

Hawaii Retail Grocer

WINTER 2019

the magazine of the hawaii food industry association

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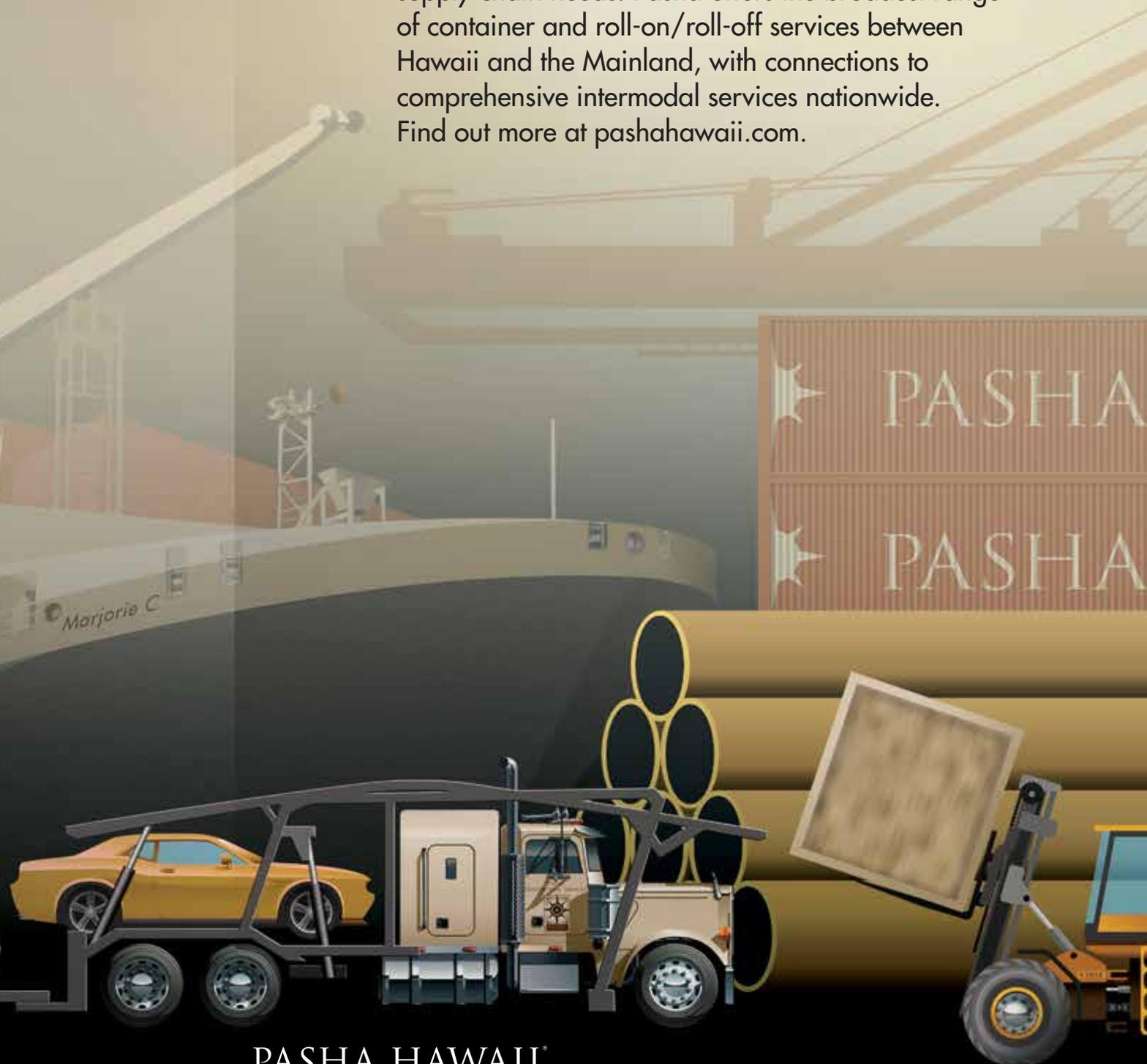
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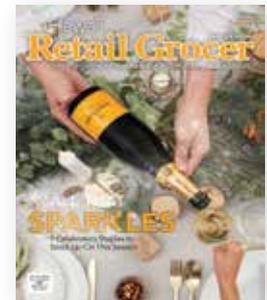
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BY LAUREN ZIRBEL

Bill 40

This fall, all of HFIA's legislative efforts have focused on Bill 40, the Honolulu plastic ban. This bill is so horrifically drafted that it has united the food industry in a way we have never seen before. We look forward to seeing what the local jobs for local food coalition will accomplish in the future.

The original version of this measure made changes to the bag ban, which prohibits plastic checkout bags for baked goods and prepared foods. This change has been included in all subsequent versions with an effective date of January 1, 2020. This ban would go into effect less than a month after the bill would potentially be signed into law, leaving no time for the department to even inform businesses that they are breaking the new law. The original bill, which HFIA only submitted comments on, also banned plastic straws and utensils and seemed intended to ban polystyrene, but the language didn't effectively do so.

Two other drafts, which represented reasonable compromises supported by HFIA and introduced by

Councilwoman Fukunaga, did not pass. These bills included incentives for using compostable containers or offering recycling, as well as a ban on polystyrene and incorporated a provision similar to Portland's bill, which would mean plastic straws and utensils could only be supplied upon request. We want to thank Councilwoman Fukunaga for looking for a win-win solution early in this process. Unfortunately, Councilman Waters did not accept her bill amendments.

The next version of the bill put forward by Councilmember Manahan was a sweeping ban on almost all plastic food packaging used in Honolulu County. Such a ban would have negatively impacted not just restaurants, convenience stores, and retailers, but also all food manufacturers. The worst part was that it put local food manufacturers at a considerable disadvantage to their mainland counterparts.

Food industry members submitted more than 1,000 emails opposing Bill 40. Many others called or sent direct messages. More than two hundred food industry members rallied outside Honolulu Hale to oppose this disastrous bill! Our calls for help did not fall on deaf ears. Coun-

cilmembers Fukunaga, Kobayashi, and Tsuneyoshi have all expressed to us in meetings that they care deeply about NOT disadvantaging local food industry businesses. They expressed their desire to find a win-win solution that will advance the cause of reducing plastics without steamrolling local food industry businesses. Please let these Councilmembers know you appreciate their thoughtful approach to legislating!

At the latest hearing on November 14, 2019, Councilmembers Manahan and Waters released a new draft one minute before the hearing, allowing testifiers no time to review the proposed legislation. This new bill contained a confusing mix of unusual language and new definitions.

They stated that the bill is intended to ban plastic takeout containers for prepared food. However, it is exceptionally difficult to decipher how the language in this bill would be implemented in a practical sense. The bill does not use industry-standard terminology, and no federal or state standards are in place to explain or define how to comply with the terms used in the bill.

The most recent version of Bill 40 bans polystyrene containers and non-compostable plastic silverware,



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NGA Government Relations Team Column

BY THE NATIONAL GROCERS ASSOCIATION

Impeachment continues to capture headlines while several important policy fights are playing out behind the scenes. Despite the challenges presented by gridlock, NGA is pushing ahead on important priorities, such as reforming retroactive pharmacy DIR fees, fixing the retail glitch, clarifying the legal status of CBD, and open trade. Below is an update on these policy issues that the NGA government relations team is actively engaged in on behalf of independent grocers.

Pharmacy Direct and Indirect Remuneration (DIR) Fee Reform:

The House unanimously passed two bills this fall that would require more public disclosure of the discounts drug companies give to pharmacy benefit managers (PBMs). H.R. 2115, the Public Disclosure of Drug Discounts and Real-Time Beneficiary Drug Cost Act, would require HHS to publicly post aggregate rebate data from Medicare and Obamacare exchange plans on a drug-class level. The bills won't change how drugs are priced or what the health system pays for them, and the narrow nature of the bills reflects just how minor drug pricing reforms must be in order to get bipartisan support and stand a chance of becoming law this year. However, NGA continues to work with various pharmacy groups to make sure that Congress addresses DIR fees and pharmacy quality measures. NGA

continues to push for the inclusion of DIR fee reform in any larger drug pricing package that is passed by Congress and is also canvassing support for H.R. 1034 / S. 640, the Phair Pricing Act of 2019.

Taxes: As previously reported, a drafting error in the Tax Cuts and Jobs Act (TCJA), known as the "retail glitch," continues to prevent retailers from being eligible for full and immediate expensing for interior remodels to stores. At the time of this writing, bipartisan legislation to fix the "retail glitch" had 250 House cosponsors (H.R. 1869) and 52 Senate cosponsors (S. 803). NGA is continuing to work with our industry partners to push for a retail glitch fix before the end of 2019. We are focusing our efforts on gaining cosponsors on both the House and Senate bills, while urging leadership to take up this issue as soon as possible. Goals are to reach 290 cosponsors on the House bill, which would allow the bill to be forced to the floor for a vote, and to reach 60 cosponsors on the Senate bill. This would signal to leadership that taking up this issue is critically important before the end of 2019. NGA is discussing the issue with Congressional offices daily and making significant progress in gaining cosponsors on both bills. The most likely opportunity for fixing the retail glitch is in a larger tax package of some sort. This tax package will likely include tax extenders, several technical corrections including QIP, and items that Democrats would like in return such as provisions related

to the Earned Income Tax Credit and Child Tax Credit.

Alongside fixing the retail glitch, there are several additional tax items that NGA is advocating for Congress to pass before the end of the year, such as the extension of the Work Opportunity Tax Credit (WOTC) and New Markets Tax Credit (NMTC), two provisions of the tax code that are set to expire at the end of 2019. WOTC and NMTC, along with several other provisions mainly related to energy credits, make up a group of tax extenders that have either expired at the end of 2017 or are set to expire at the end of 2019.

CBD Legal Framework: With the passage of the 2018 Farm Bill, CBD was removed from the list of Schedule 1 substances, and therefore we have seen a brand-new hemp and CBD industry that has rapidly developed. Ingestible CBD products remain technically illegal under the Food Drug and Cosmetic Act according to the FDA, but the agency is considering an alternative regulatory approach. Given the significant amount of consumer interest and business opportunity that CBD represents to independents, NGA has pressed FDA and Congress to identify a clear, legal pathway for CBD products to be sold at retail stores.

Open Trade: Congress remains focused on passing a United States-Mexico-Canada Agreement (USMCA) by the end of 2019. Throughout the past several months, Republicans have been actively pushing for a vote on the deal, while Democrats have been pressing to address certain concerns such as enforcement, labor, and environmental standards, particularly for our southern neighbor, Mexico. Members of Congress on both sides of the aisle have been working hard to reach a compromise. Republicans are asserting that if an agreement is not passed this year, then Democrats will suffer the price during the upcoming election cycle. However, Democrats are keen on making sure the deal addresses their concern before they will agree to a vote. It is important to

note that the USMCA deal will not formally expire if it is not voted on in 2019, although it will be difficult to accomplish during an election year.

Independent grocery stores are the cornerstones of communities in Hawaii and across the country, providing nutritious and fresh food to families and spurring economic growth in the neighborhoods they

serve. With such a large economic footprint, it is important that grocers engage in the political process. Your voice and grassroots efforts help to make a difference in Washington, DC for the entire industry. To make your voice heard on these and other policy issues impacting the supermarket industry, visit www.grocerstakeaction.org.

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CHAIR'S MESSAGE

Aloha HFIA Team,

2019 has been a fantastic year for HFIA. We celebrated the 25th Annual Made in Hawaii Festival, welcomed many new members, and expanded our calendar of events to create new networking opportunities, reach new members, and strengthen our commitment to the Hawaii Foodbank.

This past year has also been a year of many challenges. This fall, HFIA faced one of our toughest legislative challenges to date, the proposed Bill 40. We also said goodbye to Barry Taniguchi, an amazing mentor who helped make this association what it is today.

I believe the real value and importance of HFIA is even more evident when we are facing such challenges. HFIA has played a vital role in advocating for our industry on Bill 40. It has been encouraging to see our HFIA representatives and so many member companies take a leadership role on this issue, helping to make sure that our industry's collective voice is heard. Our HFIA team has worked diligently to connect members impacted by the bill and to arm them with the information needed to take action.

One of my favorite responsibilities as Chair is introducing HFIA to new members. I get to share the benefits of HFIA and the ways that our association helps connect

people within our industry. We see this at our networking events and hugely successful HFIA events like the Made in Hawaii Festival.

I know that as we look forward to 2020, we will face more challenges, but I feel that we are more prepared than ever to meet them. We also have a lot to look forward to in the coming year. We'll be kicking off 2020 with our Legislative Talk Story on January 8, 2020, at the Capitol. Our first membership meeting will soon follow on January 16, 2020, and finally, I look forward to the HFIA Annual Social on January 31, 2020, at the Honolulu Country Club.

I want to wish everyone a happy holiday season with family and friends. I'm very proud to be celebrating the holidays this year as Chair of HFIA, and I'm looking forward to everything we'll do together as an association in 2020.

Mahalo,
Joe Carter
*VP-GM Coca-Cola Bottling of Hawaii
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straws, lids, stirring sticks, and more “service ware” on January 1, 2021. It prohibits plastic containers by January 1, 2022.

The bill allows for exemptions in cases where there are no alternatives. Exemptions must be applied for through a hardship clause. This Frankenstein bill passed Councilmember Water’s committee with three yes votes from Councilmembers Menor, Waters and Manahan. There were two no votes from Councilmembers Fukunaga and Tsuneyoshi, who expressed at the hearing that they want to work with the industry on a win-win solution.

HFIA has been working since the introduction of this bill to advance a win-win solution on this issue. We’ve testified, conducted interviews, participated in press conferences and rallies, drafted editorials, and worked within the larger Stop Bill 40 coalition to make sure that the food industry’s voice is heard and prioritized in the process of creating legislation that impacts our businesses.

In the future, we plan to organize the food industry to provide more support to candidates that are open to listening to the concerns of our industry. We all lose when we have elected officials who refuse to listen to very reasonable concerns from their constituents. Many of these food industry businesses are too busy trying to make payroll to go down to the city council to testify at lengthy, five-hour hearings. However, they took the time to write and call their councilmembers. It’s tragic to see our local businesses being disrespected by some at the council.

Hawaii State Legislature 2020

Plastic

The Plastic Working Group created by the State Legislature last year had its first meeting this November. We believe there is a lot of potential in this group to find workable solutions to making our packaging more sus-

tainable. However, the opening statements by some of the groups involved in this working group are extremely troubling. They clearly stated that their intention is to ban all foods packaged in plastic and to not address other industries which are more responsible for ocean plastic because “the food industry is an easy target”.

We anticipate that there will be more plastic bans introduced at the state level this year. Some members of the Plastic Working group are even proposing EPR, a tax on all food products and packaging to pay for the cost of recycling the item. Such a tax would devastate our economy and our food supply.

In the future, we plan to organize the food industry to provide more support to candidates that are open to listening to the concerns of our industry.

We hope that the Plastic Working Group has a chance to make progress on initiatives that advance businesses and the environment. We hope our lawmakers will see the value of working collaboratively with industry, and not impose mandates that harm our businesses and our economy. We fully support incentives that would help local businesses “go green”.

Family Leave

The Paid Family Leave Impact Study, which was mandated by Act 109 in 2018, was just released. We believe there will be renewed attempts to enact some form of paid family leave in the state in 2019. HFIA is reviewing the study now to determine what types of legislation this is likely to influence and how to best respond to various proposals.

Minimum Wage

Several minimum wage increase bills made it very far in session last year. There is still pressure nationally for a \$15/hour minimum wage, and testifiers in Hawaii last year discussed \$20/hour or more as a “living wage” in our state. We know that an unreasonable minimum wage eliminates training opportunities and entry-level jobs, increases food prices and the cost of living, makes local food and locally-made products more expensive, and discourages businesses from working here in Hawaii. HFIA will continue to work to educate our legislators on the negative impacts of an excessively high minimum wage.

Vaping

We anticipate a range of regulations related to vaping, flavored tobacco products, and tobacco sales this year. For more information see our coverage on page 22 in this issue.

HFIA 2020

HFIA is in the process of establishing our 2020 Legislative Agenda. We will continue to proactively champion favorable legislation for our industry, such as creating statewide preemption for food packaging regulations, reducing taxes on groceries, and promoting incentives for businesses to “go green.”

One of our biggest lessons from Bill 40 has been how impactful it can be for state lawmakers to hear directly from our members. It was truly inspiring to see more than 200 industry members rallying for their cause on the lawn of Honolulu Hale this November.

In many of our meetings with Councilmembers, they noted the volume of calls and emails they’d been receiving from our members, their employees, and customers. This kind of action is impossible for our lawmakers to ignore. HFIA will continue to inform our members and enable them to take direct action to influence the legislation that is important to our industry.



CBD Regulations Update

Products containing Cannabidiol (CBD) have been gaining popularity in recent years. New companies are popping up with a range of products to cater to the surge in demand. State and Federal regulations around CBD have been somewhat confusing, and there is considerable misinformation being circulated from other places. When looking for accurate information on the sale of CBD or products containing CBD, it's best to rely only on official sources.

Hawaii State Guidelines

The Hawaii Department of Health has created an online resource where the most up-to-date information on CBD is published. General information about CBD can be found at <http://health.hawaii.gov/food-drug/cbd-information/>. The webpage provides essential information about statutes, rules, news and updates. The following key points pertinent to the food industry and based on current information are listed on their website:

Key Messages:

- Products containing CBD are not generally considered safe and there may be potential health risks associated with them.
- It is illegal to add CBD to food, beverages and cosmetics that are

manufactured, distributed and sold in Hawaii.

- CBD may not be sold as a “dietary supplement.”
- CBD may not be marketed by asserting health claims because that would constitute prohibited misbranding or false advertising.
- CBD is the active ingredient in an FDA-approved prescription drug. Therefore, it cannot be put into food, beverages and cosmetics, sold as a drug without a prescription, or marketed as a “dietary supplement

Federal Guidelines

The FDA has posted “FDA Regulation of Cannabis and Cannabis-Derived Products, Including Cannabidiol (CBD)” on their website.

This page offers information for both consumers and those with questions about selling CBD products. Some important excerpts from the Q&A section are below.

Q: Is it legal for me to sell CBD products?

A. It depends, among other things, on the intended use of the product and how it is labeled and marketed. Even if a CBD product meets the definition of “hemp” under the 2018 Farm Bill (see Question #2), it still must comply with all other applicable laws, including the FD&C Act.

The below questions and answers explain some of the ways that specific parts of the FD&C Act can affect the legality of CBD products. . .

Q: Can THC or CBD products be sold as dietary supplements?

A. No. Based on available evidence, FDA has concluded that THC and CBD products are excluded from the dietary supplement definition under section 201(ff)(3)(B) of the FD&C Act [21 U.S.C. § 321(ff)(3)(B)]. . .

Q: Is it legal, in interstate commerce, to sell a food (including any animal food or feed) to which THC or CBD has been added?

A. No. Under section 301(ll) of the FD&C Act [21 U.S.C. § 331(ll)], it is prohibited to introduce or deliver for introduction into interstate commerce any food (including any animal food or feed) to which has been added a substance which is an active ingredient in a drug product that has been approved under section 505 of the FD&C Act [21 U.S.C. § 355], or a drug for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public. . .

HFIA encourages all members with questions about these products to visit the FDA's page and view the full answers. You may also reach out to us at info@HawaiiFood.com. Information in this article is current as of November 10, 2019.

Start with Strategy

7 Essential Tools To Make Social Media Work For You

BY JENN LIEU

Getting started with social media and evolving your strategy can feel overwhelming for any business. Whether you are a large company or a small startup, social media can be a powerful tool if used strategically. You don't need a giant marketing budget to yield results using social media.

Here are some essentials to get you started or to keep your business on track.

Set actionable goals

Identify what you want out of social media. Assess how much time and resources you have to implement your plan. Social media strategy is a marathon, not a sprint. Companies should set goals that are actionable and attainable. For example, expecting a million new Instagram followers in 2020 is likely not realistic.

By creating smaller, pragmatic goals, you can scale your social media efforts in a way that's both reasonable and affordable. Think about it this way — what is the problem you are trying to solve? Are you trying to increase brand awareness, drive online sales, in-person sales, or achieve all of the above?

Foodland Hawaii does an excellent job planning posts to support their brand using social media. The content they share is intentionally curated to increase sales and while also providing value to their followers.

They post consistently on their platforms and engage/respond to their followers. Other social media accounts that offer examples of authentic, well-planned content include Kauai Coffee Company, Asato Family Shop, and Tamura's Market.

Define the voice and style of your brand

Imagine your brand as a person and consider what type of language it would use and what types of things it would share online. Try and describe this person in terms of age, gender, interests, and personality. This can help to define your brand voice.

Tone. Be clear to followers about what and how the brand will communicate online. Is your brand serious and formal? Flippant and funny? Choose a tone and stick with it.

Language. What type of language will the brand use online? A young and hip brand might get away with more slang, or employ more acronyms and industry-specific lingo.

Purpose. Identify the main reason your brand is engaged in social media? Is your goal to educate or entertain? Is it to drive online or brick-and-mortar purchases? Is it simply to make the name of your new business known in the community?

Know your audience

There are many social media platforms such as Facebook, Instagram and Twitter. However, this doesn't mean your company or organization

needs to have a presence on all of them. Each time you open up a new social media account, it is like opening up a brick-and-mortar store. You need to make sure you have the time and resources dedicated to engage with customers in that space.

If you do not know where your customers are online, ask yourself these questions:

- Why are we using this platform?
- Who will we reach on this platform?
- What posts work best on this platform?
- How are our posts unique to this platform?

Choose a platform that would resonate with your customer demographics. For example, First Insurance Company of Hawaii is on LinkedIn. They have two audiences—acquiring new talent and acquiring new business. Posts from their page, focus on sharing the company's culture. Articles are also shared on their LinkedIn page to position their leadership as experts in their field.

Understanding your online audience can be very powerful as your followers can become your advocate who promotes and shares your organization's product or service.

Measure your impact

Social media metrics matter. While "likes" on a post are nice, engagement metrics are essential to building meaningful, lasting relationships with your followers and customers.





Engagement includes clicks, comments, likes, and replies on your social media posts. There are also platform-specific types of engagement, such as “Saved” posts on Instagram and “Pinned” posts on Pinterest.

Branding is no longer limited to logos and colors. It’s about your voice, your imagery, and even your targeted audience. As you start on improving your branding on social media, you can measure the impact by paying close attention to engagement and mentions.

Create engaging content

Every post, reply, like, and comment should serve a purpose. Who are you creating your content for? Create authentic and lasting brand awareness. Avoid publishing promotional messages. Instead, focus on content that emphasizes your company’s brand personality and puts your followers/customers first. Share content that adds value to your followers. Don’t follow trends just to follow trends. Remember to stay true to your brand and your values.

Keep posts relevant, meaningful and simple. Posting too frequently and posting ‘boring’ content are the main reasons people will unfollow and unlike brands.

PURVÉ Donut Stop keeps their posts fun and light, in a distinctive voice that’s uniquely theirs. With an audience of more than 5,000 on Facebook, their recipe for success is clear. They love what they do and have fun while doing it. Each post is creatively crafted to feature their hand-dipped donuts served up in unique, local flavors. Their photos are creative and enticing. PURVÉ also shares relatable images of their customers enjoying their product.

Be Social

Use social media platforms to publish information that will help consumers better understand the mechanics of your brand. Focus on building a relationship with customers by conversing, interacting, engaging and caring. Don’t plug products or services. Genuine two-way communication is key. People need to trust a brand inherently, and that’s something that takes time and effort, but that needs to feel effortless to your audience.

Feedback is a gift. If people respond with negative feedback, our natural reaction is to be upset and possibly respond explaining our why. If this happens, take a step back. Think about why a person might react negatively? Was the comment true? If so, answer the comment or question. However, not all comments and questions require a response. There will always be those that want to bring out the worst in us, and if this is the case, simply do not respond.

Look back

Social media is constantly changing. Review what’s working, what isn’t, and how you can improve and evolve in this ever-changing medium. As with any business plan, adapt your strategy as you progress throughout the year. Monitor your metrics and make tweaks according to what’s working for your unique business and brand.

Jenn Lieu is a social and digital media guru with more than ten years of marketing and communications experience in Hawaii. Most recently, she was responsible for Ulupono Initiative’s digital strategy, including managing social accounts and platforms, community engagement and partner dialogue to support the company’s vision and mission. Connect with her on Instagram @jennlieu or email her at jennlieu@me.com

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LEVERAGING THE HAWAII BRAND

BY ALEXIS CHAPMAN

Hawaii is a place like no other, recognized around the world as a uniquely beautiful destination. Hawaiian place names and words evoke images of beautiful beaches, crystal blue Pacific waters, tropical fruits and flowers, surf, sun, volcanoes, and more. For Hawaii residents, our local brands are a connection to our home. For the millions of visitors to our islands each year, choosing Hawaii brands can be an essential part of how they experience and stay connected with our islands throughout the year.

Whether a company is operating locally, nationally, or internationally, Hawaii branding can provide a solid platform for a successful marketing strategy that draws on our unique location, flavors, culture, and history. Many HFIA members are local companies with local names and local branding that showcase some of the best of what Hawaii has to offer.

Hawaii Pantry

Hawaii Pantry's artisanal, handcrafted, and all natural pickles, sauces, and sauerkraut are not just made in Hawaii, the majority of the ingredients are sourced locally. Being local is in the name, the ingredients, and their core values, too. The company has made a tangible commitment to supporting sustainable Hawaii agriculture.

Owner and chef Andrew Young has a deep appreciation for the delicious ingredients that can thrive in Hawaii's climate, and is always looking for new ways to add value and bring them to market. He understands that his commitment is meaningful to his customers, "When locals have a choice between local and mainland we believe they will support a local company. Tourist and visitors also want to taste the true flavors of Hawaii with a local brand they can't get anywhere else."

Visit their website hawaii pantry.com to view their full range of products, and keep an eye out for new Hawaii Pantry offerings coming soon.

Continue page 31

hawaii pantry

ARTISANAL | HAND CRAFTED | ALL NATURAL

Aloha Shoyu

In 1946, five Japanese families opened a small soy sauce factory in Kalihi. The name Aloha Shoyu was conceived to reflect the company's deeply rooted island heritage, combined with their Japanese origins, to portray the company's core values. The word Shoyu originates from Japan and is widely used in Hawaii. Aloha captures not just a friendly local greeting, but also the important Hawaiian values that guide the company: kindness, unity, humility and perseverance.

Now more than 70 years since their founding, Aloha Shoyu has expanded and offers a whole range of local flavors from huli huli sauce, katsu sauce, poke sauce, Hawaiian Style barbeque sauce, and more. While Aloha Shoyu is available on the mainland and is famous worldwide, the "aloha difference" is not just their unique local flavors, but also their values, and the fact that their products are still made right here in Hawaii.



Hawaiian Chip Company

Only the highest quality Okinawan sweet potatoes and taro grown on the Big Island and Oahu's North Shore and golden sweet potatoes grown on Molokai are used to make Hawaiian Chip Company's gourmet chips. Hawaiian Chip Company doesn't just rely on local ingredients to keep their brand truly Hawaiian — they also know how to cater to, and adapt to local tastes.

When owner Jimmy Chan learned that customers had been using his Kilauea Fire BBQ sauce as a hot sauce, he headed into the kitchen and developed the new Kilauea Hot Sauce. The sauce line continues to expand with other marinades, dressings, and hot sauces — all developed using local ingredients and flavors. You can enjoy their local flavors at home or for a one-of-a-kind experience, stop by the store at 1928 Republican Street in Honolulu and get made to order chips!



Hawaiian Pie Company

For generations, this family-owned and -operated bakeshop has put love into everything they create. Co-owner Jan Hori explains some of the local values that at the core of their brand, "We hope that people associate our brand with aloha and 'ohana. Our customers and community are also very much a part of this 'ohana. This sense of family and community is so unique to our home here in Hawaii. It's what makes doing business here so special."

One powerful way that they put that value into their food is by creating products that resonate with locals. "Hawaii is such a melting pot of cultures and flavors that those of us who grew up here have really unique memories attached to food. Incorporating that into the products we make and reimagining flavors you grew up with is so powerful. Our Passion Orange Guava Pie is a perfect example of this. When you bite into it, it reminds you of drinking P.O.G. juice on a hot summer day."

Unique local experiences and sharing our local culture with our families, our communities, and visitors help to make a company's Hawaii brand stand out. As Hori explains, "Hawaii on it's own is a powerful and trusted brand. It's a place that's known most for our aloha, our people, and our stories. It's an honor to represent that in the work we do, and as Native Hawaiian business owners, we feel this deep sense of responsibility to ensure we perpetuate aloha in everything we do."



PHOTO CREDIT: MOËT & CHANDON

All that Sparkles

7 Celebratory Staples to Stock Up On This Season

BY MEGHAN THIBAUT

The wine business is dynamic and ever-changing. New brands and labels hit the shelves almost weekly from both Old world and New world wine regions. Champagne brands remain relatively constant, though, since the Champagne region of France is a limited geographic area. The relative scarcity of land and grapes puts proper French Champagne at a higher premium on the shelf than sparkling wine.

The higher price tag is well founded on consistent product quality and traditional winemaking practices that have been lovingly preserved for generations.

Non-vintage Champagnes constitute the backbone of any Champagne house, and are often the highest volume product in their portfolio.

Pierre-Emmanuel Taittinger said, “You’ll know the soul of a house from the quality of its non-vintage Champagne.”

Most Champagnes are a blend of Chardonnay, Pinot Noir and Pinot Meunier grapes, though there are a few other grape varieties allowed in the Champagne appellation.

Non-vintage Champagnes are blended from reserve wines from many vintages, and are produced with the goal of creating a consistent,

signature flavor profile that represents the marque. Each distinctive house style is designed to attract a loyal customer who will come back again and again.

We’ve gathered a list of celebratory staples distributed by Southern Glazer’s Wine & Spirits and Young’s Market to stock up on this holiday season. Widely available at retailers statewide, they make a perfect last minute Christmas present and are sure to impress as a hostess gift at your next holiday party.

Veuve Clicquot Yellow Label

Grapes from as many as 60 different Crus go to the blending of Brut Yellow Label, whose brand color reflects this champagne’s bright personality.

Veuve Clicquot Rosé

Based on Yellow Label’s traditional blend, this lively Rosé Champagne is the first known blended rosé, introduced by Madame Clicquot in 1818.

Moët Impérial Brut

Created in 1869, this iconic label embodies Moët & Chandon’s unique style, distinguished by its bright fruitiness and elegant maturity.

Taittinger Brut “La Française”

A blend of wines from at least 35 villages, Taittinger is delicate, with aromas of peach, white flowers, vanilla and brioche and flavors of fresh fruit and honey on the palate.

If you’re looking for bubbly that’s a little less pricey than French Champagne, opt for quality sparkling wines that are sure to brighten the mood at any holiday celebration — although you needn’t wait for a special occasion to pop some bubbly.

Chandon Sparkling Rosé

Produced by Moët & Chandon in the Napa Valley, this pretty pink rosé is dry and aromatic, with notes of fresh strawberry, watermelon and cherry.

Domaine Carneros

Produced by Taittinger, this vintage sparkling wine is created in the cool Carneros Valley of California.

Zardetto “Z” Prosecco DOC Brut

Produced in the Prosecco DOC in the Veneto region of Italy from glera grapes, this prosecco tastes of citrus, orange blossoms and stone fruits.

From Our Table to Yours

Holiday Ideas from HFIA Members

BY ALEXIS CHAPMAN

Food is such an important part of the holidays, but sometimes creating the same dishes every year can get a little stale. If you're looking for a new twist this year, HFIA members deliver some fresh ideas for you and yours this holiday season.

Crostini topped with Kona Coffee onion jam is a decadent way to start your holiday celebration. KTA Superstores provided the recipe and they carry the ingredients, including the Kona Coffee you need to make it happen.

Dishes you can make ahead always make the holidays easier. Safeway's make-ahead chop-salad features goat cheese and is a beautiful way to showcase delicious fresh veggies.

A more traditional take on holiday vegetables with a local twist is Foodland's recipe for caramelized Brussels sprouts with pipikaula. This dish is sure to get everyone's attention, especially if you use Hawaiian Host Honey Glazed Macadamia nuts.

Instead of plain rice for the holidays, head to Tamura Super Market for nametake mushrooms, frozen soybeans, and Ochazuke Wakame Furikake. Mix the cooked soybeans and mushrooms with three cups of hot rice and top with the furikake for a delicious side to complement any meal.

Stuffing is a staple for a lot of holiday meals. Still, it can be a little

dry, so liven up your favorite recipe by substituting Dole Pineapple for apples, and using your favorite Govea's or Purity brand spicy Portuguese sausage.

If you're in Hawi, stop by K Takata store for some local veggies to freshen up your meal. But of course, the main dish is the star. Head to Times for a whole papio, and wow your guests by serving it with crab spread. A whole, locally raised pig from Mountain View Farms is another showstopper, and their pork is available exclusively at Don Quijote stores.

Don't forget your vegetarian friends and family. Stop by Down to Earth for tons of recipes and holiday dishes that everyone at the table will enjoy. If you need to bring a dish to someone's house, remember everyone is happy to get a party platter from 7-Eleven Hawaii, fried chicken from Minit-Stop, or gourmet gift basket from ABC Stores.

For a personalized treat, the Waianae Store has make-your-own poke. Or leave the whole meal up to someone else. Most of our retail members listed here, along with Island Grocery Depot, Pukalani Superette, and ChoiceMart, will gladly do the holiday cooking for you.

For some added merriment, mix up a holiday-flavored Coke-tail with Vanilla Coke, a splash of cranberry juice, and spiced rum from Ko'olau

Distillery. Or head to Tamura's Fine Wines and Liquors for expert advice on wine and beer pairings to complement your favorite holiday recipes.

On Lanai, Pine Isle Market will ensure you have everything you need for your holidays—from beer and wine to groceries and fishing supplies—in case you want to start your meal from scratch!

If you want to end your meal with a bang but not spend hours in the kitchen baking, HFIA members have everything you could want. For new takes on traditional holiday flavors, head to Napoleon's Bakery for a pumpkin chiffon pie or pick up an apple or sweet potato kouign amann from La Tour.

To add some local flavors to your dessert table, try a chocolate haupia pie from Ted's Bakery, Hawaiian pie from Anna Miller's, or a rum cake from Kona Gold Rum Co. (this one is just for the grownups).

No holiday meal is complete without a selection of holiday cookies from Diamond Bakery, with several new flavors of shortbread available this year. Though we can't all be together for the holidays, the HFIA 'ohana will be at your table to help you celebrate.



Kona Coffee Onion Jam

Ingredients

- 3 Maui onions
- 3 Tbsp avocado oil
- 1 cup 100% Kona coffee
- 1/4 cup macadamia nuts
- 1/4 fresh ginger, ground
- 1 tsp cane sugar
- 1/2 tsp salt
- 1/4 tsp black pepper

Prep Time: 5 min

Cooking Time: 30 min

Total Time: 35 min

Instructions

Cook onions in hot avocado oil in large skillet over medium high heat for 15 to 20 minutes. Stir in coffee, macadamia nuts, ginger, cane sugar, salt and black pepper. Cook for 5 to 10 minutes or more, stirring occasionally until liquid has evaporated.

Serve on top of crostini or crackers. Can also be used to top beef or pork.

Caramelized Brussels Sprouts with Pipikaula

A Pipikaula twist on caramelized Brussels sprouts is sure to be a new family favorite! A perfect side dish for your next get together. Creates four servings.

Ingredients

- 1/4 pound pipikaula (julienned)
- 1 pound Brussels sprouts (halved and cleaned)
- 3 tablespoons glazed macadamia nuts (crushed)
- 2 tablespoons olive oil
- 1 lemon
- Salt & pepper

Instructions

In a skillet with 2 tbsp. of olive oil, sauté the sprouts until the edges begin to caramelize.

Season with salt & pepper and add julienned pipikaula; sauté for one minute.

Add crushed glazed macadamia nuts and squeeze the lemon into the skillet.

Mix to coat evenly and remove from heat as soon as glaze melts completely.

Members Giving Back

Pasha Hawaii - Building Healthier Communities

Employees from Pasha Hawaii and Hawaii Stevedores, Inc. make it a point to support Hawaii's charities each year through the company's Hui Hulilima (Helping Hands) community outreach program.

Earlier this year, employees and their families worked alongside teens from YMCA of Honolulu to kick off a major restoration garden project at Waimanalo Elementary and Intermediate School. Together, they built garden beds, tilled soil, and replanted kalo (taro) to get the garden ready for the new school year. The garden provides hands-on learning experiences, as well as fruits and vegetables for more than 500 students. Employees also donated a new gardening bench and provided monies to purchase much needed gardening tools.

Pasha employees also spent several Saturdays at the beach volunteering for AccesSurf's Day at the Beach, a free program that empowers people with physical or cognitive disabilities through assisted beach and water activities, such as adaptive surfing and swimming.

The company's Hui Hulilima program and year-round charitable giving resulted in nearly \$600,000 in cash and in-kind donations in 2018 to help Hawaii's non-profit organizations build healthier communities.



YMCA Waimanalo Gardenings

Coca-Cola Hawaii - Cleaning Up Our Coastline



Coca-Cola Hawaii collaborated with 808 Cleanups in late September to support International Coastal Cleanup Day on a grassroots level. Company employees joined volunteers from Waipahu High School, Maryknoll School, the American Society of Civil Engineers, and Kapiolani Community College. Together, they collected a total of 247 pounds of debris from the Makai Research Pier and its surrounding beach areas. The cleanup included 193 pounds of trash, 40 pounds of marine debris, and five pounds of lead weight.

SNAP Double Up Food Bucks Program - Ulupono Initiative Offers Support

An Easy Way for Retailers to Give Back in 2020

The SNAP Double Up Food Bucks Program doubles the value of SNAP benefits spent at participating retail grocers. Currently, KTA Super Stores on the Big Island is the only grocer in Hawaii to participate in the program. HFIA member Ulupono Initiative is offering support for marketing initiatives to quickly expand the program.

Ulupono Initiative is committed to providing \$25,000 in funding in each of 2019 and 2020 to the The Food Basket, Hawaii Island's Food Bank, which received a federal grant in support of the SNAP Double Up Food Bucks Program. Ulupono is also offering additional resources to support marketing efforts.

The program helps local families to bring home healthy local produce while supporting local farmers.

“This is a triple-win because the

program empowers low-income consumers to eat more healthy food, local farmers gain new customers and make more money, and more local food dollars stay in Hawaii,” said Jesse Cooke, Ulupono vice president of investments and analytics.

Here's what you should know about the Double Up Food Bucks Program in Hawaii:

- Total grant funding is approximately \$2 million (including cash and in-kind donations from the community, plus a \$985,000 federal grant).
- The previous grant in 2017 was approximately \$1 million in total KTA Super Stores was the only grocer partner for this grant in 2017.
- With your help, the SNAP Double Up Food Bucks Program

could drive as much as \$4 million in additional local produce purchases in the state of Hawaii next year.

If you are a retail grocer or state-wide chain interested in in this worthy program, please contact the program through its website at doubleuphawaii.org.



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VAPING PRODUCTS

CONTINUE TO CAUSE CONCERN AT STATE AND FEDERAL LEVEL

Concerns continue to swirl around vaping products, particularly as they relate their popularity among young people, and the sudden appearance of mysterious respiratory illnesses that the CDC is tying to the use of these products.

Regulations at the state and federal level continue to evolve, and HFIA is committed to keeping our retailer members informed of their responsibilities as they relate to any new legislation.

Youth Vaping

Hawaii has very high rates of youth vaping at double the national average. In Hawaii, 16% of middle school students vape, 26% of high schoolers vape, and 4.7% of adults vape. Flavored products are identified as being a significant contributing factor to the popularity of youth vaping. Most young people get vaping products from friends or buy them online. Only 10.8% buy vaping products in stores.

Respiratory Illness

As of October, the Hawaii Department of Health reported two cases of vaping-related pulmonary illness in Hawaii. Nationwide, there have been roughly 21 cases and 42 confirmed deaths. In November, the Centers for Disease Control (CDC) identified the source of the illness as an additive used in THC vaping products.

The CDC website, cdc.gov, states, “CDC has identified vitamin E acetate as a chemical of concern among people with e-cigarette, or vaping product use associated lung injury (EVALI). Recent CDC laboratory testing of bronchoalveolar lavage (BAL) fluid samples (fluid samples collected from the lungs) from 29 patients with EVALI submitted to CDC from 10 states found vitamin E acetate in all of the samples. Vitamin E acetate might be used as an additive, most notably as a thickening agent in THC-containing e-cigarette, or vaping, products.”

Federal Regulation Update

Vaping products are currently not approved or regulated by the FDA. This fall and winter, a number of different options for vaping regulations are being considered at the federal level. The FDA has reported that they are working on policy but have declined to publicly release details.

A number of senators from both parties have expressed support for removing flavored vaping products from the market. The President has been meeting with vaping industry executives, but it's unclear at this time what the administration's position will be on bans or other regulations. Vaping regulation has taken on a sense of urgency in 2019 due to instances of respiratory illness that

appear to be vaping-related and to an increase in youth vaping.

State Regulation Update

In October, the Senate Committee on Commerce, Consumer Protection, and Health and the House Committee on Consumer Protection and Commerce held an information briefing entitled “Seeking Solutions to End the Youth Vaping Epidemic”.

The briefing looked at the two epidemics, various aspects of vaping, and potential policy aimed at stopping youth vaping.

Unless federal action is taken prior to the 2020 legislative session, we anticipate the introduction of a number of bills next year aimed at regulating vaping at the state level. These are likely to include:

- Bans on flavored tobacco and/or vaping products, including menthol and mint products
- Bans on internet sales of vaping products
- Bans on vaping
- Buffer zones around schools where the sale of tobacco and vaping products will be prohibited

HFIA will continue to monitor changes to vaping regulations at the state and federal level and provide the latest information in our Weekly Update. Members with questions can reach out to us at info@hawaiiifood.com.

MEMBER BENEFITS

Partnering for a Healthier Future

HFIA introduces its Association Health Plan with HMAA.

“HFIA is proud to have Hawaii Medical Assurance Association (HMAA) as our exclusive PPO Association Health Plan offering. Through this partnership, our new benefit plan will bring value to employees and families of qualified HFIA members. With no fixed enrollment period, businesses can enroll with HMAA at any time,” said HFIA Executive Director Lauren Zirbel.

Through this partnership, HFIA members throughout the state can benefit from:

Preferred Pricing

Save by taking advantage of preferred pricing through the Association Health Plan.

Plan Options

Choose from benefit-rich or low-cost plans to suit your company’s needs. Choose doctors from a provider network that is second to none.

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SUPPLY & DEMAND

Drive Convergence of Ag and Tech

BY JESSE COOKE
AT ULUPONO INITIATIVE

Agriculture is changing at a rapid pace, driven by long-term trends in consumer demand toward locally sourced, pesticide-free, ethically raised, sustainably grown, natural, and organic foods. On the supply side, the drivers are a bit more daunting: population growth, soil degradation, erratic weather, and long-term climate change.

Demand and supply factors are bolstering the need for greater integration of technology in agriculture.

An Industry on the Rise

A little over five years ago, the terms “AgTech” and “Agrifood Tech” were rarely used, even within the agriculture industry. Now, the terms seem to be used in every conversation regarding its future. Simply put, AgTech can be thought of as the convergence of the technology industry with the agriculture and food industries. The AgTech industry is comprised of all the businesses, products and services being created by this convergence of industries.

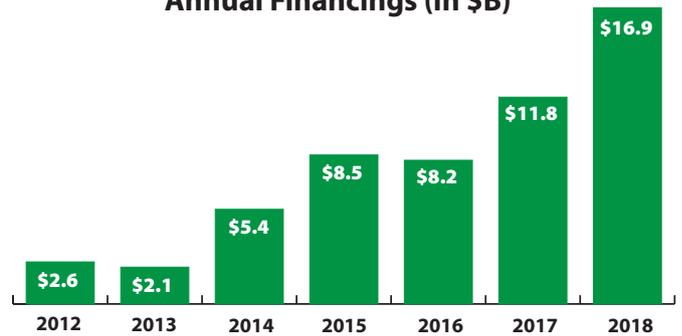
These industries have operated largely independently of each other for decades. This integration and the resulting creation of new businesses have attracted ever-increasing investor dollars. Investment in Agrifood Tech has increased eight-fold in the last five years.

Companies in the AgTech industry include familiar names like Monsanto, Syngenta and Dupont. Other companies in this industry include aquaculture companies like Big Island Abalone and restaurant marketplace companies like Bite Squad. Some AgTech businesses seem unfamiliar and sometimes downright strange.

For example, one AgTech standout even capitalizes on the cow facial recognition market. Yes, there is a race among several companies to offer technology products that analyze the facial expressions of our bovine friends. By blending imaging, machine learning, and artificial intelligence, cow facial technology can tell you when a cow is hungry, thirsty, or in heat. The technology can warn dairy operators when a cow is sick, and may one day be able to diagnose specific health problems.

Another standout example of a new AgTech business model is a company called SafeTraces, which extracts food-safe, tasteless, DNA markers derived from seaweed. Those markers are read like a barcode and applied directly to the surface of food, providing a more reliable food traceability solution than conventional bar codes attached to food packaging.

**Agrifood Tech Industry
Annual Financings (in \$B)**



Source: Agrifood Tech Funding Report: Year Review 2018

Market forces have spurred investment in Agrifood Tech to increase eight-fold in the last five years.

The Potential of Hydroponic Farming in Hawaii

Hydroponic farming is a particularly relevant AgTech sector that has the potential to expand rapidly in Hawaii. Hydroponic farming companies have attracted significant attention from investors. Bright Farms, a greenhouse hydroponic grower of tomatoes and leaf lettuce, raised \$55 million in 2018 and a total of \$113 million since it was founded in 2010.

Its production is so consistent that it has successfully signed guaranteed price and volume contracts with massive national grocers like Albertsons and Kroger. Bright Farms has leveraged these contracts as collateral for bank financing, which is something very atypical in the farming industry.

Some of the most recognizable local produce offerings are grown hydroponically, including Keiki Cukes (Big Island Produce Inc.), Kamuela Tomatoes (Kawamata Farms Inc.), and Waipoli Greens (Pacific Produce, Inc.). The primary reason for this farming method’s success in Hawaii is its consistency, both in production volume and vegetable quality.

From interviews with farmers, distributors, grocers, and chefs, the No. 1 challenge large customers face when working with local farmers is a lack of consistent supply. Grocers need to be sure their shelves will be full. Chefs need to know they will have the ingredients shown on their menus.

Unfortunately, because of seasonality, bad weather, and pest damage, mid-size and small local farmers who use traditional outdoor farming methods find it very difficult to provide that desired level of consistency.

Large Hydroponic Projects in Development

Large local grocers and distributors are taking note of the attributes of modern farming methods and are recognizing the need to fulfill the strong demand for local produce by Hawaii consumers. Currently, there are several large hydroponic projects in various stages of development in Hawaii.

On Lanai, Larry Ellison is developing a five-acre greenhouse hydroponic operation. This project will use technology developed by an Israeli company called Growponics. For Israel, domestic food production is core to the nation's security and ongoing survival. In a country whose natural water supplies are below the United Nations definition of water poverty, Israel has managed to achieve 95% food self-sufficiency.

Much of Israel's accomplishment is due to its mastery of farm automation and hydroponic technology. Given the size and level of technology planned for the Lanai greenhouse hydroponic operation, the likely cost is approximately \$20 million. The total price tag reported for the entire project is \$75 million, when including the development of a commercial kitchen, R&D kitchen, and photovoltaic farm.

Another large project is being led by one of the largest grocers in the nation, Costco. The American multinational corporation is looking to develop a hydroponic farming operation in Central Oahu, on land managed by the state's Agribusiness Development Corporation (ADC).

As shared during a recent ADC board meeting, Costco is evaluating strawberry production in Hawaii. Strawberries grow best in cold weather environments with temperatures ranging from 55 to 75 degrees Fahrenheit. Because of the difficulty growing strawberries in a tropical climate, the operation will likely use artificial lighting and be entirely indoors to strictly control growing conditions.

Costco's development partners may include Andrew & Williamson, Costco's largest strawberry supplier, and Microsoft, which will be providing advanced farming technologies to enable ground sensors, drones, climate tracking, and infrared mapping.

Armstrong Produce, the largest produce distributor in the state, and PlantLab, a Dutch company known for state-of-the-art indoor hydroponic farming, have recently announced a third project. Armstrong and PlantLab are targeting vegetable products that are typically imported, such as leaf lettuce, herbs, and strawberries.

PlantLab grows crops on a large scale in modular units called Plant Production Units (PPUs), which are self-contained, controllable growing environments that provide optimal growing conditions in terms of light, temperature, humidity, CO₂, water and nutrients.

The Dutch are recognized as leaders in high-tech farm production, which includes greenhouse and indoor hydroponic farming. The Dutch are so prolific at farming that the Netherlands is the second-largest exporter of food by dollar value behind the United States — an astounding achievement given the Netherlands is less than three times the size of the state of Hawaii.

With supply and demand forces continuing to evolve and diversify, further marriages of agriculture and technology can be expected as the industry moves to serve a dynamic market. The benefit to the local industry, not to mention Hawaii's overall food self-sufficiency and resiliency, will depend on the willingness among leaders within both public and private sectors to innovate and assume risk in the testing and proving of emerging AgTech options available now, and in the years ahead.

Ili'ili Farms is a hydroponic/aquaponic grower of leafy greens in Wai'anae. On only a quarter-acre of land, the farm generated more than \$200,000 in revenue in 2018. Despite its very small size, Ili'ili Farms' production consistency allowed it to supply all Foodland stores on Oahu in 2018.



NEW MEMBERS

Big Island Coffee Roasters

URL: bigislandcoffeeroasters.com

About: Big Island Coffee Roasters shares exceptional coffees from all growing regions in Hawaii. Their Hawaiian coffees have been praised for their quality and integrity by major publications such as Forbes,



Coffee Review, Honolulu Magazine, and Edible Hawaiian. They are certified by the Specialty Coffee Association in Roasting, Brewing, Green Coffee, and Barista Skills. Since 2014, they have served on the board of the Hawaii Coffee Association with a mission to bring income stability to farmers, and support Hawaii's coffee production industry.

bloomingdale's

Bloomingdale's – Ala Moana Center

URL: bloomingdales.com

About: "Like No Other Store in the World," Bloomingdale's is America's only nationwide, full-line, upscale department store. With an enduring international reputation for quality, creativity and uniqueness, Bloomingdale's is at the forefront of retailing worldwide. Bloomingdale's emphasis on distinctive products, available only at, or first at Bloomingdale's, together with a passionate focus on creating special customer services, allows their team to build lasting relationships with their clientele.

Coca-Cola North America

URL: coca-colacompany.com

About: The Coca-Cola Company is a global enterprise with local roots



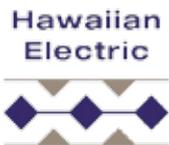
in every community. They have been refreshing Hawaii since 1907.

Reason for joining: Coca-Cola Honolulu Fountain Plant is proud to help protect and promote the interests of Hawaii's food and beverage industry, and greatly values HFIA's effective advocacy, member education, and industry and community relations.

Hawaiian Electric

URL: hawaiianelectric.com

About: Hawaiian Electric serves more than 300,000 customers on Oahu and is committed to empowering its customers and communities with



affordable, reliable, clean energy, and achieving a 100 percent renewable energy future for Hawaii. In 2018, about 22 percent of the energy used by Hawaiian Electric on Oahu came from a diverse mix of renewable sources including solar – both utility-scale and customer-sited rooftop systems.

Reason for joining: To connect with customers and partners, to hear their concerns and ideas about energy-related issues. The food industry relies heavily on electricity Hawaiian Electric hopes to meet or exceed HFIA member expectations and needs. "We look forward to building stronger relationships with fellow members in the months and years to come as we work together toward a clean energy future."

Hawaiian Host

URL: hawaiianhost.com

About: Hawaiian Host is the world's largest manufacturer of chocolate covered macadamia nuts. Their products are sold in 23 countries.

Mauna Loa Macadamia Nut Corpo-



ration is the world's largest processor of macadamia nuts. A portion of the proceeds from every product goes to support the Mamoru and Aiko Takitani Foundation and its student scholarship program.

MarketAdvantage

URL: marketadvantageinc.net

About: MarketAdvantage is a full service marketing, events and promotional firm targeting lifestyle and entertainment companies, food and beverage operations, and high end resorts and retail. They provide a 360-degree approach to marketing experiences that not only entertain, but also showcase the very best of what their clients have to offer.



UHA Health Insurance

URL: uhahealth.com

About: UHA Health Insurance provides medical, drug and vision plans to more than 4,600 Hawaii employer groups and 60,000 members. As the only health insurer in Hawaii founded by physicians, it was the first to offer preventive and wellness-focused health plans in the state. UHA now offers the largest physician and provider network in Hawaii and their health plans were Hawaii's first to fully cover preventive medical services with no deductible and no co-payment. With a focus on wellness, UHA plans fully cover immunizations, well-care examinations, screening tests, early detection, and disease management.

Reason for joining: UHA is excited to be a part of the HFIA to support other local companies and industries. As an HFIA member, they hope to understand and collaborate with members and employers in the food industry by strengthening existing partnerships and building new ones.





Kona Brewing Company

Anheuser-Busch Buys CBA, Owner of Kona Brewing Company

Anheuser-Busch announced in November the beer company's agreement to purchase the remaining shares of Craft Brew Alliance (CBA), a Portland-based brewing company that produces Kona Brewing Company products.

Anheuser-Busch (A-B), the producer of Budweiser and Stella Artois, currently owns 31.2% of CBA's shares. Kona Brewing Company products are currently distributed through A-B's independent wholesaler network. The deal is expected to close to 2020.

"Today's announcement represents an exciting next step in a long and successful partnership with Anheuser-Busch, whose support for the growth of our business and brands traces back over 25 years," said Andy Thomas, CEO of CBA. "By combining our resources, our talented teammates, and dynamic brands, we will look to nurture the growth of CBA's existing portfolio as we continue investing in innovation to meet the changing needs of today's beverage consumers, all while delivering certainty of value to our shareholders."

"Anheuser-Busch has a long track record of working with its craft partners to help make the U.S. beer category stronger and more vibrant," said Michel Doukeris, CEO of Anheuser-Busch, in a recent press release. "Our partnership with CBA goes back many years, and we look forward to supporting CBA as they continue to bring great products to beer drinkers across the U.S."

Hawaii Volcanic Inks Distribution Partnership With PepsiCo Hawaii

Hawaii Volcanic Water recently announced a new distribution partnership in Hawaii with PepsiCo, helping to secure broader retail distribution across the state.

Hawaii Volcanic Water Founder and CEO Jason Donovan said in a press release, "This is a very exciting day for our company not simply because of the growth opportunities this partnership with PepsiCo offers but also because of the synergies and shared values of our two organizations."

"This recent distribution agreement with Hawaii Volcanic is huge to Pepsi Hawaii. We are excited for the opportunity to distribute such an impactful brand, and the addition of a naturally alkaline water is a great complement to our water portfolio," said Ryan Sobota, PepsiCo general manager and market director for Hawaii.

"We are confident we will be able to expand Hawaii Volcanic's footprint in the islands by getting them into additional outlets and grow their presence with existing customers," added Sobota.

Learn more at hawaiiolcanic.com.



WHAT IS IMO 2020

AND WHAT DOES IT MEAN FOR HAWAII?

BY ALEXIS CHAPMAN

The International Maritime Organization (IMO) is the United Nations' body responsible for the safety and environmental performance of the international shipping sector. The IMO has ruled that from January 1, 2020, marine sector emissions in international waters must be cut drastically. To comply, the marine sector will have to reduce sulfur emissions by more than 80 percent. This global regulation will be enforced by the Coast Guard here in the United States. There are no waivers or exemptions.

Ships can come into compliance with the IMO 2020 rule in one of two ways: either by switching to lower sulfur fuels or by installing scrubbers to reduce sulfur from emissions.

The marine sector is responsible for about half of global fuel oil demand. Most of this fuel oil has a sulfur content of between 1 and 3.5 weight percent (wt%), making it a high-sulfur fuel. The current maximum fuel oil sulfur limit of 3.5 wt%. IMO 2020 has set the new threshold at 0.5 wt%.

The new stricter restrictions will be the largest reduction in the sulfur content of a transportation



fuel undertaken at one time.

IMO 2020 has raised a lot of questions about the availability of low sulfur fuels, and what impact new regulations will have on fuel prices, the fuel surcharge, and the cost of shipping. Because the rule will not be phased in, it represents a drastic change in what ships are allowed to use from one day to the next, thereby causing concern over a potentially sharp spike in prices after the switch. While it's hard to predict precisely how the new rule will impact shipping, specifically to Hawaii, there are reasons to be hopeful that it will not result in a drastic price increase on New Year's Day.

To comply with IMO 2020, ships must either use lower sulfur fuels or have scrubbers already installed by January 1, 2020. Shipping companies have been phasing in changes to come into compliance over the last year, and are continuing to get ready in the final months leading up to the switch. We reached out to HFIA members Matson, Pasha, and Par Hawaii, and they provided the following information.

Matson

Matson, Inc. has begun the installation of state-of-the-art exhaust gas cleaning systems on six vessels deployed in its Hawaii and China-Long Beach Express services as part of its strategy to reduce fleet emissions in line with new regulations. Three of the vessels will receive the new equipment in 2019 and the remaining three in 2020.

While new low-sulfur fuels designed to meet the new IMO emission standard have been in development for years in anticipation of the change, there is still uncertainty about their costs and availability. Liquefied Natural Gas (LNG) is an alternative, but the infrastructure for production and distribution remains insufficient

to support Matson's operations in the Pacific.

"Because of unpredictability in the way fuel markets may develop over the next few years, Matson's IMO compliance strategy retains the flexibility to implement the most economical solution as conditions evolve," said John Lauer, senior vice president and chief commercial officer.

To start, Matson embarked on a fleet renewal program, replacing older vessels with four new ships that are equipped with dual-fuel engines designed to run on new low-sulfur fuels or LNG.

The other main component of Matson's strategy involves expanded use of exhaust gas cleaning systems, or "scrubbers," which enable vessels to achieve compliance with the new IMO regulations while continuing to use existing higher sulfur fuels. Matson installed scrubber systems on three vessels in its Alaska fleet in 2015 and 2016, and the success of that project became the foundation of its IMO 2020 compliance strategy.

Similar to the systems Matson deploys in Alaska, the scrubber technology being installed in the six additional vessels will reduce sulfur oxides (SOx) emissions to levels at or below the limits set by the new IMO regulations, and below those of vessels using low-sulfur fuel.

Pasha

George Pasha IV, President and CEO of Pasha Hawaii, gave us some important details about how Pasha has prepared.

"Pasha Hawaii remains committed to providing competitive, best-in-class service for the people and businesses of Hawaii, investing in its vessel fleet to be fully compliant with IMO 2020 regulations, and reducing ocean shipping's impact on the environment in the communities we serve.

The Pasha Hawaii fleet will be running on compliant fuels on or before January 1, 2020, and is already bringing on board low sulfur fuels today. Pasha Hawaii's vessel deployments through 2020 and beyond will employ both existing vessels and new tonnage, so both LNG and low-sulfur fuels will be utilized. Our team will continue to communicate directly with customers.

As we've stated previously, the two new 'Ohana Class containerships joining the Pasha Hawaii fleet will operate on LNG from day one in service, resulting in zero sulfur emissions, 90% reduced nitrogen oxide, and 25% reduced carbon dioxide. The company has secured ample LNG supply on the West Coast, where we will be fueling our fleet."

Par Hawaii

Eric Wright, senior vice president of Par Hawaii, LLC, said the refining and shipping industries have been preparing for the impacts of IMO 2020 for several years. The market impact of the policy change is already being realized, as evidenced by the recent decline in high-sulfur fuel oil margins and increases in jet and diesel fuel margins, he said.

Wright pointed to a recent Goldman Sachs analysis that "confirms that the refining and shipping sectors remain on track to solve this challenge."

"We started to see the impacts of IMO 2020 in the market about mid-October when high-sulfur fuel oil prices began to decline precipitously, and low sulfur diesel prices rose slightly," said Wright, who is in charge of Par Hawaii's statewide logistics operations. "We and others in the industry are already supplying IMO 2020 compliant fuels to customers. This is a very manageable situation."



List of Events

SAVE THE DATES!

January

8 **Legislative Talk Story**
Hawaii State Capitol

16 **General Membership
& Board Meeting**
11:30a - 1p
Honolulu Country Club

31 **Annual Social**
“Carter’s Triple Crown”
5:30a - 9p
Honolulu Country Club

February

18 **Pau Hana with
Legislators**
5:30a - 9p
Hukialau Honolulu

March

26 **General Membership
& Board Meeting**
11:30a - 1p
Honolulu Country Club

April

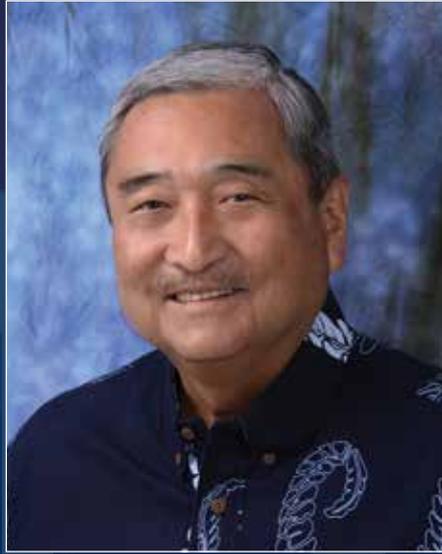
3 **27th Annual Golf
Tournament**
11:30a Shotgun Start
Honolulu Country Club

June

5-6 **Annual Convention**
Aulani Disney Resort

2020





IN MEMORY OF BARRY TANIGUCHI

BY LAUREN ZIRBEL

As I got to the airport to fly to Hilo for Barry's funeral, I found that almost everyone on my flight was doing the same thing. HFIA should have chartered a plane. It says a lot about a man that even his competitors deeply respected him and wanted to pay heartfelt respect to his 'ohana. Upon reaching Barry's service, a line wrapped around the building and down the block. People waited for more than two hours to pay their respects. This man was LOVED by his community.

Barry leaves us with a legacy we can only aspire to. His character, his generosity, his compassion, and the example he left of how to treat all people, not just the powerful, leaves us with a humbling example of how to act in this world. He left the world a better place. It's as simple as that.

Barry Taniguchi was a living em-

bodiment of integrity. He was not afraid to speak the truth, even when it was controversial or difficult. He cared deeply about people and doing what was right. He was kind. He looked you in the eye. We need more people like him in this world.

I feel profoundly grateful to have known Barry, to have been mentored by him, and to have received his advice, guidance and support throughout my career. He didn't have to help me but he did, many times and in many ways.

Without Barry's support, HFIA would not even exist. Without the great work that the Tanaguchi family and KTA Super Stores do for their community, many people would be much worse off. We all owe a debt of gratitude to this great man. I work to pay it off every day by honoring his legacy.

THE LAST WORD



BY LAUREN ZIRBEL

HFIA is always looking for new ways to grow, add value, and create opportunities for our members.

We're very excited to add two new events to our calendar this fall and winter.

Our 'Another Day in Pair-A-Dice Casino Night' was a fun opportunity to get the HFIA 'ohana together, introduce our association to some potential new members, and raise some much-needed funds for the Hawaii Foodbank.

Thank you to the events committee for your great work in making this happen and to everyone who came out and made the evening so memorable! We feel like everyone was a winner that night.

We're also proud of the Made in Hawaii Festival Pop-Up event held at

Bloomington's from December 6th through December 8, 2019. It was a tremendous opportunity for select HFIA members who are also Made in Hawaii companies to showcase their products to Bloomington's clientele, just in time for the holidays.

This year was the 25th Anniversary of the Made in Hawaii Festival, and the MIHF Pop-Up continues our commitment to championing Made in Hawaii businesses.

HFIA is also working to help our industry assume a leadership role in the drive to become more sustainable. The Plastic Reduction Task Force has started meeting this fall, and HFIA is very excited to have a seat at the table alongside other industry representatives, environmental leaders, and other stakeholders.

We've learned that working collaboratively will always create better, faster results. The task force is a great way to find common ground, understand what the challenges are, and

create workable solutions together.

Unfortunately, as we have seen with Bill 40, the Honolulu Plastic Ban, some people don't want to give the collaborative process time and don't want our industry to have a voice in the future of sustainable packaging. The whole process with this bill has been incredibly frustrating and challenging. But it's also been inspiring. The Bill 40 Rally on November 5, 2019, brought together so many people from the food industry, and our voice was impossible to ignore.

We've heard from HFIA members who are consistently seeking out sustainable packaging alternatives. We've learned even more about the steps many of our businesses have already taken. And we've heard from our members' employees, customers, and communities about how vital our local food businesses are to them. This bill has really shown how important our industry is and how strong we are when we stand together.

HFIA's Casino Night Raises Funds for Hawaii Foodbank

HFIA went "all in" with the debut of *Just Another Day in Pair-A-Dice*, a casino-inspired networking mixer to raise funds for the Hawaii Foodbank. The function raised a total of \$3,750 for Hawaii Foodbank. HFIA was also pleased to welcome five new HFIA members to the Association in the weeks that followed.

Both an HFIA membership drive and fundraising benefit, the two-fold purpose of *Just Another Day in Pair-A-Dice* was the brainchild of HFIA Chairman, Joe Carter, was a win-win. Mr. Carter's bet paid off!

The event was produced by HFIA as an effort to introduce new companies to the benefits of becoming members of HFIA in a fun and casual environment. Increasing HFIA's membership base – one of Mr. Carter's top priorities as HFIA Chairman – was the name of the game that evening, all while generating funds for a good cause.

Just Another Day in Pair-A-Dice was a huge hit among all who participated and a resounding success, thanks to the creative thinking of Mr. Carter, the 15 "High Roller" Sponsors who provided funding for the occasion, and all the members who donated prizes and/or introduced their colleagues to HFIA's unique membership ohana by bringing them to the game night.

Just Like Vegas, an entertainment company based in Honolulu, was commissioned to transform the Honolulu Country Club into a (completely legal) live casino. The evening featured live musical entertainment, heavy pupus, professionally trained dealers, craps, roulette, blackjack, and much more. Attendees played like high rollers, redeeming chips for a variety of incredible prizes donated by HFIA members.

HFIA extends a huge mahalo to all who supported the effort with their participation!

Mahalo To Our Event Sponsors:

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Friendly Market Center
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