

# BottomLine



THE VOICE OF INDEPENDENT RETAILERS // VOL. 27, NO. 5 // MAY 2016

## Liability Shift Costing Retailers Big in Credit Card Fraud

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# BottomLine



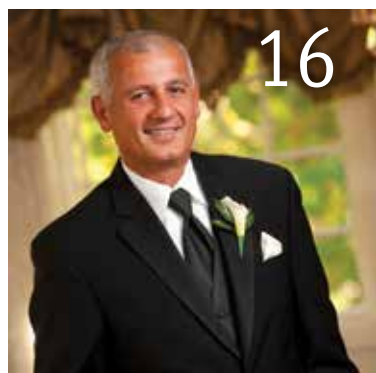
THE VOICE OF INDEPENDENT RETAILERS  
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## features



### LOOKING WEST: AFPD EXPANDS THE ASSOCIATION'S FOOTPRINT IN THE REGION

With an eye fixed on the future, AFPD continues to look for ways to grow and expand its reach within the industry. Recently, AFPD President and CEO Auday Arabo, met with a group of retailers in the Chicago area about ways in which the two forces could come together.



### NOTICE // LONG-TIME MEMBER OF THE GROCERY COMMUNITY PASSES AWAY

Long-time grocer and AFPD member, John Loussia, lost his five-year battle with prostate cancer on April 30th.



### COVER STORY // LIABILITY SHIFT COSTING RETAILERS BIG IN CREDIT CARD FRAUD

By now, most people have credit cards with the chips in them. The problem is many retailers are not able to read the chip on their new machines.





# president's message

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

## Change You Can Control

We have so much change in our industry coming at us from every angle. At times it may seem overwhelming; new competition, new technology, new regulations, new trends and more. It is so easy to get angry or frustrated or even helpless as you throw your hands up. There is a prayer I like to remind myself of everyday. "God grant me the serenity to accept the things I cannot change; courage to change the things I can; and wisdom to know the difference."

There are some things we do have control over. We can change our ads, we can change our displays, we can even change how we run and market our business. However, we need to learn about what others are doing in our industry and try things out. Some new ideas may work for your business and some may not, but you will not know until you try. You need to read industry magazines and emails and attend as many tradeshow as you can. You also need to visit other like-businesses whether they are near or far. A number of our members believe that chain stores are their main competitors, but we all can learn from what they do right and do wrong. Yes, chains do make mistakes like everyone else, but it takes them a lot longer to make the change or find the new trend, but they need to steer a huge ship, while independents can make needed changes immediately.

Just recently I was reminded of how great the independents are in the State of Michigan. A friend and member from Chicago who knows the market there like no other took the day and visited close to 10 stores with me. He was pleasantly surprised how strong and diverse the independents are in the Detroit Metro area. In fact, he asked one owner, "aren't you scared of Kroger?" and the owner said, "Why would I be scared? I can't control what Kroger does, but I do have control on how I greet and treat my customers, what specialty products I carry and how I customize my store to the neighborhood." Our member from Chicago had a big smile on his face and said this is the same type of approach and attitude our grocers need in the Chicago Metro area. This was great to hear since the Chicago Metro area has the largest saturation of independent grocers in the nation.

Regardless of what type of business you operate and what your demographics are like, you need to make sure people who shop your location feel as though they are a part of your business, taking pride and even virtual ownership of your business. At the end of the day it is all about relationships and meeting the needs of your customers and the neighborhoods you service. If you were too busy to attend the Sherwood, Lipari or AFPD tradeshow last month, you missed another opportunity to learn and experience the new trends and products. Like anything else, if we do not keep learning, we will be a thing of the past especially since information remains king and the internet and social media makes information so much easier to locate and share. At the end of the day we need to recognize things we can change and stop focusing on things out of our control, like what my competitor is doing. Just focus on what you can be doing better and don't forget to reinvest in your business otherwise someone is sure to pass you by.

God bless you and your families, especially the Loussia family who lost a father, brother and friend as well as a valued AFPD member, and longtime member of the grocery community both as a retailer and wholesaler with Value Wholesale, John Loussia. You will be missed. We pray you rest in peace. ■

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## Giving Retailers a Chance to Double Up

■ BY KRIS HARRIS

**A**FPD hosted its 4th Annual Double-Up Food Bucks meeting on Thursday, March 31st, for AFPD members who were interested in applying for the program. In order to be considered for the program, members were required to attend the meeting.

Double-up Foods Bucks program was started in 2009, in five farmer's markets in Detroit. It originally started and was only available for the first few years at Farmer's markets. However, it was always planned to roll out further and spread to grocery stores around the city. Today, the Double-Up Food Bucks program is in 13 states, with six more soon to follow this year alone.

The program encourages participants to get more fruits and vegetables when they use their SNAP Bridge Card dollars at a participating farmer market or grocery store. For every \$20.00 a SNAP participant spends, they are given an additional \$20.00 to buy locally grown fresh fruits and vegetables, from farmers in Michigan.

The success of Double-Up Food Bucks is a result of the implementation of the program which is done by the Fair Food Network. The Fair Food Network, a nationwide nonprofit, works to promote and provide healthy, fresh and locally grown foods to underserved communities. The other key factor in the launch and success of the Double-Up Food Bucks program was the ability to work with Michigan Senator Debbie Stabenow and other policy makers to leverage federal funds in the 2014 Farm Bill to help the program expand.

In 2015, 21 AFPD members participated in Double-Up Food Bucks, which helped launch the program with its first three stores back in 2013. "We are proud to continue to partner with Fair Food Network on this very important program," said Auday Arabo, president and CEO of AFPD. "We believe these incentive programs are the best ways to increase healthy food consumption while simultaneously supporting local farmers."

Because of the success seen in Michigan, those AFPD members in attendance who were already participating or were applying for the program were empowered to be



the leaders of the program on national level. “This is a place where the State of Michigan, and you all who have been involved in the program, are really in a leadership role nationally,” said Oran Hesterman, president and CEO of Fair Food Network. “And it’s one of the reasons why we now have legislatures and government officials, both in Lansing and Washington, looking at what we’re doing, because they see something happening here that’s really working.”

The program has proven to have a direct impact on the state by promoting healthy eating habits of residents, increasing the need for goods produced by regional farmers and ensuring revenue generated will stay in the local economy.

Double Up has seen tremendous growth over the last six years, which included expansion to more than 150 markets sites across the state. These locations not only help serve more than 300,000 low income families, but also provide customers to participating retailers as well.

“This program gives you the three C’s,” said Arabo. “The *community* involvement that is really important for independents, the *competitive* nature because it’s going to push customers your way and third, perishables are the *cornerstone* for every independent.”

After lunch, the meeting allowed for AFPD members to ask various questions about the program, including the transaction process at the check-out point and how to let current customers not only know about the program, but the details of how it works.

Rounding out the meeting was a presentation from Eastern Market representatives who are looking to partner with local grocery stores to see how they can help increase the size of their produce departments. One of Eastern Market’s key missions is to see an increase in people’s produce consumption. Another goal is to help make a connection between local grocers and Eastern Market growers. Eastern Market would like to provide those sourcing options for their farmers and distributors who distribute local product.

Closing out the day was information provided from representatives of CarT, which is a University of Michigan student start-up. CarT’s efforts are focused on combining existing infrastructures, and in this case, shared-ride companies and grocery stores. They are looking to bring the two together to help people who are in low-income areas have increased access to healthy food. ■

*Kris Harris is a writer for Denha Media & Communications.*

## ASK THE MEMBER //

### WHY ARE YOU APPLYING TO DOUBLE-UP FOOD BUCKS? DID YOU APPLY LAST YEAR AND IF SO, TELL US ABOUT IT?

“We’re going to try again this year. Maybe something’s changed with the landscape of people coming into our store. It seems like now we get more Bridge Card and assistance with our customers so hopefully that gets us over the hump where we can pursue this and try it this year. If we’re chosen, this will be the first time. I saw how successful last year was, and I thought, I wish I was a part of that.”

MIKE DYJA // OAKRIDGE MARKETS, FRASIER AND WARREN MI

“We’re not 100% sure if we’re going to apply yet. We were coming here for one of the owners and going talk to him about it. What interested us was the Double-Up program is something new for the community and it helps Michigan produce farmers. It helps keep things inside Michigan.”

JULIAN TINPAN // SAVE-A-LOT, DETROIT MI

“Honestly, it just sounded good. We do big numbers with produce already and have expanded our produce department twice since we started. We have everything, we even have items that we know that we may have one customer for and it may be a losing item, but it brings a customer in.”

AZHER MATTY // GARDEN FRESH, DETROIT MI

“I’ve been doing it for over two years now and I like it. The first year was little hard, because it was the first time. The second year was a little easier, it was automatically being deducted from the EBT, so a lot of the customers didn’t know. And this year, I like the way it is with more options available. So I’m going to be looking into the loyalty program and see if that will work for us.”

JOHN MAYA // PARKWAY FOODS, DETROIT MI

“I think it would be a good program. We have three stores and specialize in fresh fruit. We’re a produce and meat market. Two of our stores are in areas that are high EBT areas and I think it would be real good for us. The other thing is we have customers that come in and ask if we take it, that they do it down at the farmer’s market, and we have to say “no”. So obviously, we’d like to be a part of it.”

KEN COURTS // KEN’S FRUIT MARKET, GRAND RAPIDS AND WYOMING MI

“I decided to come because I heard about it last summer. I heard from the customers that one of the competitive stores had it and why didn’t we have it. For my customer base, they are food stamp driven. One of the little hints they said was to put produce, instead of candy, in front of the counter and I’m going to try it. I’d never thought of that.”

ELIZABETH ABOONA // AMERICANA FOODS AND SEAWAY MARKET PLACE, DETROIT MI

“I’m a current member of Double-Up Food Bucks program and this will be my third year. Anytime that you can give a customer something for free that is of great freshness, it’s always good to give. And that’s one of the reasons that we’re here today, is to promote that product. The first year, nobody really knew about it and the second year some consumers asked about it. They’re getting used to the whole program, where now when they see Double-Up Food Bucks they understand more what the program is.”

JOE GAPPY // PRINCE VALLEY, DETROIT MI



## Looking West: AFPD Expands the Association's Footprint in the Region

■ BY KRIS HARRIS

With an eye fixed on the future, AFPD continues to look for ways to grow and expand its reach within the industry. Recently, AFPD President and CEO Auday Arabo, met with a group of retailers in the Chicago area about ways in which the two forces could come together.

Leading the way for the Chicago group was the Anthony Marano Company, which started as a tomato repacking company in 1947. "When my Grandfather started the company, we were 100% tomato repacking," said Damon Marano, Vice president of Business Development for the Anthony Marano Company. "My father added more product lines and grew the business. Today, we are 420,000 square-feet and just three miles outside of downtown Chicago."

Since the early days, the Anthony Marano Company has expanded the family business to provide a full line of fresh produce. In fact, when asked about which fresh fruits and vegetable the company has added to the product line, Marano said, "it's easier for us to tell you what we don't sell. Basically, we sell anything that grows."

As a Chicago retailer, the Marano Company met with other independents in the area to talk about ways to have greater strength, together. "Basically, how it started was myself and a group of independent retailers felt we needed to create an association to be able to bounce ideas off each other and act as a more united group," said Marano.

Creating and running an association is not easy, so the group continued to seek ways that could help them accomplish their goal. The idea behind reaching out to AFPD came from AFPD Supplier Board Member Brad Miller, who was able to bring the two together. "We had a few resources in the

industry to include in our discussions," said Marano. "And thankfully, Brad Miller was one of them. He had the idea to ask AFPD if they'd be interested."

From there, a meeting was held and it was clear to see how both sides could mutually benefit from each other. "AFPD came down for the meeting and we had a good representation, about 40 to 50 people," explained Marano. "And we decided to create a Chicago chapter."

It didn't take long for the group to see how AFPD could help and why it would be a perfect match. "They had the organization and the dedication to lead independent grocers to success," said Marano. "They already had the infrastructure and they're used to the culture of an independent retailer. They're strong, they're vibrant and they're willing to contribute."

The Chicago chapter has already added approximately 40 members, which represents about 70 to 80 stores in the marketplace. Looking forward, there is an opportunity for an additional 80 to 100 members, which would add about 400 more stores to the group.

Independent retailers are vital to the future of the industry and it's clear to see that it's also important to the Chicago market. "The independents are very strong in the Chicago market right now," explained Marano. "For awhile there was no major chain in Chicago that represented a large portion of the produce sales."

As things continue to move forward, AFPD will have a Chicago office that will share space in the Anthony Marano Company's office, which is located at 3000 South Ashland Avenue in Chicago, IL. "We're going to let AFPD use our office in our warehouse," said Marano. "We're going to do our share to give the association some representation."

The future of the AFPD relies in its ability to serve its members and to also look for ways to evolve the association. Expanding its reach to the Chicago market will provide new opportunities for AFPD members, while increasing the association's footprint in the industry. "We have the ability to serve any AFPD members out East," said Marano. "We have a route we're building to Detroit and we have no problem sending products to any customers interested in doing business with us." ■

*Kris Harris is a writer for Denha Media & Communications.*





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## Buying Power Comes with Knowledge

■ BY KRIS HARRIS

**I**t is the longest running AFPD trade show; on its 32nd year, the Annual Innovation Buying Show was held at Shenandoah Country Club in West Bloomfield on Thursday, April 28th. The show helps retailers prepare for the next season as they place orders to stock shelves with summer products.

Rows of vendors displayed their latest items while members walked around looking for deals only available at the show. Some booths featured their services including AFPD itself with a table filled with literature about its vendor programs and seven pillars of service.

AFPD's Buying Show helps members in a variety of ways starting with providing a wealth of information on how to improve business. "The most important thing about attending shows is knowledge," said Auday Arabo, AFPD President and CEO. "There are so many trends and so many new things happening that you need to be on top of it all so your competitors don't outpace you."

Members had exposure to the latest in technology while being able to take advantage of exclusive deals on products and services from vendors around the region.

"The show is important because we have one-day special pricing from so many brands and that's why so many people attend year after year," said Arabo.

For AFPD members who decide to display at the show, it's sometimes the result of AFPD's large footprint in the industry. "AFPD has a wide-reaching customer base that, for a company like Nestle, it's really vital to be able to get out and meet new customers," said Amy Repp with Nestle. "It's great because they come to you versus us trying to send Sales Reps. It would probably take three weeks to hit the number of customers that we can hit in one eight-hour stretch."

"We're here to showcase our products to our customers and to stay current," said Dan Ferrara with Faygo. "All of our competitors are here and we get to see what they're doing and they get to see what we're doing. So I think exposure is the biggest thing."

Displaying new and trending items at the event provides AFPD members a way to separate themselves from the competition and also offers vendors a chance to showcase their products at the sold-out show. "This is the place to be to show off your products; this show is the





hub of it” said Jim O’Shea with Motown Snack Foods. “It’s about building a rapport with customers and introducing new products.”

The association itself allows vendors to leverage their status in the industry. “What brings D&B back is our new products to show to our customers,” said Ann Mansoor from D&B Distributors. “A lot of people are a part of AFPD and when you associate your business with AFPD it just makes it easier.”

“AFPD has such a great base and their members are very loyal, so it nice for us to not only get out and see out program members, but hopefully get to meet some new customers as well,” said Repp.

Meeting new customers is important, but the event also allows members to see current customers that they may not get an opportunity to see otherwise. “It’s important to come back year after year, just for the PR,” said Michael Recker with Kar’s Nuts. “You see a lot of people and it’s like a family reunion in a lot of ways. Most of the new business we pick up from the show is from new items introduced to existing customers.”

Vendors are also able to take advantage of valuable face time with members, which can go a long way when building relationships. “Every buying show is important to us because we get to see so many members all over the state and all over the region, but more importantly,

it’s just good to see members and non-members as well as vendors interacting,” said Arabo.

Spotlighting at this year’s show was Benchmark Beverages Co., AFPD’s new spirits beverage company. “The biggest and best thing for us this year was coming out with this new company, said Arabo. “We now broker small craft and boutique spirits in the state of Michigan and we’re trying to give retailers more options.”

The show is about reaching your buying power through the knowledge you gain at the show. “This business is a marathon, not a sprint,” explained Arabo. “You can’t be stuck in your store 24/7. Education is important, but when you attend a show and you get a special price, you save money as well. We know time is money, and we try to make sure when you attend an event you’re making your money.” ■

*Kris Harris is a writer for Denha Media & Communications.*







## Tomorrow's Products Seen Through Lipari's Looking Glass

■ BY KRIS HARRIS



The Suburban Collection Showplace in Novi was transformed into the Lipari Wonderland for their annual trade show.

Like others, this show provided an opportunity to connect with other members in your industry, while showcasing the latest products and technology. However, some trade shows separate themselves with history and volume that is not seen elsewhere. The Lipari Food Show is one such event. The one-day event was held on Wednesday, April 20th and showcased products from the food and beverage industry.

With a booth prominently displayed in the center back was AFPD. "The Lipari show is the best show in the mid-west, bar none, from a size standpoint and variety standpoint," said Auday Arabo, AFPD President and CEO. "The folks at Lipari are great to work with and they're great partners with AFPD. They really believe in independents and we believe in promoting their products."

The history of the food show dates back many decades before the event was held on an annual basis. "This event started more than 35 years ago, having a food show every other year, at Lipari for our customers," said Tony Franchi, Vice President of Sales for Lipari. "We wanted to pass on some of the deals and promote new items and this is the best venue to do it. Since then, about 20 years ago, we started to do it every year. Everybody can make sales calls under one roof, in one day."

More than 750 vendors exhibited thousands of specially priced items at the sold-out show. Six hundred booths featured a full spectrum of items, which included deli, dairy, bakery, grocery, confections, meat and seafood, as well as beverages and packaging services. Approximately 5,500 attended the event, which helped make it Lipari's largest show to date.

Over the years, the food show has seen dramatic growth in the wide-array of items on display. "It's grown in all the categories," said Franchi. "We started off as a deli-bakery company, and now we go into packaging, candy and nuts, dairy and all the organics and naturals that really spread our whole assortment of items that we offer to our customers."

One aspect of the show that remains consistent over the years is the far distances some travel each year to attend the show. "We have customers from Orlando, Nashville, St. Louis and all the way up to Green Bay, Wisconsin," explained Franchi.

Not only does the show bring customers back, year after year, it also has vendors marking their calendars for this must-attend event. "We do this every year and really like the show," said Kelly Troyer from Mrs. Miller's Homemade Noodles. "It's been a good investment."

The show's spotlight is placed on the vendor items, which pushes them to the forefront and offers customers a hands-on experience of new items. "It gives the products great exposure, especially new products," said Advantage Solutions Representative, Shannon Blood. "People might just start hearing about a product, but they want to know more about it. They want to know about the price and they want to try the samples."

Lipari chooses a theme for each of their Food Shows and this year's "Lipari in Wonderland" was inspired from "Alice in Wonderland." "We always try to come up with something that's familiar to people, that they can relate to, and try to tie into current events and associate with some type of interest that's out there," said Franchi.

Trying to top the previous year's food show is no small task, but one area to remain focused on is expanding item categories in order to increase show selections for the attendees. "We are always trying to find new categories at Lipari to not just grow square footage, but to get better deals and get items that customers are looking for," Franchi said. "We are always trying to find those new items that are trending in the supermarkets."

As a long-standing member of AFPD, Lipari values the opportunities that the association offers and the valuable connection it provides with other members. "With AFPD, we've been able to join a group that is customer friendly and that offers programs that we can be a part of," said Franchi. "It helps our relationships with our customers, that we're supporting an organization that also helps them do business."

While the Lipari Food Show showcases trending items in the industry, it's the relationship with AFPD that remains significant to helping the member's bottom line. "The Lipari program is very important to AFPD because it really puts money back in retailers pockets," said Arabo. "It's a win-win for both Lipari and AFPD and we appreciate that partnership." ■

*Kris Harris is a writer for Denha Media & Communications.*



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## At the Sherwood Show not Long, Long Ago...

It may have seemed like you were walking into a galaxy far far away but merchants really came to the Annual Sherwood Food Show for the displays and deals.

“We are truly a buying show,” said Howard Ishbia, Director of Sales and Marketing.

Proud to show off the new section of new products just outside the banquet hall he said, “Every year, we look to advance the show. This year we focused on local distributors, local vendors and Michigan-made products.”

During this year’s show, which transformed Shenandoah Country Club into a Star Wars motif, Sherwood offered specials that are not offered during any other time of the year.

More than 100 vendors displayed a variety of products including fresh seafood, snacks and of course the signature Sherwood product – meats. The deals were in-show only specials with limited quantities of the products available.

“We service seven areas of the store,” said Howard Ishbia. “We are really trying to showcase our diversity at Sherwood. We want to show everything we are carrying; we carry more than 7,000 different items in our warehouse and we have almost 100 sales people selling those items.”

More than 1,300 people registered to attend the show including 200 people from out of state.

“It has been a great turnout,” said Earl Ishbia, CEO of Sherwood Foods Distributors. “This was the biggest early turnout we have ever seen in any of our shows and we are excited to see so many people from out of town.”

Sherwood has learned from experience over the years and strives to create a world-class food show or in the case of this year’s show, an out of this world show. Some people attend every year but the goal is to showcase new items. As much as he enjoys sampling the food at the show, Earl Ishbia knows how important it is to give his customers incentives, which are the signature in-show specials.

“I have been in this business for 50 years,” said Earl Ishbia. “I love seeing our customers and many of them who have passed their businesses down to the younger family members. It is important that we offer them specials during these shows.”







The sales team was well prepared to share the information about the products.

“We have had a steady flow of traffic at the event this year,” said Dante Darling, Sr. Sales and Merchandising for Sherwood Foods Distributors. “We have a great relationship with our vendors and customers. We engage with them early on to put on a show that is better than the last year. It is about personal relationships with our merchants. They give us feedback and we discuss these ideas.”

AFPD was prominently present during the show sharing information about the many programs including the Sherwood rebate program. AFPD has designed a program that has become a win/win for Sherwood and the merchant.

“Our customers are already getting a great deal with our products and buying here at the show but the rebate program with AFPD enables us to enhance what we already offer,” said Darlin.

New Sherwood Customers earn a 2¢ quarterly rebate on every pound purchased for the first 12 months in the program. As an existing customer, if you purchase 75-100% of the last year’s volume, you will receive a 0.5¢ growth rebate on every pound purchased. If you purchase 100-125% of last year’s volume, you will receive a 1¢ incentive rebate for every additional pound purchased compared to previous year. If you purchase 125% or greater than last year’s volume, you will receive a 1.25¢ incentive rebate for every additional pound purchased compared to the previous year.

“The AFPD/Sherwood program is a great program for businesses,” said Jerry Denha from Food Giant. “We have saved money with the rebates and have gotten great deals.”

“I love the AFPD Sherwood program,” said Jim Cox from Huron’s Finest in Bad Axe, Michigan. “I have gotten some good rebate checks back. It would be silly to not use this program.”

Other vendors also joined the AFPD staff to share with members their programs, including U.S. Ice.

“I have been to this show three years in a row and the show is a great benefit for U.S. Ice,” said Ray Yaldo. “We work the show as an AFPD vendor and have built a great relationship and have done very well working with the association.”

Last year Sherwood sold more than 6.5 million pounds worth of product at the show, which is about 162 loads of product. “It is truly a buying show and one of the best in the country,” said Howard Ishbia. “Sometimes it is the best deals we offer all year. ■

## ASK THE MEMBER //

### WHAT AT THE SHOW THIS YEAR IS REALLY GETTING YOUR ATTENTION?

“We came here looking for the specials. We use a lot of Sherwood products. We sell bratwurst and make our own bacon. We make pizza. We have a full grocery store. We come to the show every year. We look for the in-house specials for the savings. The meats are great specials this year.”

FRANK BOWMAN // BOWMAN’S BBQ & MEAT MARKET, CLIMAX MI

“It is my first time at the show and it is great to see the variety of items and being able to pick and choose and really see what is out there.”

GREG // FISHER PACKING, PORTLAND MI

“The meats are really catching my eye here. The lunch meats are a big interest of ours. We came last year and we loved the show. We found deals last year and we are looking for new ones this year. We are always looking for new products and looking for deals on products we use all the time.”

JIM COX // HURONS’ FINEST, BAD AXE MI

“The show is great. There are so many items. I am looking at the Hispanic products for another store of mine. They have so many things to sample and see.”

JERRY DENHA & KEVIN AYAR // FOOD GIANT, DETROIT, MI

“I really like that you can taste and see everything at the show. You know exactly what you are buying. You are not just looking through a book.”

OMAR AYAR // HOMETOWN MARKET, DETROIT, MI

“This was my second year and I love to see the new products. There are items that I am looking at like pizza puffs. We are looking for new gourmet items, cheese and sausages – new items I can bring to the store.”

DANNY & TONY // MARKET FRESH, BEVERLY HILLS, MI

“It is a great show. The items look and smell delicious. This was my second time and it is even better than last year.”

ARKIN KARANA // ARKIN’S SWEET BBQ, SOUTHFIELD MI

“The hot items are the tender loins and wings; we have great specials this year. We are basically giving them away.”

DANTE DARLIN, SR. // SHERWOOD FOOD DISTRIBUTORS, DETROIT MI



WENDY DAVIDSON, PRESIDENT, KELLOGG SPECIALTY CHANNELS



KAREN FICHUK, PRESIDENT, NIELSON NA



MUSICIAN DAVE CARROLL  
PHOTO COURTESY OF MIKE LANKA, WMU



FORUM MODERATED BY PAUL MADURA  
PHOTO COURTESY OF MIKE LANKA, WMU

## WMU's Food Marketing Conference Feeds the Industry Trends and Tips for Tomorrow's Customers

■ BY KRIS HARRIS

The 51st Annual Western Michigan University Food Marketing conference featured today's top industry leaders. The two-day event, held at the DeVos Center in Grand Rapids, provided valuable information to AFPD in a wide-scope of topics that ranged from harnessing the power of specialty channels to the evolution of food service.

AFPD's close relationship with Western Michigan University, with its industry leading Food and Marketing program, provides the association key insight into the food industry. This year's Food Marketing conference offered real data, analytics and trends that supplied AFPD with a clear vision on what's next for the industry.

A handful of AFPD members attend each year. However, this recap gives all members an overview of what the conference entailed and what industry experts are predicting for the future.

In order to attract a large customer base, experts say that all companies need a diverse staff. The event opened with a presentation by Tara Jaye Frank, Founder and CEO of TJF Career Modeling LLC, who discussed the need for diversity at the top level of business management and how it relates to the diverse customer-base. For instance, women approach issues from a wide-lens opposed to men who often have a laser focus on issues. "Male vision is more like a laser," said Jay Frank. "It lasers into key insights and key information, and women will often look for lots of bits of data to tell a more comprehensive story."

Along with diversity is the need to look for trend-setters. Wendy Davidson, President, Kellogg Specialty Channels talked about the Menu Adoption Cycle (MAC) and the contributing factors to trend acceleration. "The next generation (known as Generation Z or iGeneration) is much more diverse and has wild desires and very vocal needs," said Davidson. "They want flavor and excitement, not just in restaurants, but in retail as well. They want what they want and when they want it."

Good news is that more customers have more disposable income than previously predicted. Many customer statistics show that people will pay a bit more to get what they want. Karen Fichuk, President, Nielson NA who told the industry that according to their Global Consumer Confidence Survey, "only 28% of U.S. consumers said that the economy is their biggest concern and they actually have more money to spend from a discretionary standpoint."

More money to spend was not the only focus on the future of the food industry, how they are shopping was also addressed. A forum moderated



by Paul Madura, retired Senior VP of HEB Food/Drugs included a panel of guests from Kroger, 7-Eleven, Trader Joes and Rite Aid. The topics included how customers are dictating strategies, where business growth needs to occur to capitalize on recent trends and the future of the industry. "I think a couple of things come to mind when we look at the future," said Chris Albi, Vice President of Operations for Kroger. "One is that notion of speed and quickness, adaptability and creativity, and how do we continue to foster that. And do we have the talent that will allow us to do that."

Not so much a trend but a marketing strategy is the need to have a concerted voice in the media. The first night ended with musician, entertainer and motivational speaker Dave Carroll who talked about his story of "United Breaks Guitars" and the power that one voice can have in the social media age. "I think the reason that the video was so successful is because everybody in the world is fundamentally connected with one another," said Carroll. "We sometime overlook that or we underutilize that fact."

Day two of the conference focused on customer-service. It began with a morning presentation from Rich Wolowski, president and COO of Gordon Food Service who shared his thoughts on what makes a good company. He shared a story about a flight attendant he met on Southwest Airlines and the extra mile they went for her when she needed help. He explained that companies who take care of their employees build a bond that is often then passed on from employee to customer. "As you lead people, invest time in them, get to know them, serve them and radically care for your employees," said Wolowski.

Customer service may not always be face-to-face. Following Wolowski's presentation was Neil Stern an author, as well as a senior partner at McMillian Doolittle, who talked about disruptions in food retail and how best to respond. Stern provided an overview of key trends that retailers can expect in consumer purchasing habits and explained how the consumer purchasing habits are continuing to shift more and more to online shopping. "E-commerce is 350 billion dollars or so, and 10% of over-all of U.S. retail sales are now being done through e-commerce," said McMillian.

Rounding out the morning session was Jason Dorsey, best-selling author and Millennials expert who provided insight into the generational divide and how to unlock the power of generations in order to grow your business. Dorsey pointed out that for the first time ever, there are five generations in the workforce and five generations in the marketplace. This insight ties into the diversity need in the marketplace. It is not just about diverse backgrounds but varying generations all working together.

The conference closed with a speech from Hank Meijer, co-chairman of Meijer, Inc. Meijer, grandson of Hendrik Meijer. Meijer walked the audience through a time-line of how his grandfather built the Meijer Company, from a single store in 1934, and many of the obstacles that stood in his way. His message was to "think small" and that in order to best service the customer, you have to make sure each and every one is made a priority. The meaning in the message was clear when Meijer said, "our customers aren't just anybody, they're everybody." ■

*Kris Harris is a writer for Denha Media & Communications.*



**RICH WOLOWSKI, PRESIDENT & COO, GORDON FOOD SERVICE**  
PHOTO COURTESY OF MIKE LANKA, WMU



**NEIL STERN, SENIOR PARTNER, MCMILLIAN DOOLITTLE**  
PHOTO COURTESY OF MIKE LANKA, WMU



**HANK MEIJER, CO-CHAIRMAN, MEIJER, INC.**  
PHOTO COURTESY OF MIKE LANKA, WMU





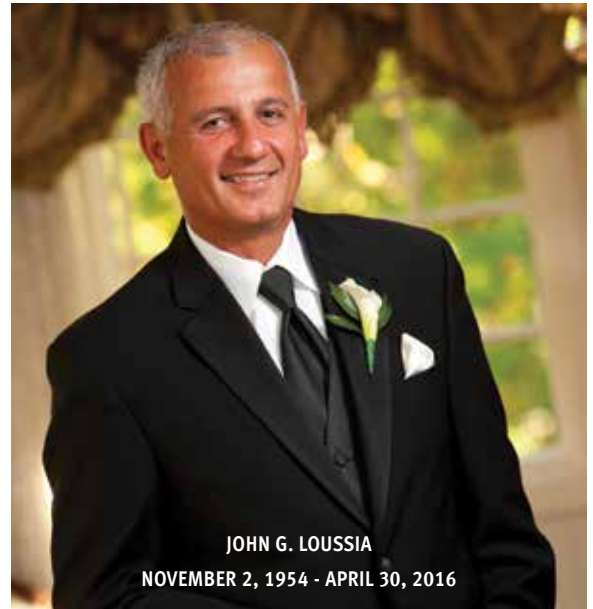
## Long-Time Member of the Grocery Community Passes Away

**L**ong-time member of the grocery community and AFPD member John Loussia lost his five-year battle with prostate cancer on April 30th.

John came to the United States at 13-years-old when his father Gorges Loussia, immigrated in 1967 during Detroit's auto industry boom. He brought along with him sons John and Sam. Over the next few years, Gorges was able to bring his wife and his other nine children to America. Gorges, his wife and 11 children resided in Detroit and opened a small convenience store on Detroit's southwest side called "Dobry's Market." John managed Dobry's for his family and this was the beginning of his experience in the food industry. With an early start and great work experience under his belt, John opened "Home Pride Supermarket" in Detroit in 1974.

After hard work and experience in the supermarket industry, John felt that Detroit needed a reliable secondary grocery wholesaler. In 1991, he opened an 80,000 square foot warehouse called "Value Wholesale Distributors." In 1995, Value Wholesale Distributors, or "Value" as it became commonly known to its customers, outgrew its first warehouse and moved only a few miles away to a 90,000 square foot facility in Oak Park, Michigan with a higher ceiling and more loading docks. Also at this location, Value opened a Cash & Carry providing small convenience stores and gas stations a place to purchase groceries much cheaper than having them delivered. The business began to rapidly grow.

John was an outdoors man; passionate about boating, water skiing, snow skiing, hiking, softball, and fishing. He was an avid golfer with two holes in one to his credit. In September of 2015, John fulfilled his lifelong dream of climbing Mount Kilimanjaro in East Africa. He had stage IV prostate cancer at the time. Turning a struggle into an opportunity, John used his battle with prostate cancer to become a leader of the Blue Boxer Movement, which supports research and education for prostate cancer at the University of Michigan. The cancer did not stop John from reaching a goal and to further the research for prostate cancer. It took John five days to climb 16,000 feet to the summit. While that achievement would have been more than enough for most people, John chose the moment of his victory to honor his pledge to draw attention to prostate cancer. Just before



JOHN G. LOUSSIA

NOVEMBER 2, 1954 - APRIL 30, 2016

summiting Kilimanjaro, with temperatures hovering in the 30s, John put on his blue boxers.

John had stated, "I've always worked long hours, and never took the time to see a doctor," he told staff writers at the University of Michigan. "But since I never had any health concerns, I figured I didn't need to."

John leaves behind his wife Carol, four children, Matthew, Brian, Jennifer and Allysa and his six grandchildren with the seventh on the way."

"Everyone knew him to be a great man," said Matthew. "What I can tell everyone is that my dad really loved his customers and genuinely appreciated them. He knew our survival came from them. Our success was 100 percent from our customer loyalty."

Matthew repeated words from his father who didn't get a chance to say goodbye to everyone. "To all of our customers and all those I have done business with over the last 25 years, thank you and I love you; I will see you again in a much better place."

John was passionate about the independent grocers; it was imperative that they had a voice in the community. "It was really important to my dad that as a community of independent retailers, we would unite in order to survive. Being untied was a goal he was striving for and personally for me, it is something I will continue for him."

"John was known as a successful business man, but the true measure of a man's success in life is not how well he ran a business, or the size of his house or the type of watch on his wrist, the true measure of a man is how he raised his children," said Sami Loussia, John's oldest brother. "And by that measure, John was truly a very successful man." ■



## Retailers Can go to Market Like Never Before

■ BY KRIS HARRIS

**T**he ways in which retailers can go to market has never been more dynamic than it is today. Options are everywhere and when mixed with traditional ways, it can be hard to navigate to find which fit is best for your store.

In recent years, the expansion of certain departments, such as produce and deli, has been able to help separate grocers from the competition. Providing fresh lunch options that include salads and sandwiches, prepared daily, have been sure-fire ways to capture health-conscience customers.

However, to truly reach beyond the surface to expand your business, retailers need to reinvent themselves and the good news is, it doesn't mean reinventing the wheel. According to a recent Information Resources, Inc. survey, 52% of shoppers choose a grocery store based on which store offers the lowest price on the items on their shopping list. This is a clear indication that the old method of "price wins" is still relevant today.

But what is interesting is the growth of retailers, like Whole Foods, that has seen a rise in sales while having higher prices, on average. This is where examining new ideas to reach customers falls into place.

More and more, today's customers are looking for a shopping experience from their retailer. They are looking to be catered to, unique options and flavors, and they want it provided in new, convenient ways.

A commonly seen promotion at club stores is the tasting they offer at aisle end-caps. Providing sampling options for customers offers a special way to both showcase a new item and also gauge the interest level before committing to adding the SKU. It can create a personal relationship with the shopper, while providing an opportunity to pair current items to increase sales.

Offering fresh fruits and vegetables, from locally grown farmers, can be a win-win way to reach your customer. The increase in shopper interest regarding where their produce is coming from, presents a way for store owners to tap into local resources. "Customers want the story behind the food," said Wendy Davidson, president of Kellogg Specialty Channels. "With the rise

of the farmer's market, it's where it comes from, that really resonates with the younger generation." Buying from a farmer's market and/or enrolling in a program such as the Double-Up Food Bucks, can increase your connection with the community while supporting your customer's healthier eating habits.

Social Media has proven that it's here to stay. Retailers that tap into this method to reach their customers have a distinct advantage over the competition. Millennials, those born between 1977 - 1995, are driving a future marketplace that is requiring some sort of digital connection. Whether it's a coupon download, an on-line shopping cart, or home delivery options, this generation is forcing the hand of retailers to become much more tech savvy with their business.

One of the latest movements in the industry is the way things are moving and specifically, groceries. Companies like Instacart and Postmates are doing the leg-work for a customer that's affordable, while saving them valuable time. Independent retailers can harness this new shopping experience by working with these third-party services. If you don't want to send the food the customer, you can always connect with CarT or Uber who are helping bring the customer to the store.

As home delivery and curbside pick-up increase, retailers could see less and less foot traffic in their stores, unless of course, they offer something unique to draw them in. Wine tasting and allowing customers to drink while they shop is a hot topic right now. Retailers who take advantage of these new ways to shop will help ensure they keep their customers coming back to their stores.

Another great way to go market is to let someone else sell it for you. Some retailers are seeing a spike in sales by harnessing the mobility of the food truck. While not everyone is prepared to jump into that market full force with buying a truck, etc. there are other ways to leverage this channel. Some members are selling their fresh, homemade goods to trucks that increase the quality of the truck's menu, while increasing the retailer's sales.

No matter which way a retailer decides to go to market, there's no denying that the landscape has changed and trying new ways to reach and grab your customer's attention is at an all-time high. Don't be left behind the curve. Realize that if ever you were waiting on trying a new way to reach your customer, now's the time to give it a try as the industry is seeing dramatic changes it hasn't seen in decades. ■

*Kris Harris is a writer for Denha Media & Communications.*



## Walters Gets Chamber Entrepreneur Honor

■ BY CHRIS BALUSIK // CHILLICOTHE GAZETTE

**C**had Walters may have been the definition of the word “entrepreneur” when he decided to take on a business that he had little to no experience with back in 2007.

His leap of faith has paid off, and Tuesday night, Walters was honored as the Chillicothe-Ross Chamber of Commerce’s Entrepreneur of the Year during the chamber’s annual dinner at Ohio University-Chillicothe’s Shoemaker Center.

“It takes a lot of courage to jump into any type of business, especially those that are foreign to any previous experience one may have had,” said Chamber President and CEO Randy Davies. “This has never been even a thought in the mind of Chad Walters. In 2007, Chad decided to venture into the convenience store business and acquired a gas station located on South Paint Street close to Glatfelter that many just knew as ‘the gas station that had a Subway in it.’ Along with this new endeavor into a new-to-him industry, Chad also took an even greater risk and decided to introduce Ross County and southern Ohio to the name of Valero on a gas station.”

Going all-in on his first entrepreneurial effort as C. Walters Enterprises, Walters redid the facing on the store with new paint, new pumps, a new car wash and other improvements, including a recent expansion of the store itself. Despite a period when construction work shut down a portion of Ohio 772 south of the station and heavily impacted business for several months, the South Paint Street store remains his highest-grossing location.

The endeavor was just the first of many for him. He opened the Kingston Valero in 2008, the Southeastern Valero in 2010, the Bourneville Valero in 2011 and the Western Avenue and North Bridge Street Valero stations in 2012. C. Walters Investments also was formed in 2010 and Chillicothe Party Bus LLC in 2011, with Majestic Mountain LLC in Pigeon Forge, Tennessee, and Toad Hollow Properties LLC and the Waverly Valero among his other ventures.. He also was lauded by Davies for involvement with area school districts where his stations are located and support for the Gus Macker basketball tournament, Atomic Speedway, Triple Crown Sports soccer league, the Ross County Fair, Kingston Little League and others.

Walters, unaware he was receiving the award, had been out of town just 24 hours before Tuesday’s dinner.

“They were in Vegas this week and he couldn’t understand

why they had to come back at midnight last night for a Chamber meeting,” Davies told the crowd.

Walters was visibly moved by the honor and thanked the chamber and community for their support. After the event he said that he was honored to be part of a distinguished group that has received the chamber’s top award over the years.

“A lot of the (people) who got this award before me, I’ve looked up to in the community and I’ve aspired to do some of the things they’ve been able to do here, so it meant a lot to me,” he said.

Walters said he’s slowed down some because he’s a bit tired, but recently acquired Express Shine Car Wash and a couple of other properties to continue his movement into the future.

Walters was not the only honoree of the evening. Adena Health System was presented the Corporate Citizen Award for not only its presence and advances in health care across the region, but also its community commitment efforts, including its role in rehabilitating the Carlisle Building to aid in the push for downtown revitalization. Ware Funeral Home received the Legacy Award for its longevity of serving the Ross County Community since its establishment in 1891 and especially under the leadership of Charles Ware, who has been the sole owner since the death of his father in 1964.

Besides the presentation of the awards, attendees had the opportunity to hear from guest speaker Marine Cpl. Josh Bleill. The Greenfield, Indiana, native was serving in Iraq on a tour of duty that began in 2006 when he was seriously injured, losing both of his legs. In August of 2008, after undergoing extensive rehabilitation, he returned to Indiana and caught the eye of Indianapolis Colts owner Jim Irsay, who hired him to be the Colts’ community spokesperson. Described by Irsay as “very talented, bright-eyed and skilled,” Bleill now travels across the country to events like the chamber dinner spreading his message.

Utilizing an effective blend of humor and inspiration, Bleill shared the story of how his community gave him a solid foundation, how the 911 attacks inspired him to enlist in the military, detailed his harrowing experience in Iraq that cost him both legs and how the community helped get him on the road to recovery and success. He repeatedly stressed how crucial community is, praised the Ross County community for proving to be one that supports its own and shared a personal experience during his recovery visiting a restaurant at which he tripped when walking in the door. Embarrassed, he said he rushed through his dinner and when the check came, he learned someone had paid it for him.

“The point of the story is that someone saw me fall, but they also saw me stand back up,” he said. “That’s what life’s about, that’s what community’s about, it’s about helping others stand back up. ... Sometimes, we’re the hand that reaches down to help somebody up and sometimes we’re reaching up to get some help. This room, these are the people that you guys are going to do this as a community to make a difference.” ■





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*In Memory Of Gail Irene D'Ippoliti  
November 14, 1959 - April 8, 2016 (Age 56)  
Wife of John D'Ippoliti, Prairie Farms Dairy Company*



# Liability Shift Costing Retailers **B I G** in Credit Card **F R A U D**

**B**y now, most people have credit cards with the chips in them. The problem is many retailers are not able to read the chip on their new machines.

"We spent thousands of dollars on our new equipment and were pressured to meet the banks' deadlines yet the processors were not ready," said an Oakland County-based grocery store owner. "We are now being held responsible for charge backs. It is ridiculous."

Customers are using their credit cards to purchase items at the store and because the chip machines are not ready, the store owners are still swiping the cards. The customer then calls the bank and claims they did not make the purchase. The banks are then holding the retailer responsible for the charges.

"The reason for the mandate was straightforward," writes Paula Rosenblum of Forbes in her piece, *"The Nightmare Continues: Banks Using New Payment Standards To Soak Retailers."* "As my partner Brian Kilcourse often describes, banks and the credit card industry pushed for it to transfer risk from the banks to retailers. Consumers had no credit card related risk before, and they still don't. But retailers who are not EMV compliant now assume the liability for fraudulent transactions arising from stolen credit cards."

In many cases, it is not because the retailer was not compliant, it was because the processors were not





ready to take the EMV cards, explained the Oakland County grocer. Basically, banks are getting out of the risk business by shifting liability onto the retailer.

"It is not fair," said the grocer. "For the past 22 years we have been taking credit cards, we have been charged a significant fee for the cards and part of that fee is to pay for fraud. Why, now, are we being held responsible for what is the fault of the processor for not being ready to take the card?"

He is not alone. This has been the experience by many merchants. "We have a potential client using another company who we are helping; they had 24 charge backs in one month," said Michael Duggan, Heartland Payment Systems, Inc. "The only recourse is for the merchant to go after the person who used the card."

This is becoming a growing problem and cost for merchants. "You can go after the client civilly but the cost of the attorney is most likely more expensive than the amount of the fraudulent chargeback," said Duggan.

The one problem that remains for retailers is trying to find who is ultimately responsible for the issue. "The problem is no one wants to take responsibility," said Nenif Michael of WorldPay. "If we sell the equipment, we as a processing company, any charge back we're responsible for. But the POS (Point of Sale), because it was sold by somebody else and it's different software, nobody is taking responsibility for it."

According to reports, four months into EMV compliance in the United States, only 6% of merchants made the mandate deadline and only 8.5% of merchants are EMV ready.

"No one was ready yet there was a push to meet a deadline," said Duggan. "The process to achieve EMV compliance takes a very long time. This is not the fault of the processing companies in all situations."

Heartland has partnered with Net E Pay to help with the EMV integration.

The chip was originally designed so hackers could not read your card once it was used. Once a transaction took place, the card's codes change and the hacker would only get the code used on the transaction not the new code.

"PC America is a Point of Sales that at the point of sale (terminal) integrates with the POS software in what is called 'out of scope,'" said Duggan. "This then relays only the amount of sale and what was approved and or declined to the POS. It will not send the card information to the POS which can then be hacked through malware. This is done with both EMV and non-EMV cards."

AFPD is bringing light to this issue so merchants can be aware and take action. "We need our members to stand up for what is clearly wrong," said Auday Arabo, president and CEO. "We encourage them to call their congressman and complain. We, as an association, will do just that for our members. We are going to take this issue up to our congressional leaders and demand fair recourse for our merchants."

If the machines were properly working, the new chips cards would be effective in reducing fraud and do what they were created to do. "They were designed to create encrypted numbers," said Duggan. "When you use this chip card properly, the number changes every time you use it so someone trying to steal your number can't because the number going across the airwaves would change to a new number every time you use it."

There are about eight to nine core processors in the country and about four of them are tier one processors, Heartland Payment Systems being one of the top tiers, yet there are 3,800 companies selling processing.

"There are many sales representatives calling on merchants numerous times a day, most of whom do not know anything about the merchant's liabilities for taking cards," said Duggan. "When a merchant encounters sales people like this it tends to give the industry a bad name. We really are here to consult and bring value to our merchants. This is why truth and transparency are so important to Heartland. If this was the approach by every sales rep from every processing company, the merchants would know what their liabilities, costs, rights and responsibilities and EMV solutions are."

Until all the processors are ready to read the cards, retailers are left holding with the bill – the ones customers are trying to scam their way out of paying.

Some people believe this issue will continue to escalate. One expert in the industry who preferred not to be named, predicts there will eventually be a class-action lawsuit against the banks and card brands. "The only people benefiting from this liability shift are the banks," he said. "The banks used to assume financial responsibility for the fraud charges, but now they have shifted the responsibility to the merchant in the case of the EMVs."

Despite the headaches and financial burdens this is putting on the retailer, there does appear to be some light at the end of the tunnel. "It's getting very close to getting fixed," said Michael. "It should be solved in the next few months. In June, July, it should be done." ■





# petroleum news & views

EDWARD WEGLARZ // AFPD DIRECTOR, PETROLEUM

## Protecting Your Business

I know I wrote about “skimmers” recently, but the magnitude of problem has increased in just the short time since you last read about “skimmers” in AFPDs

Bottom Line magazine.

Random inspections are discovering “skimmers” across all states. The bad guys did not study geography in school, so state or municipality boundaries are not honored by them.

It’s important that you inspect the dispenser cabinets on your pump islands for anything that looks suspicious. Crooks are installing skimmers inside your island dispensers at the junctions of the ribbon cables. Open the cabinet; look at the wiring, especially the ribbon cables, and look for any device that looks out of place. Confiscated skimmers are about the size of a pack of cigarettes, and are usually installed at the junction of two ribbon cables. After installation the bad guys can now the captured information via a Bluetooth connection to their cell phone without even opening the dispenser.

I suggest you change the locks on your pump cabinets, since the keys that came with the originals are a universal key that can open any pump of the same brand. You can also utilize the foil labels that you install at the seams of your cabinets and the seams at the CRINDS mechanism. And, regularly, and I mean at least weekly, open the dispenser cabinets and inspect the inside for “out of place” devices.

Another issue I want to share with you is easier to accomplish.

I had the opportunity to “ride-along” with a police officer patrolling a local community one recent evening. I wasn’t handcuffed in the back seat! But rather rode in the front seat. I asked the officer what things gas stations and small business owners can do to help assist the police in protecting their business.



Without hesitation he mentioned three things. Have working cameras that actually work and record what happening in and out of your business. Too many businesses have non-functioning recorders, DVRs and/or hard drives that are full, and managers who do not how to operate the replay feature of the recorder. If the police can review an incident immediately after it occurs there is a much better chance they can apprehend the bad guy. He was surprised how many store owners invest in recording equipment but don’t monitor the capacity of the DVRs or hard drives, thereby rendering them useless.

Next he mentioned point-of-sale signage completely covering the windows. It’s understood that advertising through signage is important, but when a robbery/holdup/hostage situation occurs the first officers arriving on the scene need to be able to see inside the store to better evaluate the situation and appropriately respond. Try to limit the amount and size of POS signage, especially at eye-level from the exterior.

Lastly, be welcoming to the police officers. They like to visit clean stores with clean rest rooms, where they feel welcomed. They are not looking for something free, but they prefer purchasing a drink or a snack from a clean store.

He didn’t say this, but I’ll offer the fact that if the bad guys casing your store see police officers visiting and trading at your store they are less likely to choose your business for their next “job”.

Protecting your business has to move up on the list of your priorities!

Enjoy the beginning of summer. ■

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# government relations update

DAN PAPINEAU // AFPD DIRECTOR, GOVERNMENT RELATIONS

## AFPD Legislative Analysis

**T**his legislation allows large retailers with a conjoining gas station to sell beer and wine at their gas station.

### BACKGROUND:

Today's general restrictions on issuing SDM licenses (license to sell beer and wine) to businesses which sell gasoline dates back to the years following Prohibition. At one time there was a strict ban on selling alcohol at gas stations. Overtime this ban has been eroded starting with carve outs for rural gas stations through the most recent carve out for large retailers with conjoining gas stations.

Continually catering to specific special interests has created a very uneven playing field when it comes to who is eligible for a beer and wine license and who is not. Much of the eligibility criteria is arbitrary and only fit the special interests at the time working to change the law in their favor.

### ANALYSIS:

HB 4895 amends the Michigan Liquor Control Code to allow an SDM licensee who is in either a neighborhood shopping center or who has over \$250,000 in inventory to extend their SDM license to a gas station located adjacent to and under the control of the SDM licensee.

This allows a licensee to not only sell beer and wine at their current location but also at their conjoining gas station location.

To easily understand the consequences of HB 4895 it is easiest to take a real life example:

Meijer currently sells beer and wine in their store. Across the parking lot Meijer has a gas station. Under previous law the Meijer gas station could not carry beer and wine. This is because the gas station by itself did not have over \$250,000 in inventory required to sell beer and wine. Now, under HB 4895, they can. HB 4895 allows them to count the inventory in the large store towards the inventory in their gas station therefore, meeting the \$250,000 inventory requirement necessary to sell beer and wine.

### FUTURE ACTION:

What was coined the "Meijer exemption bill" flew through the legislature in a matter of 2 weeks. Despite the AFPD's continual pleas to pass a comprehensive fair solution for all retailers the legislature supported the bill and the Governor signed it only days from this writing.

The AFPD believes that continually passing special carve outs for only a select few is bad policy that clearly picks "winners and losers" and creates an uneven/unfair playing field for competition in the marketplace.

The AFPD advocates for eliminating these carve outs and implementing a cap on SDM licenses. Using a quota system similar to SDD (spirits license) we can level the playing field while restricting a massive expansion of SDM licenses. Our plan will limit the amount of SDM licenses available in a given area to ensure that oversaturation is not a problem.

Our common sense, fair approach did not fall on deaf ears. The Senate Republican Caucus had a little "heartburn" over supporting this special carve out for large retailers after the fact. The Senate Majority Leader himself promised the caucus to begin working on a legislative plan that will bring fairness to the marketplace. Thankfully for us, his plan is implementing a cap on SDM licenses.

The AFPD is continually meeting with stakeholders convened by the Senate Majority Leader to work out the details and is influential in the discussions. While everything undergoes change throughout the process the AFPD's main priority is getting a cap on SDM licenses. The SDM cap framework is the essential piece of a comprehensive long term solution. ■

### HIGHLIGHTS

- Creates another carve out for certain gas stations who want to sell beer and wine.
- Enhances the uneven playing field that already exists.
- Favors one segment of the industry over another.
- Created an opportunity to enact a long term, comprehensive solution regarding beer and wine licenses and gas stations.



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# michigan lottery report

M. SCOTT BOWEN // MICHIGAN LOTTERY COMMISSIONER

## Lottery Games Launching in May Expected to Continue Sales Momentum for Retailers

**M**ichigan Lottery retailers will notice more than flowers popping up around their businesses in May. New instant and terminal-based games are expected to get players popping in to retailers for a chance to win big prizes.

The Lottery's first baseball-themed raffle game – Big League Raffle – is launching on May 2nd. For just \$10, each ticket for this game offers players a chance to win cash prizes from \$15 up to \$50,000 plus Detroit Tigers season tickets and World Series trips. The more tickets players buy, the more prizes will be up for grabs. Raffle games are popular with both avid and casual Lottery players, and we expect Big League Raffle to attract baseball fans as well.

The Lottery also is unveiling two new instant games that are expected to excite players and drive sales for retailers. Both games will be available on May 3rd.

For the first time in several years, the Lottery will offer players a Wheel of Fortune themed instant game. The new \$2 instant game features more than \$6 million in prizes, including top prizes of \$30,000. Players also will be able to enter non-winning tickets into a second chance drawing for an opportunity to win an all-expense paid trip to Hollywood. Winners of the trip will have the chance to compete in a non-televised game of Wheel of Fortune hosted by Pat Sajak and Vanna White along with an opportunity to win \$1 million.

Lottery players will have another opportunity to win millions instantly with the new \$2,000,000 Bonus instant game. Each \$20 ticket offers players 25 chances to win prizes ranging from \$20 up to \$2 million. The game features more than \$65 million in total prizes, including more than \$36 million in prizes ranging from \$50 up to \$500.

After setting records last year for sales (\$2.6 billion), retailer commissions (\$203.6 million), and School Aid Fund contribution (\$795.5 million), the Lottery's strategy is to continue to develop games that will captivate players and sustain that sales momentum in 2016. We believe the three of the games described above will capture the attention of players and generate strong sales for retailers.

### NEW TERMINAL BASED ONLINE GAME CARD NOW AVAILABLE

Lottery players now are able to purchase a new Online Game Card from all Lottery retailers that sell draw game tickets. Players may choose to purchase Online Game Cards in four denominations: \$10, \$20, \$50, or \$100. Each Online Game Card will be printed from the retailer's Lottery terminal and will include a unique code that players can enter into their Michigan Lottery accounts for online play. Each code is valid for five years from the date of purchase.

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 credit card or debit card. Since December 2014, the Lottery has offered a \$20 online game card that includes \$5 in bonus free play. About 25% of online players have used an Online Game Card at least once to fund their account. These cards also will remain available at retailers. ■

### INSTANT TICKETS / PULL TAB TICKETS

#### NEW INSTANT TICKETS:

*On sale May 3rd:*

- IG # 767-Wheel of Fortune \$2
- IG # 761-\$2,000,000 Bonus \$20

#### INSTANT GAMES SET TO EXPIRE:

*Expiring June 6th:*

- IG # 667-Bunco Doubler \$2
- IG # 689-Grills Gone Wild \$2
- IG # 690-Red Hot Bingo \$2
- IG # 691-Sizzling 7's \$5
- IG # 692-\$1,000,000 Dazzler \$20

#### NEW PULL TABS TICKETS:

*On sale May 3rd:*

- MI # 561-Fast Cash 50¢
- MI # 573-Hit \$5 \$1

#### PULL TABS GAMES SET TO EXPIRE:

*Expiring May 16th:*

- MI # 535-Huntin' Bucks 50¢

*Expiring June 13th:*

- MI # 536-Cash Blast 50¢
- MI # 538-Blue Streak 5's \$1

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



## TOGETHER, WE'RE BUILDING A BETTER MICHIGAN

Last year was record breaking for the Michigan Lottery, thanks to all your hard working selling Lottery tickets. Because of that hard work, we're building a better Michigan and lots of good things are happening as a result. It starts with hundreds of millions of dollars contributed annually to the state School Aid Fund, which is good for Michigan students. It's good for players, who won over a billion in prize money. It also helps boost your business and 10,000 others across the state, with commissions earned. So thank you for making it a banner year, for helping build a better Michigan, and making good things happen for all of us.







# ohio lobbyist report

TERRY FLEMING // TC FLEMING & ASSOCIATES

## Back to Work in Columbus

After a two month vacation due to primary elections and Easter break, the Ohio General Assembly returned to Columbus. On April 6th, Governor John Kasich briefly returned to Ohio to give his State of the State address and, as he has the past four years, he chose a site outside of the Capital City of Columbus. In this case Marietta, Ohio, in the far southeastern portion of the state. That completed his visits to all corners of Ohio having held State of the State addresses previously in Medina, Northeast Ohio; Lima, Northwest Ohio; Wilmington, Southwest Ohio; and Chillicothe, Central Ohio and Ohio's first Capital. The Governor is running for President so his message was very safe, highlighting education reform and funding for education. He also urged a continuation of income tax reductions and asked that a Congressional Redistricting bill be passed. He pretty much kept to his stump speech of leaving no one behind and lifting everyone up in a strong economy. As usual the legislature gave a lukewarm response to his speech.

Back in Columbus, the General Assembly focused

on abortion issues and medical marijuana in an effort to negate any statewide ballot issues on these subjects. Legislation, SB 303, was introduced that would prohibit state agencies from enacting informal rules that were not cost effective. Also discussed was possibility of a bill to charge fuel tax on alternative fuels by weight.

Democrats introduced bills to extend family leave and to increase minimum wage but neither have much prospect of moving. It's likely the legislature will be in until the end of June, when they expect to have passed a Mid Budget Review bill and a Capital Improvements bill and then adjourn until after the November elections.

This election year continues to be of major importance to both parties. Depending on whom the nominees are for both parties it could impact state House and Senate races, although it's very unlikely that Democrats will wrest control but they could significantly cut into the Republican majorities and it could cost Republican U.S. Senator Rob Portman his seat to former Democrat Governor Ted Strickland.

AFPD continues to hold conversations with both the Ohio Lottery Commission and the Ohio Liquor Commission to change rules that would be more favorable to AFPD members. AFPD held a membership meeting in Columbus and Lt. Governor Mary Taylor was the featured speaker. She did an outstanding job and was well received. ■



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# ohio liquor report

HARRY KNIGHT // OHIO DIVISION OF LIQUOR CONTROL

## Liquor Modernization Enters Phase II

The spirituous liquor business in Ohio is strong and growing, reaching \$1 billion in annual sales in 2015. Since May 2011, revenues have increased an average of 5.9% a year (up from 3.3%), the number of micro distillers has grown from two to 35, and the number of brands and brand variations has grown from 2,179 to 2,899. Total sales have increased an average of \$53 million a year, and sales to wholesale customers (bars, restaurants and other retail businesses) have increased an average of \$10.8 million a year. This growth benefits all of Ohio as liquor sales provide a reliable and dedicated revenue stream for economic development and job creation in Ohio, as well as support a system that promotes the safe and responsible consumption of alcohol.

Ohio's current Liquor Agency and bailment processes have been in place for more than 40 years – continuing to use them would be like listening to your favorite songs on 8-track tape when everyone else is streaming music on their smartphones. When coupled with exponential growth and dynamic product changes, Ohio must replace its legacy management system to meet today's business challenges and prepare for future growth.

Ohio began that work in 2015 with the launch of the Microsoft Dynamics AX platform during Phase I of the Liquor Modernization Project (LMP). Phase II is underway and will leverage modern technology to optimize the Microsoft Dynamics AX platform. Fully realizing the system's capabilities will help stakeholders – Liquor Agencies, Brokers and Vendors, and Warehouse and Trucking Contractors – more efficiently manage their business. In conjunction with the modern technology, we are modernizing and developing new business processes to align operations with the re-engineered system that



will support the retail, wholesale and distribution enterprise. These improvements will ultimately ensure that customers have access to the products they want, improve the customer experience, and result in better overall operations.

Some of the benefits of Phase II include inventory accuracy, back office system and process efficiencies, near real-time information, a single system view, a new solution for system access and reporting, and a new solution for Liquor Agency and Vendor access.

Active participation from stakeholders is critical to ensure that the system benefits the liquor enterprise and better meets stakeholders' needs. Stakeholder feedback will be sought on an ongoing basis, as well as at specific milestones throughout the design, development and implementation phases. The success of this project relies on full stakeholder engagement, rigorous testing, and providing comprehensive resources including extensive training and job aids.

In spring 2016, we began meeting with stakeholders to find out what support they need, and how to best share information with them. Those meetings will continue throughout the project. Also, we are developing new platforms for stakeholders to share feedback, including the creation of new staff positions within JobsOhio and the Division of Liquor Control that are dedicated to strengthening stakeholder relationships.

We greatly appreciate the assistance of all our stakeholders in this endeavor and I look forward to continuing to work together on improving the operations to benefit your businesses, better serve our customers, and grow the liquor enterprise in Ohio. ■

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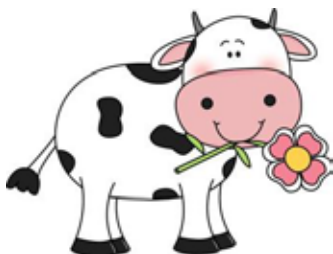
**Lemon**  
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## NEW FROM BWC! OTHER STATES COVERAGE

Do you send employees outside Ohio to work? Do you wonder if you have adequate workers' compensation coverage for them? If so, you may want to look into BWC's Other States Coverage option. This optional policy:

- Prevents workers' camp coverage gaps;
- Protects you from penalties and stop-work orders in other states;
- Provides peace of mind for you and your workers at an affordable rate.

BWC is working with United States Insurance Services and Zurich Insurance to offer this optional coverage to employers who may face financial exposure while working outside the state of Ohio.

### HOW IT WORKS

- Ohio employers apply directly to BWC using the ACORD 130 application, an insurance industry standard form. Employers can work with their insurance agent to complete this form or request it directly from the Other States Coverage unit via email at [BWCotherstatescoverage@bwc.state.oh.us](mailto:BWCotherstatescoverage@bwc.state.oh.us), or by calling (614) 728-0535.
- BWC will determine eligibility and the premium cost for this coverage.
- Zurich Insurance will handle all claims filed for benefits under the laws of jurisdictions outside Ohio under this program.

This coverage is similar to private workers' compensation insurance that some employers have chosen to purchase on their own.

### BASIC ELIGIBILITY REQUIREMENTS

Below are the initial guidelines BWC uses to determine if an employer is eligible for Other States Coverage. The employer must:

- Have active coverage with BWC;
- Have no coverage lapses in the past 12 months and no past-due balances;
- Report two-thirds of total payroll in Ohio for all related business operations;

Have demonstrated consistent business performance and a commitment to workplace safety.

### WANT TO KNOW MORE?

- Visit [www.bwc.ohio.gov](http://www.bwc.ohio.gov) and click on Employers, then Other States Coverage.
- Send an email to [BWCotherstatescoverage@bwc.state.oh.us](mailto:BWCotherstatescoverage@bwc.state.oh.us).
- Call BWC at (614) 728-0535.
- Contact your insurance agent.

## Spring Into Safety: Tips For Staying Safe at Any Job Site

Now that spring is here, get committed to eliminating risks and incidents on your project sites. Provide your employees with risk management education to help achieve your goal of having a safe and productive workforce. Please take a moment to remind all of a few items that can be easily forgotten over the winter months. Whether you are working on small home projects or at a larger construction site, here are a few tips to keep in mind:

- Spring rains are upon us. To avoid slipping, remember to wipe off any mud from your boots and gloves before stepping onto, and off of, equipment.
- When operating on slopes, know the limits of your machine. And remember, a seat belt is your lifeline if the machine begins to tip. Don't take any chances by not fastening your belt.
- When operating equipment, make sure no one is near your machine. Don't be afraid to use a spotter if your view is obstructed.
- The outside temperatures during spring can also present safety hazards. It is not always possible to predict when temperatures will turn hot. Rising temperatures can result in illnesses or dehydration if there is not a sufficient water supply. Pay strict attention to health warning signs like dizziness, nausea or increased pulse. Construction management should already have procedures

in place to deal with the effects of heat or extreme sun exposure on workers. Workers should avoid foods or drinks with high amounts of sugar.

- There is also a significant risk of sunburn if workers fail to wear sun-resistant clothing including long sleeves and pants, hats, gloves and sunshades. It is advisable to use sunscreen products with an SPF of 15 or more at all times.
- Always remember to call Diggers Hotline (their national phone number is 811) before any shovels or equipment go into the ground. Once the locate is complete, it's valid for the person or company that called it in for 10 days or as long as the markings are clearly visible and work has not been interrupted for more than 10 calendar days. Also remember to be conscious of overhead power lines.
- Keep your site clean.
- And most importantly, always remember to wear the proper protective gear (e.g. gloves and safety glasses).

Most accidents can be avoided if you are prepared and have a plan. Keep safety at the forefront when working on projects.

For more information contact Bob Cannell at (614) 706-8128 or [bcannell@riskcontrol360.com](mailto:bcannell@riskcontrol360.com). ■

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## Prospective Premium Payment Calendar Private Employers

### Workers' Compensation Prospective Billing Important Dates

#### Prospective Billing

According to the Ohio BWC this switch to a prospective billing system will provide the following benefits:

- Overall base rate reduction of 2 percent for private employers;
- Opportunities for more flexible payment options (see below);
- Increased ability for the BWC to detect employer non-compliance and fraud.

### Ohio Bureau of Workers' Compensation Installment Options for July 1, 2016 Policy Year

<b>Annual</b>	<b>1 payment to BWC</b> <ul style="list-style-type: none"> <li>• <b>Payment Due by June 30, 2016</b></li> </ul>
<b>Semi-annual</b>	<b>2 Payments to BWC</b> <ul style="list-style-type: none"> <li>• <b>First by June 30, 2016 &amp; second by December 31, 2016</b></li> </ul>
<b>Quarterly</b>	<b>4 Payments to BWC</b> <ul style="list-style-type: none"> <li>• <b>First by June 30, 2016, second by September 30, 2016, third by December 31, 2016 &amp; fourth by March 31, 2017</b></li> </ul>
<b>Bi-monthly</b>	<b>6 Payments to BWC</b> <ul style="list-style-type: none"> <li>• <b>First by June 30, 2016, second by August 31, 2016, third by October 31, 2016, fourth by December 31, 2016, fifth by February 28, 2017 &amp; sixth by April 30, 2017</b></li> </ul>
<b>Monthly</b>	<b>12 Payments to BWC</b> <ul style="list-style-type: none"> <li>• <b>First by June 30, 2016, second by July 31, 2016, third by August 31, 2016, fourth by September 30, 2016, fifth by October 31, 2016, sixth by November 30, 2016, seventh by December 31, 2016, eighth by January 31, 2017, ninth by February 28, 2017, tenth by March 31, 2017, eleventh by April 30, 2017 &amp; twelfth by May 31, 2017</b></li> </ul>

### Quick Reference Dates for 2016/2017

<b>May 1, 2016</b>	Estimated premium notice for <b>July 1, 2016</b> policy year mailed to employers from BWC.
<b>June 30, 2016</b>	1st installment due for the <b>July 1, 2016</b> policy year. If employer wishes to select a different installment option, they can make the change annually, prior to the start of the policy year.
<b>July 1, 2016</b>	BWC mails annual True Up Notice Reminder for <b>July 1, 2015</b> policy year.
<b>August 15, 2016</b>	Deadline to 'True up'. Employers report actual payroll to the BWC for the period <b>July 1 2015 – June 30 2016</b> . The true-up will calculate any variance from estimated to actual payroll. Reports must be submitted online at <a href="http://bwc.ohio.gov">bwc.ohio.gov</a> or by phone at 1-800-644-6292.
<b>May 1, 2017</b>	Estimated premium notice for <b>July 1, 2017</b> policy year mailed to employers from BWC.
<b>June 30, 2017</b>	1st installment due for the <b>July 1, 2017</b> policy year.
<b>July 1, 2017</b>	BWC mails annual True Up Notice Reminder for <b>July 1, 2016</b> policy year.
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## Grocery Delivery Options Reach Further Into Local Communities

■ BY APRIL NOWICKI // STREET FIGHT MAGAZINE



While online grocery ordering and local delivery may or may not be sustainable, some entrepreneurs are working to offer those options to a new type of customer: remote and low-budget shoppers and small local grocery chains.

Matt Hatoun, founder of online buying club Wholeshare, believes that the delivery space is burning itself out by offering its services to mostly high-end customers who can afford to pay fees on top of the price of high end products. And smaller local grocery chains often don't have the means to implement their own online stores – so a Wisconsin-based tech strategist developed GrocerKey, software that costs money only when shoppers use it. By approaching the food distribution industry in a new way, these entrepreneurs are finding new customers and converting old ones with new options.

“What we’re doing is shortening the supply chain by allowing consumers to tap

into existing wholesale delivery infrastructure,” Hatoun said. “It keeps prices down, keeps the overall supply chain shorter, and it works for communities that are not at the highest end of the [financial] spectrum.”

Hatoun said that most tech startups in the food space are working to support independent delivery infrastructure with new warehouses and distribution fleets. Wholeshare instead connects shoppers with wholesale markets that are already active in local communities.

The Wholeshare platform combines the purchase orders of a group of people who live nearby each other to place one single order with a wholesaler, and then connects the group with a local delivery option for pickup.

“What we’ve found is that different communities are very different in what they want,” Hatoun said. “We try to find someone local as the coordinator

who is passionate about these issues and access to good food. When a group signs up, whatever ZIP code they put in, they’re automatically connected to the local distributors and farms that do delivery to [that area]. They might be connected to Four Seasons Produce, Black River Produce, Regional Access, Hudson Valley Harvest.”

Group coordinators can modify what distributors are offered to their groups, and Wholeshare also partners with small natural food stores to offer extra items beyond what the stores can afford to carry regularly. Wholeshare receives the same wholesale prices from distributors that grocery stores receive, and also adds an average 5% markup on products.

Launched in 2010, the platform has raised \$2 million, mainly from technology investors, and currently has about 180 active groups. The company uses its customer base as a network to expand and learn what changes to build into its platform, a process that recently resulted in a new partnership with national natural food distributor UNFI.

“Now we have a unique offering of 25,000 of [UNFI’s] products throughout the country,” Hatoun said. “The prices are great, usually about 25% less than Amazon prices. This has opened up whole country to us. We were constrained in where we could grow because previously we only had deals with suppliers in New England.”

Wholeshare’s connections in

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**GROCERY DELIVERY**  
*continued on next page.*



## The Supermarket Millennial Problem

Can grocery stores figure out how to attract the younger generation?

■ BY NACS ONLINE

As an industry, grocery stores have traditionally tailored their offerings to white suburbanites. Now, supermarkets are attempting to reinvent themselves to capture the younger generation, The Atlantic's City Lab reports. Supermarkets have been trying to figure out how to change their image and clientele.

The most popular supermarket brands, such as Whole Foods and Trader Joe's, are ones totally different from traditional chains. "If you think about the history of the

supermarket as an economic and cultural institution, it's always kind of catered toward the suburbanites, the car owners," said Benjamin Davison, who's working on a book about the history of grocery stores. "If you think about urban living, the supermarket isn't part of that. And the industry consciously built itself that way."

Grocery stores used to be near or connected to gasoline stations, grabbing clients who had cars and then moving on to suburbs where the people were. Today, however, millennials have a more diverse

ethnic and racial background, and many live in cities. "So how does a food retail industry, which has always configured itself to people living outside the city, orient itself to people who stay in the city?" Davison said.

Some retailers have gone the route of opening smaller venues in cities, while others have embraced online ordering and delivery. However, Davison recommended supermarkets consider an entirely different business model altogether—one that specifically targets millennials. ■

### GROCERY DELIVERY

*continued from previous page.*

New England mean that buying clubs in that area have access to a wider selection of foods including fresh produce, dairy, and meat. For locations that do not have established groups already, new supply partnerships will initiate when new buying clubs are created. Often, Hatoun said, group members are the ones who know about local farms, stores, and distributors that they want to buy from.

"The way we're working with UNFI is kind of interesting new approach," Hatoun said. "We're working with a subdivision called Honest Green within UNFI that ships products via UPS directly out of their warehouses. Instead of getting one of these big semi-trucks coming into your neighborhood, this new method via UPS has everything coming in the mail as a regular UPS delivery."

Hatoun said that the company's goal is to help smaller communities gain access to organic and sustainable food options — it's a market that he says so far has been overlooked. Also overlooked are local grocery chains, ones that often have a fiercely loyal customer base already, according to software platform founder Jeremy Neren of GrocerKey.

Neren originally created Madtown Munchies, a meal delivery service that targeted local college students in Madison, Wisconsin. Neren partnered with an Israel-based developer he found on CoFoundersLab and made all of the initial deliveries himself.

"I ran the service out of my apartment," Neren said. "It was powered by me, on a woman's bicycle. I was passionate about creating an eco-friendly business, and also Madison happens to be an awkwardly designed town that is

easier to get around by bike."

Madtown Munchies was by design a seasonal business, and over its seven-year duration, Neren's concept morphed into grocery delivery.

"At the corporate level, we're all really passionate about empowering brick-and-mortar retailers to survive into the future when they have to compete with Amazon," Neren said. "They're dying off because so many consumers are purchasing online."

GrocerKey has raised \$1.7 million in funding, and the platform uses a strictly transaction-based model to grow revenue — the company doesn't make money unless its customers are, too.

"It removes friction and structures our arrangement as a true partnership," Neren said. "It's less risk for the store, it demonstrates our vested interest, and we are incentivized by the growth of a rapidly expanding industry." ■





## Avoid Mistakes When Connecting Digitally with Shoppers

Engaging correctly is a work in progress

■ BY JOHN KAROLEFSKI //  
PROGRESSIVE GROCER

There is a generational gap going on regarding consumers' use of all things digital, and grocers need to pay attention. According to MarketingSherpa, a marketing research firm, half of smartphone users who are 18- to 35-years-old research products, compared to about a third of those 55 years old and up. We have all read other statistics indicating the gap between generations in their use of digital technology.

Millennials are the most important grocery shoppers nowadays because they are starting families. Because they are the digital generation, grocers need to engage them digitally in the pre-shop, shop and post-shop modes. The key is determining the best way to do so, while also serving other shopper segments.

Many – but not all – grocers are reaching out with the obvious tactics: email blasts, social media, digital circulars, apps, and the like. While these are somewhat effective, I wonder if they are good enough.

While researching this topic recently, I asked several experts what mistakes do grocers make when reaching out digitally to shoppers. What they told me was surprising, but made sense. Here are several of the mistakes they listed, including some of my own:

### EMPHASIZING DISCOUNTS

Overemphasizing incentives and discounts and underemphasizing the value they provide to customers leads to several problems. It hurts margins, and encourages price-sensitive shoppers to switch stores where they can find lower prices or bigger discounts.

### MAINTAINING ORGANIZATIONAL SILOS

Offering a seamless shopping experience is challenging if the company maintains different organizational silos, such as one for digital strategy, another for in-store strategy, and so forth. They need to communicate and coordinate.

### BEING ANNOYING

Receiving too many email blasts tests the patience of shoppers. A recent Forrester study commissioned by SAP Hybris revealed that 40 percent of consumers believe most promotions don't deliver anything of interest, and 44 percent say they receive too many offers and promotions.

### FAILING AT OMNICHANNEL

Grocers not set up properly for omnichannel retailing can't consolidate shopper data into one customer profile. Because consumers shop online and in-store, their preferences and experiences may vary. Understanding their full behavior is critical to connecting with them.

### LACKING PERSONALIZATION

Because generic content is not personalized, it is neither appropriate nor effective enough. For example, pet owners receiving coupons for dog food if they own cats, not dogs.

### NEGLECTING SOCIAL MEDIA

Content on social media sites needs to be updated frequently to remain fresh and maintain the interest of shoppers. Not responding to posts by shoppers is interpreted as ignoring them.

Daniel Burstein, director of content for MarketingSherpa, put the topic of digital engagement into the proper context for purveyors of food. "Grocers can use their digital channels to tell the story of the food they are selling and show the store's value proposition," he said. "Food was the original community builder. Farming helped us settle into villages, and we have always gathered around meals. By using digital channels to tell a story, grocers can build that community, which will then manifest itself through positive word of mouth on social media, through email, and in real conversations as well. While a digital circular and digital coupons have their place, other industries have learned that these digital storytelling and community-building opportunities are the real power of these relatively new digital channels." ■

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## Don't Monkey Around With the Law

How to avoid getting a notice of violation for selling cigarettes to underage customers



Most of us are law abiding citizens, proud of our chosen occupation, and want our establishments to project our integrity. Occasionally, in the hustle-bustle of conducting business, we or our employees cut corners. When it comes to selling cigarettes to minors this can be detrimental. Unwittingly, a merchant or cashier can be setting

themselves up for penalties and/or fines if they fail to be observant and don't act on what they see and hear. To avoid this you just have to remember the basics:

### OPEN YOUR MOUTH

Always ask the age and for ID from anyone who appears to be under the age of 30 years old. ID BEFORE you remove the cigarette product from the shelf.

### OPEN YOUR EYES

Look carefully at the ID. If the customer's ID is vertical or has red lettering indicating they are a minor (under 18 years), don't sell!

### OPEN YOUR EARS

Listen to the customer. If the person tells you they are 16 or 17 or younger, they are too young to buy. It is a potential penalty. Do not sell!

Remember the State of Michigan or the Federal Food and Drug Administration are legally authorized to conduct a compliance check of your business. You can be issued a citation by the Michigan State Police or local law enforcement if you sell to a minor.

Don't monkey around with the law by ignoring the obvious! ■

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## Merchants File Lawsuit Related to EMV Regulations

The suit alleges that MasterCard and Visa conspired to move liability to retailers for credit card transaction fraud

■ BY NACS ONLINE

An antitrust lawsuit has been filed this week in U.S. District Court for the Northern District of California against the largest credit card companies and banks, The Recorder reports. The suit claims the financial firms collaborated on shifting the liability for illegal credit card transactions from the credit card companies and banks to retailers.

The lawsuit alleges that moving to electronic chip cards (EMV chips) has been fraught with technical difficulties. The complaint also claims the change

was used to hide the shift in paying for fraud protection. Retailers not making the October 1, 2015, deadline are now liable for illegal charges that used to be covered mostly by card issuers.

"Merchants were not consulted about the change, were not permitted to opt out, were not offered any reduction of the interchange fee, the merchant discount fee, the swipe fee—or any other cost of accepting defendants' credit and charge cards," according to the plaintiffs' lawyers. "The liability shift was unilaterally imposed to the benefit of defendants, with no compensation, consultation

or consideration of any kind made to the class members."

The card issuers and banks "shifted \$8 billion of liability to the merchants overnight," said Patrick Coughlin with Robbins Geller Rudman & Dowd, one of the firms filing the suit. All four major credit card firms as well as close to 12 banks were named in the suit, which was made on behalf of a Florida liquor store and grocery store chain, which had experienced charge-backs related to false payments increase from \$89 in the 12 months ending on October 15 to more than \$10,000 since that deadline. ■

## The New Consumer: Foodservice blurs with retail

Prepared foods are evolving as a broad range of retailers delves deeper into foodservice

■ BY STEWART SAMUEL // IGD CANADA

The blurring of foodservice has been embedded as a key trend in U.S. grocery retailing for a number of years. However, the need to better meet changing shopper needs, and particularly those of Millennials (aged between 18 to 34), is accelerating this. Retailers are aiming to win in this space with Millennials through providing more convenience, inspiration around meal solutions, and meeting more of their daily food needs.

But their needs go beyond this. There is also a much stronger interest in discovering and supporting local producers, understanding the ethics and ingredients of the products they are consuming and are more likely to eat out of home, more often.

Many operators, such as Wegmans Food Markets and Whole Foods Market, have been on the front foot in this area, developing store formats where prepared foods are one of the primary traffic drivers. They offer a broad range of food choices and flexible options around where the products are consumed. However, we are now seeing a broader range of retailers starting to test and experiment in this area.

One of the best new store formats I saw last year was Ahold's bfresh concept. This offers more natural and organic options than a typical supermarket and has meals prepared in-store, using the model adapted from the La Place Dutch restaurant chain. This has enabled the retailer to launch an innovative and differentiated offer in a very urban setting, where younger shoppers are a key target

demographic. The concept has been developed with the needs of local shoppers very much front of mind, many of which visit on a frequent basis in search of immediate meal solutions and new ideas.

Millennials are also a key target group for Walmart. Earlier this month, the retailer's chief merchandising officer, Steve Bratspies, spoke about how quickly the customer is changing, and how significant a group Millennials have become. As a result, the retailer is also having to think differently about its stores. As part of its recent supercenter reinvention program, Walmart has made a dramatic shift with its prepared foods offer, introducing sushi chefs, a new pizza program and BBQ meats. As an alternative to the usual chain restaurant, such as McDonald's or Subway, the in-store dining experience is run by a local food truck operator.

At Target, bold moves are being made to reinvent the food offer in order to make it more relevant for Millennials. Like Walmart, it is also testing some new ideas around its food-to-go offer, introducing concepts from companies such as Freshii, recognizing that Millennials are also showing a much stronger interest in health and wellness. They are also less interested in traditional fast-food concepts.

But for some retailers it is more than about tweaking existing formats. Earlier this year Kroger launched its "Main & Vine" concept, with prepared foods playing a central role. Gaining capability in this area, and particularly meeting the needs of urban shoppers, was one of the factors behind the recent acquisition



of Roundy's, which also included the Mariano's chain.

And in what is becoming one of the most anticipated new formats this year, "365 by Whole Foods Market," will launch in May, a concept that the retailer has described as being a "values-orientated experience geared towards Millennial shoppers." Given this, and the retailer's heritage in prepared foods, expect to see something very unique.

Over the next two to three years, I expect to see a greater number of retailers increase their investment in this area. But this will place new demands on them, and as I have often seen, food retailers do not always make the best foodservice operators. For many, new capabilities will be required, and as a result expect to see more partnerships develop as retailers bring in external expertise and know how. However, the challenge for the foodservice brands, particularly smaller, local companies, is to limit the risk of over-exposure and being seen as just another chain as they partner with larger grocers.

Which foodservice brands would you like to see in a retail environment? Which ones do you think could make a successful transition? ■

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..... Cleveland  (216) 252-7377  
..... Twinsburg  (330) 963-5300

 **Coca-Cola Refreshments**  
..... Belleville  (734) 397-2700  
..... Metro Detroit  (313) 868-2008  
..... Port Huron  (810) 982-8501  
..... Cleveland  (216) 690-2653  
Absopure Water Co. .... 1-800-334-1064  
Dr. Pepper Snapple Group/7UP ..... (313) 937-3500  
Faygo Beverages, Inc. .... (313) 925-1600  
Garden Foods Distributors ..... (313) 584-2800  
Intrastate Distributors (IDI) ..... (313) 892-3000  
NYSW Beverage Brands ..... (845) 254-5400

## SUPPLEMENTS

InstaBoost ..... (248) 281-0065  
LXR Biotech, LLC (Eternal Energy Shot) ..... (248) 836-4373

## TIRE & VACUUM EQUIPMENT/SERVICE

 **Air Resource Vending** ..... (507) 263-2962

## TOBACCO COMPANIES & PRODUCTS

8 Mile Smoke ..... (844) 678-6453  
Altria Client Services ..... (513) 831-5510  
R J Reynolds Tobacco Company ..... (336) 741-0727  
Tobacco Import USA ..... (248) 336-2977

## TRAINING RESOURCES ..... 1-800-666-6233

Food Safety & Sanitation Training  
GHS Hazardous Chemical Labeling Requirement Training  
Meat Room Sanitation Education  
TiPS Alcohol Training for Intervention Procedures  
UST Owner/Operator Class "A" and Class "B" Training

## UNIFORMS, LINENS, WORK WEAR & SUPPLIES

 **UniFirst** ..... (888) 256-5255 ext. 232

## WASTE DISPOSAL & RECYCLING

 **Midwest Recycling**  (American Red Cross boxes)  
..... (313) 304-9099  
National Management Systems ..... (586) 771-0700  
Planet Environmental ..... (313) 473-9886  
Schupan Recycling ..... (269) 207-5448

## WINE & SPIRITS COMPANIES

Bacardi Martini U.S.A. .... (972) 712-9140  
Beam Suntory, Inc. .... (248) 471-2280  
Benchmark Beverage Company ..... 1-800-666-6233  
Brown-Forman Beverage Company ..... (248) 393-1340  
BuzzBallz, LLC ..... (972) 242-3777  
Carmela Foods Distributors ..... (586) 294-3437  
D&B Grocers Wholesale ..... (734) 513-1715  
Diageo ..... 1-800-462-6504  
Gypsy Vodka ..... (248) 217-6057  
Heaven Hill Distilleries ..... 1-800-348-1783  
Luxco ..... (313) 333-4637  
North American Spirits & Wine ..... (248) 535-0707  
Pernod-Ricard USA ..... (248) 717-3177  
Proximo Spirits ..... (810) 278-0599  
Remy Cointreau USA ..... (248) 347-3731  
Veritas Distributors ..... (586) 977-5799  
Voo Vodka (SSB Group) ..... (248) 416-3405

## WINE & SPIRITS DISTRIBUTORS

Great Lakes Wine & Spirits ..... (313) 867-0521  
RNDC of Michigan ..... 1-888-697-6424

## FOOD RESCUE / FOOD BANKS

### MICHIGAN

Feeding America West Michigan Food Bank  
..... (616) 784-3250  
Feeding America West Michigan Food Bank -  
Benton Harbor ..... (269) 983-7229  
Feeding America West Michigan Food Bank -  
Cadillac ..... (231) 779-0056  
Feeding America West Michigan Food Bank -  
Ishpeming ..... (906) 485-4988  
Feeding America West Michigan Food Bank -  
Sault Ste. Marie ..... (906) 632-0348  
Food Bank of Eastern Michigan ..... (810) 239-4441  
Food Bank of South Central Michigan .. (269) 964-3663  
Food Gatherers ..... (734) 761-2796  
Forgotten Harvest ..... (248) 967-1500  
Gleaners Community Food Bank ..... (866) GLE-ANER  
Greater Lansing Food Bank ..... (517) 908-3680  
Kalamazoo Loaves & Fishes ..... (269) 343-3663  
The Manna Food Project ..... (231) 347-8852  
Western Upper Peninsula Food Bank ... (906) 482-5548

### OHIO

Akron-Canton Regional Foodbank .... (330) 535-6900  
Cleveland Foodbank ..... (216) 738-2265  
The Foodbank, Inc. .... (937) 461-0265  
Freestore Foodbank ..... (513) 482-4500  
Mid-Ohio Foodbank ..... (614) 274-7770  
SE Ohio Foodbank & Kitchen ..... (740) 767-4500  
Second Harvest Food Bank of Clark, Champaign and  
Logan Counties ..... (937) 325-8715  
Second Harvest Food Bank of North Central Ohio  
..... (440) 960-2265  
Second Harvest Food Bank of the Mahoning Valley  
..... (330) 792-5522  
Shared Harvest Foodbank ..... (800) 352-3663  
Toledo Northwestern Ohio Food Bank ... (419) 242-5000  
West Ohio Food Bank ..... (419) 222-7946

If you are a supplier of a product/service and would like the endorsement of AFPD, call us today at 1-800-666-6233!







## JUNE 28, 2016

### AFPD FOUNDATION'S 8TH ANNUAL SCHOLARSHIP LUNCHEON

Every year, the AFPD Foundation awards academic scholarships in the amount of \$1,500 each to extraordinary and deserving students in Michigan and Ohio. Help the AFPD Foundation invest in the leaders of tomorrow. Tickets and sponsorship opportunities available.  
*Detroit Athletic Club // Detroit, MI*

## JULY 20, 2016

### AFPD'S 40TH ANNUAL MICHIGAN GOLF OPEN

A day on the course includes breakfast, lunch, 18 holes of golf and samples at every hole! Last year we sold out! Sponsorship opportunities are available.  
*Fox Hills Golf & Banquet Center // Plymouth, MI*

## SEPTEMBER 22, 2016

### AFPD'S 7TH ANNUAL MID-MICHIGAN HOLIDAY FOOD & BEVERAGE SHOW

Back by popular demand! Connect with buyers and have some fun at the Mid-Michigan Holiday Food & Beverage Show. Let AFPD work hard to help you sell your holiday products and promotions.  
*Soaring Eagle Casino // Mt. Pleasant, MI*

## SEPTEMBER 29, 2016

### AFPD'S 18TH ANNUAL HOLIDAY FOOD & BEVERAGE BUYING SHOW

As Michigan's premiere holiday show, retailers and on-and-off-premise licensees come from miles to see, sample and buy a wide variety of new products. Admission for AFPD members is free. Must be 21 years or older to attend this show.  
*Shenandoah Country Club // West Bloomfield, MI*

## NOVEMBER 17 & 18, 2016

### AFPD "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 over 6,000 needy families throughout Michigan and Ohio that may not otherwise enjoy this special meal.  
*Detroit & Lansing, MI // Cleveland & Columbus, OH*

## publishers statement

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AFPD works closely with these associations:



**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.

**AFPD MEMBER  
EXCLUSIVE OFFER**



THE VOICE OF INDEPENDENT RETAILERS

**MUST  
HAVE  
PROGRAMS**

**SEE YOUR LIBERTY USA  
REPRESENTATIVE TO  
SIGN UP FOR THESE  
MUST HAVE PROGRAMS.  
CHECKOUT THESE  
TESTIMONIALS:**

*"Liberty's programs will earn me \$1,000 CASH in 2015! My Liberty USA sales rep showed me how EASY it was to sign up and start implementing these lucrative programs! My sales have grown by 51.28% with participated vendor sign ups!"*

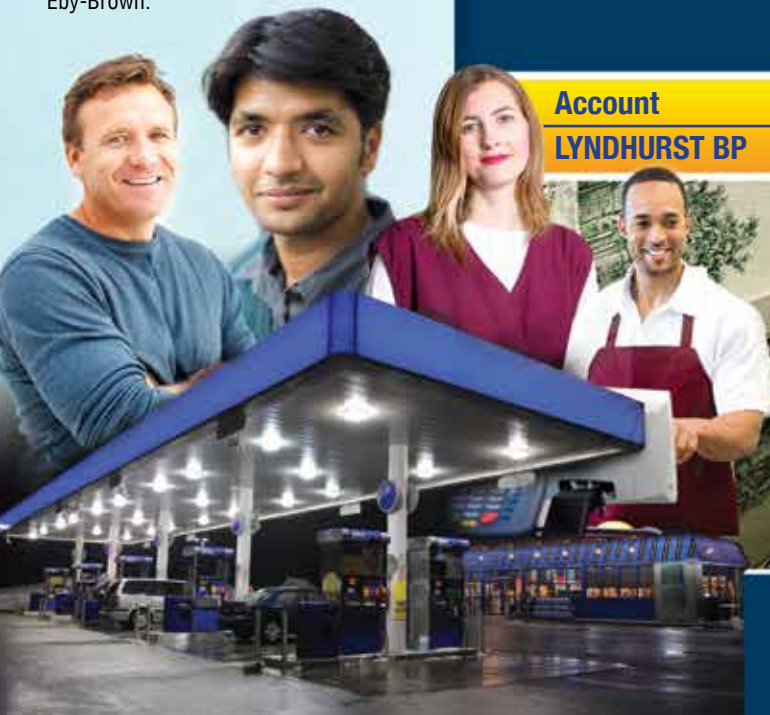
**Matt Shull, VP Yorktown Service Plaza**

Account	1st Half 2015	2nd Half 2015	2015 TOTAL
YORKTOWN	\$486.24	\$796.89	\$1283.13

*"With Liberty USA, earning \$1,200 for being an AFPD member will be the easiest thing I did in 2015! I am still shocked by my sales growth, which is OVER 43% with participated vendor sign ups! I can't wait to see how my numbers and my earnings will grow next year!"*

**Paul Elhindi, Owner Bp of Lyndhurst**

Account	1st Half 2015	2nd Half 2015	2015 TOTAL
LYNDHURST BP	\$546.53	\$797.02	\$1343.55



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# A Powerful Best in Class PORTFOLIO

SpartanNash offers a comprehensive range of private brand products to meet and exceed your shoppers' needs.



Thousands of grocery and household items at a national brand equivalent or better



Natural and organic selection

**TopCare**

Health and beauty products for the whole family



A full line of quality baby care



Affordable pet care and toys



Best value on everyday items

For more information about the SpartanNash portfolio contact:

Jim Gohsman 616-878-8088

Ed Callihan 330-903-8076

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