

AFPD

BOTTOM LINE

THE VOICE OF INDEPENDENT RETAILERS • VOL. 23, NO. 5 • MAY 2012

What's Cooking?

Consumers Seek Out Healthier Food



Bonus Inside: ►
**Seasonal Michigan
Produce Chart**

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President's Message

Auday P. ARABO

AFPD President/CEO

Do You Really Know What You're Selling?

Whether you are a supermarket, convenience store, gas station, or liquor store, do you know everything you are selling? There are so many variations and varieties of products nowadays, so many line extensions and innovative concepts. Whether we are talking about information you need to sell that particular product or movement reports on that specific SKU, we are in a world and industry where knowledge is power.

As independent retailers, you should be the expert—or at least an expert in training—because your customers are depending on you. So how are you and your staff supposed to be experts in wine, spirits, produce, meat, gas, and more? You need to lean on your wholesalers and suppliers because they have tons of information on every product and trend in the market place. You need to read trade publications like *AFPD Bottom Line*, stay updated with the *AFPD Top Shelf* weekly eblast and text blast; you need to attend local and regional tradeshows like the AFPD tradeshow and national tradeshows like NACS, FMI, and NGA, as well as company-specific shows like Sherwood, Lipari, Great North, Spartan, Nash Finch, HT Hackney, S. Abraham, and more.

You need to pay attention to your customers' needs and wants—but don't forget how often your inventory turns. If your location does not utilize SKU movement reports, you will have a hard time figuring out how to improve your business and bottom line. As independent retailers, we need to compete against—and even beat—corporate giants like Walmart and Costco, but we need to learn from them as well. If an item does not turn for

your location, you need to get rid of it. It is a numbers game.

As independent retailers, we also need to focus on what we do better than the giants. Our customer service, variety, special attention, and going the extra step, along with understanding the products we carry and how whether they turn for us is essential. No independent will ever out-Walmart a Walmart.

You need to understand what you can do that people appreciate more. You need to work with your community and neighborhood every chance you have. If something you sell is controversial or quasi-illegal, you should take it off your shelves and never sell it again. Recently, in the metro-Detroit area, there has been a lot of media attention on locations that sell synthetic marijuana. Why would anyone want that type of attention for their business? Just because something is legal does not mean you should sell it, and this will go a long way toward working for your neighbors and community. Single cigarettes, pornography, glass pipes, and things of that nature should not be sold in a convenience store unless you are looking for trouble.

Remember, your business tells people a lot about you as a person and whether you value the community and the neighborhood. Knowing more about what you sell can work to your advantage, depending on what you do with the opportunity to learn and share with your customer base. Or, you can always do things the way you've been doing them for years and wonder why business just isn't what it used to be. The choice is yours. Re-create yourself and stay on the cutting edge, or wither away and become part of history. ■■

**Independent retailers need to focus
on what we do better than the giants ...
No independent will ever out-Walmart a Walmart.**

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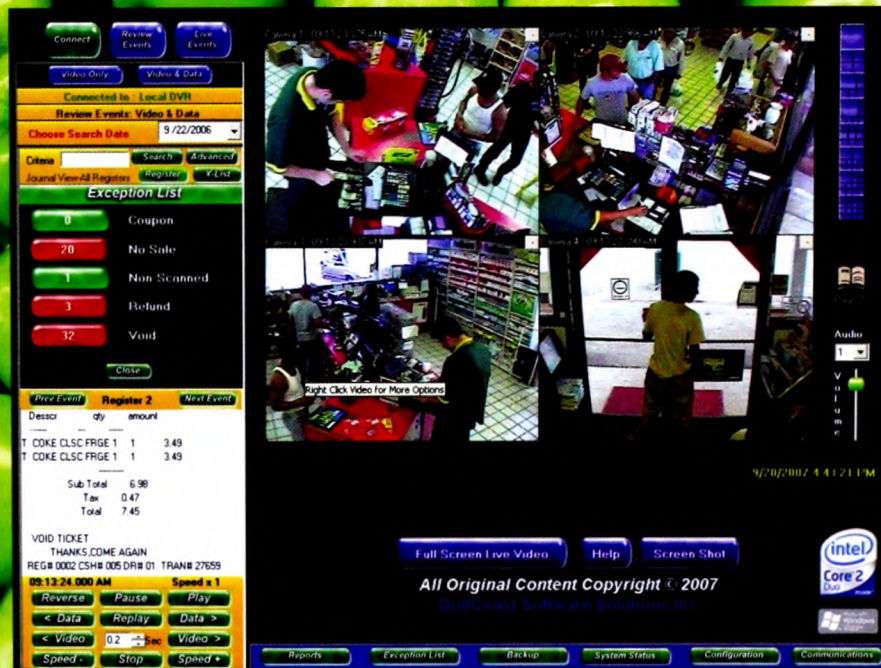
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Federal

Federal Appeals Court Hears Tobacco Label Case

A federal appeals court is hearing arguments relating to the FDA's graphic warning labels for cigarette packages. The government says the labels will reduce smoking, while the tobacco firms counter that the requirement encroaches on their First Amendment rights. Two months ago, a federal judge ruled that making tobacco companies plaster their packages with the images violated free speech protected by the Constitution. The government appealed the decision, and now the federal appeals court is deciding the case. Implementation of the packaging has been delayed by the lawsuits. (www.nacsonline.com)



Push for Higher Minimum Wage Renews

Across the country, federal and state legislators are considering ways to raise the minimum wage amidst a recovering economy and debates on income inequality, *The New York Times* reports. Labor and liberal groups are asking Sen. Tom Harkin (D-IA), chairman of the Senate Labor Committee, to spearhead a proposal to advance the federal minimum wage to \$9.80 an hour within two years. Lawmakers in six states are pushing to hike the minimum wage above \$7.25, and a joint committee on labor approved a proposal to propel the Massachusetts entry-level wage to \$10 an hour, which would bypass Washington state's starting wage of \$9.04, currently the highest in the United States. (www.nacsonline.com)

Michigan

MLCC: Changes to Licensing Process

Michigan liquor license applicants must now go directly to their local unit of government or local law enforcement agency for license approvals where required by law. Applicants may go



directly to their local unit of government and apply to the MLCC at the same time if they so choose, but applicants who apply to the MLCC after receiving local

approval will be ready for immediate processing and faster review by the Commission. All forms can be found on the MLCC website's home page, under the "News & Updates" section at www.michigan.gov/lcc.

Detroit Grocery Incubator Program Begins June 26th

The Detroit Grocery Incubator's Grocery Leadership Fellowship is an intensive training program developed and delivered by the experienced entrepreneurial training professionals at Detroit's TechTown and two of the most successful inner-city grocers in the U.S. To apply, contact the Fair Food Network at groceryincubator@fairfoodnetwork.org or (734) 213-3999

or visit www.fairfoodnetwork.org/detroitgroceryincubator for application materials and more information. Scholarships are available for qualified applicants.



Ohio

BUSTR Mandatory Training has a Waiting List

AFPD has filled the 150 slots for AFPD's special members-only session of BUSTR training. If you are one of the 150 who have been approved, but you will not be able to attend the May 15 class, please contact Ron Milburn, vice president Ohio. Other members are ready to take your place in the training.

Call (614) 496-8937 or email ronmilburn@gmail.com.



Review the Ohio Tobacco Laws

Reports coming in from AFPD members indicate Ohio continues to check retailers on selling tobacco products to minors. It's important to review the regulations with your employees to prevent the possibility of fines and license suspensions. Download a training document on how to comply with Ohio's tobacco laws at www.publicsafety.ohio.gov/links/INV0117.pdf. Print it out, review with each employee, have them sign a copy as proof of training, and keep on file for inspectors.

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Meijer Buys Bareman's Plant, Announces Purple Cow Creamery

Meijer, Inc. has acquired the plant operations at Bareman's Dairy plant in Holland, Mich. Meijer's move into dairy production will also include a more than \$8 million investment to expand and upgrade the plant's equipment.

"This is an exciting day for our company," says Hank Meijer, co-chairman and CEO. "As Meijer continues to grow, it's crucial we invest in the operations that will help us keep our promise of higher standards and lower prices to our customers. Expanding into dairy operations will do just that."

The new Purple Cow Creamery brand, named after the ice cream bars at many Meijer stores and the famous Purple Cow cards frequently handed out by the chain's late founder, Fred Meijer, will produce white and chocolate milk in gallon and half-gallon sizes for the 101 Meijer stores located in Michigan.

While it will be several months before the

facility begins shipping milk products to Meijer stores, Meijer assumed ownership of the dairy operations on April 1, 2012.



Rick Keyes, executive vice president of supply chain and manufacturing for Meijer, says producing a company brand of milk will reduce

the number of miles milk will have to be transported before showing up on shelves.

Meijer is a Grand Rapids, Mich.-based retailer that operates 197 supercenters and grocery stores throughout Michigan, Ohio, Indiana, Illinois, and Kentucky. As a pioneer of the "one-stop shopping" concept, Meijer stores have evolved through the years to include expanded fresh produce and meat departments, as well as pharmacies, comprehensive electronics departments, garden centers, and apparel offerings. ■■

Lipari Foods Acquires I&K Distributors

Lipari Foods, a leading food distributor based in Warren, Mich., has signed an agreement to acquire 100 percent of I&K Distributors of Delphos, Ohio. This acquisition brings together two Midwest companies creating efficiencies and a stronger product portfolio for both company's customers.

I&K's strong dairy case portfolio complements Lipari's current category offerings, further strengthening its ability to service both Lipari and I&K customers. "We see this as a win-win for us and the customer," states Lipari Foods President/CEO Thom Lipari. "I&K is a perfect fit, since its go-to-market strategy and basic philosophy on servicing the customer are very similar to what we believe at Lipari Foods. We're excited about the new opportunities this acquisition brings our company as well as our combined customer base."

Marketing Manager Laura Liras is especially excited about the addition of I&K's dairy portfolio, as well as the thousands of other new I&K products. "I&K's dairy portfolio is especially strong," she says. "That will play



into our mission to be the foremost 'perimeter of the store' distributor." Lipari will continue to market to its independent retailers in the same way it has been, she adds, but plans to incorporate the best practices of both companies to provide even better service to its customers.

Lipari Foods was founded in 1963, the next step in the career of Jim Lipari, who began by delivering unique products from the back of his Buick station wagon. Today, Lipari Foods distributes a wide range of quality bakery, dairy, deli, packaging, seafood, grocery, and confectionary products to nearly 5,000 customers in more than 11 states.

I&K Distributors was founded in 1966 with the purchase of the Yoder salad business, specializing in manufacturing and distributing salads to 75 Delphos, Ohio area customers on a single company truck. In 2012, I&K distributed 3,600 SKUs to more than 4,000 customers throughout six Midwest states. ■■



Testimonial



"The industry has been good to me, and I want to help others have the same success. United we stand, divided we fall. Our industry is only as good as the weakest link, so stronger members mean a stronger industry."

—Dave Freita
Yorkshire Tire & Auto
Bellevue, OH

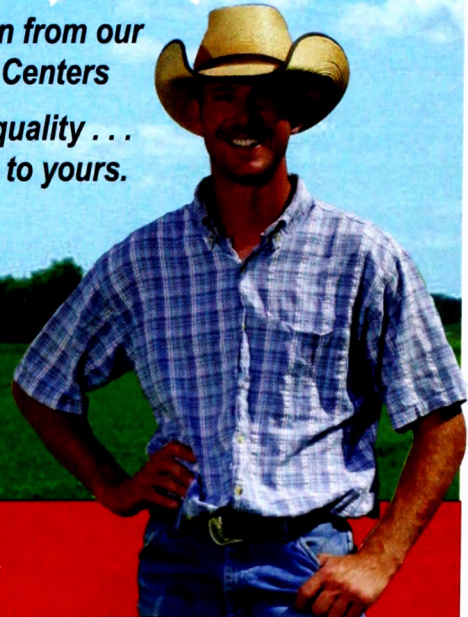
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What's Cooking?

Whatever it is, it had better be healthy, says the latest consumer research.



By Carla Kalogeridis and Beverly Sturtevant

It's the month of May...almost half way through 2012. You know what your customers are thinking right now? Warm weather. Shorts and bathing suits. A New Year's resolution to "eat healthier" still unconquered.

According to Technomic's latest Healthy Eating Consumer Trend Report, 57 percent of consumers believe it's important to eat healthy and nutritious foods. Not surprising, "eat healthier" can mean different things to different customers. Therefore, retailers can benefit by educating themselves, store personnel, and customers on how eating healthier can improve their overall wellness. And, store owners can achieve growth in the healthy foods categories by knowing what and how to market them.

So what does eating healthy mean to the majority of consumers these days? To most consumers, it means some or all of the following:

- Low fat
- Low sodium and low salt
- Reduced sugar and/or sugar-free
- Gluten-free
- Hormone- and antibiotic-free

If your store isn't taking advantage of the eat healthier craze, says Lipari Foods' Laura Liras, you may be missing out on a great opportunity to grow a new segment of your business. Consider this fact: The 76 million Baby Boomers who started turning 65 years old last year will control 52 percent of the total dollars spent on groceries by 2015. "Baby Boomers are becoming more interested in foods and beverages that offer them health and wellness benefits. They are also more brand- and store-loyal," she says. "Supermarkets are catering more to the Baby Boomers by offering products that satisfy their growing interest and need for health."

The New Bad Guy: Sugar

Depending on the most recent studies, different health trends can take center stage at different times. Lately, without a doubt, sugar has been in the hot seat, with some dietitians even calling sugar "poison."

The new Dietary Guidelines for Americans recommend reducing the amount of added sugars of all kinds. According to the American Heart Association, adult consumption of added sugar has been on the rise since the 1980s—a whopping 51 percent.

Liras says retailers should look for reduced-sugar products to be the biggest health claim in the coming year, along with a revised Nutrition Facts Panel. Nutrition Facts currently lists the amount of total sugars per serving but does not indicate whether the sugars are added, occur naturally, or are a combination of the two. "The effect of consuming foods with naturally occurring sugars, like fruit, is very different than added sugars," she notes. "Too often, added sugars are empty calories and have no benefit to health."

Frequently, sugar is consumed during snacking. According to SymphonyIRI Group, a Chicago-based research firm, healthy snacking is increasingly important, with 64 percent of consumers stating they want comments or symbols on packages to help them pick out healthier items. Further, healthy attributes such as no fats, fresh/unprocessed, whole grain, low fat, high fiber, all natural ingredients, low calorie, no preservatives, low sugar, and low cholesterol have not waned in the past four years. The research firm advises retailers to "keep these products on your radar."

Seeking Out Low-Sodium

Sugar is not the only bad guy on consumers' minds these days. People who are genetically sensitive to sodium experience high blood pressure from excesses in salt intake. Those most likely to be salt sensitive include children of parents with hypertension, African Americans, and people over 50 years of age. As hypertension in the body becomes prolonged, the risk for heart failure, vascular disease, kidney (renal) failure, and stroke increases.

Although there has been no cause identified for hypertension, 90 percent of people, dietary factors have been shown to influence blood pressure. The popular belief, regardless of pre-existing health issues, is that foods low in sodium are healthier. As consumers work harder to avoid foods with high sodium, they are also looking to eat more of the following:

- **Foods high in potassium.** Good dietary sources of potassium include bananas, potatoes, avocados, tomato juice, grapefruit

-What's in Season

August

September

October



Roma, Cherry, Grape, and Rounds) July 25–September 30

September 30

July 25–September 30

AGHETTI SQUASH July 20–October 30



VARIETY SQUASH (White Acorn, Golden Acorn, Gold Hubbard, Blue Hubbard, Delicata, Golden Nugget, Sweet Dumpling, Carnival, Buttercup) September 10–October 30

ORNAMENTALS (Gourds, Indian Corn, Miniature Pumpkins, Corn Stalks, Pumpkins) September 10–October 30

N August 1–September 20 (IL, IN July 10–Aug. 1)

September 10

APPLES August 20–July 20

POTATOES (Reds, Yukon Golds, Whites) August 10–October 30



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June

July

A



ZUCCHINI SQUASH June 10–September 20

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CUCUMBERS June 25–September 20

GREEN BEANS July 10–September 20

VINE RIPENED TOMATO

EGGPLANT July 25

GREEN BELL PEPPER

ACORN/BUTTERNUT

SWEET

CABBAGE July 1–October 30

CELERY July 15–September

PEACHES July 25

BLUEBERRIES June 25–August 31



THE VOICE OF INDEPENDENT RETAILERS

aspects of organically produced benefit consumers, but the in many people buy organic perception that it just better.



and acorn squash.
Calcium- and magnesium-rich foods.
 Sources rich in calcium include fat milk, green beans, sardines, bones, broccoli, spinach, and tofu. Sources of magnesium include any meats and seeds, such as navy beans and sunflower seeds.

Saturated fat. Saturated fat increases the level of low-density lipoprotein (LDL), which tend to stick to the inside of the arterial wall. When this fatty deposit enlarges and becomes hardened with minerals, such as calcium, it forms plaque. Plaque stiffens the arteries and slows the passages through them. High blood pressure rises.
 Consumers who know how to market low-fat products will be directing their customers toward food choices that they are already making.

No to Drugs—and Hormones

One AFPD member has taken note of a consumer's desire to consume foods without artificial ingredients. Prairie Farms, a cooperative company owned by farmers, has been supplying wholesome dairy products since the increasing number of consumers requesting milk from cows not treated with artificial growth hormones, commonly known as rBST or rBGH, confirms Gary Davis, Prairie Farms sales manager and an AFPD member. Driven by this change in the marketplace, Prairie Farms implemented in 2008 that the raw milk supplied to its members comes from cows not treated with artificial growth hormones. Without a doubt, the dairy market has changed from the rising popularity of yogurt to the perception as a healthy but filling food. Consumers continue to reach for the convenience that is found in yogurt, Davis. "The calcium, potassium,

and protein found in yogurt are beneficial to everyone and it's a great opportunity for those who are lactose intolerant to reap the benefits otherwise derived from drinking milk."

Prairie Farms has reformulated its yogurt and introduced a low-fat, probiotic line called Healthwise Probiotic Yogurt to help satisfy the desires of consumers for healthier, nutrient-packed, and value-added dairy options. "The probiotic cultures in this product inhibit harmful bacteria and, even though yogurt does contain lactose, many have found that probiotic yogurt helps with digestion," Davis adds.

Organic: More Important in Some Produce than Others

What does it mean to be organic? Retailers should not be surprised that while their customers may ask for organic, they may not know exactly what it means. USDA Organic standards require that land used to grow organic crops go through a three-year "transition period" to make sure the crops are free of synthetic pesticides and synthetic fertilizers. All organic agriculture prohibits the use of synthetic pesticides and fertilizers, irradiation, and sewage sludge, and no genetically modified organisms can be contained in anything labeled organic.

Experts agree that there are certain aspects of organically produced foods that

benefit consumers, but often the reason many people buy organic is the perception that it just tastes better. The thought is that since organic food generally costs more and is produced without synthetic pesticides, it must be better for you. However, according to the Environmental Working Group (EWG), a nonprofit organization that advocates on Capitol Hill for health-protective and subsidy-shifting policies, paying more for organic is not necessary for all produce types. There are 12 key produce items that it calls "the dirty dozen," which the group says retailers should always offer consumers in organic form: apples, celery, strawberries, peaches, spinach, nectarines (imported), grapes (imported), sweet bell peppers, potatoes, blueberries (domestic), lettuce, kale, and collard greens. A simpler way to remember the list is that produce that has a thin skin or no protective layer is usually best purchased organic, EWG says.

EWG also points out 15 items that retailers don't necessarily need to offer in organic form, which it dubs "the clean 15": onion, avocado, sweet corn, pineapple, mangos, sweet peas, asparagus, kiwi, cabbage, eggplant, cantaloupe, watermelon, grapefruit, sweet potato, and honeydew melon. Communicating this information to consumers in your produce section can show that a retailer has not only their customers' health, but also their wallets, in mind.

Gluten-Free on the Rise

Gluten-free foods are rising in popularity, as more and more people are diagnosed with gluten intolerance issues. Still others see a gluten-free diet as a way to trim down and just feel better. AFPD members like Lipari Foods—whose gluten-free products include peanut butter, brownies, pizza dough, granola, and flour—are beginning to offer retailers a wider selection of products in this category. Bottom line: What used to be a specialty store food item is getting closer to mainstream.

Gluten is found in wheat, rye, and barley. However, simply avoiding those grains is not enough. Many products contain gluten as a hidden ingredient and many additives, natu-



Gluten-free sales reached more than \$2.6 billion by the end of 2010 and are expected to exceed more than \$5 billion by 2015.

ral or artificial, can contain gluten. The Food and Drug Administration (FDA) has not yet regulated the use of "gluten-free" on a food label, but it does require manufacturers to declare wheat if it is used as an ingredient in a product. However, the regulations do not require companies to disclose ingredients that are made from barley or rye.

According to a report last year by Packaged Facts, gluten-free sales reached more than \$2.6 billion by the end of 2010 and are expected to exceed more than \$5 billion by 2015. One of the reasons is the recent focus



on celiac disease, an autoimmune digestive disease that damages the small intestine and interferes with absorption of nutrients from food. More than 3 million Americans have celiac disease, but only about 5 percent of them have been accurately diagnosed. Celiac disease is triggered by consumption of gluten. Left untreated, people with celiac disease can develop other autoimmune diseases, osteoporosis, thyroid disease, and cancer. The only treatment is a lifelong gluten-free diet.

Hiller's Markets Vice President Justin Hiller says his stores have a 12-year relationship with the Tri County Celiac Support Group (TCCSG). "We continually work with them to learn about new items, changing trends, and advancements in medical treatments, plus help sponsor all major events," he says. For instance, in sup-

port of the TCCSG Food Fair held last month, Hiller's donated enough goods to build several gift baskets that were raffled off. "We also had a table offering tips, tricks, and recommendations for gluten-free alternatives for newly diagnosed celiacs," Hiller notes.

Retailers Must Go Deeper

As important as low sugar, gluten-free, low sodium, organic, and other wholesome foods are to consumers, Hiller says a retailer's focus on healthy trends has to go beyond a single product category. "Our focus for healthy trends goes much deeper than just gluten-free," he says. "We push to be industry leaders for all major lifestyles."

For example, Hiller's, he says, tries to ease the frustration of shopping in a full-service supermarket by clearly identifying items with proper signage throughout the store. Examples of these tags include Made in Michigan, Low/No Salt, Organic/Natural, Gluten-Free, Nut-Free, etc. "We also offer private store tours, as well as larger group sessions with trained professionals for anyone who is interested, which is just another way for us to help," he notes.

Freshness and convenience is something that Lipari is emphasizing to retailers because consumers are seeking it out.

"Healthy and fresh are top-of-mind to deli prepared-foods shoppers," says Lipari's Liras. "For example, Weight Watchers has introduced Fresh Meals and Salads, which have had a positive response.

These are refrigerated meals versus frozen, which is a big draw for consumers."

John Denha, co-owner of Huron Foods and 8 Mile Foodland, and treasurer of AFPD's board of directors, sums up the need for retailers to pay attention to healthy food trends: "More and more people are asking for healthier foods because of concerns about diabetes, food allergies, gluten sensitivity, obesity, and more. We have many of these types of items in every section of all departments in our stores, and we advertise those attributes, as well.

"Manufacturers are listening, too, so there are more items available," he continues. "These aren't expensive specialty items any more—they are cheaper and more and more abundant."

As Denha suggests, if more customers are asking for healthier choices, the stores that build displays and develop marketing plans around the products that meet this need are going to have a healthier 2012. ■■

Carla Kalogeridis is editor and Beverly Sturtevant is associate editor of AFPD Bottom Line.

Five Myths about Healthy Eating

The Washington Post is skeptical when it comes to recognizing the causes of obesity and American's poor eating habits, and recently offered a myth-busting guide to conventional wisdom.

1. Food deserts are prominent in inner-city neighborhoods. "The prevalence of food deserts is almost certainly overstated," *The Post* wrote, with 93 percent of "desert" dwellers having access to a car—and thus, produce. Additionally, it cited a study by the Archives of Internal Medicine from earlier this year that measured the impact of access to fresh food on diet. The results: a lack of convenient produce isn't the problem for obese Americans; rather, diets are the result of pervasive food cultures.

2. Advertising forces unhealthy food choices. The Institute of Medicine, a division of the National Academy of Sciences, has concluded "current evidence is not sufficient to arrive at any finding about a causal relationship from television advertising to adiposity [excess weight] among children and youth."

3. Healthy foods are expensive for low-income consumers. A survey by the USDA found that, for low-income consumers, bottled water is cheaper than soda, low-fat milk is cheaper than full-fat milk, and whole fruit is cheaper than candy. The finding is echoed by *The New York Times'* Mark Bittman, who says the idea that junk food is cheaper than whole foods is "just plain wrong."

4. Consumers need more nutrition information. Recent studies have revealed that menu labeling does not result in healthier food choices. In fact, a 2009 New York University study found no improvement in eating habits after the introduction of mandatory menu labeling in local restaurants.

5. Low-income neighborhoods have too many QSRs. The same study found increased access to produce, but not improved diet. Also, revealing that proximity to QSRs had a modest effect, mainly limited to low-income men.

(Source: NACS)



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Farmers Play Role in Economic Recovery

If things go as planned, by the fall of 2013, 47 acres of farmland at Seven Mile Road and Alpine Avenue in Alpine Township, Michigan will be home to a new, state-of-the-art apple packing facility and distribution center.

Bruce Heeren, vice president of Heeren Brothers, with a packing and storage facility on Alpine Avenue NW, says they are seeking approval from Alpine Township for the project, which will cost \$12–\$15 million.

The new line will include infrared sensors to detect internal flaws and electronic color sorting. Heeren says the company is aiming to achieve a LEED standard for energy efficiency in the new building. "It's going to pay some immediate benefits just in utility bills," he says.

The investment by Heeren Brothers, which will consolidate the packing and storage facility on Alpine along with a distribution center on Hall Street SE in Grand Rapids, is the latest in a string of investments by growers and packers in Michigan.

It's also evidence that the agriculture sector—the state's third largest industry—is playing its role in Michigan's economic recovery. A recent study by Michigan State University found that the state's food and agriculture sector contributes an estimated \$91.4 billion to the state's economy, a 50 percent increase between 2004 and 2010.

"It is gratifying to see the investments apple growers and shippers have made to improve their businesses not only benefit our industry and solidify apples as a top Michigan fruit crop, but also be recognized for the positive impact on the state's economy," says Diane Smith, interim director of the Michigan Apple Committee.

Applewood Orchards Inc. in Deerfield spent \$1.1 million on new sizers last year, which included internal and external defect sorting. Applewood vice president Scott Swindeman says their investment goes along with those made by other packers and growers in the state, including new trees, upgraded irrigation, and frost fans. "To put a dollar value on what most growers have invested in the last five years would probably be mind boggling to most of us," he says.

In Traverse City, the grower members of North Bay Produce

have invested \$3–\$4 million over the past five years in new packing and sorting equipment. And another \$1.5 million in new controlled atmosphere storage rooms is on tap, according to sales manager Nick Osmulski. "It's certainly a bright spot in the state," Osmulski says. "If you look at North Bay Produce as a whole, we deal with apples, blueberries, and asparagus, and we've seen growth in all those commodities. It's the opposite of what we're used to hearing about the state."

John Schaefer, president of Jack Brown Produce on Fruit Ridge Avenue NW in Alpine Township, says the last five years have seen a lot of investments by fruit growers, from new facilities to adding acreage. His operation recently invested \$4 million in a high-tech packing line and 50,000 square feet of production and office space. "The farmers in the state have invested a lot in their businesses to not only make themselves more competitive, but also to enhance their growing techniques and their ability to raise a product that the consumer wants to buy," he says. "I think that bodes very well for the state of Michigan and its agriculture industry."

Riveridge Produce Marketing, also on Fruit Ridge Avenue NW, built additional storage and a new packing plant in 2010 at a cost of about \$6.5 million. "Agriculture has always been a stabilizing force," Riveridge President Don Armock says. "We've had good markets and pretty good crops, so farmers have some investable income to put into bettering their operations. I think it's going to make agriculture in Michigan stronger and stronger."

BelleHarvest Sales Inc., on Fisk Road in Belding, is moving dirt in preparation for six new controlled-atmosphere storage rooms, investing \$1.1 million. That is on the heels of other improvements to the packing line in the last few years, including a new internal/external near-infrared defect sorter and bagging operation. BelleHarvest President Mike Rothwell says agriculture was a bright spot through the state's tough economic times. "One out of four jobs in Michigan is directly tied to agriculture. Packing facilities, marketing, distribution, retail, trucking, financing, insurance, packaging...they all tie back," he says. "Agriculture has a significant impact on the state's economy." ■■

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BOWEN**
Michigan Lottery Commissioner

Mega Millions Sparks Record Sales in March

March comes in like a lion and goes out like a lamb is one old saying that can't be applied to the record sales the Lottery has been racking up.

Mega Millions fever infected Michigan Lottery players when the jackpot rolled over to an astronomical \$656 million, breaking all records for any jackpot in the history of any lottery, world-wide. Sales for the March 30 drawing were approximately \$25.9 million, resulting in a net contribution to the School Aid Fund of approximately \$10.6 million. The Lottery's previous drawing sales record was \$24.7 million for a 2000 Big Game jackpot of \$363 million. Prior to the March 30 drawing, the last *Mega Millions* jackpot was won on January 24, 2012. In the run-up to Friday's jackpot, the Lottery sold \$65.1 million in *Mega Millions* tickets and recorded profits of \$26.7 million.

Michigan Lottery players won more \$4.5 million in the historic *Mega Millions* drawing, with prizes ranging from \$250,000 (six winners) to \$2 (332,299 winners.)

The *Mega Millions* run lifted interest in all Lottery games, resulting in record sales for the week ending April 3. Unaudited figures show \$81 million in total sales, highlighted by both *Mega Millions* sales and instant game sales, which were more than \$19 million. The previous record week, ending May 8, 2000, had sales of \$62.9 million total.

Congratulations to Michigan's Lottery retailers, who earned an impressive \$1.5 million in sales commissions for

the drawing. Thank you for your patience and great service to the players.

Instant Record. Kudos to Lottery retailers for outstanding instant game sales in March. Sales for the week ending March 5 were an astounding \$23.9 million—a Lottery record for a week. We attribute this to the *Cash for Life* family of games. With price points of \$1, \$2, \$5, and \$10, and top prizes ranging from \$400 a week for life to \$4,000 a week for life, *Cash for Life* has broad appeal among players. In addition to the top "life" prizes, players can win any of the other \$64.5 million available in the game.

Instant Games Introductions. As you know, instant games now launch monthly. In May, look for \$1 *In the Money*, \$5 *Red, Wild and Blue* and \$10 *Hit the Jackpot*.

Expiring Games. Instant tickets set to expire in May are IG 386 *Gimme \$50*; IG 395 *Diamond Cashword*; IG 397 *Sparkling Red 7s*; IG 399 *Wild Time Party*; IG 400 *4 the Money*; IG 402 *Lucky Horseshoe Bingo*; IG 401 *Lucky Spot Cashword*; IG 408 *Blazing Red 7s*; and IG 409 *Michigan Heroes*.

More than 95 cents of every dollar spent on Lottery tickets is returned to the state in the form of contributions to the state School Aid Fund, prizes to players, and commissions to retailers. Since its inception in 1972, the Lottery has contributed more than \$16 billion to education in Michigan. For additional information, please visit the Lottery's web site at www.michiganlottery.com. ■■■



**Kudos to Lottery retailers for
outstanding instant game sales
in March. Sales for the week
ending March 5 were an
astounding \$23.9 million—
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Examining C-store Shoppers from Pump to Register

What if you could dive inside the convenience store shopper's mind?

By Tim Quinn

Mars Chocolate North America recently conducted such a study in partnership with a national c-store retailer. The "C-Store Discovery Project: Path to Purchase Study" (P2P Study) examines shopper behavior from the gas pump to the checkout, and how merchandising influences buying decisions. The study examines shopping patterns, impact of stimuli to consumer engagement and dwell time, and how retailers can use this information to create the most effective, profitable path.

"While this study's primary focus is confectionary, the results span well beyond our category, so retailers can apply learning throughout the store," says Larry Lupo, vice president of sales convenience & retail, Mars Chocolate North America. "This research is just one example of how we're developing insights to help our retail partners grow their total business and maximize trips."

The test included nearly 1,800 consumers across the country in all geographic regions to match c-store demographics. Rather than utilize retail locations—which potentially could disrupt business—consumers visited a virtual reality store that simulates the shopping experience by using 3-D computer renderings. The flexibility of this Mars V-store enables testing multiple concepts, thus reducing the need to design and build several store planograms for live testing.

"The Mars V-store offers valuable insights for a fraction of the cost, in a fraction of the time, without disrupting the actual retail store," Lupo explains.

In the study, each consumer shopped a virtual retail store with one of 12 different "cells"—configurations—of different merchandising situations. The simulation measured the effectiveness of gasoline pump-toppers; exterior signage such as on windows; interior signage such as shelf signs and blades; and front-end and checkout area configurations.

One of the cells represented the current signage for the national retailer, and this served as the control factor against which all the other cells were measured. Other cells included a mixture of existing merchandising elements for the retailer, plus variations of signage. Some formats

included category and brand logos, while other signs featured actual product photos.

Optimal Merchandising Plan

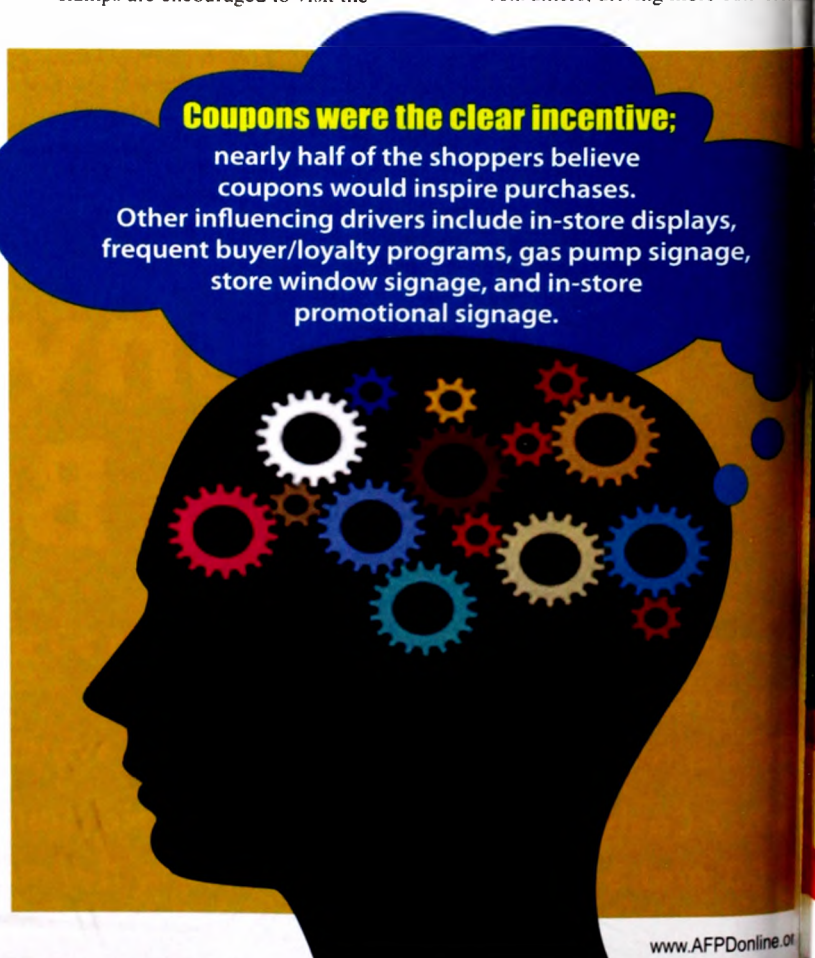
"Through this comprehensive research conducted inside the virtual store, we've identified the most impactful merchandising situations to drive purchases," said Lupo. "Our c-store partner can now pick the top one or two and test them in-store."

Based on the findings, Mars recommends that the retailer implement key signage and merchandising elements to draw shoppers into the store and drive conversion in aisle and at checkout. Results of the P2P Study focus on the following recommendations:

1. **Use outside signage at the pump to encourage shoppers to visit the store/candy section.** Shoppers who view signage on pumps and hose clamps are encouraged to visit the

candy aisle and spend more on confections.

2. **Avoid cluttered windows and doors with excess signage and allow for a store view.** A clear view into the store makes it appear cleaner and more inviting. Window and door signs promoting confections drive traffic to the candy section and help stimulate category awareness and brand consideration.
3. **Employ in-aisle signage to draw shoppers to the candy section.** The study noted that in-aisle signage, in particular, drives higher than average sales levels for the total store, as well as for confections and chocolate candy.
4. **Communicate brand and product imagery on in-aisle signage.** In-store signage featuring product photography was most appealing to consumers, driving more conversion.



and recall than signs that just had words.

5. Placement of singles and sharing-size bars drives optimal checkout conversion. To drive the highest total front-end sales, as well as sales for front-end chocolate, place top-selling chocolate singles and sharing-size SKUs at the checkout.

"By testing a number of different scenarios, we were able to validate certain merchandising cells and discard others. While we anecdotally knew that some merchandising strategies worked, the research enables us to more definitively discard or uphold theories about traffic flow, signage, consumer preference, and merchandising.

The study also asked consumers which promotional elements influence their in-store purchases. Coupons were the clear incentive; nearly half of the shoppers believe coupons would inspire purchases. Other influencing drivers include in-store

displays (30 percent), frequent buyer/loyalty programs (30 percent), gas pump signage (24 percent), store window signage (20 percent), and in-store promotional signage (20 percent).

Shopper Segments

The study grouped consumers according to demographics and how they shopped inside the store. Five clusters of key shopper segments emerged:

- **Back of Store Browser.** Spends the most time in the store – 63 percent more time than other segments—and makes the most stops.
- **Checkout Connoisseur.** Heavy front-end buyers, they also shop the back of the store thoroughly.
- **Quick Checkout.** Shops the front-end heavily, but spends less time than average in the store.
- **In and Out.** Similar to Quick Checkout, but they buy fewer front-end items.
- **Uninvolved.** Disengaged shoppers who

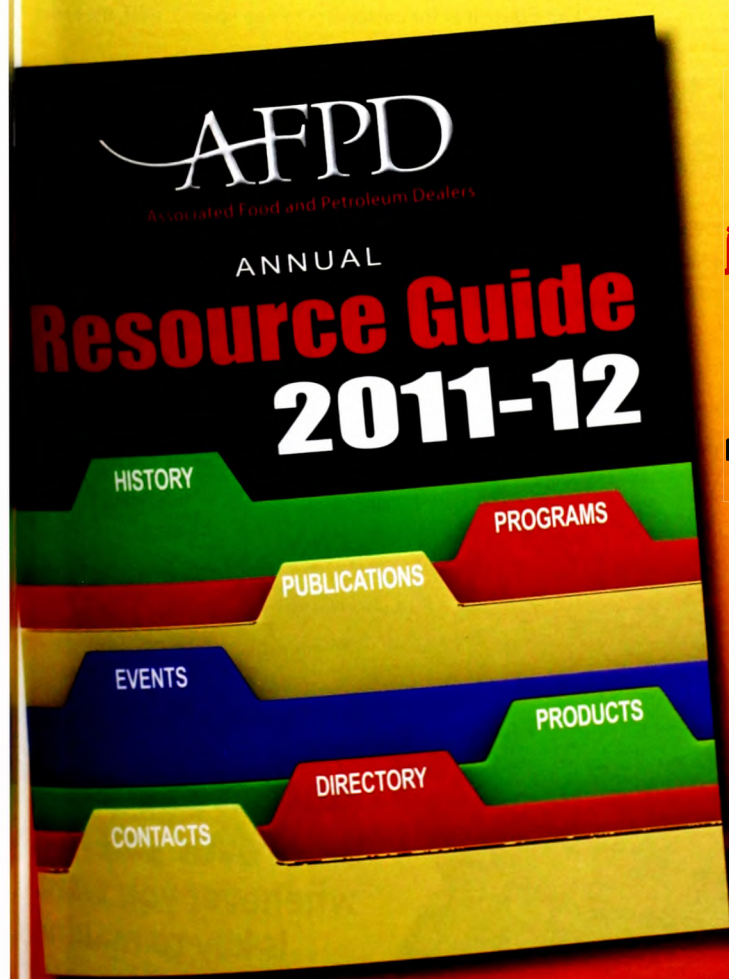
aren't very interested in shopping in the c-store.

This segmentation will enable retailers to develop merchandising programs to drive sales to particular segments. For example, to reach the consumers who are Checkout Connoisseurs, retailers should offer high-margin, high-impulse items at the registers.

Study Parameters

Conceived in December 2010, the P2P Study evolved over several months. Agency partner Red Dot created the virtual environment to resemble a store in the national retailer's chain. The V-store included all product categories and merchandising elements to make it "shoppable" and simulate a real in-store experience. The actual testing took place during the summer of 2011. ■■■

Tim Quinn is vice president of trade development, Mars Chocolate North America. Reprinted with permission from Convenience Store News. Visit www.csnews.com.



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The Skinny Behind the Swipe: What Equipment Do You Need?

Even the smallest of small businesses doesn't need to be convinced of the benefits of accepting debit and credit cards anymore. Being able to accept payments wherever you are, whenever you want—and more importantly, whenever and wherever your customers are—is the key to making the sale. And accepting those payments quickly, simply, and securely is key, too.

But how do you get started? Surely you need some type of equipment, but how do you know what's right for your business? Here's a breakdown of some different types of equipment and the businesses that use them. This will help you know what you're looking for when you get ready to contact a payment processor.

Choosing Equipment – Find the Perfect Fit

Are you a start-up retail operation or small restaurant? Want to stick with the basics and keep costs low? Explore a simple cash register solution. This is basically a stand-alone point-of-sale terminal that communicates directly with a cash register. It's easy to set up, and if the cash register goes down you can still accept payments through your terminal.

Have a seasonal business? If you make sales outdoors, do food delivery, need to process at your customer's door, or anywhere in between, you can stay profitable by staying nimble with a wireless, handheld solution.

Maybe you don't need a point-of-sale (POS) terminal at all. If you have a laptop or PC and an internet connection, you can avoid the extra costs of a terminal altogether. Ask your processor for a web terminal—it's perfect for almost any small business like

professional services, retail shops, or for selling at tradeshows. Plus, it's PCI compliant. Being PCI-compliant helps enhance the security of your payment transactions. Any payment processor you go with can help you access the tools you need to keep your business' data and your customer's information secure.

When it comes to your business, you know what works best for you. As long as you have broadband Internet or dial-up service, your payment processor should be able to offer a way to accept payments that fits your needs. You can purchase, rent, or lease equipment. If you've already dabbled in accepting payments and own a point-of-sale terminal, your processor may be able to reprogram it to better fit your needs.

Two Things to Consider

1. The ability to accept more than cash opens up your customer base and gives your customers more ways to pay. The easier it is for customers to pay you . . . well, the easier it is for them to pay you.
2. Think about when and where you really do business. Then talk to a trusted payment processor. In addition to offering all of the options above, they should be able to help you decide which one is right for you.

Chase Paymentech has been processing payments for more than 30 years. If you would like to see how easy it is to start accepting credit and debit cards, contact AFPD's account executive, John Wilcox at (888) 464-9902, ext. 70255, email john.wilcox@chasepaymentech.com, or visit www.chasepaymentech.com. ■



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Michigan Legislative Update

New Study: Food and Ag Add \$91 Billion to State Economy

Michigan's food and agriculture business sector has emerged from the recession with flying colors. An updated Michigan State University (MSU) study on the impact of the food and agriculture supply chain shows the industry contributes an estimated \$91.4 billion to Michigan's economy. That's an increase of nearly 50 percent between 2004 and 2010.

Chris Peterson, director of the MSU Product Center, announced the findings from "The Economic Impact of Michigan's Food and Agriculture System." The study is based predominately on 2010 data – the latest available.

Though the largest growth numbers came from the wholesale and retail distribution portion of the supply chain, the largest percentage of growth came from farming, which encompasses food, energy, and horticultural crops, as well as animal and turf production.

"The impact of Michigan's farms and the commodities they produce is 12 percent of the overall total, and their economic contribution has nearly doubled from less than \$7 billion to more than \$13 billion," Peterson says. "You'd be hard-pressed to find another business sector that has pulled through the recession with those kinds of numbers in just six years."

Peterson attributes the growth to a substantial increase in the value of food and agricultural products throughout the world. "The global population increase and the dramatic expansion of the middle class worldwide mean that more people are consuming more food. At the same time, that pushes food prices higher," he explains.

Keith Creagh, director, Michigan Department of Agriculture and Rural Development (MDARD), says Michigan's food and agriculture industry remains core to the state's economic recovery and reinvention. "As a \$91.4 billion industry, the food and agriculture industry would rank 47th if it were on the list of Fortune 500 companies. Thanks to Michigan's crop diversity, fresh

water access, and business innovation, food and agriculture will be centric to Michigan's economic reinvention and lay the foundation for regional economies, where businesses have an opportunity to grow" Creagh says.

AFPD President & CEO Auday Arabo agrees and points out: "Our retailer and supplier members are all cogs that make this Michigan agricultural machine function in a positive manner, and you should be proud of that fact. Everything starts at the local level."

According to the report, Michigan has more than 73,000 full-time farmers and farm workers. That's 12 percent of 618,000 direct jobs in Michigan's food and agriculture business sector. Food and agriculture account for 22 percent of all jobs in Michigan when direct, indirect, and induced jobs are considered.

The total jobs line showed a downturn overall from 2004 to 2010 with most job losses coming from food wholesale and retail. "It's not surprising that there were job losses in the service sector," Peterson says. "Fewer people are eating out, which leads to fewer waitstaff, cooks, restaurant hosts, etc. However, new jobs in food processing plants and on farms continue to increase, rising more than 6 percent in the same time period."

The study, first conducted in 2006, determined the value of the food and agriculture sector at \$60.1 billion. The newest study shows that the food and agriculture system is on a consistent growth trend.

Bill Knudson, product marketing economist with the MSU Product Center and the study's lead technician, commented: "Unlike manufactured goods and tourism, food is a necessity, so we knew this sector had the potential to fare better than other industries in an economic downturn," he says. "But even we were surprised to see the size of the increase despite the global recession."

The full report and an executive summary are available at www.productcenter.msu.edu. ■■



Food and agriculture will be centric to **Michigan's economic reinvention** and lay the foundation for regional economies.



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**Andy
DELONEY**

Chairman, Michigan Liquor Control Commission

License Escrow Fees Explained

The Michigan Liquor Control Commission's guiding philosophy is to make alcoholic beverages available while regulating their sale and distribution to protect the rights and interests of Michigan citizens.

The commission believes this can be accomplished most effectively through selective licensing and strict enforcement. The observance of all liquor laws and rules of the commission is in the best interest of everyone—the public, licensees, and the alcoholic beverage industry.

Effective May 1, 2012, the commission will enforce the fee requirements as set forth in administrative rule R 436.1107 regarding escrowed licenses.

Administrative rule R 436.1107 requires a license that is not in active operation to be placed in escrow. A licensee may place a license into escrow for a total of five licensing years. During those five years, the commission must receive renewal information and payment for a license held in escrow in the same manner as an active license, including payment of all required license fees each year by April 30.

If the license is not put into active operations within the five years, then the commission will terminate all rights to the license unless the commission has received written verification of either of the following:

1. That the license or an interest in the license is the subject of litigation or estate or bankruptcy proceedings in a court of competent jurisdiction.
2. That the license was placed into escrow as a result of damage to the licensed premises by fire, flood, tornado, or other natural event that makes the licensed premises unsuitable for the operation of the business and unsafe for public accommodation.

Upon receipt of written verification of court proceed-

ings or of damage as described above, the commission is authorized to extend the escrow beyond the five years. If the commission does extend the escrow beyond the five years for one of these reasons, then the commission must receive the license fees accruing beyond the five years for each elapsed licensing year before the license can be placed in active operation.

The licensee is not required to pay the licensing fees for the period of elapsing time between the end of the initial five years of escrow and during the pendency of the court proceedings or the repair of the damage. The commission must receive payment of all accrued license fees before the license can be placed into active operations.

Further, the commission is authorized to extend the escrow period for a license after a showing of good cause by the licensee. If the commission grants a "good cause" extension, then the commission must receive renewal information and payment in the same manner as an active license, including payment of all required license fees, each year by April 30. The commission will terminate all rights to a license if the license is not renewed in the same manner as an active license during the entire escrow period.

The commission reminds licensees that if a license is placed in escrow, then the licensee has the responsibility to provide the commission with current contact information, including name, mailing address, and telephone number, in writing, for all correspondence.

Please contact the commission's Licensing Division at (866) 813-0011 with any questions. ■■■

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1Source Capital—Money to Grow On

With small business bank loans at their lowest rate in years, and tight credit and capital markets, business owners need help. In these less-than-robust financial times, it can be a challenge for small business owners to get their hands on the capital they need to both keep their business thriving and make the investments necessary to take it to the next level.

"To assist people with their needs for capital, we have a number of products available," says Jim Olson, financial consultant and principal at 1Source Capital, which touts "complete funding solutions for business & professional services."

Among the offerings from 1Source Capital are unsecured credit lines, a program that is endorsed by AFPD. The company also offers commercial real estate loans, asset-based lines of credit, equipment and monetized leasing, accounts receivable and purchase financing, and business acquisition or partner buyouts.

"Over the years, what has transpired is that credit has been very tight," Olson says. "Banks are not making lines of credit available to certain kinds of businesses—and many retail operations fall into those categories. Our industry-leading technology matches you with lenders who have funds available for exactly what you need."

Many small business owners are operating successful businesses, yet they find themselves extended, and even tap into their own personal credit to try to bridge short-term gaps. Olson cautions. "The problem is that today, most people have some sort of unsecured credit with credit cards and use personal credit out of necessity for business needs," he adds.

"That puts stress on their personal credit. Then, when they go to a bank to secure additional capital, that stress on their personal credit can put them below the credit score threshold banks are looking for."



he explains. The notion of unsecured credit—credit that is not backed by an asset—arose out of necessity to meet the needs of these borrowers.

1Source Capital is part of a network of more than 500 proven lenders that provide commercial financing solutions to small and mid-size businesses. In addition to providing access to a myriad of lenders, Olson takes his business model a step further and consults with his

clients on the best way to proceed to meet their growing needs.

"The challenge is that the average business owners don't really have time to do this on their own," Olson says. "In addition, they don't have the resources to access what they need, and we basically perform that for them—and we do it relatively quickly."

Along the way, Olson also acts as a financial adviser to coach clients on the best way to begin to increase their credit scores and loosen up the lines of credit they seek. The AFPD-sponsored program he is introducing is a new concept for many members, so there is a learning curve.

"This is such a new and fresh resource, part of what we do is educate members on how it can work to their benefit," Olson says. "We have lenders ready to give them zero to 2.99 percent interest rates for six months, which can really work to their advantage. You can't borrow money that cheaply, so it's a real asset to them."

Part of the reason 1Source Capital is able to do what it does, is because of the growth of capital markets. "Because the markets for CDs are so low, there is more institutional money and private money coming into capital markets," Olson says. "The yield in these markets is so much better than other options."

"For members, the value that we bring to the table is that we have connections and resources to facilitate those opportunities." ■■■



Jim Olson

In less-than-robust financial times, it's challenging for small businesses to get the capital they need.



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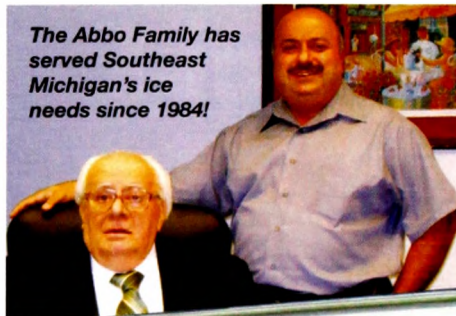
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**Ed
WEGLARZ**
Executive Vice President, Petroleum

Motorists' Right-to-Repair

AFPD continues to work with Service Station Dealers of America and Allied Trades (SSDA-AT), as well as other interested associations, to get "Right-to-Repair" legislation enacted. Let's review some issues to consider.

If you work on cars, you know how important it is to keep up with routine maintenance and repairs. The question is: Can a dealer refuse to honor the warranty that came with a new car if someone else does the routine maintenance or repairs?

The Federal Trade Commission (FTC) says no. It's illegal for a dealer to deny warranty coverage simply because routine maintenance or repairs were performed by someone other than the dealer. Since maintenance schedules vary by vehicle make, model, engine size, and year, the best source for information about routine scheduled maintenance is the owner's manual.

How is a Warranty Defined?

The warranty is a promise, usually by the manufacturer, to stand behind its product or to fix certain defects or malfunctions for a period of time. Usually the warranty pays for any covered repairs or parts during the period of the warranty.

Must the Vehicle Owner Use The Dealer for Repairs and Maintenance to Keep the Warranty in Effect?

NO. An independent mechanic, a retail chain repair shop, or the vehicle owner can do routine maintenance and repairs on the vehicle. In fact, the Federal Magnuson-Moss Warranty Act, enforced by the FTC, makes it illegal for manufacturers or dealers to claim that the warranty is void or deny coverage under a warranty simply because someone other than the dealer did the work. Keep in mind that there may be certain situations where a repair may not be covered. For example, if a mechanic replaced a belt improperly and the engine is damaged as a result, the manufacturer or dealer may deny responsibility for fixing the damaged engine. However, the manufacturer or dealer must be able to demonstrate that it was the improper belt replacement that caused the damage. And

this would not invalidate the warranty in effect for other parts of the car.

Does Using Aftermarket or Recycled Parts Void the Warranty?

NO. Using an aftermarket or recycled part does not void a warranty. The previously mentioned Magnuson-Moss Warranty Act makes it illegal for companies to void a warranty or deny coverage under the warranty simply because an aftermarket or recycled part was installed. On the other hand, if the aftermarket or recycled part was defective or not properly installed, and it causes damage to another covered part, the manufacturer or dealer could deny coverage for that part and make appropriate charges for any repairs. They must show that the aftermarket or recycled part actually caused the need for repairs before denying coverage under a warranty.

Help Your Customer Avoid Warranty Issues

Maximize the value of the warranty by following a few simple rules:

- **Read the warranty.** The warranty is usually included with the owner's manual and provides a general description along with specific details about coverage.
- **Be aware of the warranty period.** If problems that are covered by the warranty arise, get them checked out before the warranty expires.
- **Encourage vehicle service at regular intervals.** Following the manufacturers' recommendations will keep the warranty intact. Keep receipts for work performed. A written history of work performed will help in getting the manufacturer and dealer to honor the warranty, especially towards the end of the warranty period.

Share these tips with your repair customers to make them more comfortable having maintenance work done at your shop, rather than the dealer. ■■■



Can a dealer refuse to honor the warranty that came with a new car if someone else does the routine maintenance or repairs?

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Understanding MCOs and TPAs

If you are responsible for your workers' compensation program, it is important to have a fundamental understanding of the roles of a Managed Care Organization (MCO) and a Workers' Compensation Third Party Administrator (TPA). MCOs and TPAs play unique roles in helping employers control workers' compensation costs.

What is a MCO?

Under Ohio's Health Partnership Program, MCOs are responsible for the medical management of Ohio employers' work-related injuries and illnesses. Every employer in Ohio must have a MCO, which is paid for directly by the BWC. Core MCO functions include:

- Collecting initial injury reports and transmitting to BWC;
- Management and authorization of medical treatment to be received by an injured worker;
- Medical review and bill payment processing;
- Maintaining a network of BWC-certified healthcare providers;
- Return-to-work services;
- Utilization review;
- Providing peer reviews as necessary for treatment decisions;
- Processing treatment appeals through the Alternative Dispute Resolution (ADR) process;
- Training and education.

MCO associates are medical professionals, and their processes are clinically focused. They work diligently to help employers avoid the most costly of claims—lost time claims—when an injured worker is off work for eight or more consecutive days. With clinicians managing the medical care and transitioning injured workers back to gainful employment, employers are better able to manage their long term insurance premiums.

What is a TPA?

A Third Party Administrator (TPA) assists employers in the administrative and financial aspects of a claim. Core TPA responsibilities include:

- Providing risk management consulting to employers;
- Administering compensation group rating savings programs and other discount program consulting;
- Pertinent claims investigation;
- Claims administration;
- Industrial Commission hearing attendance;
- Evaluation of claims for workers' compensation coverage; and
- Assisting employers in the development of workers' compensation cost control strategies.

TPA staff typically consists of claim representatives, account representatives, and other workers' compensation professionals.

CareWorks is the preferred workers' compensation MCO for AFPD—The Voice of Independent Retailers. CareWorks offers innovative medical management services for workers' compensation, helping more than 93,000 employer customers control costs and enhance employee productivity. Experienced and caring associates work closely with each customer, designing custom medical management solutions that fit their unique requirements and culture.

For more information about the services of CareWorks MCO, please contact Ron Lucki, director of business development, at (614) 760-3510 or (888) 627-7586, ext. 3510, via email ron.lucki@careworks.com, or visit www.careworksmco.com. ■

MCOs and TPAs
play unique roles
in helping employers
**control workers'
compensation
costs.**





Larry FLOWERS

State Fire Marshal, Ohio Department of Commerce

Ohio Department of Commerce

Clearer Rules and Free Training for Underground Tanks

The State Fire Marshal's Bureau of Underground Storage and Regulation (BUSTR) ensures the safe operation of petroleum underground storage tanks (UST) in Ohio. Changes in the rules for regulating these tanks will go into effect July 1, 2012.

The rule changes are a result of the administrative process whereby all rules are reviewed every five years to make sure they are clear, relevant, and applicable. Some of the changes took place in 2011. This completes the process for all BUSTR rules.

New rule seminars are planned to assist licensees in understanding the changes. Free courses will be offered through the Ohio Fire Academy in Reynoldsburg, Ohio, based on availability. The dates for the courses are May 16, May 30, and May 31. Please visit the BUSTR web page at <http://com.ohio.gov/fire/bustMain.aspx> for more information.

The main changes:

- Clarify how to make a potability determination for drinking water;
- Clarify requirement to take a closure assessment and sampling if under-dispenser containment is used;
- Some terms are more clearly defined, including "confirmed release" and "accredited laboratory"

A rule review and cleanup covering an entire regulatory area requires much work and cooperation. BUSTR staff along with you, our stakeholders, was an integral part of the effort, committing many hours over the past six months. Thank you to all who attended rule review sessions and provided vital input.

A summary of the rule changes can be found at: https://www.comapps.ohio.gov/sfm/fire_apps/fire/petition/docs/fire_BUSTR5yrRulesDraft.pdf. ■■■



Testimonial



"This is my industry and AFPD serves this industry. I like being part of a successful organization and being involved in change and influencing new laws.

Without AFPD, who will fight for the retailer in Michigan and Ohio? AFPD is the voice for all retailers, and more numbers means a stronger voice. If more of us support AFPD and keep it successful, we will be able to fight more effectively."

—JOHN DENHA
8 Mile Foodland
Southfield, MI

Cut Costs, Improve Outcomes

Over a three-year period, four programs sponsored by Blue Cross Blue Shield of Michigan (BCBSM) to improve the quality of common medical procedures performed in Michigan hospitals have produced \$232.8 million in healthcare cost savings and have lowered complication and mortality rates for thousands of patients. The four BCBSM Collaborative Quality Initiatives covered general surgery, bariatric surgery, angioplasty, and cardiac surgery.

In addition to benefitting Blue Cross members, about two-thirds of the savings were attributed to procedures performed on patients with Medicare or Medicaid, other private insurance plans, or no insurance. "These programs shine a spotlight on how doctors and hospitals—in partnership with a health plan—can transform healthcare by sharing data and improving patient outcomes in their practices," says Daniel J. Loepp, BCBSM president and CEO. "Our programs enable doctors from many health systems to share data, building a sense of trust and cooperation that has created an extraordinary catalyst for improving the quality of patient outcomes, while reducing unnecessary healthcare costs."

Cost savings for the four programs studied break down as follows:

- (1) **Michigan Surgical Quality Collaborative (general surgery).** In 2009-2010, \$85.9 million statewide savings; \$49.2 million BCBSM savings
- (2) **Michigan Society of Thoracic and Cardiovascular Surgeons Quality Collaborative (cardiac and thoracic surgery).** In 2009-2010, \$30.3 million statewide savings; \$2.4 million BCBSM savings
- (3) **BCBSM Cardiovascular Consortium (angioplasty).** In 2008-2010, \$102 million statewide savings; \$13.8 million BCBSM savings
- (4) **Michigan Bariatric Surgery Collaborative (bariatric surgery).** In 2008-2010, \$14.6 million statewide savings; \$4.7 million BCBSM savings

Thomas Simmer, BCBSM chief medical officer and senior vice president of Health Care Value, says the quality improvement initiatives (CQIs) helped BCBSM hold down healthcare costs for Blues customers. More than 70 hospitals across Michigan participate in at least one CQI, and collectively, the 12 CQIs analyze the care given to nearly 200,000 Michigan patients annually.

The hospitals share data to find links between medical or surgical processes and patient outcomes, and then create new processes that reduce errors, prevent complications, and improve patient outcomes. Eight other CQIs are underway to study cardiovascular imaging, peripheral vascular disease, blood clot prevention, breast cancer, trauma center quality, operating room safety, hip and knee replacement, and radiation treatment for cancer. Additional examples of achievements in improving quality of care:

- **Michigan Bariatric Surgery Collaborative.** Death rate following bariatric surgery fell from 0.21 percent in 2007 to 0.02 percent in 2009, a 90 percent improvement.
- **Advanced Cardiovascular Imaging Consortium.** From 2007 to 2011, the radiation dose per cardiac CT angiogra-


phy procedure was reduced by 66 percent, which benefited patients by lowering their exposure to radiation without compromising the quality of the image.

- **Michigan Surgical Quality Collaborative.** The initiative achieved an 18 percent reduction in surgical site infection and a 15 percent reduction in length of stay for hospital patients.

"The unique model of these Collaborative Quality Initiatives works because it's the right structure and environment for cooperative engagement," says Jack Billi, M.D., professor of Internal Medicine and associate vice president for Medical Affairs, University of Michigan Medical School. "Hospitals, physicians, and their teams are learning best practices from each other and from the robust clinical data collected by the programs." ■



Our programs enable doctors from many health systems to share data ...
reducing unnecessary healthcare costs.



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Hostess Brands	(248) 588-3954
Michigan Baking Co. - Hearth Oven Bakers	(313) 875-7246

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Flagstar Bank	1-800-945-7700
Huntington Bank	(248) 626-3970
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Michigan Brewing/American Badass Beer	(517) 521-3600
MillerCoors	(248) 789-5831
O.K. Distributors	(269) 983-7469
Powers Distributing Company	(248) 393-3700

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Garmo & Co. PC	(248) 672-4105
Marcoin/EK Williams & Co.	(614) 837-7928
Samona & Boogren, PC	(248) 565-8907
Shimoun, Yaldo, Kashat & Associates, PC	(248) 851-7900
UHY-US	(248) 355-1040

BUSINESS COMMUNICATIONS

 *Comcast	(248) 343-9348
Clear Rate Communications	(248) 556-4537

CELLULAR PHONES & MOBILE MARKETING

 Mousetrap Group	(248) 547-2800
 Sprint Communications	(248) 943-3998

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Better Made Snack Foods	(313) 925-4774
Beyond Chocolate	(586) 838-7540
Frito-Lay, Inc.	1-800-359-5914
Kar's Nut Products Company	(248) 588-1903
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Uncle Ray's Potato Chips	1-800-800-3286


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First Data Independent Sales	1-877-519-6006
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Sitto Signs	(248) 399-0111

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 **DTE Energy Supply (OH, PA & IL)	(734) 887-2176
Amerfirst Energy (Gene Dickow)	(248) 521-5000
DTE Energy	1-800-477-4747
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Vanlaura Energy Services	(616) 366-8535
Walker-Miller Energy Services	(313) 366-8535

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Gleaners Community Food Bank	(313) 923-3535

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Kasapis Brothers/Ram's Horn Restaurants	(248) 350-3430
Tubby's Sub Shops, Inc.	1-800-497-6640

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Central Ohio Petroleum Marketers	(614) 889-1111
CFX Management	(937) 426-4777
Gilligan Oil Co. of Columbus, Inc.	1-800-355-9333
High Pointe Oil Company	(248) 474-0999
Motor City Oil Co.	(313) 892-3000
Obie Oil, Inc.	(937) 275-9999
Oscar W. Larson Co.	(248) 620-0000
Superior Petroleum Equipment	(614) 539-1212

GREETING CARDS

 Leanin' Tree	1-800-556-7819 ext. 418
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GROCERY WHOLESALERS & DISTRIBUTORS

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Cateraid, Inc.	(517) 546-4111
Central Grocers	(815) 553-8000
Complimentary Foods	(734) 545-3777
D&B Grocers Wholesale	(734) 513-1111
Exclusive Wholesale World	(248) 398-1111
General Wholesale	(248) 355-0000
George Enterprises, Inc.	(248) 851-4000
Great North Foods	(989) 356-2200
Jerusalem Foods	(313) 846-1111
Kap's Wholesale Food Services	(313) 832-1234
Spartan Stores, Inc.	(616) 878-7272
SUPERVALU	(937) 374-1111
Value Wholesale Distributors	(248) 967-2929

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A & M Hospitality Services	(586) 757-4000
Farmington Hills Manor	(248) 888-4000
Hampton Inn - Commerce	(248) 863-2000
Hampton Inn - Shelby	(248) 624-2000
Holiday Inn Express - Commerce	(248) 624-4000
Petruszello's	(248) 879-1000
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Suburban Collection Showplace	(248) 348-5000

ICE CREAM SUPPLIERS

 Nestle DSD	1-800-328-3397 ext. 146
 *Prairie Farms Ice Cream Program (Large Format)	1-800-399-6970 ext. 1
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Arctic Glacier, Inc.	1-800-327-2000
Home City Ice	1-800-759-4000
U.S. Ice Corp.	(313) 862-3000






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*** Indicates supplier only available in Michigan**


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 **CareWorks	1-800-837-3200 ext. 7188
 **Cox Specialty Markets (North Pointe) (Underground Storage Tanks).....	1-800-648-0357
Sechtree Insurance	(734) 452-9199
Town & Brown Insurance	(586) 446-3663
Jobe Midwest Adjusters International	1-800-445-1554
Great Northern Insurance Agency	(248) 856-9000
Sale Farm Insurance (Agent Dawn Shaouni)	(248) 879-8901
Thomas-Fenner-Woods Agency, Inc.	(614) 481-4300
ST/Lyndall Insurance	(440) 247-3750



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 **BCBS of Michigan.....	1-800-666-6233
Adaleto, Ramsby & Assoc.	1-800-263-3784
Am Care Plus, Inc.	(313) 267-0300
Rocky Husaynu & Associates	(248) 851-2227

INVENTORY SERVICES

Target Inventory	(586) 718-4695
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 Bellanca, Beattie, DeLisle	(313) 882-1100
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Jennings, McClorey, Davis & Aho, PLC	(734) 261-2400
Jenina & Associates	(248) 265-4100
Elias & Elias, PC	(248) 865-8400
Fisher & Phillips, LLP	(858) 597-9611
Hertz Schram, PC	(248) 335-5000
Appaya Law, PC	(248) 626-6800
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Law Offices of Kassab & Arabo, PLLC	(248) 865-7227
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Shawwood Food Corp	(586) 727-3535

Wolverine Packing Company	(313) 259-7500
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 **Prairie Farms Dairy Co.	(248) 399-6300
 **Dairymens	(216) 214-7342
Country Fresh	1-800-748-0480

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Validator	(386) 308-2543
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Silk Route Global	(248) 854-3409

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Walt Kempinski Graphics	(586) 775-7528

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 Arizona Beverages	(313) 541-8961
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 **Intrastate Distributors (Snapple) ...	(313) 892-3000
 Monster Energy Company	(586) 566-6460
 Nestle Waters Supermarket Program	(734) 513-1715
7UP Bottling Group	(313) 937-3500
Absopure Water Co.	1-800-334-1064
Coca-Cola Refreshments	Auburn Hills (248) 373-2653
.....	Belleville (734) 397-2700
.....	Metro Detroit (313) 868-2008
.....	Port Huron (810) 982-8501
Coca-Cola Refreshments - Cleveland	(216) 690-2653
Faygo Beverages, Inc.	(313) 925-1600
Garden Food Distributors	(313) 584-2800
Pepsi Beverages Company	Detroit 1-800-368-9945
.....	Howell 1-800-878-8239
.....	Pontiac (248) 334-3512
RL Lipton Distributing	(216) 475-4150

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TOBACCO COMPANIES & PRODUCTS

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Beamer Co. (Hookah's & supplies)	(248) 592-1210
Nat Sherman	(201) 735-9000
R J Reynolds	(336) 741-0727
S & E Distributor, Inc. (e-cigarettes)	(248) 755-8926
Westside Vapor (e-cigarettes)	(614) 402-0754

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National Management Systems	(586) 771-0700
Smart Way Recycling	(248) 789-7190

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Beam Global	(248) 471-2280
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Constellation Brands	(248) 349-5164
Diageo	1-800-462-6504
Heaven Hill Distilleries	1-800-348-1783
Treasury Wine Estates	(734) 667-3515

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National Wine & Spirits	1-888-697-6424
.....	1-888-642-4697



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*** Indicates supplier only available in Michigan**

**** Indicates supplier only available in Ohio**

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AFPD works closely with these associations:



Calendar



—May 10, 2012—

Michigan Day at the Capitol
Lansing, MI

—July 11, 2012—

**36th Annual Michigan
"Angry Birdies" Golf Outing**
Warren Valley Golf & Banquet Center,
Dearborn Heights, MI

—July 19, 2012—

**8th Annual Ohio
"Angry Birdies" Golf Outing**
Weymouth Golf Club, Medina, OH

—July 24, 2012—

**Joseph D. Sarafa 4th Annual
Scholarship Luncheon**
Detroit Institute of Arts, Detroit, MI



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