

BottomLine

THE VOICE OF INDEPENDENT RETAILERS // VOL. 27, NO. 11 // NOVEMBER 2016



From Grocers to Grocerants

Your neighborhood restaurant may have a new competitor as many grocers venture into the prepared food arena

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■ Shipping Wine to Customers: Red or White Wine at Your Doorstep // PAGE 16

LIBERTYUSA

a division of **Eby-Brown**

Eby-Brown Announces Expansion through Acquisition of Liberty, USA

Naperville, Illinois – Eby-Brown Company, LLC announced today they have reached a definitive agreement to purchase the assets of Liberty, USA located in West Mifflin, Pennsylvania. Eby-Brown is the largest privately held convenience store distributor in the United States with annual revenues in excess of \$5 billion and services retail accounts throughout the Midwest and Southeast. Liberty, USA is the largest independently owned convenience store supplier in Pennsylvania servicing 2,000 retail customers in the Midwest, Northeast and East Coast. The purchase strengthens Eby-Brown's presence within the state of Pennsylvania and extends its distribution network into the Northeast. "We are thrilled to welcome the wonderful people of Liberty, USA to the Eby-Brown family. Both Eby-Brown and Liberty, USA are multigenerational family businesses that have grown through a focus on delivering excellent service and innovation to customers. We look forward to combining two talented teams and are excited to work together on developing new solutions and services that benefit our customers." said Thomas Wake, Co-President of Eby-Brown. We will maintain both companies' commitment to service excellence while delivering increased value with best-in-class category management programs, promotional offerings, and sophisticated technology." Upon closing the transaction, the Pittsburgh facility will operate as Liberty, USA a Division of Eby-Brown.

Eby-Brown

Delivering Solutions Daily



THE VOICE OF INDEPENDENT RETAILERS

Take Advantage of **AFPD's** GROUP PURCHASING POWER!

NEW EBY-BROWN CUSTOMERS:

- Receive a 2% rebate on all purchases (excluding tobacco). Rebate checks are sent quarterly by AFPD.
- AFPD membership fees paid by Eby-Brown.
- Access to AFPD/Eby-Brown Chain Buying Book.
- Access to AFPD approved national and local programs (where applicable).

CURRENT EBY-BROWN CUSTOMERS:

- Must qualify for the 2% rebate (excluding tobacco) and paid membership fees at the discretion of the Eby-Brown sales management team. Rebate checks are sent quarterly by AFPD.
- Access to AFPD/Eby-Brown Chain Buying Book.
- Access to AFPD approved national and local programs (where applicable).

GENERAL REQUIREMENTS:

- \$3,500 minimum delivery required (including tobacco).
- Must purchase from Eby-Brown weekly to qualify.

**This program provides a
customized marketing plan and
competitive retail pricing that is
sure to help you increase sales
and build a better bottom line.**

Subject to pre-qualification by a Eby-Brown sales representative, quarterly sales to be evaluated.

TOTAL VALUE TO YOU:

\$2,080 **2% Rebate***
(annual total paid quarterly)

\$500 **AFPD Membership
Dues** (paid by Eby-Brown)

\$1,500 **Chain Buying Book
Average Savings**

\$2,500 **Est. AFPD Member
Program Savings**

\$6,580 **Total Member Benefits
PER LOCATION**

* Based on \$2,000 non-tobacco purchases weekly

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features



AFPD CORNER //

AFPD'S 37TH ANNUAL "HIGH FIVE" TURKEY DRIVE IS NOVEMBER 17TH & 18TH

It's the season of giving and AFPD continues the tradition of reaching out and helping others, as it gears up for the "High Five" Turkey Drives. The events, held in both Michigan and Ohio, are another example of how members continue to serve their communities.



GOVERNMENT RELATIONS //

SHIPPING WINE TO CUSTOMERS: RED OR WHITE WINE AT YOUR DOORSTEP

Michigan retailers could be missing out on \$63 million in wine sales due to illegal shipments from out of state. Fortunately, legislation in Lansing is working its way through the process to bring these sales back to stores here in Michigan.



COVER STORY //

FROM GROCERS TO GROCERANTS

Your neighborhood restaurant may have a new competitor as many grocers venture into the prepared food arena. Some grocers may not even realize it, but they are actually operating "Grocerants."



president's message

AUDAY P. ARABO, ESQ. // AFPD PRESIDENT & CEO

Happy Thanksgiving

I have been in the Midwest for close to eight years now, moving from Southern California and boy does time fly. The fall season is definitely one of the best times of the year. The leaves change colors, the temperature is crisp and cool, but not too cold, the apple cider mills and donuts are in full effect and Thanksgiving is around the corner.

This year, AFPD is holding our 37th Annual Turkey Drive to help people in need. We are very happy to have a few Chicago Metro members taking part of the turkey drive as well; including Pete's Fresh Markets, Angelo Caputo's Fresh Markets and Elgin Markets to name a few. We continue to hold our turkey drives in Detroit, Lansing, Cleveland and Columbus, as well as expanding our turkey hands program to any retailer or institution who wants to allocate their turkeys to the charity of their choice to give our program more of a local feel.

Once again a special thanks to all the volunteers who work on our turkey drive, especially Marsha Keenoy from our Board of Directors. Nobody should go hungry in our great country, especially during Thanksgiving. Also a special 'thank you' goes to Sherwood Foods and the Ishbia family for handling all the logistics for our turkeys including deliveries to all of these locations.

The changing faces and dynamics in our business always keep us on our toes. This is why we try to attend all the major national tradeshows. Last month we attended the National Association of Convenience Stores (NACS) show in Atlanta. There was a lot to see and we are very proud NACS has made AFPD one of the ten associations to serve on the NACS advisory board. Due to all the gridlock in Washington DC, a number of our industry issues are now going to the local levels so we all need to work together on all levels (national, state and local) to better protect our small business owners and our industry.

Speaking of government relations, once the elections are over we are confident we will have a lot of good news to share with our members in regards to our legislative priorities. We are also very happy to welcome our new Director of Ohio Operations, Judith Will Fleming to the AFPD team. We are confident she will do a great job and bring a lot of new ideas to AFPD as she serves our Ohio members.

We are also excited with the partnership we now have with EBY-Brown which will take AFPD into a number of new states all over the country! A member asked me why it is good for AFPD to grow into other geographies. My answer is that AFPD growth brings us great opportunities for more aggressive vendor programs and well as the fact there is always strength in numbers. We have more competition and great competition today than ever before and we need to consolidate when we can to mirror the marketplace and keep up with the chains in our industry. We either grow or we die. This is why so many grocers and convenience stores are now focusing on hot foods, delis, salad bars and prepared foods which are just as delicious as most restaurants and are less expensive than many of those same restaurants.

Everybody seems to be competing with everybody else, even tech giants like Amazon are entering our markets. We know AFPD is not the magic bullet which will magically recreate your business, but we believe we can share with you the information and trends in our industry to make sure you can make those important decisions that will keep your business viable and ahead of the curve in your local marketplace. Make sure you vote on November 8th! God bless you and your families and Happy Thanksgiving! ■

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AFPD's 37th Annual "High Five" Turkey Drive is November 17th & 18th

It's the season of giving and AFPD continues the tradition of reaching out and helping others, as it gears up for the "High Five" Turkey Drives. The events, held in both Michigan and Ohio, are another example of how members continue to serve their communities. This year, the AFPD Turkey Drive Committee has pledged to put a turkey on the Thanksgiving table for 6,000 families. Over the years, AFPD has distributed more than 80,000 turkeys in the Detroit, Lansing, Columbus and Cleveland areas.

The Ohio & Illinois Drive will be held on Thursday, November 17th and the Michigan Drive on Friday, November 18th at Motown Snack Foods Warehouse located at 8341 Lyndon Street in Detroit. "Many retailers and other local businesses have given generously to this program," says Auday Arabo, AFPD President and CEO. "This is one way our local independent retailers work together with the community to provide needy families with a holiday meal."

Back by popular demand is the Paper Turkey cut-out hands that allow retailers and their customers to be even more involved in the drives. The cut-outs hands are available to retailers to sell to customers for a donation to the Turkey Drive. There are 50 hands in each cut-out packet. Refer to the poster on the next page for more information.

Customers can purchase a Turkey hand for a donation, which goes directly to purchasing turkeys. Retailers have the option to have the turkeys purchased from their hand donations, go to a charity of their choice. "Paper turkeys are a fun and simple way to raise funds while sending a message to your customers and the community that you care about

feeding the hungry," said Arabo.

Currently, over 10,000 hands have been requested and distributed to AFPD members. Members have until Friday, November 11th to send the money collected from the hands to AFPD.

For members who are interested, AFPD will send you a starter package which includes a poster to place in your store to raise awareness and turkey hand cut-outs. It is recommended that you place the paper turkeys at the register and have your cashiers encourage customers to buy a paper turkey for a suggested donation of \$1, \$5, \$10 or even \$20. Every \$15 you raise, buys you one turkey towards your charity. The purchaser can sign the High Five paper turkey, which retailers typically display in their store.

Since 1980, AFPD and its members have provided thanksgiving meal to families in need. A \$300 donation to the AFPD Turkey Drive will provide turkeys for 20 families. AFPD members can also donate items such as canned, boxed or bottled food items, or other products including clothing or household items. "For those that have been blessed with much, much more is required of you to give to those in need," said Arabo. "Our organization believes that we need to help all those in need."

If your business is interested in selling the High Five Paper Turkeys to benefit the AFPD High Five Turkey Drive, please call Maegan Hesano at (800) 666-6233 and a starter packet will be mailed to you. ■





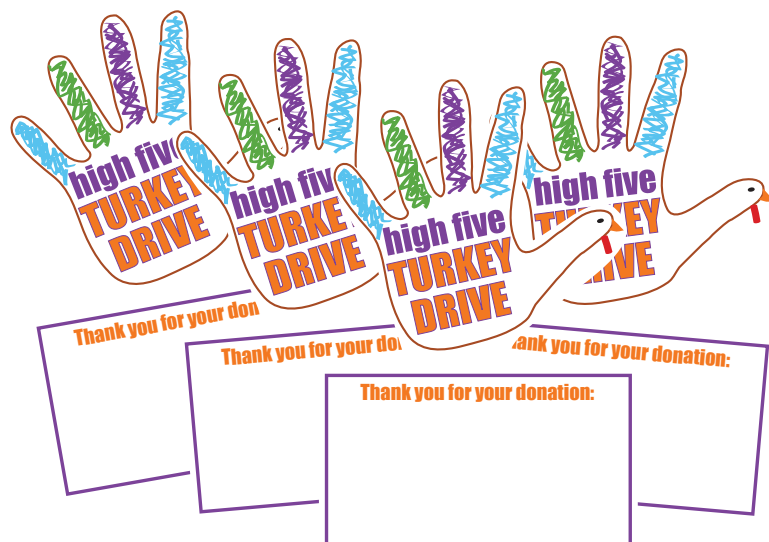
AFPD'S ANNUAL *High Five* TURKEY DRIVE

As the holiday season approaches, the AFPD Turkey Drive Committee has pledged to put a turkey on the Thanksgiving table of more than 6,000 families throughout Michigan, Ohio and Illinois that may not otherwise enjoy this special meal.

Since 1980, AFPD and its members have provided thanksgiving turkeys to needy families and each year the list of charitable groups asking for turkeys grows. There are more requests than we could ever fill. We need your help!

**Help us put a turkey on the table
of a family in need this holiday season.**

Thanksgiving is a time to reflect, give thanks, and help those who are less fortunate.



**Purchase a turkey
hand today for
\$1, \$5, \$10 or \$20!**



This is a charitable event and all donations are tax deductible. Please see your tax advisor for guidance on your specific tax situation.





AFPD's 18th Annual Holiday Food and Beverage Buying show

This year marked the 18th Annual Holiday Food and Beverage Buying show. The event was held at Shenandoah Country Club in West Bloomfield and highlighted many of the new products to hit the shelves just in time for the Holiday season. More than 100 exhibitors from around the region filled the main ballrooms showcasing new items for the more than 1,100 retailers in attendance. From seasonal flavors to completely new products, there wasn't much that wasn't on display at this year's event. "It's a blast," said Auday Arabo, president and CEO. "I think it's our best show of the year. Every show is a little different and this one is geared more toward liquor stores. We're very excited this year because this is the first Holiday show for the Benchmark Beverage brands. We are very happy to be here and for all the vendors that support us."

Being able to interact with so many distributors in one place is what makes this event so unique and important to retailers. "It's very important to us because 20% of Frito-Lay business is innovation," said Frito-Lay's Kelly Courtney. "We really need to show our products at the show, so if retailers haven't seen it yet, they see it here and they can ask their sales person for it. We like to be here because we get a lot of face time with our customers as we showcase our products."

The center-piece for this year's show was AFPD's Benchmark Beverage Company. Benchmark spirits greeted attendees as they lined the main entry way to the ballrooms. More than 200 spirits in total were on display with 14 representatives on-site to answer customer questions. "I was very pleased with the customer reaction to the size of the number of brands and quality of the brands that we represent in such a short amount of time," said Fred Hatty, Regional Brand Manager with Benchmark Beverage Company. "The one on one allowed us to explain the details that many consumers look for when choosing one brand over another."

The Annual Holiday Food and Beverage Buying Show will have a new home next year, as it moves across town to a bigger site. "Shenandoah has been good to us, but unfortunately we're going to have to move our show next year to Suburban Collection Showplace in Novi for a bigger venue," said Arabo.

The Holiday show continues to raise the bar and provide the most diverse amount of selections for attendees, as AFPD members begin to gear up for the holiday season. ■







How Important is the Face Time You Get With AFPD Members at the Holiday Food & Beverage Show?

"It's critical because you have the decision makers coming here and looking for new things. Managers may not have the ability to make those decisions. So, the more information and the more items we can get in front of them, the better off we are. A lot of them want alternatives to their store instead of the same things that are out there."

— **MATT MULLEN** // LIPARI FOODS // WARREN, MI

"It's invaluable, it truly is. We all know there are more customers than our sales reps out there, so to have the opportunity to have an experience with them in a closed area with constant communication, constant interaction with them, up close and personal, and introducing them to the product, it's invaluable."

— **RYAN CAMPBELL** // EBY-BROWN // NAPERVILLE, IL

"It's very important. You can't see this many people in an average day, in an average week, and sometimes even in an average month. So for us to be able to come here and be able to have some time with people who literally come to us, it takes a lot of the logistics away. But also, when they are in the buying mood, in the buying frame of mind, it's nice to have this type of venue where you can get with your desired audience in a short period of time."

— **AMY REPP** // NESTLE USA // CROSWELL, MI

"There is no other place that we can quickly get to our retailers, except at a food show booth."

— **AL CHITTARO** // FAYGO BEVERAGES // DETROIT, MI

"It's huge. The up-and-down-the-street business, for us, is very important and with the clientele that comes in, it's a big part of our business. Ultimately, it's good to have interface with the people and have discussions with them. We can promote our products and get the name out there."

— **STEVE WYTKA** // 7UP BOTTLING GROUP, INC. // DETROIT, MI

"I think it's great to build relationships. I've only been with D&B for a year, so it really helps to get to know people and to be able to put a face to the name."

— **ERIKA MAZZITELLO** // D&B GROCERS // WESTLAND, MI

"It's very important, it's one of the biggest things that drives me here; getting that time with them. We're on the phone and email a lot, but having the face-time here to talk with them, hear some of their questions and concerns, and also talk to them about some of the new and exciting items we have, is always important. Doing that in person means a lot more."

— **ROGER TILLER** // SPARTANNASH // GRAND RAPIDS, MI

"It gives us the opportunity to show our products and explain if they haven't seen it or been told by their customer service representative over the phone. When we see them in person, we can immediately show them the package and sometimes that attractiveness will make them want to bring it in and put it on their counter."

— **MARK BENEDICT** // PRAIRIE FARMS DAIRY CO. // OAK PARK, MI





What is Your Hottest Product for AFD Members This Year?

“Some of the things that are trending are obviously the naturals and organics in the lines of Kombucha refrigerated drink with probiotics. It's doing, very, very well and a lot of people are entering the market with it.”

— **MATT MULLEN** // LIPARI FOODS // WARREN, MI

“The Eby Source Point 360 (ESP 360). We started the mobile initiative about 3 and a half years ago and what we did is we took our original set of applications, which was three platforms covering the primary functions of ordering, returning products and actually create your own custom ordering guide and we put it into one. When launched in June 2015, we only had about 250 customers, and as of today we have over 2,100.”

— **RYAN CAMPBELL** // EBY-BROWN // NAPERVILLE, IL

“The hottest product for us is the Butterfinger Cup. It's frozen ice cream. It is a stickless ice cream product and it tastes just like a Butterfinger, if you've had our confection version of that. One of the beauties of a company like Nestle is that we can take one of our popular flavors and do other varieties of it.”

— **AMY REPP** // NESTLE USA // CROSWELL, MI

“It's black angus beef. By the way they feed them, it's not genetically altered; it has 42% less cholesterol and 68% more omega oil. It eats like butter, it tastes fantastic and it's the best thing we have today.”

— **TOM ZAKAR** // TRADE SOURCE INC. // BLOOMFIELD HILLS, MI

“We have our Aqua Hydrate and we have a new flavor and now have 12-packs coming out for our sparkling ice. It hasn't come in yet, but the new flavor is Grape-Raspberry, but now you can get our Black Raspberry. And our 12-packs that we serve in the bottles are normally a variety pack, but now you can get a whole 12-pack of one flavor.”

— **ERIKA MAZZITELLO** // D&B GROCERS // WESTLAND, MI

“We have frozen drinks on two of our flavors, Red Pop and Rock & Rye. Very, Very new and very, very delicious and we're extremely excited about introducing those two flavors.”

— **AL CHITTARO** // FAYGO BEVERAGES // DETROIT, MI

“Our hottest product, right now, is the Bai. Bai has some different functionalities and is only 5 calories per serving. It comes in multiple flavors, but our best selling is the coconut, the watermelon and the blueberry. We just had a pallet program at Meijer, where they featured it right in their mid-way portion of their stores, and we had like a 500% growth in on it, it was incredible.”

— **STEVE WYTKA** // 7UP BOTTLING GROUP, INC. // DETROIT, MI

“Our hottest right now is the Cheetos Bag of Bones. It's part of our pre-packed weekender, which is available every month and is a theme. So for Halloween, we have the Cheetos Bag of Bones which comes in hot and regular flavor. We also have a product called Sweetos. It's a Cheetos product, but it's cinnamon and sugar that just melts in your mouth. We've done very well with it the last few years.”

— **KELLY COURTNEY** // FRITO LAY INC. // STERLING HEIGHTS, MI

“The Reese's and Hershey snack packs are canister items. It comes in a display, a variety display, for the stores. So it's something where they can show a little bit of a different item, with a name that everybody knows. And with a display shipper out there, it makes it nice and easy to sell and the stores really like that.”

— **ROGER TILLER** // SPARTANNASH // GRAND RAPIDS, MI

“For our holiday season, we rotate quarts every quarter. Currently, we have Spooktacular Eggnog, Chocolate Peanut Butter Milk, and Pumpkin Spice for the holiday season. Then we move into the fourth quarter and we have Peppermint Mocha, Chocolate Mint and Chocolate Truffle. So, we rotate our quarts every year, based on the season.”

— **MARK BENEDICT** // PRAIRIE FARMS DAIRY CO. // OAK PARK, MI



petroleum news & views

EDWARD WEGLARZ // AFPD DIRECTOR, PETROLEUM

Michigan Underground Storage Tank Fund (MUSTA) – Important Update

This information from BLDI, Inc. is so important that I thought it was appropriate to dedicate my column to it. Every Michigan gasoline retailer should read it.

Michigan's UST's Cleanup Fund has been up and running for over a year now, accepting claims for those releases documented from December 31, 2014 forward. We (BLDI) have kept very close tabs on the details surrounding the new program and attend all the monthly MUSTA Board of Director's meetings. Below is a reminder of the purpose of the Fund.

EXECUTIVE SUMMARY

"The Michigan Underground Storage Tank Authority (MUSTA) and the Underground Storage Tank Cleanup Fund (Fund) were created on December 30, 2014. The Fund was created to assist owners and operators (O/Os) of petroleum underground storage tank systems (USTs) in meeting their financial responsibility (FR) requirements, to fund corrective actions to address releases from USTs, and to help O/Os in achieving compliance with Part 213, Leaking Underground Storage Tanks, of Act 451.

Use of the Fund to satisfy FR requirements is optional and there are steps that an O/O must take if they intend to use the Fund to meet their FR requirements and replace their commercial tank insurance.

The Fund may also be used to reimburse for costs related to cleaning up a site. Upon the discovery and reporting of certain releases from USTs, an O/O may file a claim and submit work invoices to reimburse them for costs that they have incurred while cleaning up the site of the release."

Understandably, because the program was in its infancy, applications for eligibility and claims were slow to come in. For several months, this was attributed to lack of knowledge about the Fund, and the fact that the O/Os still had their commercial tank insurance and were waiting for their policies to expire.

At the last Board of Director's meeting on September 20, 2016, the following statistics were presented:

- There have been approximately 185 reported releases since December 31, 2014.
- There have been 16 claims – 15 approved.
- Total amount paid out so far (after deductible) - \$704,058
- Current Fund balance - \$38,987,968.
- Right now only about 9% of O/Os are currently using the Fund for their means of FR.

These statistics are quite concerning to Bob Reisner, who heads up the MUSTA program. Not only could the Legislature try to divert some of the money into other areas as they have done in the past, but the EPA could rescind their approval of the program if the Fund is not used for the purpose it was set up for. Reisner and his staff and the MUSTA Board of Directors sought to uncover the underlying reason for the apparent lack of interest in using the fund aside from the lack of knowledge and existing commercial policies.

After surveying and lengthy discussions with O/Os, Mark Griffin (Michigan Petroleum Association), Ed Weglarz (Associated Food

AFPD OFFERS SERVSAFE FOOD SAFETY TRAINING IN NOVEMBER

AFPD will be offering the comprehensive ServSafe Food Safety and Sanitation training programs for those members in the food service industry.

Structured as a two (2) day class, this combined training and exam program will certify your employees as ServSafe qualified Food Safety Managers and puts your business in compliance where applicable and at the head of the food safety business practices.

All classes are exclusive, private, and require registration and pre-payment. Training will be conducted at our AFPD training facility in West Bloomfield, Michigan.

The next round of ServSafe classes will be offered on Tuesday, November 29th and repeated on Wednesday, November 30th.

The tuition per attendee for AFPD members is \$125.00; non-members must pay \$250.00. This includes the two days of instruction, the 300 page guide, and administration of the exam.

The pre-registration and payment deadline is November 18th. Pre-registration and payment is mandatory so we'll have time to obtain the manuals and exams.

Call Ed Weglarz at the AFPD office at 1-800-666-6233 to register.

and Petroleum Dealer) among others, it has been determined that the most problematic aspect of using the Fund stems from the high deductible (i.e. \$50,000) and the difficulty in showing proof of FR for the deductible amount.

The primary subject of the last two board meetings has been changing the deductible amount. It was unanimously agreed that the deductible for both O/O with fewer than 8 tanks (compartments) and those with 8 or more needs to come down substantially. While the exact numbers were not voted on, the numbers \$5,000 (7 or less) and \$10,000 (more than 7) seemed to be the most agreed upon deductible amounts. One thing that was voted unanimously is the elimination of the “buy-down” option for the smaller O/Os.

So this is where things now stand. The change in the deductible still has to be passed by the Legislature and Mr. Reisner is cautiously optimistic that it will pass by January 1, 2017. Again, the exact amounts are not yet written in stone, but if you were planning on sending a check for the buy-down on November 1st, it is my understanding that MUSTA will not be accepting them.

Having followed the MUSTA program since its inception, we are confident that all parties, especially the DEQ want this program to work and are doing their best to help the Owner/Operators while cleaning Michigan up. If you might be considering getting out of retail fuel sales or replacing older tanks, you may be able to use this program as a financial resource. As you know, the older the UST system, the more likely a new release could be documented requiring investigation and cleanup likely covered by the state Fund.

If you have questions, contact Joe Berlin at jberlin@bldi.com or Marty Janowiak at mjanowiak@bldi.com. You can also call (616) 459-3737 or visit www.bldi.com. ■



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Unpriced packaging allows for optimum profit margins



**A new premium brand from Kar's Nuts
Ask your route sales representative for details!**





michigan liquor

ANDREW DELONEY // MICHIGAN LIQUOR CONTROL COMMISSION

The MLCC Joins Forces with “21 to Buy, NOT Supply” Campaign

The Michigan Liquor Control Commission (MLCC) continues to lead the way in developing a more modern, customer-friendly, and effective licensing program, while protecting consumers and the general public through regulation of the the sale and distribution of alcoholic beverages.

“In an effort to further protect Michigan licensees and the public, the Commission has partnered with the “21 to Buy, NOT Supply” campaign, aimed at curbing underage alcohol access, reducing use, and raising awareness about the consequences of supplying alcohol to minors.”

In an effort to further protect Michigan licensees and the public, the Commission has partnered with the “21 to Buy, NOT Supply” campaign, aimed at curbing underage alcohol access, reducing use, and raising awareness about the consequences of supplying alcohol to minors.

Started by the Royal Oak Community Coalition (ROCC) in 2015, the campaign is now a coordinated effort among the ROCC, MLCC, State Police, Secretary of State, Office of Highway Safety and Planning, and Oakland County Health Division. This year’s campaign kicked off with an event at Wayne State University in August, where the MLCC and partners reached out to new and returning students to



open up this important dialogue with students, staff and licensees.

“We’re working every day to ensure no Michigan licensee illegally sells alcohol – directly or indirectly – to anyone under the age of 21,” said MLCC Chairman Andrew Deloney, a key partner in the campaign. “We do this through education, training, and a thorough enforcement of Michigan’s liquor laws.”

Through the “21 to Buy, NOT Supply” campaign and other Commission efforts, the MLCC will continue to help raise awareness of the ramifications of providing alcohol to minors, including the punitive and life-altering consequences. One of the most important messages the campaign aims to convey to young, of-age drinkers is that providing a minor with alcohol can cost them up to \$1,000 and up to 90 days in jail.

The MLCC and partners will continue to share videos, posters, window clings, and public service announcements that will be played on the radio and in Kroger stores across the state, to ensure the regulation and safety of those involved in the sale, distribution and consumption of alcohol.

The Commission is proud of the positive licensing and enforcement improvements it has made that benefit its customers. Through these efforts and more, we want to continue a meaningful dialogue with stakeholders to solicit critical feedback, continuously improve our services, and protect consumers and the general public. ■

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michigan lottery report

M. SCOTT BOWEN // MICHIGAN LOTTERY COMMISSIONER

Michigan Lottery Makes Giving the Gift of Huge Cash Prizes Possible

Giving a friend or family member the chance to win a huge cash prize makes Michigan Lottery products a popular holiday gift item for many players across the state.

It's no secret that the holiday season is one of the most lucrative times for retailers. Consumer spending during the holiday season dwarfs all other times of year. According to the National Retail Federation (NRF), consumer spending during the holiday season has increased steadily each year since 2009. The NRF projects that consumer spending this November and December will total \$655.87 billion, a 3.6% increase over the 2015 holiday season.

To help maximize sales opportunities for retailers, the Lottery will offer players four holiday-themed games this season. The holiday games once again offer shoppers a wide range of prices and prizes suitable for stocking stuffers or individual gifts.

This season's games are:

- **Treasure Tree:** \$10 ticket with top prizes of \$500,000 and more than \$22 million in total prizes.
- **Holiday Gold:** \$5 ticket with top prizes of \$300,000 and more than \$15 million in total prizes.
- **Gift Galore:** \$2 ticket with top prizes of \$30,000 and more than \$12 million in total prizes.
- **Candy Cane Cash:** \$1 ticket with top prizes of \$5,000 and \$9 million in total prizes.

Launching on November 1st, the holiday-themed games give retailers additional sale opportunities by extending the holiday sales season another month. The Lottery also has a robust advertising campaign planned to support the launch of the games. That advertising campaign is designed to raise public awareness of the games and drive traffic to retailers.

INSTANT TICKETS / PULL TAB TICKETS

NEW INSTANT TICKETS:

On sale November 1st:

- IG # 791 – Candy Cane Cash \$1
- IG # 792 – Gifts Galore \$2
- IG # 793 – Holiday Gold \$5
- IG # 794 – Treasure Tree \$10

INSTANT GAMES SET TO EXPIRE:

Expiring November 7th:

- IG # 705 – Holiday Cash \$1
- IG # 702 – Holiday Luck \$2
- IG # 707 – Surprise Package \$5
- IG # 708 – Winner Green \$10

Expiring December 5th:

- IG # 672 – Tripling Red Bingo \$1
- IG # 710 – Cash Flurries \$2
- IG # 721 – \$100 Grand Cashword \$5
- IL # 001 – Online Game Card \$20

NEW PULL TABS TICKETS:

On sale November 1st:

- MI # 585 – Detroit Red Wings \$1
- MI # 571 – Treasure Trove 50¢

PULL TABS GAMES SET TO EXPIRE:

Expiring November 14th:

- MI # 553 – Mega 7's Multiplier \$1
- MI # 543 – Green Machine \$1

Expiring November 21st:

- MI # 545 – Blazin' Cash 50¢

Expiring December 12th:

- MI # 540 – \$1,000,000 Riches \$5
- MI # 544 – Ben's Bills \$1
- MI # 546 – Dice Night 50¢
- MI # 548 – Cash Vault 50¢
- MI # 544 – Luck Loot \$2

GIFT ONE, GET ONE ONLINE GAME CARD PROMOTION EXPECTED TO DRIVE PLAYERS TO RETAILERS

Retailers also will have an additional chance to cash in this holiday season with the Lottery's Gift One, Get One Online Game Card promotion.

Beginning in late November and running through the holiday season, players who purchase an Online Game Card will receive a second Online Game Card as a bonus. The bonus amount will vary, based on the purchase amount of the Online Game Card. Best of all, retailers will receive a commission on both the purchase price of the online game card, and bonus amount.

Bonus amounts available are as follows:

- Buy \$10, a \$3 bonus
- Buy \$20, an \$8 bonus
- Buy \$50, a \$25 bonus
- Buy \$100, a \$75 bonus

Online Game Cards have been a popular way for players to fund their online accounts because they allow players to buy in store and play online without using a bank account or credit card. About 25% of online players have used an Online Game Card at least once to fund their account. ■

TICKET ACTIVATION: Retailers are reminded to activate all game tickets before putting them on sale to ensure winning tickets may be redeemed by players.

Have a Happier Holiday!



SET YOUR HOLIDAY SALES AGLOW

As temperatures drop this holiday season, watch your sales rise with new Michigan Lottery holiday instants. Customers will light up at the chance to win up to \$500,000, with more than \$56.5 million in total cash prizes. You will too, with more than \$6 million in retailer commissions.

Last year, holiday ticket sales were \$7.3 million — 14% higher than the year before. So stock up today, because holiday instants offer big fun, big winnings and big sales to make everyone's holiday happier.



government relations update

DAN PAPINEAU // AFPD DIRECTOR, GOVERNMENT RELATIONS

Shipping Wine to Customers: Red or White Wine at Your Doorstep

Michigan retailers could be missing out on \$63 million in wine sales due to illegal shipments from out of state. Fortunately, legislation in Lansing is working its way through the process to bring these sales back to stores here in Michigan.

The ability for retailers to directly ship wine to their customers has seen an interesting past full of activity in the legislature and the court systems. Currently, a Michigan retailer can deliver wine to a customer but it must be done in person, meaning that the retailer or an employee must drive the order to the customer themselves. A retailer cannot package wine up in a box and ship the wine to their customer using a common carrier like FedEx or UPS. The only entities that can ship using a common carrier currently are producers and bottlers of wine or a Michigan wine maker shipping on behalf of another Michigan wine maker. It is important to note that wineries can only ship up to 13,500 liters of wine per year.

Unfortunately, Michigan is seeing a large influx of direct shipments made by out of state wine retailers to in state wine customers which is illegal. This illegal competition for our in state retailers is wrong and the market for this illegal activity is only getting larger. In fact, yearly wine shipment volumes have seen an annual increase of 20% since 2007. Retailers like the Wall Street Journal Wine Club and Wine.com are becoming increasingly popular and shipping large amounts of wine into our state disregarding our laws and bypassing both regulation and taxation (about \$4 million in lost revenue for the State).

Direct wine shipping in Michigan has become the wild west of alcohol retailing. On top of those shipping into Michigan in a blatantly illegal fashion we also have problems with businesses who are

legally allowed to ship through a common carrier. For example, issues like failing to pay taxes, failing to get proper licensure, shipping more than the 13,500 allowed liters, shipping beer or liquor, shipping to minors and not checking proper identification upon delivery are a few examples of the problems we are seeing when it comes to wine shipments.

Back in February of 2015 legislation was introduced in the State House to bring the direct shipping of wine under control through enhanced compliance measures and at the same time allow in state retailers to ship directly to their customers using a common carrier. The bill did not receive testimony until March of 2016 where AFPD, among others, testified in support of the bill. The chairman of the House Committee on Regulatory Reform, where the bill was referred after introduction, refused to take any further action on the legislation and essentially killed the bill.

A coalition of organizations that support the intent of HB 4125, including AFPD, was not going to let one individual stand in the way of legislation that is good for Michigan consumers and Michigan businesses. After speaking to Senate leadership it was decided to introduce a similar bill to HB 4125 in the upper chamber. SB 1088 was introduced by Senator MacGregor and was voted out of the Senate Committee on Regulatory Reform the very next day. Action is expected to be taken by the full Senate in mid-October when the Senate comes back into session for one week. The bill will easily pass the Senate and go to the House where it will be sent to a committee other than the one HB 4125 was killed in. Circumventing this road block will provide a better opportunity to get SB 1088 to the Governor.

SB 1088 will do the following to the direct wine shipping market in Michigan:

- Allow a retailer that holds an SDM license to use a common carrier to sell and deliver wine to a consumer in the State by mail order, telephone, or electronic means, if the common carrier verified that the individual placing the order was at least 21, the common carrier met container labeling requirements, and other conditions were met.



- Establish reporting requirements for a common carrier that carried or transported alcoholic liquor into the State to a person in Michigan to discover who shipping wine into Michigan from out of state illegally and therefore, prohibit them from doing so.
- Delete references allowing out of state retailers from delivering beer or wine to a consumer's home or other designated location.

In addition to providing further wine shipping capabilities to Michigan retailers and stopping out of state retailers from shipping into Michigan illegally the bill allows for the use of what is referred to as a "third party delivery service". These entities allow a consumer to order beer, wine, or spirits from a retailer through the internet or a cell phone application and have it delivered right to their location. An example of this service is Drizly. If you are a beer, wine, or sprits retailer you may want to consider checking out Drizly's website (drizly.com) and contact them about opportunities to work together.

SB 1088 is expected to get all the way through the process be the end of the year and signed into law. Hopefully, next year Michigan retailers will reap the rewards of this legislation through increased wine sales and the opportunity to ship wine via common carriers like FedEx and UPS to customers across the state. While I would not start ordering your new wine club material just yet, I would definitely start considering unique opportunities like it to enhance your business. Look into these third party delivery services like Drizly, too.

For further information on SB 1088 and its progress please feel free to contact me at (800) 666-6233 or dpapineau@afpdonline.org. ■

Ohio Liquor Agencies Offer Special Holiday Gift Packs

The Division of Liquor Control is anticipating another successful holiday season this year with specialty gift items and products, which are perfect for the fall season and a long-standing tradition for the liquor industry.

Each year at this time, suppliers make a variety of these gift-giving ideas available for Ohio consumers.

Fall and the holidays always bring out new options. This year, we are seeing growth in items such as Crown Royal flavors and small batch American Whiskey, while bourbons and craft spirits continue to be hot sellers.

Suppliers submitted products in July that were tailored toward the holidays. After reviewing these products, the Division selected items that include a range of brands and prices that have the potential to appeal to Ohio consumers celebrating the holiday season.

For the 2016 holiday season, 56 holiday gift packs were selected for sale in Ohio's Contract Liquor Agencies. These value-added gift packs include not only the particular brand of liquor, but also contain distinctive accessories and other collectables such as glasses, snifters, shakers, flasks and decanters. Prices for all the holiday items range from \$10 to \$90. The distribution of holiday gift products to Contract Liquor Agencies is determined based on past sales of these types of items and special requests for particular products.

The Division seeks to offer a diverse selection of holiday products that meet and exceed the needs of all Ohio consumers, continuing a holiday tradition of providing Ohio's adult consuming public a variety of seasonal products and a high level of customer service.

With the many celebrations that are part of the holiday season, it is critical that all businesses selling alcohol practice safe, legal and responsible sales. Educate and train your employees to prevent sales to anyone who is intoxicated or underage. Make a commitment to taking proactive measures to help make this a safe holiday season for everyone. Please visit our website at www.com.ohio.gov/liqr for a list of new products, holiday gift items and social responsibility resources. ■



ohio lobbyist report

TERRY FLEMING // TC FLEMING & ASSOCIATES

Capital Update from Columbus, Ohio

The Ohio General Assembly remains in recess, although the Ohio Senate did come back for a brief one week session. Both House and Senate are scheduled back after the November 8th elections. As with the rest of the country polling in Ohio showed Clinton jumped way ahead of Trump after the release of the tape of Trump using vulgar terms to describe women. Trump's performance at the last debate may result in many returning to the fold, but he still remains way behind and what was a close race at last writing, at least in Ohio, now heavily favors Clinton. Nothing has changed in the other races in Ohio; incumbent U.S. Senator Rob Portman still holds a double digit lead over former Democrat Governor Ted Strickland. All 16 incumbent U.S. Congressmen in Ohio will easily win reelection which will keep the number at 12-R and 4-D. The Ohio Supreme Court race is the hardest to pick because no party affiliation is listed and people pay little attention, this much is certain Chief Justice Maureen O'Connor is running unopposed, the other two seats are up for grab, but I see the Republicans holding onto their 6-1 majority. The Ohio Senate will remain 23-10 Republican and in the Ohio House Republicans will likely lose two or three seats, I call it 62-37.

GENERAL ASSEMBLY

There has been some action in the General Assembly, the Senate held hearings on HB444 which would allow D Liquor Permit Holders in Ohio to provide free testing of beer and wine to those 21 years or older and a paying customer of permit holder. HB 341, which changes many of the towing regulations in Ohio, was finally referred to the Senate Transportation and



Commerce Committee and the Chair has indicated he will do his best to move the bill prior to end of the year.

OHIO'S MINIMUM WAGE INCREASE

In other news the Ohio Department of Commerce announced that beginning on January 1, 2017, Ohio's minimum wage will rise to \$8.15 an hour. For tipped employee's, the rate will be \$4.08 per hour. The minimum wage applies to employees of companies with annual gross receipts of more than \$299,000 per year. Employees and smaller companies, and 14 and 15 year olds, will have a state minimum wage of \$7.25 per hour, which is tied to the federal minimum wage.

OHIO LOTTERY

The state of Ohio commissioned a \$601,000 study of Ohio's 42 year old lottery business; Spectrum Gaming Group of New Jersey conducted the study. The single biggest change suggested was to make the lottery a "quasi-public" corporation, similar to Jobs Ohio. While not recommending to make lottery totally private, Spectrum concluded that the current structure, which operates out of the governor's office, is inefficient, slow to react to market conditions and subject to too much "control and oversight" by several state agencies and state lawmakers.

As always we end with a plea to urge fellow grocers, convenience store owners and service station owners and others to join AFPD and to give generously to the AFPD PAC. ■

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From Grocers to Grocerants

Your neighborhood restaurant may have a new competitor as many grocers venture into the prepared food arena



CANTORO'S

Some grocers may not even realize it, but they are actually operating “Grocerants.”

It's the industry name given to grocery stores or supermarkets that have catering facilities and sit-down food service, as well as cooked takeout and a wide-variety of meals to go, both fresh and frozen. With this new name and service, grocers have now become a new competitor to restaurants.

Cantoro Italian Market and Trattoria is family owned business located in the Livonia area since the early 1970s.

“The restaurant inside Cantoro Italian Market is a true Italian Trattoria in every sense of the word,” said Alex Bazzi, general manager. “We are an upscale Italian restaurant, yet family friendly.”

The menu offers a wide-variety of items from pizza and pasta, to steaks and chops and most everything is made from scratch and in house. Meat and fish is trimmed right at the store, not brought in prepackaged. Their pizza dough is hand-made twice daily and is never frozen. Most of their pastas are made in the pasta department daily. “We are an Italian ‘specialty’ store,” said Bazzi. “We carry many items that you won’t find at a ‘regular’ grocery store.”

When they originally designed the store, the restaurant was not part of the plan, “It was an afterthought,” said Bazzi, “but I think prepared food counters are a permanent part of the grocery model. However, I do see some markets with a restaurant, on some level, attached to it. I do not believe this will change the grocery store market.”

At Cantoro's, the restaurant is continually changing, especially since the restaurant was not part of the original blue print. They are always evolving. “Currently we have plans to expand our second floor and make a

permanent roof over our patio,” he said. “This will give us the ability to increase the amount of tables in the dining room virtually year round.”

Popular appetizers are Caprese, Carpaccio Di Salmone, and Calamari Peperonati. Their most popular pasta dishes are Tagliatelle Alla Bolognese and Elicoidali Norcina. Saltimbocca Alla Romana and Branzino Alla Griglia are a couple of very popular entrees. “My favorite pizza is Diavola (hot sopressata, hot capicola, house ground sausage, and hot Hungarian peppers),” said Bazzi.

Heading east into Oakland County, Johnny Karmo is operating his own grocerants, Market Square in Birmingham and West Bloomfield and Market Fresh in Beverly Hills. Their kitchen staff prepares foods that customer’s request. Some are on special diets and others crave favorite dishes.

“We have expanded our prepared foods department from 8’ to 36’; It includes a full salad bar, nine-full pans of hot entrée foods, 6 varieties of soup daily, hot chicken pot pies,” said Karmo. “We offer several varieties of pizza daily, along with hot packaged rotisserie chickens and turkey breast.”

Karmo, like Bazzi, believes that this growing concept is a permanent staple in the American food industry. “The prepared food departments are a permanent staple in most full service markets because it’s a substantial profit percentage of the whole store,” he said. “The biggest change in grocery stores is the fact that we need more square footage per store to handle the kitchen and merchandising counters needed for the department.”

At Market Square, Karmo and family are constantly inventing new food ideas and recipes to accommodate today’s personal customer needs. Today, the most popular items on the menu are the rotisserie chickens, chicken pot pies, and pizza.

“We are adding a complete line of organic beverages, specialty juices, premium water, and fresh smoothies to complete your individual meal,” he said.

Heading south, Prince Valley in Detroit is in the middle of a remodel. “We are pulling all of the ceiling tiles down and exposing our ceiling like the open warehouse look,” said Joe Gappy, owner. “After pulling the ceiling tiles down, we painted our ceiling for a finished clean look. We closed our Mexican carry out because the space was too large that we had given it, and felt the location was in the wrong part of the store.”

This enabled expansion of the dairy, frozen food, and produce departments by relocating the restaurant to



MARKET SQUARE

the front of the building right next to the bakery. When customers walk in now it will be right in front, so they can grab hot food, baked goods and a drink and leave if they are in a hurry.

“Our original concept was Mexican food,” said Gappy. “We are now putting in a wood burning oven to focus on pizzas, a burger bar, and chicken and ribs. Our new equipment purchase is giving us all of the technology in the kitchen to reduce labor cost and have a better and more consistent product.”

They will be targeting the pizza, burgers, chicken and ribs eating customer as well as those who need

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catering. “Without a doubt, if you do not have a hot food department you are missing out,” said Gappy. “Everyone today expects a supermarket to have a hot food department. When customers come there they can get both, hot food and groceries.”

Prince Valley also displays an appealing produce section. “I think it is one of the most important areas inside of a supermarket,” said Gappy. “Then comes hot prepared foods, especially to the millennials. We are next door to Corktown and I feel if we have the hot food and great produce that we will be able to pull more millennials into the store.”

A report from market researchers NPD Group “confirms the notion that restaurants’ competition for Millennial dollars stretch beyond other restaurants to grocery stores.

Supermarkets are trying to capitalize on that millennial dollar by offering prepared food to go. The report also indicated that, “restaurant-quality and fresh food, chef-driven menus, have given rise to the grocerant and inspiration to Millennial to visit and spend.”

NPD explains further. “Millennial interest in the benefits and experience supermarket foodservice offers will continue to be strong over the next several years,” says David Portalatin, V.P., industry analysis at NPD Group. “Give the Millennial what they want—fresh, healthier fare at a decent price—and they will come.”

“In-store dining and takeout of prepared foods from grocers has grown nearly 30 percent since 2008, accounting for 2.4 billion foodservice visits and \$10 billion in consumer spending in 2015, according to NPD’s research.

In addition, more than 40 percent of the U.S population purchases prepared foods from grocery stores and, while Millennials use grocery stores less than other generational groups, retail foodservice seems to be gaining traction with them.”

NPD lists the following as some advantages which grocers have: “Consumers rate visits to grocerants higher than ... QSRs on variety and healthy options. ... These two attributes are among the most important when it comes to motivating customers to purchase prepared foods and when it comes to their satisfaction with these purchases. Grocery prepared foods are also rated higher in the areas of ‘freshness and quality’—areas particularly important to Millennials.

Beyond the food itself, Millennial-savvy grocers are looking for an experience. More retailers are allocating space for comfortable, casual seating for in-store dining and some a full-service restaurant.” ■



PRINCE VALLEY



Family Business Provides Friendly Service for More Than 50 Years

■ BY KRIS HARRIS

Mac's Market in Newberry, Michigan has been open for business for more than 50 years. Over the years, this upper-peninsula grocery store has seen its fair share of changes, but has never wavered from the service it provides the local community. The store was originally part of a popular U.P. franchise, when it was bought by a local family. "In the early 1960's, the McLean family bought this place called Red Owl and in 1966, they incorporated it and called it Mac's Market," said Richard Auttersen, now owner of Mac's Market. "There was a family of six or seven that owned it at the time."

Auttersen's father, Richard Sr., worked in Sault Ste. Marie at the time, which is about 60 miles from the store's location. "He was a meat cutter for Piggly Wiggly and they hired him to come over and run the meat department here," said Auttersen. "So in 1963, we moved over and between 1963 and 1970, he ran the meat department, and in 1970, they hired him to be the manager of the store."

During this time, some of the McLean family's interest in the store began to wane, so Auttersen's father started a slow process to one day purchase the store. "Between 1970 and 1990,

my father started buying out all the stock and in 1990, became the sole owner of Mac's Market," explained Auttersen. "He owned it from 1990 to 2012, until I bought it from him."

Even though the store was purchased from the McLean family, it has remained a "family store" to this day. "We keep it all in the family," said Auttersen. "My Brother-in-Law, Phil, who was not my Brother-in-Law at the time, came to work for us. He married my sister and he's the general manager of our store, so it's really a family run business."

Learning the day-to-day operations of the business was easy for Auttersen. He grew up working in the family business and bounced around departments to get a firm grasp of each. "I started in the 8th grade, in 1975, and I've worked here ever since," Auttersen said. "I learned all aspects of the store."

The business has grown over the years to include more services, which has also helped to provide additional opportunities to keep the family tradition going. "The last few years, we put in an in-store pharmacy," Auttersen said. "My son, Christopher, is going to graduate from Pharmacy school, so he's going to run the pharmacy."

Even with the store's steady growth, there are always challenges and competition that can come from any direction. "The biggest thing I've seen over the years is the competition," said Auttersen. "When we first started, years ago, a supermarket was a supermarket and people would come to do their grocery shopping. Now, in the last 30 years, everybody sells groceries from c-stores to dollar stores."

Aside from non-traditional food stores entering the grocery market, challenges also come from government as well. "One of our biggest problems in recent years, is the minimum wage increase," explained Auttersen. "We normally have about 40 employees, with half of them being part time, and they're making them just about as much as a full-time person. So it's very, very hard to keep your feet afloat."

One way Mac's Market has been able to separate themselves from the competition is to tap into very specific trends and local suppliers. "What we see trending is the health conscious foods like gluten-free

RETAILER: MAC'S MARKET

Location: Newberry, Michigan

Founded: 1963

Employees: 40

AFPD member since: 1998

Quotable: "50 years and still going strong"



and things like that,” said Auttersen. “More and more people are going to that type of product. And any time that we can get with a local farmer, that’s growing something, we’ll accept anything. When we put Michigan products out, it does very, very well.”

AFPD has also been there to help through the programs it offers, but specifically through its publications. “I got more involved and started reading the magazine, and started to see what my dues went for,” Auttersen said. “One of the biggest things I like, now that the State of Michigan has cut back so much, is that AFPD gives me all the information on my liquors with the liquor price pages and the liquor book. And I like reading the magazine to see the trends of what the other supermarkets are doing and what are people doing in my type of business, and where can I grow better.”

Sometimes the best way to find continued success, is to keep in mind that it’s the little things that can mean a lot to your customers. “I think one of the reason we are still here is that it’s a small community and we’re still one of the only stores around that offers full carry-out service,” said Auttersen. “It’s mostly what our high-school kids are for, to carry-out your groceries for you, but very rarely do you see that in the big supermarkets anymore. “ ■

Kris Harris is a writer for Denha Media & Communications.



PHIL NELSON (LEFT AND RICHARD AUTTERSEN (RIGHT)





How the Past Shapes the Future: Judy Fleming's Path to AFPD

■ BY MONIQUE MANSOUR

Steve Jobs, the great American visionary and entrepreneur once said, “You can’t connect the dots looking forward; you can only connect them looking backwards.” In essence, experiences cannot always be fully understood in the moment, but in time, all will make perfect sense. This quote rings true for Judy Fleming, the new Director of Ohio Operations for AFPD, who formally began her new position on the first of October.

Fleming has more than 22 years of experience in the non-profit industry. Before joining AFPD, she was the executive director for the Ohio Public Transit Association, a non-profit organization that she built from the ground up. One of her greatest accomplishments, from her time with the Ohio Public Transit Association, was organizing a convention that hosted more than 400 transit officials at the Columbus Convention Center. The aim of the conference was to improve public transportation for the citizens of Ohio. “I’ve learned to carefully look over every detail and I know how to put together projects from beginning to end,” said Fleming.

After working for so many years with the Ohio Public Transit Association, Fleming took some time to soul search. “I wanted to make some changes in my life and at the time, I wasn’t sure what those changes should be,” Fleming said. After meeting with Auday Arabo, President and CEO of AFPD, Fleming had a clearer view of how she wanted to spend the next chapter of her life. “I wasn’t looking for another position, but Auday was so enthusiastic about the organization, and the staff was so excited to be a part of AFPD. With my background and experiences, it seemed like a natural fit,” explained Fleming.

Reflecting on her short-term goals in her new position as Director for Ohio Operations for AFPD, Fleming said she would extrapolate from her expansive



career in the nonprofit, retail, and fashion industries, among others, to increase membership and create long-lasting partnerships with other organizations. “I pride myself in being very service and hospitality orientated,” said Fleming. “I’ve learned that you can never assume anything and that ‘please’ and ‘thank you’ go a long way.” A long-term goal of Fleming’s is to organize a conference of some kind for AFPD.

Fleming understands that there are legislative differences between Ohio and Michigan – a few include minimum wage and workers compensation. “Every day I learn something new, and sometimes what works in one state doesn’t work in another,” Fleming said. In her free time, Fleming enjoys fashion, decorating, gardening, watching old films, and travelling. “I try to go to Europe once or twice a year. I love talking to and meeting people from all different kinds of backgrounds,” said Fleming.

Fleming is married to Terry Fleming, the Ohio lobbyist for AFPD. The pair found love right where they were – in Cleveland at a conference for the Ohio Society of Association Executives. They have enjoyed 29 years of wedded bliss and have one son. “I love the people in Ohio, as well as the sports and the four seasons,” explained Fleming. “We don’t have the ocean or the mountains, but we are centrally located and can easily get to any part of the U.S.; I’m proud to call Ohio home.” ■

Monique Mansour is a writer for Denha Media & Communications.

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Hot Topics and Hot Products Revealed at This Year's NACS Show

The National Association of Convenience Stores (NACS) is an international trade association representing more than 2,100 retail and 1,600 supplier company members. Their annual show, the premier event for the convenience and fuel retailing industry, was held from October 18th -21st in Atlanta, GA.

The show welcomed more than 22,000 attendees, from more than 60 countries around the world, to the Georgia World Conference Center. The event featured four days of general sessions, education sessions and 1,200+ exhibiting companies at the expo. Session topics ranged from EMV adoption to controlling the “burn” of conflicts in family businesses.

On opening day, the doors opened to the Cool New Products Preview Room, which is now in its 16th year. The Preview Room allows attendees to check out latest products, flavors, packaging and innovations that are available in both the convenience and fuel retailing industry.

Of the more than 330 products featured in the Preview Room, the top 10 products based on scans were:

- 1** iSEE RollerChill Plus by iSEE Store Innovations LLC
- 2** Flexi-Shelf by Display Technologies LLC
- 3** FORO/OTIS WIPES by CAF Inc.
- 4** f'real B7 Behind-the-Counter Blender by f'real foods
- 5** NEW Balanced Breaks Snacks from Sargento by Sargento Foods Inc.
- 6** BCH-18: Medium Temperature Glass Door Merchandiser by Hussmann
- 7** On the Border Salsas and Chips by Truco Enterprises
- 8** Oh Snap! Cool Beans and Carrot Cuties by GLK Foods
- 9** The Laughing Cow Cheese Dippers by CROSSMARK Convenience
- 10** Fresh on the Go by McLane Company

Highlights from the NACS Show include information shared during an educational session on how to make shopping an experience and the importance of delivering a great shopping experience. “A great customer experience in the store is important,” said Jeremy Quart, director of food and beverage for Mapco Express. “It touches every facet of your business. It is your facility, your operations, your training. Merchandising is a great place to start. It is what the guest is looking for, it is why they came in the store.”

Key factors to remember in developing a merchandising plan include:

- Identify the qualities of products your guests are seeing
- Explore how your competitors excel within the category
- Commit to a plan that delivers

“The takeaway is that all mature categories require investment,” Quart said. “But consumers still demand innovation. Few legacy products can endure the test of time, so you need to tell your guests what is new.”

Also revealed at the NACS Show was research from a recent NACS/Coca-Cola Retailing Research Council (CCRRC) report that measured the influence of employee engagement on a c-store's bottom line success. “A chunk of this is actually about supervisors listening,” said Michael Sansolo, research director for the NACS/CCRRC. “Middle managers found there were tremendous gains to be made by simply listening to what folks have to say and by engaging them better in conversation.”

The report was based on a survey of more than 20,000 c-store managers and employees from 11 companies, and found that:

- High employee engagement leads to better customer service and loyalty

NACS SHOW

continued on page 30.



PHOTOS PROVIDED COURTESY OF NACS (WWW.NACSONLINE.COM)



NACS SHOW

continued from page 28.

- Highly engaged employees are brand ambassadors who encourage friends and family to shop at their place of employment
- Companies with high engagement provide faster service
- High engagement is correlated to higher profit and lower turnover

“The study showed that it is a win for employees when organizations are maximizing the impact they get to have on customers and are demonstrating an impact on their co-workers,” said Jeff Jokerst, vice president of client services for Service Management Group. “That creates passion among employees to serve the organization in the most powerful way possible. Engagement is something that is a win-win for companies and employees.”

Through its reFresh initiative, NACS has been helping c-store operators realize how they can satisfy consumer demand for healthy options by selling more fresh products, especially fruits and vegetables. One of the show’s Wednesday educational sessions, called “How to Get and Sell Produce,” provided specific information on selling fresh produce and how retailers can capitalize on this promising category.

“We wanted to be more specific on how you get the produce and merchandise the produce,” said Jeff Oberman, moderator of the session and vice president, trade relations for the United Fresh Produce Association. “We feel this initiative will help grow all fresh in-store service sales. When you merchandise fresh fruits and vegetables, it will help you merchandise sandwiches, wraps and all fresh items.”

The session revealed that the first step for an operator should be to make sure a store is positioned to successfully sell fresh produce. For example, if a c-store is near a large grocery store selling produce, it may not be able to compete with that grocery retailer. The next step is to prepare the c-store for fresh produce by making sure the store is clean, has refrigeration and can properly display produce.

Rounding out the week was the fast-paced “Ideas 2 Go” video program that showcased emerging concepts

that redefine convenience—as well as quick takeaways that retailers could easily implement at their own stores. Since 1994, “Ideas 2 Go” has provided a fast-paced video tour of some of the most interesting, creative and potentially profitable ideas in the convenience and fuel retailing industry.

SOME OF THE NINE FEATURED SEGMENTS INCLUDED:

MENDEZ FUEL - MIAMI, FL

The colorful exterior of the carwash is the first clue that Mendez Fuel is not a typical Mobil station. Inside the store, it’s all about freshness. The deli offers unique sandwiches prepared with local and sustainable ingredients. And the beverages are even more impressive. The company has a cold-pressed juices program for incredibly fresh smoothies and juices. And it also offers a variety of craft beers on tap as part of its growler program, including a new program with canned growlers.

THROX MARKET STATION - WINCHESTER, VA

The store has high-end food, a protein shake program and plenty of unique better-for-your items, but it is the community spirit that sets Throx apart. A second level allows customers to enjoy their food—or for community groups to hold regular meetings. This is one of three Throx stores: Throx Country Store and Throx Brew Market & Grille also focus on unique offers around fresh food and drinks.

SLOVACEK’S - WEST, TX

Kolaches, sausage rolls and other tasty Czech delicacies are the features at this extraordinary market. The 17,700 square feet of unique architecture and quirky personality is the driving force drawing customers in, but it’s Slovacek’s fresh baked goods, homemade meats and cheeses, gourmet sandwiches and unique merchandise that keeps customers coming back.

METRO MARKET - AUGUSTA, GA

Metro Market is a unique urban convenience store and restaurant, both in its design and offer in downtown Augusta, Ga. It embraces the historical aspects of an old building with a modern offer, with the design and concept of being a place to hang out, study or host social and business events.

Save the date for next year’s NACS Show, happening October 17-20, 2017 at the McCormick Place in Chicago, located at 2301 S. King Drive. For more information about this year’s NACS Show, visit www.nacsshow.com. ■



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THE VOICE OF INDEPENDENT RETAILERS
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Local Sourcing and Selling is a Win-Win

■ BY KRIS HARRIS

Industry fads come and go. What's hot one year, can quickly become stale the next. Some products that have sat idling on shelves for years, can start moving at a rapid pace in an instant. Monitoring trends and trying to stay ahead of the curve can be exhausting and a bit of a gamble. However, there is a recent trend that has, over the last few years, slowly developed into a movement with consumers. Shopping local products is no longer a trendy thing to do, but a way for consumers to connect with the products they purchase while helping the local community.

"With information becoming more accessible through the internet and social media, consumers are more educated than ever on the benefits and accessibility of locally-sourced products," said Meredith Gremel, VP Corporate Affairs & Communications and Executive Director, SpartanNash Foundation. "Increasing numbers of consumers are interested in local products, along with organic and natural."

According to a recent Trends survey, "local food shoppers were concerned about supporting the local economy, a reason cited by 68 percent of grocery store shoppers." This concern is becoming more the norm for the younger generation. "Millennials in particular want to know where their food comes from, and more about the source producing it," said Gremel. "This is in part to support the local community, plus many see local as better, fresher and more genuine than major company packaged goods."

These facts are supported by an FMI study which looked at the top reasons for buying locally grown foods in grocery stores. Freshness was the most frequent reason (83 percent) cited, and taste was the number three reason (with 56 percent) for buying local food.

Local sourcing helps by ensuring the money spent on products stays in-state, maximizes quality, and also helps the environment. "Anytime we can source locally it helps keep dollars in our community and connects us to the local company, employees and supporters," explained Gremel. "Local products enhance the freshness and quality in our stores, particularly in the Perishable departments. Sourcing locally also minimizes the carbon footprint. With products travelling less distance, you are reducing pollution and advocating better air quality."

AFPD suppliers are doing their part to help retailers stay local, no matter where you own your business. "Most of our focus is Michigan, but we do cover northern Ohio, a little Indiana, Illinois and now Wisconsin," said Eliot Kaufman, Director of Sales and Marketing at Heeren Brothers Produce, located in Comstock, MI. "We call it the Great Lakes Region."

Retailers who have not started to tap into this market, need to be aware that it can be done at various levels. While some retailers dedicate sections of their store to local products, others mix local products with national brands. "We do better when we mix it in with National brands," said Phil Kassa, owner of Heartland Marketplace in Farmington Hills. "When it's by itself it kind of gets lost. We use to have a 'Buy Michigan' section and we really didn't do that well with it. We find that we do better mixing it in with regular products and then putting a shelf topper on it that says, 'Made in Michigan or 'Buy Michigan'."

However, no matter which route is best for you, know that many AFPD suppliers source locally and they are there to help. "In terms of driving local at the retail stores, we love to take the

local farmers stories, even pictures, and we develop stories for the store level," said Kaufman. "We do display content and build outside tents at some of the multi-unit places and independents to help build the local region. We've been working with some farmers for over 40 years and do whatever we can to help the local guys get their food distributed."

Retailers can also take advantage of simple ways to promote local products at the point of sale, via social media and in traditional weekly ads. "SpartanNash's advertising and P.O.S. campaign, Proud to Support Local, and 'I heart Local' are designed to help our stores highlight all of the local items they are carrying within the store and also in the print ads," Gremel said. "We also run several local-grown promotions in our Retail and Wholesale ads throughout the year as well as social media campaigns that promote local products."

As AFPD suppliers focus more and more on finding locally sourced products, offering local products is becoming easier and easier for retailers. "We have a commitment to working with our local farmers and producers whenever and wherever we can," said Gremel. "We purchase locally grown and processed items both directly from the grower/shipper and also through third party brokers."

Retailers can also find their own local partners using the same avenue that suppliers do. "You can go to an AFPD food show and you might meet a local grower there," said Kaufman. Retailers can work directly with local farmers, but know that AFPD suppliers in your area are there to help as they focus more and more on local sourcing. "It seems like they are more now than ever before," said Kassa. ■

Kris Harris is a writer for Denha Media & Communications.



MATTHEW STAFFORD
QB | #9

ALL FOR THE ROAR



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Personal Choice PPO: Getting The Most From Your Plan

The plan leverages Organized Systems of Care to offer members unique access to the PPO network at lower costs. Organized Systems to Care (OSC) are communities of doctors and hospitals within the Blue Cross PPO network who work together to provide the highest level of customized, coordinated care that's right for each patient.

The infographic below breaks down everything from OSCs to cost-sharing options and how to determine whether physicians are in your network. ■

Blue Cross® Personal Choice PPO Getting the most from your plan

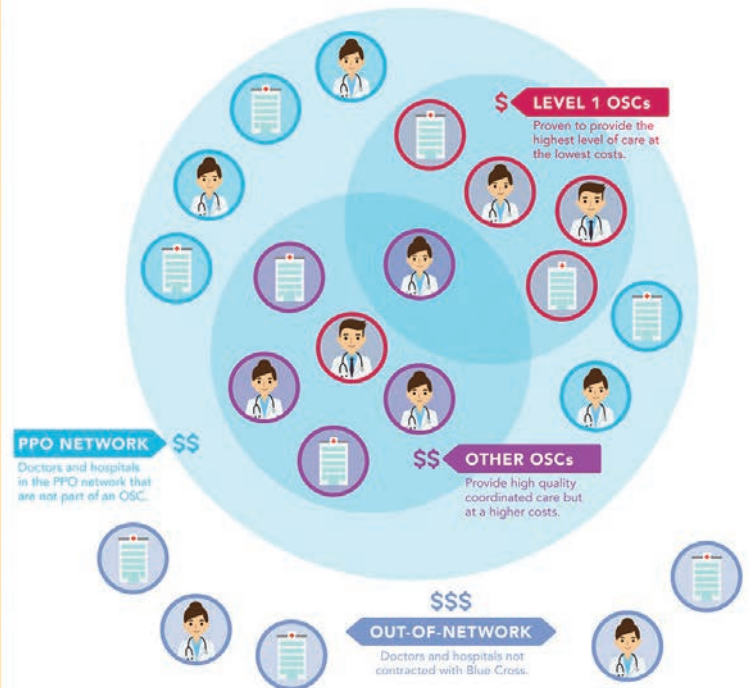
Personal Choice PPO is the newest plan from Blue Cross Blue Shield of Michigan. The plan leverages organized systems of care, giving members unique access to the largest network of health providers in Michigan at an affordable cost.

Organized System of Care {noun}

(OSC) Communities of doctors and hospitals within the Blue Cross PPO network who work together to provide the highest level of customized, coordinated care for each patient.

OSC Network

To maximize your plan and savings, members are encouraged to select a primary care physician in a Level 1 OSC. Out-of-pocket costs will vary based on where you choose to receive care (such as a hospital, urgent care center or specialist).

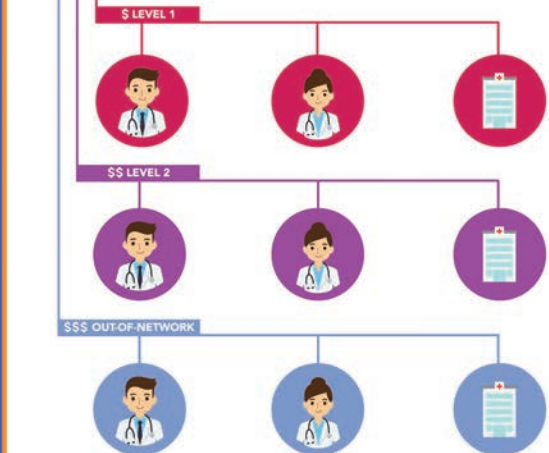


Cost Sharing {verb}

Personal Choice PPO plans have various cost sharing levels, starting with the lowest at Level 1. If you use a provider in another OSC without a referral from your doctor, you'll pay a Level 2 cost share. You'll pay the highest costs if you select care outside of the Blue Cross PPO network.

Levels

Jeremy has a Personal Choice PPO plan and is deciding which physicians, specialists and hospitals he will use under his plan. Three levels help to determine the total costs Jeremy will have to pay out-of-pocket. The most cost effective level is Level 1 with an in-network primary care physician, specialist (such as a dermatologist) and hospital. If Jeremy picks a primary care physician within another OSC, his costs go up slightly and he pays Level 2 costs. Out-of-network costs are the most expensive as they include physicians, specialists and/or hospitals not contracted with Blue Cross.



Re-fer-ral {noun}

The process of a primary care physician directing a member to an appropriate specialist or hospital for treatment. To keep costs down, your primary care physician can provide you with a referral to a specialist within the PPO network. This allows you to stay at the Level 1 cost share. If you choose to see a doctor outside of your OSC without a referral, you could be subject to Level 2 cost share.

Referral Process

Jeremy visits his primary care physician for a referral to a specialist or hospital within the PPO network.



For more information, please visit PersonalChoicePPO.com



TEMPORARY WORKER INITIATIVE //

Injury and Illness Recordkeeping Requirements

When a staffing agency supplies temporary workers to a business, typically, the staffing agency and the staffing firm client (also known as the host employer) are joint employers of those workers. Both employers are responsible to some degree for determining the conditions of employment and for complying with the law. In this joint employment structure, questions regarding which employer is responsible for particular safety and health protections are common. This bulletin addresses how to identify who is responsible for recording work-related injuries and illnesses of temporary workers on the OSHA 300 log.

Injuries and illnesses should be recorded on only one employer's injury and illness log (29 CFR 1904.31(b)(4)). In most cases, the host employer is the one responsible for recording the injuries and illnesses of temporary workers.

Injury and illness recordkeeping responsibility is determined by supervision. Employers must record the injuries and illnesses of temporary workers if they supervise such workers on a day-to-day basis (29 CFR 1904.31(a)). Day-to-day supervision occurs when "in addition to specifying the output, product or result to be accomplished by the person's work, the employer supervises the details, means, methods and processes by which the work is to be accomplished." See OSHA FAQ 31-1 at www.osha.gov/recordkeeping. (Essentially, an employer is performing day-to-day supervision when that employer controls conditions presenting potential hazards and directs the worker's activities around, and exposure to, those hazards.) In most cases, the host employer provides this supervision.

While the staffing agency may have a representative at the host employer's worksite, the presence of that representative does not necessarily transfer recordkeeping responsibilities to the staffing agency. As long as the host employer maintains day-to-day supervision over the worker, the host employer is responsible for recording injuries and illnesses.

The non-supervising employer (generally the staffing agency) still shares responsibility for

its workers' safety and health. The staffing agency, therefore, should maintain frequent communication with its workers and the host employer to ensure that any injuries and illnesses are properly reported and recorded. Such communication also alerts the staffing agency to existing workplace hazards and to any protective measures that need to be provided to its workers. Ongoing communication is also needed after an injury or illness so the recording employer can know the outcome of the case.

The staffing agency and host employer must set up a way for employees to report work-related injuries and illnesses promptly and tell each employee how to report work-related injuries and illnesses. In addition, employees, former employees, their personal representatives, and their authorized employee representatives have the right to access the injury and illness records (29 CFR 1904.35).

In order to provide safe working conditions, information about injuries and illnesses should flow between the host employer and staffing agency. If a temporary worker sustains an injury or illness and the host employer knows about it, the staffing agency should be informed, so the staffing agency knows about the hazards facing their workers. Equally, if a staffing agency learns of an injury or illness, they should inform the host employer so that future injuries might be prevented, and the case is recorded. As a best practice, the staffing agency and host employer should establish notification procedures to ensure that when a worker informs one employer of an injury or illness, the other employer is apprised as well. The details of how this communication is to take place should be clearly established in contract language.

Please note that OSHA law prohibits retaliation against a worker for reporting an injury or illness. Further information on OSHA's recordkeeping requirements is available on the OSHA Recordkeeping website (www.osha.gov/recordkeeping). Further information on protecting temporary workers is available at the OSHA Temporary Worker website (www.osha.gov/temp_workers).

Twenty-five states and two territories operate occupational safety and health programs approved by OSHA. States enforce at least as effective standards that may have different or additional requirements. A list of State Plans is available at www.osha.gov/dcsp/osp.

HOW CAN OSHA HELP?

Workers have a right to a safe workplace. If you think your job is unsafe or you have questions, contact OSHA at 1-800-321-OSHA (6742). We can help. It's confidential. For other valuable worker protection information, such as workers' rights, employer responsibilities and other services OSHA offers, visit OSHA's Workers' page (www.osha.gov/workers.html).

The OSH Act prohibits employers from retaliating against their employees for exercising their rights under the OSH Act. These rights include reporting an injury or illness, filing an OSHA complaint, participating in an inspection or talking to an inspector, seeking access to employer exposure and injury records, and raising a safety or health complaint with the employer. If workers have been retaliated against for exercising their rights, they must file a complaint with OSHA within 30 calendar days from the date the retaliatory decision has been both made and communicated to the worker.

OSHA also provides help to employers. OSHA's On-site Consultation Program (www.osha.gov/consultation) offers free and confidential advice to small and medium-sized businesses in all states across the country, with priority given to high-hazard worksites. For more information or for additional compliance assistance, contact OSHA at 1-800-321-OSHA (6742), or visit our website at www.osha.gov. ■

BROUGHT TO YOU BY:





One in Six Americans Worked at a Convenience Store

NACS survey finds that educational value and flexible hours were job benefits cited by those who worked in a convenience store during their college years



■ BY NACS ONLINE

One in six American adults (17%) has worked in a convenience store, gas station or corner store, and they say that their job gave them valuable experience in how to work with people and how to run a business, according to a new NACS survey.

Of that total, 91% say that they learned a lot about how to work with people, 86% say that the experience that they gained was valuable, 82% say that they learned about how businesses are run, and 71% say they would recommend this type of work to others,

particularly as a first job.

Those who said the convenience store job was their first job are equally as positive about the experience: 83% say that the work experience was valuable and 74% say that the wages that they earned were consistent with their level of experience.

Educational value and flexible hours were job benefits cited by those who held a convenience store job in college: 90% say that they learned a lot about how businesses are run and 81% say that the job offered a flexible work schedule that allowed them to schedule hours around other things in life.

Adult Americans who had never worked in a convenience store were equally positive about the job opportunities available at convenience stores. Overall, 85% of Americans who have never worked in the industry say that convenience stores are great summer jobs for high school or college students, and 83% say that convenience stores offer good first jobs for those looking to enter the workforce.

Also, they see convenience store jobs as a potential path toward managing or owning a small business: More than two in three non-convenience store employees (71%) agree that it is common for employees who work hard to become managers or eventually own their own businesses.

“Convenience stores conduct more than 160 million customer transactions a day and fuel 80% of the vehicles on the roads today,” said NACS Vice President of Strategic Industry Initiatives Jeff Lenard. “None of this would be possible without the 2.5 million employees who serve busy Americans every day—and around the clock. These jobs also provide opportunities—whether to gain valuable business experience as you earn an income, or to eventually grow your own small business.”

The survey was conducted online by Penn Schoen Berland; 1,111 U.S. adults who purchase fuel for a vehicle such as a car, truck or van at least once per month were surveyed in September 2016. ■

Iraq Passes Law to Ban Alcohol, Violators Face Fines of up to \$21,000

■ BY NEW YORK DAILY NEWS

Iraq's parliament has passed a law forbidding the import, production or selling of alcoholic beverages.

The bill passed on October

22, 2016 imposes a fine of up to \$21,000 for anyone violating the ban.

Islam forbids the consumption of alcohol, but it has always been available in Iraq's larger cities,

mainly from Christian-run shops.

Iraq's parliament is dominated by Shiite Islamist parties. The assembly announced the ban but did not say how many lawmakers voted for or against it. ■



NACS Chairman Describes C-Stores as Community Stores

New NACS Chair Rahim Budhwani encourages retailers to look at c-stores as “community stores,” rather than “convenience stores”

■ BY NACS ONLINE

Convenience retailing, or life for that matter, can be summed up by the two words of “hope” and “love,” said NACS 2016-17 Chairman Rahim Budhwani during the 2016 NACS Show Closing General Session on Friday.

“Hope is the constant of all things. It's the only thing that stays with you when everything else feels lost. And without love, life has no meaning, no flavor, no passion,” said Budhwani, who is CEO of 6040 LLC, which operates convenience stores, including the Encore brand, in Alabama.

Budhwani used the name of his company to explain the concepts of both love and hope. Originally, he developed the company with a partner who would work in their first store and own 60% of the company while Rahim, the silent partner with another career, would own 40%—thus the name 6040.

But just before the deal closed, his partner had a change of heart. Budhwani was now a 100% owner of a convenience store business—along with his full-time job as a computer programmer, his grad school studies and his newly expanded family with a newborn daughter.

After eight months of working two jobs plus attending graduate school, Budhwani focused exclusively on the convenience retailing industry. His hope that he would survive in the business was complemented by a love for the industry. But he still needed help to grow—and so he turned to local regional groups and NACS.

“NACS delivers amazing

connections that improve your business,” Budhwani said. He described his first NACS committee meeting, when he was instantly put at ease, even though he wasn't sure he belonged there.

“If you need help, just ask for it. Someone will help you. This is part of the culture of NACS and something that I love,” he said. “That first meeting made me want to stay engaged, and become even more active, and it has led me to be here today.”

“NACS also delivers ideas,” Budhwani said. He described insights gained at a NACS Leadership Summit five years ago, which led him to become the first convenience retailer in the state of Alabama to sell growlers.

“We all need to continuously educate ourselves to be successful. Sometimes, we think we know it all. We think we are too busy working to learn more. And that is a big mistake,” Budhwani stressed. “If you don't get new ideas, you will never really grow your business. And you will never evolve from working in the store to working for the store.”

Of course, not every idea will work, but the key is to try new ideas and learn from your experience, whether you succeed or fail. Budhwani said that the company's initial push into foodservice was an instant disaster.

“That store was in a heavily Hispanic market. They didn't want pizza to take to the job site. They wanted the traditional food that they were used eating back home,” Budhwani said. So they evolved the program and built a small 300-square-foot kitchen in the store, with a focus on

Hispanic fare like tamales, tacos, tortas and chilaquiles. From there, Budhwani added a twist, using his background with Indian cuisine, to create chicken curry tacos and maharaja tacos. The new foodservice program—both traditional Hispanic food and Indian fusion—have been so popular that the store was featured on a segment on National Public Radio last year.

But even with the best ideas and execution, convenience retailing is still a people business, he noted. “We exist because of our importance in communities. C-store does not stand for convenience store, it stands for community store,” said Budhwani, who talked about how he provided free food and drinks to first responders helping the community after Hurricane Katrina struck Birmingham in 2005. “We didn't make one sale at that store for a month—but it grew our business. Our support showed that we cared. And the community noticed.”

That same spirit exists at the NACS Show and at other industry events, he said. “I feel that same sense of community in our industry. People help each other. And groups come together to make the industry better.”

Referencing back to the difficult early days as a new owner of a convenience store business, Budhwani said that things have certainly changed for the better because now he wakes up every day loving what he does, and hopes to become the best at what he does. “I'm here today to say that an average guy like me can make it—as long as you have the passion and the love for what you do,” Budhwani concluded. ■



You Might Want to Stock Up On Bourbon Before It's Too Late

■ BY LISA FICKENSCHER // NEW YORK POST

Jim Beam lovers may want to stock up on their favorite spirit.

Union workers at two of the company's Kentucky distilleries have voted to authorize a labor strike.

If a deal on a new contract can't be worked out, the workers may strike the following day.

And a prolonged strike, one that lasts several weeks, could result in Jim Beam bourbon product shortages on store shelves, experts said.

Owned by Suntory Holdings, a Japanese beverage company, Jim Beam had until October 14th to work out a deal with the United Food and Commercial Workers union.

The two sides have been

negotiating for 33 days over contracts for workers at distilleries in Clermont and Boston.

"We are seeking to understand the reasons why the union membership voted down this competitive two-year contract proposal unanimously recommended by their own representatives," said Jim Beam spokesman Kevin Smith. "The proposal includes substantial wage increases, coupled with other enhancements including elimination of the two-tiered wage system for almost all employees."

The workers knew that they could cause the most disruption by going on strike now as opposed to the summer when production slows down, according to Fred Minnick, author of, "Bourbon,

The Rise, Fall and Rebirth of an American Whiskey."

"Every single day, they are moving barrels and bottling," Minnick said. "It's a constantly working distillery."

A spokeswoman for Beam Suntory declined to comment on whether a strike could result in shortages at bars and liquor stores.

But supplies could get tight if a strike dragged on for a month, Minnick said.

"There are thousands of Jim Beam cases in the wholesale system en route to retailers and bars right now, but after a month," he added, "supplies could be diminished."

Bourbon is one of the fastest-growing types of spirits in the country, with shipments growing 32% over the past five years. ■

AmazonFresh Expands to More U.S. Cities

Chicago and Dallas join a growing list of cities where the same-day grocery delivery service is available

■ BY NACS ONLINE

Amazon is expanding its same-day grocery delivery service, AmazonFresh, to two new cities: Chicago and Dallas. These new cities add to the growing list of regions where AmazonFresh is available, including recently-launched Northern Virginia, Boston, Baltimore and London.

AmazonFresh allows customers to combine grocery and other shopping into one seamless and online shopping experience. Customers can order a wide range of items, from fruits, vegetables, meat, seafood, baked goods and

dairy products, to beauty products and household goods.

The online delivery option offers same-day or next-day delivery, with convenient delivery windows, including the option of either attended or unattended delivery. Customers can place an order in the morning and have it delivered as early as that same evening, or order before going to bed and have the items on their doorstep in time for breakfast the next day.

"We continue to expand AmazonFresh into new regions so that more and more customers can take advantage of the service," said Ben Hartman, vice president

of AmazonFresh. "Whether they are busy with family, work, travel or something else, we believe all Prime members will enjoy the convenience and flexibility of AmazonFresh, in addition to the vast selection and low prices that the service offers."

To date, AmazonFresh is available in cities in New York, New Jersey, Connecticut, Massachusetts, Pennsylvania, Delaware, Maryland, New Hampshire and West Virginia; and in areas of Northern California including Oakland, Fresno, Santa Rosa, Stockton and Walnut Creek. ■



Supervalu Sells Save-A-Lot Chain for \$1.37 Billion

Supervalu had been trying to split off or sell the discounter for about a year

■ BY JOHN EWOLDT // STAR TRIBUNE

Supervalu sold Save-A-Lot on October 24th, the discount grocery chain that drove most of its growth in recent years, to a Toronto investment group for \$1.37 billion.

Supervalu had been trying to split off or sell the chain of 1,370 stores for about a year. Executives want to use proceeds to reduce debt and shore up the company's full-price grocery chains, such as Cub Foods in the Twin Cities.

The sale of Save-A-Lot to Onex Corp. leaves Supervalu with \$13 billion in annual revenue, down from \$18 billion, that is dominated by its wholesale business. The company sold off its four largest supermarket chains in 2013.

Though Save-A-Lot played a major role in the growth of Eden Prairie-based Supervalu, it was relatively little known in the Upper Midwest. The chain has a store in St. Cloud and a few in Wisconsin, but most are in the eastern half of the country.

In July 2015, then-CEO Sam Duncan announced that the company planned to spin off Save-A-Lot so it could focus on its other operations and growth. Later in the year, its plans shifted to consider an outright sale.

"Today's announcement is the result of a thorough process to maximize the value of the Save-A-Lot business and best

position Supervalu for future success," Jerry Storch, Supervalu's chairman, said in a statement.

Supervalu purchased Save-A-Lot in 1992. It continued to add stores and now attracts more than 5 million shoppers a week.

"A sale allows Supervalu to further deleverage the balance sheet and focus more squarely on its core distribution business," said Vincent Sinisi of Morgan Stanley in an analyst statement.

The company plans to use \$750 million of the sale's proceeds to prepay a loan. The remaining amount will be used to further reduce debt and improve capital structure, according to the company's statement.

Supervalu has suffered recently from deflationary food prices, lower traffic and a loss of customers.

"It gives them a lot of flexibility on their balance sheet to invest in the business, pay down debt and buy back stock," said Ajay Jain, senior Research Analyst at Pivotal Research Group in New York.

The sale also includes a professional services agreement in which Supervalu will provide Save-A-Lot with support for day-to-day operations such as cloud services, merchandising technology, payroll, finance, and other services.

David Livingston, a supermarket analyst in suburban Milwaukee, thinks the company received a good price for Save-A-

Lot, considering the competitive marketplace for discount grocers.

"Save-A-Lots are the same size as Aldi but with half the sales," he said. "Now that Lidl [another discount supermarket] is coming from Germany, it will be another big competitor."

Jain thought Save-A-Lot could fetch as much as \$1.8 billion, but sales in the last four quarters declined between 1.4% to 3.4%. "We are not entirely surprised that the sale proceeds were lower than expected," he said in a research note.

Chuck Cerankosky, an analyst at Northcoast Research, said Supervalu has a higher debt load than many food retailers and wholesalers. Part of that it is tied to Supervalu's \$12 billion acquisition of 566 Albertsons grocery stores in 2006.

The deal turned into a costly mistake, and Supervalu in 2013 sold most of those stores to Cerberus Capital Management, which paid \$100 million and took on \$3 billion in debt on its balance sheet.

Cerankosky said the Save-A-Lot deal will improve the company's position.

"I think it's a good deal," said. "It's in line with what we expected."

Supervalu shares closed up nearly 6% on Monday to \$5.30. It has closed as high as about \$7 and as low as about \$4 in the last 12 months.

Staff writer Mike Hughlett contributed to this report. ■



MICHIGAN //

Packaged Liquor Sales Are Now a \$1 Billion Industry for Michigan



■ BY PAULA GARDNER // MLIVE

Michigan's packaged liquor sales reached a new plateau in 2015, topping the \$1 billion mark in wholesale purchases by retailers.

Leading the pack were chain stores – notably Meijer Inc., based near Grand Rapids – which now account for 15% of wholesale liquor buys across the state.

Sales of packaged liquor, which is sold in sealed bottles to be consumed off-site, last year were 26% higher than in 2010. The numbers showed an increase of 6% from 2014, according to state data that tracks wholesale purchases.

Michigan is a "control state" when it comes to liquor sales, acting as the middleman in wholesale transactions and setting minimum prices that its licensed customers can, in turn, charge consumers when they buy by the bottle. While records of the retail sales aren't available, the wholesale tracking gives an indication of who is selling the most liquor in the state.

The top five liquor stores buying liquor for resale to Michigan consumers are Meijer stores. Number one for several years is the one in Traverse City, with its total falling from \$2 million in 2014 to about \$1.8 million last year.

That store is followed by stores in the Grand Rapids (on Beltline and on 28th Street), Ann Arbor (on

Ann Arbor-Saline Road in Pittsfield Township) and Okemos areas.

"Like many industries, big boxes are taking more (market) share, but Michigan has a large number of independent stores," said Tony Mitchell, incoming president of the Michigan Licensed Beverage Association.

About 4% of liquor retails account for 17% of all sales in Michigan.

Chain store totals across the state reached \$116 million for Meijer, \$30.4 million for Kroger and \$12.3 million for Costco. Neither Meijer nor Costco representatives would comment for this story.

"It's just an added value for stores that have it," said Kroger spokesperson Rachel Hurst about package liquor sales in the chain, which operates about 130 stores in Michigan.

Hurst said she couldn't give details on store plans for its liquor sales, including how much space per store is dedicated to packaged liquor. However, the stores do respond to customer demand, and that appears to include more liquor options in many locations.

"Close evaluation of sales trends and customer preferences ... play a huge role in decisions," Hurst said.

Meijer store remodels often include reconfiguring of the liquor sales sections to make

them more conducive for shoppers, said Mitchell.

The chain also is doing more cross-promoting, highlighting certain liquors along with mixers.

That feeds into one reason for the growth in liquor sales: "All of the excitement for cocktails and mixology," Mitchell said.

"New products are coming out all the time," Mitchell said, noting that they often involve new flavors.

Also influencing the "drink at home" movement are classic tastes.

"Bourbon and whiskey are leading the trends," Mitchell said.

"They're taking us back to the 1960s and '70s."

The recent sales increase occurred while the number of licensed sellers remains fairly constant, said Michael Loepp of the Michigan Liquor Control Commission.

About 6,907 SDD licenses were issued to Specially Designated Distributors in Michigan, according to MLCC records. Of those, about 3,950 were stores: Big boxes, groceries, convenience stores and party stores, said Mitchell.

But one number that is changing is the product lineup.

"We currently have 7,906 different distilled products available for sale in Michigan," said Loepp in an email. "The number has increased steadily over the years. Five years ago we had approximately 6,300 products."

That is changing how many liquor retailers – not just chain stores

PACKAGED LIQUOR
continued on pag 42.



Molson Coors Completes Acquisition of MillerCoors and Global Miller Brand Portfolio, Becomes World's Third Largest Brewery

■ BY BREWBOUND

Molson Coors Brewing Company (NYSE: TAP; TSX: TPX) ("Molson Coors" or "the Company") announced the successful completion of its previously announced acquisition of SABMiller plc's (LSE: SAB; JSE: SAB) ("SABMiller") 58% stake in MillerCoors LLC ("MillerCoors"), the joint venture formed in the United States and Puerto Rico by both companies in 2008.

As part of the transaction, Molson Coors also gains full ownership of the Miller brand portfolio outside of the U.S. and Puerto Rico, and retains the rights to all of the brands currently in the MillerCoors portfolio for the U.S.

and Puerto Rico, including Redd's and import brands such as Peroni, Grolsch and Pilsner Urquell.

Molson Coors is now the third largest global brewer by enterprise value and the sole owner of MillerCoors, which will continue to operate as separate business unit of Molson Coors and will retain its name and headquarters in Chicago.

"Today represents a historic moment in the evolution of Molson Coors as we emerge as the world's third largest brewer by bringing together Molson Coors and MillerCoors into a bigger, better organization," stated Mark Hunter, president and chief executive officer of Molson Coors. "As one company with an expanded portfolio of iconic brands

and a highly focused leadership team, we intend to leverage our increased scale, resources and combined commercial experience to accelerate our First Choice agenda and deliver long term shareholder value."

Hunter concluded, "Having successfully operated the MillerCoors joint venture since 2008, we know the business well and have been working to ensure that today represents a seamless transition for our customers, partners, distributors and employees. It will really be business as usual, with an energized team that is playing to win and committed to setting the bar even higher for the future of our business." ■

Less than Half of Small to Mid-Sized Retailers Accept Chip Cards

■ BY DONNA HARRIS //
OIL PRICE INFORMATION

Less than half of small and mid-sized bricks-and-mortar retailers of all types accept chip cards at indoor point-of-sale terminals, even a year after the credit card networks' liability shift, according to a survey this month from The Strawhecker Group.

Gas stations and other merchants had to adopt technology meeting the Europay MasterCard Visa standards for chip card payment by Oct. 1, 2015, to avoid paying chip card-related fraud chargebacks.

By far, the most respondents -- 76% -- said the biggest challenge involved in the transition to EMV was the time it takes to adopt the technology. Next were technological problems followed by a close third, lack of customer and employee knowledge, the study suggests.

For example, some respondents said the chip payment process is "so much slower" or that in some cases "the customer has to swipe even after it (the card) is dipped" or "people (customers) leave their cards behind."

Only around half of the retailers with up to \$2.5 million

in annual sales have point-of-sale terminals designed to accept chip cards, and not all of those terminals are in operation.

Of the merchants with in-store EMV terminals, 92% of the retailers with less than \$500,000 in annual sales said they had activated terminals that were in use. For retailers with \$500,000 to \$1 million in annual sales, that drops to 81% and for those with annual sales of \$1 million to \$2.5 million, the figure is 85%, reported The Strawhecker Group, a consultancy specializing in electronic payments. ■



Distilled Spirits Sales Ride Whiskey Wave to New Heights

■ BY PRNEWswire

The distilled spirits industry continued its impressive 18 straight years of growth, rising 2.0% in 2015 to 215.9 million 9-liter cases. Employment gains and wage increases have led to increased consumption of premium, quality products at home and on-premise. According to the Beverage Information Group's Liquor Handbook 2016, consumers are spending more and drinking more - 4.2 million cases more than in 2014, to be exact.

The American straight whiskey category shows no signs of slowing down after a 4.8% increase in 2015. Premium brands continue to grow most rapidly, as consumers show a willingness to trade up. After remaining flat for years, the blended whiskey category rose 6.0% to 5.2 million cases last years. As millennial consumers experiment within non-Bourbon segments of the whiskey category, imports are up as well. Canadian Whisky and Scotch rose 2.2% and 5.1%, respectively, in 2015, while Irish Whiskey saw its twelfth straight year of double-digit growth, rising 12.9% to nearly 3 million cases.

Other distilled spirits categories saw mixed results in 2015. Vodka, tequila, brandy/cognac and cordials/liqueurs all experienced positive growth. But gin and

rum continued their downward trend, declining 1.8% and 1.5%, respectively. Domestic gin has been steadily decreasing over the past few years, pulling the overall segment down. Rum consumption remains the second-largest spirit category, but decreasing volumes show consumers' willingness to explore other categories.

In 2016, consumers are expected to continue that experimentation, especially as improving economic conditions raise disposable income. That should lead to nineteen straight years of growth for the distilled spirits industry. Millennials seem to be driving a number of categories, with older Millennial consumers representing the largest share of drinkers in the bourbon, Irish whiskey, cognac, and prepared cocktails categories. Brands now understand the value of Millennial influence, as they produce new products that provide new variety.

ABOUT THE 2016 LIQUOR HANDBOOK

The Liquor Handbook is the most comprehensive source of information on U.S. spirits and sales trends. It includes consumption and projection information by category and by market, tracks leading brands and reports historical data. The publications can be purchased at www.bevinfostore.com or by calling (203) 855-8499. ■

PACKAGED LIQUOR *continued from page 40.*

— approach their business.

"I stock probably seven times more than I did 30 years ago," said Maher Jaboro, co-owner of A&L Wine Castle in Ann Arbor. The store is in the top 30 of Michigan wholesale liquor buys.

"We used to have a six-high shelf," he said. "Now we have one shelf that is 10 shelves high."

The items on the shelves are getting expensive as their numbers increase. Buyers' tastes are increasingly turning to specialized and rare liquors. And as prices climb, so do the expectations for well-designed packaging, to convey an image worthy of price.

Jaboro noted that one example is vodka. Absolut and Stolichnaya used to be higher-end. Now, he said, "Stoli" may be midrange at \$20 per bottle — compared to the \$300 per bottle varieties out there.

While vodka, gin, tequila all have their follows and their twists on the standard brands and flavors, it's bourbon that's pushing the sales, Jaboro said.

A&L stocks \$3,000 bottles, but Mitchell notes that they may be sold for special occasions or to collectors — or by restaurants, which will further mark it up to sell by the glass.

A really good bottle may sell for \$75 to \$300, Mitchell said.

And Jaboro noted that someone buying a \$100 bottle of bourbon isn't likely to mix it with a 2-liter bottle of Coca Cola and slam it in one sitting.

"They are drinking better," he said of many of his customers. "There are so many choices. That's the fun part." ■



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NOVEMBER 17 & 18, 2016

AFPD "HIGH FIVE" TURKEY DRIVES

As the holiday season approaches, the AFPD turkey drive committee has pledged to put a turkey on the Thanksgiving table of over 6,000 needy families throughout Michigan, Ohio and Illinois that may not otherwise enjoy this special meal.

Michigan // Ohio // Illinois

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Join over 1,000 leaders in the food, beverage & petroleum industries at this one-and-only black tie gala. Delight in fine cuisine, dancing and entertainment and engage with colleagues and friends to celebrate the strength and vitality of AFPD and the members it serves.

Penna's of Sterling // Sterling Heights, MI

FEBRUARY 23, 2017

NEW! AFPD'S CHICAGO BUYING & SELLING SHOW

Announcing our newest show! Held in conjunction with Sherwood Food Distributors, let AFPD work hard to help you sell products and promotions!

Location TBA // Chicago, IL

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Location TBA // Chicago, IL

APRIL 19, 2017

AFPD'S 33RD ANNUAL INNOVATIONS BUYING SHOW

AFPD's longest running trade show has retailers looking to fill their shelves for the spring and summer months. The Annual Innovations Buying Show is known for high-quality attendees, non-stop interaction and exhibitor satisfaction. Admission for AFPD members is free. Must be at least 21 years old to attend this show.

Suburban Collection Showplace // Novi, Michigan

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