



WV News

Annual State Economic Conference Says WV Has Made Strides, But State Policies Are Critical to Growth

John Deskins, director of the WVU Bureau of Business and Economic Research, told the 2014 Annual Economic Outlook Conference in Charleston the state has made strides in improving the economy, but "we still have a long way to go."

Zito Sartarelli, dean of the WVU College of Business and Economics, emphasized the critical importance state policies play in continued future growth, "There is no reason for a state with the natural resources like West Virginia has, that it can't be a powerhouse for economic development." Sartarelli noted the state needs to improve its policy environment, which he described as "over-regulated" when it comes to business

Addressing state legislators in attendance he said, "Every bill should be checked for its economic impact --- will it help create jobs and advance the economic interest of the state. And if it does not, it shouldn't be considered."

To read or download the WV Economic Outlook for 2014, visit http://be.wvu.edu/bber/outlook_pdfs/WV-Economic-Outlook-2014.pdf.

Exciting Job Announcements from Governor Earl Ray Tomblin

Recently there have been some great announcements from Governor Earl Ray Tomblin in regards to new jobs coming to West Virginia. Among those are:

- **Sogefi**, an automotive parts manufacturer, in Wayne County, will do a \$20 million expansion, amounting to 250 jobs
- **Odebrecht Environmental** exploring development of new petrochemical complex on Wood County
- **Carbonyx**, a steelmaker who uses coal, in Jackson County, adding 60 new jobs
- **Toyota Plant** in Putnam County, adding 80 additional jobs
- **Macy's Fulfillment Center** in Martinsburg hiring 2,100 seasonal workers - triple the number projected - for a total of 3,000 people employed for the holiday season.

From the Director



It's hard to believe it is December and we are closing the book on 2013.

We have had a busy last quarter in the Association Office. This fall we took on the daunting task of creating a new **Membership Directory** for the Association. It had been a couple of years since one had been done, so we wanted to produce a quality publication, chock full of information, which members would find easy to use. We feel like we did that and we hope you will be as happy with this publication as we are. You will be receiving this publication very soon. In spite of all of our efforts to avoid such, there will unfortunately be some errors, omissions, or necessary changes in this annual directory. If any of the information pertaining to your company is wrong, please let us know so that we can correct our records.

The Board of Directors and **Strategic Planning Committee** continue to work defining elements of the Strategic Plan, which we will use to carry the Association forward. We are very pleased with what we have been able to accomplish and we are excited about the future of the Association.

We are already working on our agenda for the **2014 Legislative Session** and planning our Legislative Day at the Capitol and Reception at the Governor's Mansion. Once we have a date for this event, we will distribute to the membership. Hosting this reception is a great way for us to build relationships with our government leaders and gain additional support for our issues. We hope you will plan to join us.

I have really enjoyed my year with the West Virginia Wholesalers Association. I feel like we have accomplished a lot in the last 12 months and there is a renewed sense of vigor among Association leaders and membership. I look forward to another great year in 2014!

I wish you, your families and employees, a very prosperous New Year.

Jan

Study Finds Consumer Savings and Job Creation from Swipe Fee Reform

Since the implementation of the Durbin Amendment, debit swipe fee reform has had a positive impact. While the Fed's rule should have followed the law and delivered more benefits, savings have been realized for both consumers and merchants alike. These savings supported 37, 501 jobs in 2012 alone.

If the Fed had followed the law, things would have been even better. For example, if the Fed had used the maximum 12 cent fee it had in its proposed rule we would have seen an additional 17,824 jobs in 2012.

The positive impact of swipe fee reform holds across all states. Here are some facts about swipe fee reform in the state of West Virginia:

- ♦ As a result of swipe fee reform, in 2012 West Virginia consumers saved more than \$26.9 million.
- ♦ West Virginia merchants saved over \$12 million last year thanks to swipe fee reform.
- ♦ Because of swipe fee reform, 172 jobs were created in the state of West Virginia in 2012.
- ♦ If the swipe fee were reduced to the maximum 12 cent fee found in the Fed's proposed rule, West Virginia consumers would save an additional \$12.8 million each year.
- ♦ Were swipe fees reduced to 12 cents, West Virginia merchants would realize an additional \$5.75 million in savings per year.
- ♦ 81 additional jobs would be created each year in West Virginia if the debit swipe fee was reduced to 12 cents.

Tomblin Official: Mid-Year Budget Cuts Possible

The chief of staff for Governor Earl Ray Tomblin's administration says mid-year budget reductions or budget freezes are "likely" if the state's revenue collections continue to come in below projections.

"Being fiscally responsible and not raising taxes, there's one major way to go and that is to limit expenditures and adjust appropriations so that they match the actual revenues received," said Charles Lorensen of the possibility.

Lorensen, a former secretary of the state Department of Revenue, talked about the budget numbers on recently on MetroNews "Talkline."

"We're probably about four percent below what we projected and, if we can ascertain that's a trend or if that's something that's going to stick for the remainder of the year and can't be made up, then we're faced with dealing with it," he said.

The state has collected less in tax revenue than it thought it would after five months of the fiscal year but November was better for collections than originally reported.

State Deputy Revenue Secretary Mark Muchow said the state received a total of \$35 million in severance tax collections a few days after the deadline for November. He said the Thanksgiving holiday required taxes to be in by Nov. 27. He said severance tax collections after that day were \$14.2 million short of the month's estimate but things got much better this week.

"After two days in December we collected more in severance than all of November," Muchow said.

The state still missed revenue estimates overall by about \$4 million for the month and the budget hole is growing. It's now more than \$50 million short of estimated revenue collections. The Tomblin administration is considering cuts for the current budget and next year's spending plan.

State agencies have already been asked to submit budget proposals for the 2014-2015 fiscal year that include 7.5 percent reductions from the current year's spending and Lorensen said those cuts will most likely be implemented beginning in July.

Public education, corrections, Medicaid and others have been exempted from the cuts in the coming year.

Lawmakers will be working on the new budget during the 2014 Regular Legislative Session which will open at the State Capitol on Jan. 8.

WV House of Delegates to Make Committee on Small Business Ownership

Tim Miley, speaker of the West Virginia House of Delegates, announced on November 20th that he and his leadership team would pursue a work group with the intent of it becoming a standing committee for next year's legislative term.

The bipartisan work group hopes to meet in different parts of the state by early December 2013 through the end of 2014, hosting discussion forums and eventually making a permanent standing committee within the House of Delegates to consider legislation that affects small business growth.

Delegate Doug Skaff, who owns and is the managing partner of Building and Remodeling Warehouse in Nitro, as chairman of the committee.

Teen Tobacco Use in WV on the Decline

Tobacco use among youth in the Mountain State is declining, experts said.

Recent data released by the West Virginia Department of Health and Human Resources Division of Tobacco Prevention shows the percentage of high school students who reported they have never tried or used any form of tobacco has increased 124 percent from 20.6 percent in 2000 to 46.1 percent in 2013.

Over the same 10 year period, there was a 107 percent increase in the percentage of high school students who reported never having tried cigarettes.

"The data indicate our programs and outreach efforts by the Bureau of Public Health to increase youth awareness about the real dangers of nicotine are working," said Dr. Letitia Tierney, State Health Officer and Commissioner for the Bureau of Public Health. "The improvements that have occurred over the last 10 years are worth celebrating."

The reports also indicated 18.6 percent of the state's high school students are smokers, a 52 percent improvement from 38.5 percent in 2000. Tierney attributes the success to teens participating in Raze, West Virginia's tobacco prevention movement. There are close to 4,000 youths enrolled in the program with 150 "crews" statewide.

"We are making significant progress," she said. "We must remember that Nicotine is a drug and it is addictive. We must empower our young people with information about dangers of tobacco, before they become addicted."

For more information about Raze visit www.razewv.com and for more information on tobacco prevention visit www.wvdtp.org.

State Taking New Home-Rule Applications in 2014

After a successful five-year pilot program in four cities, the West Virginia Municipal Home Rule Program is expanding.

Applications will be accepted between January and June.

Lawmakers have decided to let a total of 20 communities participate in the home rule program. It gives communities more power to identify state rules that restrict their ability to carry out their duties efficiently and to propose effective solutions.

Bridgeport, Charleston, Huntington and Wheeling experimented with the program, and a legislative audit concluded it was beneficial. They increased revenue, streamlined administrative matters and simplified licensing, among other things.

Bridgeport reduced the number of business license classifications from 81 to one and replaced a range of rates with one flat \$15 fee. Now, any city can create a municipal business license for multiple purposes.

New West Virginia Wage & Labor Law Changes

West Virginia has made numerous minor changes to their Wage Payment and Collection Act notice. Among these was the substantive change of the amount of time and employer has to pay wages and benefits to discharged employees after discharge. A new poster is available for employers to download at <http://www.wvlabor.com/newwebsite/Documents/wageforms/Wage%20Payment%20Collection%20Poster.pdf>.

W.Va. Ranks High in Tax Friendliness

West Virginia is one of the most taxpayer-friendly states in the union, imposing a lower tax burden on its citizens than Virginia, Maryland, Pennsylvania, Ohio and 35 other states.

Recently, Kiplinger launched its new interactive state-by-state Tax Map online at www.Kiplinger.com.

The map is designed to give users a comprehensive visual guide to state tax policies across the United States. Users have the ability to view and compare a whole range of taxes - including income, property, sales, gas and "sin" taxes - across different states.

Each state has built its own tax system to fund its government. Some lean more heavily on income and sales taxes, while others raise a greater proportion of revenue through property taxes.

While it's easy to compare income, sales and gas taxes side-by-side, other taxes are more complicated. The Tax Map tries to boil down all separate taxes to show the actual bottom-line effect.

West Virginia actually ended up on the good end of the spectrum, rounding out the top 10 for "Most Tax-Friendly States." It followed Delaware, Wyoming, Louisiana, Mississippi, Arizona, Alabama, Nevada, South Carolina and New Mexico.

Kiplinger data also shows that West Virginians are taxed less than our neighbors in Virginia, Maryland, Pennsylvania, Ohio and Kentucky.

Sure, West Virginia's 6-percent sales tax is higher than Ohio's 5.5 percent and Virginia's 4.3 percent. Yes, our income tax rates of 3 to 6.5 percent are more than Ohio's 0.587 to 5.925 percent, Virginia and Maryland's 2 to 5.75 percent and Pennsylvania's flat 3.07 percent.

And that pesky 35-cent state gas tax is higher than Ohio's 28 cents, Maryland's 31 cents and Pennsylvania's 32 cents.

However, as state Deputy Revenue Secretary Mark Muchow likes to tell people, West Virginia residents benefit from some of the lowest property tax rates in the country. And those rates are what pushed West Virginia near the top of Kiplinger's ratings.

Combined with the state's median home price (a relatively low \$94,500), West Virginia has a median property tax of \$464 - a mere fraction of what people pay in other states. Ohio's median property tax is listed as \$1,836, Virginia's is \$1,862, Pennsylvania's is \$2,223 and Maryland's is \$2,774.

The state also benefits from not having a tax on inheritance or estates.

West Virginia among the Top States for Alcohol Taxes

A recent study ranks West Virginia as the 10th best state for alcohol taxes. The Mountain State also ranks higher than any of its neighboring states. Full article can be found at: <http://www.wvgazette.com/News/201311160122>.

Federal Update

A Vaping State of Mind - E-Cig Company Fireside Chats

*By Bonnie Herzog, Beverage, Tobacco & Convenience Store Research
Wells Fargo Securities, LLC*

Excitement cut through the vapor in the air at our Wells Fargo Securities' Inaugural E-Cig Forum in NYC on Nov. 21st. A sense of momentum was palpable and the atmosphere was buzzing with energy at our conference where we gathered e-cig industry leaders, public health & regulatory experts, and investors. We came away with an even greater conviction that e-cigs will be a game changer and will eventually be margin-enhancing to the tobacco industry. We reiterate our Overweight rating on the tobacco sector as we are increasingly optimistic on e-cigs. Below are the themes that wove a common thread throughout our E-Cig Forum.

- **Continued Disruptive Innovation Needed to Propel the Category Forward** – Regulation Must Not Stifle Innovation – Nearly all of our forum presenters emphasized the importance of innovation in the burgeoning e-cig category and how crucial it is from a commercial and public health perspective that regulation not impede innovation. The industry generally acknowledges that current generation products are not yet where they need to be from a consumer “product experience” standpoint. This, in addition to possible e-cig seasonality, was suggested as reasons why Nielsen c-store e-cig sales’ growth has decelerated.
- **Entrance of Big Tobacco Welcomed, Not Feared, by Small Companies** – Vast Potential of the Category Implies There’s Room for Responsible Independents and Big Tobacco – Small companies are welcoming Big Tobacco to the e-cig category since the resources Big Tobacco has to put behind technology and advertising should ultimately drive faster category growth. Given the great potential of the category (the addressable market of smokers in the U.S. alone is >40M smokers and >\$80B), we believe there is room for top-tier independent companies that are setting the foundation for strong brands today, including many of those that presented at our conference, as well as Big Tobacco.
- **Early Market Trends Emerging – Premium Brands and Higher- Margin Rechargeables Taking Off** – The industry is moving towards a rechargeable (razor/blade) model where higher margins are generated on the cartridges/refills vs. the disposable model. Therefore, e-cig manufacturer margins can rival or exceed those of combustible cigarettes and based on our interactive model, we anticipate e-cig margins will surpass traditional cig margins in 2017.
- **Most E-Cig Companies Pursuing or Exploring International Expansion** – Likely Driving M&A - We believe successful brands have a vast global opportunity given the nearly \$800B global tobacco market. Though some companies remain focused on the U.S. (for now), most companies that are not yet in markets outside the U.S. expressed a desire to go global, either organically or through combinations or partnerships.
- **Retailers and Wholesalers Embrace E-Cigs Given Attractive Margins (~3x those of cigs)** – Opportunity to Take Back Their Power – Retailers are embracing e-cigs but still are learning their way through how to best manage and merchandise the category. Retailers that have been successful thus far have taken a “category approach” and have educated their employees (similar to wine shops) on the category to drive awareness and trial among smokers.
- **Public Health Panel Suggests a Huge Global Health Opportunity for E-Cigs Despite the Challenges of “Threading a Moving Needle”**—David Sweanor, adjunct professor of law at the University of Ottawa, moderated a panel of industry experts including David B. Abrams, PhD, Clive Bates, and Jean-François Etter, PhD, to discuss current perceptions on public health risks and trends for the e-cig category. Key takeaways include: (1) E-cigs likely significantly less harmful than traditional cigs by an enormous magnitude (98-99% less harmful) and offer a compelling alternative to smokers, which isn’t universally known among smokers since relative risk claims are not allowed; (2) Current studies on e-cigs are both insufficient and often misinterpreted, leading to a misunderstanding about the risks/benefits of e-cigs by both the public and legislators; (3) Ongoing innovation is needed to improve “experiential”

aspects of e-cigs and convert more existing smokers; (4) Regulation must be thoughtful and allow for (rather than stifle) innovation and education of the public. Bottom Line – There appears to be a broad belief in the benefits of e-cigs and the vast public health opportunity.

- **Regulators Must “Mind the Gap” of Differences Between Combustible Cigs and E-Cigs and Should Encourage Innovation Through Technology & Good Science Rather Than Stifle it Through Regulation** – Clive Bates, former head of ASH (Action on Smoking and Health) hosted a panel including Neil Wilcox (blu/LO), David Graham (NJOY), and Scott Ballin, JD. The panelists all agreed regulation is good and necessary, but said the regulation of e-cigs must be different than cigs. The panelists generally believe that Mitch Zeller, director of Center for Tobacco Products (CTP) of the FDA, understands this and the industry seems encouraged by his recent comments that regulation of all nicotine products should be comprehensive and based on a continuum of risk. Mr. Wilcox succinctly summarized the principals that he believed regulators should follow as: (1) Encourage robust research; (2) Employ rigorous quality standards; (3) Allow innovation to continue; (4) Regulation should be flexible and (not too rigid); and (5) Ensure e-cigs are promoted to adult smokers only. Bottom Line – We believe there is an active, ongoing dialogue with relevant decision makers and believe forthcoming regulation (expected any day) could be an opportunity for e-cig manufacturers to better educate consumers and convert smokers.

E-Cigarette Marketing Could be Threatened by FDA Scrutiny

The \$1.5 billion U.S. electronic-cigarette industry has tripled sales this year with the help of TV ads, NASCAR sponsorships and product giveaways. Government regulation may now threaten those marketing tactics. The Food and Drug Administration (FDA) is set to decide this month whether to lump e-cigarettes in with conventional smokes as part of its oversight of the \$90 billion U.S. tobacco market. Such a step would set the stage for greater restrictions on production, advertising, flavorings and online sales. With at least 40 U.S. states seeking stricter rules and federal health officials raising the alarm about e-cigarette use by children, manufacturers of the smokeless devices are preparing for a FDA crackdown.

Study Finds E-Cigarettes Not a Gateway for Teens to Smoke

HealthDay reports that during an American Association for Cancer Research conference, the findings of a preliminary study were released which show that a substantial majority of teenagers who have tried an e-cigarette do not go on to begin smoking cigarettes. The study surveyed 1,300 college students with an average age of 19 about their tobacco and nicotine use. Of the group of students, 43 stated that their first nicotine product was an electronic cigarette, but only one of these 43 students went on to smoke cigarettes. Moreover, the vast majority who began with an e-cigarette responded that they were not currently using any nicotine product or tobacco product.

GAO Study Recommends Faster FDA Action on Tobacco Reviews

The Government Accountability Office (GAO) was asked to examine the Food and Drug Administration's (FDA) Center for Tobacco Products (CTP) review process of new tobacco product submissions, responses to meeting requests, and use of funds. The study found that the Center for Tobacco Products had made final decisions of just 17 products out of almost 3,800 applications submitted by companies seeking approval under the 2009 tobacco control law — nearly all through the substantial equivalence pathway. GAO recommends that FDA establish performance measures that include time frames for making decisions on new tobacco product submissions and that the agency monitor performance relative to those time frames.

Competitive Environment Heats Up Around Cigarettes

Retailers across the United States are seeing an increasingly competitive environment surrounding cigarettes. During the third quarter, 73% of convenience stores indicated a more competitive environment compared to only 54% during the second quarter, according to Wells Fargo Securities LLC's latest Tobacco Talk survey, which polled tobacco retailers and wholesaler contacts representing more than 40,000 c-stores. "Survey results also indicated cigarette volume declines moderated, likely resulting from increased discounting, driven by strong volume trends in premium brands as consumers shifted away from discount brands," said Bonnie Herzog, managing director of tobacco, beverage and consumer research at Wells Fargo Securities.

FDA's Mitch Zeller Presentation: What to Expect in 2014

On October 29th, the Food and Drug Law Institute (FDLI) held a conference on the topic of FDA regulation of tobacco products and Mitch Zeller, the Director of the FDA's Center for Tobacco Products, gave a presentation titled "FDA Regulation of Tobacco: A Review of 2013, What to Expect in 2014". A copy of Mitch Zeller's slide presentation accompanies this NATO News bulletin.

In his presentation, Mitch Zeller outlined some of the priorities for the Center for Tobacco Products this coming year. One priority includes conducting additional research on the following topics:

1. Nicotine dependence threshold and nicotine reduction (note, the Tobacco Control Act that authorized the FDA to regulate tobacco products prohibits the agency from reducing the nicotine content of tobacco products to zero).
2. Cigars, smokeless tobacco, e-cigarettes, and other tobacco products.
3. The impact of tobacco product characteristics on initiation of tobacco product use.
4. Toxicity thresholds of tobacco products.
5. The impact of potential modified risk tobacco products.
6. Consumer perceptions about tobacco products.

In addition, Mitch Zeller spoke to the FDLI attendees about a "comprehensive nicotine regulatory policy" that would cover the entire range of products from cigarettes to nicotine patches and gum. He believes that the FDA needs to consider the impact of tobacco product use on the entire population, both those that use tobacco products and those that do not use tobacco products. This area of nicotine regulation as allowed under the Tobacco Control Act is seen as a regulatory opportunity for the FDA.

Also, in early 2014, the FDA intends to conduct a media campaign with advertisements about the dangers of smoking with various graphic images.

Zeller will be the featured speaker at a **webinar to be held on Wednesday, Dec. 11 at 2:00 P.M. EST, 1:00 P.M.CST, 12:00 Noon MST and 11:00 A.M. PST.** Director Zeller will provide more details on his thoughts regarding key opportunities for the FDA to regulate tobacco products. To participate in the webinar, visit the link below at the appropriate time on Wednesday, Dec. 11 to be view the webinar and turn on your computer speakers to hear audio: <https://collaboration.fda.gov/fdabasicswithmitchzeller>.

Those individuals attending the live webinar will be able to ask Director Zeller questions at the end of the webinar submit questions prior to the webinar via e-mail to askctp@fda.hhs.gov.

174,600+ Comments Filed with FDA on Menthol Cigarettes

With the time period for the public to submit comments to the Food and Drug Administration regarding menthol cigarettes now closed as of November 22, 2013, more than 174,600 individual comments were submitted to the FDA using the www.regulations.gov comment submission process. NATO submitted comments to the FDA and NATO staff assisted more than 100 association members also submit comments on menthol cigarettes.

The FDA will now proceed to review all of the submitted comments and then make a determination whether to consider drafting any proposed regulations on menthol cigarettes. The FDA is not under any timetable to review the comments submitted by the public nor is the FDA required to propose and adopt any regulations on menthol cigarettes.

The Association wrote letters to our Congressional Delegation in regards to this issue.

AWMA Submits Comments to FTA on Draft Model Electronic Tax Forms

Recently AWMA CEO Scott Ramminger submitted comments to the Federation of Tax Administrators (FTA) regarding the Draft Model Electronic Tax Forms. Below is a memorandum he sent to the AWMA Board regarding his comments and the feedback he received from members:

I want to personally thank the AWMA Board for some excellent feedback on the draft Federation of Tax Administrators (FTA) Draft Model Electronic Tax Forms.

AWMA has submitted comments to FTA on We have incorporated the feedback we have received into the comments, which have been submitted to FTA.

I also want to thank our Task Force for some exceptional work in helping sort through this very complex issue. In particular, Helen Hayes of Core-Mark did a great job in leading the Task Force. I should also add that Anne Holloway of the AWMA staff has done a great job of quarterbacking all of this.

FTA is planning to adopt the final version of the model electronic tax forms at its January meeting.

There will undoubtedly be aspects of the final model forms most distributors won't like. But this is a train that has been moving down the tracks. The forms were going to be adopted with or without our input.

I can promise you that these model forms were far worse before we began working with FTA. I can promise you that AWMA has made a difference on this.

Keep in mind that FTA is simply looking to adopt a MODEL for electronic data submission of tobacco tax and PACT information. It is up to each individual state to chose what they are going to do. As they move to electronic reporting, most states will probably embrace the model. However, it is difficult to say how quickly states will move toward electronic reporting. The forms ONLY apply to electronic reporting.

We will keep you posted on any new developments in this area.

Once again, thanks to those of you who provided feedback. Call Anne Holloway or me if you have any questions.

If you would like a copy of the comments submitted, please contact the WVWA Office.



Mark Your Calendar!
**2014 Mid-Atlantic
Legislative Conference**
May 21st & 22nd, 2014
The Greenbrier Resort
White Sulphur Springs, WV

Top Ten Food Trend Predictions for 2014

Last year SuperMarketGuru.com predicted how weather conditions around the globe would affect crop yields and impact food production and prices; little did we know just how big that impact would be. 2012 brought us the worst drought in 50 years, and created havoc on over 60% of all farmland here in the United States. There is little doubt that, just as the USDA has predicted, food prices will continue to rise for many years to come. The average American spends less than nine percent of their income on food, which is the lowest percentage of citizens of any other country, and less than Americans spent back in 1982 (13 percent) Yet even modest food price increases will affect both retailers and consumers in the coming year.

Snackable mini-meals and frozen foods take center stage in supermarket aisles this year while the "IndieWoman," Millennials and dads get more comfortable and powerful in the kitchen. For 2014, we predict the most dramatic of food changes.

Since 2008 we have worked closely with ConAgra Foods to develop and publicize our Top Trend Forecast. This year we also conducted a survey with the SupermarketGuru.com Consumer Panel on behalf of ConAgra Foods to surface, identify and shine a light on the latest trends and jointly share these with food retailers and further explain the impact and opportunities.

For a more in-depth look at each trend check out The Lempert Report Videos starting tomorrow November 22 – each episode is a single trend.

Our Top Ten Predictions:

1. **The Emergence of the "IndieWoman":** Almost 31 million strong, the "IndieWoman" is 27 and older, lives alone and has no children and spends \$50 billion on food and beverages each year. They have no time, so look for more brands to offer more semi-homemade meals that use fresh, high-quality ingredients.
2. **Better for You Snacking:** The NPD Group found that as snacking increased, so did an individuals' overall diet quality. Healthy options are on the rise. Look for supermarkets to replace high-sugar, high-fat snacks at the checkout with healthier on-the-go offerings.
3. **Brands Reach Consumers Locally Through Cause Initiatives:** In 2014, brands will find greater purpose in serving the larger community. The ConAgra Foods survey found that 62 percent of consumers appreciate and want to support companies that donate to important social causes.
4. **Click to Cook:** People rely more on their mobile phones when grocery shopping. Next: the ability to select a recipe, order ingredients and check-out directly from mobile devices or in-car touch screens and drive-through windows for quick order pickup.
5. **Supermarkets-The New Culinary Schools:** Grocery stores create "community cooking centers" where shoppers can collaborate and learn from each other, just as they have been doing in social media – now it's better, and in person!
6. **The Retailer Becomes the Brand:** The ConAgra Foods survey found that 53 percent of consumers shop at a particular retailer because it has good store brand products. No longer will private brands just emulate national brand products, but consumers will see more private label brands creating new unique products.
7. **Rise and Shine--The New Way to Start Your Day:** Breakfast remains one of the most important meals of the day. In 2014, consumers will look to add more protein to their first meal, to live a healthy lifestyle without compromising taste and indulgence. Look for more protein-rich and convenient breakfast options.
8. **Packaging Evolves to Share More with Consumers:** Consumers want more information, but the area of the package is limiting. Using a mobile device, shoppers will learn more about an ingredient or health claim by simply focusing the device on the label to tell where the ingredients come from, who prepared the food, the company's history and even offer other customer reviews and ratings.
9. **Millenials Make the Supermarket Social:** 57 percent of Pinterest, is made of food related content with one-third saying they have purchased food or cooking items after seeing them on site, according to a survey by PriceGrabber. Next up: "click to buy" for consumers looking to purchase ingredients for a recipe on Pinterest and have them delivered to their homes.
10. **International Restaurant Flavors At Home:** From school cafeterias, to the dining room table, global flavors are sprouting up everywhere. Kids become exposed to global cuisine flavors much younger so, international flavors will be more accepted by these, and their palates will be more sophisticated. Kids influence nearly 80 percent of purchase decisions by families, so look for all shoppers to be eating more international inspired foods.

Other State News

New York City Council Approves Two Tobacco Ordinances

On October 30th, the New York City Council voted to approve two tobacco ordinances that would raise the legal age to purchase tobacco products, ban coupon redemption and multipack promotional pricing, establish minimum cigar pack sizes, set minimum retail pack prices for cigarettes and little cigars, and adopt new fine structures for violations.

NYC Raises Minimum Age for Tobacco Purchases to 21

In late mid-November Mayor Michael Bloomberg signed a law that raises the minimum age for tobacco purchases to 21 from 18. "The new law – the strictest of any major city in the nation – is New York's latest effort to combat smoking in the five boroughs and marks a reversal for Mr. Bloomberg, who previously opposed legislation to increase the minimum age to buy tobacco products," the Journal writes. "The law will take effect in mid-May, more than five months after Mr. Bloomberg steps down as mayor. A companion bill, also signed into law by the mayor on Tuesday, creates new penalties for the evasion of cigarette taxes, bans discounts on sales involving cigarettes, sets a price floor on packs of cigarettes and little cigars at \$10.50 and requires inexpensive cigars to be sold in packages of no fewer than four."

E-Cigarettes to Be Added to Minnesota's Smoking Ban?

Minnesota State Rep. Phyllis Kahn intends to introduce legislation in the 2014 session that adds e-cigarettes to the state's cigarette ban, Minnesota Public Radio reports. Kahn's proposal would ban e-cigarettes under the state's Minnesota Clean Indoor Air Act (MCIAA), which bans smoking in public places. Kahn, who authored the MCIAA in 1975, said including e-cigarettes in the law would bring consistency to regulations for a product that is facing growing scrutiny.

Utah Lawmakers Propose Raising Tobacco Purchasing Age If the measure passes, Utah would become the first state to raise its tobacco-buying age to 21.

Federal Appeals Court Upholds Providence, RI Ordinances Banning Coupons, Promotional Pricing and Flavored Tobacco Sales

Recently, the U.S. Circuit Court of Appeals for the First Circuit issued a ruling that upholds two Providence, Rhode Island ordinances that prohibit retailers from (1) redeeming coupons to obtain a tobacco product free of charge or for less than the listed or non-discounted price, (2) selling tobacco products to adult consumers through any promotional multi-pack discounts such as buy-two, get-one free packages, and (3) selling flavored tobacco products, other than cigarettes, except in a smoking bar. A copy of the U.S. Circuit Court of Appeals decision accompanies this bulletin.

Washington, DC Council Member Proposes Minimum Age of 21

District of Columbia Council Member Kenyan McDuffie announced that he will introduce a local ordinance to increase the legal age to purchase tobacco products from 18 to 21 and prohibit retailers from selling tobacco products to anyone under the age of 21. This announcement comes shortly after New York City adopted a new law prohibiting retailers from selling tobacco products to anyone under the age 21.

Chicago Enacts Higher Cigarette Tax

Chicago Mayor Rahm Emanuel has compromised and agreed to reduce his proposed \$0.75-per-pack city cigarette tax increase to \$0.50-per-pack. The compromise was reached due to on-going concerns raised by city aldermen that a \$0.75-per-pack tax increase would make the widespread black market cigarette problem in Chicago even worse. Yesterday, the Chicago City Council adopted the mayor's budget, including the \$0.50-per-pack cigarette tax increase, on a 45-5 vote. This \$0.50-per-pack increase will result in a new Chicago cigarette tax rate of \$1.18 effective January 1, 2014. This \$0.50-per-pack cigarette tax increase means that the combined city, county, state and federal taxes on cigarettes sold in Chicago will be \$7.17-per-pack, the highest in the nation.

Association News

New Membership Directory

This fall we took on the daunting task of creating a new Membership Directory for the Association. It had been a couple of years since one had been done, so we wanted to produce a quality publication, chock full of information, which members would find easy to use. We feel like we did that! This directory will be mailed to members next week.

If you need changes made to your company listing in the directory, please contact the Association Office, so that we may update our records.

We would like to thank our member companies who advertised in this publication:

Acosta Sales and Marketing Co.
Anchor Tobacco Co.
Altria Group Distribution Co.
BIC USA Inc.
Bowles Rice LLP
Boyer Candy Co.
Brown Foodservice
Carney & Sloan Inc.
CJ's Tobacco Shop, Inc.
Commonwealth Altadis Inc.
Crothers Electric Inc.
E A Berg & Associates
Goldsmid-Sydnor, Inc.
The Greenbrier Resort
Hill Idealease LLC
Inter-Continental Cigar Corp.
Intra-State Insurance Corp.
Jack Link's Beef Jerky
JT International
Kalkreuth Roofing & Sheet Metal
King Cut Rate Tobaccos, Inc.
King Maker Marketing, Inc.
Liberty USA Inc.
Liggett Vector Brands LLC
Masterfood USA/M & M/Mars

McDowell Supply Co.
McKeen Security
Merchants Grocery Co.
National tobacco
Nestle USA
Njoy
Paul's Tire Service
Republic Tobacco LP
Reser's
R. J. Reynolds Tobacco Co.
S & D Coffee, Inc.
Shankman & Associates
Sisterson & Co. LLP
Smokey Mountain Chew Inc.
Spilman Thomas & Battle PLLC
Sterling Grocery
SUPERVALU
Swedish Match
Swisher International Inc.
Team Sledd
Topicz
U. S. Flue Cured Tobacco Growers
VP Distributors
W. J. Beitler Co.
Zippo Manufacturing Co.

Strategic Plan

In November, we worked toward defining elements for the Strategic Planning Committee to have as recommendations for board make-up, dues and bylaw changes and a plan to move the Association forward. These recommendations will be presented to the board.

The WVWA Board met December 6th and reviewed all proposed changes and recommendations. A Class A Wholesale Membership Meeting will be held December 20th, via conference call, where a vote will be taken regarding constitution, bylaws and dues changes. Members will receive notice and instructions to participate in the conference call.

West Virginia Wholesalers Association



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