Chronicle (313) 963-5522  
Suburban News—Southfield (248) 945-4900  
Trader Publishing 1-877-792-7737  
WDIV-TV4 (313) 222-0643

## POTATO CHIPS/NUTS/SNACKS:

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  
Kar Nut Products Company (248) 588-1903  
Molown Snacks (Jays, Cape Cod) (313) 931-3205  
Nikhlas Distributors (Cabana) (248) 582-8830  
Up North Jerky Outlets (248) 577-1474

## PROMOTION/ADVERTISING:

DBC America (313) 363-1875  
Enterprise Marketing (616) 531-2221  
PJM Graphics (586) 981-5983  
Promotions Unlimited 2000, Inc. (248) 372-7072

## RESTAURANTS:

Ram's Horn (248) 350-3430

## SECURITY/SURVEILLANCE:

ADT Security Services, Inc. (248) 583-2400  
Axiom Protection Group Inc. (734) 942-1600  
Freedom Systems Midwest, Inc. (248) 399-6904  
POS Systems Group Inc 1-877-271-3730  
Scada Systems (313) 240-9400

## SERVICES:

AAA Michigan 1-800-AAA-MICH  
Advance Me Inc. (770) 590-9822  
Al Bourdeau Insurance Services 1-800-455-0323  
American Communications of Ohio (614) 855-7790  
American Mailers (313) 842-4000  
AMT Telecom Group (248) 862-2000  
Bellanca, Beattie, DeLisle (313) 882-1100  
BMC (517) 485-1732  
Cartronics, Inc. (760) 707-1265  
Cateraid, Inc. (517) 546-8217  
Central Alarm Signal (313) 864-8900  
Clear Rate Communications (734) 427-4411  
Constellation New Energy (248) 936-9027  
Cox, Hodgman & Giamarco, P.C. (248) 457-7000  
Cummins Bridgeway Power (248) 573-1515  
Detroit Warehouse Co. (313) 491-1500  
Diamond Financial Products (248) 331-2222  
Dragon Payment Systems 1-888-285-6131  
DTE Energy 1-800-477-4747  
Excel Check Management (248) 787-6663  
Financial & Marketing Ent. (586) 783-3260  
Gadaletto, Ramsby & Assoc 1-800-263-3784  
Gasket Guy (810) 334-0484  
Great Lakes Data Systems (248) 356-4100  
GTEch Corporation (517) 272-3302  
Integrity Mortgage Solutions (586) 758-7900  
Jado Productions (248) 227-1248

Kansmacker (248) 248-2482  
Karoub Associates (517) 482-4822  
Legal Collections (248) 968-9682  
Lincoln Financial Advisors (248) 946-9462  
Marcoin/EK Williams & Co. (614) 834-8342  
Marketplace Solutions (248) 255-2552  
Mekani, Orow, Mekani, Shailal  
Hakim & Hando P.C. (248) 223-2232  
Metro Media Associates (248) 625-6252  
Network Payment Systems 1-877-473-4732  
Platinum Wireless (619) 654-6542  
POS Systems Group Inc. 1-877-271-2712  
Rainbow Tuxedo (248) 477-4772  
RFS Financial Systems (412) 998-9982  
Secure Checks (586) 756-7562  
Security Express (248) 304-3042  
Shimoun, Yaldo & Associates, P.C. (248) 851-8512  
Signature Signs (586) 779-7792  
Southfield Funeral Home (248) 568-5682  
Staples 1-800-683-6832  
UHY-US (248) 355-3552  
Verdale Products (313) 834-8342  
Waxman Blumenthal LLC (216) 514-5142

## STORE SUPPLIES/EQUIPMENT SERVICES:

Belmont Paper & Bag Supply (313) 491-4912  
Culinary Products (989) 754-7542  
DCI Food Equipment (313) 369-3692  
DryB's Bottle Ties (248) 568-5682  
EMS, Inc. 1-877-666-6662  
Envipco (248) 471-4712  
Hobart Corporation (734) 697-3400  
JAYD Tags (248) 730-3400  
Leach Food Equipment Dist. (616) 538-1400  
Lighting Supply Company 1-800-544-2200  
MSI/Bocar (248) 399-2800  
Mo Banners (248) 688-5000  
Petro-Com Corporation (216) 252-0000  
Superior Petroleum Equipment (614) 539-1300  
Taylor Freezer (734) 525-2500  
TOMRA Michigan 1-800-610-4000  
Wayne Service Group (614) 330-3700  
Wegand Mack Sales & Service (313) 806-3257

## WHOLESALE/FOOD DISTRIBUTORS:

Broaster Sales (989) 427-5800  
Brownwood Acres (231) 599-3100  
Capital Distributors 1-800-447-8700  
Central Foods Wholesale (313) 862-5000  
Chef Foods (248) 769-5310  
D&B Grocers Wholesale (734) 513-1716  
Derby Pizza (248) 650-4481  
EBY-Brown, Co. 1-800-532-9276  
Great North Foods (989) 356-2281  
Hacienda Mexican Foods (313) 842-8822  
Hispanic Foods Wholesale (313) 894-2100  
H.T. Hackney-Columbus (614) 751-5100  
H.T. Hackney-Grand Rapids 1-800-874-5550  
International Wholesale (248) 353-8800  
Interstate Brands/  
Wonder Bread/Hostess (313) 868-5600  
Jerusalem Foods (313) 846-1701  
Kaps Wholesale Foods (313) 567-6710  
Karr Foodservice Distributors (313) 272-8400  
Krispy Krunchy Chicken (248) 821-1721  
Liberty USA (412) 461-2700  
Liberty Wholesale (586) 755-3525  
Lipan Foods (586) 447-3500  
MGL Select (734) 524-0100  
Nash Finch (989) 777-1891  
Nat Sherman (201) 735-9000  
Nikhlas Distributors (Cabana) (248) 582-8830  
Norquick Distributing Co. (734) 254-1000  
Piquette Market (313) 875-5531  
Polish Harvest (313) 758-0502  
Royal Distributors of MI (248) 350-1300  
S. Abraham & Sons 1-800-477-5455  
Shenwood Foods Distributors (313) 659-7300  
Spartan Stores, Inc. (616) 878-2248  
SUPERVALU (937) 374-7000  
Tom Macen & Son, Inc. (313) 568-0557  
United Wholesale Dist. (248) 356-7300  
Value Wholesale (248) 967-2900  
Weeks Food Corp. (586) 727-3530



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