

Hawaii

FALL 2012

# Retail Grocer

the magazine of the hawaii food industry association



Wholesale & Retail



## Out of the Box

Hawaii Distributors Take Detours  
on the Road to Retail

ALSO:

Rainbow Fever Lives On

Second Time Secretary Derek Kurisu

Sueoka's of Kauai: Happening Place for 94 Years

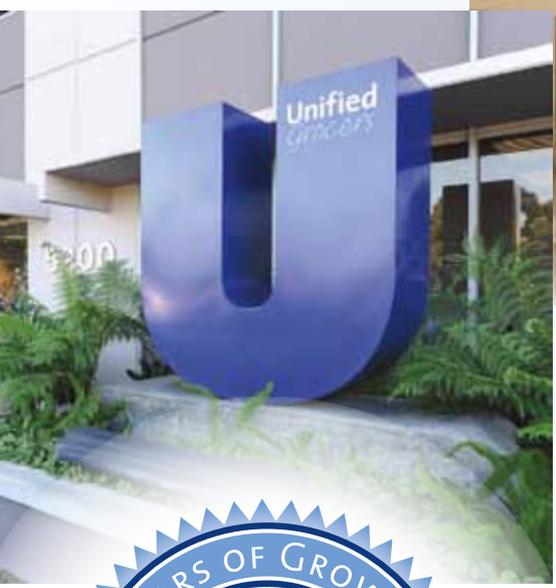
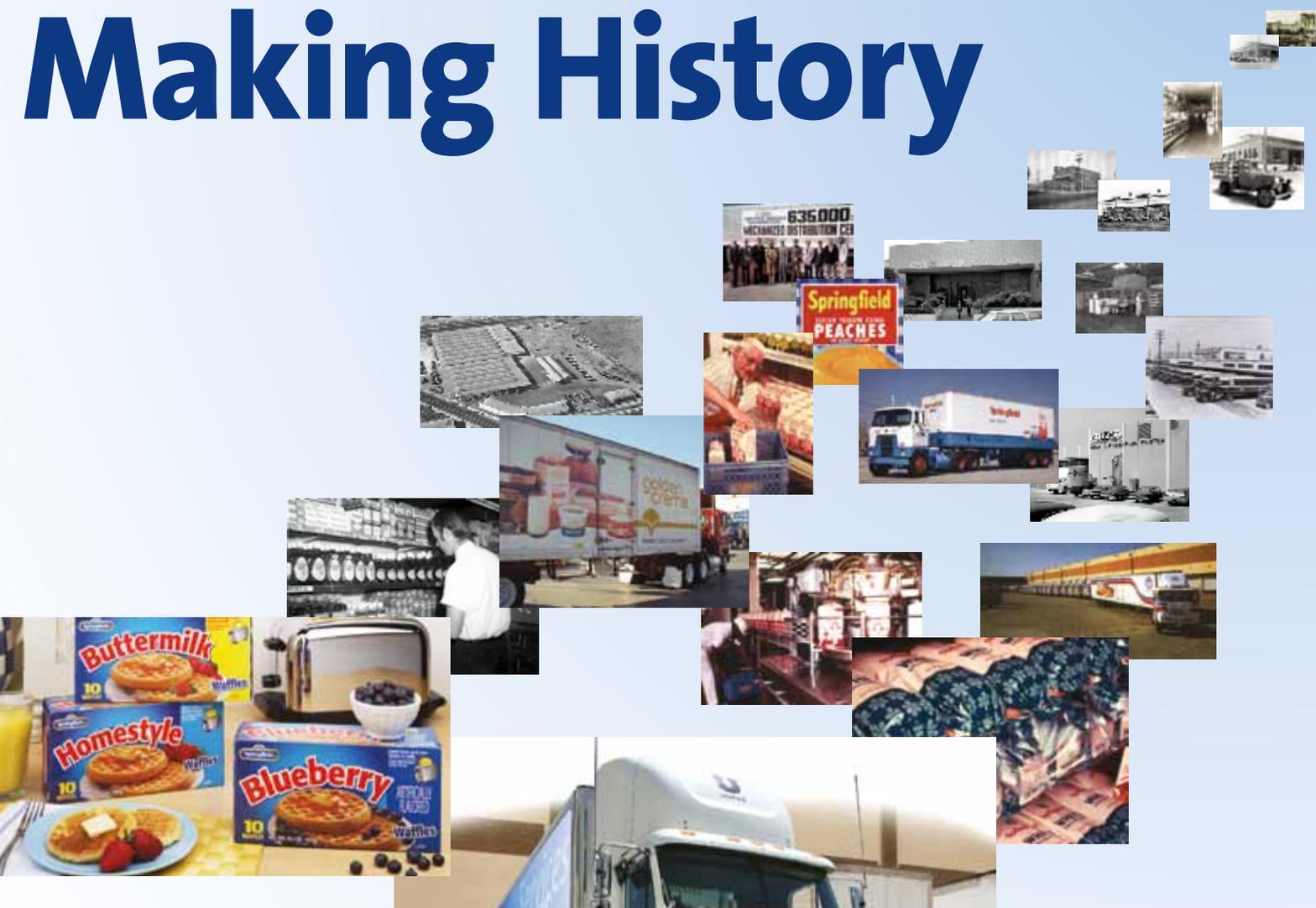
Finding Common Ground

Convention Fun But Educational Too

Food, Family & Fame: HFIA's 2012 Convention

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# The Chair's Message

BY ALAN Y. NAKAMURA



## Aloha HFIA Members,

**M**y term as HFIA Chair has just begun and I am excited about the opportunities ahead of us in the year to come!

I often reflect upon all the wonderful experiences with HFIA over the past two and a half decades. There are a number of directors who have passed away, but their legacy lives on. Tom Okuyama of Sure Save was a gem—humble, thoughtful, giving. George Miura (Times) made each golf tournament fun and exciting with his bright smile, laughter, and side bets. Take Takara (Times/Tamura's) and Ray Sabanal (Holsum/Pint Size) were our anchors, always helping at every major function—Social, Convention, golf tourney. Strong supporters of HFIA included Sidney Kosasa (ABC), John Fujieki, Sr. (Star Markets), Maurice Sullivan (Foodland), Lindy Ching (Lindy's), Wallace and Albert Teruya (Times), Minoru Morimoto (Big-Way), and Tony Taniguchi (KTA), among others. I am truly blessed to have known such sincere, professional, fun-loving gentlemen. They all helped to make HFIA a strong, influential organization which was well-respected at the legislature and within the Hawaii community.

There are many food industry executives who are still very much involved with HFIA and it continues to thrive today. I consider many of them to be my dear friends—like family—after working with them on various committees through the years. All are thoughtful, giving people...and I hope the newcomers to our association enjoy this spirit of camaraderie during their tenure with HFIA.

With HFIA in good hands under the leadership of our Executive Director Lauren Zirbel, my plans for 2012-2013 are quite simple. Strengthen the bonds between our members, create more value for them, involve their families in our activities. It is easy to become wrapped up in the hustle and bustle of trying to make our businesses more successful every day. At times we have to sacrifice family time in order to achieve our goals. Because of this, it is important to **MAKE** time for our friends and ohana to keep us grounded and our lives balanced. Two events will hopefully encourage all of you to do just that.

### Halloween Cosmic Bowling: Saturday, October 27, from 4:00 to 8:00 pm at Hickam Bowling Alley

Have you ever experienced cosmic bowling while wearing a Halloween costume? With your family? What a blast! We have often dressed up as characters at our New Year's social events, but this time we get to bowl too! We will have exclusive use of this 30-lane bowling alley so there will be lots of opportunity for a fun, fun time—and perhaps some surprise treats for the youngsters too! (Please note that the U.H. football team plays in Colorado on this date with a 1:00 pm start time...yay!)

### HFIA Convention Golf: Thursday, June 6, 2013

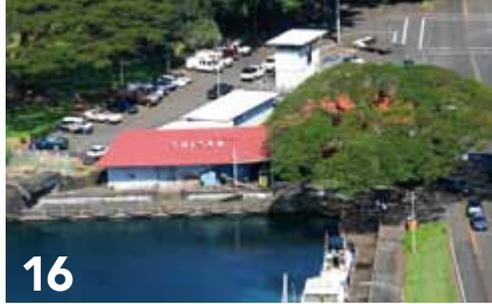
Golf on a Thursday? It was often mentioned that Fridays at HFIA Conventions were for golfers. Outside of check-in at the registration table and the hospitality room, there was nothing for the non-golfers to look forward to. Having golf one day early will make Friday available for a few educational workshops and family activities, as well as more relaxation time for all attendees. Golfers will have the option of booking one extra night at the Ihilani on Thursday night (room rates reduced to \$199 per night in 2013!) and get an early start on Friday at the Convention. And there will be one more opportunity for "customer golf" for those who may be interested. This may also help to free up a little more time on Saturday to enjoy the beautiful facilities at the Ihilani.

With all this talk about family, I realized that there are many who are less fortunate than we are. About 14% of Hawaii's population depends on the Hawaii Foodbank for their next meal, and approximately 1 million pounds of food are distributed to the community each month. I have coordinated a fundraiser at all Tesoro locations statewide from August 1 through September 4 to help raise much needed revenue for this worthwhile organization. I urge all HFIA members to do the same over the next year. What would you do if you could not feed your family each day? Helping the Hawaii Foodbank is the right thing for all of us to do and I hope you can help them make a difference in the lives of thousands of Hawaii's people.

*Looking forward to working with all of you in the years ahead!*



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# Legislative Update

BY LAUREN ZIRBEL



A whirl of policy issues directly affecting the food and beverage industry is sweeping the U.S. at county, state, and federal levels. At the county level, HFIA has been invited to work with the County of Hawaii to provide input as they draft the rules and regulations for the Big Island single use bag legislation set to go into effect on January 17, 2013. On the state level, the Hawaii Department of Health decided to increase the deposit beverage container administrative fee by half of a cent per beverage. On the national level, HFIA and our federal counterparts worked to introduce legislation to block new regulations on grocers related to menu labeling.

## Big Island Plastic Bag Ban Rules & Regulations Drafting

As you already know, Big Island Mayor Billy Kenoi signed into law Bill 17, Draft 2 on January 17, 2012. The bill is set to go into effect one year after approval.

This means that there are only a handful of months left for the City and County to draft the rules and regulations for Bill 17 before it goes into effect on January 17, 2013.

You may remember that this bill was unique for several reasons. There were absolutely no guidelines in the bill relating to enforcement. Education, enforcement, and administrative rules—including

defining permissible bags and establishing penalties—are completely up to the director of the Department of Environmental Management. The bill states that businesses shall not provide plastic checkout bags to their customers. The bill defines plastic checkout bags as a carryout bag that is provided by a business to a customer for the purpose of transporting groceries or other retail goods, and one that is made from non-compostable or compostable plastic and not specifically designed and manufactured for multiple reuse. Another unusual feature of the bill is that under exemptions, it states that businesses may make plastic checkout bags available for purchase for one calendar year after the effective date of the ordinance.

HFIA met with the Big Island administration about the rules and regulations of Bill 17 at the beginning of August. We were able to gain clari-

fication on three important features of the rules. The first is that we agreed to only outline what would NOT be allowed under the law as opposed to what WILL be allowed. This reduced the administrative headache for retailers because they do not have to worry about specifications such as print font size, which can be difficult to comply with. The second is that we discussed the possibility of adding a specific exemption for wet foods, although exemptions that may cover this issue were already drafted. The third is that we had a productive discussion about allowing a substantial warning and rebuttal period for retailers cited as non-compliant. HFIA sends a big MAHALO to Barry Taniguchi for making this meeting possible! If you have any questions about the Big Island Bag Ban rules and regulations, please feel free to email me at [laurenzirbel@hawaiiifood.com](mailto:laurenzirbel@hawaiiifood.com).



## The DOH Increases the Deposit Beverage Container Fee

*Honolulu News Now* and the *Hawaii Tribune Herald* recently quoted HFIA regarding the DOH's decision to increase the beverage fee. HFIA has long held the position that the beverage fee should not be increased unless changes are made to ensure that the fund is not spending more than it takes in. HFIA has also asked that the mandatory biannual audits of the Deposit Beverage Container Special Fund be released. When HFIA met

with the DOH in August of last year, we were informed that the legislature had raided the fund twice, and that the DOH paid recyclers 2 to 4 cents for every one cent they took in for administration of the deposit beverage container fund. HFIA believes that if recycling and administrative fees would be reduced, the



fund would not have gone bankrupt, and retailers would not be forced to pass on increased costs to consumers. Unfortunately, there was nothing that HFIA could do legislatively to prevent this increase because the DOH has the authority to increase the fee once without legislative approval. The good news is that they will have to go through the legislature if they want to raise the fee again.

The DOH's decision has created an accounting nightmare for small retailers and convenience stores that primarily sell single unit beverages because they raised the fee by an amount that has no currency: half of a cent. Now retailers are left with the question of how to develop an accounting system that would potentially treat single and odd beverage sales differently than even number beverage sales. It is still unclear if smaller retailers and convenience stores will eat the half cent on single beverage sales, or if they will pass on the full cent to simplify the administrative disaster created by DOH's decision.

It is very likely consumers will see price increases passed on to them in some way as a result of the DOH's decision to increase the deposit beverage fee. It is a basic tenant of economics that the more competitive an industry is, the smaller its profit margin will be. It's hard to think of a more competitive industry than food and beverage. On top of this, we expect the DOH to go back to the legislature next session to ask for both soda and liquor taxes to fund their department. Something has to give, and for the sake of living affordably in Hawaii, it shouldn't be the cost of nourishment and refreshment.

## National Legislation on Menu Labeling

The Hawaii Food Industry Association and the National Grocers Association (NGA) have expressed support for the introduction of the Common Sense Nutrition Disclosure Act of 2012. This bipartisan legislation will keep the FDA from

exceeding its authority under section 4205 of the Patient Protection and Affordable Care Act which pertains to the nutrition labeling of standard menu items at chain restaurants.

HFIA and NGA maintain that grocery stores aren't comparable to chain restaurants, where menus and ingredients are uniform across the chain. By contrast, grocery stores'

ingredients and menus often change daily according to the availability of fresh ingredients and products in their stores, so subjecting grocery stores to a law meant for chain restaurants doesn't make sense.

HFIA would like to thank all of our members who signed onto the letter urging members of Congress to pass this bill!



# How Supermarkets Can Help Couples Tie The Knot

BY PHIL LEMPert, THE SUPERMARKET GURU®

The wedding business remains big business, even in a tough economic climate. However, according to a study conducted by *BRIDES* magazine, the average cost of weddings went from \$28,082 to \$26,501, almost a five percent decrease in 2011. The study also reveals that engaged couples are finding creative ways to make their dollars go farther, and these days everyone is pitching in to help support the bride and groom with costs.

It makes sense that couples embarking on one of the most important moments of their lives would need a little help, as it isn't just the wedding itself that costs large amounts of money. It's also the events that surround the ceremony and reception that couples seem to desire to maximize the fellowship time they share with family and friends, and to create a memorable and meaningful celebration.

Here are some interesting findings from *BRIDES* magazine's 2011 American Wedding Study.

- 24% have a post-reception party.
- 35% have an engagement party (+21%).
- 87% have a rehearsal dinner.
- 22% have a wedding weekend (+38%).
- 34% have a post-wedding brunch.
- 86% have an average of 2.3 bridal showers.
- The average number of guests is 152.

The Lempert Report sees opportunities abound for supermarkets to offer services for all of these types of events. If there's one thing for certain that will be needed, it's food! And couples aren't always looking for traditional types of catering for these events. In fact, they are looking for personality more than anything. For example, last week the Mother Nature Network published an article that spotlights food trucks getting involved in weddings. And did you know that the number one theme of weddings for 2011 was beach, tropical, and luau?

But catering is not the only opportunity here.

According to *BRIDES* magazine, couples are registering on average with 2.3 different stores, and 82% register through a combination of in-store and online stores. And it isn't just the fine china and silver they desire anymore. Stores like Target and Walmart have become popular places for couples to register for items that are more of a necessity than a luxury. Some couples even register for contributions to their honeymoon trips. So why wouldn't a couple consider joining a wedding club at their local supermarket—particularly one that provided something that is the most necessary!

Although there are probably many who would love



to walk through a store with a scanner adding a ham or a few pounds of seafood to their registry, what we are suggesting is something more unique that not only sets up these couples with benefits, but also brings new customers in to your stores.

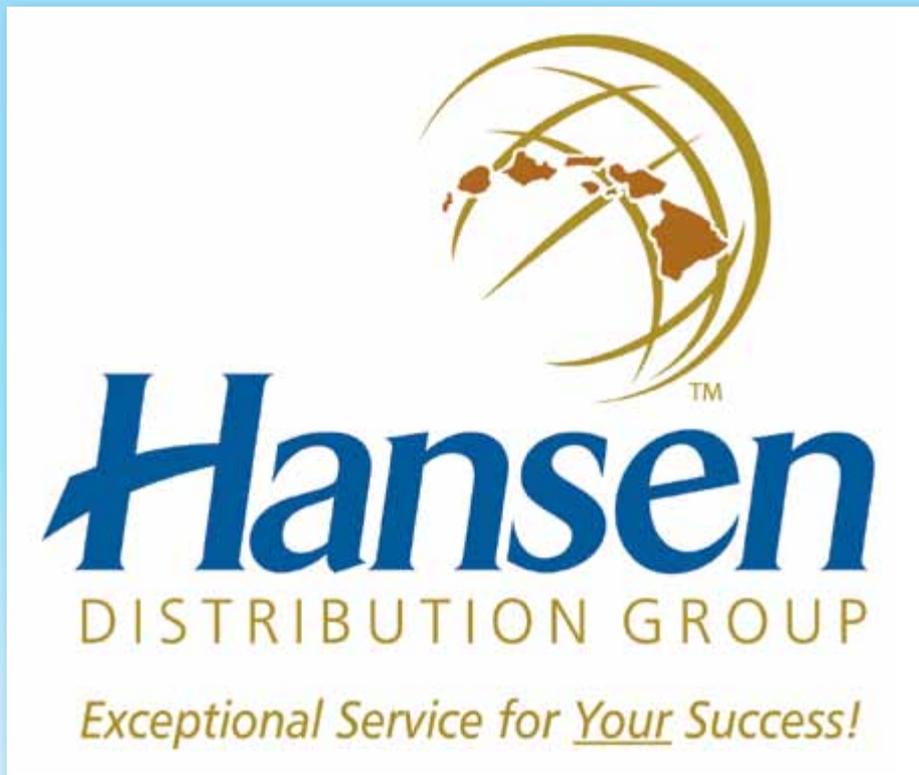
It's all about those loyalty cards and reward points. *BRIDES* says that the average engagement is 15.4 months, and on average they register about seven months before the wedding. That's seven months they could be racking up points when their friends and family shop at your store! Offer the opportunity for shoppers to have their points at each purchase matched and added to the engaged couples' points.

In addition, there are many ways your store can enhance the wedding club offer by adding things like a point fund that goes specifically toward food for a couple's wedding event, whether it's the actual reception, post-reception, rehearsal dinner, bridal luncheon, *etc.*

Or maybe a couple has a charity that is close to their heart, and they'd like to have their friends and families put their points toward donations to something like a local food bank.

And how about making it even more engaging by using social media networks and apps to alert registered couples and their supporters when they have received points?

Brides and grooms are using their creative minds to plan their special day...or wedding weekends for that matter! Supermarkets may already have established a relationship with their shoppers, and what better way to strengthen that than to be a part of their big event, and in addition, foster new relationships with their friends and family?



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# Retailers Try To Evolve With Social Media

BY PHIL LEMPert, THE SUPERMARKET GURU®

The face plant by the Facebook IPO was ugly, even by Wall Street standards.

The opening \$38 issue price lasted only a couple of hours, as new revenue forecasts dampened demand for the social-media stock. Lawsuits quickly followed about how underwriter investment banks handled information and may have hurt investors.

It was the second hit within a week for Facebook. Prior to the IPO, General Motors said it would no longer spend \$10 million a year to advertise on Facebook—though the automaker does reportedly have 8 million friends on Facebook and would continue its non-advertising presence. Granted, this decision was part of a massive marketing expense cutback by GM—but, says Bloomberg Businessweek, it still made some people wonder about Facebook's business model.

The Lempert Report has written about how GM has recast Cadillac as a brand for younger consumers, using social media in the mix. The company appears sophisticated in its use of social media. If GM isn't giving Facebook one red cent going forward, what should retailers and CPG brands think?

OK, that question may be apples and oranges—because the food category isn't the car category. But industry players should still consider this as they refine strategies.

Other data suggest plenty of tailwinds in support of social media. A new IBM study of more than 1,700 global CEOs says that within three to five years, social media will leap into the #2 spot as a customer-interaction method; it will follow face-to-face and be ahead of websites and other methods. The research showed that 48% of companies that outperform in revenue and growth promote organizational openness.

This parallels a panel discussion on corporate transparency and openness through social media that occurred at FMI 2012.

Social media “is almost the window into the soul of your brand,” Food Lion president Cathy Green Burns said. She called social media a way to connect with communities where the chain operates in a “very public...conversation about our brand.”

Concurring, Jerry Golub, president and CEO, Price Chopper, urged the audience to “open up your company to more transparency than ever before. If you don't, it actually hurts more than it helps you,” according to the *Supermarket News* account.

According to J.K. Symancyk, COO at Meijer, social media is about listening to customers as much as it is about what a company wants to say, the SN account continued. “You quickly realize you are not as customer-focused as you think you are...it really is like starting a one-to-one relationship with, in our case, 600,000 customers” who are listed as the Facebook fans of the chain, he added. The panel was moderated by the Coca-Cola Retailing Research Council of North America, which has issued a series of reports on social media.

Meanwhile, Walmart has a research team of about 200 figuring out the best way to align the retail giant's stores with its social, web and mobile presence, reported Internet Retailer. It also has a smaller team to interact with consumers each day on social media. The research team includes Kosmix, which Walmart acquired in the spring of 2011.

Retailers and brands that aim to benefit most from social media should learn to communicate in ways that interest consumers most—and track topics and platforms that generate the most traffic, we urge at TLR.

# New Members

## KANO TRUCKING

**PROFILE:** Kano Trucking is a family-owned company that is celebrating its 73rd year in business. Recently, day-to-day operations were turned over to the owner's oldest son, Layne Kano, who was named president. As new president, Kano's goal is to reinvent and diversify Kano Trucking. He has brought in Rod Gomes, Vice President, Sales and Marketing, as new talent to help him accomplish this. Gomes recently retired as vice president and general manager of S&K Sales Co. after 20 successful years at the helm of this worldwide brokerage company's Hawaii office. He has been commissioned to help develop a new division for Kano, and is presently laying the groundwork for this new venture. Currently, Kano Trucking offers the following services:



- Container spotting
- Break bulk and delivery
- Warehousing and storage
- Refrigerated/frozen service

**REASON FOR JOINING HFIA:** Company leaders believe it's all about meeting interesting people with diverse backgrounds and to keep abreast on what is happening in our industry.

**UNIQUE TO THE COMPANY:** Kano Trucking has a tremendous opportunity to diversify because of their success and what they have built in the past. The company currently has four locations with over 90,000 high cube warehouse space, along with over 10,000 square feet of open yard space that is secured 24 hours a day, 7 days a week in a gated facility. Kano Trucking also has chill and freezer capacity. With Layne Kano at the reins of the company, along with experienced outside new executive talent, the company is poised for tremendous growth through diversification in new areas.

**LOCATION & SERVICE AREA:** Two warehouses are centrally located in lower Kalihi in a prime location just five minutes from the docks and the Honolulu International Airport.

### CONTACT INFORMATION:

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## FIVE STAR TRANSPORTATION

**PROFILE:** Five Star Transportation is a quality service provider specializing in logistics, distribution, and trucking in Hawaii. Five Star Distribution operates as a division focused solely on quality distribution services in the health and beauty, sports nutrition, and snack food categories.



**REASON FOR JOINING HFIA:** Five Star Distribution would like to expand its brand recognition in the food service, retail, and wholesale community.

**UNIQUE TO THE COMPANY:** Five Star Transportation is one of the few companies in Hawaii that can offer freight forwarding, warehousing, and distribution all under one company brand. The company can move product from manufacturer to store shelf all within its control.

**LOCATION & SERVICE AREA:** State of Hawaii

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## WALMART

**PROFILE:** Walmart's Hawaii operations began in 1993 with the opening of Pearl City Sam's Club. Today, Walmart operates nine discount stores and two Sam's Clubs in Hawaii and employs more than 4,200 associates statewide. Walmart's local buying office works with over 400 local suppliers and vendors and, in turn, supports nearly 22,000 supplier jobs in Hawaii. The company spent more than \$227.8 million for merchandise and services with suppliers in the islands last year.



**REASON FOR JOINING HFIA:** To support HFIA's purpose in promoting the interests of Hawaii's food and beverage retailers.

**UNIQUE TO THE COMPANY:** Walmart has pledged \$2 billion through 2015 to fight hunger in the U.S. In Hawaii, that commitment has included the donation of three refrigerated trucks for use on Kauai, Maui, and Oahu and various grants, including the recent announcement of two \$50,000 grants to the Food Basket on the Big Island and the Hawaii Foodbank.

**LOCATION & SERVICE AREA:** Statewide. There are five Walmart stores on Oahu (Honolulu, Kapolei, Kunia/Waipahu, Mililani, and Pearl City); one on Kauai (Lihue); one on Maui (Kahului), two on the Big Island (Hilo and Kailua-Kona); and two Sam's Clubs on Oahu (Honolulu and Pearl City).

### CONTACT INFORMATION:

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# DOT...DOT...DOT...

## A Collection of Local & National News & Views... BY LAUREN ZIRBEL

**'NEW DAY' FOR HAWAII FOOD SECURITY...** According to an August 1st editorial in the Star Advertiser by Russell Kokubun, Chair of Hawaii's Board of Agriculture, "more than 90,000 acres of privately owned lands have been designated statewide as Important Agricultural Lands, which help to ensure that these important natural resources will be retained for agricultural use." An example cited is the 159-acre parcel being set aside for agriculture within Ho'opili Development in Ewa. Ho Farms is set to lease 18 acres in Ho'opili.

German dairy company Theo Mueller, according to The New York Times.

**DID YOU HEAR...** The Kohala Center was selected to receive a Rural Business Enterprise Grant (RBEG) to provide technical assistance in cooperative development and capacity-building for the Hamakua North Hilo Agricultural Cooperative. Additionally, grant funds will help facilitate the creation of the Haina Food Hub, a food safety certified, value added, post-harvest processing facility for agricultural



**DID YOU HEAR...** Foodland is considering a return to Hawaii Kai! The Star Advertiser published that Foodland and Hawaii Kai landowner Kamehameha Schools are considering building a new shopping center on a narrow strip of vacant land between Kalaniana'ole and the marina. Many residents were outraged when Foodland was forced to leave by the owner of the Koko Marina Center after 48 years of serving the community in Hawaii Kai. The Star Advertiser also noted that other sites in Hawaii Kai were also being considered.

**DID YOU KNOW...** Nestlé and Unilever are among food companies working with scientists to improve their understanding of air bubbles, which can be used to reduce fat in ice cream or to create foam in a cappuccino. According to the Wall Street Journal, Nestlé is partnering with the European Space Agency to test bubbles!

**AMBITIOUS YOGURTS!...** PepsiCo will begin selling yogurt on the East Coast, made in Europe by Mueller Quaker Dairy, a joint venture between PepsiCo and privately held

products. A \$34,680 RBEG grant will support the Hamakua North Hilo Agricultural Cooperative's efforts. The Hamakua North Hilo Agricultural Cooperative currently has 100 members who operate farms less than 20 acres in size between Paauilo and Waipio along the Hamakua Coast of Hawaii Island.

**BIODEGRADABLE COCA-COLA BAGS...** are to be used in the place of cans and bottles after customers in Central America poured their beverages into bags to avoid the bottle deposit. The bags will be in the shape of Coke bottles and will have the white Coca-Cola logo on them, according to the Korea Herald.

**DID YOU KNOW...** In Washington, DC, the U.S. House of Representatives approved a bill to stop frivolous ATM lawsuits. The bipartisan bill eliminates redundant ATM signage requirements for transaction fees. A regulation issued under current law requires a sign that notifies consumers about the transaction fees to be attached to ATMs in

addition to a separate notice that appears on the machines' screens. This redundant regulatory requirement has spawned lawsuits by unscrupulous plaintiffs and vandals who remove the sign so they can sue the ATM operator for being in violation of the law. ([www.nacsonline.com](http://www.nacsonline.com))

**THE CURE IS IN THE CRANBERRY...** A new meta-analysis finds drinking cranberry juice (or consuming cranberry-containing products) on a regular basis may help prevent urinary tract infections (UTIs) in women. The study, published in *The Archives of Internal Medicine*, concluded that regular cranberry juice drinkers were 38 percent less likely than non-cranberry-juice-drinkers to develop UTIs. ([www.npr.com](http://www.npr.com))



**LESS MONEY, MORE OBESITY...** On a national basis, households spent less than 9% of their family budget on groceries in

2012 vs. more than 12% thirty years ago, according to U.S. Bureau of Labor Statistics (BLS) data assembled by Planet Money/National Public Radio. Today's favorable spending ratio certainly doesn't reflect people eating less—witness

the record obesity rates and population growth in the United States. There's more left in our wallets—and on our waistlines. Center-store looks to be the reason why. We currently spend close to a quarter of our grocery dollars (22.9%) on processed foods and sweets. That's about double the 11.6% rate of 1982, the BLS figures show. ([www.supermarketguru.com](http://www.supermarketguru.com))

**DID YOU KNOW...** that because of the recently signed Roll-Your-Own (RYO) Law which was supported by National Association of Convenience Stores (a federal counterpart of the Hawaii Food Industry Association) all retailers who possess a roll-your-own machine to make cigarettes that are sold to the general public will be treated as tobacco manufacturers. These retailers will have to, among other things, remit all applicable federal and state excise taxes, use fire-safe tubes, and register with the Food & Drug Administration. NACS had advocated for RYO stores to abide by the same rules and pay the same taxes as all other tobacco retailers. Since 2009, RYO stores had been able to sell cigarettes with far lower taxes than packaged cigarettes. This disparity was brought on by tax increases that were part of the Children's Health Insurance Program Reauthorization Act of 2009 (SCHIP). ([www.nacsonline.com](http://www.nacsonline.com))

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*Members join the HFIA Executive Board in presenting Rainbow Fever funds to the UH Foundation.*

# RAINBOW FEVER LIVES ON

BY JASON Y. KIMURA

In 1985, Bill Prideaux, then president of Rainbow Sales and Marketing and Chair of the HFIA Board, presided over the establishment of Rainbow Fever, a scholarship program for University of Hawaii athletes that dramatically improved graduation rates for fifth-year students. The program also brought HFIA recognition with the general public. Today, that legacy lives on. Funds from Rainbow Fever were recently turned over to the UH Foundation for the benefit of UH Manoa and UH Hilo athletes.

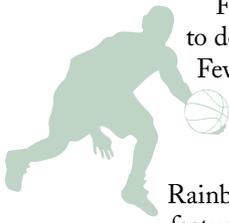
Prideaux and the late Stan Sheriff, legendary University of Hawaii athletic director, started the now familiar program, which raised scholarship money for University of Hawaii athletes who are not eligible for financial assistance after their fourth year. Organized under the auspices of HFIA, the Rainbow Fever Program also provided HFIA members with an effective promotional tool to build sales, with a portion of the proceeds donated

to the scholarship fund.

Sheriff got the idea from a similar program already in place at the University of Washington called Huskies Fever. Old friends of Stan Sheriff at UW went out of their way to help him establish Rainbow Fever. Some even flew out to Hawaii at their own expense. Sheriff told Prideaux how excited the community was—retailers, wholesalers, and UW—about Huskies Fever. The fact that it was a total community effort excited Prideaux, and he found himself spearheading the effort for UH athletes.

“Stan convinced me it was a good community project,” said Prideaux. “I thought this was an excellent way to have the food industry members do something collectively for a wonderful cause. At the same time, it created a good advertising theme, and we had a lot of fun doing it.” Prideaux’s efforts brought together Hawaii’s fiercely competitive food and convenience stores. All the major chains went with the

promotion and did something unprecedented: they joined together for common advertising. “It took a lot of work to get all the retailers together,” recalls Prideaux, indicating that key players in the food industry were instrumental in making it happen.



Food manufacturers and wholesalers pledged to donate fixed amounts per case on Rainbow Fever items such as soda, juice, chips, and canned goods sold through local retailers during an eight-week period each year.

Retailers promoted these items with the Rainbow Fever logo. One year’s promotion featured over 200 specially marked food items being offered at discount prices through every major retail outlet in Hawaii. The items varied from Twinkies to meat and a multitude of other products. A percentage of the sales of those items were rebated to UH for a total of \$104,500. Prideaux made sure the program grew every year. In the first eight years, the program delivered over \$2.2 million to the student athlete scholarship fund. As a result, Hawaii’s student athlete graduation rate became the top in the Western Athletic Conference and Big West Conference.

Rainbow Fever, which helped about 550 UH student athletes and provided approximately \$3 million in scholarship money since 1985, held a reserve to perpetuate the fund. Even when the promotional part of the program was discontinued after about a decade-long run, scholarship money was still provided to UH athletes when money in excess of the reserve was available. At one point, there was a high of over \$1.2 million in the fund, but when the stock market crashed, the value went down. As a result, there was no payout for scholarships in some years.

Board members at HFIA asked if there was a better way to get money to the athletes who needed it, so a discussion took place between the UH athletic department and the HFIA Executive Board. Comparable to other universities, UH Foundation policies and investment strategies were doing well, so the transfer was made. The Rainbow Fever funds, which exceeded \$900,000, became the second largest endowment fund for the benefit of UH athletes.

HFIA made sure that the purpose of the Rainbow Fever funds remained the same. The UH foundation will ensure that the money is invested properly and distributed to athletes according to guidelines HFIA agreed to. The funds will continue to support fifth-year athletic scholarships at UH. If fifth-year scholarships are fully funded, then remaining funds in that academic year will be used for summer school scholarships. The number, amount, and frequency of awards will be determined by the UH Athletic Department selection committee based on the availability of funds. Ninety percent will support the HFIA Rainbow Fever Athletic Scholarship Endowment at UH Manoa, and 10 percent will support the HFIA Vulcan Fever Athletic Scholarship Endowment at UH Hilo. “We’re very happy with this,” said Bonny Amemiya, past HFIA Board Chair, who helped spearhead the transfer during her second term. “It really helps to get funding to our athletes. It makes a big,

big difference in graduating students.”

“The success of an athletics department is directly related to the support it receives from the community,” said Vince Baldemor, President of Ahahui Koa Anuenue, the University of Hawaii’s official athletic fundraising organization. “Mahalo to the HFIA Board and members for creating the Rainbow Fever program of which generations of student-athletes will benefit. Special thanks to...Bonny Amemiya for her leadership and efforts in establishing this generous endowment.”

The transfer will also bring recognition to HFIA. HFIA representatives will make a formal check presentation on the field at the upcoming Boise State game. “[The transfer] will increase the bond between the food industry and UH Athletics,” commented Amemiya. “It’s been a powerful partnership in the past, and this will strengthen it.”

HFIA is also initiating new ways to support UH athletes by providing food for student athletes. A couple companies have already signed agreements to provide products and HFIA is working on getting more companies to participate to ensure the student athletes get good nutrition. “This is a continuing opportunity for the food industry to partner with UH athletics,” said Amemiya. Coverage on this emerging initiative will be covered in a future issue of *Hawaii Retail Grocer*.



## Fresh from the Farm

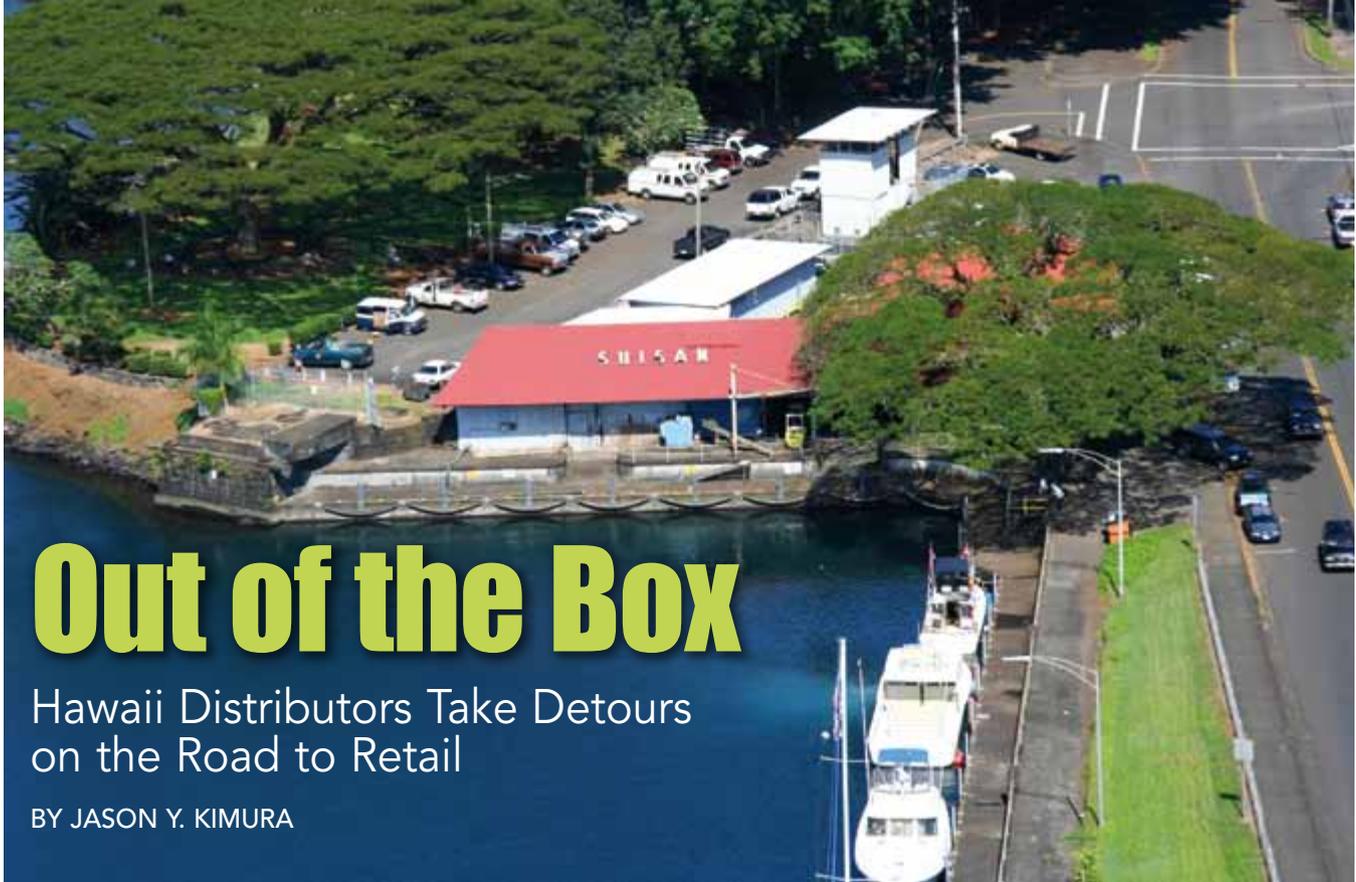


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# Out of the Box

## Hawaii Distributors Take Detours on the Road to Retail

BY JASON Y. KIMURA

*The Suisan building is a familiar sight in Hilo.*

Far west from every other state and in the middle of the deep blue Pacific, Hawaii was virgin territory for big-box stores. Beginning in the 1980s, virtually every major merchandise category from hardware to furniture and from clothing to books was affected by the entry of big-box stores. Hawaii's food and beverage industry was no exception. It would be turned upside down with the entry of stores like Costco and Sam's Club, profoundly affecting both local retailers and suppliers.

Hawaii was no stranger to traditional mass merchandise stores. For years, stores like Wigwam and Holiday Mart flourished. Others fondly remember GEM and Gibson's. Kmart was originally a traditional mass market store, but recognized that food retailing was the way to go. It was just the beginning. Over the past 25 years, the number of retail outlets have dramatically declined, while many of Hawaii's big-box stores became number one of their brands in the U.S., and even in the world.

It has been estimated that over 50% of traditional food dollars have left the supermarkets to big-box outlets. Some say it may be as high as 65%. "Let's say you have a million dollar business, and suddenly it becomes only \$350,000," supposed one industry insider who spoke on condition of anonymity. "It forced the less competitive retail stores to consolidate or go out of business." Most are aware of the decline of retail outlets, but this also had a ripple effect on distributors, who now had fewer clients and reduced orders. To make matters more difficult, the box stores bypassed Hawaii channels in favor of their own direct mainland distribution channels for the bulk of their goods. In times past, Hawaii's distributors were considered to be an integral part of the sourcing chain. Because there was no other way of acquiring product, Hawaii distributors held much more

power in the marketplace.

Some argue against the big-box retail revolution. Others point out that their entry into the marketplace is no different than other times in the past when big stores like Sears, Longs, and Safeway entered the market and challenged mom and pop stores. Whatever views one may have on the issue, the reality is that suppliers have to contend with the competition or go out of business. They have to do one better; they have to think and innovate outside the box, figuratively and literally.

### Finding a Sweet Spot

Some Hawaii distributors have been able to survive by building around a niche market, and others by expanding their expertise or services. Pint Size Hawaii is an example of a distribution company that has a niche in ice cream

*CEO Brian Christensen in front of the Pint Size Halawa facility.*



distribution. Minus 15 degree freezers are required to store ice cream—a specialty few companies have the facilities to support. Initially focusing on ice cream, Pint Size also expanded their product line to include pizzas, breads, pies, and more (*see box*).

“The turning point came when the first Costco opened,” said Brian Christensen, CEO of Pint Size Hawaii. “They had great success—then everyone came in. That’s when the dynamics really changed.” Costco came to Hawaii in 1988, just five years after opening its first store in Seattle. Focusing on selling products at low prices, their goods are

usually packaged in bulk and targeted to businesses and families. Instead of carrying multiple brands of the same item and different varieties of a product, Costco typically only carries one brand and type, except when a Kirkland Signature version is available. This allows a high sales volume from single vendors, further reducing the price. Products are displayed on the shipping pallets they come on or on metal warehouse shelving because Costco *is* the warehouse. To put things into perspective, the Iwilei store is the number one Costco store in the world, with gross sales of about \$400 million a year. They are one of many



## A Pint Size Profile

Taking its name from pint-sized ice cream cartons, Pint Sized Hawaii was started by Keneze Kim in 1979 to distribute Haagen-Dazs ice cream in Hawaii as a favor to Reuben Mattus, the ice cream’s founder. Originally with just eight flavors, Haagen-Dazs grew in popularity and Pint Size grew with it. In 1980, brothers Donald and Clayton Kim joined the company as partners. At first, they worked out of a Sears chest freezer in a garage, but quickly outgrew it. The fledgling company also became the statewide distributor for brands such as Knudsen and Alta Dena, although the focus was on ice cream. Pint Size moved into a public cold storage facility in Kakaako, bought an ice cream truck and hired its first employee. A year later, they moved to a larger facility at Unicol. Over time, as Pint Size earned a reputation for quality products and service, many manufacturers sought out their services.

Pint Size expanded their product line to include Kraft (now Nestlé) pizza products, whose brands include DiGiorno, Tombstone, California Pizza Kitchen, and Jack’s when they moved into their own facility in Halawa Valley in 1992. The company later began to distribute other non-ice cream products such as Hot Pockets, Nemo’s, Pepperidge Farms breads, and All-American pies. Nabisco cookies and crackers were added in Maui and Kauai. In 2004, Pint Size bought the assets of Dreyers of Hawaii and became Hawaii’s exclusive distributor for Nestlé ice cream, whose brands include Haagen-Dazs, Dreyers, Nestle, and later, Skinny Cow. In 2007, they began distributing Kraft chill products, including Oscar Mayer, Kraft, and Philadelphia Cream Cheese to selected accounts.

With warehouses on Oahu, Kauai, Maui, and the Big Island, Pint Size also distributes Tropiclicious Ice Cream and Sorbets, Naked Juice, and Tai Foong frozen seafood entrees from China. Other brands include Wells’ Blue Bunny, M&M Mars, FatBoy, Melona, and many brands of ice cream and novelties. Pint Size also warehouses products for Baskin-Robbins and manages their logistics and distribution.

Pint Size Hawaii serves all the Hawaiian Islands with full-service frozen, chilled, and dry Direct Store Delivery and Just In Time local replenishment. The company also offers expertise in handling all logistical needs in shipping product to Hawaii. For more information, visit [www.pintsizehawaii.com](http://www.pintsizehawaii.com) or call 808-487-0030.



*Inside the Pint Size -15 degree ice cream freezer.*

Costcos, and Costco is one of many big-box stores that offer food and beverages.

Pint Size Hawaii has carved out its own niche as a direct store delivery distributor, or DSD. DSDs deliver products directly to a retail store and manage the product for the store. Typically, but not always, DSD products are fast-turning, high velocity, and high consumer demand products. Instead of just delivering product at stores like broadline distributors, DSDs offer value-added services.

Pint Size staff writes up orders, stocks shelves, and takes care of damaged and outdated product. Retail account managers work on ads and make sure their customers have enough product for advertised items based on projections and historical data, make orders on behalf of the store, and fix up shelves. Merchandisers from Pint Size fill shelves and make sure inventory is available with stock in back. In addition to regular deliveries, stores are visited three to five times a week to ensure shelves are stocked. Pint Size also offers promotional planning and store schematics. The retailer essentially doesn’t have to expend any extra time or energy for the management of Pint Size products.

Known for their service, Pint Size has customers small and big, including mom and pops, food services companies, supermarkets, and even big-box stores. “We have strong independent stores,” Christensen said. “[They] are good managers and have good rapport with the community.” Big-box stores have the option to bring in products themselves, but shelves need to be full, and Pint Size can ensure that stock is available.

## A Meaty Niche

Another specialty distributor in Hawaii is Higa Foodservice, which had its start in 1946 at the open-air marketplace in Chinatown (*see box*). Higa faced more than



*Barney Higa, VP of Sales and Marketing, in the cold storage freezer at Higa Foodservice.*



### Higa Foodservice a Family-Run, Family-Friendly Distributor

Higa Foodservice has its roots in Honolulu's Chinatown. Founder Yeiko Higa came from Japan to work on the plantations, but in 1938, he seized a chance to work for a Chinatown meat market owned by the Ahoy family. In 1946, he bought the business from the Ahoys and called it Higa Meat & Pork Market. When Yeiko Higa became ill in 1958, he passed on the business to his oldest son Marshall, who transformed the business from a retail operation to a distribution company that serviced Oahu restaurants.

In 1975, when the building Higa occupied in Chinatown was torn down, the business moved to its current USDA-approved facility on Nimitz Highway. The name was changed to Higa Market, then Higa Foodservice to reflect the increased breadth of the business. In addition to beef and pork, the company also stocks poultry, lamb, and seafoods like frozen shrimp, mahimahi, Canadian lobster tails, and Alaskan King Crab. Other frozen items include French fries and vegetables. Products are available to the general public in bulk.

Along with traditional frozen and chilled pork, Higa Foodservice now offers 100% local, naturally raised corn-fed hogs, and exclusive from Shinsato Farms on Oahu. The company continues its time-honored practice of strengthening customer relationships and continues to strive to be the premier distribution company in Hawaii known for quality products and services with a family-friendly attitude. Higa Foodservice is located at 225 Nimitz Highway and can be reached by calling 808-531-3591 or by visiting [www.higafoodservice.com](http://www.higafoodservice.com).

its share of challenges in the early 2000s from a changing marketplace and death of owner and president Marshall Higa in 2004. "We had to regroup and think about where we wanted to go [with the company]," explained Marshall's son Barney Higa, VP of Sales and Marketing, who "came back" to Higa in 2006 after 32 years at Zippy's. Higa had worked for his father, slicing cold cuts and as a peddler, taking orders to the gleaming stainless steel produce trucks that used to line the open-air market in the early morning.

A family-run company, Higa Foodservice's president is Elaine Lizares, Marshall Higa's daughter, and Jerry Higa, VP of Processing, his other son. Sheldon Wright is VP of Operations. Looking at the financials, sales were going down, but everyone agreed to move forward and change things. It took two years to make improvements to the way orders were taken and product was delivered. Higa expanded by picking up new accounts and a lot of sales-people were eager to join the company.

Barney Higa says that distributors have had to take lower margins since the big-box stores and other competition entered the marketplace, but the company survived by servicing more restaurant accounts and smaller stores. "In the 70s, we had all the drive-in chains," he says. "Now we have gourmet restaurants and high-end lunch wagons." They sell to public and private schools, commissaries, and companies that supply prepared foods to retail outlets. Sometimes Higa Foodservice can beat Costco's prices, depending on price fluctuations.

Known mostly for its beef and pork, Higa Foodservice expanded its product line to include poultry, lamb, seafood, and even some miscellaneous items like panko, crackers, cheese, and eggs. Even the pork got an upgrade last year. Although Higa still offers traditional frozen and chilled pork, the company worked with Shinsato Farms to be the exclusive distributor for their 100% local, corn-fed hogs. Gourmet chefs have shown a strong interest in the fresh pork, which are raised humanely without growth stimulants or antibiotics. Higa Foodservice products are also available by the case to the general public. Expansion to other products was natural, say the Higas, because their customers asked for these items.

Business is much more competitive today, and according to Barney, there was more loyalty in the past, but Higa Foodservice maintains a local, personal way of doing business. "Our niche is processing," says Barney. "Many places don't have a processing plant. We can portion cut, grind, or dice to spec." However, the bottom line to Higa Foodservice, he maintains, is integrity. "My father's word was the contract. If something is questionable, we're not going to sell it. Customers can be sure that what we say is what we sell."

### Big vs. Big-Box

On the other end of the distributor spectrum is C&S Wholesale, the largest distributor in Hawaii. C&S supplies just about everything except produce and ice cream. C&S's main warehouse has 178,000 square feet, and another 179,000 square foot warehouse kitty corner to the main one. The company also leases 24,000 square feet of freezer

space at Unicol. A family-owned company (*see box*), C&S's combined locations across the U.S. boasts 18 million square feet of storage and 95,000 food and non-food



*Divine McMahon, Executive Administrative Assistant, in a C&S warehouse.*



## The C&S of America's Largest Grocery Distributor

In 1918, Israel Cohen and Abraham Siegel bought a small brick warehouse in Worcester, Massachusetts. Naming their business C&S, they stocked and delivered 1,200 products to stores in the area with just three employees. In 1930, C&S moved to a warehouse twice the size of the original one.

During the 1940s, supermarkets emerged in America and transformed the retail food industry. Around this time, C&S introduced revolutionary efficiencies in their operations, including staffing trucks with just one employee who serves as driver and salesman, cutting delivery costs in half.

In 1958, C&S won the Big D supermarket account, which included eight stores. The servicing of the company marked the beginning of C&S's transformation from a supplier of small independent stores to a large wholesale distributor to supermarket chains. Through the next three decades, C&S continued to grow and expand, reaching \$1 billion in annual sales by 1991. During this period, the company also became heavily involved in supporting the community, first with United Way in 1974. Other charitable causes followed, including America's Second Harvest (now Feeding America), and an annual golf outing to help children with cancer. Many other causes were added in subsequent years.

In the 2000s, C&S expanded to Hawaii and other states. Since then, the company has had an average annual growth rate in sales of 13.06%. C&S has locations in Alabama, California, Connecticut, Indiana, Massachusetts, Maryland, New Hampshire, New Jersey, New York, Pennsylvania, South Carolina, and Vermont. For more information, call C&S Wholesale Grocers Hawaii Division at 808-682-7300 or visit [www.cswg.com](http://www.cswg.com).

products. The distribution company is the largest grocery wholesaler, and the 10<sup>th</sup> largest privately held company in the country. With service to approximately 4,600 stores in 31 states, the District of Columbia, and Guam, sales in 2011 was about \$19 billion.

Founded in 1918, C&S came to Hawaii in 2003. The main warehouse was acquired from Fleming when it went out of business, the very one that Fleming acquired from Foodland in 1986. In Hawaii, C&S has 364 customers across the state, including most supermarkets, community stores, and independent markets. Their team of people who call on accounts have an average of 18 years experience



*Workers load product into trucks for delivery.*

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in the business and understand the Hawaii market well. They help local retailers compete with national competition with the right product mix. "Hawaii is slightly different [from other places]," says Beau Oshiro, VP of Sales and Customer Service, who indicated that C&S provides a lot of individual attention to their customers. "Our culture is more relational here."

However, the big-box stores forced C&S to become more efficient in getting the cost of goods down to help local companies remain competitive. Every efficiency from operations to deliveries count. C&S's task, says Oshiro, is to provide the lowest cost of goods to their local customers.

C&S has an important advantage. Because mainland suppliers typically need a 10-day lead time to procure products, their biggest advantage, says Oshiro, is being on-island and having the ability to deliver orders within 24 hours. C&S also works with suppliers and retailers to provide value-added services, including category management, pricing strategies, marketing and advertising support, and merchandising support. "We need to collaborate to survive," says Oshiro. "I really value our partnerships."

## Choice vs. Bulk

Another large distributor, Unified Grocers, Inc., is a cooperative—an organization that buys goods in large quantities at the lowest possible cost to sell to members (*see box*). Members buy shares in the company and become shareholders. Unified members are the owners of the company and play a vital role in how the company operates. As shareholders, they not only directly benefit from the success of the company but also play an important role in giving the company guidance. The largest wholesale grocer in the western United States, Unified Grocers and its subsidiaries generated approximately \$4.1 billion in sales during fiscal year 2010.

In Hawaii for decades, first as Certified Grocers (which eventually became Unified Grocers), the company has become more efficient in how product is put on pallets and shipped since the advent of big-box stores. However, the fundamentals at Unified have not changed in that the company always tries to get the best deals possible on pricing for members.

Unified's answer to the big-box competition is its broad range of private brands, which include Western Family, Special Value, Natural Directions, and others. These "high quality, affordable products" are exclusive to Unified members, and play an important part in their marketing strategies. By contrast, big-box stores typically offer only one brand and variety of a product. The breadth of products that Unified is able to supply enables them to offer a comprehensive assortment at competitive prices so members can compete in the marketplace. Unified also has a wide breadth of services, including marketing support, professional services, and store resources to keep members on the cutting edge.

Unlike C&S, Unified does not have a warehouse in Hawaii. However, Harry Bernardino, Hawaii Account Manager, says that Unified has a system that minimizes the wait for shipping. He also points out that every manufac-

turer has ordering criteria, which can be a problem if not all the members in a smaller area like Hawaii carry a product. Because there is a much larger customer base in the western



*Harry Bernardino, Unified Grocers Hawaii Account Manager, shows the variety of national and private label brands at Times in Kabala.*



## Unified Grocers, Inc.'s Long Presence in Hawaii

Unified Grocers, Inc., offers independent retailers all the resources they need to compete in the supermarket industry, including grocery products and professional services. With approximately 3,000 employees and about 500 Unified members (shareholders), the company supplies about 3,000 stores.

The history of Unified Grocers can be traced back to the early part of the 20th century when independent retail grocers in three West Coast cities decided to improve the efficiency of their businesses by combining their resources and forming purchasing cooperative. In 1915, independent grocery retailers in Portland, Oregon, formed United Grocers of Oregon, Inc. Grocery retailers in Los Angeles founded Certified Grocers of California in 1922, and independents in Seattle formed a cooperative in 1934 and named it Associated Grocers. In 1999, United Grocers of Oregon merged with Certified Grocers of California, and the company name was changed to Unified Western Grocers, Inc. Then, in 2007, Unified Western Grocers acquired Associated Grocers Cooperative of Seattle, and the company shortened its name to Unified Grocers, Inc. Today, Unified Grocers is the largest wholesale grocery cooperative in the western U.S.

As a cooperative, Unified members are the owners of the company and play a vital role in how the company operates. As shareholders, they not only directly benefit from the success of the company but also play an important role in giving the company guidance. The breadth of products that Unified is able to supply its members enables them to offer a comprehensive assortment at competitive prices so they can compete in the marketplace. For more information, call Bob Garibaldi at 925-960-8471 or email him at bgaribaldi@unifiedgrocers.com; or visit [www.unifiedgrocers.com](http://www.unifiedgrocers.com).

U.S., Unified can offer a bigger selection of products to all coop members.

## Outside the Box

“When Costco opened in Kona in the late 90s, we were really concerned because they would be carrying like products and would take away retail businesses we were supplying,” says Kyle Kawano, VP of Marketing at Suisan Company, Ltd. A completely local distributor, Suisan adds to the picture of a broadline distributor that is trying to compete in a rapidly changing marketplace—one that has no mainland parent company backing. Originally a fish market, Suisan is a one-stop distributor that carries all primary food and non-food items. The Big Island distributor offers a wide range of fresh, frozen, and dry groceries for small and big businesses, including fresh and frozen meats, seafood, fruits, vegetables, dairy items, frozen processed foods, fresh prepared foods, and more.

“There were both positives and negatives,” continued Kawano. “There was a slight decrease in business because some customers checked [Costco] out, but we became a better distributor. It made us find niches, and to sell to some of these big-box stores.” Suisan found that the big-box stores had better pricing on many items, but didn’t have a wide variety of prepared foods. Suisan was able to successfully promote these items.

However, in selling to big-box stores, there was both challenge and a silver lining. To do it, Suisan had to be



*The Suisan management team.*

both more efficient and meet big-box companies’ high food safety standards by hiring third party inspectors or calling in state inspectors. In doing this, Suisan improved the way it operated. Still, it’s not easy. Food safety certifications and regulations are becoming more aggressive, and it may be difficult for some businesses to keep up because of the time and investment this takes.

“The needs of big-boxes are different from local customers,” Kawano emphasized. “Local customers need more sales support. The boxes have that; they’re looking for efficiency in price and quality for products their supply chain can’t get.” These are mostly highly perishable



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There were other significant challenges. Many independent retailers were forced to close or sell. Suisan was providing 70% of these independent retailers' merchandise; for those that were sold, that percentage dropped to about 15%. As a result, Suisan refocused on supplying restaurants, from mom and pop establishments to fine dining restaurants. In 2004, the company also expanded its Non-Foods Division by offering disposable products for food service, as well as products for sanitation and janitorial needs. Today, it distributes ware-washing and other cleaning chemicals. The goal is not only to become a one-stop shop for food distribution customers, but to supply non-foods to new customers like doctors' offices, cleaning companies, and other businesses that are not food-related.



*Rex Matsuno, Suisan Chairman, President, and Owner, with wife Ethel Matsuno, Personnel Director.*

Suisan also handles the distribution for a mainland company that closed their Hawaii warehouses. Suisan's Fresh Fish Division beefed up their retail sales by offering 20 to 25 different kinds of poke and created a deli.

When Target opened in Hilo recently, they introduced PFresh low cost fresh foods and produce to Hawaii for the first time. The concept was successful enough that the Kona Target was remodeled for PFresh, and every new Target since will include the concept. A 60,000 square foot Safeway Center also opened, and Walmart expanded its grocery section. Some independents were acquired by a larger chain. All this happened in the last two years. "It's a tough challenge all the time because [the environment] is constantly changing," Kawano reflected.

Today Suisan is continuing to upgrade food safety. A strong sales and marketing team and management leadership are adaptable to changes in the market. Suisan remains a traditional company rooted in its history, yet has stayed on the cutting edge by covering a wide variety of goods and services for a limited customer base. Like every distribution company that is surviving during these turbulent times, they're taking innovation out of the box.



## Suisan, a Big Island Landmark

Most people in Hawaii are familiar with the red roofed Suisan building, even if they're not from the Big Island, but the company's history hails back to the early 20<sup>th</sup> century in a different time and location. In 1907, Torazuki Hayashi and Hitaro Egawa formed a cooperative called Sui San Kabushiki Kaisha. (Kabushiki Kaisha means business corporation; literally, stock company). Kamezo Matsuno and other peddlers and fisherman became associates and bought out R.A. Lucas's business, which included the lease of the Gehr Fish Market. Many Japanese fisherman committed to sell their catch to the new Sui San Kabushiki Kaisha.

Japanese immigrants grew to dominate fishing in Hawaii when their fishing was suspended by the military until after World War II. Shortly after fishing resumed, the 1946 tsunami destroyed most of the fleet. Suisan was also destroyed. Already set back by the military seizure of their property during the war, the Suisan shareholders had to work hard to rebuild what was once a successful business.

In 1954, Suisan Kabushiki Kaisha changed its name to Suisan Company, Limited. During 1950s, technological advances and improved shipping made larger catch sizes possible, which in turn increased exportation of island fish to the neighbor islands and to the U.S. mainland. Meanwhile, Suisan formed a new Frozen Foods Division, which grew rapidly. In 1955, the company purchased property formerly used by a brewery. Suisan moved its offices to this location at 1965 Kamehameha Avenue, its current location, and built new warehouses for its growing distribution business.

In 1960, another large tsunami hit the Hilo Bay area, destroying homes and businesses, and heavily damaging Suisan. Most people and businesses relocated to other parts of Hilo outside the tsunami zone, but Suisan's Fish Market Division remained. In 1967, Kamezo Matsuno retired as president after 60 years at Suisan. His son Rex Yoshio Matsuno succeeded him as president and broadened Suisan's distribution business by increasing its storage facilities for frozen, chill, and dry merchandise.

The company opened Kona-Suisan in 1976. The second location primarily distributed seafood caught in the Kona area, but also served as a will-call location for Suisan's West Hawaii accounts. From 1970 to the 1990s, Suisan experienced a period of rapid growth, requiring a progressive expansion of its food distribution warehouse facilities. In the 1980s, Suisan became the Big Island's largest food distribution facility. With the growth of luxury resorts and growing residential areas, Suisan enjoyed an average annual growth rate of about 17%. In 2004 Suisan started its Non-Foods Division.

Although times have changed, and Suisan with it, the company's core values hark back to a time when business was done on a handshake. Kyle Kawano, VP of Marketing, notes that Hawaii is a unique and special place to do business. Suisan, he says, will stay on the cutting edge, but continue to hold its traditional values. For more information, visit [www.suisan.com](http://www.suisan.com). Suisan can be reached at 808-935-8511 in Hilo and at 808-329-3558 in Kona.

# Second Time Secretary

## Derek Kurisu

BY JASON Y. KIMURA

Earlier this year as Alan Nakamura prepared to assume the position of HFIA board chair, and as Stan Brown would become vice chair, and John Schilf treasurer, the secretary had yet to be named. At the 2012 Convention, it was announced that Derek Kurisu, Executive Vice President of KTA Super Stores, would be board secretary. Kurisu served before, less than 10 years ago. In spite of a packed schedule, Kurisu is committing himself again—again with the blessings of a supportive wife. *Hawaii Retail Grocer* caught up with Kurisu to get the story behind why he has once again pledged his time and energy to serve on the HFIA Executive Board, which will take him from secretary to treasurer to vice chair and finally to chair in a four-year cycle.

Back in the day, Derek Kurisu was a wide-eyed kid from Hilo attending his first HFIA convention with his mentor, the late Tony Taniguchi, then President and CEO of KTA Super Stores. Kurisu was amazed. “I saw people I only saw in the newspapers and TV,” he recalled. He ticked off a few names: Dick Botti, George Miura, Bill Prideaux, the Kosasas, the Teruyas. For Kurisu, there was amazement upon amazement. “The amazing thing was, no matter who they were, they just talked story,” he said of the people he viewed as industry giants. He thought to himself, “this is an amazing place; this is an amazing industry.”

But it was more than talk. According to Kurisu, it wasn't so much what these industry leaders said, but what they did, how they thought, and how they molded the food industry based on their core values. For Kurisu, it was like a classroom. “I really cherish the [HFIA] founders and everybody that made sacrifices to improve the lives of the next generation,” he said. “We need to remember their values.”

Kurisu worked his way up at KTA from a part-time courtesy clerk to executive vice president. Between those positions he worked as a stock clerk, frozen food clerk, meat cutter, supervisor, and buyer. As time went on, he began to see the big picture and got more involved. “We're one of the most important industries in Hawaii,” says Kurisu. “We make food available, affordable, and safe. Everybody's working hard to keep Hawaii fed—and we're working together. I don't think there's anywhere else in the world like Hawaii where competitors are also friends.” He says that HFIA members understand that it's all about people, about other businesses surviving—yet it's more than survival, because if something goes wrong, it's going to affect everybody.

In the early 90s, Kurisu was handed the responsibility of leading KTA through an economic transformation and diversification as the sugar industry ended in Hawaii. The result was KTA's private label, the Mountain Apple Brand,<sup>®</sup> which set out to use the highest quality of products grown, processed, or manufactured in Hawaii. Launched in 1994, Mountain Apple Brand supports Hawaii-grown and produced goods, generating jobs and supporting the local economy. According to Kurisu, parallel efforts like the Buy Local movement have “a ripple effect within our companies and within the whole state of the importance of supporting local.” KTA's efforts have generated about 60 different partnerships that have resulted in approximately 240 items.

Kurisu is out in the community, giving back in a lot of different ways. Recently a guest on the PBS Hawaii show *Long Story Short* with Leslie Wilcox, Kurisu was asked about one of these efforts—his cable TV series, *Prime Time Living in Paradise*, and *Seniors Living in Paradise*, which play every night and rotate monthly. The two family shows are a vehicle to

help bridge and build community. “I created two shows, the senior show and the family show,” he explained, “because I wanted eventually to have a little bit more of a connect between the children and the seniors. If you have intergenerational things, both of 'em could work through each other and learn.”

For Kurisu, giving his time to HFIA is an obligation to those who built the food industry. “We've got to give back,” he says. “If we can't make things better, then shame on us.” But giving time to HFIA is not a one way street. “You gain a lot—just as much as you put in,” Kurisu insists. “You meet new people, new friends, and it helps you a lot in whatever organization you belong to.” Kurisu pointed out that many of the kids that grew up with the food industry now work in it, or at least have been molded by the values they saw and carry them forward in whatever industry they chose. He feels his son Blake, who now works in marketing in New York City, learned a lot from Greg Gomes, Ken Yonemura, and the aforementioned industry leaders when he was young. Now it's Kurisu's turn to serve, albeit a second time, and to help pass on those timeless values to the next generation.

*To view the Long Story Short interview with Leslie Wilcox and Derek Kurisu, visit [www.pbshawaii.org/ourproductions/longstory\\_guests/kurisu.htm](http://www.pbshawaii.org/ourproductions/longstory_guests/kurisu.htm).*

# Sueoka's of Kauai: Happening Place for 94 Years

BY JASON Y. KIMURA

If you're in Koloa, Kauai, Sueoka's is the place to stop for their famed burgers or to pick up some fresh fruit or snacks for the road. If you live in the area, then Sueoka's is a mainstay market for your daily needs and has been since 1918. Back then, the needs of its plantation customers were very different. Today, Sueoka Store stays strong by keeping up with the times while continuing the friendly service and convenience of its plantation days.

The store's founder, Mankichi Sueoka was a poor immigrant from Japan living in Koloa, Kauai, but his dream was to provide a good life for his wife and children. He thus ventured to start a store. In 1918, Sueoka borrowed money from his *tanomoshi* (a group that pools money and operates like an informal bank) and opened a small store in the Koloa Japanese plantation camp. Sueoka and his wife Yoshi worked tirelessly together at the store.



The location they chose for the store was convenient for many of the sugar plantation field laborers. Because they passed by on their way home from the fields, they stopped by to buy the food and supplies they needed. Besides serving the Koloa camp community, Sueoka took orders from people as far away as Lihue and Kealia. He even made home deliveries on his horse-drawn wagon.

In 1933, Sueoka's moved to its current location in the heart of Koloa town. Sueoka chose a building that originally housed the Kauai Motors



showroom, and later Bishop Bank (now First Hawaiian Bank) and the Mitsunami Store. Sueoka leased the Mitsunami half of the building from Dr. Alfred H. Waterhouse, and later leased the whole building when Bishop Bank moved out. He eventually purchased the property and renovated and modernized the building.

Sueoka's evolved from a general merchandise store selling tools, dry goods, and mercantiles to a grocery store with fresh produce, a meat and seafood department, and a snack shop that sells plate lunches, burgers and fries. The store is not just any grocery store that sells only prepackaged products. It's known for its own marinated teriyaki beef that's ready to

go directly from market to grill. It's no surprise that Sueoka's Snack Shop is known for its burgers—it's a market, after all, and that means the beef is ground fresh every day.

Today, Sueoka's and Snack Shop is still a family-run business. Mankichi's children—Edith Sueoka Hashiguchi, George, Ernest, and Lily Sueoka—worked at the store. His grandchildren, along with relatives Wendy Kawaguchi, Rod Sueoka, Charlene Rivera, and a dedicated group of workers, now carry on the tradition of providing friendly, personal service with good products at reasonable prices. Sueoka's market and Snack Shop can be found at 5392 Koloa Road in Koloa.



# Proposed Settlement with Card Companies Called Bad Deal

A proposed settlement between merchants and the credit card industry is the largest antitrust settlement in U.S. history, but it has been flatly rejected by the NACS (National Association of Convenience Stores) Board of Directors. A class plaintiff in the litigation, NACS sought to establish that anticompetitive practices engaged in by the credit card industry are illegal. The also pushed to end practices that don't allow for market competition. U.S. Sen. Richard Durbin (D-IL) called the proposed settlement of longstanding antitrust litigation between merchants and the credit card industry "a stunning giveaway to Visa and MasterCard." The senator, who championed debit card swipe fee reform two years ago, called the proposed settlement "a sweetheart deal" for Visa, MasterCard and a "bad deal" for retailers and consumers.

Critics contend that the proposed settlement only amounts to less than two months' worth of swipe fees, based on the estimated \$50 billion in swipe fees collected by the credit card companies on an annual basis. More significantly, they say that there are no fundamental changes that would stop Visa and MasterCard from continuing to raise rates to make merchants pay for their own settlement and more. The settlement also does not allow for competition and transparency in the credit card swipe fee market.

Senator Durbin agreed, saying that the proposed settlement "does nothing to change the anticompetitive fee-fixing that Visa and MasterCard do on behalf of their member banks," and that card companies would have "free reign to carry on their anticompetitive swipe fee system with no real constraints and no legal accountability to the millions of American businesses that are forced to pay their fees."

It's not yet a done deal. The merchant plaintiffs still must decide if they will accept the settlement, and the court must approve it. In addition to the NACS, several plaintiffs, including the National Grocers Association and the National Community Pharmacists Association, have already rejected it.

"I know that Visa, MasterCard, and the banks are thrilled with this settlement, but this is not a settlement I would agree to," Durbin said, adding, "I hope that the remaining merchant plaintiffs will review the proposed settlement carefully and think hard about whether it will be good for the future of our credit and debit card systems. They should not be anxious to sign away that future and settle for a bad deal."

"Not only does the proposed



settlement fail to introduce competition and transparency into a clearly broken market, it actually provides Visa and MasterCard with the tools to continue to shield swipe fees from market forces," said NACS Chairman Tom Robinson, president of Santa Clara, Calif.-based Robinson Oil Corp. "This proposed settlement allows the card companies to continue to dictate the prices banks charge and the rules that constrain the market, including for emerging payment methods, particularly mobile payments. Consumers and merchants ultimately will pay more as a result of this agreement — without any relief in sight." The NACS believes that Visa and MasterCard will be able to use their power to prevent new entrants like PayPal, from expanding their market share, and that they would be able to continue to require that merchants accept all of their credit cards no matter how expensive they make those cards.

*NACS Online provided the content for this article. Visit [www.nacsonline.com](http://www.nacsonline.com) for more information.*



Alex Sumberg of The Common Ground Group

## Finding Common Ground

BY JASON Y. KIMURA

"If people in a legislator's district call," says Alex Sumberg, "it makes a *big* difference." Sumberg was at the February 21 HFIA General Meeting to convince people that the best way to win tough political fights is to create "community-based

advocacy solutions." Sumberg is the president and founder of The Common Ground Group (CGG), a Honolulu-based consulting firm that specializes in advancing client goals through direct community and

... continued on page 26

governmental outreach. The company builds groups, uses strategic communications, including social networking, and does opposition research to achieve goals.

Sumberg started CGG after 13 years working in electoral politics convinced him that the best way to win tough political fights is to create community-based advocacy solutions. The most productive partners for companies struggling to get controversial projects approved are sustainable community groups that speak to the issues on the ground.

At the HFIA meeting, he presented the following steps:

- Create credible advocacy groups to deliver the business community's message.
- Sustain the coalition over time through continuous involvement.
- Spark relationships with non-traditional allies.

The specific issue he pinpointed was increased Hawaii beverage taxes. The governor and some Hawaii politicians are continually pushing for taxes on soft drinks, juice drinks, sports drinks, teas, and more. Two new proposed fees at grocery stores include a beverage tax and an increased bottle fee. He encouraged retailers and wholesalers to help establish the "No Hawaii Beverage Tax" group as a coalition with stature in the community.

"Some politicians say a new beverage tax is necessary for our 'well-being,'" says Sumberg. "We know better." The facts are that Hawaii's obesity problem is bigger than soda, he says. Studies show that taxes on soft drinks don't work. It should be up to parents, not the state, to make healthy lifestyle and dietary decisions for their families.

"Our lawmakers would like us to believe that a new tax on soft drinks

will cure our obesity problem," says Sumberg. "They're even talking about creating some kind of 'Obesity Task Force,' to police our eating habits." A new beverage tax won't be the only fee we'll have to look forward to, he emphasized. The 5¢ beverage deposit fee could also double.

That's why the No Hawaii Beverage Tax group was created. The group is made up of concerned citizens, families, businesses, and community organizations who want to send a strong message to elected officials that they reject any "discriminatory tax proposals" on common grocery items like beverages. If you are interested in finding out more, visit [www.nohawaiibeveragetax.com](http://www.nohawaiibeveragetax.com) and like them on Facebook at [www.facebook.com/NoFoodandBevTaxCA](http://www.facebook.com/NoFoodandBevTaxCA). Alex Sumberg can be reached at [asumberg@gmail.com](mailto:asumberg@gmail.com).

## WAFC Program Advances Promising Careers

Cheri Phipps returned to Hawaii in the spring to remind HFIA members about the WAFC Retail Management Certificate Program, which is ongoing. Phipps is the WAFC (Western Association of Food Chains) Education Director, based out of Santa Ana, California. She gave a brief overview of the Retail Management Certificate Program and presented a multi-state report that gave statistics showing the number of graduates by state and detailed characteristics of certificate holders. Thirty-six percent of those who completed the course were promoted, said Phipps, while 98 percent said the effort was worthwhile. "This program is made for our industry."

The Retail Management Certificate Program provides students with all the essential skills necessary for their retail management career to take off, and gives them the tools to move to the next level. Brought to Hawaii by WAFC in partnership with the

University of Hawai'i community colleges, the 10-course, college-level program will keep key staff ahead of the curve in today's fast-paced and changing retail environment. After completing the course, students should be able to:

- Apply basic math and computer skills to solve business operations issues.
- Communicate effectively with internal and external customers in the workplace.
- Analyze retail management situations to determine the best basic management, accounting and marketing strategies.
- Demonstrate understanding of how to train, motivate, and supervise employees and associates to attain the goals of a retail business.

The Retail Management Certificate Program is open to everyone from



*Cherie Phipps, WAFC Education Director, presents a WAFC multi-state report on the positive outcomes of the Retail Management Certificate Program.*

entry-level staff to senior management with no prerequisites. Participating community colleges include Leeward and Kapiolani Community Colleges on Oahu. Other campuses offering approved classes are Kauai, Hawaii, and Maui Community Colleges. Day, evening and online classes are available. For more information, contact Ross Higa, statewide coordinator, at 808-551-5289 or at [higaross@hawaii.edu](mailto:higaross@hawaii.edu).

# C · O · N · V · E · N · T · I · O · N

## Fun But Educational Too

BY JASON Y. KIMURA

**Don't** depend on the government if there's a natural disaster? And what do you mean each incandescent exit sign is costing my business \$140 a year? Am I being left out of business opportunities if I don't do Facebook?

These questions and more were answered at the 2012 HFIA convention. Three educational sessions were offered on Friday morning at the Honolulu Country Club. At \$35 for HFIA member employees—including a continental breakfast—the sessions were a bargain, as well as informative. The titles were:

1. Hawaii Civil Defense and Our Food Security: Are We Prepared?
2. Energy Management: Practical Solutions to Reduce Energy Costs and Hawaiian Host: A Case Study for Renewable Energy.
3. "Social Media" Don't Be Left Out of the Conversation Your Consumers are Having About Their Food.

### Are You Prepared?

The first session was presented by Shelly Kunishige, Public Information Officer, and Marsha Tamura, Citizen Corps and Volunteer Coordinator. Tamura discussed how the civil defense system is set up and what responsibilities federal, state, and county governments have in a disaster. Long story short, it's complicated. Key elements you should know about a disaster are that they're unexpected and emergency personnel may be overwhelmed. And, most importantly, *don't* depend on the government.



Marsha Tamura and Shelly Kunishige (seated): Be prepared.

The reason? When there's a disaster, immediate needs are high, but government resources takes time to reach individuals. According to the Department of Homeland Security, businesses should be prepared with emergency plans for both man-made and natural disasters. (For more information, visit [www.ready.gov](http://www.ready.gov).) The presenters also recommended that companies and individuals sign up for nixle.com, a free service that issues mobile alerts from local agencies. "You can't necessarily rely on sirens," said Tamura.

Tamura noted that Hawaii may need up to a million meals a day should a big disaster befall us. She suggested that Civil Defense partner with organizations like HFIA. If there's a hurricane and your supermarket has several locations, she asked, how will people know which ones are open? For instance, KSSK is a good resource, as they have a special line for emergencies, or contact Hawaii Civil

Defense. "Don't rely on one way of communicating—have multiple redundancies in case one fails," Tamura said. "That's what disaster preparedness is about."

### Reducing Energy Costs

The second session, Energy Management, covered information that can help your business save money. You can't control the cost of energy, says electrical engineer Mark Ausbeck, but you can control the number of kilowatts you use. Ausbeck is with the High Technology Development Corporation (HTDC), which administers the Hawaii Manufacturing Extension Partnership (MEP) Program, a federally funded program that helps small to medium sized manufacturers with growth issues.

Ausbeck recommends auditing your facility's lighting, refrigeration, and water heating, areas in a business that could be causing thousands of dollars in waste every year. Auditing the lighting at a facility includes a look at light levels, lighting in unused areas, and incandescent and high intensity lights, to name a few. For instance, an incandescent exit sign uses about \$140 in electricity a year, but an LED one costs only \$12. The savings per year for 10 signs would be \$1,280.

If a 35kW refrigeration unit has leakage around a walk-in door, it could waste \$6,000-\$8,000 a year. The HTDC-MEP, which has equipment needed to detect energy wastage and the expertise to evaluate a facility, offers information and consulting on energy usage. For more information, call 808-539-3621 or email [mep@htdc.org](mailto:mep@htdc.org).

Hawaiian Host Inc. VP Dennis Maeda also gave a presentation on photovoltaic (PV) panels. He presented a case study on how Hawaiian Host installed PV systems to lower utility bills. PV generates electrical power by converting it from solar radiation using semiconductors. While PV is pollution-free and low maintenance with a low operating cost, there is a relatively high entry cost. Hawaiian Host did installations at its Honolulu candy factory and its macadamia nut processing facility in Kona. Both were fully operational in 2009.

Hawaiian Host decided to install PV because the price of electricity almost doubled from 2001 to 2008, and they



Wayne Inouye, Sr. Project Manager, and Mark Ausbeck, electrical engineer, demonstrate some of their waste detecting devices.



Dennis Maeda of Hawaiian Host.

determined the return on investment would only be three and a half years. Their electricity savings are about \$49,000 per year. Maeda advises that if your company decides to install PV, you should set clear goals, get two to three proposals, talk to clients of the PV companies, and tour the installations. He also recommends subscribing to a web monitoring service to check that your PV system is operating properly.

## Facing the Facebook Challenge

Sometimes, being born yesterday—or at least within the last decade—is a good thing. That way, Facebook and other social media are just a natural part of life. But for the rest of us, it may not be too late. Joey Grassia, Global Marketing Specialist at Facebook, shared insights on how to create recognition for your brand using social media. Grassia is also the founder of KUTOA health bars, a triple bottom line company that works with the World Food Program. (TBL companies measure success in three areas: social, ecological, and economic.)



Joey Grassia of Facebook shows an image of how the world is connected through over 900 million Facebook users.

Facebook, Twitter, and mobile marketing, said Grassia, are changing the way people connect. “Globally, borders are being replaced with connections,” he said, pointing to the 900 million-plus Facebook users worldwide. The 1990s was the era of browsing, and the 2000’s the era of Google searching, but the 2010s is the era of discovery via social media. These days, people are visiting websites through the influence of their friends.

Grassia used CityVille as an example. The online game garnered an unprecedented 100 million users in 43 days due to its Facebook connection. Xbox profits are up by 242%, also because of Facebook. What this means is that by leveraging people and their friends, the reach and impact of social media can be tremendous. And now social media is following us wherever we go: television, smart phones, and iPads.

What does this all mean for business? Marketing, says Grassia, has always been a mix of paid (print, TV), owned (store fronts, websites), and earned (word-of-mouth). Earned endorsements by far are the most powerful. The top reason for consumers to try a new brand is friends and family (51%), followed by coupons and discounts (31%). Commercials, online reviews, and news stories fall below (10%).

While this is nothing new, Facebook is harking back to the

time when business was done by establishing personal relationships. Facebook is an excellent opportunity for businesses to enable word-of-mouth at an unprecedented scale. Clicking that ubiquitous Facebook “like” box is a powerful tool for a business’s popularity. “Liking” a product increases brand recall 1.6 times, doubles message awareness, and quadruples purchase intent. “When all your customers are talking about you, you can’t afford to not keep up your website or sell sub-standard products or give poor customer service,” said Grassia. “The social graph isn’t only about people, but everything we do, buy, and look at.”

Have you seen these or similar conversations on Facebook: “where can I find the best burger in San Francisco?” or “where can I find trendy leather boots?” followed by a list of responses from friends? Because these conversations are happening, businesses need to join the conversation and establish two-way communication with the public.

Grassia says you can use Facebook to target consumers by the information they freely provide about themselves. Basic information includes age, gender, geography, relationship, language, work, education, and interests (music, movies, books, apps, etc.). He outlined the steps, all of which are available on Facebook:

### Step 1: Build a page

- Build your Facebook page and create an identity for your brand
- Express your brand through publishing, photos, and conversation. This must be authentic and personal, because people want to see things they can relate to.
- Use like ads to build your fan base

### Step 2: Engage your fans

- Build a base of advocates by inviting friends and family.
- Publish to your fans by posting about two or three times a week, but not more than once a day. Post cool photos and quotes that people will share, so it’s not all about your business. Posts should have quality content that is both entertaining and informative.
- Set up a regular and frequent publishing calendar.
- Create social experiences that are easy to share.

### Step 3: Amplify—after you have people liking your photos and posts

- Leverage your network when you have 500 to 1000 fans
- Facebook ads (called sponsored stories) let you communicate beyond your fan base. These should be as social as possible. Charges for ads are by the click, but you can set a budget, all of which is explained on the Facebook website.
- For every 500,000 fans, you have access to 60 million friends of fans.

“The value of Facebook is building loyalty over time,” says Grassia, who uses Facebook for his KUTOA health bars. He points out that Facebook’s research, development, and feedback data are free and very valuable. Facebook gives you all the data in graph form for demographics, referring traffic, fan engagement, fan interaction with content, and more.

You can build a Facebook community around your company and become a source of expertise for your product or industry, says Grassia. For more information, visit [facebook.com/joeykutoa](http://facebook.com/joeykutoa) and [facebook.com/kutoabars](http://facebook.com/kutoabars).

# Food, Family & Fame: HFIA's 2012 Convention

BY JASON Y. KIMURA

The 2012 HFIA Convention's centerpiece was the induction of Roger Godfrey into the HFIA Hall of Fame, but as usual, plenty of other events kept members and their families busy. There were educational sessions (see story on page 27) at Honolulu Country Club on Friday morning and golf at the JW Marriott Ihilani Ko Olina Spa and Resort, where the rest of the events took place. Head UH Football Coach Norm Chow kicked off Saturday's events early in the morning with a quick but rousing talk, staying long enough for a check presentation of Rainbow Fever funds from the HFIA Foundation to the UH Foundation (see story page 14).

Games followed, and then the event of the afternoon—"Da Greatest Melt in Da Pacific Food Challenge," sponsored by the Punalu'u Bake Shop. This year, contestants from the Honolulu Star Advertiser, Young's Market Company of Hawaii, Darigold, Foodland, and Times Supermarkets used Punalu'u Bake Shop's famous sweetbread to create da best melts ever. Hugh Duncan and James DeJesus of Times came away the winners by garnering the highest number of points from judges Bonny Amemiya, Tyler Ching, and Wendy Fujio. Foodland came in second place, Darigold third, Young's Market fourth, and the Star Advertiser fifth. All in fun, Jay Higa of the Star Advertiser pulled everyone's leg by concocting a smelly tuna dish with questionable ingredients, then switched it out with a fabulous lobster melt from Ihilani's Executive Sous Chef Jason Kina just before tasting, hence his last place finish.

Later that evening, there was wine tasting before the banquet. Then, forgoing the usual buffet, guests were treated to a sit down gourmet meal. Alan Nakamura was officially announced as the new Chair of the HFIA Executive Board. A short tribute film was shown honoring Hall of Fame inductee Roger Godfrey, who was also given a newly created HFIA Ni'o Award of Excellence, which is bestowed upon individuals who have reached a pinnacle by their outstanding contribution to both the food industry and community-at-large, by sharing their knowledge, their leadership, their integrity, and passion...their commitment to excellence. The award also serves to commemorate induction into the Hawaii Food Industry Association's Hall of Fame. Comedian Andy Bumatai capped off the evening with a side-splitting stand-up performance.

This year's convention was filled with food, of course, but with plenty of family time and fellowship. It went a long way toward building the spirit of camaraderie, and continuing the tradition of making HFIA an organization of fond memories.



*Barry Taniguchi, KTA, Norm Chow, head UH football coach, Bonny Amemiya, aio, and Gary Hangami, Palama Holdings.*



*Dwayne Fujitani of Horizon Lines with daughter Eighla, 4.*



*Head UH football coach Norm Chow addresses HFIA members at breakfast.*



Families and their keiki played games during the day on Saturday. The first was the card toss.



Jay Higa of the Honolulu Star Advertiser.



A delicious aroma attracts a crowd of spectators to Foodland's cooking station.



Judge Wendy Fujio.



Food Challenge judge Tyler Ching of Ken's House of Pancakes prepares to taste the Young Market melt.



Hugh Duncan and James DeJesus of Times Supermarkets grill their sandwiches to perfection.



Food Challenge emcee Derek Kurisu reacts to the questionable concoction created by Jay Higa of the Honolulu Star Advertiser.



Ed Treschuk presents Foodland's entry.



Mark Orlando adds the finishing touch to Darigold's offering as James Payne helps hold the plate.



Mark Orlando of Darigold.



Melody Yurth and Tony Amaranto of Young's Market Company of Hawaii present their delectable offerings.



Wendy Fujio stuffs it to Jay Higa after finding out that he had the Ibilani's chef secretly make his five-star entry in back.



Judges Bonny Amemiya, Tyler Ching, and Wendy Fujio.



*Gary Hanagami, Palama Holdings, and wife Merle, Kelli Iida, C&S Wholesale Grocers, Maile and Brian Miyashiro, C&S.*



*Mark Orlando, Darigold, and Shelda Orlando.*



*Hoagy Gamble, L.H. Gamble, and Ron Shima, formerly of Shima's Market.*



*Karen Schilf and John Schilf, Rainbow Sales & Marketing*



*Larry Ishii, American Savings Bank, and Terri Ishii with Roger Godfrey's guests Wanda Kajioka, Alden Kajioka, Gwen Yoshizawa, and Steven Yoshizawa.*



*Tyler Ching, with Miyuki Hirano-Hollingworth, Centerscale Automation Hawaii.*



*Pat Kano, Kano Trucking, Irvette Hanley, guest, and Kathy Kano-Lim, Kano Trucking.*



*Suzan Tenorio, Coca-Cola, Sabrina Bass, C&S, Kelli Iida, C&S, and Sheryl Villanueva, Porky Products.*



*Chester Lee, KYD, Inc., Trudy Hiyane, Palama Holdings, Gerald Hiyane, Kathleen Kaya, and Mike Kaya, Meadow Gold Dairies.*



*Larry Ishii, American Savings Bank*



*Bulgogi Ribeye of Beef, Kim Chee Potato Cake, Roasted Cold Water Lobster Tail, Koochuu Jong Hollandaise by Ihilani Executive Sous Chef Jason Kina.*





Bonny Amemiya, outgoing Chair of the HFLA Executive Board, introduces incoming Chair Alan Nakamura of Tesoro.



New HFLA Executive Board Chair Alan Nakamura Roger Godfrey



Conventioners enjoy the Hospitality Room after the Convention Banquet.



Ray Ohtani, Times, Sue Ohtani, Roger Godfrey, Hall of Fame inductee, Signe Godfrey, Carol Stout, and Bob Stout, Times.



Andy Bumatai gives his stand-up routine.



Roger Godfrey is given the Ni'o Award of Excellence in addition to being honored as an HFLA Hall of Fame inductee.



Signe and Roger Godfrey. Godfrey received congratulations from the State Senate for his induction into the HFLA Hall of Fame.

# The Last Word...

BY LAUREN ZIRBEL, EXECUTIVE DIRECTOR



HFIA is going the distance to promote Hawaii's food industry! For the 18<sup>th</sup> year in a row, we spearheaded the Made in Hawaii Festival, Hawaii's largest made in Hawaii tradeshow. The HFIA-founded HOKU policy group continues to move forward on an aggressive agenda, promoting and marketing the Hawaii Seal of Quality and other initiatives to promote Hawaii's food sustainability. HOKU has recently welcomed into its group Richard Lim, Director of the Department of Business Economic Development & Tourism, and David Uchiyama, Vice President of Brand Management for the Hawaii Tourism Authority. We are also one of several organizations asked to participate in the Integrated Resources Planning process to plan Hawaii's energy future.

## First Hawaiian Bank Made in Hawaii Festival 2012

The Made in Hawaii Festival took place from August 17 to 19, 2012 at the Neal S. Blaisdell Exhibition Hall and Arena. This one-of-a-kind festival attracts about 40,000 visitors, not just in Hawaii, but from all over the world! First Hawaiian Bank was once again our presenting sponsor. First Hawaiian Bank is drawn to the Made in Hawaii Festival because it is a fantastic incubator for small made-in-Hawaii businesses. Small businesses are the key to Hawaii's economy, and our greatest hope for economic sustainability. As such, HFIA is very proud to be the founder and producer of this event, which attracts approximately 2,000 buyers and provides unparalleled exposure for our vendors. It is truly amazing how ingrained this festival is in the hearts and minds of Hawaii's residents.

This 18<sup>th</sup> year of the Festival promises to be another great experience for exhibitors, sponsors, buyers, and consumers, offering food, books, gifts, fashion, plants, arts, crafts, and more. The Festival is proud to have showcased Na Hoku Hanohano award winners such as Maunaloa, Kapena, Darren Benitez, Jerry Santos, Jay Larrin, Danny Couch, Frank DeLima, and Melveen Leed on the entertainment stage in the Pikake Room and Hawaii's top culinary artists on the cooking demonstration stage in the arena. Derek Kurisu of KTA, HFIA's incoming secretary, was once again the emcee for our cooking demonstrations, which featured top chefs from Stage, Kalapawai Café, Tiki's Grill & Bar, Nico's at Pier 38, Beachouse at the Moana, Chai's Island Bistro, Shokudo, and many others.

The Festival was put on with the help of our new MIHF Executive Director, Amy Hammond, and featured over 449 booths, each selling a unique made-in-Hawaii product. We had 86 vendors who were new or returning after several years' absence join the Made in Hawaii Festival ohana from across all of our Islands. Check out our revitalized Festival website at [www.MadeInHawaiiFestival.com](http://www.MadeInHawaiiFestival.com) to watch inspirational videos highlighting the meaning of the Festival and the spectacular small businesses it proudly promotes.

## HOKU Policy Group

The HOKU policy group met on August 2<sup>nd</sup> at the Hawaii Tourism Authority Board Room at the Hawaii Convention Center and engaged in a discussion about key issues affecting

local food policy. The meeting began with the introduction of our host, David Uchiyama, HTA Vice President of Brand Management, who gave a rousing presentation about the events and projects made possible by HTA and the organization's ongoing efforts to brand the Hawaii Seal of Quality logo to enhance the value of this program for local food producers.

Similar to MIHF, the Hawaii Seal of Quality only represents products that are at least 51% made in Hawaii. The Seal has been around for a while, but the renewed commitment of HTA and HOKU to brand this important part of promoting made-in-Hawaii products is sure to garner positive results. An ad hoc committee was developed within HOKU to look into working with the Department of Agriculture, Hawaii Restaurant Association, Hawaii Manufacturers Association, Hawaii Farm Bureau, HFIA, and the Department of Business Economic Development & Tourism to increase the brand value of the Seal of Quality. The group also discussed melding HFIA's Fall educational event to include the aforementioned groups to discuss and educate attendees on the Seal of Quality program. The event would also help the groups understand and implement grading systems for local produce to encourage the consumption of high quality products and to ensure accurate pricing. The workshop will also allow the Department of Agriculture to educate attendees about how to accurately grade produce.

## Integrated Resource Planning Advisory Group

HFIA is one of a select group of organizations allowed to take part in the Integrated Resources Planning (IRP) process. The purpose of the IRP is to determine how to develop an economically feasible and energy-efficient future for Hawaii through an open planning process on a one-year timeline. The primary goal of the IRP process is to develop a plan that focuses on reasonable costs. The secondary goal is to develop a plan that is energy-efficient and culturally sensitive.

An independent entity will certify if the utilities have implemented the goals of the IRP, as it is ultimately their responsibility to determine what is filed with the Public Utilities Commission (PUC). The PUC and the IRP Advisory Group, which includes elected officials (including Sen. Roz Baker, Rep. Bob Herkes, Rep. Denny Coffman, Sen. Mike Gabbard, and Sen. Kalani English), the utilities, consumer advocates, and representatives from business organizations, are the protection that stands between consumers and the utilities.

Hawaii has the most aggressive clean energy policy in the nation. In 2009, former Governor Linda Lingle signed a bill into law that set a mandate of 40 percent renewable energy by 2030. Thanks in part to geothermal, the Big Island's Hawaii Electric Light Co. is leading the way. At our recent meeting, they announced that the Big Island's May 2012 renewable generation was at 49%, which includes 1.5% solar, 16% wind, 26% geothermal, 6% hydro, and 17.5% naphtha. HFIA is proud to be included in the IRP process and to represent our members' concerns throughout this year-long process.



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