Hawaii Retail GatoCet the magazine of the hawaii food industry association

Merriloha!

HFIA Companies Make the Season Brighter for the Community

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CORRECTION

In the Fall 2017 issue of Hawaii Retail Grocer, the photos of two HFIA Board of Directors members, Stacy Waiau-Omori, Foodland's Vice President of Sales and Operations, and Maxine Parker, Foodland's Director of Grocery Operations, were inadvertently misidentified. The error was subsequently corrected in the online version of the magazine, which is published on the HFIA website at www.hawaiifood.com/Hawaii-Retail-Grocer-Magazine. We apologize for the oversight.



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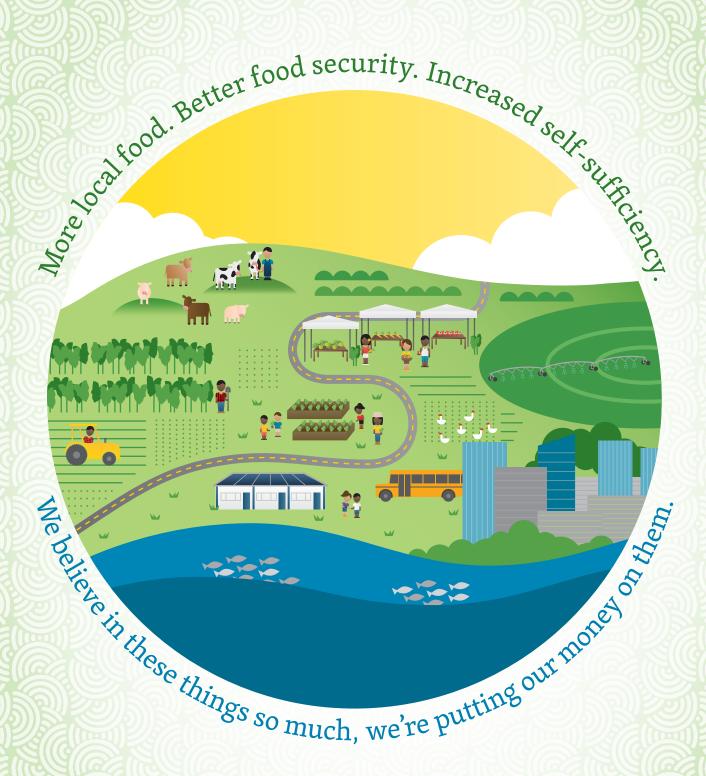
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LEGISLATIVE UPDATE

BY LAUREN ZIRBEL

During this fall and early winter, HFIA's legislative team has been working hard to get ready for the upcoming 2018 Hawaii State Legislative session, while also being engaged with the ongoing activities of all four County Councils.

Monitoring HSAC's Proposed Legislation

We've been carefully tracking the Hawaii State Association of Counties (HSAC) Legislative package, which contains several bills that could impact members if they pass at the state level. This year's HSAC Package will include a tax credit for employers who hire a person with a disability and another for those who hire an elderly person. Many HFIA members would be eligible for these credits if these bills are successful.

The 2018 HSAC Package also has

a bill asking for the state to provide funds to the Counties to identify more Important Agricultural Lands around the state, which could lead to more farms being able to take advantage of the incentives that come with land being designated as Important Agricultural Land. Fortunately, a proposal to include an increase in the minimum wage to \$15 an hour did not make it into the package this year.

There was also a resolution on Maui to include the \$15 minimum wage in the Maui County Legislative package which they submit to the state but it did not make it into that package either. Maui and Kauai Counties are both in the process of finalizing their own Legislative Packages to send to the State Legislature.

Collaborating with Malama808

HFIA has been very pleased to

work with Malama808 in support of a bill to reduce litter by applying common sense solutions to control trash, and enable cooperation between businesses, community organizations, and government to address the problem of litter. This is a great example of how voluntary, comprehensive solutions can effectively address a tricky problem like litter, and we're glad to be a part of the positive effort to get this measure passed.

Proposed Maui Ban on Sunblock Ingredients

Maui's legislative package includes a ban on the sale and use of products containing oxybenzone and octinoxate. These are two common ingredients in sunblocks, moisturizers, anti-aging products, and other skin care products that have an SPF. Maui



LEGISLATIVE UPDATE

County Council has also introduced and advanced a countywide ban on both the sale and use of these products. They invited presentations from two scientists in favor of the ban, but did not invite scientists who have researched the actual causes of coral bleaching, some of whom have publicly stated that the idea that sunscreen is causing coral bleaching is "laughable."

HFIA Opposes GET Increase on Maui and Kauai

Late this fall Maui and Kauai Councils each introduced bills to create a 0.5% County GET Surcharge for their Counties. HFIA has submitted testimony in opposition to both measures.

Hawaii is one of only a handful of states where groceries are taxed and we believe that increasing taxes on necessities like food is a step in the wrong direction for our residents, our businesses, and our economy. Bills introduced late in the year like this have a tendency to move through the County Councils quickly so we'll be watching them carefully and keeping members updated in the Weekly Updates.

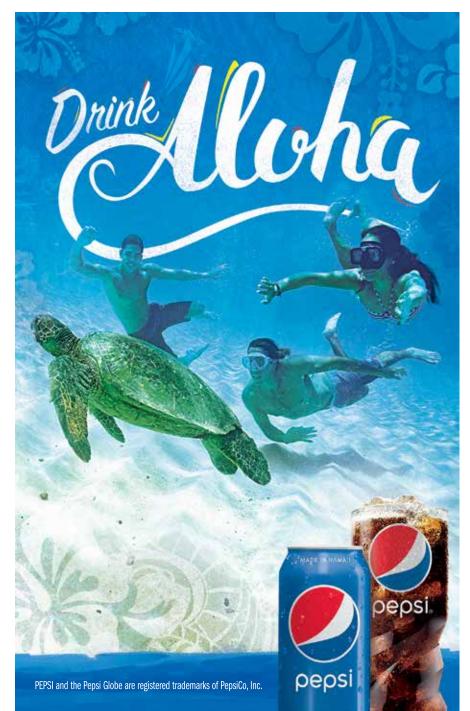
Potential Tax Credits in Honolulu

In addition to these Maui and Kauai bills, we're monitoring and working on a number of bills from the City and County of Honolulu. HFIA is tracking several potential expansions to Honolulu's sit lie ban.

There were a few tax credits introduced at the Honolulu City Council, which HFIA is tracking in the Weekly Update. One bill would give a property tax credit for organic farming, and another would give a tax credit to restaurants that are certified as "ocean friendly" by the Surfrider Foundation.

Reducing Waste

This has been a challenging year for county legislation. Maui and Hawaii Island passed polystyrene bans; however, they exempted egg cartons and meat trays, an important point in HFIA testimony. HFIA has participated in some great successes this year, including passage of the updated plastic bag ban in Honolulu, which now includes a 15-cent fee. HFIA has worked hard for this legislation, which we know is an essential part of reducing waste. Efforts like this help underscore the importance of HFIA's ability to provide a unified voice for our industry that lawmakers at all levels can hear. We've achieved some great momentum this year and we're looking forward to carrying that into 2018.



CHAIR'S MESSAGE A Cup of Cheer

The holiday season is like no other time of the year as thoughts turn to gift-giving and festive feasting with family and friends. Signs of the spirit of goodwill, our aloha spirit, are found everywhere. Whether it's volunteering at a Thanksgiving event to feed the homeless or holding a holiday toy drive, many HFIA members actively give back to the community during the festive season. In addition to the holidays, our members, and indeed many other Hawaii businesses, make a practice of giving back to the community throughout the entire year. This is evidenced in our feature article, "HFIA Companies Make the Season Brighter for the Community." During the holidays, the aloha spirit is especially visible and heartwarming.

When employees come together for a worthy cause, there's a unique ca-

maraderie that cannot be developed in any other way. Corporate Social Responsibility (CSR) initiatives provide such an opportunity for organizations to build that special unity. Yet, the success of any CSR initiative depends on human compassion, kindness and generosity. When I look at the various community programs that our HFIA members sponsor and support, their success in raising funds and awareness, and their enthusiastic volunteering efforts, I can't help but marvel at how deeply caring people can be!

As Mark Twain said, "Kindness is the language that the deaf can hear and the blind can see." I'd like to raise a glass to all our members who make kindness a company value and philosophy, and who make it a priority to find ways of bringing a cup of cheer to those who desperately need



it. It's an honor to be part of such a generous community! I feel that our collective efforts do truly help to build a better Hawaii and a better world.

On behalf of the HFIA board and team, thank you for your continued support of HFIA and your contributions. We wish you and your families a safe and joyful holiday season, and a very Happy New Year!

Aloha, Beau Oshiro



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TRENDS



Three Trends Driving Consumer Demand for Food Transparency

BY NATIONAL GROCERS ASSOCIATION

Transparency in the food supply chain is no longer just a matter of ensuring efficiency and productivity. It's a regulated, market-driven necessity that's at the forefront of many consumers' minds. Those who haven't fully embraced the transparency movement have likely found consumers not only making their concerns widely-shared on social media, but editing their shopping list based on those concerns.

There are already signs of progress throughout the supply chain as more manufacturers explore technology to help enable improved safety practices. In fact, confidence in the safety of the U.S. food supply has remained consistently high since 2008, according to the International Food Information Council.

David Carter, CEO of FoodChain ID, notes that "now, more than ever, consumers want to know what's in the food they eat." He explains that: "Consumers are not demanding that all food be non-GMO, and we don't take the position that this is always necessary. But what consumers are clearly demanding, more than ever, is that food be thoroughly inspected and receive the proper certifications, and that this be done by qualified professionals who ensure accurate labeling to help consumers make fully informed purchase decisions."

Below are three of the trends driving the rise of food transparency, according to FoodChain ID:

1. The globalization of the food supply. Our food and the ingredients in it are now sourced globally. One product can have ingredients from numerous locations. Globalization has further complicated the food supply chain and, as a result, recalls are increasing. Food production, warehousing, transportation, and supply chain technology have evolved to minimize many of these complications. But it has taken the supply chain time to identify its vulnerabilities and to get up to speed on the tools being introduced.

2. The Food Safety and Modernization Act. On January 4, 2011, President Obama signed into law the Food Safety Modernization Act (FSMA)—the most sweeping reform of our nation's food safety laws in more than 70 years. The bill aimed to ensure the U.S. food supply is safe by shifting the focus from responding to contamination to preventing it. While there's not necessarily more recalls due to unsafe food, manufacturers are more frequently catching potential issues due to increased regulation.

3. Major shifts in consumer attitudes about their food. Consumers want to know exactly what is in their food, which reflects the trend toward "clean labeling" by manufacturers. According to a study by the Center for Food Integrity, consumers not only want companies to be transparent about their business practices; they want transparent food product labeling and ingredients. While many consumers haven't fully decided how they feel about genetically modified organisms (GMOs), many want the right to know if their food includes GMO ingredients.











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Methodologies Make the Season Brighter for the Community

BY NATHAN HOKAMA

he holiday season is a time to celebrate with family and friends with potlucks and other feasts. It's also a time to consider the needs of others who may not have the necessary resources to meet their everyday needs, often because of circumstances beyond their control.

HFIA members are more attuned to the needs of the community because they see the connection between food, sound nutrition and Hawaii's people. Member companies have a natural affinity for organizations that are making a difference in the lives of others.

But in Hawaii, our aloha spirit cannot be contained to just the holidays. Here are a few HFIA organizations who demonstrate their generosity not only during Christmas season, but also throughout the year.

Ulupono Initiative Adopts a Helping Hands Hawaii Family

In the spirit of the holiday season, Ulupono Initiative will continue to support Helping Hands Hawaii's Adopt-A-Family (AAF) seasonal giving campaign. Last year, the Ulupono team "adopted" a local single mother and her three children who were living in a challenging situation. Through the generous donations of team members, Ulupono donated 13 items to Helping Hands for the family.



Ulupono Initiative's Amy Hennessey (left) and Noreen Reimel (right) dropped off gifts to Maria Vuong of Helping Hands Hawaii (center) for the Adopt-A-Family campaign.

"We hope it helped make their holidays brighter and look forward to helping another family this year," said Noreen Reimel, Communications Manager with Ulupono Initiative.

Pasha Hawaii and Hawaii Stevedores Serving Hawaii's Homeless

Employees of Pasha Hawaii and Hawaii Stevedores, Inc. joined together to support a number of nonprofit organizations, according to Reggie Maldonado, Regional Manager, Pasha Hawaii.

"With the financial support and encouragement of our parent company, The Pasha Group, Pasha Hawaii and Hawaii Stevedores employees formed a Community Action Team called Hui Huilima (Helping Hands)," Maldonado said. "Throughout the year, members of Hui Huilima provide cash donations, coupled with vol-



The Pasha Hawaii and Hawaii Stevedores' Community Action Team get into the holiday spirit as they prepare to serve residents of Hale Mauliola.

unteer man-hours to assist Hawaii's many deserving non-profits."

With the holiday season upon us, Hui Huilima once again hosted a Thanksgiving luncheon for residents of Hale Mauliola, a homeless shelter located across the street from the company's Sand Island facility. The luncheon is being coordinated by employees, with the assistance of the Institute of Human Services.

"It was such a heartwarming event; all the employees that helped serve the Thanksgiving meal came to me and said it was a 'feel good' moment," said Hawaii Stevedores employee Cheryl Uyehara, who spearheaded last year's Thanksgiving luncheon. "We were all touched when one of the residents thanked us as he walked up to the food line and started crying as he was so appreciative of what we did for them."

Young Brothers Helping the Community See Better

Young Brothers also has been a strong supporter of local nonprofit organizations to help the community. The company has been a proud supporter of Project Vision Hawaii since 2011 to provide free health screenings and education. Every year, Young Brothers gives back to Project Vision Hawaii and other communities by donating financially and in-kind shipping services. By transporting their mobile units from O'ahu to Hilo, Molokai'i and Lāna'i, Young Brothers helps these communities achieve better vision health.



Young Brothers Vice President Roy Catalani; Kimo Haynes, President of Maui Petroleum, Inc.; Project Vision Hawaii's Executive Director Annie Valentin, Natalia Lagmay, and Young Brothers' President Glenn Hong.

Big Island Dairy and Hawaiian Values Team Up to Deliver Fresh, Local Milk

Big Island Dairy is joining with Hawaiian Values to provide an in-kind contribution of 3,000 cups of local milk at Honolulu Hale to coincide with the Christmas lights and decorations.

Landon Whitesides, Marketing Manager for Big Island Dairy, noted that this is the first year the company is providing the milk because they dairy was not in production last year.

Foodland Partners with Customers to Support the Salvation Army

Foodland notes that some of the best ideas come from their customers. Listening to customer feedback has led to the development of wonderful community programs that have grown over time.

"Since 1988, Foodland has partnered with its customers to Share a Holiday Feast with those in need. This idea was suggested to us by a Maui customer nearly 30 years ago," said Sheryl Toda, Senior Director of Marketing and Corporate Communications. "She wanted our help in donating a turkey to a needy family during Thanksgiving and thought



Honolulu Hale's Christmas festivities will be enhanced with free local milk from Big Island Dairy and Hawaiian Values.

other customers might want to do the same. And she was right!"

"Thanks to a partnership with The Salvation Army, that small idea has enabled Foodland and its customers to provide thousands of holiday meals to families in need," she added. Each November and December. Foodland customers make donations at checkout to support Hawaii's less fortunate families through Share a Holiday Feast. In addition, customers may contribute their Foodland My Rewards Certificates as a \$5 donation. Donations are turned into Foodland gift certificates and distributed by The Salvation Army to families in need on each island where donations are received.

"More than \$100,000 is now raised for Share a Holiday Feast each year and this truly speaks to the caring, giving nature of the people of Hawaii. We are very proud to partner with our customers to Share a Holiday Feast," Sheryl said.

Aloha Petroleum Meeting the Community's Needs

Aloha Petroleum, which operates the Aloha Island Mart network, believes it is important to be a good corporate citizen by actively participating in and supporting the communities where they live and work, according to Casie Bui, Aloha Petroleum's Marketing Manager.

The company gives not only during the holidays, but all year long. Aloha's donations and support focus on causes related to education, social welfare, the environment, and the arts. Various other Hawaii schools, churches, and other non-profit organizations also receive support with donations of cash, gasoline gift cards, logo promotional items, or fuel purchase rebates. Altogether, Aloha Petroleum supports more than 40 organizations each year.



Par Hawaii, a year-round mission partner of Special Olympics Hawaii for more than 27 years, is the sponsor of the nonprofit organization's Summer Games.

Par Hawaii and Special Olympics

Par Hawaii, which fuels both the 76 and Hele gasoline stations statewide and operates many of the convenience stores, supports numerous nonprofit groups throughout the year. The company has a 27-year relationship with Special Olympics Hawaii.

"As a mission partner of Special Olympics Hawaii, we support the nonprofit year round," said Lance Tanaka, Par's Director of Government and Public Affairs. "Our retail employees and customers support Special Olympics Hawaii's annual Fueling Dreams fundraiser held at our stations. Additionally, we sponsor the opening ceremonies of the Summer Games and participate in fundraisers such as Polar Plunge, Cheer for Champions and Over the Edge of Waikiki. This year, we took our partnership to a new level by holding Par Hawaii's inaugural charity golf tournament, with proceeds benefiting Special Olympics Hawaii and the YMCA of Honolulu."



HFIA Gives Back

Lauren Zirbel, HFIA Executive Director, presented an early Christmas present to the Hawaii Foodbank. HFIA members contributed more than \$700 to the Hawaii Foodbank, represented by, from left, Malcolm Inamine, Interim President & CEO; Teri Luna, Director of Product Resourcing; and Laura Kay Rand, Vice President & Chief Impact Officer.



Gentle Giant?

What Does Amazon's Acquisition of Whole Foods Market Mean for Hawai'i?

BY NATHAN HOKAMA

Over the last decade, Amazon has been trying to find out ways to become a leader in the food and beverage business. Bloomberg reported in early 2017 that Amazon plans to become a top 5 grocery retailer by 2025. Strategies include offering online grocery shopping and delivery options, competing in restaurant and meal-kit delivery, and even launching its own line of snack foods.

While current data suggests that the online grocery model is failing (only 4.5% of shoppers made frequent online grocery purchase in 2016), Amazon has been relentless in its attempt to be a game-changer in retail grocery and re-invent the next phase of the in-store shopping experience.

Recognizing it cannot win the game with online stores and delivery alone, Amazon is pursuing the integration of brick-and-mortar locations and in-store shopping with its online platform. Amazon Go, the drive-in grocery kiosk that mixes online and in-store shopping, and its acquisition of Whole Foods Market are two most recent examples.

The Whole Foods strategy has been to implement storewide price cuts on Whole Foods' most popular products and offer Amazon Prime members additional savings and in-store benefits, while continuing to drive innovations in convenience logistics and point-of-sale transactions.

Threat or Partner?

While this new partnership has generated a lot of fear among the nation's major supermarkets, not everyone feels the new Amazon-Whole Foods merger is a real threat. Some considered Amazon



In 2007, Amazon was smaller than J.C. Penney and Bed, Bath & Beyond. Fast forward 10 years later and the e-commerce giant is now worth more than Walmart, Costco, Target, Best Buy, Macy's, Kohl's, Nordstrom, J.C. Penney and Sears combined, moving nearly six times as much e-commerce merchandise as the eight biggest brickand-mortar retailers. Last year, Amazon accounted for more than 50% of all e-commerce growth in the U.S.

a direct competitor while others believe Amazon is a partner.

Capitalizing on the growing trend for more consumers to make purchases from their phones, tablets, laptops and desktops is certainly not new. Safeway introduced online orders and home deliveries two years ago to offer more convenience for shoppers.

"We are thrilled to offer grocery delivery to our customers on Oahu and create new jobs in the community. Our customers on Oahu were a driving force in our offering the service here, and we hope they will enjoy the added convenience and time savings of grocery delivery," said George Glukfeld, Safeway's Hawai'i district manager, when the service first began.

Customers simply access the service through Safeway's website or through the company's delivery app, and orders are filled by in-store personal home shopping clerk and delivered by Safeway drivers in special delivery trucks equipped with multiple temperature zones.

It's All About Data

It's important to note that Hawai'i consumers were early adopters of online shopping. It was a way to gain access to products and merchandise that may have been difficult to find in the islands. Avoiding substantial shipping fees to Hawai'i was a major consideration in online shopping. Waived shipping fees with expedited shipping for Amazon Prime customers readily gained favor with Hawai'i consumers.

So what's unique about Amazon and Whole Foods Market online offer? Industry analysts believe it can be summed up in one word: data.

Amazon has mastered the art of digital merchandising that has created online and offline disruption. Some say Amazon already has got its ability to upsell and cross-sell down to a science to successfully get customers to add items to their virtual shopping carts. Now with access to data on Whole Foods Market customer buying patterns, Amazon will be capable of building analytic models to create a customized grocery shopping experience that can predict what consumers want, how much they want, and how often they want it.

Amazon and Whole Foods Market can confidently predict shopping behavior with precision and are able to create a loyal following of customers using data to accelerate the process. The takeaway message: Amazon is reshaping customer expectations and raising the bar on what retailers need to do to win and retain loyal customers.

Vertical Integration to Promote Exclusive Products

This has major implications for merchandising. By creating a vertically integrated organization, Amazon and Whole Foods Market can effectively promote private brand products that typically have higher margins. Private brands or exclusive products further differentiate them in the grocery marketplace. The net result is a better shopping experience, fast delivery, good prices and unique products.

Constant Vigilance

Hawaii's retail grocers can take the news in stride. However, the Amazon-Whole Foods partnership serves as a reminder to remain vigilant and responsive to evolving needs of customers.

"Amazon's entry into food retailing will continue to push us to look for ways to provide our customers more reasons to shop with us."

- Stacy Waiau-Omori, Vice President of Sales and Operations, Foodland "From the time our company opened its first store nearly 70 years ago, we've had to make changes to our business as our customers' needs, desires and lifestyles have changed, said Foodland's Stacy Waiau-Omori, Vice President of Sales and Operations.

"Amazon's entry into food retailing will continue to push us to look for ways to provide our customers more reasons to shop with us. With any new competition, our focus is always on taking care of our customers, meeting their needs, and ensuring serving them is the most important thing we do," she added.

Even with the online convenience, Hawai'i consumers are still attracted to new retail experiences and find something powerfully alluring about entering well-designed stores. The ambiance and the tactile rewards of being able to pick and choose your own tomatoes, papayas and other groceries and place them in your own physical grocery cart is something that is worth making time for, even for the busiest person.



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WHEN DISASTER STRIKES The HFIA Community Takes Action to Help Our Community

BY ALEXIS CHAPMAN

017 was one of the most devastating hurricane seasons in U.S. history. In late August, Hurricane Harvey caused extreme flooding in Texas. This was quickly followed by Hurricane Irma, which severely battered much of the Caribbean, including the parts of Florida Keys and U.S. Virgin Islands. Then just a few weeks later Hurricane Maria also slammed parts of the U.S. Virgin Islands, causing catastrophic damage in Puerto Rico. Rebuilding and recovery in the areas impacted by this hurricane season will take years, and the total financial toll will be tens of billions of dollars, possibly more. All of which is of course nothing compared to the tragic loss of life that people suffered.

HFIA Members Extend Aloha to Others in Need

In the aftermath of these storms and other natural disasters like the recent fires in California, many from our HFIA Community have stepped up to help in some remarkable ways.

- C&S Wholesale Grocers responded to a number of the crises this fall with a variety of support efforts, such as collecting and matching donations from employees, making their own donations of funds, and giving food and water.
- 7-Eleven also made a big financial contribution and sent thousands of cases of water to those in need.
- Pasha Hawaii responded by deploying the U.S. Jones Act vessel Horizon Spirit, which first brought nearly 800 containers full of bottled water from the West Coast to Puerto Rico, and then made several voyages bringing hundreds of containers worth of relief supplies to the island.
- Many other HFIA members have also made significant financial contributions, enabled others to help by acting as donation sites, and partnered with organizations like the American Red Cross to aid those who were impacted by these disasters on the mainland and in the Caribbean.

Supporting Those on Our Islands

But what happens when disaster strikes here at home? When there's a large-scale emergency, such as a hurricane, most people just have to worry about getting somewhere safe and taking care of their family. But for the people who are responsible for feeding Hawaii, that responsibility doesn't go away in an emergency. It becomes a lot more challenging.

The last time a major natural disaster affected a big portion of the state was Hurricane Iniki in 1992. The deadly storm caused almost \$2 billion in damage, especially on Kauai where



it destroyed thousands of homes and business and knocked out power and communication. In the aftermath, the Aloha spirit of the people of Hawaii was highly evident. Many of the most memorable stories are of neighborhood parties to share food, markets giving away groceries, and countless other examples of communities pulling together to help each other.

Preparing for the Worst, Praying for the Best

However, Iniki also demonstrated how difficult it can be to weather a storm of this magnitude. In many areas of Kauai, communication was cut off for days after the storm. It took over a month to restore power on the island, which made it hard for residents to do essential things like get water and store food safely.

Twenty-five years after Iniki, the needs of our state have gotten bigger. Hawaii was home to about 1.1 million people in the 1990s. Now there are more than 1.4 million residents. Importing, growing, storing, distributing, and selling food for that many people takes a lot of work and a lot of preparation on a good day. But anyone who is familiar with business or weather knows that it's not all good days. When it comes to natural disasters like hurricanes, Hawaii businesses have to "prepare for the worst, but pray for the best," as Janel de Jesus of KTA superstores puts it. Truly being as prepared as possible for the worst is essential for grocery distributors and retailers, because when disaster does strike, our state will depend on the food industry.

Hawaii's Geographical Obstacles

While disasters are a challenge anywhere, Hawaii's geographic location means we have some extra obstacles to overcome. First of all, there is our distance from not only the mainland, but also from any other populated land mass. While disasters are challenging anywhere, Hawaii's geographic isolation means we have some extra obstacles to overcome. Hawaii is the most isolated population center in the world. Therefore, the people of Hawaii will have to rely on each other for help during a disaster, as it may take considerable time for any outside assistance to arrive.

Another extra consideration is the need to take care of visitors to our islands. In addition to the 1.4 million Hawaii residents, there are hundreds of thousands of tourists in the state at any given time. In the event of a natural disaster, these visitors would need to be not only sheltered but also fed until they can travel home, which could take longer than usual if the disaster interrupts air service for any reason. Taking care of tourists in an emergency presents a unique challenge because people don't go on vacation with their disaster supplies, and many Hawaii residents may be undersupplied as well.

Taking Responsibility for Our Families

After witnessing the aftermath of the Atlantic hurricanes this year, the Hawaii Emergency Management Agency changed its recommendation for the amount of food people should have on hand. The previous recommendation was seven days worth, but the agency now advises people to keep at least two weeks worth of food. That means an emergency kit for a family of four should contain enough food for about 160 individual meals, as well as food and supplies for any pets. The food in these kits need to be both easily transportable (in case people have to evacuate a shelter) and shelf stable. Many people will not have the right amount and type of food for an emergency, and therefore will rely on the food industry for a lot of their needs during a crisis.

Food Safety Still Important in a Crisis

The food industry also has to take into account considerations about refrigeration and storage. Even in times of crisis, food safety protocols cannot be ignored. Making sure food stays at safe temperatures, packaged, stored and transported safely is always important.

When there's a disaster, distributors and retailers have to find ways to maintain their safety standards and keep as much food available for as long as possible for people who need it. And it's not just electricity



that might make this difficult. Much of our important infrastructure is very close to the water. If there were a hurricane or tsunami, many of our most important roads, airports, transportation centers, and warehouse and storage facilities would be in the inundation zone.

HFIA Members Work to Ensure Supply and Service

HFIA member businesses have analyzed these challenges and created disaster plans and protocols to ensure they can continue to provide for Hawaii no matter what happens. Different kinds of businesses will, of course, take different actions as appropriate, and different kinds of disasters demand different responses, but many disaster plans share important common elements.

The first key theme is adaptability, expecting the unexpected, and being flexible in extreme circumstances. This will help businesses make sure their disaster plans will work regardless of what the disaster may be, which makes a lot more sense than trying to get the disaster to fit with the plan. A good plan will also give specific people specific roles with specific goals or responsibilities. Ensuring that everyone knows their role in disaster response will increase efficiency and effectiveness by eliminating a lot of confusion.

Taking Care of Employees First

Another important calculation that a lot of businesses make is how to best take care of their employees when there is an emergency. Making sure that employees and their families are safe during a crisis is the logical first step when businesses are working to ensure that their community as a whole is cared for in an emergency.

Caring for their communities is also why a number of member businesses take responsibility for making sure that essential supplies get where they are needed most. For instance, some companies will work to see that first responders and search and rescue have supplies such as batteries. Beverage companies can have arrangements in place to ensure that hospitals have access to water, and retailers may plan to manage other essential sup-

Continued on page 30

FDA Labeling is Back on the Menu

BY ALEXIS CHAPMAN

In early November the Food and Drug Administration (FDA) published a draft of their latest guidance for the Menu Labeling Rule which will "require restaurants and similar retail food establishments that are part of a chain with 20 or more locations doing business under the same name and offering for sale substantially the same menu items to provide calorie and other nutrition information for standard menu items, including food on display and self-service food."

The non-binding guidance contains some new information and clarifies some of the ongoing questions about the rule. Its release also opened a comment period, which runs through the beginning of January, allowing those impacted by the rule to submit feedback and questions to the FDA. This should give the agency enough time to respond before the rule goes into effect on May 7, 2018. The upcoming start date was set after years of delays caused by the challenges that implementing the rule posed for many different kinds of businesses, and the confusion about certain provisions that weren't clear under the previous guidance. In 2017 the rule was extended just days before it was set to go into effect, a decision prompted in part by a number of stakeholders communicating to the FDA that implementation was simply not feasible at that time.

While there are still going to be some challenges for businesses to implement new labeling, at this point there is little chance of any additional extensions or of the rule being scrapped altogether. While this outcome isn't ideal for many food businesses, at least some of the questions about the rule have been resolved by the recently provided guidance, and there's hope that after the comment period the FDA will provide additional clarification on other issues.

One of the big questions that grocers have had about the rule is how it applied to situations like marketing alliances where a number of stores operate under the same banner but



"Restaurants and similar retail food establishments that are part of a chain with 20 or more locations doing business under the same name and offering for sale substantially the same menu items to provide calorie and other nutrition information for standard menu items, including food on display and self-service food."

don't offer the same menu items. The FDA confirmed that the rule does not apply unless there are 20 or more locations that have both the same name and offer substantially the same menu items. However, they did confirm that if a location is part of a business that the rule applies to, and that location sells a unique item not offered at other locations, that item must still be labeled with nutrition information according to the rule. They also clarified that the necessary information to adhere to the rule can be displayed using a signboard in a part of the store like the bakery where multiple items are sold. Some additional information about enforcement was also provided in the new guidance, for instance that inadvertent human error in labeling would be considered a minor infraction. Unfortunately this was not accompanies by a definition

of minor infraction. But the FDA did suggest that especially during the first year after the rule takes effect their focus will be on cooperative education and assisting businesses to come into compliance.

For businesses that haven't already made the necessary changes, following the rule will involve some adjustments and may mean new sings, labels, or menus. But hopefully the 2018 start date and this more thorough guidance will make the process slightly more manageable. The FDA guidance doc as well as a review by the National Grocers Association, and links to the full FDA info on the rule were sent to HFIA members when the guidance was released in November, and anyone needing another copy or any additional information on compliance can contact info@HawaiiFood.com.

Being Attuned to Customer Needs Creates More Opportunities

BY NATHAN HOKAMA

ime is a precious commodity for many Hawai'i families. Whether dashing off to drop toddlers off at day care, shuffling teens to soccer games, or chauffering aging parents to doctor appointments, people are constantly on the go.

Leisurely cooking a homemade meal from scratch and catching up on each other's day have become foreign scenarios for some. Instead, gathering around the family dinner table has become a time to catch up on text messages and emails. Families have also had to make sacrifices, choosing convenience and speed over healthier options to get dinner on the table on time.

Consumer lifestyles are evolving. Hawai'i retailers are paying careful attention to what's trending and are rising to the challenge to offer the best of both worlds: convenience and healthier options. This is creating opportunities for retailers to introduce new products and creative ways to merchandise foods in new ways.

A New "Chop Shop" Concept

Foodland is one of those retailers leading the way.

"Customers want more convenient options without compromising quality."

Keoni Chang
 Foodland's Corporate Chef
 and Senior Director of Culinary



Richard's Market on Lana'i offers a wide variety of food choices to accommodate changing customer preferences.

"We know that our customers' lives are getting busier and busier, and they want more convenient options without compromising quality. Some customers want foods that are readyto-eat, and eat-on-the-go, and some customers want options that will simplify their cooking," said Keoni Chang, Foodland's Corporate Chef and Senior Director of Culinary.

"We've continued to expand our prepared foods offerings, and offer more items that are already cut, seasoned, marinated and readyto-cook. For example, at Foodland Farms Ala Moana, we launched a 'chop shop' concept in our produce department that has pre-cut vegetables in bins so consumers can buy what they want in the exact quantities they need," he said.

Growing Demand for Healthier Options

In addition to understanding packaging and buying preferences, Foodland knows what customers are seeking in their food purchases.

"Consumers today want authentic experiences. They want great tasting

foods that are properly made foods that taste like they're supposed to taste," Chang said. "In addition, consumers are looking at fresh and healthy options to include in their diets. Fresh made juices, kombucha, gluten-free products, and locally-made selections are just some of the new items that we see increasing in popularity."

The demand for healthier options inspired Aloha Petroleum/Aloha Island Mart to be the first private-sector retail network in the islands to partner with First Lady Dawn Ige and the Hawai'i Department of Health to offer healthier options for consumers two years ago.

Aloha Island Mart earned the designation as a Choose Healthy



Now site for offering and labeling select foods and beverages that meet nutrition guidelines set by the Department of Health. These items are prominently displayed so that consumers can easily identify them and make healthier decisions at the point of sale. Customers are prompted to choose these healthier snack and drink items through signage, point-of-decision prompts and special price incentives.

Healthy Convenience

"We offer customers convenience and healthy, affordable food choices."

– Casie Bui, Aloha Petroleum's Marketing Manager

"People typically do not think of convenience stores as a place that offers healthier options," said Casie Bui, Aloha Petroleum's marketing manager. "But for our customers who come into our stores after filling their vehicle with fuel, we have been able to offer convenience and healthy, affordable food choices."

She said the company has continued to offer healthier options because customers have responded well to the offerings and it stems from a personal commitment from Richard Parry, president and CEO of Aloha Petroleum, to create healthier communities, starting with Aloha Petroleum's own employees.

Aloha Petroleum initially rolled out the program at two of its Aloha Island Mart locations in Kāhala and Wai'anae, and has since expanded to almost all of the locations in its network. Aloha Petroleum recently held a radio remote at its Likelike store in Kaneohe to promote the program and plans to offer Choose Healthy Now items at its new Aloha Island Mart location in Hawai'i Kai.

Rapid Expansion

The Choose Healthy Now program began in May 2014 as a partnership





between the Department of Health and the Department of Human Services Division of Vocational Rehabilitation Ho'opono Vending Program with six snack shops in state and federal government buildings on Oahu.

After Aloha Island Mart became a designated Choose Healthy Now site, KTA Super Store and 7-Eleven also adopted the program. Today, more than 145 grocery and convenience stores, hospitals, cafeterias, and snack shops statewide participate in the program.

"We are honored and excited to be part of an initiative that provides our customers with an easy and quick way to make healthy food choices," said Greg Hanna, president and CEO of 7-Eleven Hawai'i. "The Department of Health provided the expertise to make all the changes needed to highlight healthier options for our customers."

Neighbor Island Perspective

Even residents of Lāna'i are requesting healthier options. Without the benefit of larger retail outlets on the island, Richard's Market, the main retail source, relies on a combination of weekly shipments of food barged from Oahu and locally grown produce.

"We're constantly listening to what our customers want."

– Roger Alconcel, Director of Retail for Richard's Market, Pulama Lana'i "We're constantly listening to what our customers want," said Roger Alconcel, Director of Retail for Pūlama Lāna'i, which owns Richard's Market in Lāna'i City. "We may not have the same volume as other locations, but we always try to accommodate the requests of our customers."

There's built-in self-sufficiency on the island. By popular demand, Pūlama Lāna'i Nursery grows non-GMO papayas, dragonfruit, herbs and flower to supply Richard's Market. In addition, Kumu Ola Farms is growing organic dragonfruit, kale and lettuce. Future plans call for using wide-scale hydroponics to grow even more produce on the island. Honey and seasoned salts from Lana'i-based companies also augment the merchandise offered at the store.

Ongoing Vigilance

Being at the forefront of change can be tricky. Assessing or anticipating customer preferences may not always be easy. Determining if customer requests are merely a passing fancy or a major shift requires constant monitoring and mid-course corrections. And that requires a commitment from Hawai'i's retail grocers.

Foodland's Chef Chang sums it up perfectly: "We believe in taking risks to offer what we believe our customers may like, and then react quickly to make any necessary changes based on their feedback and response," Chang added.



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Smart local buys scheduled

BY ALEXIS CHAPMAN

This year the ongoing success of two local HFIA member companies caught the attention of some big name businesses. In June, **QSI Inc**, the company behind Times and Big Save, was acquired by the **Don Quijote Group** (also an HFIA member), and in October **Sysco Corporation** announced their agreement to acquire **HFM Food Service**.

Both deals generated a lot of positive sentiments among the leadership of the companies involved. Sysco President and Chief Operating Officer Tom Bené said "HFM has been providing quality service to Hawaii and Guam for over 50 years, and we are excited to welcome them to the Sysco family of companies." He also noted "By leveraging the combined skills of Sysco and HFM, we are better positioned to serve our customers. This partnership provides an opportunity to broaden our vision to be our customers' most valued and trusted business partner."

John Quinn, President and CEO of QSI commented on the Don Quijote purchase "This is a huge step for our business and will be good for our customers. Today we are combining two established kama'aina companies to create a powerful new brand in the local grocery industry." And in both cases the buyers recognized the strength of the local people that make up these local companies and announced that they planned to retain all associates.

As these businesses move for-

ward during and after the acquisitions it will be exciting to see what these companies can do with both the advantages of a lot of local knowledge and the power of big national and international business.



Deadline Extended for the HFIA Member-Get-A-Member Campaign!

Campaign Ends February 28, 2018

Help HFIA grow by introducing a new company to the benefits of HFIA membership, and get them to join our ohana!

For every new member you recruit, you earn one entry into the Grand Prize drawing for a trip for two to Las Vegas, courtesy of Vacations Hawaii!

Simply provide your contact a membership application. Be sure they enter your name and company as the referring member on their application.

For recrutiment tools, including the HFIA membership application, talking points and campaign rules, email us at **info@hawaiifood.com**



Carl Fukushima, Safeway, Lauren Zirbel, HFIA, and Beau Oshiro, C&S Wholesale.

Made in Hawaii Show and After Hours Networking Mixer

BY DESIRÉE ROSE

HFIA hosted its 4th Annual Made in Hawaii Show & After Hours Networking Mixer last September at the Japanese Cultural Center. The event is held each Fall, offering HFIA members an opportunity share and promote locally made products while enjoying pupus, refreshments and the camaraderie of business colleagues.

Nearly 100 people attended the After Hours event to share and enjoy a variety of locally made products. Exhibitors included: Anheuser-Busch; Diamond Bakery; Hawaii Foodservice Alliance; Meadow Gold Dairies; KYD, Inc.; La Tour Bakehouse; Shaka Tea; Southern Wine & Spirits; and Young's Market Company.

The evening concluded with a "lucky prize drawing," generating \$740 to benefit the Hawaii Foodbank. Every \$10 donated to the Hawaii Foodbank distributes 25 meals to hungry ohana in Hawaii. The donation generated by participants in the lucky drawing is equivalent to over 1800 meals for families in need!

HFIA extends a huge mahalo to all those who came together to make the event possible.



Derek Kurisu of KTA Superstores and Desirée Rose of HFIA facilitating the lucky prize give-away that generated \$740 for the Hawaii Foodbank.



The Don Quijote team (from left): Oliver Julian, Craig Souza, Jeff Cagaoan, Herb Gushikima, and Ed Sawai.



From left: Denise Sasaki, Kellsie Sasaki and Ashley Jenkins of Meadow Gold.



From left: Eddie Asato, Gouvea's & Purity Foods; Bob Kline, KYD Inc; Joni Marcello, Meadow Gold; Todd Oda, Koha Foods; and Carl Fukushima, Safeway.



Chad Cohen of Coca-Cola Bottling Company (far right) enjoying conversation with Jackie Murai-Pedersen (left) and Butch Galdeira (middle) of Aloha Petroleum.



Guest Verna Oshiro in near disbelief as she is about to receive the lucky drawing grand prize of the iPad Mini generation 5!



The Coca-Cola Bottling of Hawaii team (from left): Jasmine Mitchell, Scott Andrew, and HFIA Secretary/Treasurer, Joe Carter.



Enterprise Rent-A-Car & National Car Rental: From Left: Leila Wheeler, Evamarie Belardo, Shari Mitsui, Jason Oka, Lei Ikeda; with Cathy Hotta, Rimfire Imports and husband Mark Hotta.



The Hawaii Technology Development Corporation - INNOVATE Hawaii team are enjoying the variety of products exhibitors brought to share. From left: Wayne Layugan, Erin Furuichi and Wayne Inouye.



Maile Miyashiro of C&S Wholesale Grocers very excited to win a generous selection of wine.

THE LAST WORD Kicking Off 2018 with a Unified Voice

BY LAUREN ZIRBEL

This year, as we celebrate the holidays and say goodbye to 2017, HFIA is taking stock of everything we have to look forward to in 2018. HFIA will be starting the year off with our Legislative Talk Story at the Capitol on January 4. The Talk Story event is a great opportunity to solidify our united voice and communicate to legislators the important contributions HFIA businesses make in our community.

As part of our proactive approach to legislative action this year, we'll also be reaching out to many Representatives and Senators with letters from our members in their specific districts. Connecting with our legislators in this way before the legislative session begins helps HFIA to set a positive tone for the work we do during session, and helps legislators to keep in mind why the businesses we represent are so important to our state.

Preparing for the Legislative Session

While we're preparing for this legislative session, we're also developing specific strategies for the legislation we know is coming. There are several beneficial bills to be heard in

Continued from page 20

plies so they're able to provide them to customers when they're needed.

The final, and most universal common thread between the disaster plans of our members is the spirit of cooperation. All member businesses who provided details of their plans confirmed that they were well prepared to work with a wide range of nonprofit organizations, State agencies, the military and other federal responders, as well as other businesses to do whatever is needed to take care of the people of Hawaii when disaster strikes. the state legislature in 2018, such as the tax credits outlined in the Legislative Update.

We are grateful that the Honolulu City Council passed a bag fee bill, which will help to reduce the cost of groceries and encourage waste reduction. HFIA would love to see bag fees implemented at the State level. We also anticipate many ban and labeling bills, which we will work to stop.

Expect More Minimum Wage Bills

In January 2018, minimum wage is set to increase to \$10.10 an hour; however, there are some who want it to be raised even higher. We expect to once again see a number of minimum wage increase bills this year.

Employee Leave Can Cost Jobs

Along with minimum wage increases, there will also likely be several bills requiring paid sick leave for a wide range of employees and to expand paid family medical leave to include other types of family members. HFIA will continue to employ a variety of tactics to let our legislators know why these measures can cost jobs and are not the right choice for our state.

Annual HFIA Social

While the legislative session is a big part of what we do, we also have a lot to look forward to in 2018 outside the Capitol. On January 19, we're holding the Annual HFIA Social. This year's theme is "Beau Knows Sports," which leaves the field wide open for all kinds of costumes and games. We know this will be a night to remember and we're looking forward to a big turnout.

New Member Benefits in 2018

In addition to our legislative advocacy and fantastic events we're also updating some of HFIA's other member benefits in the coming year. 2018 will bring revamped shipping discounts exclusively for members, a boosted social media presence that members can use to expand their digital reach, and more resources like legislative updates through the HFIA members' portal. The year ahead will be a time to bring even more value to our members and we're excited for all the great things our organization will be involved in throughout 2018.

"The industry as a whole in Hawaii has always shown their Aloha Spirit; gone above and beyond to assure that people in need do not go hungry no matter what!"

Many of the government agencies and nonprofit organizations regularly work with HFIA member businesses on trainings and updating plans because they know how essential this industry will be if we face another Iniki, or similar situation. So while we hope that we will never see another Iniki, we also know that with the expertise and dedication of our industry, our state can weather any storm. Polly Kauahi of the Hawaii Foodbank said it perfectly when she observed, "the industry as a whole in Hawaii has always shown their Aloha Spirit; gone above and beyond to assure that people in need do not go hungry no matter what!"



IT'S THE LAW: Do Not Sell Tobacco Products or Electronic Smoking Devices to Anyone Under 21



Act 122, Effective January 1, 2016

1. All vendors must display this sign at points of sale. Free signs available by calling (808) 586-4613.

2. Always ask to see I.D. and do not sell to anyone under 21 years of age. Undercover inspections will be conducted for enforcement.

3. Know that if you sell to persons under 21, you will be fined.



Questions? Contact the Tobacco Prevention & Education Program, Hawaii State Department of Health at (808) 586-4613. find out more at http://health.hawaii.gov/tobacco/retail



If you're shipping perishable goods to Hawaii, you should know that Matson introduced refrigerated shipping to the Islands of Aloha and that no one in the business has more expertise in handling chilled and frozen cargo. In addition to the industry's most advanced fleet and most skilled employees, we offer computerized online tracking, a national refrigerated cargo sales team, and the largest quantity of top-quality, advanced refrigeration equipment in the trade. And, after 130 years of service to Hawaii, our dedication to the islands is stronger than ever. How cool is that.







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