

BottomLine



THE VOICE OF INDEPENDENT RETAILERS // VOL. 28, NO. 3 // MARCH 2017

The Importance of Data

MSU and AFPD Economic Analysis of
Michigan Food Retail Industry shows why
not to take the industry for granted

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success story // **PAGE 18**

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on Staff? // **PAGE 31**

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COVER STORY //

THE IMPORTANCE OF DATA

MSU and AFPD Economic Analysis of Michigan Food Retail Industry shows why not to take the industry for granted

Food retail stores are often the anchors of commerce in urban and rural communities across the state, yet it is not something commonly understood by the general public.



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RETAILER SPOTLIGHT //

GROWING A BUSINESS INTO A MULTI-MARKET SUCCESS STORY

Mark Zaitona immigrated to the United States from Iraq in June of 1993. He immediately started to work for his brother Joe Zaitona, who owned Universal Wholesale in Southfield. After working there for a year, he wanted to learn more about the grocery business, so Zaitona worked at Royal Food in Detroit where he gained first-hand experience working in the industry he would come to love.



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SHOULD GROCERIES HAVE SOMMELIERS ON STAFF?

Groceries across the US are expanding their wine departments, driven by consumer demand as well as the fact that an increasing number of states have updated their laws to allow grocery wine sales. While some grocers find their wine sales flourishing, others may need some help getting traction when starting to sell wines. One way that stores can boost wine sales is to hire a wine expert to help customers select the vintages that best suit their needs.



president's message

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

Data is Your Key

Spring is here, baseball is around the corner and so is the tradeshow season! Our industry is rich with opportunities to leave your retail location and learn about all the new trends and products in the marketplace. I strongly encourage you to attend as many tradeshows as you can because you will always learn or see something new. It is impossible to see whatever all the retailers around you are doing, so you should concentrate on the vendors and ask them what is working for them and what is not working for them. They are in and out of every retail location and they slice and dice all types of numbers to better help sell their products in your location.

Please utilize what your suppliers have to offer you when it comes to data. Data is key, and this how the major chains like Kroger and Meijer run their operation so successfully. You need to know how many turns you are getting from every product in your location and not run your business on what you like or what you think your customers will like. Your numbers need to drive the direction of your business and should stop you from making emotional decisions; but at the same time, do not become a robot and keep your focus on customer service and that personal connection with your customers.

AFPD recently commissioned an economic contribution report with Michigan State University to remind everyone what the food retail business means to the State of Michigan. Please take a look at the cover story in this magazine and remind people how much you and your business mean to the economy. We are also looking into commissioning a similar study for Ohio and Illinois. We know many of you feel like you are taken for granted and are overlooked, but you should step back and watch "It's a Wonderful Life" which always plays during Christmas because you do make a difference in the lives of so many you employ and serve every day.

As the weather heats up, don't be afraid to take a few days off and relax on a vacation or short trip to re-energize. You will come back with greater zeal and passion for this business. The word passion is the crucial. Those who love what they do not only do better, but it shows in everything they do. When I visit retailers all throughout the Midwest and the country, it is obvious to me what type of operator owns the store right when I walk in. When you walk into a retail location, you feel the energy instantly. You will either say WOW, what a great business or man, this place needs some work. The way your location looks tells the consumer a lot about you as the owner. The products you sell or refuse to sell will also tell your consumers a lot about how you value the community and the neighborhood you serve.

There is a lot to be excited about at AFPD, but we always face challenges and in Michigan one of the biggest challenges has once again reared its ugly head. We recently found out that the Michigan Liquor Control Chairman, Andy Deloney, has started the process to get rid of the half-mile rule. This is a major issue for AFPD and we will do everything we can to stop him from doing this. Please check your emails, faxes and snail mail for a call to action very soon on this issue. It is not fair that you have played by the rules and invested all this money into your business for so many years and now they want to change the rules on you. We say NO WAY! This will be our major fight this year and we NEED YOUR HELP! Stay tuned. God bless and remain resilient. ■

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This article was originally published in the March 1997 issue of the AFPD magazine, formerly known as the Food & Beverage Report.

Retailer Profile

Far out idea makes sense of spare space

by Ginny Bennett

Danny Nemer, owner of Woodcroft Market in Flint, has taken a proactive stance to make his store meet customers needs while maintaining the bottom line.

Woodcroft Market, on Flint's west side, has survived many changes during the life of the store. It was rundown and unoccupied when his Uncle Kal Nemer bought it in the mid-1980s. Over the past five years Danny has run the store, buying it from his uncle a year ago.

The neat, neighborhood store, is located in the Miller Road residential area and is within walking distance of Flint's exclusive Woodcroft Estates. Hospitals and the Michigan School for the Deaf are nearby.

Woodcroft Market has a typical "superette" product mix, with ample beer, wine and liquor. The deli offers sandwiches, salads and cold cuts. The 6,500 square-foot store seems pretty comparable to other mid-size convenience stores except for one big difference. Danny has added seventeen storage units.

Previously there was a full meat counter in the market, but when faced with stiff competition



Jennifer and Danny Nemer enjoy their work at Woodcroft Market

Danny took action and closed it. He could not buy his meat for less than some stores were selling it for and still maintain his standard of quality. For over a year he tried to think of how he could use the extra space. Several options came to mind before he hit on his good idea. He condensed the store, and using the leftover space he made 17 storage units in the back end of the building. The self-contained area was easily renovated without making any major structural changes. There is an outside entrance to the units which are accessible during store hours of approximately 9 a.m. to 10 p.m., and are protected by the store security system which encompasses the building. Padlocked doors open from a central hallway. And, Danny points out, since one can't insure

another's belongings, he doesn't have liability for anyone's property. Danny intends to advertise the space although seven of the 17 units are already rented. The units range in size from the smallest, a 5' x 8' to a 10' x 12' and two 12' x 20's.

Hitting on a good idea and taking action are examples of Danny's education at work. In

addition to his innate business sense, which he learned from working in his father's, Mike Nemer's, grocery store, Danny is a University of Michigan graduate with a business degree. Upon graduation he worked for United Parcel Service. Although he wasn't sure where his true career

unwind, we go together to the gym and work out."

Most recently, Danny has been trying to unwind due to stress caused by the uncertainties of the transition to liquor privatization. Stocking up several times, he has experienced delays, short cases and has not received some items that he has ordered. He is relieved that his shelves are finally filling and he realizes the problem has been frustrating to distributors as well. Danny is working on a new computer program that he hopes will speed his ordering. The order list of available liquor is so long that it takes a long time to make the order manually. He plans to put the list of regularly ordered items in the computer which



Woodcroft Market on Flint's west side

path lay, he felt like he was well prepared to take it. It finally made good sense to follow in his Dad's footsteps and today Danny is glad he did.

Together, with his wife Jennifer, they share the work and the responsibility. Each can do the other's job. They also share the joy of the newest member of the family, one-year-old Samantha. With child-care help from their families they can handle their strenuous work schedule with Jennifer contributing about 30 hours a week at the store.

Practically newlyweds, the couple has only been married two years. They don't mind spending long hours together. "We're best friends," says Danny. "To

should speed the process.

One of the toughest problems he faces is the turnover of employees. I visited him on a very busy Friday afternoon and he wasn't at all surprised to get a call from a "sick" employee. Absences happen frequently, especially on the weekend, and he has learned to deal with these personnel problems and take them in stride.

All things considered, Danny thinks there are more pros than cons when he evaluates his career decision. His brother, Steve made the same choice, taking over the family store, Ridan's Party Store in Flushing. The future seems bright with Dan's ability to come up with far out ideas that end up making super business sense.

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government relations update

DAN PAPINEAU // AFPD DIRECTOR, GOVERNMENT RELATIONS

Off and Running!

The legislature in Michigan, Ohio, and Illinois are off and running at full speed. While it took a little while for Michigan and Ohio to get oriented and begin deliberations of the most recent legislative session, Illinois has seen a flurry of activity right out of the gate in 2017. While issues are still being developed and the large number of new legislators are still getting comfortable with where the bathrooms are in state capitals, there has been plenty of action that requires our attention.

MICHIGAN

After a very successful 2016 and following up on the implementation of those accomplishments from last year, 2017 has started off at a very slow speed. This is largely due to the fact that over a third of the members serving in the State House are brand new. It took a long time to assign committees and do a lot of housekeeping items required to properly begin a new legislative session. This has been helpful because it takes equally as long to meet all these new members and get to know them, how they think, what's important to them, etc. Very soon I will have met every one of them.

While the House is busy getting settled in, the action in the Senate has been almost nonexistent. This has allowed me to circle back with Senators that I have not interacted with in sometime to present to them the economic contribution analysis that Michigan State University prepared for us. This analysis outlines the overall impact the food retail industry has on the state's economy. I have also been taking the analysis to members of the House. Both in meet and greet meetings with new representatives and in meetings I set up with more veteran members to specifically go over the study with. This face time is important.

A couple legislative issues that popped up that AFPD weighed in on or will be monitoring:

- **SB 74** – Selling tobacco to a minor: SB 74 increases the penalty on selling tobacco to a minor from \$50 per occurrence to \$100 for the first occurrence and \$500 for every subsequent occurrence. This bill passed the senate committee and the senate floor unanimously last year. Knowing that overwhelming support for the bill already existed the AFPD contacted the bill sponsor and asked for three changes that would benefit the retail industry. 1) put a timeframe on the subsequent occurrence of 12 months 2) make the occurrence location specific 3) shift the liability to the clerk who makes the sale as opposed to the owner. We got the first two amendments and was told retailers can shift the liability to their clerks if they choose already.

So, the bill was changed to say that the fine for selling to a minor (which had not been changed in decades) will be \$100 for the first violation and \$500 for any subsequent violation within a 12-month period at the same location. This narrower, more specific language benefits retailers. Additionally, retailers should, as a condition of employment, hold employees responsible for sales they make to minors and the fines that accompany those sales.

The bill would have passed the Senate committee without the amendments we requested anyway as it has in previous years but since we received the amendments, AFPD took a position of neutral in the committee. This bill has a long way to go and discussions on the subject matter are not over.

- **HB 4138** – Cash Discounts for Fuel Sales and Credit Card Surcharges: HB 4138 would disallow fuel retailers from charging a separate price for credit and cash sales and disallow any additional fee or charge for fuel purchased via credit card. Essentially this bill eliminates the cash discount in place currently and, at the same time, disallows fuel retailers from charging a customer using a credit card for the cost of processing the credit transaction.

LARGE EBT CARD BALANCES LEAVE RETAILERS WITH QUESTIONS

The 6th Circuit wrote in a 12-page opinion that the state of Michigan's policy denying food assistance to those with outstanding felony warrants is unconstitutional.

At issue in the case is the federal Supplemental Nutrition Assistance Program (SNAP), more commonly known as food stamps, and a state policy which bans people from receiving benefits who have fled prosecution for a felony. In an effort to catch such scofflaws, the State of Michigan in 2013 developed an automated program that compares the list of public-assistance recipients with a list of outstanding felony warrants maintained by the law

enforcement information network.

In 2015, U.S. District Judge Judith Levy struck down the state's database, concluding it wrongfully denied plaintiffs of their right to food aid because they were neither actively fleeing or avoiding prosecution for a felony.

The 6th Circuit agreed.

"The district court correctly declared invalid the Michigan fugitive-felon policy and the portions of Michigan statutes on which the policy was based," the 6th Circuit wrote.

American Civil Liberties Union staff attorney Miriam Aukerman, who challenged the policy, along with

the Center for Civil Justice, hailed the ruling as a big win for the thousands of individuals who automatically lost their benefits for crimes they may have had nothing to do with.

"Computers make mistakes. None of us want to have our lives ruled by some computer algorithm. What's important here is the state can't cut corners anymore. It can't automatically cut off people from desperately needed assistance," Aukerman said.

About 20,000 SNAP recipients will be getting retroactive benefits which will lead to large balances on those individuals' EBT cards. Retailers should be aware that this influx of money will be occurring and prepare appropriately. ■

I have communicated our opposition to this legislation to appropriate members of the State House. Why would a retailer wish to increase the price of gasoline on all customers? The consequence of this bill is that the current credit price will be the price for everyone. I believe we will not see action on this legislation as has been the case in previous years when the proposal has been discussed.

Other legislation affecting the industry has been introduced in Michigan but these were two that I wanted to bring to your attention.

OHIO

Terry Fleming has been busy in Ohio working a number of proactive issues dealing with lottery commissions and alcohol regulations as well as reacting to proposals that increase alcohol taxes and changes to the way fuel taxes are paid among other things. I will defer to his regular monthly update for further details.

ILLINOIS

Illinois, wow, much to say here; however, I will keep things brief. First, I am very excited to announce that AFPD has contracted with a lobbyist to help us with issues at the City of Chicago level, Cook County level, and state level. Steve Morrill and his team at Morrill Associates will help our membership in Illinois drive the conversation and have their voices heard in the legislative process. Steve starts with us officially March 1st and will be formally introducing himself through this publication next month.

Secondly, the State of Illinois' government on all levels is in real trouble. Without having adopted an official budget in over 2 years at the state level has led to total turmoil in Springfield. Ideas to get the budget under control are never ending and changing all the time. One minute it is a state wide tax on sweetened beverages and next it is sales tax on food. One thing after another perpetuates absolute uncertainty in Illinois. I feel like no one is safe and unless our strong independent retailers in Illinois are engaged in the discussion, included in the deliberations, and allowed to explain the consequences certain proposals will have on their business to the appropriate elected officials we may see some really bad decisions be made in Springfield. I feel confident Steve Morrill and his team will help us navigate these waters.

Chicago and Cook County have similar financial struggles that leave the business community, in general, vulnerable. We need to be strategically engaged in what is happening. If we are not at the table, we will be undoubtedly on the menu. ■

UPDATE ON GROWLERS, WINE SHIPPING, AND PRODUCT DELIVERY

The Governor signed two pieces of legislation on January 5th that will open up new sales opportunities for alcohol retailers across Michigan. As discussed in greater detail in previous editions of this publication off-premise retailers will now be able to sell growlers, ship wine, and deliver products. This article is meant to provide more specifics on these new sales opportunities.

GROWLERS

Any retailer with both an SDM and an SDD license will be allowed to sell beer in growlers beginning April 9, 2017. There is no additional license, registration, or special approval needed to sell this new product however, there are some specific procedures you must follow. To fill and sell growlers a retailer must comply with the following:

- The growler is sealed and has a label affixed to it that includes at least the brand name of the beer, the class of the beer, the net contents of the container, and the name of the retailer filling the growler.
- The merchant or his or her agent or employee shall not fill a growler in advance of the sale.
- The eligible merchant or his or her agent or employee shall only use containers that have a capacity of 5 gallons or more to fill a growler.
- The beer to be dispensed has received a registration number from the commission and has been approved for sale by the commission.
- The eligible merchant complies with all applicable rules promulgated by the commission.

WINE SHIPPING

Beginning March 29, 2017 retailers holding an SDM license will be able to ship wine via a common carrier. A common carrier includes shippers like UPS and FedEx. The benefits of being able to easily ship product to a customer are plentiful however, if a retailer chooses to utilize this new law they should be aware of many requirements they must comply with to do so. These requirements are as follows:

- Pay any applicable taxes on the product.
- Comply with all laws of this state including, but not limiting to, the prohibition on sales to minors.
- Verify the age of the individual placing

the order by obtaining from him or her a copy of a photo identification issued by a governmental entity.

- Record the name, address, date of birth, and telephone number of the individual placing the order.
- Stamp, print, or label on the outside of the shipping container "Contains alcohol. Must be delivered to a person 21 years of age or older".
- Place a label on the top panel of the shipping container containing the name and address of the individual who placed the order and the name of the designated recipient if different from the name of the individual placing the order.

It is also expected the MLCC will come out with a standard ordering form for sales that include shipping as part of the sale retailers will need to fill out. While this is not certain, it is definitely being discussed.

While some of these requirements may seem like common sense and others may seem tedious they are in place to ensure out of state retailers do not infringe on your business. This information is being gathered so retailers from outside of Michigan can be caught and punished for illegally selling into our state.

PRODUCT DELIVERY

Beginning March 29, 2017 retailers holding and SDM license will be able to deliver beer and wine directly to a customer's home or other designated location and a retailer holding and SDD will be able to deliver spirits directly to a customer's home or other designated location. In both cases the delivery must be done by the owner or employee of the licensed business. Additionally, the retailer or their employee will need to verify the recipient is 21 years of age upon delivery. If the retailer or their employee offers serving services to consumers the retailer or employee must be TIPS trained.

Additionally, a retailer can work with a third party facilitator service by means of the internet or mobile application to facilitate the sale of beer, wine, or spirits.

I hope this provides greater detail on these newly enacted laws. If further questions exist please feel free to contact me at dpapineau@afpdonline.org. ■



michigan lottery report

M. SCOTT BOWEN // MICHIGAN LOTTERY COMMISSIONER

New Instant Games Expected to Generate Excitement, Sales for Retailers

The Michigan Lottery's instant games are very popular with players – making up about 35% of sales – and new game launches increase excitement among players.

With a wide range of prices, the Lottery's instant games are designed to appeal to a broad spectrum of players. Creating innovative games with broad player appeal, large cash prizes, and a variety of prices helps attract and retain players and boost business for retailers.

In late January, the Lottery launched \$4,000,000 Mega Bucks. The Lottery's newest \$30 instant game is popular among players and offers more than 30 opportunities to win on each ticket. It also features three top prizes of \$4 million, matching the largest prizes ever offered on a Lottery instant game. In total, the game offers more than \$150 million in prizes ranging from \$30 up to \$4 million.

In March, the Lottery plans to launch four games expected to appeal to a wide range of players:

- **Super Bonus Cashword** – Cashword games rank near the top of the list of best-selling instant games offered by the Lottery. Cashword offers players longer game play and an online interactive second chance game. Each \$20 Super Bonus Cashword game will offer players the chance to win prizes ranging from \$20 up to \$1 million. More than \$90 million in total prizes is available for players to win.
- **Wild Time Fortune** – Wild Time themed games have been a favorite with Lottery players for decades. The familiar game franchise has been available

to players at many price points, including \$2, \$5, and \$10. Each \$5 Wild Time Fortune instant game ticket offers players multiple chances to win prizes ranging from \$5 up to \$300,000. In addition to more than \$25 million in prizes, Wild Time Fortune also offers players an online interactive game, boosting each ticket's entertainment value for players.

- **Bingo Twist** – Bingo games also rank as some of the most popular instant games offered by the Lottery. As with Cashword, players enjoy the long game play that Bingo offers and the game's online interactive second chance game. Each new \$2 Bingo Twist instant game ticket will offer players prizes ranging from \$2 up to \$30,000. All told, Bingo Twist offers more than \$6 million in prizes.
- **Tetris** – Nostalgic instant games also are some of the Lottery's best-sellers. Players often have an emotional connection to games such as Frogger, Pac Man, and The Wizard of Oz, which helps them sell very well at retailers. Each new \$2 Tetris instant game ticket will offer players a chance to win prize ranging from \$2 up to \$50,000. More than \$7 million in total prizes are available for players to win.

The Lottery expects these exciting new instant games to boost sales and store traffic for retailers when they hit store shelves on March 7th.

BONUS DRAWS COMING TO DAILY 3 AND DAILY 4 IN MARCH

The Lottery will conduct Bonus Draws for the Daily 3 and Daily 4 games in March. The promotion is scheduled to start on March 1st, and will offer Daily 3 and Daily 4 players the chance to win larger cash prizes.

For a limited time in March, Daily 3 and Daily 4 Bonus Draws will be announced during select midday and evening broadcasts of the winning numbers. Every time there is a Bonus Draw, all eligible Daily 3 and Daily 4 prizes will be increased by 20%. Daily 4 straight and wheeled bets are not eligible for the Bonus Draws promotion.

The promotion is easy for retailers to support because it requires no additional action during the sale. Additionally, retailers will earn higher redemption commissions on all Bonus Draw prizes paid to players. We expect it to be popular among players because there is no additional cost required for a player to take part in the Bonus Draw promotion.

LOTTERY COMMISSIONER UPDATE

As you may have heard, I have announced that I will step down as Commissioner of the Michigan Lottery this month after nine years of service.

Serving as the Commissioner of the Michigan Lottery has been a great honor and wonderful opportunity. The Lottery's success during my tenure reflects the hard work and dedication of the Lottery employees and its retailers, who are proud to carry out the agency's mission of providing funds for public education in our state. The Michigan Lottery consistently ranks as one of the top-performing lotteries in the nation because of their combined efforts.

I would like to personally thank you for all of your hard work and support during my tenure as the Lottery Commissioner. ■

INSTANT TICKETS // PULL TAB TICKETS

NEW INSTANT TICKETS:

On sale March 7th:

- IG 780 – Tetris \$2
- IG 206 – Bingo Twist \$2
- IG 205 – Wild Time Fortune \$5
- IG 204 – Super Bonus Cashword \$20

INSTANT GAMES SET TO EXPIRE:

Expiring March 6th:

- IG 716 – \$1,000,000 Spectacular \$10
- IG 718 – Lucky Shamrocks \$2
- IG 724 – Triple Your Luck \$3

NEW PULL TABS TICKETS:

On sale March 7th:

- MI 569 – Stampede Riches \$1

PULL TABS GAMES SET TO EXPIRE:

Expiring March 13th:

- MI 555 – Diamond Deal \$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.

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- Daily 3&4 BONUS DRAWS will be announced during the broadcast of the midday and evening winning numbers.
- For each BONUS DRAW, all eligible Daily 3&4 prizes will be increased by 20%.

*Watch the drawings at 12:59pm and 7:29pm
on your local Lottery TV station.*



DAILY 4 STRAIGHT AND WHEELED BETS NOT ELIGIBLE.

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michigan food safety report

KEVIN BESEY // MICHIGAN DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT DIRECTOR

MDARD's 2017 Goal to Support Retailers: Use New Data Management Capabilities to Reduce Foodborne Illness

Preventing foodborne illness at retail food establishments requires the consistent use of a series of coordinated food safety measures as outlined in the federal Food Code and Michigan Food Law. MDARD's new data management capabilities implemented over the past year allow us to better use regulatory data to pinpoint foodborne illness risk factors. Industry and regulators can use this information to more efficiently and effectively focus prevention efforts.

Last fall, MDARD started a process to strengthen regulatory and industry retail food safety programs by adjusting risk-based inspection strategies to better identify and address non-compliant establishments. The process includes a targeted pilot project with two large retail grocery chains, slated to begin in May, focusing on improving foodborne illness prevention efforts through expanded two-way communication, data sharing and coordinated action.

During the pilot project, MDARD food inspectors will focus on Priority violations in Chapters 2, 3 and 4 of the federal Food Code. The example below shows how a Priority Violation appears on an inspection report:

3-501.16(A)	
Requirement:	Potentially hazardous food, hot and cold holding - temperature requirements [P]
Observation:	Some hot foods were being held between 122 degrees F and 125 degrees F for an undetermined time. The items included pizza and meatloaf sandwiches. The items were voluntarily disposed of.
	Corrected: All of the hot foods were being held above 135 degrees F.
Status:	Corrected Priority Violation
Corrected Date:	11/22/2016

Industry partners have been identified to participate in the pilot program and the Food and Dairy Division has begun sharing inspection data with the retail food establishments participating in the pilot project. With feedback from participants, the pilot project will be finalized by April and will take place from May to November. Results and feedback from pilot project participants will be reviewed and used to fine-tune

a statewide program, which will be implemented by February 2018.

Compliance improvement plans are also being implemented for food service businesses (restaurants, catering businesses, etc.) and food manufacturers (to help them comply with the new Food Safety Modernization Act Preventive Controls rule).

There are multiple causes of non-compliance across Michigan's diverse retail food industry. The most common non-compliance areas identified by MDARD inspectors include:

- Hot and cold holding temperatures
- Inventory control of ready-to-eat foods (date marking)
- Handwashing
- Cleaning and sanitizing
- Cross-contamination prevention

Objectives for increasing regulatory compliance at retail food establishments, especially around these most common non-compliance areas, include improving Active Managerial Control (AMC) in retail food establishments, increasing effectiveness of regulatory risk-based inspections by identifying and focusing on establishments with the most problematic inspection histories, and increasing food manager and food handler training.

MDARD will also collaborate with industry to develop a free retail food safety tool kit so help improve compliance. The tool kit will include incentives, technology, best practices and training resources. The incentive component may include recognition of businesses for their food safety compliance efforts, less frequent inspections, and drawings for free annual food establishment licenses.

The pilot project has a few challenges, including a tight timeline for making significant changes and the never-ending challenge of balancing workload commitments for both industry and MDARD. A lack of nationally recognized metrics for measuring successful improvements in reducing risk factors for foodborne illness also poses a challenge. Knowing these challenges going in, though, will help us meet them head on, and we are confident that through this collaboration with industry, we can significantly increase regulatory compliance and reduce risks for foodborne illness in Michigan.

I look forward to sharing updates on this project over the next year, and to offering tools and incentives to all retail food establishments in 2018. ■

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ohio lobbyist report

TERRY FLEMING // TC FLEMING & ASSOCIATES

State House Update

The Ohio General Assembly is in full working mode and a number of bills have been introduced that are now being heard by various committees. Those bills of interest to AFPD members are:

HOUSE BILL 26

The Transportation Budget for the state for next two years. As introduced by the Kasich Administration the bill would have moved the gas tax collection to the rack which, according to the legislative budget office, would have resulted in some \$90 million more dollars to the state in tax collection, the Ohio Petroleum Marketers strongly objected this as they would have lost their float and they were successful in getting this removed from the budget. The bill as introduced would have also eliminated the 1% tax collection allowance or evaporation allowance, one half percent of which goes to AFPD members. AFPD, working with others, was successful in getting this removed also. The bill still increases license plate fees, driver's license fees and other fees to help with much needed highway funds. The bill must pass by March 31, 2017 to make certain that federal matching dollars are received by the state. The bill has passed the House and will now go to the Senate where AFPD has already spoken to the Chair of the Senate Transportation Committee asking that the 1% allowance continue, the response was rather positive.

HOUSE BILL 27

Is the budget for Workers Compensation and no major changes are anticipated.

HOUSE BILL 49

Is Governor Kasich's two-year general revenue budget for Ohio and as in the past two budgets he asked for an increase in the State sales tax, tobacco tax, smokeless

tobacco and oil and gas severance tax; and as in the past two budgets the General Assembly has said tax increases are likely dead on arrival. AFPD is working with a large group of folks to oppose any increase in the tobacco tax. This will be a long process but the bill must pass by June 30, 2017.

HOUSE BILL 50

This bill would address perceived fraud in the Supplemental Nutrition Assistance Program (SNAP) by requiring photo ID's. They are also considering having the state administer the program as opposed to individual counties.

HOUSE BILL 53

This is another attempt to pass the Right To Work law in Ohio and unlike four years ago it excludes Fire and Police, but don't look for any action on this as it was soundly defeated at the ballot when last addressed.

HOUSE BILL 70

This bill would require service stations to post a sticker on all pumps indicating what the state and federal tax is on a gallon of gas. Most service stations already have that information posted and it's doubtful this bill will move.

HOUSE BILL 86

This is another attempt by minority Democrats to raise the minimum wage; this bill would increase it to \$10.10 effective in January 2019. This is a DOA in a Republican controlled legislature.

On the political front Lt. Governor Mary Taylor is the first person to file as a candidate for Governor in the 2018 elections. Mrs. Taylor was first elected to City Council in Green, Ohio and she served two terms as a State Representative and in 2006 was the only Republican to win a statewide office having been elected as Auditor of State and for the past 7 years has been Lt. Governor. It's expected that three more Republicans will announce in the near future.

Lastly, as always, AFPD appeals to members to encourage others to join our Association and to participate in the AFPD Political Action Committee. ■



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ohio liquor report

HARRY KNIGHT // OHIO DIVISION OF LIQUOR CONTROL

Market Trends Drive Growth

Evaluating and understanding product trends and category growth are vital to improving the quality of the spirituous liquor inventory. We also utilize this information when determining product distribution throughout the state and arranging shelf sets in the Contract Liquor Agencies to provide a better shopping experience for the customer. In an ever-changing and innovative industry, this data provides valuable insight into the specific categories and brands of products Ohio consumers want.

We achieved record sales of more than a billion dollars in each of the past two years, with 2016 totaling \$1,140,209,832. Vodka and American whiskey were the largest categories by dollar share in 2016, combining for almost 50% of the total

dollar sales. These two categories were followed by Canadian whisky, tequila and brandy. The categories that experienced the greatest growth were Irish whiskey and brandy. Irish whiskey is now the hottest trending category, growing at a rate of 17.1%, followed closely by brandy, growing at 13.2% in 2016.

Another important trend is called “premiumization.” This means Ohio consumers are “trading up” to buy more expensive items. The share of the economy and popular product segments have declined. The premium price and above product segments continue to be the largest share of the total dollar sales. The largest share of total dollar sales and the highest growth segment are the super-premium priced products.

We are proud of the sales performance of 2016 and greatly appreciate the assistance and cooperation from all of our industry partners, stakeholders and Contract Liquor Agencies that were a part of this record-setting year. ■

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THE IMPORTANCE OF DATA

MSU and AFPD Economic Analysis of Michigan Food Retail Industry shows why not to take the industry for granted

Food retail stores are often the anchors of commerce in urban and rural communities across the state, yet it is not something commonly understood by the general public.

The Associated Food and Petroleum Dealers (AFPD) commissioned a study by Michigan State University (MSU) Center for Regional Food Systems (CRFS) to better understand the industry's contribution to the state's economy. Michigan's food retail industry includes grocery stores, supermarkets, specialty stores, gas stations, convenience stores, general merchandise stores and pharmacies.

"We commissioned this study because we believe that people often take food retail stores for granted," said Auday Arabo, president and CEO of AFPD. "Everyone talks about the auto industry and healthcare, but the food retail industry is the anchor to every community in the State of Michigan and around the country. It's important for us as an industry to help others understand the value of our members."

Known to the members, AFPD was founded in 1910. Since then, the association has grown considerably. In fact, in the last six years, AFPD has doubled in size. The three biggest groups, both financially and in terms of membership, are the National Association of Convenience Stores (NACS), the Food Marketing Institute (FMI), and the National Grocers Association (NGA). They are the national players. AFPD is different, it's a hybrid. "We are not just a state association," said Arabo. "(But) we are not a national association, because we don't cover coast to coast. If compared to State associations, we are the second largest state association in the country next to the California Grocers Association (CGA), based on profit and loss, and membership."

The Michigan State University Center for Regional Food Systems (CRFS) works toward a thriving economy, equity, and sustainability for Michigan, the nation, and the planet. CRFS cultivates regionally-rooted local food systems that yield Good Food: food that is healthy, green, fair, and affordable. Through applied research, education, and outreach, CRFS unites the expertise of



community partners with that of MSU faculty and staff to advance understanding of, and engagement with, regional food systems.

What members may not know is the importance of their industry on the state's economy.

The study highlights the contribution of Michigan's food retail industry to its economy, estimating the jobs created and supported by the industry – both direct and indirect – as well as employee income and the contribution of taxes.

"Using State Treasury data as the foundation of our analysis, we estimate the food retail industry contributed **\$15.4 billion** to Michigan's gross domestic product and supported **273,000 jobs in 2014**," said Laura Goddeeris, MSU CRFS Specialist. "This accounts for not just the industry's direct sales, but its purchases from other Michigan industries for things like real estate and utilities, as well as the spending patterns of its employees."

It was the first time MSU conducted such a study. "We've typically critiqued these sort of studies," said Goddeeris. "This time we did the research, which also included defining the food retail industry based on the various types of outlets where today's consumers purchase groceries."

The result is one of the first publicly-available studies published on the food retail industry. "We tried to paint the full picture of the industry," said Goddeeris, "including quantifying the extent and value of its linkages to other industries." The analysis confirms food retailers' reliance on industries like real estate, warehousing, management, transportation, advertising for operations, and support of health care and dining through employee spending patterns.

"The premise of the analysis is to remind people that the food retail industry is a major contributor to the state's economy," said Arabo. "Food retailers, especially grocery stores, are part of a community's infrastructure. They are just non-government infrastructures but still very important to the viability of a community."

Grocers in Michigan are in agreement. "Just about every community in the state has some sort of retail outlet that provides good-paying jobs and often careers for the family bread-winner," said Phil Kassa, co-owner of Heartland Marketplace and AFD board Chairman. "Grocers also have several entry level positions for people living in the neighborhoods in which we serve. We become part of the community in so many ways. Also, every community benefits from the tax dollars generated from payroll taxes, and property taxes collected, not to mention the charitable contributions that are made by a lot of businesses."

The impact grocers have on the community cannot be overstated. "As a grocer in Detroit, we are part of the community's fabric," said Joe Gappy, owner of Prince Valley in Detroit's Mexican Town. "We know our customers personally and contribute to the local economy on many levels. We are often asked to donate, and we do, for our community's well-being... Whether it is to our local churches, schools, community groups, cultural centers we have to support our community."

Gappy holds two positions in the local area. He sits on a Charter School Board that just spent \$11,000,000 last year on a new Middle School-High School and he also holds a position with the Michigan Ave Business Association, where they are trying to make Michigan Ave a better shopping district. "The more support the area gets by its local businesses, the better the growth becomes in the area," said Gappy.

MSU hopes the study can be used as a benchmark for future studies while AFD plans to commission similar studies in Ohio for the Petroleum Industry and in Chicago for the grocery industry. "We are the protector of our industry and this is how we educate the general public and elected officials in the important role we play in the arena," said Arabo. **"Statistically, 1-in-20 people are connected to the grocery industry in the state of Michigan; that is significant."**

What is even more significant is that others know about what Michigan's food retailers mean to the state's economy as a whole. "This is an industry that exists in virtually every county across Michigan and in every state across the country," added Goddeeris, "Better understanding its contributions beyond the vital role of providing food access should be of broad interest."

Learn more at www.foodsystems.msu.edu and connect on Twitter and Facebook @MSUCRFS.

To read the report, visit www.foodsystems.msu.edu/resources/estimating-the-economic-contribution-of-michigan-food-retail-industry. ■

ABOUT MSU CENTER FOR REGIONAL FOOD SYSTEMS

The Michigan State University Center for Regional Food Systems (CRFS) engages the people of Michigan, the United States and the world in developing regionally integrated sustainable food systems. CRFS extends MSU's pioneering legacy of applied research, education and outreach by catalyzing collaboration and fostering innovation among the diverse range of people, processes and places involved in regional food systems. Our vision is a thriving economy, equity and sustainability for Michigan, the country and the planet through food systems rooted in local regions and centered on Good Food: food that is healthy, green, fair and affordable.



Growing a business into a multi-market success story

■ BY KRIS HARRIS // DENHA MEDIA & COMMUNICATIONS

Mark Zaitona immigrated to the United States from Iraq in June of 1993. He immediately started to work for his brother Joe Zaitona, who owned Universal Wholesale in Southfield. After working there for a year, he wanted to learn more about the grocery business, so Zaitona worked at Royal Food in Detroit where he gained first-hand experience working in the industry he would come to love. “My brother Joe had a 50% share in that store, so he sent me down there to help take care of the business for him,” said Zaitona.

Within four years, in 1997, Zaitona purchased his first grocery store in the Utica area which would be the first of many. “I bought my own business at 20 Mile and Van Dyke, called Utica Food Center, it was my first store that I owned,” said Zaitona. “After that, because I was single, I moved to Flint and bought a store there, called Plaza Foods.”

These first two purchases were just the beginning. After selling Plaza Foods and closing the Utica location, he would purchase two new stores in the Flint-area, both called Mr. B’s Supermarket, which he still owns today.

Running more than one business can be a



challenge; however, there are some advantages as well. “One thing I learned is that when you own more stores, you get a lot better deals,” explained Zaitona. “Plus, with AFPD, you get even more savings with the rebate programs, when you get bigger. For example, when I was just one store, I wasn’t getting a good price or rebate from the milk company. Now, with AFPD, I’m getting a good price and a really good rebate. It’s the same with the Sherwood and D&B programs.”

AFPD, and specifically President and CEO Auday Arabo, have been instrumental in helping Zaitona along the way. “Auday was able to speed up the process of getting my license switched in my name very quickly,” said Zaitona. “He got involved, personally, and was able to push for it. He made a bunch of calls and made it happen. I will never forget that. Without a Food Stamp license I couldn’t be an operator in Detroit.”

Zaitona has seen the shopping habits of customers change over the years and, as a result, has adapted to new trends. “From the time I came into the business until now, people are eating healthier than they used to,” he said. “There’s a big difference between the shopper before and now. The Momma and Grandma used to cook, but the new generation is less into it and more into the fast-food, from what I’ve seen.”

The habits of the younger generation are why more fresh and prepared foods were brought into the delicatessen. “Just over the Super Bowl weekend alone, we saw a 20 to 25% increase over last year in that area.”

RETAILER: MARK ZAITONA

Location: Royal Fresh Market - Detroit, Michigan;
Mr. B’s Supermarket - Flint, Michigan (2 locations);
Family Food Center - Toledo, Ohio

Founded: 1997

Employees: 70

AFPD member since: 2014

Slogan: “Your neighborhood supermarket serving your everyday needs.”



Separating yourself from the competition isn't always easy, but there are little things that can make a big difference. "I always keep the store clean, offer reasonable prices, and good customer service," explained Zaitona. "That's what counts. The big stores shouldn't always beat you up, because they don't have the service that we (independents) have."

Zaitona credits the old-school service that you can still find at smaller stores, as one way to go toe-to-toe with the chain stores. "Remember, the smaller stores always have the meat counters and the service counters," he said. "With the big stores, everything is prepackaged. They don't cut meat anymore because it costs a lot to have a meat guy in each store, so everything is packaged to save on the payroll, but not with us."

Like a lot of independent retailers who care for the communities in which they do business, Zaitona's Flint locations were quick to respond to the water crisis. "We put the price of water at cost, to help some in that way," Zaitona said. "We also donated a lot of money to the churches in the area for that reason too."

Recently, in September 2014, Zaitona bought his first grocery store in Detroit. He named it after Royal Food, the first store he worked at back in 1994. "I brought the name back, because that's where I started," he said. "The Royal Fresh Market name you see is me trying to bring it back, because it means a lot to me. It's where I started my life."

The store has legacy roots in the area, as it was once Metro Foodland, owned by former AFPD Chairman Jim Hooks. Since the purchase, he's worked hard at shining it up. "We remodeled the store in 2015, to upgrade and upscale it, which really helped with business," said Zaitona. "It took about 6 to 7 months to complete and we put over a million dollars into it. The refrigeration was a big cost, but we now save about \$5,000 a month in energy. In the long run, it'll pay for itself."

In 2015, Mark purchased Family Food Center, his first store in Ohio. The Toledo store needed some work, so he's invested \$350,000 in repairs that will be completed this June. "When I saw the store was located on North Detroit Ave., I couldn't believe it," joked Zaitona. "It needed some work, so we are doing the coolers, the floor and the front-end of the store."

Zaitona credits his father, Agoubi, and his brothers, Joe and Johnny, for his success. "My Dad was a businessman back home," he said. Both Joe, who gave him his first job, and Johnny, who owns United Textile in Ferndale, are big reasons why he's been able to run good businesses over the years. "I would not be where I am today without them, to be honest." ■



MARK ZAITONA





Business Owners and Vacations: A Perfect Match to Recharge



BY MONIQUE MANSOUR //
DENHA MEDIA & COMMUNICATIONS

Spring is just around the corner and for most people; the warmer weather comes with a sense of calm and relaxation. But for the small business owner, that's not always the case. According to a business study conducted by OnDeck, only 57% of small business owners surveyed planned to take a vacation in the coming year. Of those planning to take a vacation, 67% pledged to check into their work at least once a day. With many small business owners not taking a vacation at all, it's become a trend that shouldn't be overlooked.

John Denha, former AFPD Chairman and Michigan-based small business owner agrees. "The stress of work is always going to be there, even when you get back from vacation," said Denha. "Business owners still need to get away, to take their minds off of things." As a father, he sees how important it is to take family vacations and to get away from work. "We're taking life for granted, so we

need to enjoy every day with our families," explained Denha. "You can't put off family time. We must remember that every day is a holiday with our families."

If taking a week or more off is something you feel you just can't commit to, Denha suggests taking weekend trips. "Take a Friday, Saturday, Sunday, or maybe even a Monday off and you'll come back feeling rejuvenated and wanting to put more work into your business," Denha said. "Otherwise, you're a dead man walking". And if the thought of travelling far away from your business is another deterrent, Denha proposes the idea of a "staycation", or a local vacation. "Frankenmuth, Northern Michigan, and Chicago are all fantastic places to visit with the warmer weather in the Midwest," noted Denha. "Also, your comfort level increases when you've got your car, because you can leave anytime you want." Denha believes that, while older generations have had a harder time taking vacations, things are changing to make it easier. "You have cameras now watching the store and you can work remotely if you absolutely need to," explained Denha.

For business owners who are considering taking a vacation, but are unsure of where to begin in the planning process, AAA can be a great resource to use. Julie Hall, Public Relations Manager at AAA, notes that her agency can assist with travel services including, "worldwide ocean and river cruises, escorted and independent package tours, airline tickets, car rentals, hotel reservations, rail tickets

and a variety of travel insurance programs." Even though traveling during the spring and summer can sometimes mean fewer discounts, there are still opportunities to find some deals. "AAA members can receive discounts and benefits on hotel stays, car rentals and many other travel services through our Discounts & Rewards program," said Hall. "The key is to plan your trip as early as possible and be flexible, in order to find the best deals and opportunities for savings."

Like Denha, Hall stresses the importance of business owners taking a vacation. "Vacations are not only essential to giving leaders perspective and the chance to recharge, they're also critical for their teams," explained Hall. "One of the greatest concerns for business leaders is having a positive team dynamic, and encouraging employees to take a break can help prevent burnout and increase satisfaction; something that boosts the bottom line."

Author Harry Van Demark once wrote, "Vacations are the coupons on the bonds of industry. They mature annually. After maturity, whenever they are cut, they begin to earn interest." With different vacation options and advanced technology allowing business owners to check-in in an instant, there's never been a better time to recharge than this coming spring and summer.

Travelers can download the AAA mobile app for on-the-go travel resources and may visit: www.AAA.com/travel to begin vacation planning. ■



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09/15



Want to Make Gifts to Charity? Don't Forget the Donor Advised Fund

■ BY RANDALL A. DENHA, J.D., LL.M.*

Are you charitably minded? Do you often make gifts to charity but want a better vehicle to do so with so that you can make more of an impact? Do you make sizable gifts to charitable causes? If you're fortunate enough to afford it, you can realize personal rewards from your generosity and claim a deduction on your tax return. But once you turn over the money or assets, you generally have no further say on how they're used.

You can exercise greater control over your charitable endeavors using a donor-advised fund (DAF). According to the National Philanthropic Trust (NPT), a nationwide public charity, this has become the fastest-growing charitable vehicle in the country in recent years, with no signs of the trend abating. Attorneys, as well as wealth and tax advisors, now routinely recommend donor advised funds (DAFs) as their preferred charitable giving vehicle. According to the 2014 National Philanthropic Trust study, the number of DAFs increased by 43,000, from 174,000 to 217,000 from 2008 until 2013.

A donor-advised fund, or DAF, is a philanthropic vehicle which allows donors to make a charitable contribution, receive an immediate tax benefit and then recommend grants from the fund over time. An easy way to think about a donor-advised fund is like a charitable savings account: a donor contributes to the fund as frequently as they like and then recommends grants to their favorite charity when they are ready.

ESTABLISHING THE DAF

As the name implies, your recommendations are integral to a DAF. First, you contribute to a fund typically managed by an independent sponsoring organization or an arm of a reputable financial institution. The minimum contribution generally is \$5,000. In exchange for handling the management of the fund, the financial institution or organization usually charges an administrative fee based on a percentage of the deposit.

Next, you make recommendations to the

fund about how to distribute out the money to your favorite charities. Though technically you no longer have control of the money that has been contributed, the fund administrator will generally follow your advice. While you're deciding which charities to support, your contribution is invested and grows tax-free. Then, your charitable choices are vetted by the organization to ensure that the recipients are qualified charitable organizations. Finally, the administrator cuts the checks and the funds are distributed to the charities.

Although contributions to a DAF are often made in cash, publicly traded securities are also readily accepted. In fact, other assets, such as real estate and closely held business interests, may also be contributed.

DAF PROS AND CONS

Here are the advantages and disadvantages of using a DAF:

- **Immediate tax deduction.** Your contribution to the DAF is deductible in the tax year in which the initial contribution is made. You don't have to wait until the fund makes distributions to the designated recipient.
- **Convenience.** It's easy to establish and contribute to the fund. All the administrative duties and paperwork are handled for you.
- **Simplicity.** You only have to keep track of a single contribution, as opposed to multiple donations to several charities.
- **No capital gains tax.** If you contribute appreciated property such as securities, there's no capital gains tax on the appreciation in value. It remains untaxed forever.
- **No estate tax.** Contributions to a DAF aren't subject to estate tax or the probate process.
- **Tax-free growth.** The amounts contributed to the fund are invested and can grow without any tax erosion.
- **Security.** Using a DAF ensures that money becomes available only to legitimate charities.
- **Anonymity.** If you prefer, distributions can be made to charities anonymously. Alternatively,

if you don't mind the limelight, you can name the fund after your family.

Conversely, despite some misconceptions, contributors to DAFs have effectively no control over how the money is spent once it's disbursed to charities. Donors can't benefit personally. For instance, you can't direct that the money be used to buy tickets to a local fundraiser.

Naturally, the basic tax rules relating to charitable contributions continue to apply. For example, monetary contributions generally are deductible in full, but the amount you can claim each year is limited to 50% of your adjusted gross income (AGI). Your deduction for donations of appreciated property may be based on the property's fair market value if you owned it longer than one year. But the annual deduction limit for such gifts is 30% of AGI. Finally, certain itemized deductions, including those for charitable donations, are reduced for upper-income taxpayers.

DO YOUR HOMEWORK

If you believe a DAF is the right charitable funding vehicle for you, be sure to shop around. Fund requirements — such as minimum contributions, minimum grant amounts and investment options — vary from fund to fund, as do the fees they charge. So work with your estate planning advisor to find a fund that meets your needs and your philanthropic wishes. ■

**RANDALL A. DENHA, J.D., LL.M., principal and founder of the law firm of Denha & Associates, PLLC with offices in Birmingham, MI and West Bloomfield, MI. Mr. Denha continues to be recognized as a "Super Lawyer" by Michigan Super Lawyers in the areas of Trusts and Estates Law; a "Top Lawyer" by D Business Magazine in the areas of Estate Planning and Tax Law; a Five Star Wealth Planning Professional; Michigan Top Lawyer; New York Times Top Attorney in Michigan and a Lawyer of Distinction in the areas of Estate and Tax Planning. Mr. Denha can be reached at 248-265-4100 or by email at rad@denhalaw.com.*

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Four Workday Headache Diversions



PHOTO CREDIT:
AFGE

■ BY DR. TANYA MARTIN

Headache pain and migraines are the fourth leading cause of workplace disability, and a workday headache could have its roots outside the office as well as within. Maybe you didn't drink enough water or get enough sleep. Then you skip breakfast, encounter strong perfume in the elevator, run full tilt into your stressful workplace, and work too hard, for too long in front of a computer screen — all potential headache triggers.

As a business owner, you can help your employees avoid

headaches during the work day by trying the following:

- Stock healthy food and encourage employees to drink water throughout the day. A nutritious diet and staying hydrated can reduce the risk of stress headaches.
- Eye strain from viewing a computer screen for long periods of time can bring on a headache. Position computers the correct distance away from your employees' chairs. Encourage them to look away from their screen and briefly close their eyes throughout the day. Computer use can also cause dry eyes, so having eye drops available for quick relief is helpful.
- Encourage gym memberships through a reimbursement program. Regular exercise lowers stress levels and

unwinds muscle tightness (two of the biggest causes of tension headaches).

- Lastly, help your employees feel less stressed by tweaking the office culture. Encourage a 10 to 20 minute break every day or restrict email responses before and after business hours. It's also important to help your employees find the right balance between work, family and social lives and to encourage them to adopt relaxation practices, like working out, breathing exercises and yoga.

If tension and stress headaches occur often—or if there are other concerning changes—encourage the employee to see a doctor. People who suffer from migraine headaches are two to five times more likely to get diagnosed with depression or anxiety, so it's important they address the issue early. ■

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CAREWORKSCOMP ANNUAL SEMINARS

Our annual workers' comp seminars will be presented at the end of April/beginning of May. This year, in an effort to make

these as convenient as possible for our clients, we will be offering the same material in a webinar format as well. Identical materials will be provided for the seminars and webinars, and both will satisfy the BWC's Two-Hour Group Safety Training requirement. The seminar schedule is:

- April 25, 2017 – Cleveland
- May 2, 2017 – Columbus
- May 3, 2017 – Cincinnati

More details on location and registration to come!

2017 OHIO SAFETY CONGRESS & EXPO

The showcase for the BWC's Division of Safety & Hygiene, the Ohio Safety Congress & Expo, will be taking place from March 8-10 at the Greater Columbus Convention Center. You can register now to attend lectures, panel discussions, workshops, and live demonstrations. There are literally dozens of options! To sign up, please visit www.bwc.expoplanner.com/content/osc17/home.

2017 INCREASES TO OHIO UNEMPLOYMENT TAX RATES AND CLAIM COSTS

Maximum unemployment tax rates increased from 8.6% to 9.4%. This includes the additional 0.6% mutual rate charged to all tax contributing experienced rated employers to pay off the remaining balance of the Federal Unemployment loan. Employers continue to pay unemployment taxes on the first \$9,000 of each employee's payroll, unless they are exempt from this requirement.

- Maximum claim costs raised from \$15,262 to \$15,548. This is the maximum amount an employer can be charged for one unemployment claim.
- Maximum weekly benefit amounts for claimants increased from \$587 to \$598.

There are multiple ways our unemployment service can benefit your business. To learn more about how to avoid the risk of paying higher unemployment costs, contact our unemployment manager, Kammy Staton, at (614) 526-7165, or kammy.staton@careworkscorp.com. ■



Initiative Aims to Reduce Confusion on Product Date Labels

■ BY KRISTEN CLOUD // THE SHELBY REPORT

In a new industry-wide effort to reduce consumer confusion about product date labels, grocery manufacturers and retailers have joined together to adopt standard wording on packaging about the quality and safety of products.

Currently, more than 10 different date labels on packages—such as Sell By, Use By, Expires On, Best Before, Better if Used By or Best By—can result in confused consumers discarding a safe or usable product after the date on the package.

The new voluntary initiative streamlines the myriad date labels on consumer products packaging down to two standard phrases. “BEST If Used By” describes product quality, where the product may not taste or perform as expected but is safe to use or consume. “USE By” applies to the few products that are highly perishable and/or have a food safety concern over time; these products should be consumed by the date listed on the package—and disposed of after that date.

The new initiative for common phrasing is led by the Food Marketing Institute (FMI) and the Grocery Manufacturers Association (GMA).

Retailers and manufacturers are encouraged to immediately begin phasing in the common wording, with widespread adoption urged by summer 2018. Broad industry adoption of this new voluntary standard will occur over time so companies have flexibility to make the changes in a way that ensures consistency across their product categories.

“Our product code dating initiative is the latest example of how retailers and manufacturers are stepping up to help consumers and to reduce food waste,” said GMA President and CEO Pamela G. Bailey.

“The shopper remains the most critical audience in our industry and, as the associations representing major food brands and retailers, we want to encourage a consistent vocabulary so that our customers clearly understand they are purchasing products that are of the highest quality and safety possible,” said FMI President and CEO Leslie G. Sarasin. “While we all need nourishment, both retailers and manufacturers also want consumers to have the best experience possible in their stores and consuming their products.”

Joe Colalillo, president of ShopRite of Hunterdon County and chairman and CEO of Wakefern Food Corp., said, “The customer comes first in our business, and this voluntary industry initiative provides shoppers with clear, easily understood date label information, so our customers can be confident in the product’s quality and safety. Food retailers and manufacturers are working toward the common goal of bringing consistency and greater clarity in product date label messaging. We want to ensure our customers have meaningful information that helps them make the best decisions for their families, both in the store when they shop and when they enjoy foods at home.”

Added Jack Jeffers, VP of quality at Dean Foods, which led GMA’s work on this issue, “Eliminating confusion for consumers by using common product date wording is a win-win because it means more products will be used instead of thrown away in error. It’s much better that these products stay in the kitchen—and out of landfills.”

Product date labeling changes may result in reduced consumer food waste, but clearing up this confusion is just one of several ways to combat the issue moving forward. Forty-four percent of

food waste sent to landfills comes from consumers, and statistics show that addressing consumer confusion around product date labeling could reduce total national food waste by 8%.

The food industry has made progress in reducing food waste. GMA and FMI joined with the National Restaurant Association in 2011 to create the Food Waste Reduction Alliance, which is helping companies find ways to cut food waste. GMA member companies recycled 97% of food waste from operations and donated 156 million pounds of food to food banks in 2015. FMI member companies reported 1.5 billion pounds in diverted food waste, including 390 million pounds of food donated to food banks.

Wednesday’s announcement was praised by a range of companies and groups.

“Research shows that the multitude of date labels that appear on foods today are a source of confusion for many consumers,” said Frank Yiannas, VP of food safety and health for Walmart. “As advocates for the customer, we’re delighted with this industry-wide, collaborative initiative that will provide consistency, simplify consumers’ lives and reduce food waste in homes across America.”

Added Emily Broad Leib, director of the Harvard Law School Food Law and Policy Clinic (FLPC), “Clarifying and standardizing date label language is one of the most cost effective ways that we can reduce the 40% of food that goes to waste each year in the United States. Having worked for several years on this issue, I am thrilled to see GMA and FMI incorporate FLPC’s recommendations and take this critical step toward making date labels clearer, so that consumers can make better decisions and reduce needless waste of food and money.” ■



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PepsiCo's Promise to Get Healthier Is Paying Off

■ BY JOHN KELL // FORTUNE

PepsiCo is a Big Food manufacturer that keeps getting bigger.

The massive food and beverage manufacturer finished 2016 with strong fourth-quarter results, due to particularly strong growth for the company's North America operations, especially for the Frito-Lay and beverages portfolio. That helped offset the challenges that PepsiCo and other international firms have faced as a stronger dollar has put pressure on revenue incurred from markets abroad.

In the home market, PepsiCo continues to outperform rivals. Chairman and CEO Indra Nooyi told analysts during a conference call that while the company represents less than 10% of retail food and beverage sales in the U.S., it drove 18% of sales growth for the category last year. That compared to a net decline in sales for all other food-beverage makers that generate \$5 billion more—essentially the pool of Big Food manufacturers PepsiCo most aggressively competes with.

Nooyi touted efforts by PepsiCo to boost both marketing behind the company's brands and also research and development. The pipeline of innovation from PepsiCo—including new Tropicana Essentials Probiotics, expanding the Sabra hummus brand into other food categories like salsa, and Quaker Breakfast Flats—are all helping PepsiCo boost sales in the U.S. Nooyi boasted that PepsiCo accounted for over 17% of innovation sales at U.S. retail, more than the next four contributors combined.

"When it comes to transforming our portfolio, we are making significant progress," Nooyi said.

The transformation to make PepsiCo's portfolio more healthy comes at a time when Big Food executives say they believe consumer-driven shift toward fresher, cleaner foods isn't a fad—it is a permanent shift in spending. As a result, big brands are remaking themselves through reformulations or adding new products to tackle new food and beverage trends. The launch of Tropicana Essentials Probiotics, for example, was a move to tackle the rapidly growing functional juices category. New reduced sugar sodas from brands like 7Up are also on trend as consumers look to cut back on their sugar intake. This year, PepsiCo is poised to generate millions from the company's new premium water brand LIFEWTR.

Though carbonated soft drink sales have been declining for 11 years in the U.S., the two largest soda manufacturers—PepsiCo and rival Coca-Cola—are both continuing to grow in their key home market. Coca-Cola recently reported stronger North America results that were fueled by bottled water Smartwater, flavored water Vitaminwater, the dairy brand Fairlife, and energy drinks.

PepsiCo is seeing similar success in tilting the portfolio toward healthier beverage categories. Naked Juice is on its way to becoming the company's next \$1 billion brand, Nooyi claimed. Globally, the Pepsi cola trademark accounts for 12% of net revenue. But 25% of revenue comes from so-called everyday nutrition products that include bottled water and foods and drinks that are packed with grains, fruits and vegetables.

The pivot toward health isn't always a smooth one. When asked about Diet Pepsi, Nooyi admitted that the company had "a bit of a hiccup" after the company changed the beverage's formula to ditch aspartame—an ingredient that some consumers are wary of. PepsiCo later reversed course a bit by maintaining a classic Diet Pepsi sweetened with aspartame, keeping the new Diet Pepsi with sucralose and Ace-K, and renaming Pepsi MAX to Pepsi Zero Sugar to make it clear to consumers that the beverage had no calories. Pepsi Zero Sugar got a boost in marketing when PepsiCo featured the brand during this year's Super Bowl.

"Our plan is to invest behind the zero sugar Pepsi roll out and make sure that it is the diet for the Pepsi portfolio," Nooyi said. "It is a great tasting product and in fact, I'd say it is the best tasting diet in the market."

Overall, PepsiCo on Wednesday reported total revenue jumped 5% to \$19.52 billion, while per-share adjusted earnings rose 15% to \$1.20. Wall Street analysts had projected \$19.51 billion and \$1.16, respectively. Looking ahead, PepsiCo's 2017 targets of revenue of "about" 3% and per-share earnings of \$5.09 came in a little lighter than expected. But Wall Street analysts say PepsiCo tends to issue cautious guidance targets and then increase them later in the year. ■



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Grocers Learn How Social Media is Critical to Success at Las Vegas Show

■ BY TODD PRINCE //

LAS VEGAS REVIEW-JOURNAL

George Duren, a 73-year old supermarket owner, will be flying back from Las Vegas to Port St. Joe, Florida, with clear ideas on how to improve sales at his recently opened, 48,000 square feet high-end grocery store.

Dressed in khakis and a brown plaid shirt and clutching a notepad, Duren had just listened to an hour-long workshop on social media strategies for independent grocers like himself at The National Grocers Association Show at The Mirage.

The panelists stressed that grocers should use more video content to attract younger customers, hold monthly social media planning sessions and post content on products and sales at least several times a week. YouTube is underutilized by grocers, said Brian Numainville, the panel chairman and owner of The Retail Feedback Group, an industry research firm.

"I am going to enhance my Facebook effort to about four to five times a week and try to get onto YouTube," Duren said after the conference.

Duren was among 3,400 industry professionals at this year's NGA Show, where talk was as much, if not more, about online shopping and social media as about the latest food and health products to place on store shelves. The NGA represents the interests of privately held or family-owned grocers and has 1,600 members.

"The grocery industry, and in particular the independent sector, have come to realize that

technology is fundamental to retail success and mission critical to the future," said Gary Hawkins, chief executive officer of the Center for Advancing Retail and Technology, an industry organization that connects retailers and technology firms. "Technology underlies or impacts everything that the retail industry does today."

Hawkins, who has attended the NGA Show the past six years and helps organize the technology pavilion, said providers of online shopping technology have become more present at the event. FreshOp, Rosie and First Data Corp. were among the e-commerce solution providers promoting their services at NGA.

Joan Daly, director of information technology for Foodtown in New Jersey, said her supermarket will be launching online shopping next month after choosing FreshOp to be its service provider.

Daly, a 30-year grocery industry veteran, was making her first trip to NGA. While her boss was looking at new products, Daly joined the social media workshop.

"The monthly calendar was a great takeaway," she said about the workshop. "When you are posting for a business, it has to be thoughtful and well-planned."

Laura Strange, senior director of industry relations, communications and marketing at NGA, said the need to understand the rapidly changing industry technology is one of the factors driving more people to the NGA Show. Attendance has grown by more than 20% since 2014.

"The economy is a little better and people are saying to

themselves, 'It is a good time for me to get out of the store and see what is going on in the sector,'" Strange said. "Some are wondering if they should be getting into e-commerce. To keep up and thrive in the industry, they have to look at their online presence."

Despite the increase in technology solutions, the NGA Show still offers grocers plenty of opportunities to try new food and beverage products to add to their store shelves or new tools for their deli departments.

Post Consumer Brands, the maker of Raisin Bran and Shredded Wheat cold cereals, BIRO Manufacturing Co., a maker of meat grinders and chicken cutters and Odyssey, a feta cheese and Greek yogurt maker, were among the roughly 325 companies showcasing to the grocers at the expo.

Market Centre, a wholesaler offering more than 100,000 products, was presenting select goods from its organic and ethnic food line as well as health, beauty and wellness segment.

"Consumers have become more concerned about what is in their products. That has been the big thing the past four or five years," said Tod Marks, vice president for sales at Market Centre.

The NGA expo did have its lighter moments, such as the Best Bagger competition. Brady Long of Buehler's Fresh Foods in Medina, Ohio, defeated 22 other competitors from across the nation for the \$10,000 prize.

Contact Todd Prince at tprince@reviewjournal.com or (702) 383-0386. Follow @toddprincetv on Twitter. ■



Should groceries have sommeliers on staff?

■ BY TORREY KIM // SMART BRIEF

Groceries across the US are expanding their wine departments, driven by consumer demand as well as the fact that an increasing number of states have updated their laws to allow grocery wine sales. While some grocers find their wine sales flourishing, others may need some help getting traction when starting to sell wines. One way that stores can boost wine sales is to hire a wine expert to help customers select the vintages that best suit their needs.

There are grocers that actually have sommeliers on staff, but others might find that in-store promotions featuring experts from various wine brands suit them best. Consider all of the options and then decide which will be the most beneficial before staffing up a wine department.

STAFF SOMMELIERS

One advantage to having sommeliers on staff at a grocery is that they can answer questions, make recommendations and even help customers pair wines with the ingredients in their shopping carts, says Elliot Begoun, principal of The Intertwine Group, a practice focused on emerging food and beverage brands. "Many shoppers are overwhelmed by the choices on store shelves and may just choose not to buy wine if they can't narrow it down," he says. "Having an expert there to make recommendations can help them find the right wine and can also increase the power of suggestive sell."

Groceries that are considering

wine experts may also benefit from expanding that mindset to other departments as well. "If I were the grocer, I'd also have an expert staffing the craft beer department, and I'd have a cheesemonger as well, because beer, wine and cheese are the three things that are a big part of socializing," Begoun said. "I wouldn't staff it all the time, I'd have those employees there during times when people would be likely to shop for a social event."

For example, a grocer might schedule the wine, beer and cheese experts starting Friday around 3:00 through the weekend, as well as before any special occasions.

IN-STORE PROMOTIONS

In some instances, wineries will send their own sommeliers to groceries for special events and in-store promotions, which can also boost sales dramatically for wine brands and also for the store.

"The grocer would see category growth by improving awareness to the selection and getting potential new shoppers," Begoun says. "It's a form of 'retailtainment,' as Wal-Mart dubbed it. Demos create buzz and excitement, people stop and pause and there is 'shopper interruption,' which means people deviate from their habit shopping routines."

Grocers and wine brands should work together to schedule these types of in-store promotions, which may include discounts, sampling events, pairing advice and other types of cross-marketing strategies to help sales increase sales in the wine section of the store.



CROSS-PROMOTIONAL AGREEMENTS

Stores that don't have the ability to employ sommeliers or bring in promotional wine experts may want to consider running cross-promotions with other products in the store, Begoun advises.

"I know of a wine distributor who has partnered with an artisan cheese producer," he says. "Neck ringers around wine bottles that offer discounts in the fine cheese department and vice-versa has been a very, very effective promotion. If you think about the numbers, an in-store event one day for four hours gets a small percentage of shoppers, but a neck ringer would stand out among the 800 bottles on the shelf to everyone who passes down that aisle at all times."

The consumers hunting for wine are likely to be interested in other products including cheese, steaks or premium chocolates as well, so stores that want to go this route should partner with a brand that pairs well with fine wine, Begoun says. "Grocery stores can do this type of promotion across various departments -- for instance, they might tell shoppers that if they buy a porterhouse steak, they'll get a coupon for \$1.00 off any bottle of Gallo wine." ■



Philadelphia Soda Tax Leads to Workforce Reduction at Grocery, Distributors

Meanwhile, Mexican soft drink sales continue to decline

■ BY NACS ONLINE

Jobs will soon be cut at grocery stores and beverage distributors because of Philadelphia's newly enacted tax on soft drinks, the Allentown Morning Call reports. Those businesses say beverage sales have dropped between 30% and 50%—higher numbers than the city estimated (27% decrease).

Jeff Brown, who owns six ShopRite stores, said he would let 300 workers go, while Bob Brockway, COO with Canada Dry Delaware Valley, has estimated a 20% reduction in staff by next month. Brockway said that Philadelphia sales plummeted 45% for his company's products, while Brown said his stores registered a 50% drop in beverage sales compared to a similar period in

2016. "People didn't change what they drink. ... They changed where they're buying it," Brown said.

The city's response is that business will recover once customers get used to the tax. The 1.5-cents-per-ounce tax is placed on sweetened and diet drinks.

Meanwhile, for the second year since enacting a hefty tax on soft drinks, sales of soda have plummeted in Mexico, the New York Times reports. In 2014, Mexico's soda tax took effect on all drinks with added sugar, such as carbonated soft drinks, sweetened iced teas and fruit drinks.

New research published recently showed that declining sales continued the second year of the tax. The study, based on a large sample of Mexican household shopping data, found that sugared

beverage sales dropped by 5.5% in 2014 compared to 2013, and by 9.7% in 2015 compared to 2013. The largest decrease in both years was in lower-income households.

"Like with tobacco, we're seeing what we call a real habituation effect. ... Over time people seem to get more weaned away from the sugary beverages, and that increases the impact of the tax," said study author Barry Popkin, a professor of nutrition at the University of North Carolina.

However, decline hasn't necessarily translated into a drop in obesity rates, as the International Council of Beverages Association pointed out: "Obesity rates have not gone down as proponents vowed they would under the tax." ■

Mondelez Revamps Snack Products

The company has added a new line of snack bars and crackers without GMOs and artificial ingredients

■ BY NACS ONLINE

Mondelez International Inc. is focusing its attention on its snacks, debuting a new line of snack bars and crackers made without artificial ingredients or GMOs as well as overhauling some current products, Bloomberg reports.

For the past three years, Mondelez has experienced drooping sales, but now it's

revitalizing its snacks. Vea, the new product line, will hit U.S. shelves mid-summer. The company will also reformulate Triscuits to remove GMOs and will brand the cracker as only having three ingredients.

"There was nothing out there that hit this space as well as what we developed," said Tim Cofer, Mondelez's chief growth

officer, of why it turned to product development rather than acquisition. This past summer, Mondelez ended its pursuit of The Hershey Company.

The snack line isn't the only category undergoing change at the company. Mondelez made a big splash this fall with the launch of its Oreo chocolate bars made with milk chocolate. ■



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Coke Let People Make Any Flavor They Want, The People Demanded Cherry Sprite

Thanks to new machines that let customers flavor their drinks however they want, Coca-Cola discovered that what people really wanted was Cherry Sprite



■ BY VENESSA WONG // BUZZFEED NEWS

When it launched its design-your-own-flavor soda dispensers, Coca-Cola handed over the keys to its customers, letting them add a shot of flavor — say raspberry or vanilla or lemon — to any drink. In return, the touchscreen machines started sending Coca-Cola some very useful data on what its customers really want.

Now, eight years after introducing the machines, which have made their way into movie theaters and fast food outlets around the country, Coca-Cola is unveiling its first product created using all that data. People have spent years dialing their own flavor combinations into the machine, and the lesson was simple: The people demand Sprite Cherry.

To the casual soda drinker, Sprite Cherry may seem kind of predictable — it's not a huge leap

from Cherry Coke — and even a little disappointing considering the other options people could add to drinks, like strawberry, grape, peach, raspberry, orange, and vanilla. Serious Eats described Sprite Cherry as “kind of meh.”

But the people have spoken.

“There's proven data that people actually love it,” said Bobby Oliver, director of Sprite & Citrus Brands for Coca-Cola North America. “It's not just a survey where people say yes or no.”

Asked if cherry's victory was a letdown, Oliver said, “We're not disappointed at all.” Combining “lemon lime, with a twist of cherry flavor” allows the brand to “stay true to what Sprite is about,” he said.

Sprite has been an outlier in a shrinking soda business, with dollar sales up about 3.4% in 2016, according to Coca-Cola, citing

Nielsen data. Meanwhile, the company's overall revenues fell by 5% last year.

Introducing new products — especially beverages that aren't soda — is part of Coca-Cola's strategy, “We brought to market more than 500 new products, nearly 400 of which were tea, juices, coffees, waters or other still beverages,” CEO Muhtar Kent said to investors recently.

Sprite Cherry and Sprite Cherry Zero are the first Freestyle products to make it to Coca-Cola's permanent lineup (there are other limited-time products like Sprite Cranberry), and are also the first new Sprite flavor since Sprite Zero was launched more than a decade ago. Coca-Cola announced Sprite Cherry in late 2016. Whether Sprite Cherry fans will find the bottled version as satisfying as the fountain soda remains to be seen. ■



Apple Pay Supported by 36% of U.S. Merchants

Survey suggests that 22% of retailers who don't currently support Apple Pay plan to accept the payments service within the next 12 months

■ BY NACS ONLINE

Recent Boston Retail Partners research reveals that Apple Pay is now accepted by 36% of U.S. merchants, up from 16% in 2016.

The group found that 22% of retailers who don't currently support Apple Pay said they plan to accept the payments service within the next 12 months, while 11% plan to do so in the next one to three years. Thirty-one percent plan to take a "wait and see" approach before implementing Apple Pay support.

PayPal was the next most widely accepted payments service at 34%, while MasterCard's PayPass came in third with 25%. Twenty-four percent of merchants claimed support for Android Pay, while 18% said they accept Samsung Pay. Given that many of these technologies are all NFC-based and

accepted anywhere NFC payments are available, it seems merchants may be referring to "official" support or may be unaware of the way contactless payments work.

The study notes that fewer retailers are adopting a "wait and see approach" for Apple Pay and PayPal, likely because of the growing support from the payment software ecosystem and the acceptance for these mobile payments by the public.

"One of the critical factors for any mobile payment success going forward is education. We have found repeatedly that not only are consumers unsure of how and when mobile payments can be used, but even more telling, associates are unsure," notes the study.

"For mobile payments—or mobile wallets—to succeed, there must be further education at the

point of sale to ensure that a transaction using a mobile device is no longer or more complicated than traditional payments methods for either the customer or associate. The other critical factor is explaining the value of tying mobile wallets to loyalty rewards programs. Customers need to feel that utilizing mobile payments enhances the shopping experience and that they are being rewarded for the experience; this will enable a win-win experience for retailers and customers," according to the study.

Convenience stores make up 34% of all retail, a universe of 450,000 stores in the United States. Those 154,000 overall convenience stores are the largest category of store, with 98,000 one-store convenience operators coming in as the second largest category of store. ■

States Continue to Push for Tobacco Buying Age of 21

Vermont and Florida are the latest legislatures to debate the issue

■ BY NACS ONLINE

Vermont and Florida join a growing number of states considering implementation of a higher tobacco buying age. Vermont lawmakers have debated the issue many times prior to this year, but advocates think they have the momentum to pass such a bill this year, WCAX.com reports.

Vermont Sen. Alison Clarkson, who sponsored the proposal, said,

"The big thing for me is to not establish patterns. The later we can get people starting to smoke, the less likely they will be addicted to it." Her bill would raise the smoking age on July 1st.

Farther along the East Coast, Florida is also considering the legal age for tobacco to be 21, WTLV-TV reports. A state senator has introduced a bill that would increase the tobacco buying age from 18 to 21.

Currently, only California and Hawaii have statewide restrictions on being 21 to buy tobacco, although around 200 other localities have also raised the minimum tobacco purchase age above 18. Already this year, Arizona and Oregon are considering similar bills, and this month, Nebraska and Connecticut had proposals introduced in their legislatures. For more, read "Must Be 21 to Buy" in NACS Magazine. ■



Americans Are Buying More Foreign Alcohol Than Ever Before

■ BY BRAD TUTTLE // MONEY

America first? That hasn't been the case lately when it comes to booze. The surging strength of the U.S. dollar means that wholesale importers have been paying cheaper prices for foreign alcoholic beverages making for higher American consumption of alcohol that's not homegrown.

The Wall Street Journal reported on Tuesday that alcohol imports in the U.S. rose 6% last year, reaching \$17 billion through the first 11 months of 2016. Once the final numbers are tabulated, 2016 will likely go down as the biggest year for alcohol import sales in more than two decades.

Meanwhile, sales of domestic alcoholic beverages—California

wines, Kentucky whiskeys, numerous craft beer brands, and more—were up a mere 2% last year, representing the slowest growth in four years.

At first glance, you might assume that American consumers have been buying more imported alcohol because prices have dropped. Oddly enough, that's not the case. While wholesale prices for imports have retreated by way of the stronger U.S. dollar, these savings have not been passed along to customers in the form of cheaper French wines, Mexican beer, Irish whiskey, and such.

"For the most part, the stronger dollar hasn't yet translated into cheaper alcohol for the American consumer," the Journal noted.

If cheaper prices aren't driving Americans to sip more imported alcohol, what is? Apparently, we're

hitting the foreign-made hooch more because the wholesales have significantly increased what they're bringing into the U.S., resulting in a bigger supply and better selection in stores. That seems to be a key reason why, for example, Irish whiskey sales in the U.S. were up 16% last year.

If the Trump administration has its way, however, Americans could shift back to domestics soon enough. Among the strategies being pushed by Trump's "buy American" and "America first" campaigns is the possibility of a 20% import tax on Mexico and perhaps other countries. Such a tax would obviously push prices higher for wholesale importers, and some portion of the price hike would likely result in a smaller selection and higher prices for imports on liquor store shelves. ■

Think Like Sheetz

Joe Sheetz shares how the retail chain examines market trends and adjusts its long-term strategy in the latest NACS Convenience Matters podcast

■ BY NACS ONLINE

With 500-plus convenience stores throughout six states, Sheetz is one of the most successful convenience retailers in the country. From its popular MTO sandwich program, to its work with the Partnership for a Healthier America and its recognition as one of the best companies to work for, Sheetz has a strong reputation among consumers and its retail industry peers. Even with its successes,

the family-owned and operated business continually strives to reinvent itself.

The latest NACS Convenience Matters podcast explores how Sheetz seeks out new opportunities and addresses challenges that are common to convenience retailers. In "A Conversation with Sheetz CEO Joe Sheetz," cohosts Jeff Lenard of NACS and John Eichberger of the Fuels Institute talk to Joe Sheetz, president and CEO of the retail chain.

"Our industry shares more than any other industry, and this podcast is a case in point. It's the first of our regular series of podcasts talking to senior industry leaders about issues important to their business, and a look at what all retailers can do to take advantage of emerging trends," Lenard said.

A new NACS Convenience Matters podcast launches each week, focusing on topics related to convenience stores. Since February 2016, it has been downloaded in more than 50 countries. ■

DATE HAS CHANGED!

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Shoppers Show Increasing Preference for Digital Coupons



■ BY KRISTEN CLOUD // THE SHELBY REPORT

Analysis by Inmar Inc. of 2016 coupon activity reveals an ongoing “promotional transposition,” with paperless, digital coupons beginning to overtake traditional paper coupons in popularity. Inmar’s analysis shows that, among the more than 2.2 billion coupons redeemed by shoppers last year, the share of redemption captured by offers that shoppers load directly to their retailer loyalty accounts (load-to-card, L2C) grew 20% between 2015 and 2016. In comparison, share of redemption for paper coupons found in the Sunday newspaper (free-standing inserts, FSIs) fell 10% over the same period.

At the same time, Inmar shopper behavior research finds shoppers reporting—for the first time ever—that they use L2C offers more often than coupons found in FSIs or store circulars. This activity is continuing confirmation that shopper behavior is irrevocably changing—with convenience becoming an increasingly important factor in determining whether or not shoppers engage with coupons.

The fact that L2C coupons reached a record redemption rate of 6.2% in 2016 demonstrates further how shoppers—demanding that marketers simplify their saving experience—are actively responding when brands and retailers provide easy-to-acquire and immediately relevant offers. 2016 also marks the fifth consecutive year of double-digit growth in redemption share for L2C coupons.

“The marketplace is seeing change at an increasing rate,” said Inmar Chairman and CEO David Mounts. “Brands and retailers must reformulate their engagement strategies if they are to successfully motivate digitally driven shoppers. And, the effort must be inclusive. Promotions must be personalized and highly relevant. Content must be authentic and originate from sources that shoppers trust.”

Though still largely reliant on traditional promotion methods, marketers are beginning to ramp up their digital offers in response to growing shopper demand; distribution volume for L2C offers grew by 22% in 2016. In comparison, distribution volume for FSIs, which accounted for 90% of the 307 billion coupons

distributed in 2016, was down 3.3% compared to 2015.

Marketers also were more conservative with their promotions in 2016 as the total volume of offers distributed in the marketplace decreased by 4.3% compared to 2015. At the same time, the average face value for coupons distributed was down 5.6% to \$1.64. (That’s about a dime less in savings per coupon than last year.) Still, shoppers were given the same amount of time, on average, to use their coupons with redemption periods holding steady at two months.

Regardless, coupons are still flowing through checkout. Even as low unemployment, a stable economy and less-rich offers helped pull down overall coupon redemption (-4.1% vs. 2015), 89% of shoppers surveyed by Inmar reported using at least one coupon in the last three months of 2016.

In addition to the savings benefit for shoppers, coupons are continuing to deliver real business benefit to their sponsors. Research for Inmar’s latest Shopper Behavior Study found that among the 49% of shoppers who used coupons during their most recent shopping trip in the last three months of 2016, 31% said that coupons made them buy more of the promoted product. 29% of these shoppers said coupons accelerated their purchase of the product.

Inmar will publish details on these findings and report on overall 2016 coupon activity in its annual Promotion Industry Analysis—scheduled for distribution in April. The analysis will be available for purchase online at the Inmar Insights Marketplace. ■



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




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Suburban Collection Showplace // Novi, Michigan

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This outing is a social event where retailers, wholesalers, manufacturers and service providers all come together to have a little competitive fun. A day on the course includes breakfast, dinner and 18 holes of golf! Sponsorships to the Ohio golf outing allows AFPD to provide \$1,500 scholarships to deserving students in Ohio. Scholars will be presented their awards at this event.

Manakiki Golf Course // Willoughby Hills, OH

JUNE 20, 2017

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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

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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

publishers statement

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