

# Hawaii Retail Grocer

SPRING 2019

the magazine of the hawaii food industry association

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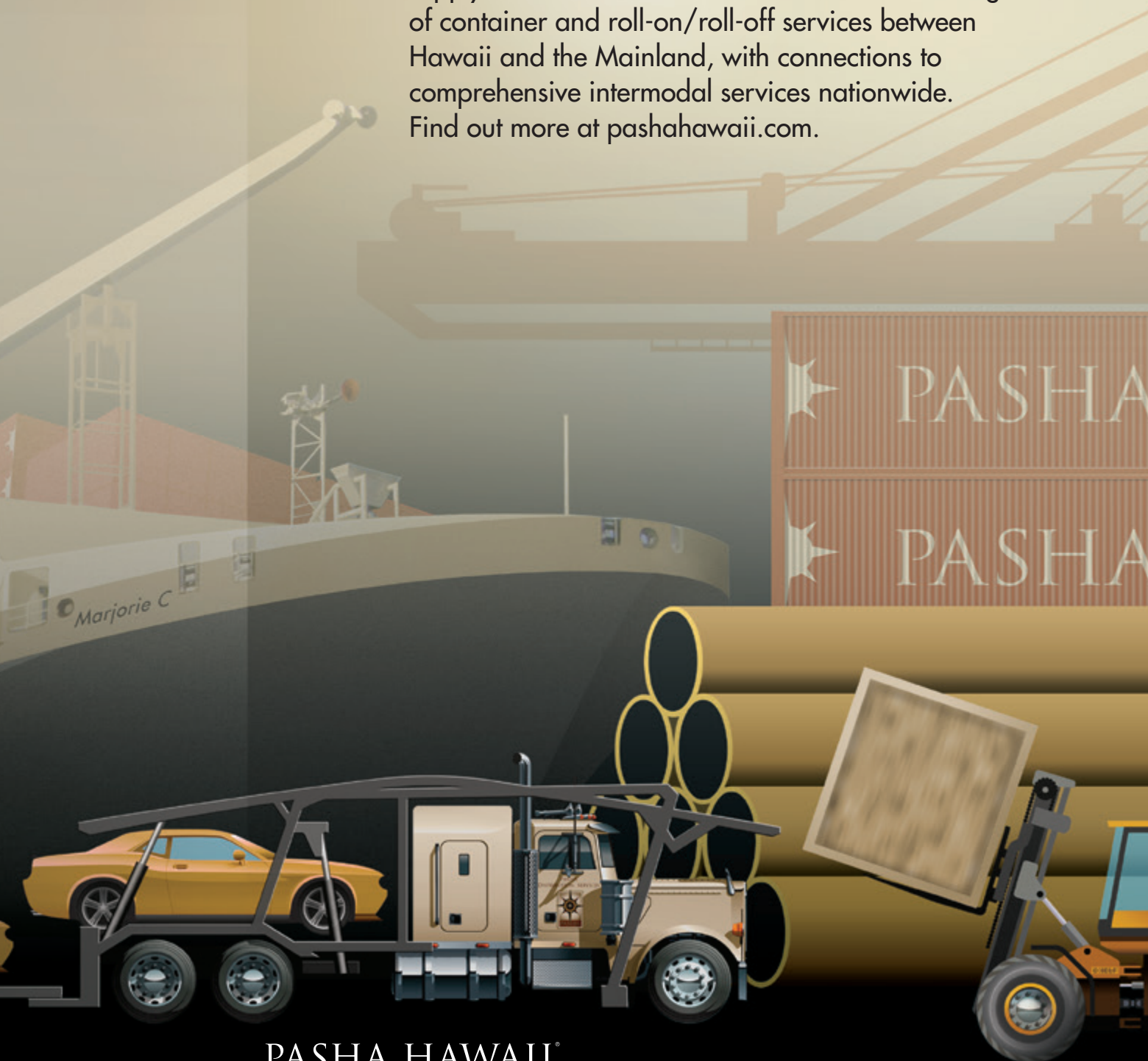
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# Hawaii Retail Grocer

The Magazine of the Hawaii Food Industry Association

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BY LAUREN ZIRBEL



This year, HFIA is very pleased to be proactively championing bills that will benefit our industry and our state. Unfortunately, our business community is once again facing

an onslaught of proposed legislation that may have negative consequences. We're working hard to ensure that we get the most positive outcomes possible on all measures.

### HFIA Authored Bills

With the help of Senator Wakai and many other supportive legislators, HFIA introduced a way to immediately lower the cost of living for all Hawaii residents by eliminating taxes on groceries. This is a long-term project that would benefit all Hawaii families, especially lower income families who spend a higher proportion of their income on food. This bill will not pass this year, but

we introduced it as a way to start the discussion about how to move Hawaii in line with the vast majority of states that don't tax groceries. We want to thank Senator Wakai for starting this discussion with HFIA.

Seven States: Hawaii, Idaho, Kansas, Oklahoma, Alabama, Mississippi, and South Dakota tax groceries fully. Thirty-two states and the District of Columbia exempt most food purchased for consumption at home from a state sales tax. West Virginia is the state that most recently eliminated its tax on food. Six states tax groceries at lower rates than other goods; including Arkansas, Illinois, Missouri, Tennessee, Utah, and Virginia. It's high time for Hawaii to join the vast majority of states by ending the regressive taxation of groceries people need to live!

### Additional Bills We Support

A recent survey from the Tax Foundation found that Hawaii has the highest sales tax collections per capita in the nation at \$2,269 per year. Employee withholding taxes erode take-home pay, as do sales taxes that Hawaii residents are forced to pay on necessities, such as food.

HFIA has authored a resolution to declare September 2019 as Family Meals Month in Hawaii. As we wrote in the last issue of the magazine, meals shared as a family have shown to have a range of benefits, especially for children. This measure allows Hawaii to join the national Family Meals movement.

**GET Exemptions:** Bills to exempt local fruits, vegetables and meat products from the GET are a significant first step toward exempting all groceries from the GET. These bills are moving Hawaii in the right direction towards removing GET from basic necessities such as food! Way to go!

**SNAP Matching:** HFIA supports measures that would create a dollar-for-dollar matching program for SNAP beneficiaries who use their benefits to buy local produce. These bills allow low-income families to purchase more nutritious local fruits and vegetables, while assisting local farmers and grocery stores. A triple win!

**Local Food Safety:** HFIA supports measures to establish a food safety certification training program. The Good Agricultural Practices (GAP) Certification Program will positively impact local agriculture, assisting small-to-medium sized farms to comply with the United States Department of Agriculture.

**Local Food Production Study:** HFIA supports a study to determine how best to measure local food production in our state.





## Straw Ban Compromise:

HFIA supports a compromise measure moving forward at the legislature that would result in full-service restaurants offering single-use plastic straws to customers upon request, and not as a standard practice.

## Bills We Oppose

### Minimum Wage Increases:

Quite a few minimum wage increase bills have been introduced this session, and they have received early support. Several are now in the process of being heard and amended. HFIA is working hard to make it clear to our legislators that any increase will disproportionately impact locally owned businesses and may eliminate entry-level jobs. We're fighting to ensure that if an increase does pass, that it should be implemented in reasonable increments over the span of several years.

### Overreaching Bans:

These types of bills are presented as a quick fix for environmental problems, resulting in a great deal of public support. We know that on Oahu, items put in the trash end up at H-POWER, so compostable items meet the same end as plastic items. HFIA's strategy on these bans is to work to stop the most damaging

ones, while also seeking acceptable compromises.

### Tobacco and Liquor:

Several bills seeking to ban or functionally ban cigarettes, e-cigarettes, or flavored tobacco products have been introduced, in addition to measures aiming to increase licensing fees. HFIA is continuing to testify on these measures to let our legislators know how they may negatively and unfairly impact businesses. We're also in opposition to liquor tax increases and attempts to allow direct shipment of beer and spirits.

### Animals in Food Service Establishments:

HFIA opposes bills that would expand the categories of animals permitted in restaurants, as well as a measure that would leave the choice to the discretion of the restaurant. Allowing pets in food service establishments presents a potential sanitation risk, and can create problems for patrons accompanied by service animals.

### Shopping Carts:

A new measure was introduced that would allow the solid waste division to confiscate abandoned shopping carts, dispose of them, and levy fines on the business from which they were stolen. HFIA opposed this and it was deferred at its first hearing.

### Coffee Labeling:

Bills proposed at the State legislature require coffee blend labels to disclose regional origins and percent by weight of the blended coffees in each bag. They would prohibit the use of geographic origins in labeling and advertising (for either roasted or instant coffee), if the product contains less than 51 percent coffee (by weight) from that location. Listing the provenance of all coffees not grown in Hawaii on coffee blend labels would place a hardship on the blending industry.

The individual coffee components in a given blend may not always be available, due to logistics, crop size and pricing. Frequently shifting supply and sourcing issues would make detailed labeling challenging, and packaging materials would frequently need to be replaced, which would be cost prohibitive to businesses.

In addition to these various issues, HFIA is also tracking measures related to County Surcharge rules, a lottery, shipping, marijuana, hemp, pharmacists, and more.

At this time of year, changes at the legislature happen very quickly. We encourage all HFIA members to keep pace by checking the legislative updates provided in our Weekly Update, and to respond to any Action Alerts requesting testimony on bills. Mahalo for all of your support this year!



# Retail Glitch: Fixing the ‘Qualified Improvement Property’ Drafting Error

BY THE NATIONAL GROCERS ASSOCIATION

The Tax Cuts and Jobs Act (TCJA) passed in December of 2017 provided the business community with long-awaited tax relief. It included many positive provisions for independent supermarket operators. NGA fought tirelessly to ensure the independent supermarket industry would experience the full benefits of tax reform, in equal measure with other business types.

While we were grateful for lawmakers’ efforts to simplify the tax code and alleviate tax burdens on Main Street grocers, a provision in the bill intended to help retailers invest in their businesses could end up harming them if not addressed and amended.

The law includes a provision known as “100% bonus depreciation” that allows businesses to write off the full costs of short-lived investments immediately. However, due to a drafting error, the language

excludes some categories of business investment—most notably qualified improvement property—from being eligible for 100% bonus depreciation.

Section 168 of the old tax law had three individual categories of qualified improvement property: leasehold improvement property, retail improvement property, and restaurant improvement property. Each category had a 15-year Modified Accelerated Cost Recovery System (MACRS), meaning property could depreciate over the course of 15 years.

To simplify the tax code, tax writers consolidated these three categories into one, and called it the “qualified improvement property” in the new bill. Though they intended to designate it with a 15-year recovery period, and this intent was explicitly stated in the conference agreement, this recovery period was accidentally omitted from the

text in the final bill as it was written, thereby setting the recovery period to a default of 39 years.

According to a report done by the Tax Foundation, despite effectively removing tax barriers to many categories of business investment, the new tax law “created new barriers for investing in qualified improvement property, seemingly by mistake.” Businesses making investments to improve their property now face a more restrictive cost recovery period—more than twice that under prior law—and are excluded from 100 percent bonus depreciation.

These businesses will face a higher tax burden on QIP investments than under previous law, an outcome that could have significant consequences, potentially slowing investment, employment, and output for those affected.

Lawmakers have acknowledged this error, which has been dubbed



the “retail glitch” and are supportive of correcting this issue. Since there is no cost associated with the fix, it is among the few provisions in the new tax law that have been identified by the Joint Committee on Taxation as needing a true “technical correction.” With a new Congress in place, including new Chairs of the Senate and House committees overseeing tax laws, the question now at hand is, when will Congress fix this glitch?

Along with a coalition of retail, restaurant and business organizations, NGA has been hitting the pavement and meeting with offices on Capitol Hill to urge lawmakers to address this issue and fix the retail glitch as soon as possible.

Independent supermarket operators are driving innovation in the marketplace, but in a fiercely competitive industry in which the average profit margin typically ranges from one to two percent, any opportunity to fully depreciate improvements made to stores will significantly help these entrepreneurs upgrade their stores, and more importantly, expand their offerings and hire additional staff.

NGA will continue to work towards a legislative fix for this retail glitch, in addition to advancing policies that will protect and enable independents to grow and better serve their communities.

For more information on the retail glitch and ways to contact your Congressional representative, visit [www.nationalgrocers.org/fixtheglitch](http://www.nationalgrocers.org/fixtheglitch).

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# New Product Review

It's spring again! That magical time of year when we surprise and delight our readers by showcasing any 'new to market', delicious, mouthwatering, beverage products. We have three great new products—a blend of

orange and vanilla flavors from Coca-Cola, a new sparkling water, and an exciting, hand-crafted whiskey using excellent local produce, distilled and blended in the foothills of the mystical Ko'olau Mountain Range.



## Hawaii Volcanic Sparkling Water

Hawai'i Volcanic Beverages has introduced sparkling water from Hawaii, the only local sparkling artesian water currently available on the market. Packaged in sustainable, reusable 777 ml. glass bottles, the water is sourced from an artesian well on the slopes of Mauna Loa.

This natural, sweet-tasting water is carbonated to add small bubbles for a pleasant mouthfeel and exhilarating refreshment. Tastes great served chilled on its own or added to freshly squeezed juices, mocktails or cocktails for "fizz," Hawai'i Volcanic sparkling water is a natural for drinking at home or for service in restaurants and bars. [www.hawaiivolcanic.com](http://www.hawaiivolcanic.com)



## Old Pali Road Whiskey

This highly anticipated, oak barrel matured whiskey has a unique taste that owes its flavor to local ingredients of corn and pure Ko'olau artesian water. This rich aromatic whiskey stimulates the senses with pleasing sweet aromas of plum and apricot. Once on the palate, a bold, smooth flavor leaves a lingering warm afterglow with hints of vanilla and caramel.

Hand-crafted and bottled at Ko'olau Distillery in Windward Oahu, Old Pali Road is now available at select bars and retail outlets throughout Hawaii. Locations are listed on their website. [www.koolaudistillery.com](http://www.koolaudistillery.com)



## Coca-Cola Orange Vanilla

Variety-seeking Coca-Cola fans now have a new, fun-yet-familiar flavor to reach for. Orange Vanilla Coke and Orange Vanilla Coke Zero Sugar—the first Coca-Cola trademark flavor innovations in over a decade—hit stores nationwide in February. The launch, which comes on the heels of the introduction of new Diet Coke Blueberry Acai and Strawberry Guava, is the latest example of Coca-Cola listening to consumers and offering an array of flavors to satisfy changing tastes and lifestyles. This flavor combination will be in the market from March 4 in 12 packs of 12oz cans.





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## CHAIR'S MESSAGE

# Aloha Friends & Associates,

On behalf of HFIA, I would like to express my heartfelt gratitude to Ms. Wendy Fujio of ABC Stores, Mr. Larry Ishii of American Savings Bank, and their absolutely amazing planning committee, staff, volunteers and donors whose hard work and generous contributions resulted in a sold-out and absolutely remarkable New Year's social! My sincere thanks for helping to get this year off to a fantastic start!

A key goal at HFIA is to support the interests of Hawaii's food and beverage retailers and suppliers through effective government relations and advocacy. After attending our January Legislative Talk Story session at the State Capitol, I found myself extremely grateful for the unique opportunity to collectively share concerns, discuss ideas, and collaborate with our community leaders from around the state!

The gathering afforded us all the opportunity to find synergies, align efforts, and discuss items of importance to us—all towards the overall benefit and well-being of our communities and industry.

One of the causes close to our hearts here at KTA Super Stores is our partnership with The Food Basket (Hawaii Island's Food Bank) on their Double-up Food Bucks initiative. This worthy program currently funded by the USDA enables every SNAP dollar spent on locally grown fruits and vegetables to be doubled.

Many of our HFIA members who also embrace this program appreciate the positive benefits it brings to SNAP participants in our communities, while also providing continued support to our island farmers.

As of this writing, there are currently two bills before the legislature that would further expand this program through statewide funding. Both measures aim to reduce food insecurity, make fresh food more available, support farmers, and boost the local economy. The best part is that the federal government will match any state funds. It is essential that these

bills move forward and these worthy programs obtain full funding.

Thank you for being a part of HFIA. Together we can continue to meet new challenges, achieve shared goals, seize new opportunities, and honor the values that form the basis of our vibrant, diverse and unique island culture!

Wishing you and your family

great health, happiness, and prosperity in the months ahead!

Me ke aloha pumehana,  
**Toby Taniguchi**  
*HFIA Chairman*



**MARCH 29, 2019**

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*Tournament*

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The poster features a central graphic of a golf ball with the HFIA logo (Hawaii Food Industry Association) on it. The ball is set against a circular background of green grass. Two golf clubs are crossed behind the ball. The text is arranged around this central graphic, with the date at the top, the event name in the middle, and the start time and location at the bottom.





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# HFIA Capitol Day Session

## HFIA Kicked Off 2019 With Our Annual Legislative Panel Discussion

BY ALEXIS CHAPMAN

Each year, the HFIA holds a Legislative Talk Story panel discussion in cooperation with the Hawaii Restaurant Association (HRA). The event presents a unique opportunity for lawmakers and business leaders to connect and discuss the myriad legislative issues that are likely to impact our industry in the coming year. This year's panel addressed some of the current and future challenges facing our members in the state's business environment.

The Legislative Talk Story session had an impressive panel and turnout this year. Several elected officials joined the discussion to address issues facing the upcoming legislative session, and how the legislature is helping local businesses. With Derek Kurisu as moderator, the panel included Senator Glenn Wakai; Representative Aaron Ling Johanson and at least a dozen other Representatives who made time to participate or attend.

The audience also included many HFIA and HRA members, as well as professionals from Hawaii's larger business community, who filled the room within the State Capitol Building, as well as the hall outside.

Joining the panel were Joe Carter, Vice President and General Manager of Coca-Cola Bottling of Hawaii, a subsidiary of the Odom Corporation; Jason Higa, CEO of Zippy's Restaurants; Paul Kosasa, President and CEO of ABC Stores; and Victor Lim, McDonald's franchise owner and representative of the Hawaii Restaurant Association (HRA).

Kurisu launched the discussion by pointing out the critical role member businesses of the HFIA and HRA play in providing thousands of jobs



across the state; and that members are "proud to keep Hawaii fed." Many panelists echoed this sentiment, noting how vital their positive contributions to their island communities are to them. Panelists also spoke about the interconnectedness of Hawaii's business community and the cooperation and close partnerships that keep the people of the state fed, and our economy running.

The discussion turned to the many

challenges that Hawaii businesses grapple with, and all panelists provided important insights and expertise. Senator Wakai pointed out that Hawaii continues to be among the worst business environments in which to do business—a fact that has not been lost on those in attendance. Joe Carter of Coca-Cola called attention to the state's very limited labor pool and how that impacts business operations, while Victor Lim emphasized the



importance of our member businesses not only to residents but also to the visitor industry. Jason Higa addressed the lack of economies of scale, while Paul Kosasa spoke of the support that local businesses need, not just from customers, but also from fellow members of the business community and government.

Representative Johanson and Senator Wakai were both very clear in stating that additional challenges are on the horizon for Hawaii businesses. Though a study is currently underway on the impacts of family leave and sick leave, new bills will nonetheless be introduced this session focused on mandating leave. According to Representative Johanson, changes to workers' compensation are also on the horizon. There was a good deal of frank and open dialogue about the prospect of another minimum wage hike, possibly a drastic one. One of the clearest points from the discussion—which was reiterated by several speakers—is that the high cost of raising Hawaii's minimum wage may be very detrimental to Hawaii businesses and their bottom line.

In conclusion, moderator Kurisu commended the hard work and values of Hawaii companies that guide how they do business, as they continue to feed Hawaii. In his final remarks, Senator Wakai reminded everyone how vital it is for the business community to continue to leverage its power and be proactive in the legislative process, an idea that is central to our legislative strategy at HFIA.

Throughout this year's legislative session, HFIA will continue to draw on the topics and key takeaways from this panel. We will continue to remind our legislators why our member companies are so vital to Hawaii, and why impacts on these businesses must be seriously considered when deciding on new legislation.

We want to thank all our panelists and our moderator, Derek Kurisu as well as the many legislators, HFIA and HRA members who contributed to this year's productive and insightful HFIA Legislative Talk Story.

## KTA Super Stores Score for Scholarships 2019

The 2019 KTA Score for Scholarships program to benefit student-athletes at the University of Hawai'i at Hilo officially launched on February 13 at KTA Super Stores islandwide on the Big Island.

Shoppers who stock up on participating brands from February 13 through March 12 will be supporting UH Hilo Vulcans with their purchases. The brands sponsor the annual Score for Scholarships program that has bolstered the athletics program since 2003.

"It is our honor and privilege to contribute support to UH Hilo's Vulcans and we are so grateful to have loyal and generous customers who show their support each year," said Toby Taniguchi, president of KTA Super Stores.

Every time the Vulcans score, athletic scholarships grow. KTA donates \$50 for every 3-point basket the Vulcans score during the basketball season; each goal in soccer is awarded \$100; and, volleyball scores \$50 for every service ace. During baseball and softball games, the Vulcans receive \$25 for strikeouts, \$50 for doubles, \$75 for triples, \$100 for home runs and \$500 for grand slams.

All funds raised through the program are deposited into the KTA UH Hilo Score for Scholarships Endowment Fund, which helps to offset the costs of tuition, room, board, books and other academic support services for student-athletes.

"We are incredibly grateful to the KTA Team and the Taniguchi Family for their incredible support of UH Hilo Athletics. The KTA Score for Scholarships campaign is a vital resource for the Vulcans program that provides support for our student-athletes in the form of tuition, books,



housing and meals. This amazing annual campaign affords our student-athletes the opportunity to achieve their academic and athletic goals. Also, we are truly honored to be aligned with KTA and their mission of involvement, support and outreach in our community," said Director of Athletics Patrick Guillen.

UH Hilo Athletics Department stages community service projects as well as free camps and clinics featuring members of the various Vulcans teams throughout the year and is very visible in the Hawaii island community. "We have a mutually beneficial relationship," Guillen said.

"Honestly I don't know of any other type of program like this ... and we're fortunate that a company like KTA and a family like the Taniguchi family is willing to support us," Guillen said.

KTA Super Stores is able to offer this annual support through generous sponsorship from the following brands: Hershey's; ConAgra Foods; Nabisco; Gatorade; Kraft/Heinz; Banana Boat; Hawaiian Sun; Diamond Bakery; Pepsi; Kellogg's; Wild Harvest; Roman Meal/Love's and Proctor & Gamble.

"We know Hawaii island residents love their UH Hilo Vulcans and we eagerly anticipate another high-scoring Score for Scholarships season," Taniguchi said.

A full-page photograph of Peter Ingram, President & CEO of Hawaiian Airlines, standing on an airport tarmac. He is wearing a blue short-sleeved button-down shirt with a white floral pattern, black trousers, and a black belt. He has his hands on his hips and is smiling. In the background, the tail of a white Hawaiian Airlines aircraft is visible, with the word "HAWAIIAN" partially seen in purple lettering. The sky is blue with some clouds.

President & CEO

# PETER INGRAM

Keeping Hawaiian Airlines  
Firmly Focused on the Future

BY MEGHAN THIBAUT

**H**awaiian Airlines introduced commercial air service to Hawai'i in 1929. As the company celebrates its 90th year of serving Hawaii, we sat down with Peter Ingram, the company's President and CEO. Ingram is a 13-year veteran of the company, but March 1st marks his first full year leading the organization.

Through 2018, Hawaiian has introduced new and improved fleets, modernized cargo facilities, expanded cargo services, and new routes and partnerships that are bound to benefit many Hawaii businesses and translate into happy travelers. Ingram is quick to credit his team for these successes. "It has



been a challenging year with growing competition and things we didn't anticipate, like volcanic eruptions, flooding and a few near-miss hurricanes," said Ingram. "Our team had done a great job of rising to the challenges and taking advantage of the opportunities."

Ingram previously served as Chief Financial Officer and later, as Chief Commercial Officer, managing the revenue generating side the business. In his newest role as President and CEO, it's clear that he's well-equipped to handle the current competitive challenges facing Hawaiian Airlines.

"I was in the airline industry before I joined Hawaiian Airlines and when I moved here, one of the things that I developed an appreciation for is that in Hawaii, air travel is an integral part of everyone's life," Ingram told us. "The closest destinations are a five and a half hour flight away. We're really the highway system connecting the major population centers of the state," Ingram points out, noting that even our high school sports teams often need to fly, in order to compete.

When it comes to cargo services, the company touches many businesses in the state, helping them expand their pool of buyers by shipping both inter-island, to the mainland and export markets abroad. "Depending on the nature of businesses in Hawaii, and if they are exporters, we have services that are suitable for them. We really are part of the fabric of the community in a lot of ways. One way or another, most businesses of a certain size are customers of Hawaiian Airlines," said Ingram.

## Expanded Cargo Services

To better serve the needs of Hawaii businesses, the airline introduced an all-cargo service between Honolulu's Daniel K. Inouye International Airport, Lihue Airport and Hilo International Airport in August of last year. Hawaiian's new cargo fleet currently consists of two newly acquired ATR-72 aircraft in an all-cargo configuration.

The airline now offers customers



## HFIA Member Benefits

HFIA members in good standing can now receive 10% off\* the already discounted market shipping rate through Hawaiian Airlines Cargo.

- Rates inbound from Neighbor Islands to HNL: \$ .33 per pound + \$.10 Fuel + \$.03 Security Fee = \$.46 per pound.
- Rate from Neighbor Island to Neighbor Island (not via HNL): \$ .25 per pound + \$.10 Fuel + \$.03 Security Fee = \$.38 per pound.

*\*Customer needs to be a "known shipper." For additional information, contact [gail.hayashi@hawaiianair.com](mailto:gail.hayashi@hawaiianair.com).*

efficient shipment of goods throughout the state with well-timed connections from the airline's mainland and international networks. The 'Ohana by Hawaiian cargo operation will soon include flights between Honolulu and Kahului Airport and Kona International Airport, with the arrival of two more cargo-only planes expected

to be in service this year.

"Cargo is an important part of our offering, of course," said Ingram. Though it's a relatively small proportion of the company's overall revenue, Hawaiian has grown substantially in this sector. "We have always been a combination carrier, but over the past six or seven years, we've doubled our revenue generation in cargo," Ingram said, citing an increase from \$40 million to \$100 million per year in revenue.

He attributes this significant growth to the expansion of the cargo fleet, but also to a focus on developing markets. "Finding and developing outbound business has been key, with salespeople in the community making people aware of our capabilities," Ingram said. A lot of the opportunity has been in developing cargo business where there hasn't been natural demand."

## Maximizing Cargo Capabilities

Hawaiian has also been making the most of cargo space in the airline's high-frequency, inter-island passenger flights, in order better serve the needs of Hawaii businesses. Brad Matheny, Managing Director of cargo services, explained "To maximize the use of the aircraft's belly space, Hawaiian Air Cargo employees re-package cargo shipments. That space is used for things that don't require

a container and that we can break down.”

The airline’s Boeing 717 fleet flies approximately 170 daily flights between the Neighbor Islands. The 717 passenger flights provide express shipments throughout the state, with their high frequency being the key advantage for cargo customers.

According to Ingram, this has proved to be a valuable product for Hawaii residents and businesses. One of his team’s accomplishments over the past year has been to put systems and processes in place to support the service. “It’s incremental revenue and we’re able to offer it at competitive pricing,” added Ingram.

## Modernized Facilities

To support these initiatives, Hawaiian Airlines opened new Maintenance and Cargo facility in November 2017 on Elliott Street, behind Honolulu’s Daniel K. Inouye International Airport. The new facility spans nearly 300,000 square feet and has been many years in development. New loading berths now accommodate a wider variety of trucks. Additional space and the latest technology make it a more efficient operation that supports Hawaii businesses, whether they’re moving their products inter-island or abroad.

While we were visiting, a few HFIA members pulled up to ship freshly baked goods and fresh catch to the Neighbor Islands. Hawaiian Airlines Cargo meets the more urgent shipping needs of both Hawaii residents and businesses, filling an important niche with daily, timely shipments that can’t be matched by ocean cargo service providers.

## New & Improved Passenger Fleets

Apart from improved cargo services, another significant initiative that’s boosting passenger satisfaction has been the introduction of the Airbus A321 neo to the Hawaiian Airlines fleet. In a short span beginning in late 2017, the company has



added 12 of these airbus-style planes. They cover routes to and from the West Coast, with a focus on service to the Neighbor Islands. The company plans to add six more.

Hawaiian has also completed modification of the interiors of all of their A330 passenger planes, adding a premium cabin, among other improvements. These have replaced the company’s Boeing 767 fleet, a type of aircraft Hawaiian has slowly phased out and retired. “We’ve now got a fleet that consists of either brand new aircraft—delivered since 2015—or the interiors have been renovated,” said Ingram. In terms of passenger comfort, that translates into new, modern cabins for short, medium and long-haul passenger flights.

## Making Air Travel Effortless

Last year, Ingram expressed a goal of “making air travel effortless” and he explained to us why this has been a priority, “We’ve built a brand around our hospitality and taking care of people. There are a lot of things to do on days that you travel. Getting your boarding pass, going through TSA—all of those things add stress to our travelers. It’s one of our areas of focus for 2019.”

The company has been making progress on this front. They have relocated and expanded their check-in

areas at Honolulu airport, a move that is alleviating congestion, especially in the middle of the day, at peak travel times. They’re changing the location of kiosks and queues to improve traffic flow and speed up the check-in process.

The company is also taking steps to improve the guest experience in every airport by replacing hardware and software at their kiosks. They’ve also recently launched a new Hawaiian Airlines app. “The changes we’ve put in there are built around the day of travel experience and improving efficiencies and conveniences for our passengers,” noted Ingram.

## New Routes & Partnerships

As far as new routes go, the next opportunity on deck for the airline is a non-stop flight between Honolulu and Boston, a route that Hawaiian is scheduled to begin flying in early April of this year. “It’s a great opportunity,” says Ingram. “It’s the largest, previously unserved route with passenger demand flying non-stop to Hawaii.”

Hawaiian is currently developing a long-term partnership with Japan Airlines, with an immunized joint venture that’s pending. “It gives us opportunities to expand in Japan,” says Ingram. “We’ll have connecting options that extend beyond Tokyo





(L to R) Brad Matheny, managing director of cargo operations at Hawaiian Airlines, Brent Overbeek, senior vice president of network planning and revenue management of Hawaiian Airlines, Peter Ingram, president and CEO of Hawaiian Airlines, Steven Ai, president and CEO of City Mill, Brandee Menino, CEO of Hope Services Hawaii, Stephen Spears, executive director of Kauai Habitat for Humanity, staff with Hawaiian Airlines accounting team who donated school supplies.

and Osaka. It's a great combination and offers good opportunities for growth," he continued, noting, "There is incredible affection for Hawaii and Hawaiian culture in Japan."

## Competing on Price

Hawaiian Airlines has managed to thrive in a notoriously price competitive industry. With new competitors now entering the market, social media is abuzz with the prospect of less expensive flights. Ingram doesn't appear too concerned. He's keeping the 90-year old brand firmly focused on the future with expanded offerings, modernized facilities and the same aloha that has made Hawaiian Airlines a seamless part of the fabric of life in Hawaii for nearly a century.

"Our industry has always been very price competitive," Ingram told us. "There is pure transparency for people to shop on price since the vast majority of tickets are sold through

direct channels or the internet."

A pragmatist with an easy familiarity with the financial side his company's affairs after 13 years of service, he shared, "So we've always got to make sure that we manage our cost structure because we know we are going to have to compete on price. Hopefully, we can deliver on service, and continue to attract customers."

Despite new competitive pressures, Ingram remains unfazed, claiming that Hawaiian Airlines is woven into the fabric of life and business in Hawaii. As the state's primary cargo air shipper, as well as the state's eponymous airline for nearly a century, he's not wrong.

The company has never backed away from competition, and remarkably, it remains one of the few airlines who continue to provide in-flight meal service at meal times on every transpacific flights. They are renowned for delivering service with aloha, and after nine decades, their brand is as inextricably linked to Hawaii life as a flower lei.

## Celebrating 90 Years of Service

"We are entering our 90th year now. We are celebrating that in 2019, said Ingram." The company kicked off their 90th year of service in November with a company-matched employee giving program. Hawaiian recognized the milestone with a company-wide pledge to match the first \$90K in employee donations to Hawaii charities, a goal that was quickly reached. "It's important to us to participate in the community," said Ingram.

Their strategic focus this year is "making sure everything we do is oriented around serving the needs of travelers and shippers to, from, and within the Hawaiian Islands." And while they compete with the largest airlines in the United States, Hawaiian makes up less than 2% of the total U.S. market. "We're a big presence here in Hawaii. In the markets we serve, we are significant and very relevant," said Ingram. "As a sports fan, what I like to say 'all we do is play home games'."





Melody and Eddie Asato, Sheryl Villanueva, Chad Dias, Verna Oshiro and Gary Villanueva

## HFIA Welcomed 250 Members to a "Geeks & Greeks" Themed Social in January at Honolulu Country Club

### PHOTOS BY ANTHONY CONSILLIO

Our annual New Year's social event was a good time for all, complete with a geeks & greeks costume theme and a delicious dinner buffet that featured greek food. Highlights included a local

round of Survey Says trivia, greek-themed movies, and plenty of prizes, including one for best costume. Guests left the sold-out event at the Honolulu Country Club with enormous gift bags provided by our many generous event sponsors.



Chad Shimamura, Teri Luna and Carl Fukushima



Barry and Toby Taniguchi, Lauren Zirbel, Joe Carter and Charlie Gustafson





Joni Marcello, Derek and Georganne Kurisu, Denise Sasaki, Kim Tran, Glenn Muranaka and Sandy Taniguchi



Reid Morihara, Shellie Hayashi, Nelson Moku III, Delicious Fujitani and Wes Okazaki



Jackie Sato, Jerry Linville, Rose Tsuru, Kim Giovannella and Craig Higa

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Nancy Enos, Darin Omori, Stacy Waiau-Omori, Jon Kato and Tiffany Baum





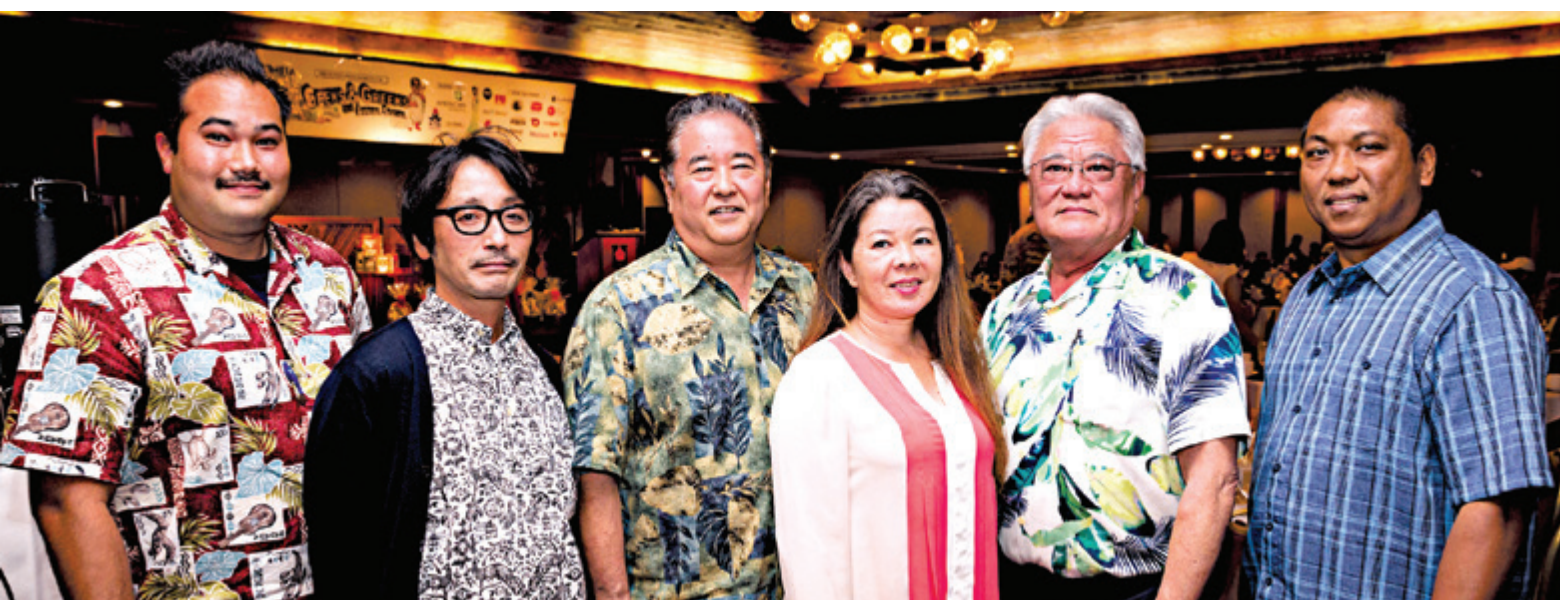
Susan Kosasa, Paul Kosasa, Tracy Ide, Joy Watanabe and John Han



Liane Khim, Chong Pak, Terri and Larry Ishii



Gary Inayoshi, Patti and Ryan Day, Becky Spray, Mark Poynter and Huy Nguyen



Oliver Julian, Nori Katsuno, Ed Sawai, Liza Garcia-Mitchell, Wes Oshima and Jeff Cagaoan





# The Journey to the Shelf

BY ALEXIS CHAPMAN

**I**t takes a lot of work and cooperation to bring our groceries to the shelves of local stores. Looking at the story of a product's supply chain can help us appreciate the interconnectivity of our industry, and illustrate the effort that HFIA members put into feeding our state. When a customer grabs a bottle of Shaka Tea from their favorite grocery or convenience store, they know they're getting a refreshing drink, but what they may not know is the path that it took, and the efforts of the many people who helped get it there.

A bottle of Shaka Tea sold at a retailer on Oahu begins its journey fairly close to home. Māmaiki tea is grown only in the Hawaiian Islands. An endemic nettle species, Māmaiki tea is best known for its refreshing, smooth taste and medicinal properties. Shaka Tea sources their tea leaves from 11 small, family-owned farms on the slopes of Mauna Loa and Kilauea. One of the company's sources is co-owner Bella Hughes own rain-forest farm and Shaka Tea's sister company, Shaka Forest Farm. Here, they practice regenerative agriculture and rebuild healthy ecosystems. Inva-

sive species like Himalayan ginger are removed, and māmaiki tea is planted underneath the native forest canopy of koa, hāpu'u fern and 'ōhia.

This practice is an expression of the company's guiding principles, as Hughes explains, "Our director of agroforestry, Zach Mermel, who grew up in Volcano, has championed sustainable agriculture from Day One and it's something our company very much believes in. We use Shaka Forest Farms as a learning space, too, where we have held workshops for new farmers and folks who are generally interested in how to maintain and enhance native forest health, whilst sustainably growing understory crops like māmaiki."

The dedication and care that Shaka Tea takes with their products are evident in every step of the process. After the delicate leaves are carefully harvested, they depart Shaka Forest



Farm and other farm sources to be dried and processed into tea on the Big Island. The lightweight dry leaves are then packaged and sent to California for brewing. A variety of other natural ingredients are combined with the māmakī to create Shaka Tea's four tropical-botanical flavors, which are then bottled and packed. The finished Shaka Tea is shipped back home to the islands, making the return trip in the care of Pasha Hawaii.

When the finished product arrives in Honolulu, Paradise Beverages takes over, ensuring that the bottles make their way to the shelves of retailers like Times, Safeway, 7-Eleven Hawaii, Foodland Farms, Down to Earth, and ABC Stores. As Shaka Tea's local distributor, Paradise has been a key partner, instrumental in Shaka Tea's growth since the company's launch in 2016.

Some Shaka Tea products may soon have a much shorter supply chain. The company is looking to open a new headquarters in Hilo later this spring. Once open, the facility will serve as a hybrid retail shop, tea bar, and processing facility where the



company can brew their products in-house, and conduct quality control on select teas.

The company is hopeful that one day, all Shaka Tea and other beverages may be brewed in-state at a local beverage co-packer. For now, Shaka Tea's journey is a fascinating example of how the global and local food production and supply chains intersect and connect. Their model shows how local companies can help Hawaii build an economy of scale. Brewing on the mainland has allowed

Shaka Tea to bring Hawaii's māmakī tea from small farms on the Big Island to 1,500 retailers across the United States.

For the consumer, it's a simple process to grab a bottle of tea off the shelf and enjoy it, but it takes a lot of carefully coordinated cooperation from Shaka Tea's farmers, brewers, co-packers, Pasha Hawaii, Paradise Beverages, and retailers to ensure that Hawaii customers have the chance to experience their unique and delicious Hawaii-grown teas.

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# Hawaii's Recycling Efforts

## Reducing Our Carbon Footprint Poses Unique Challenges

BY ALEXIS CHAPMAN

**H**awaii's stunning natural beauty makes it easy to appreciate the importance of protecting our environment. However, as a remote island chain that's home to more than one million residents and millions of visitors each year, responsible waste management presents unique challenges.

Current waste management practices are complicated by geography

and there is almost certainly room for improvement. In 2019, only green waste and wastewater are processed into usable products in the state. Other materials are either shipped to the mainland or Asia for recycling, placed in landfills, or burned for power at H-POWER on Oahu.

H-Power is the City & County of Honolulu's waste energy recovery program, located in Campbell Industrial Park. H-Power processes garbage and incinerates it in furnaces, produc-

ing steam that generates energy, which is sold to Hawaiian Electric Company and distributed to consumers. The H-Power plant processes approximately 3,000 tons of garbage daily, thereby reducing the volume of trash destined for landfill by 90%.

Recycling is considered the *de facto* best option for waste management, but in practice, there are a few aspects of the current system that are less than ideal. When it comes to collecting Hawaii's recyclables and getting them to recycling depots, there are several disparate systems in place.

On Oahu, the City and County of Honolulu Department of Environmental Services have established a





# THE HAWAII FOOD INDUSTRY ASSOCIATION

WHO WE ARE AND HOW WE CONTRIBUTE TO OUR STATE

## HFIA MEMBERS ARE:

### CORNERSTONES OF HAWAII'S ECONOMY

Our members are key businesses in Hawaii's grocery, retail, wholesale, transportation, manufacturing, leisure and hospitality, agricultural, finance, and professional industries. These businesses and industries contribute hundreds of millions of dollars to Hawaii's economy every year.

### VITAL HAWAII EMPLOYERS

Our members support thousands of jobs around the state. Several of our members are among Hawaii's largest private employers. Our businesses provide and create jobs for entry-level employees all the way up to CEOs.

### ESSENTIAL TAXPAYERS IN HAWAII

Our member companies pay millions in taxes each year. Hawaii has a heavy tax and regulatory burden compared to most other states. Our businesses choose to be a part of Hawaii because they care about their customers, their employees, their communities, and our state.

### PART OF WHAT MAKES HAWAII SPECIAL

Many HFIA member companies create, manufacture, distribute, and sell local products that you can't find anywhere else. Our businesses produce Hawaiian coffee and Hawaiian tea, we make rum and local rum cakes, we bake Hawaiian sweet breads and macadamia shortbread cookies, we make spicy chili water and sweet lilikoi jams, and so much more. Our state has so many unique local flavors and products, and HFIA member companies are proud to make and share these with Hawaii residents and visitors alike.

#### Sources:

<http://dbedt.hawaii.gov/economic/databook/>  
<https://www.bizjournals.com/pacific/news/2018/07/10/hawaii-among-nations-worst-states-for-business.html>



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**- TOBY TANIGUCHI, PRESIDENT & COO, KTA SUPER STORES**



Recycled glass is worth only a fraction of what other materials are valued at, such that its sale doesn't offset the cost of shipping it off island.

program of blue, green, and grey bins for recyclables, green waste, and other waste, respectively. Only about 160,000 Oahu homes have access to the containers. Remaining County residents must transport their recyclables themselves, and what recycling depots will accept varies by company and location.

## Glass

The State Department of Health manages the Hawaii Deposit Beverage Container Program and pays recycling companies to collect the deposit containers from customers and reimburse them. For other types of containers, each County government runs its own recycling program.

Dealing with glass waste has long been especially challenging in Hawaii. Glass is relatively heavy, so shipping to the nearest recycling plants can leave a substantial carbon footprint, and carry a big price tag. Recycled glass is worth only a fraction of what other materials are valued at, such that its sale doesn't offset the cost of shipping it.

The ability to recycle glass in the state would cut the cost of shipping and fill some real local needs. In 2014, a study by the state auditor found that processed glass in Hawaii could be repurposed for use in backfill, traction

and mud abatement on roads, and even as a soil amendment and ground cover. There is also new research underway on the use of glass in concrete, a development that would undoubtedly make glass a more desirable commodity, both for roadworks and Hawaii's seemingly endless construction boom.

## Plastic

The way Hawaii handles plastic waste may also be due for a change. In 2017, China banned imports of foreign waste, including plastics. In the past, large amounts of Hawaii's plastic waste was sold to China for recycling. Their recent change in policy is causing ripple effects around the globe, including in Hawaii.

Hawaii County notified residents in November that the island's recycling facilities would no longer be accepting #5 plastics, plastic grocery bags, and clamshell-type plastic. Businesses and individuals that previously recycled these materials now have to find alternate means of disposal. China's new policy hasn't caused changes in recycling programs in Honolulu yet, but it may do so in the future.

Unfortunately, local plastic recycling may be even more challenging than finding ways to repurpose glass in

the state. Most plastic recycling takes place on a large scale, and so far Hawaii simply doesn't produce adequate quantities to make local recycling feasible, relative to other available options. Limited local demand for raw recycled plastic also presents a hurdle.

Another hindrance is that plastics have different properties when newly manufactured and when recycled. Items like water bottles can often be reborn as fabric, but in most cases, there is not yet a continuous loop for plastics to get recycled back into their original form. New advancements are being made in this area, and closed-loop recycling in Hawaii may someday become a reality.

## Waste-to-Energy Conversion

Until then, one of the only local options for waste disposal besides landfills is burning it for energy at H-Power, a system that currently supplies between seven to 10 percent of Oahu's power needs. Garbage incinerators developed a bad reputation beginning in the 1980s when they were dismissed out of hand by environmental groups, an oppositional stance that has not changed since then. However, plants like H-Power, as well as those used in



Europe and Japan's waste-to-energy systems, are far more efficient and have considerably lower emissions than the incinerators of the 80s.

The current state of waste-to-energy conversion technology has some advantages. In a state where inbound and outbound shipping generates significant costs, H-Power's waste-to-energy conversion program takes shipping out of the equation in two ways. Waste burned at H-Power doesn't have to be shipped anywhere, unless it's coming from one of the neighbor islands to Oahu. In addition, conversion creates energy, thereby reducing the need for imported fuel otherwise used for energy production.

## Cost Efficiency

Every alternative is bound to have upsides and downsides, and none will operate in a vacuum. Cost effectiveness, emissions, carbon footprint, and long-term sustainability are all important considerations. The City and County of Honolulu's 2019 budget allocated to the Department of Environmental Services is more than \$11 million. At the State level, the deposit beverage container program costs taxpayers an additional one to three



In a state where inbound and outbound shipping generates significant costs, H-Power's waste-to-energy conversion program takes shipping out of the equation in two ways.

cents per container recycled, above and beyond the one cent container fee and the five cent deposit.

Hawaii residents have a financial stake in making sure that the programs in place are both effective and cost efficient, but perhaps more impor-

tantly, we all have stake in the future environmental health of these islands. Realism in weighing the options, and a willingness to critically assess and improve the ways that waste is managed in Hawaii—while challenging—is indeed worth the effort.

## Maui's Polystyrene Ban Now in Effect

Polystyrene food containers have been banned in Maui County, as of December 31, 2018. The ban prohibits selling, using, or providing these types of containers. Prohibited products include polystyrene containers for ready-to-eat and take-out food (including poke and sushi), packaged polystyrene cups and plates, polystyrene trays used as packaging for produce, and products like ramen noodles, which are often pre-packaged and sold in polystyrene containers.

Exemptions to the ban include trays for raw or butchered meats, poultry, eggs, or fish. Foods that require no further preparation,



like poke or sushi, are not exempt. Other exemptions include polystyrene foam coolers and ice chests specifically designed and manufactured for multiple reuse; and foam blocks or pieces used

as protective packaging in shipping (whether large or small, as in the case of packing peanuts).

Businesses can apply for exemptions for unique food types where there exists no suitable alternative to polystyrene, or in cases where using an alternative would create undue hardship for the business or food provider.

More information on the ban is available from the Foam Free Maui County website, [www.mauicounty.gov/2282/Foam-Free-Maui-County](http://www.mauicounty.gov/2282/Foam-Free-Maui-County). Members can also contact HFIA with any questions at [info@hawaiiifood.com](mailto:info@hawaiiifood.com).

– Alexis Chapman



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07**

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**MARCH  
19**

### HFIA MEMBERSHIP & BOARD MEETING

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11:30a - 1P | \$25

**MARCH  
29**

### 25th ANNUAL GOLF TOURNAMENT

HNL Country Club  
11:30a Shotgun Start

**MAY - JUN  
31-2**

### HFIA ANNUAL CONVENTION

Aulani Disney Resort

**AUG  
16-18**

### 25th ANNUAL MADE IN HAWAII FESTIVAL

Neal S. Blaisdel Center

**AUG  
27**

### HFIA MEMBERSHIP & BOARD MEETING

HNL Country Club  
11:30a - 1p | \$25

**SEPT  
12**

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Japanese Cultural Center

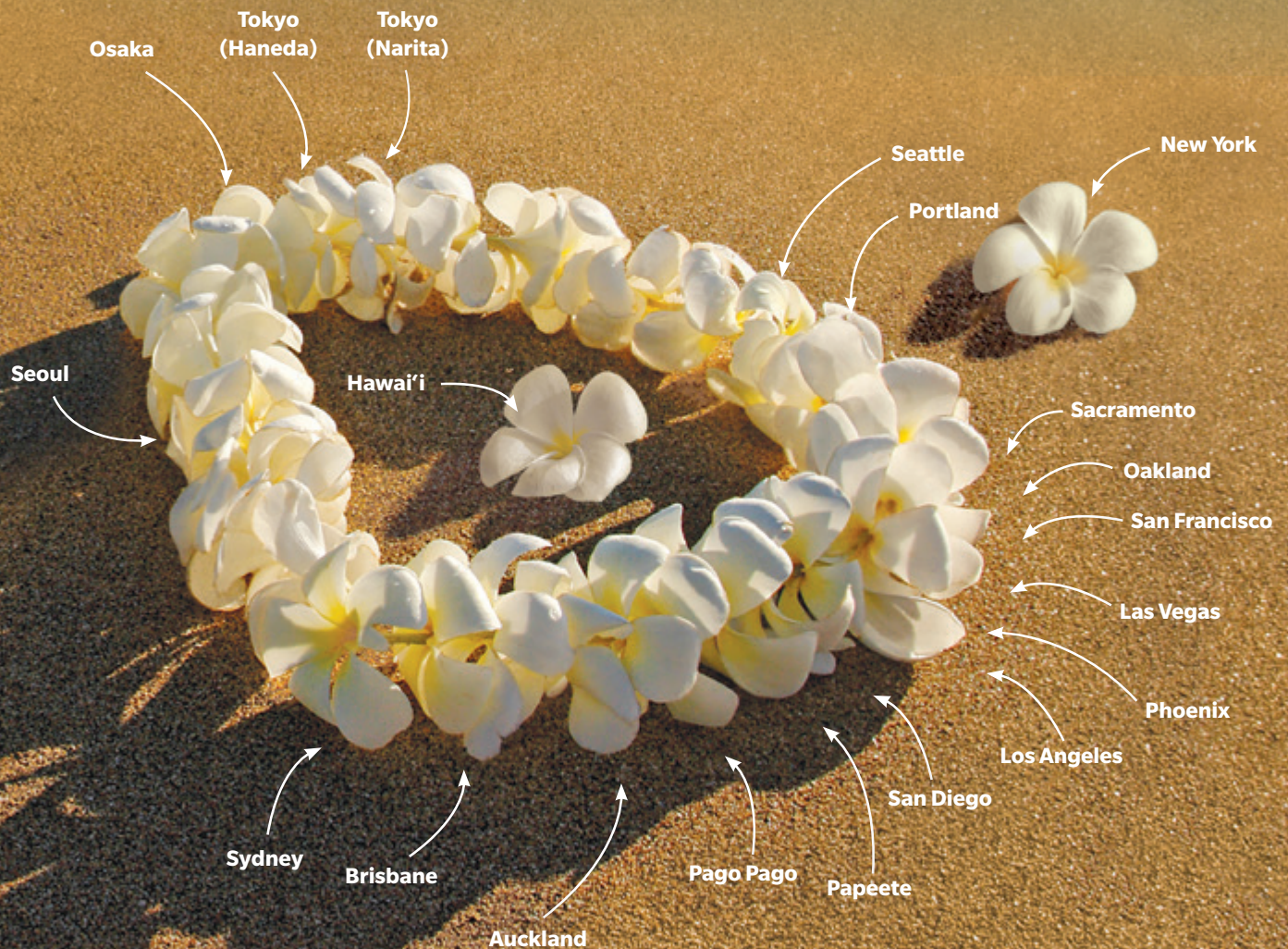
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# Key Trends Nationwide

An Annual Survey by FMS Solutions Tracks Key Performance Indicators (KPIs) for Independents and Chains Nationwide

BY MEGHAN THIBAUT

**H** FIA recently hosted more than 40 attendees at our January membership meeting, held at Honolulu Country Club. Executive Director Lauren Zirbel reviewed some of the legislative issues facing the HFIA membership, following a welcome and some introductions by HFIA Chair Toby Taniguchi. The luncheon featured guest speaker Gary Bickmore, a Key Account Executive at FMS Solutions and a former executive at C&S Wholesale.

FMS Solutions works with more than 4,400 individual retailers across the US, Canada, and the Caribbean, providing financial services to independent and chain grocers. Bickmore presented some of his company's



Consumers are increasingly looking for items that are fresh, prepared and ready to eat.

many findings from their published 2018 Independent Grocers Financial Survey, their 13th annual survey which tracks KPIs and trends in the supermarket industry.

The 2018 survey compiled results from 139 companies across 35 US states and five Canadian provinces and covered the fiscal year 2017. The study's goals are to gauge the financial

performance of independent grocers and put it in context with economic, political, and competitive factors. Survey topics cover everything from competitive environment to market trends, from operational benchmarks to sales volume, profit margins, inventory, shrinkage, and the economic landscape.

Bickmore noted that while e-com-

## New Protections for Service Animals

As of January 1, residents may face a civil penalty for fraudulently misrepresenting their pet as a service animal in Hawaii. Violators of the new law, Act 217, can face fines of up to \$500. HFIA worked hard to support this measure last year as an essential means of promoting accessibility for legitimate service animals, and to maintain vital health and sanitation standards.

Under the Americans with Disabilities Act (ADA), a service

animal is defined as a dog that has been individually trained to do work or perform tasks for an individual with a disability. The tasks performed must be directly related to the person's disability.

Qualified service animals include seeing-eye dogs, dogs that assist people who use wheelchairs, dogs that alert their owner of an oncoming seizure, dogs trained to sense imminent anxiety attacks, and more. Emotional sup-

port animals are not considered service animals under the ADA.

The ADA requires covered entities to make "reasonable modifications" in their policies, practices, or procedures, as necessary, to accommodate people with disabilities. The law includes state and local government agencies, non-profit organizations, businesses, or any entity that provides goods or services to the public.





merce is currently #1 in growth—and it continues to expand at a rapid pace—it's still only a small part of the \$5 trillion food industry. Though convenience shopping is something the survey's respondents are keenly keeping an eye on, their primary concern is competition from other brick-and-mortar retailers—especially box stores, “Respondents are asking themselves, ‘who is my immediate competition and how do I compete?’,” Bickmore said.

Next on the minds of independent operators were issues of staffing, hiring and retention, according to Bickmore. Their other chief concerns were healthcare costs and compliance; the local and national economy; and finally, local, state and federal government regulations.

Bickmore went on to discuss the significant decline in operating margins that independents have faced since the 1990s, when WalMart came on the scene and swiftly became everyone's biggest competitor. Independents and chains were forced to evolve, and operating margins have taken a huge hit in the ensuing years, dropping from an average of about 29% to about 19% today.

“Kroeger is a prime example,” said Bickmore, “They changed to compete and stay in business. They had to, in order to ensure their survival,” he continued.

He went on to highlight some key market trends influencing the grocery business today. It seems everyone is looking for fresh, natural & organic. Fresh format is the number one trend driving chains and independents, he noted. Consumers are increasingly looking for items that are prepared and fresh, and not just produce and meat that they have to go home and cook.

“Retailers today are practically having to be restaurateurs to continue to thrive and grow,” said Bickmore, who offered a few examples of retailers close to his hotel in Waikiki that are, quite literally, catering to customer's needs; these include Duke's Lane, Foodland Farms in Ala Moana Center, and to a lesser degree, Foodland Pantry.



The service animal rules fall under this general principle. Service animals are not certified by any state or federal agency, nor are they required to wear any particular identifying tags or vests, though some who use

service animals may choose to identify them in this way.

In situations where it is not apparent that the dog is a service animal, staff may ask only two specific questions: is the dog a service animal required due to a disability and what work or task has the dog been trained to perform? Employees are not allowed to request any documentation for the dog or require that the dog demonstrate its function. Neither are they permitted to inquire about the nature of the person's disability.

The new state law is designed

to serve as a deterrent for those who would try to pretend their pet is a service animal to gain entry to stores, food service establishments, and other entities.

The law provides legal recourse for the owners of legitimate service animals, should their dog be attacked by another animal who is misrepresented as a service animal. Members with questions about the new law can contact HFIA at [info@hawaiiifood.com](mailto:info@hawaiiifood.com). Additional information about service animals and the ADA is available through [ADA.gov](http://ADA.gov).

– Alexis Chapman

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Photo: Kalohi Channel by William Renio

Related to fresh and ready foods are questions of convenience shopping, with close to 20% of independents on the mainland now offering ecommerce solutions. The FMS survey demonstrates a mainland retailer preference

*Continued on page 34*



# Eliminating the GET on Groceries

BY LAUREN ZIRBEL

For several years HFIA has been working to draw attention to a financial disadvantage that Hawaii residents face; we are one of only a subject to a tax on groceries. We've written about this in the local news, and discussed it in testimony at both the State and County levels.

As an alternative to increasing the minimum wage by a significant factor every year, the state legislature could go a long way towards improving Hawaii's livability by removing the GET from food. We believe we need to find ways to improve residents' cash flow by addressing taxes on necessity purchases such as food.

Food is a significant expense for Hawaii families. In 2014, the average annual food expenditure for a two-person household was \$9,978 in Maui County, \$9,901 in Kauai County, \$9,467 in Honolulu County, and \$7,676 in Hawaii County.

An average two-person household would save more than \$400 each year if food were exempt from the general excise tax, which is significantly more than the existing food income tax credit for low-income families. Larger households would enjoy even more significant savings.

Thirty-two states plus the District of Columbia exempt groceries from their sales taxes. Another six states tax groceries at lower rates than other goods. It is time for Hawaii to join this



majority. Hawaii's high cost of living is a consistent topic of conversation and each year we see several bills that try to address one aspect of this problem or another. Exempting groceries from the GET is a comprehensive solution that would effectively make it less expensive to live in Hawaii.

Saving 4.712% on their grocery bill would mean that Hawaii families could put that money toward healthier eating, their retirement savings, or investment in their community.

Keeping the money in the local economy and in the hands of people that need it benefits everyone.

An exemption of this type would favor lower-income households the most. Lower-income families spend a significantly higher percentage of their income on food. Exempting groceries from the GET would also save the state some money by eliminating the need for the Refundable Food Excise Tax Credit.

Getting this bill passed is going to be an uphill battle. In spite of Hawaii's highly centralized system of government, which should be more efficient and less expensive than other states, we face one of the highest tax burdens in the country. Take-home pay is eroded not only by paycheck withholding, but also by the taxes Hawaii residents are forced to pay on absolute necessities such as food.

In other states that have fought to lower or eliminate taxes on groceries, the process has taken years. Which means that even if proposed bills to remove GET from food do not make it all the way this year, this is just the beginning. We'll continue to build support and educate our legislators and others about why exempting food from the GET is the best way to bring down Hawaii's cost of living.



**Continued from page 33**

(if not a consumer preference) for click & pick-up services over home delivery, with close to 20% of stores surveyed offering these as options in 2017. Of course, with the relatively recent popularity of Instacart, that number has likely increased since then.

Finally, Bickmore reviewed some of the other key findings of his company's survey, including the favorable

economic factors that are currently driving positive business trends. Gross domestic product is up; unemployment is very low; food inflation is high; all of which is good for retailers who maintain stores of food. SNAP participation is down, causing mixed results for retailers who customarily rely on this source of guaranteed income.

While FMS Solutions' annual survey doesn't currently include data from Hawaii retailers, Bickmore is

looking to change that, in order to determine benchmarks for retailers in our state.

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*If you'd like to receive a copy of the 2018 Independent Grocers Financial Survey conducted by FMS Solutions or learn more about their consultative offerings, you may contact Gary Bickmore at [gary.bickmore@fmssolutions.com](mailto:gary.bickmore@fmssolutions.com).*



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