

# Allegiance

RETAIL SERVICES, LLC

*Independent together.*



*A supermarket cooperative serving diverse communities within New York, New Jersey and Pennsylvania.*



## Message From Chairman and CEO Daniel Katz

I'm so pleased that *Food Trade News* has recognized Allegiance Retail Services with this supplement. Although PSK Supermarkets, the company I run with my brother Noah, has been a Member of Allegiance for nearly 25 years, I accepted the mantle of Chairman and CEO of the Co-Operative just two short months ago. My perspective to-date is both as an owner-operator, and as a long-time member of the Allegiance Board of Directors.

PSK Supermarkets is a company of 13 supermarkets with 1,000 dedicated associates, all operating in New York state under the Foodtown, FreshTown and Pathmark banners. We are proud members of the Allegiance Co-Operative, and along with 29 other owner-operators, know firsthand the profound benefit of being affiliated with this Co-Op.

Over the 25 years PSK Supermarkets has been a member, we have seen members come and go for a multitude of reasons, but today, Allegiance has never been larger, as over 110 stores are part of our Co-Operative. Allegiance is ostensibly a debt-free Co-Operative with a pipeline of prospective members wishing to join – vibrant and numerous. We pride ourselves on admitting only quality members (over quantity), which leads to a Co-Operative that has always been ... 'stronger than any one particular member.'

There are two things that I think set Allegiance apart:

The amazing people that we have employed by Allegiance. Their hard work and dedication is second to none, and it is a pleasure and a privilege to be associated with this caliber of professionals, from the top through those providing administrative support.

The vendor community support that we enjoy. We have made great relationships with all of our vendors and we are grateful for their support & partner-

ship to reach the common goal of providing the best products at great prices to our customers!

As a long-time member of the Allegiance Board of Directors, and now Chairman and CEO, I would like to convey thanks to both the Allegiance professional

team and our vendor partners on behalf of my fellow Board Members: Nicholas D'Agostino (New York Food Group); John Derderian (Allegiance Retail Services); John Estevez (Estevez Markets); Chris Evans (Thomas' Family Markets); Esmail Mobarak (Mach Markets); Lou Scaduto Jr. (Food Circus Super Markets); Jack Shakoor (HAJ Supermarkets); and our most recent appointment to the board – Jason Ferreira (SWF Corporation). As an active Board, we serve as a proxy for the entire membership, and make certain when we deliberate and discuss issues of importance, that the needs of all members are considered and met.

As I embark on my added role for the Co-Operative, as Chairman and CEO, the future of Allegiance Retail Services has never looked brighter!

My thanks, again, to *Food Trade News*, and I wish all a Happy, Healthy and Prosperous 2020.



**Daniel Katz**  
Chairman and CEO



**"As I embark on my added role for the Co-Operative, as Chairman and CEO, the future of Allegiance Retail Services has never looked brighter!"**

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## John Derderian, President And COO, On The Mission Of Allegiance Retail Services

If Allegiance Retail Services were a person, we would be looking to possibly ‘wind down’ from the day to day challenges of employment ... at 65 years of age, we would have qualified for Medicare, had an opportunity to draw from social security and be able to see a movie enjoying a senior discount ! But, as a retail co-operative, and at 65 years young- we are in our prime, adding to our work load and looking forward to a long future of intelligent growth and retail success.

As President and Chief Operating Officer I feel the vibrancy among our Members and the professional staff each and every day. The supermarket industry, like many other industries, is in an evolutionary period, one which requires skill, experience and commitment to successfully navigate. Our Membership have these characteristics as do the professional staff - that combination provides me the confidence that the future of Allegiance Retail Services is bright!

Sitting at the precipice of the second decade of the 21st century, we hold firm to the Mission and Values we embraced and instituted with the founding of Allegiance ... “Our mission is to provide our membership customized services

that optimize their retail success” ... we are Independent Together! To that end we commit to: Provide industry leadership and expertise; Deliver what we promise with respect, integrity and passion; all provided by a dedicated team of professionals focused on accountability, service and innovation.

The mission and values are guiding principles, but the day to day activities to succeed are the challenging aspects of any business. The challenges are provided by disruptive competition, changing buying patterns/demographics, a maturing online environment, government overreach and a labor market which is tight (and getting tighter) and seemingly ambivalent about a career in retailing.

As President and COO, I am charged with providing the strategic direction for the company. This is accomplished through collaboration with both my senior management team and the Membership, and is rooted in both the functional and aspirational. Functional and tactical issues such as analyzing promotional programs; streamlining shelf-tag production and im-

proving communication to the stores and members is pursued with the same energy and vigor as tackling fairly complex strategic issues relating to Business Intelligence; Robotics Process Automation and Consumer-Personalization schemes. Retail, at its core, is still a people business, and although technology has made a profound mark on business as a whole, the old saying ... ‘retail is detail,’ has never been more relevant, even with all of the technological enhancements available to retail companies. You can’t just deploy technology to achieve success in retail, but you can effectively utilize technology to enhance your relationship with consumers and gain much needed efficiencies within the organization.

Another strategy I constantly focus on is Intelligent Growth ... what exactly does that mean? In the cooperative world there are several ways to grow the retail enterprise ... existing Member

**CONTINUED** on page 6

### JOHN DERDERIAN HAS SPENT HIS ENTIRE CAREER IN THE GROCERY

business, beginning with Pathmark in 1975. He remained with Pathmark until 2008, working in many capacities for the former Carteret, NJ regional chain and ultimately rising to the position of executive vice president of business strategy. Derderian then formed Consumer Comprehension LLC, a retail consulting firm, before joining Allegiance/Foodtown in 2012, where he managed marketing, digital marketing, pricing, consumer insights and store operations. In June 2015, Derderian was named president of the Iselin, NJ based supermarket co-op. In 2016, Derderian spearheaded the Allegiance purchase during the A&P bankruptcy liquidation process of all intellectual property associated with the Pathmark brand, including the Pathmark logo, trademarks and the pathmark.com domain name.



# Proud to Partner With Allegiance



## Strong Brands Across All Eating Occasions!

## DERDERIAN

from page 4

growth (through ground-up development or store acquisition) and, increasing the number of Members affiliated with Allegiance Retail Services. What Intelligent Growth speaks to is the composition of the Membership-base. Through the efforts of Joe Fantozzi and the team which supports all facets of store development, we have a particular prospect profile we look to add as Allegiance Members - entrepreneurs who are experienced and have displayed a level of operational and financial acumen which would point to continued success.

Finally, among the most strategic elements of my role, is that of talent acquisition. Aside from the obvious opportunities that were by-products of the A&P bankruptcy (increased sales; store acquisitions), we saw tremendous opportunity in the human resource aspect of the A&P downfall. Allegiance appointed several former Pathmark and A&P associates, at all levels of the professional staff, and when integrated with the strong Allegiance / Foodtown existing personnel, has created a formidable professional team! Ongoing talent acquisition; training and development and providing the staff with the tools they need to effectively complete their tasks are all components of the continuous human resource improvement to which I have committed.

Externally, in response to changing needs of today's consumers, Allegiance has developed several retail formats which align with the specific demographic, lifestyle and life-stage of local consumers. Each of these retail formats have very particular go-to-market strategies. This effort by Allegiance to fit a format into a given marketplace (and the consumer it services), is a point of differentiation among other cooperatives in the tri-state area. Ours, is not an effort to utilize different banner names to increase the retail footprint, it is truly an approach to fit the store with the consumer. Much primary research was conducted by VP/Chief Marketing

Officer, Donna Zambo and her marketing team to expose the difference in consumer demands, and our merchandising team has met the challenge to provide the right assortment for the needs of specific consumers ... this was and is, truly a team effort! The growth of Allegiance is due in large part to our ability to provide a format that fits a specific trade area. In the eight years I have been associated with Allegiance, the cooperative has grown exponentially in terms of store count, Membership and retail sales.

Another important factor in the success of Allegiance, are our vendor partners. Although there have been tectonic changes in the structure of the CPG and broker communities due to consolidation and acquisition by financial institutions (notably, private equity), our relationships with our vendor-partners has never been better. The Allegiance Category Management/merchandising teams do two things the vendor community respects ... possess a high-level of integrity, and follow-through on what was agreed to during negotiations. These are characteristics for which we feel there is no compromise. Vice President-Center Store, Mike Conese. and Vice President-Perishables, Dean Holmquist, set the standard for our commitment of integrity in our interactions with our vendor-partners.

Finally, I would like to acknowledge the Allegiance Membership, who represent the best of supermarket entrepreneurs in the tri-state area. Allegiance is structured as a fairly decentralized cooperative, so the entrepreneurial spirit can be perpetuated. Aside from being decentralized, Allegiance is best known by Members and those who wish to become Members, as the most transparent of cooperatives. In the end, it is all about the Membership - which risk their capital every day to create successful businesses to serve local communities ... to create local jobs and to have a legacy to pass down to their family. This is the essence of the American dream ... and this is what motivates the Allegiance professional staff each and every day!



“Aside from being decentralized, Allegiance is best known by Members and those who wish to become Members, as the most transparent of cooperatives. In the end, it is all about the Membership - which risk their capital every day to create successful businesses to serve local communities ... to create local jobs and to have a legacy to pass down to their family. This is the essence of the American dream ... and this is what motivates the Allegiance professional staff each and every day!”

**Congratulations**



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## The Allegiance Retail Services Executive Team

"Our mission is to provide independent supermarkets the customized retail services to optimize their success in their unique market place."



**John Derderian**  
President & Chief Operating Officer



**Dean Holmquist**  
Vice President of Perishables



**Michael Conese**  
Vice President of Center Store



**Joseph Fantozzi**  
Vice President of Retail/Member Development



**Eugene Fradella**  
Vice President and Chief Financial Officer



**Donna Zambo**  
Vice President and Chief Marketing Officer



**Daniel Dinkowitz**  
Senior Director of Merchandising & Operational Effectiveness



**Samer Rahman**  
Senior Director of Meat and Seafood



**Jeff Spector**  
Senior Director of DSD, Natural, Organic and Pricing



**Sherry Toy**  
Senior Director of Information Technology



**John Aleksandrowicz**  
Director of Edibles and Non-Edibles



**Kelly Davis**  
Director of Produce and Floral



**Steve Hungerbuhler**  
Director of Deli



**Jeff Kluck**  
Director of Dairy and Frozen



**Patty Youchok**  
Director of Advertising and Marketing





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## The Allegiance Retail Services Team



**Executive team and directors:** (seated l-r) Jeff Spector, Steve Hungerbuhler, Gene Fradella, Sherry Toy, Samer Rahman, Patty Youchock; (standing l-r) Donna Zambo, John Aleksandrowicz, John Derderian, Jeff Kluck, Kelly Davis, Mike Conese, Dean Holmquist.



**Gene Fradella's team:** (l-r) Brian Rutigliano, Joe Sammartino, Mike Dudsak, Gene Fradella, Georgette Lewis, Adrienne Morgan, Barbara Leonardis



**Dean Holmquist's team:** (seated l-r) Samer Rahman, Alexa Conciatori, Candy Rodriguez, Matt Fava; (standing l-r) Daniel Dinkowitz, Brendan Keating, Gary Roselli, Dean Holmquist, Kelly Davis, Steve Hungerbuhler



**Donna Zambo's team:** (seated l-r) Mary Ellen Jenkins, Louisa Falk, Carol Delgado, Thurshara Gokul Nath, Sheryl Kirsch, Patty Youchock, Andrea Beagin, Sherry Toy; (standing l-r) Suma Thepa, Gina Bianco, Suzanne Cecchi, Shannon Broderick, Tonya Gaboy, Kathy Fernandez, Carlos Cano, Mohammed Nouri, Kevin O'Dea, Srini Iyer, Donna Zambo



Karen Macknowski, Executive Assistant



**Mike Conese's team:** (seated l-r) - Karen Kant, Jeff Kluck, Maria Norman, Stephen Grzelak, Nancy Gillis, Bob Powell; (standing l-r) Jeff Spector, Mike Conese, Ed Territo, Gene Camiolo, John Aleksandrowicz, Brian Daly, Mark McFadden, Donna Guy, Jaclyn Arturi.



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## Spotlight On: New York Food Group

Nick D'Agostino III represents the fourth generation of his family to operate a grocery store in Manhattan. The company continues its growth in this era, most recently in its merger last year with Gristedes, another New York independent supermarket operator. Today, D'Agostino serves as the president of New York Food Group (NYFG) and oversees all of the operations and merchandising for the combined 33 stores under both banners.

The combination of D'Agostino's and Gristedes was a natural fit, because the stories of the two companies are very similar.

In 1888, two teenage boys, Dick and Charles Gristede, opened a little grocery store using all of their savings. This gas lit, scrupulously neat and clean retail store was located at 42nd Street and 2nd Avenue in New York City. Shoppers brought their own baskets, arriving to the store by foot or carriage, and took their purchases home with them.

After several years, the brothers bought a second, larger store. In the following years, additional stores were added. Electricity supplemented gas lights and old store fronts and fixtures were replaced with modern equipment.

The supermarket chain pioneered in meat departments, believing correctly that the shopper found convenience in doing business with the butcher under the same roof as the grocery department. By 1938 there were 161 stores including liquor stores which were



opened after the repeal of prohibition in 1933. After more than 120 years, Gristedes' progress continues and today they operate 23 stores in New York.

In 1932, at the depth of the Great Depression, brothers Nick and Patsy D'Agostino, who had immigrated to the states from Italy in 1920, opened a small grocery store on Lexington Avenue and 83rd Street in Manhattan. To serve the neighborhood, the store was stocked with groceries and baked goods under a single roof. They also provided home delivery for phoned-in orders from Upper East Side residents.

The brothers added a fresh meat section to the store with trained butchers as it continued to evolve into a full-service supermarket.

The D'Agostino brothers built a strong reputation in New York based on three principles they adhered to - quality, service and innovation - and as the company grew, it came to be known as "New York's Grocer."

Today the company operates 10 stores in New York.

Together, NYFG continues to carry on the traditions of both iconic companies. D'Agostino said, "The merger was the right thing to do, I'm glad we did it. This is a very challenging business today." They are able to continue to be successful and competitive independent operators at a time when chains keep taking a bigger slice of the pie, because, as members of Allegiance Retail Services (ARS), they are part of a bigger organization for many of the back-room parts of the business. "We are stronger together," said D'Agostino.

While the associates and managers in the stores are closest to the customers, the services provided behind



**Nick D'Agostino III**

the scenes by ARS are invaluable, D'Agostino said. Among the services NYFG relies on ARS for are accounting, product selection - getting the right mix to meet the demographics for each store's neighborhood, the help of nutritionist, assistance staying ahead of new trends, and many other services. "The support we get from ARS allows us to have services that would be very difficult to do on our own."

Additionally, through ARS, NYFG has the opportunity to utilize some of the co-op's other retail banners if it finds a better fit in a given neighborhood. D'Agostino explained that, while D'Agostino's and Gristedes are well known in Manhattan, that's not necessarily the case elsewhere. For example, there was a Gristedes on Roosevelt Island that is converting to a Foodtown, which is a banner that better matches the neighborhood where that store operates. He also mentioned a possible Foodtown that the group may open in a new development on Coney Island.

D'Agostino is bullish on being a member of the ARS co-op: "We are a group of like-minded people that together can be stronger. ARS is very much member-driven and unique. The members are what matters."



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## Spotlight On: Pathmark And PSK Supermarkets

The roots of PSK Supermarkets go back to 1956 when Paul Katz purchased his first small supermarket in the Bronx on 204th Street, a location that is still with the company today as it operates 13 Foodtown, Super Foodtown, Freshtown and Pathmark stores throughout the New York Metropolitan region. Today, the company's co-presidents Daniel and Noah Katz represent the third generation of family ownership.

In 1965, Paul's son Sydney joined his father in the business after graduating from college. Together, they built the company up to seven grocery stores during the 1970s and 1980s in the Bronx and Queens. Growing up, Sydney's sons Daniel and Noah had worked in the stores since they were young, but joined the company full-time after graduating from college in 1987 and 1988, respectively.

Under the leadership of co-presidents Daniel and Noah, the company now operates stores in Brooklyn, Queens, Manhattan, Long Island, the Bronx and Putnam, Dutchess and Delaware counties.

The company joined Foodtown (now Allegiance Retail Services) in 1996 to further drive down the cost of goods and pass along even greater value to their customers.

Over the years, PSK has focused on buying and taking over under-performing stores from other supermarket chains, assembling a top-rate team and then turning them into winning world-class supermarkets for the communities they serve. These chains have included A&P, Grand Union, King Kullen, Waldbaums and Pathmark. With the help of the team at ARS, PSK renovates and merchandises the stores, coaches the associates and then implements a decentralized entrepreneurial environment. The product assortment, again with the assistance of ARS, is continually assessed to ensure it specifically caters to

the particular community where each store operates.

The Pathmark supermarket banner - a metro New York success story for many decades before its demise in the 2015 A&P bankruptcy - is PSK's most recent success story of taking a discarded store from another supermarket chain and making it successful again. Actually, the intellectual properties of the Pathmark brand were acquired by Allegiance Retail Services during that bankruptcy proceeding, but PSK is the first member to have opened a store that flies the Pathmark banner. The 49,000 square foot store, at 1525 Albany Avenue in Brooklyn, was constructed at the same site as a former Pathmark had once operated and it opened in April of this year. The fully remodeled store now features expanded produce, meat, seafood and more. It carries a wide variety of fresh foods and ingredients from around the world that reflect the flavors of the store's neighborhood. Also available is the Pathmark Advantage Club Card, which allows customers to receive weekly discounts and digital coupon offers, as well as the Pathmark mobile app which shoppers can use to create their shopping lists, download digital coupons, search the store catalog and keep track of their purchase history. Both the Best Yet and Green Way private labels are on the Pathmark shelves as well. Best Yet offers quality products equivalent to the national brands but at up to 50 percent less cost. Green Way is the exclusive brand of affordable natural, organic and eco-friendly products with the tagline "Good for you. Good for the Earth."

We asked Noah Katz why PSK was interested in adding the Pathmark banner to its fleet. He explained, "The Foodtown name is well-known in the tri-state area. Super Foodtown is a larger format with more departments like a full-blown healthy foods area as well as expanded meat and deli. In upstate New York, which is a more rural area, we use the Freshtown banner. These are areas that are outside the city with different shopping patterns. But, the Pathmark banner is more urban, no frills. So, when we decided we wanted a store in Brooklyn, we knew it would be a perfect fit. The Pathmark brand still had a lot of goodwill in the region."

PSK Supermarkets is one of the larger members of ARS. We asked Katz what he believes are the advantages to his company



**Noah Katz**

being a member of the co-op. "It is a team of people who help us in so many ways. Number one, their buying expertise is excellent, as good as with other much larger chains. They have the ability to go head-to-head with every major chain, including Shoprite/Wakefern and Stop & Shop. They are just as competitive, which means we can keep our prices very competitive. They make sure we get the lowest cost of goods based on our overall size with all of the members of the co-op buying together."

He continued, "Secondly, the professional services and store support we get from them is second to none. These services and programs immediately elevate you to the same level of programs and conditions as larger chains."

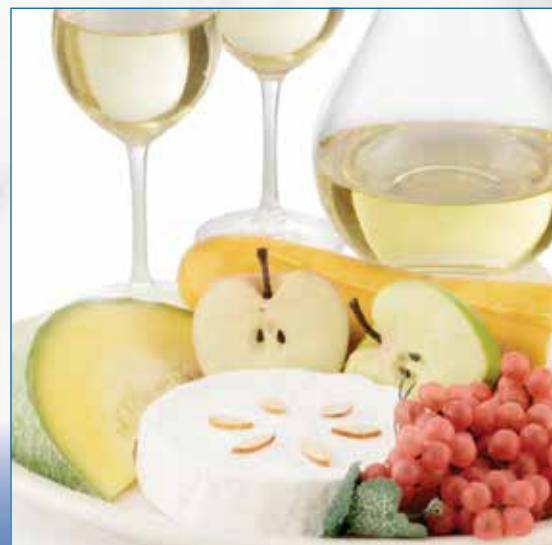
He also touted the co-op's "Eat Well" program which identifies the top food attributes of products throughout the stores and puts them on the unit price labels for those products. So, customers can easily identify products that are gluten free, fat-free, sugar free, high in fiber and many other types, which helps customers greatly when shopping.

In all, Katz said, "They provide expertise in the business that is second to none, from keeping our stores properly merchandised, to providing shelf management expertise to make sure that the goods on our shelves are the fastest-moving items in all categories, to providing tremendous buying and merchandising shows. They elevate us to the status of a chain, so we're not going it alone - and that's across every department."





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## Spotlight On: Prospect Heights Foodtown

Frank Widdi, co-owner of the Foodtown of Vanderbilt Avenue in the Prospect Heights neighborhood of Brooklyn, along with his partner Abdul Jawad, have been members of Allegiance Retail Services since 2016. But their roots in the supermarket business go back to 1983 when they owned and operated a much smaller Met Food store than the Foodtown unit in existence today. In fact, the Vanderbilt Avenue store has undergone two renovations and enlargements since the store was first opened, the first in 1996 and another in 2016.

Widdi, like so many other independent supermarket owners, began in the business part-time while in college, working alongside his father and his brother. When he graduated from college in 1983, he and Jawad bought the Met Food store that they and their sons still operate today as the larger, more modern Foodtown.

“The store was a real hole in the wall,” said Widdi of the location. “When we first opened in the 1980s we were doing about \$20,000 a week, but as a Foodtown, our sales have grown exponentially every year and we now do comfortably, more than 10 times that volume a week.” Widdi said that the first renovation in 1996 allowed them to double their business. Then, when his son oversaw the 2016 renovation and expansion, business doubled again. “Anybody can renovate,” said Widdi, “but you have to keep it Grade A.”

The Prospect Heights neighborhood where the store operates is a very diverse area featuring large Jewish, Italian and African American populations, as well as being a haven for multicultural families with diverse life stages and lifestyles, explained Widdi. The 10,000 square foot city store offers shoppers in the neighborhood all their grocery needs under one roof: full service meat, deli and bakery; the usual grocery, frozen, dairy and health and beauty care aisles; a good selection of natural and organic foods as well as gluten free and ko-

sher selections to meet a wide array of needs. Also available is a large assortment of domestic, imported and craft beers, along with new juice machines, a salad bar and a hot foods bar.

“We offer many things that other supermarkets in the neighborhood don’t,” said Widdi.

Also available is delivery service through Allegiance Retail Services’ partnership with Instacart.

Asked about the Foodtown banner, Widdi said, “People think it’s higher class than other New York independent banners. A lot of times the name makes a difference, but it’s really about how you handle the store.” He added, “It’s about five things - the store must be clean, you have to have a good selection, the price must be right, you need good security and you must always be courteous. If you do these things, customers will be happy to shop in your store and will keep coming back.” Also important is giving back to the community, explained Widdi. “We give back, and the neighborhood loves us for it.”

The Widdis and Jawads are clearly focused on how to run their store and how to take care of their customers. Being members of Allegiance Retail Services gives them the backup and support they need to stay ahead of the curve. “When we call them, they call us back,” said Widdi of the team at the co-op. “They work with us and meet our needs for so many things. For example, when we need to do a re-set, we know they will send us an entire crew to get the job done.”



Frank Widdi

**Foodtown**

“When we call them (ARS), they call us back. They work with us and meet our needs for so many things. For example, when we need to do a re-set, we know they will send us an entire crew to get the job done.”



# Congratulations Allegiance!

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## Spotlight On: Big Deal Food Market

Miguel Garcia is a long-time veteran of the food industry, having owned his store, Big Deal Food Market located at 1018 Morris Park Avenue in the Bronx, for 35 years. He has been a member of Allegiance Retail Services/Foodtown for seven years.

Garcia described the neighborhood where Big Deal operates as a community consisting mostly of folks with Italian and Eastern European roots. "It's a tight knit community," he said, "and we cater to them very well."

When Garcia originally bought the store, he told us, "It was in bad shape. We took it over and expanded it, adding fresh seafood and a bakery. Most stores like us are very conventional, we went more towards carrying what the community wanted."

As a market that wants to provide what the folks in their community need, Big Deal has full service deli, meat and seafood departments as well as fresh produce and a wide variety of vegetarian, gluten free and other special-needs options that so many customers are looking for today. They also feature a wide array of ethnic foods, especially catering to the Morris Park neighborhood.

Also important to Garcia is being active in sup-

porting the neighborhood through community giving and partnership. He listed several examples of this, from sponsoring a Little League baseball team to supporting the local parishes, Francis Xavier and Saint Clare. Big Deal is also a member of the Morris Park Business Improvement District. "We are supporters of the pillars of the neighborhood," is how Garcia explained it. He said the store also supports the community by hiring people who live in the neighborhood. In fact because of his strong support of the community, in 2015 Garcia was named the National Supermarket Association's Eligio Pena Member of the Year.

Joining Allegiance Retail Services (Foodtown) allowed Big Deal to take advantage of the services the co-op provided. "If I added together the experience of the team that works in our store, it would be way more than 100 years. So, we know how to run our store. But, with Allegiance, we have access to a lot of assistance with merchandising and efficiencies. We don't just need someone to send us groceries, we need help with technology, point-of-sale, marketing, and a lot of other things that Allegiance can do for us," Garcia explained. "They have dozens of people working for you, dozens of people to help you be aware

of what the pricing and selection for your store should be based on the customers that you're serving. We know we can't do it alone."

"Allegiance has counselors in every department we have in our store, advising us on new trends and what to keep in stock. For example, when we decided we needed to add grab 'n go



# BIG DEAL Food Market

Morris Park, New York



**Miguel Garcia**

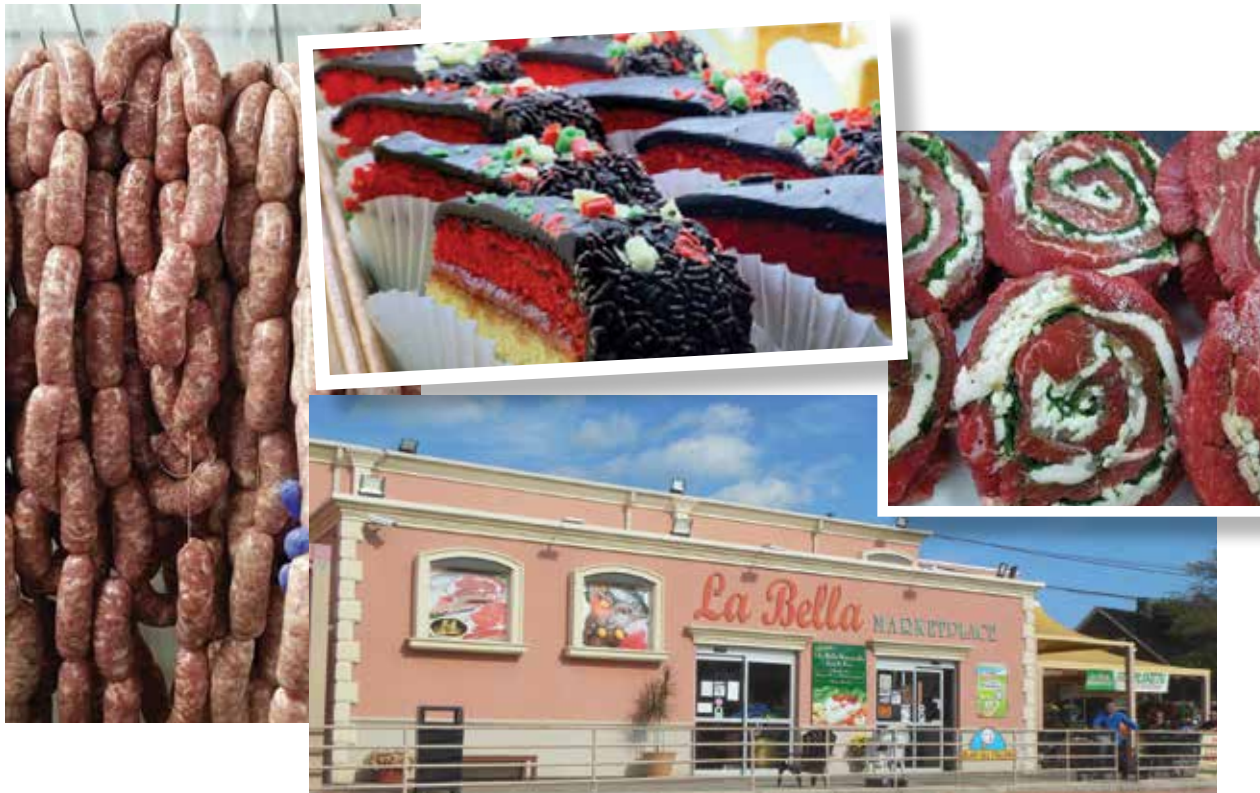
for our customers who don't want to cook a full meal anymore, Allegiance was able to connect us with the companies that help us in this area." Additionally, when Big Deal wanted to add home delivery, Allegiance gave them options to use. In short, as a one-store operation, Big Deal is more successful and able to stay competitive through its membership in the co-op.



# SILK

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**BROOKLYN HARVEST IS A BANNER WHICH** promotes hyper-local products in the sister boroughs of Brooklyn & Queens. This concept focuses not only on the local products offered by New York vendors, but also finished products that are produced by the store – to satisfy the palette of 'hard to please' New Yorkers!

There are currently 3 Brooklyn Harvest locations: Hallett's Point in Astoria and N. Fifth Street and Union Avenue in Brooklyn.



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RIGHT: The first Green Way Market opened recently in Cross River, NY. The store’s owner John Estevez (r) of Green Way Market poses for a photo with (l-r) Joe Fantozzi, Dean Holmquist and Patty Youchock, all with Allegiance Retail Services.



Owned & operated by Newburgh Food Corp., Diego Sanchez & Ulbardo Fernandez  
Owners of 3 Market Fresh stores in New York



Farmingdale, NJ  
Owned & operated by MJ Enterprises of Monmouth  
John Doyle



# CONGRATULATIONS

TO



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& Philadelphia Independents**

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For those wishing to purchase quality products at the lowest prices, Food Basics is the banner for you! It combines quality at low prices, by reducing the product assortment – offering just fast moving, own-brand and national brand products. The banner features an everyday low price offering to consumers, and does so with a well-stocked and signed store – where the low-priced product is the hero!

**PHYSICAL ATTRIBUTES:**

- Urban location
- Less than 15,000 square feet
- Limited on-street parking
- Trade area income levels less than \$50,000 MHI annually

**MERCHANDISING ATTRIBUTES:**

- Total of 6,000 SKUs
- Strong private label offering
- Focus on meat and produce
- Minimal service departments

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## Dan Dinkowitz: Working Every Day To Make Sure Allegiance Members 'Stay Ahead Of The Curve'

**D**an Dinkowitz, senior director of merchandising and operational effectiveness, is one of many Allegiance Retail Services executives with a long and successful food industry career, and one that began in the stores. He started at Pathmark about 40 years ago, working in a variety of departments, becoming a department manager and later a store manager. Then, he rose through the ranks of field merchandiser, sales merchandiser and director of center store. He spent some time at Zallie ShopRites and then as an owner-operator, along with three others, of a Season's Harvest store before going back to A&P and spending two years as center store director until the ill-fated retailer filed for bankruptcy. Dinkowitz then joined Allegiance Retail Services/Foodtown about six years ago.

It's a great fit for both, since Allegiance now owns the Pathmark brand and seeks to start adding to the one Pathmark location currently in operation that is owned by PSK Supermarkets. Dinkowitz currently has responsibility for building the Pathmark ad cover-to-cover on a weekly basis. But his primary role is to oversee the Allegiance field specialists – the conduit to the membership. And, he sits on the Allegiance 2020 committee, which works to determine the vision of the stores for the next decade.

Because Allegiance is a co-op comprised of a wide variety of members who operate sometimes very different stores in diverse neighborhoods, Dinkowitz's background and experience in a multitude of areas means he is able to help its members to ensure they have the proper assortment at all times. "We operate on a very fact-based process, with data from multiple reports," explained Dinkowitz, "to help our members have the best product mix at the right price."



**Daniel Dinkowitz**  
Senior Director of Merchandising & Operational Effectiveness

Dinkowitz said that Allegiance does everything it can to support its members, including helping them reduce shrink, both on the shelf and with labor. "We help with ways to reduce labor, both through reduced labor costs and increased efficiencies," he said, "from the time a delivery comes into the store until the cardboard goes to the baler."

Also under Dinkowitz's purview is responsibility for building seasonal bulletins which are available to members via webinar. "There are all of the holidays, as well as cold weather, hot weather, special occasions," he explained. "I give them percentage projections over the norm. For example, which vegetables they need to order two weeks before Christmas. By giving them the data in percentages, it works for all different types and sizes of stores. That way, each store can look at the regular order and just up it by that percentage for that week."

Allegiance does so much of the back-room work for the members, who are the experts in running their stores, but who need help with a lot of the data that ARS can get for them. "We do a lot of the data work for them, relying heavily on our internal data to create our own reports as well as syndicated data like SPINS and IRI."

As the grocery business continues to evolve,

Dinkowitz is keenly aware that Allegiance must work with its members to help them stay strong as competition changes and grows. "Especially in the inner cities, neighborhoods change very quickly, so we have to stay ahead of the curve," he told us. "One key is making sure we keep up with demographics. We work closely with the owners, who see those changes in their stores first hand. Then we come in to help them manage those changes."

"We also help to ensure that the local assortment is there when members open new stores."

As customers continue to look for more natural and organic options, Allegiance helps its members keep up in that arena as well. "Our Green Way private label, which we acquired out of the A&P bankruptcy, has very high quality that competes effectively with the national brands. A&P put a lot of R&D into developing the brand, so we were confident it would be a great addition for us."

In fact, private label penetration is a strong priority to Allegiance in all categories, said Dinkowitz. "Future members always ask about our private label program. Where we are now and where we will be tomorrow. This is especially important if you take into account the fact that millennials are happy to buy non-national brands." In addition to the Green Way line of natural, organic and environmentally friendly products, Allegiance members have access to the Foodtown, Best Yet and C&S private label lines. "Private label helps us to have a very strong value image in the marketplace."

Another acquisition Allegiance made from the A&P sale was of the Food Basics banner, said Dinkowitz. "Food Basics will help us navigate against Aldi and Lidl." But, one difference that Dinkowitz points out is in the number of SKUs the stores carry - Aldi with about 2,500 and Lidl with about 200 more than that. "Food Basics has north of 6,000 SKUs. It's Aldi on steroids," Dinkowitz said.

The Big Deal Club brand that Allegiance acquired from A&P helps Allegiance members compete against club stores. The Big Deal brand is especially big at Pathmark.

At the end of the day, Dinkowitz says, "We know we have to stay ahead of the curve. We work every day to make sure our members do."



**"We operate on a very fact-based process, with data from multiple reports to help our members have the best product mix at the right price."**



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## Industry Vet Joe Fantozzi Works To Grow Allegiance Retail Services' Membership Through Good Relationships

**J**oe Fantozzi started his food industry career in 1979 with an entry level job with White Rose in distribution. He stayed with White Rose during his college years when he majored in accounting and finance. After graduation, he moved over to sales and administration at White Rose. He spent the last 15 years of his White Rose tenure in executive leadership and for seven years served as president and COO. During those years Fantozzi was very involved with the stores served by the voluntary wholesaler, working closely with the store owners.

Today, Fantozzi serves as vice president of member development & services for Allegiance Retail Services. His primary responsibility is to grow the co-op's membership, either from the ground-up with existing members building or adding stores, or by converting existing supermarkets to the ARS group - and helping them determine which banner to fly - Foodtown, Pathmark, Greenway or Food Basics.



**Joseph Fantozzi**  
Vice President of Retail/Member Development

Fantozzi explains that he is the ARS executive with the most interaction with the co-op's members on a day-to-day basis. "It's all about the relationship," he said.

What is the ARS philosophy about adding new members while still giving its existing members the best support possible? "Intelligent growth," said Fantozzi. "We don't sit on top of the existing members. There is no cannibalization of existing members. When

looking at new members, we keep up to a mile radius around existing stores in our group. Of course, this can vary depending on the popula-

tion density of a given area. When considering a new member, we ask ourselves, 'Does a potential new member impact an existing member?' Store expansion will not be a reason a store is negatively impacted just for the sake of growth."

How does ARS prospect for new members, we asked. "First, do I know them?" said Fantozzi. "It's a gut check and I am the first litmus test. If I don't know them, one of our existing members must know them. Then, I make a store visit and see if it would be a good fit. If it seems to be, then the last flush point is to do financial due diligence." And, Fantozzi added, the process is the same with new members and with existing members adding new stores. "Ground-up stores are a huge part of our growth."

Why would a supermarket want to join ARS? "Independents are hungry," Fantozzi said. "We need to be there to be sure they can succeed. We exist on the professional side, do all of the things in the background that help our members focus on the business inside their stores. Bureaucracy translates to a greater cost of doing business today. ARS helps independents absorb some of

that cost burden."

Today, ARS is more heavily weighted in New York than New Jersey. As many know, New York is one of the toughest states in which to do business because of the weight of government regulation, however, ARS is able to provide the support a retailer needs to manage things like mandatory minimum wage increases and plastic bag bans, just to name a few.

Another invaluable resource available to retailers as members of ARS is working capital. "Before, a retailer always had a bit of money on hand for a hard patch. Today, that's not as easy to do, you need a liquid checkbook, and we can help with that when it's needed and makes good business sense for both parties." Another area where smaller independents can rely on ARS to help them compete against the larger chains is labor - the cost as well as the supply. "These retailers need consistent and good help, which is a huge challenge," said Fantozzi. "We are there to help with that." ARS also has a plan to reduce payroll shrink once the labor has been put in place.

"We don't get paid to sell you cases," Fantozzi said when explaining the value ARS brings to the table for an independent retailer. "We concentrate on giving you a marketing, merchandising plan."

In the operations arena, ARS has developed a shrink plan to help keep costs down. "We are talking about ratcheting the shrink program so that the retailers can grab every dollar possible."

How does ARS differ from other co-ops and wholesalers in the marketplace? "We go to market a little differently," said Fantozzi. "We advocate independents. You'll have your independence but our foundation, our process. And, our relationships with financial institutions."

Once a member has been identified as a good fit, it can take several months to fully transition a member into the co-op and analyze how they fit. "Our job is to give them the professional experience they wouldn't have on their own. Our job is to be a pillar of strength for them."



**"We go to market a little differently. We advocate independents. You'll have your independence but our foundation, our process. And, our relationships with financial institutions."**

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## *Super Foodtown*

**OWNED & OPERATED BY**

Food Circus Supermarkets

Louis Scaduto Jr.

Owners of 5 Super Foodtown locations in New Jersey



## *Jack's Super Foodtown*

**OWNED & OPERATED BY**

HAJ Supermarkets

Jack Shakoor

Owners of 1 Super Foodtown and 3 Foodtowns in New Jersey





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## Estevez Foodtown

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Estevez Markets  
John and Robin Estevez  
Owners of 8 Foodtowns, 1 Freshco and  
1 Green Way Market in New York



## A&J Foodtown

**OWNED & OPERATED BY**

A&J Market Inc.,  
Angelo Avena & Joseph Paravati  
Owners of 5 Foodtowns in New York





GREEN WAY™

# Rancher's Legend & Green Way Private Brands Exclusive To Allegiance Retail Services Members



## *PSK Super Foodtown*

**OWNED & OPERATED BY**

PSK Supermarkets  
Daniel & Noah Katz  
Owners of 10 Foodtowns, 2 Freshtowns  
and 1 Pathmark in New York



## *SWF Foodtown*

**OWNED & OPERATED BY**

SWF Corporation  
Jason Ferreira  
Owners of 4 Foodtowns in New York



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## *Palma Nueva Foodtown*

**OWNED & OPERATED BY**

Palma Nueva Food Corporation

Alex & Iliana Collado

Owners of 3 Foodtowns in New York City



## *Thomas' Family Market Foodtown*

**OWNED & OPERATED BY**

TCD Realty Inc.

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Owners of 2 Foodtowns in Hazelton & Shickshinny, Pennsylvania



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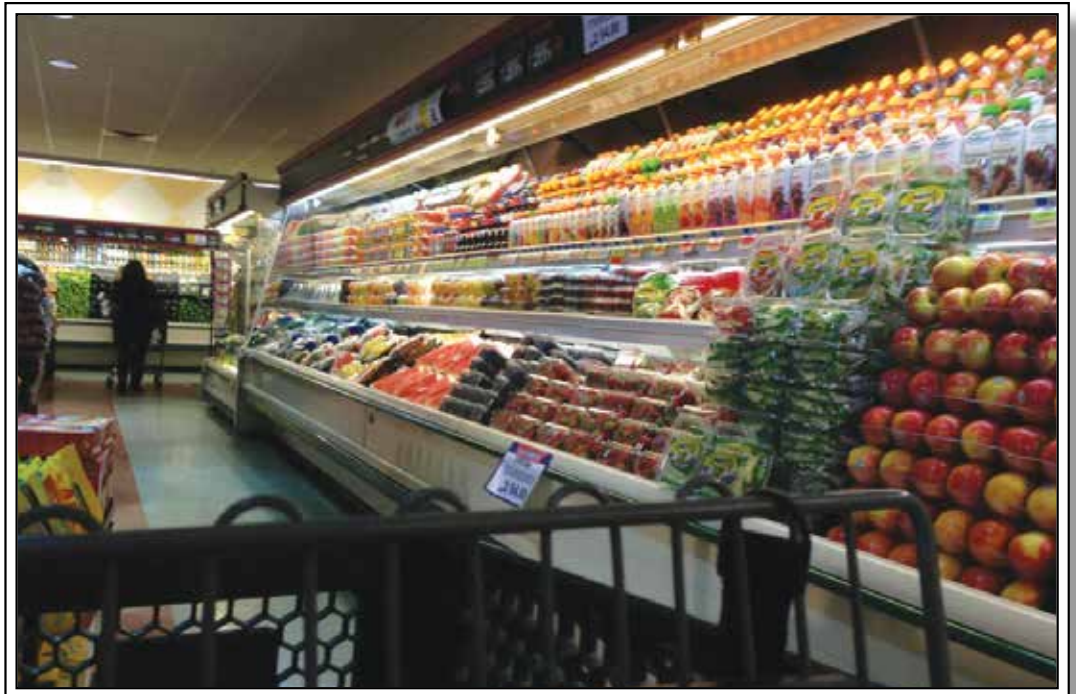
  
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RETAIL SERVICES, LLC



*Super Foodtown  
of Throgg's Neck, NY*

**OWNED & OPERATED BY**

2945 Meat & Produce  
Joseph Bivona



*Foodtown of Bayside, NY*

**OWNED & OPERATED BY**

BFF Food Corporation  
Michael Fernandez







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## *Foodtown of Forest Hills*

**OWNED & OPERATED BY**

Orchard Fine Foods

David Rosa

Owners of 1 Foodtown in New York City



## *Super Foodtown of Lake Hiawatha, NJ*

**OWNED & OPERATED BY**

V&V Supermarkets

Victor LaRacca





# Congratulations

to our valued partners at Allegiance Retail Services!  
Here's wishing you many more years of success.



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WOULD LIKE TO THANK ALLEGIANCE RETAIL SERVICES  
FOR THE ONGOING SUPPORT!



Growing Together  
— SINCE 1930 —



Unilever



ADVANTAGE  
SOLUTIONS

*Foodtown of Prospect Heights, NY*

**OWNED & OPERATED BY**  
Vanderbilt Food Corporation  
Frank Widdi & Abdul Jawad



*Foodtown of Bensonhurst, NY*

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1949 Food Corporation  
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**Wishing you much success!**

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## *Foodtown of Mt. Vernon, NY*

**OWNED & OPERATED BY**

Mach Markets  
Esmail Mobarak  
Owners of 2 Foodtowns in New York



## *Foodtown of Washington Heights*

**OWNED & OPERATED BY**

159-MP Corporation  
Nasri Abed  
Owners of 3 Foodtowns in New York City



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# Allegiance

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*Turkey Hill salutes the Independent Retailer members of Allegiance Retail Services!*

## *Super Foodtown of East Stroudsburg, PA*

**OWNED & OPERATED BY**

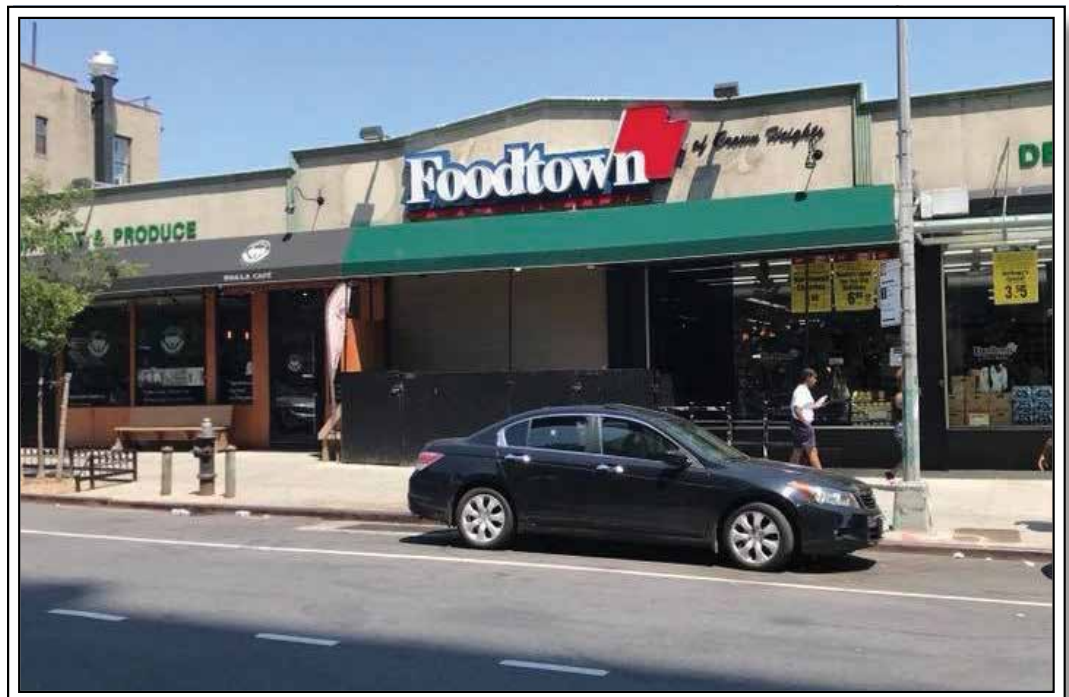
Miggy's Corp. Five,  
Jack & Mike Mignosi



## *Foodtown of Crown Heights, Brooklyn, NY*

**OWNED & OPERATED BY**

Franklin Avenue Meat Corp.,  
Mike Mustafa





**JIM BEAM**

**BUDWEISER**

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## *Foodtown of Harlem, NY*

**OWNED & OPERATED BY**

A&J Supermarkets Corp.,  
Anthony Reynoso



## *Foodtown of Hempstead, NY*

**OWNED & OPERATED BY**

301 Meat Corporation  
Mike Said





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## Proud to Supply the Independent Store Owners of Allegiance Retail Services.



*Foodtown of  
Valley Cottage, NY*

**OWNED & OPERATED BY**  
Valley Cottage Foods  
Gabriel Estevez & Albert Tirado



*Foodtown of  
White Plains Road,  
Bronx, NY*

**OWNED & OPERATED BY**  
AJC Food Market Corporation  
Bernabe Cabrera





**The Hormel Family of Products Salutes**



*Congratulations!*



**Saluting the retailers of Allegiance for always creating smiles in your communities!**



*Foodtown of Bushwick,  
Brooklyn, NY*

**OWNED & OPERATED BY**

1291 Food Corporation  
Fouad Elayyan



*Morningside  
Market Foodtown  
New York, NY*

**OWNED & OPERATED BY**

Gabriel Estevez



# From all of us here at Conagra Brands, CONGRATULATIONS!

Conagra Brands is proud to work with Allegiance Retail Services.  
Here's to more years of Allegiance Retail Services and continued partnership!



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*Best wishes to Allegiance Retail Services for continued success!*



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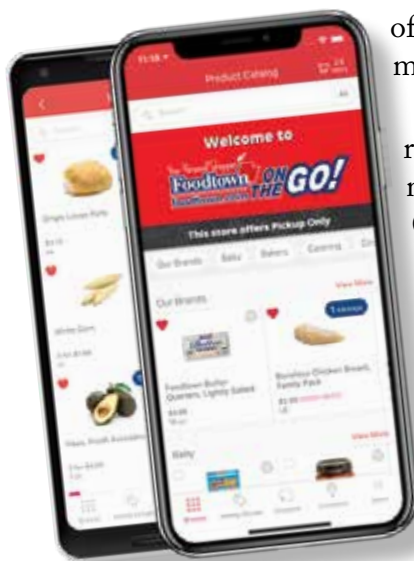


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**Kellogg's**

## Allegiance Digital Program Proves Good Investment For Co-Op

Allegiance digital executions include a compelling digital coupon program, email and digital display marketing, social media marketing, and of course eCommerce. Allegiance digital coupon program has expanded significantly in the last year, with the addition of more meaningful offers for the shoppers, and more access to the digital offers.



Allegiance offers its members choices with respect to online grocery support. Allegiance manages and supports a home-grown Click & Collect program, Foodtown on the Go!, for those members seeking the independence from a third party company. Additionally, home delivery options via third party marketplace and white label solutions are also an option. Today's shoppers are demanding choices, and it is important to Allegiance that their members are armed with choices as well!

Allegiance also offers its members best in class social media support, both organic and paid media support. Their recent focus on social media

has proven to be a worthwhile investment, particularly in the cooperative environment. Social is a great way to leverage both common and unique member content and if executed effectively, the Allegiance team knows they can bring exceptional value to their members that they would not be able to achieve independently.

Allegiance marketing team understands the importance that the digital executions integrate with their brick and mortar experience, with a strong emphasis on bringing value to their shoppers, whether that be by saving money or saving time. The shopper marketing toolkits have evolved quite a bit over the years, and the rate of change has been tremendous. The Allegiance team is hyper-focused on building the right capabilities to adapt to this rapid change, which includes both technical and analytical capabilities. These investments will allow Allegiance members to execute and evaluate programs with agility. Allegiance's recent investments are also enabling more customized and personalized marketing and merchandising to their shoppers, which is a necessity in today's competitive marketplace.



General Mills  
*Congratulates*

**Allegiance Retail Services, LLC.**

*and wishes you many more years of continued success!*



*Proud to Partner with Allegiance Retail Services*

## Allegiance Positions Members To Win Shoppers' Loyalty

With recent investments across their technology platforms, both analytical and marketing, Allegiance is well positioned to enable their members to win the loyalty of their shoppers. Allegiance staff has recently bolstered their analytical area, to expand their ability to help their members 'Know their Customers' better, the foundation to any winning loyalty program. These analytical tools include, both traditional purchase behavior analysis, along with advanced data scientist work. It is through this deep data analysis that Allegiance arms their members with the most cost-effective loyalty marketing executions that are most effective for their shoppers in their communities. Examples include both customized and personalized promotions and messaging via in lane, direct mail, email, testing and both organic and paid digital media. Leveraging their robust targeting and analytical capabilities give the Allegiance members the ability to reach the

right customer, with the right offer and message, via the right medium.

A recent, successful loyalty execution Allegiance developed for its members was the More Savings! More Cheer! More Foodtown! Direct mail. This theme integrated with the six-week holiday event, running in-store, in-circular and also on organic and paid social media. The holiday mailer focused on building loyalty among the top shopper group, during one of the busiest time of the year, particularly for our customers. The creative was customized to each particular market, to ensure it resonated with the targeted audiences. The product offers were personalized, to the exact specific shopper, with results well exceeding original expectations. Overall redemption rates were among the highest of all executions, and overall customer reactions were extremely positive. Sales were very strong during this event, and Allegiance is proud to report this loyalty execution aided in our favorable market share performance – continuing to outperform the market in both sales and units.



**More Savings!**  
**More Cheer!**  
**More Foodtown!**

**Foodtown**  
Shop Foodtown. That's Smart!

*A special thanks to you for the holiday!*

*It's the season of thanks and giving and we'd like to thank you for being a loyal Foodtown shopper with these coupons selected especially for you.*

*We're perfectionists about what's on our holiday table, and we know you are too. From our own Rancher's Legend Angus Beef and Green Way brand of natural & organic foods, to all your trusted brands, we have everything you need for a delicious and memorable holiday.*

*See you in our store soon! And make sure to visit [foodtown.com](http://foodtown.com) for holiday ideas and more savings.*

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## Meet Jacqueline Gomes, Allegiance Retail Services' Registered Dietitian

**A**llegiance Retail Services is tuned in to its consumers' needs, and nutritional education is a top priority. Jacqueline Gomes, Allegiance's registered dietitian, provides insightful nutritional trends, healthy lifestyle tips, delicious healthy recipes and much more.

Jacqueline also attends school events and in-store appearances where she communicates directly with shoppers and school children of all

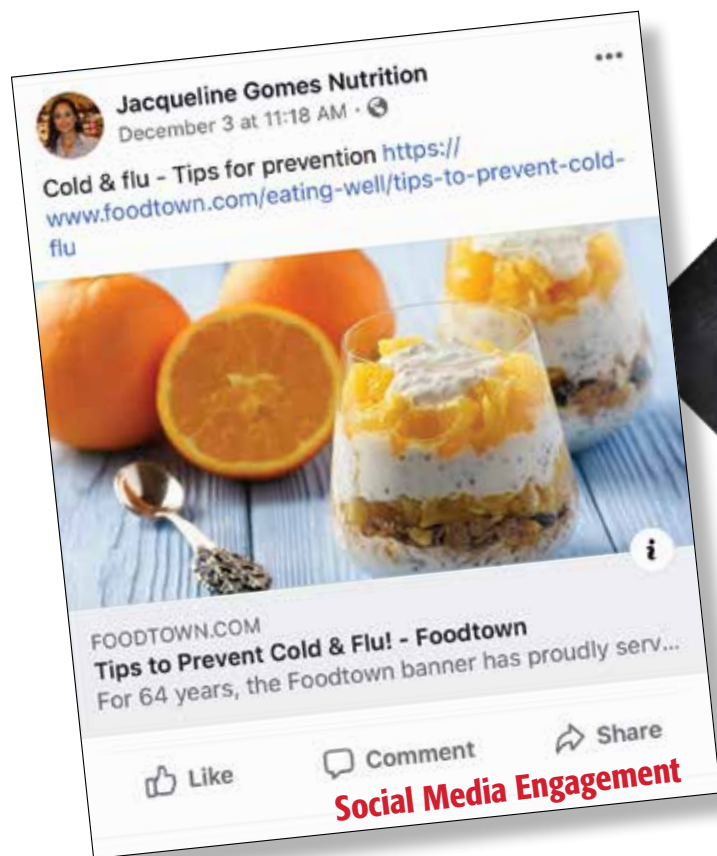
ages. She also writes a weekly blog for foodtown.com and provides tips in the weekly circular.

Social media communication, via Facebook and Instagram, is a powerful platform for Jacqueline's content, as most consumers are seeking advice and solutions via digital mediums.

This fully integrated program makes Health & Wellness a cornerstone in Allegiance's offering to its membership.



**In-Store Events**



**Social Media Engagement**



**In-Store POS**



**Media Influencer Partnerships**

**EATWELL RD**  
registered-dietitian

**Festive Foods for Christmas Gatherings**

The holidays bring an abundance of joy through plenty of family gatherings. When you're entertaining plan ahead with festive appetizers and finger foods to keep everyone party ready!

- Have a mix of indulgent foods such as puff pastry tarts and baked cheese dips with healthier options such as shrimp cocktail or cheese and fruit so that everyone can partake in the festivity of the holiday.
- Mocktails can help keep calories in check by eliminating the alcohol. Ocean Spray Cranberry Juice Cocktail makes a terrific base for your drinks.
- Cranberries are one of Mother Nature's super fruits with a rich source of antioxidant polyphenols and a deliciously refreshing taste!

By: Jacqueline Gomes, RDN, MBA

**Circular Call Outs**



**Perdue is Proud To Salute Allegiance.  
Best Wishes for Continues Success!**



This advertisement for Tuscan Dairy Farms is framed by a border of green pine branches and gold Christmas ornaments. At the top left is the Tuscan Dairy Farms logo, which includes a cow silhouette and the text "Tuscan Dairy Farms SINCE 1918". In the center, the text "Proud Sponsor" is written in a cursive font above the Allegiance Retail Services, LLC logo. Below this is the slogan "Independent together." To the left of the center are two cartons of Tuscan Dairy Pure milk: "Half &amp; Half" and "Heavy Cream". To the right are a carton and a jug of Tuscan Holiday Egg Nog. In the foreground, a martini glass and two small bowls contain the egg nog, garnished with cinnamon sticks and mint leaves. At the bottom right, the phrase "Fresh for the Holidays" is written in a cursive font.



## Allegiance 2020: The Store of the Future

The need to develop a new store prototype is a requirement to remain relevant with today's consumer. Retail disruption in the form of all things digital has had a profound effect on all retailers; however, among the more subtle challenges facing supermarket retailers is the continuing delay in the development of the family unit. With the family structure (couple with children) developing almost 10-years later than that same period when the 'greatest generation' was the primary consumer - the impact is profoundly negative. The 'sweet spot' of a supermarket consumer is a household with children, when the breadth of product lines and ingredient based shopping is at its peak. With a delay in that development, supermarkets have had to adjust their offering to meet the needs of a today's consumer who gravitate to more finished products than ingredient based items.

To address the changes required of a physical store footprint to increase relevancy, an internal

task force was created to study the opportunities. This task force charged to ... "investigate and assess the 'next generation' store layout, technology requirements and merchandising concepts to support the Store of the Future - so as to serve as a prototype to the Allegiance Retail Membership." This cross-functional team is considering all facets of the store - particularly those which were customer-facing, but the assessment also included some technology aspects not visible to consumers.

Professional staff from Merchandising, Store Operations, Marketing, Store Design and IT participated on the Task Force. The process included 'Discovery' - which entailed visiting other stores both within and outside of the marketplace - and not solely within the supermarket sector, to glean best practices. Consumer-sensitive - assessing if the various proposed enhancements would resonate with the consumer profile in the Allegiance operating area. Assessment - understanding if those elements deemed relevant to our custom-

er-base, would be scale-able within the Allegiance portfolio. Planning - incorporating the agreed to elements into a draft store layout, and assessing the correct linear footage allocated by department.

The process is currently in the final draft phase, and departments and Merchandising concepts such as a Produce Butcher, a Hydroponic offering in Produce, a branded Café, Wifi seating area and a growler bar (where permissible) are being strongly considered. Linear increases are not the only changes being contemplated - categories which now feature commonplace online purchases are also being contemplated to change - change in the form of reductions in linear footages. Front-end layouts and footages, click & collect sections and a 'treasure hunt' section are also being strongly considered by the task force in finalizing the prototype store.

Elements of a finalized prototype store of the future will be available to the Allegiance Membership mid- 2020.



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# Our Mission and Values

*Our mission is to provide our membership customized services that optimizes their retail success.*

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***To that end we commit to:***

- ★ *Providing industry leadership and expertise by...*
- ★ *Delivering what we promise with respect, integrity, and passion; from...*
- ★ *A dedicated team of professionals focused on accountability, service and motivation*

Motivated and committed to a common cause