Hawaii

Retail Grocer

FALL 2013

the magazine of the hawaii food industry association

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The Chair's Message

BY STAN BROWN

Aloha HFIA Members

Wow, it seems like just last week that we concluded the HFIA Annual Convention, but to my amazement, the summer continues to pass in a flash. In my first address to you, I want to tell you that I am excited about serving as HFIA Chair in the coming year, and I thank you all in advance for your support of, commitment to, and efforts on behalf of HFIA.

I have been fortunate over the years to be able to observe and learn from many past leaders in HFIA, with the most recent being Bonny Amemiya and Alan Nakamura, and thank them all for their guidance. We will greatly miss Alan and Ann, but wish them all the best in San Antonio and hope to see them back during the year (and perhaps even at next year's convention?). They will always be a part of the HFIA ohana.

Due to the efforts of these individuals, along with the contributions and excellent leadership of our Executive Director Lauren Zirbel, HFIA is in a very strong position, both from a financial standpoint as well as from member involvement. If you know me, you know that my philosophy is to keep things simple! And over the coming year, that is exactly what I plan to do. I will continue to focus on maintaining the financial strength that we currently enjoy, fine tune our key activities with the goal of making them even more successful, and hopefully grow member involvement even more.

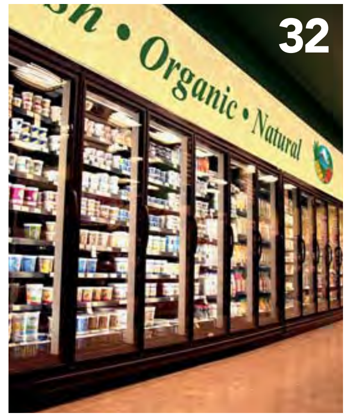
Although I have been involved in HFIA for more years than I care to admit (my children were infants at our first HFIA convention at the Waikaloa Beach Hotel, and now they are both college graduates!), it has only been fairly recently that I have become much more active in participating in the various committees and seen how the inner workings of all of the activities that I previously took advantage of come together. It is fascinating to me how much manpower and commitment goes into all of the various activities. I applaud the efforts and the commitment of the volunteers who work tirelessly for betterment of HFIA. However, this can be both a positive and negative thing. If we continue to rely on the same few individuals every year, then this can easily lead to organizational stagnation, individual burnout, and eventually, less successful events. The solution to keeping this organization strong and thriving is to have greater participation in all aspects of HFIA from new faces. Many hands make the work easier, plus it keeps fresh ideas coming. If there is one thing that I would stress in the coming year, it is that HFIA does not exist for the benefit of the executive director, or the Executive Committee, or any individual, but for the benefit of its members—it is *your* organization. We can only be as strong as our members dictate. And that means we continue to need your feedback and active involvement. There are many great events coming throughout the year, and I would urge you to get involved and find something that you can participate in and help out with.

Another exciting year has already begun. To start with, under the guidance of Lauren and Amy Hammond, the Made in Hawaii Festival (August 16, 17, and 18) once again had a record turnout from participating vendors. We also had a record turnout from the public totaling over 40,000 attendees.

We also have the Annual Social to look forward to (under the guidance of Wendy Fujio of ABC Stores and Larry Ishii of American Savings Bank), as well as the Annual HFIA Golf Tournament (under the guidance of Mike Kaya of Meadow Gold Diaries). In between, we will continue to have our membership meetings with timely expert speakers on pertinent topics lined up, and perhaps even some golf outings at some of them if there is interest. We will end the year with the HFIA Annual Convention next June at the Ihilani Resort and Spa at Ko Olina, once again under the leadership of Miyuki Hirano-Hollingworth of Centerscale.

Details of these events will be revealed as the committees begin the planning. I want to thank these individuals for once again stepping up and agreeing to chair the committees that will bring these events to fruition. If you haven't yet volunteered to participate, I urge you pick one or more of these events and sign up to help plan them.

I look forward to serving you this coming year, and I humbly ask for your support. Please feel free to let me (or any of the other committee chairs) know if you have ideas or suggestions on how to improve any aspect of HFIA. After all, it is your organization!



DEPARTMENTS

FEATURES

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Retail Grocer
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HAWAII RETAIL GROCER
IS A QUARTERLY PUBLICATION
OF THE HAWAII FOOD
INDUSTRY ASSOCIATION

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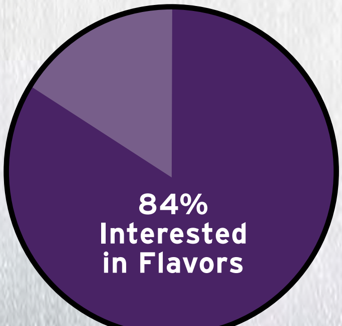

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Legislative Update

BY LAUREN ZIRBEL

Now that the Hawaii State legislative session is finished, HFIA can focus on changes coming down on the federal level, closely monitor implementation of state laws, and watch political trends at the county level.

One big federal-level change has to do with Country of Origin Labeling (COOL) for meat. HFIA held an educational seminar for retailers and suppliers which was hosted by the Hawaii Department of Agriculture. The DOA shared with our members insight into how to comply with the new law when it begins to be enforced. You can download the DOA presentation at www.hawaiifood.com. The USDA called HFIA to inform us that HFIA members should expect delays in the implementation of this rule. The USDA issued a statement that the law will not be implemented until six months after the effective date of May 23, 2013 in order to educate retailers and suppliers.

The USDA estimates that the total adjustment cost of the new rule may cost the industry $192 million. The cost of implementing these requirements will be incurred by intermediaries (primarily packers and processors of muscle cut covered commodities) and retailers subject to the requirements of mandatory COOL.

The new rule follows a recent World Trade Organization (WTO) ruling, and drastically expands the current COOL regulations for the label to include each production step for muscle cuts of beef, pork, lamb, and chicken and eliminates any allowed comingling of muscle cuts of covered commodities of different origins. As one example, the rule nearly doubles the amount of text grocers must put on COOL labels from the current "Product of the U.S." and changes it to "Born, Raised, and Slaughtered in the U.S."

Most independent retail grocers have well established meat service departments with an on-premise butcher who provides variety, savings, and enhanced service to customers. This new rule will inhibit the ability of service meat departments, as well as limit the assortment of meats available for sale.

The National Grocers Association (NGA) called upon Congress to take action now and create a legislative fix. NGA also urged the USDA to delay the effective date of the final rule until WTO considered its next challenge. This did not happen.

The USDA states that retailers may continue to use old labels; however, more specific information via signage must be used. This creates a tremendous burden on retailers who must change signage daily when product supplies change.

On the state level, **HFIA was asked to participate in a working group to help develop new legal signage requirements for e-cigarettes.** Retailers must now have signage that states they do not sell e-cigarettes to minors in addition to the signage that they already have stating that they do not sell cigarettes to minors. HFIA was asked by the Department of Health to help develop an educational campaign to promote awareness of this new law. These changes are a result of HB 672, signed into law by Governor Neil Abercrombie on June 26. **The new law states that retailers must furnish signs using the statement, "The sale of tobacco products or electronic smoking devices to persons under eighteen is prohibited."** These signs must be posted near any vending machine or point-of-sale where tobacco products or electronic smoking devices are sold in type at least one-half inch high. This law also states that all tobacco sales must be made only in a direct, face-to-face exchange. **Signage rules go into effect immediately; however, the face-to-face cigar sales rule goes into effect July 1, 2014. The Hawaii Department of Health will create signs that retailers can download from the Internet and use in stores. HFIA will email you the new approved signage and post it on our website.**

On the county council level, the **GMO issue has heated up on both Kauai and the Big Island.** Both county councils are debating bills that would influence Hawaii's agribusiness and farming industries after state legislation requiring labels on imported GMO foods failed to pass this session. Legislation on the Big Island would prevent agribusiness companies from taking root on the Big Island and ban new GMO crops. The bill would exempt papaya. Legislation on Kauai, introduced by Gary Hooser, would freeze biotech growth until the county does a thorough assessment of the industry's potential environmental impact. It would also require the county to regulate pesticide use and require farmers to disclose whether they are growing GMO crops.

Stay tuned to your HFIA e-blasts for more information on federal, state, and county issues!

Introducing Leinenkugel's® Orange Shandy, a refreshing spin on the traditional shandy style. It's crisp, refreshing wheat beer with natural orange flavor inspired by the fall orange harvests. With a zesty, citrus taste, Orange Shandy is just what you need to stay on the brighter side of fall. If you like our Summer Shandy,® you'll love this, so try an Orange Shandy and Join Us Out Here.®

Time to Sharpen Retail Marketing

BY PHIL LEMPERT, SUPERMARKET GURU

Does your retail organization have a chief marketing officer? Does he or she have the power and authority to make your enterprise truly consumer-centric—that is, to build marquee brand equity and customer traffic through targeted customer appeals rather than merely shout about item-price?

Just 23% of respondents to a new state-of-retail-marketing survey say the highest-level marketing executive at their chain is the CMO with the right span of clout and control to advance customer-centricity. Therefore, the industry has some distance to go to achieve its vital "power shift from merchandising as the heart of the enterprise to marketing as the prime occupier of that role," according to Marketing in Retail: Making the Case for the CMO, the new RSR Research study.

"The conversation with customers has fundamentally changed. Just when consumers were becoming so much more price-sensitive, retailers found they needed to be able to engage with customers on so much more than just price….[and] successfully engage with that customer in more meaningful ways," the report says.

Retail Winners (which RSR defines as achieving 5% or more annual comp-store growth) outpace laggards by nearly 6:1 (28% vs. 5%) on the CMO measure. This difference gives the chief marketing executive "an opportunity to fight for resources at the top of the organization," line up supporters, and influence company culture to recognize that "the customer is just as important as products and stores….Retailers are rapidly coming to the realization that the customer may be more important than previously thought, and more change is needed to successfully differentiate the customer experience."

Yet no one is clearly in charge of the customer experience, say 24% of respondents. Other choices are fragmented, including chief marketing executive (22%), CEO (19%), VP Stores (9%), and COO (7%). Retail Winners understand that to target successfully, they should know who their best shoppers are. By a 66% to 44% margin, the winners say they target more effectively by capturing more detailed customer preferences. By a 62% to 32% margin, they say they can develop better products and services through more direct customer input. By a 55% to 43% margin, they focus more on customer experiences and less on product. Also, by a 61% to 45% margin, winners leverage social media to converse directly with consumers.

The Lempert Report concurs with findings that urge the right internal retail structures, mining of consumer data, and direct communications with customers to maximize the relevant appeals of stores.

Coca Cola Joins the Obesity Debate

BY PHIL LEMPERT, SUPERMARKET GURU

If you can't beat them, join them! At least that seems to be the approach Coca-Cola is taking with its latest ad campaign. The link between sugary drinks and child and adult obesity rates has been a growing, and an ever apparent red flag for one of the world's most well-known soda brands. So now, for the first time, instead of avoiding the topic, they're addressing it. The Atlanta-based company has begun airing commercials during some of the highest rated shows on CNN, Fox News, and MSNBC outlining the company's record of providing low cal options and pointing out that obesity is a result of consuming too many calories from any source…not just soda. A second commercial shows a montage of activities that add up to burning off the "140 happy calories" in a can of Coke: walking a dog, dancing, sharing a laugh with friends, and doing a victory dance after bowling a strike. But don't confuse this latest marketing decision as a defensive reaction to negative publicity. As Diana Garza Ciarlante, a spokeswoman for Coca-Cola Co. says, they just felt it was time to become a part of the obesity discussion and also clarify confusion about the number of calories in soda. She said the company's consumer research showed people thought there were as many as 900 calories in a can of soda. According to industry tracker Beverage Digest, overall soda consumption in the U.S. has declined steadily since 1998, and with moves such as New York's attempted cap on the size of soft drinks sold. Coca-Cola, as with any soda company, certainly has their work cut out for them. So watch out for the ads on TV and let us know what you think!

8 in 10

primary food shoppers look to us for coupons & shopping information.

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MidWeek | Star Advertiser

Source: Primary shopper data - SMS Research 2011 Grocery Study; Readership data - Scarborough Research 2011 R2 (Oct 2010-Sep 2011)
Combined, unduplicated Oahu adult reach of 1 Daily Star-Advertiser, 1 Sunday Star-Advertiser and 1 MidWeek.

DOT…DOT…DOT…

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

DID YOU KNOW… The Honolulu City Council passed an ordinance that allows the city to impound abandoned shopping carts if the owners don't pick them up. The city will destroy shopping carts at a potential charge to the owner if they are not retrieved. HFIA will notify retailers as to where they need to pick up their carts, so please pay attention to any shopping cart alerts that HFIA sends you!

DID YOU KNOW… Simon Cutts, Director of General Merchandise, Gourmet, and Natural Foods for Foodland and Merchandise Director for the Food Pantry left Hawaii to be closer to family in Chicago. He will be joining Fresh Thyme Farmer's Market, a new natural food startup company, as Director of Retail Support. Cutts joined Foodland in 2007 and has helped to build their gourmet and natural foods business. HFIA is very sad to see him go, but we wish him and his family all the best.

Replacing Simon as Merchandise Director for the Food Pantry will be Vernon Ikebe, Director of Warehouse Procurement for the Sullivan Family of Companies. Ikebe joined Foodland in 1978 and held a variety of positions from assistant store director to store director to POS manager. Replacing Ikebe will be Teppi Waxman. Waxman will no longer have responsibility for the Sullivan Family Kitchen, but will retain her vital role in performance optimization and category assortment and optimization. She will be Director of Warehouse Procurement, Performance Optimization, Category Assortment, and Optimization. Waxman's role at the commissary will be filled by James Channels. Channels will be promoted to Senior Director of Produce and Commissary Operations. Jamie Tokunaga, Assistant Director of Produce, will be promoted to Produce Director. Replacing Cutts as Director of Gourmet and Natural Foods will be Nancy Enos, Food Buyer for the Food Pantry.

DID YOU HEAR… Times Supermarkets is looking for a new director of pharmacy. Clifford Hayashi, who retired, was with Times for 35 years in various roles.

FDA PROPOSES LIMIT FOR ARSENIC IN APPLE JUICE… Almost two years after consumer groups raised alarms over arsenic levels found in apple juice, the Food and Drug Administration on Friday proposed an "action level" of 10 parts per billion of inorganic arsenic, the same limit that environmental regulators place on drinking water. The agency said it was confident that apple juice is generally safe for children and adults to drink, but the new limit will make it easier to take enforcement action when higher levels of arsenic are discovered.

PEPSICO CEO INDRA NOOYI ATTEMPTED TO SIDESTEP TALKS OF A MERGER WITH MONDELEZ INTERNATIONAL… and pressure to spin off its North American beverage business at the company's second-quarter earnings call. "We have a diverse but highly complementary portfolio of brands and products," Nooyi said. "The high coincidence of snack and beverage purchase and consumption provides numerous commercial opportunities and our nutrition portfolio provides new growth avenues to capture expanding consumer demand." Recently, Mondelez has been the target of Nelson Peltz, a famous activist investor. Peltz proposed that Mondelez should be merged with PepsiCo, Inc. at around $35 per share in an all-stock deal.

COURT RULES IN RETAILERS' FAVOR IN CASE AGAINST THE FEDERAL RESERVE ON DEBIT SWIPE FEES… The US District Court in Washington, DC, issued its opinion in our challenge to the Federal Reserve Board's debit card interchange rules. The opinion reads: "Upon consideration of the pleadings, oral argument, and the entire record therein, the Court concludes that the Board has clearly disregarded Congress's statutory intent by inappropriately inflating all debit card transaction fees by billions of dollars and failing to provide merchants with multiple unaffiliated networks for each debit card transaction. Accordingly, the plaintiffs' motion is GRANTED and defendant's motion is DENIED." This fundamentally means that we won on all counts. Our claim was that when the Federal Reserve Board released its final rule on the Durbin Amendment, the debit fees that the largest banks were allowed to charge were far higher than the law would allow. This resulted in an approximate 22-cent per transaction fee—far above the 7- to 12-cent fee originally proposed by the Fed. (*NACS Online*)

DIRECT-TO-CONSUMER AND DIGITAL FOOD SALES ARE ON THE RISE… E-commerce food sales increased by 16.9% last year compared with 2011, according to Willard Bishop. Meanwhile, a financial performance report by the Grocery Manufacturers Association and Pricewaterhouse Coopers says companies, food tech startups and farm-to-table grocers are recognizing an opportunity for growth in the direct-to-consumer market using mobile and online shopping. (*Forbes*)

JAPAN-BASED DON QUIJOTE, CO., IS IN TALKS TO BUY MARUKAI CORP. USA… as a way to expand its footprint in the United States. The stock-purchase deal would have Don Quijote become the owner of 100 percent of the stock in Marukai, according to a notice to investors by Don Quijote dated July 26. Marukai has 11 stores in California and Hawaii. Both Don Quijote and Marukai are best known for their selection of Asian grocery items, especially their Japanese selections. "It's not a done deal," Marukai Operations Manager Wes Oshima told the *Honolulu Star-Advertiser* Wednesday, but it is scheduled to be finalized September 30, he said. (*Honolulu Star Advertiser*)

Finding a Bit of Everything at Pine Isle Market

Long-Time Lanai Market Blends Past and Present

BY JASON Y. KIMURA

One might suppose living on Lanai engenders patience, and with that, peace. Or is it the peace that comes first, and that patience is its natural outgrowth? Back in the old days, says Pine Isle Market owner Kerry Honda, who runs the Lanai City store with his wife Cindy, there might be no barge to replenish supplies for one or two weeks due to rough ocean conditions. Nowadays, it's not so bad. The Young Brothers barge comes once a week on Wednesdays, and if the waters approaching Kaumalapau Harbor are too rough for a safe landing, the delay is only three days—or four at most.

"There's limited refrigeration space, so milk runs out," says Honda of barge delays, "so I've still got to fly that in." Pine Isle Market absorbs the extra cost of air shipping perishables that run short, but even then, milk is over $8 a gallon. There's no fast food to be had, so long time residents learn to not expect much, but perhaps that is one of the benefits of living on Lanai. Gas is over $5, but then again, drives are short. A lot of people hunt Axis deer and make that a major part of their diet, and there's plenty of fish in the sea—among the best in the islands.

For other life necessities, there's Pine Isle Market and a couple other stores on the island. *Hawaii Retail Grocer* heard somewhere that you can buy almost anything at Honda's store. "Where'd you hear that?" asked Honda, laughing. For sure there's the basics like fruits and vegetables, cheeses, fresh meats, canned goods, cereals. Some of the fruit like grapes, apples, pears, and cherries are packaged differently than most are used to—on Styrofoam trays with cellophane over them like you'd see a piece of beef—but the store also offers delicacies like raspberries and blackberries. There's kabocha pumpkin, eggplant, zucchini, green onions, and more.

Pine Isle Market's reputation for carrying almost everything comes from the past as well as the present: like any good store, it carries what customers want to buy. In the past, Pine Isle carried Fuller O'Brien house paints in basic colors, but when construction began on the newer hotels some 20 years ago, a hardware store opened to meet that need (although you can still find cans of spray paint). At one time, Honda sold electronic games like Wii and Nintendo, but stopped when popularity waned. Fortunately, housewares never go out of style, so you'll find appliances such as toasters, rice cookers, and the occasional microwave.

Pine Isle is noted for its variety of Japanese delicacies. You can find everything from tofu to natto from both Maui and Japan, and everything in between, such as ume, nori and furikake. Honda brings in Filipino specialties as well, like pancit, dried fish, and bagoong. Of course, you can expect to find fresh aku, small ahi, opakapaka, onaga, uhu, and more from local Lanai fishermen and from Honolulu. "I stay away from speared fish," added Honda. "They stink!" Newcomers, says Honda, tend to like "organic, healthy stuff…gluten-free," so he carries organic broccoli at $3.49 a pound, as well as other organic greens.

With such limited space, Honda admits it's not easy to cater to the differing and evolving tastes of the 3,100 residents of Lanai, but in 2010, Pine Isle Market was honored as Family-Owned Small Business of the Year. It is believed the market is the first business from the smaller islands to ever win a statewide award in the Small Business Administration Small Business Awards.

Kerry relates that his family origins in Hawaii began with his grandfather, who emigrated from Japan and drove a taxi on Maui. In 1923, he came to Lanai for a job on a blasting crew with Dole Plantation to dig a tunnel to lay a pipeline from Maunalei Gulch to Lanai City for water. Kerry's father, Isamu Honda, was just one year old when he came to Lanai.

Isamu and four other men organized a partnership in 1949. The partnership incorporated in 1951 and the property was purchased. Three of the partners dropped out rather early in the venture, leaving just Isamu and Chiyuki Matsuura, who was the butcher. The two ran the store together for many years until Matsuura's death. Isamu, who passed away in 2009, worked at the store practically every day for almost 60 years.

Although Pine Isle Market has changed over the years as any business must to survive, it still has that old timey feel with its corrugated iron roof, vintage green paint, and its red-brown cement floors inside. And you can find lots of things you wouldn't find in just any market, like hunting items and an impressive selection of fishing lures and supplies. Honda is modest, only admitting to a "good-sized" selection. But what about other unusual items? "Maybe if I dig in my warehouse I might find something," he laughs. Guess you'll just have to check it out for yourself. Located at 356 8th Street, Pine Isle Market is open from 8:00 am to 7:00 pm Mondays through Saturdays, but don't be surprised by the noon one hour break time closure on Tuesdays and Thursdays (used to be everyday), a remnant of the old plantation schedule. The store is closed on Sundays.

New Members

HARRIS AGENCY, LLC

PROFILE: Founded in 2006, the Harris Agency is Hawaii's third largest marketing company with more than $20 million in annual capitalized billings. The Harris Agency is a privately owned and operated family business that prides itself on growing clients' sales year after year in retail, online, and key account revenue streams. For more information and client list, visit www.harris-agency.com.

REASON FOR JOINING HFIA: With more than 45% of its clients engaged in Hawaii's food industry, HFIA is an important community for the Harris Agency's team, which strives to be active participants in order to learn, share, and build camaraderie and give back.

UNIQUE TO THE COMPANY: The Harris Agency builds strong brands and grows revenue in highly competitive environments. It is a full-service marketing agency with retail strategic consultancy, advertising, public relations, and digital media with in-house creative production services. The Harris Agency has expertise in localizing international brands while maintaining their corporate positioning. The agency also creates and develops local brands to compete in the national retail or the e-commerce arena.

LOCATION AND SERVICE AREA: The Harris Agency is located on the third floor of the Waikiki Shopping Plaza with a digital satellite office in Seattle, Washington. The agency services brands doing business anywhere in Hawaii and e-commerce businesses worldwide.

CONTACT INFORMATION:
Doug Harris, Founder & CEO
Ph: (808) 946-4626, Email: dough@harris-agency.com

NO HAWAII BEVERAGE TAX

PROFILE:
No Hawaii Beverage Tax is a coalition of individuals, families, businesses, and community organizations who are opposed to singling out certain beverages like soft drinks for new taxes. No Hawaii Beverage Tax formed the group to tell elected officials in Honolulu that we can't afford new taxes. Our members represent companies that have been operating in Hawaii for generations.

REASON FOR JOINING HFIA: HFIA is a strong voice for the food industry and does an excellent job advocating for the interests of its members.

UNIQUE TO THE COMPANY: No Hawaii Beverage Tax has been instrumental in stopping a discriminatory beverage tax in the State Legislature for three consecutive years.

LOCATION AND SERVICE AREA: Statewide.

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For J's a Unique Salty & Sweet Success

Made in Hawaii Festival Incubates Small Businesses BY JASON Y. KIMURA

A small business incubator that features over 400 vendors—many of whom are food manufacturers and food retailers, aka suppliers and retailers—and more than 40,000 attendees at a gala festival complete with award winning entertainers and numerous cooking demonstrations from Hawaii's top chefs happens every year in Hawaii. It's called the First Hawaiian Bank Made in Hawaii Festival and it is owned and produced by the Hawaii Food Industry Association. HFIA's founder, Dick Botti, started the Made in Hawaii Festival as a fledgling craft vendor show and over the past 19 years it has grown into the largest event held at the Neal S. Blaisdell Center.

Just think of the possibilities. A more vibrant food industry in Hawaii. New HFIA members, perhaps. An incubus for the future of Hawaii's food industry. With a successful 19th Annual Made in Hawaii Festival concluded just last month, this issue of *Hawaii Retail Grocer* focuses on one of the rising stars that is a regular at the Festival: For J's, a manufacturer of gourmet sea salts and Hawaiian cane sugars.

The genius behind For J's is Janis Tanga, who knows a thing or two about cooking. Just check out her simple, but oh-so-good "For J's kitchen tested" free recipes featuring her sea salts on the For J's website. In case you're wondering, the other "Js" are her husband and two children: John, Jaelyn, 14, and Johnathan, 17. There are indeed four Js, but the business is *for* the Js in the Tanga family.

For J's gourmet sea salt flavors include Garlic, Hawaiian Chili Pepper, Maui Onion, Kiawe Smoke, and Hickory Smoke. The flavors are infused with Tanga's proprietary SavorBlast™ process and the result is a salt that's delicious enough to eat right out of the bag (not that we advocate consuming salt that way). The gourmet salt flavors come in either white salt or the red Alaea salt, except for the hickory, which is white. The company also makes a Kiawe Liquid Smoke and a macadamia nut pesto (available at Kapiolani Community College Farmers' Market)—and Tanga is always looking to introduce new products. For J's uses Maui cane sugar crystals for their Natural Hawaiian Cane Sugars, which are infused with natural pineapple, mango, and lychee flavors. These are great in hot or iced tea, coffee, or cocktails. The gourmet sugars are also good sprinkled on cookies, cakes, pies, scones, muffins, hot oatmeal, and fresh fruit.

As invested as Tanga is in her

Alaea Salt's Mysterious Makings

Those of us who live in Hawaii have long been familiar with red Alaea salt. It's very pretty to look at and it has a very mellow flavor, but to most of us, it's just regular salt colored by a little bit of red dirt. Not so. When Janis Tanga set out to create her gourmet salt flavors, finding the ingredients to make the salt proved elusive. Only a few families in Hawaii know where to find the red clay that gives the salt its hue, and the Hawaiians used the clay as a healing agent to draw out toxins from the body. It is found in secret caves that can be reached only via trail, and harvesters must dig deep to reach the vein of earth that contains the clay. The "mother" vein has a darker, redder color, while other branches, the "ohana," are grayer and not as bright. One vein goes into the sea, and harvesters must dive to get to it.

Janis Tanga shows samples of alaea clay. The mother clay is to the right, and the ohana to the left.

The Hawaiians shaved the clay, which looks like red rocks, into a powder and massaged (lomi) it into salt ponds to create what is called Hanapepe salt. This salt is tan to pink, but not as red as the commercially produced Alaea. The FDA will not approve the commercial sale of salt produced this way, and there is no approved salt manufacturing plant in Hawaii, so what we know as Hawaiian salt is actually from California. For J's acquired a source for the red clay, as did a very limited number of salt manufactures in Hawaii. Tanga creates her Alaea salt using FDA-approved methods.

Janis Tanga with her gourmet salts and sugars.

products, you'd think it was her lifelong dream, but even she would have never imagined to be where she is today. The Moanalua High School graduate actually dreamed of becoming an electronics engineer, and that's exactly what she did. She attended the Electronics Institute of Hawaii and graduated as class valedictorian. "I love working with my hands and troubleshooting," Tanga explained of her chosen profession. "It's cool being able to fix a TV, make your own circuit board, and calculate voltage." She worked as a fire alarm technician, but later, circumstances brought Tanga to Castle & Cooke, where she learned how to do Excel spreadsheets, bookkeeping, and other business skills.

While Tanga worked at Castle & Cooke, she would make crispy poi mochi balls for the office using her sister's secret recipe. People began asking for the recipe, but Tanga was not at liberty to give away the secret, so the problem solving part of her brain went to work and came up with a solution: give her friends a prepared mix in a bag with instructions. This solution kept the recipe secret and her friends were happy to be able to make the mochi balls at home. Eventually, the number of requests got out of hand, so Tanga started For J's with the mochi mix as her product. "I did craft fairs and the Made in Hawaii Festival," she recalls. "That's when it took off." Tanga got For J's mochi mix into Longs, but realized the product's limitations: it was difficult to market successfully outside of Hawaii because people on the mainland didn't know what mochi was. Tanga wanted to create a business that was successful enough to support her family, and it didn't look like the mochi mix would be enough.

About this time, a friend gave Tanga some of her seasoned salt. "I used it to make beef stew, and it was the best!" she said. "I was floored." Tanga hit the books at the library and did a lot of research on herbs and spices. Through a lot of trial and error, she developed an infusion process. Using her electronics background, she invented a device that would infuse flavors into salt. The first SavorBlast salt was garlic, then Hawaiian chili pepper, then hickory, keawe, and finally, Maui onion. The sugar flavors came later when a customer mentioned that it was difficult to find a flavored sugar and asked Tanga if she could infuse Hawaiian cane sugar.

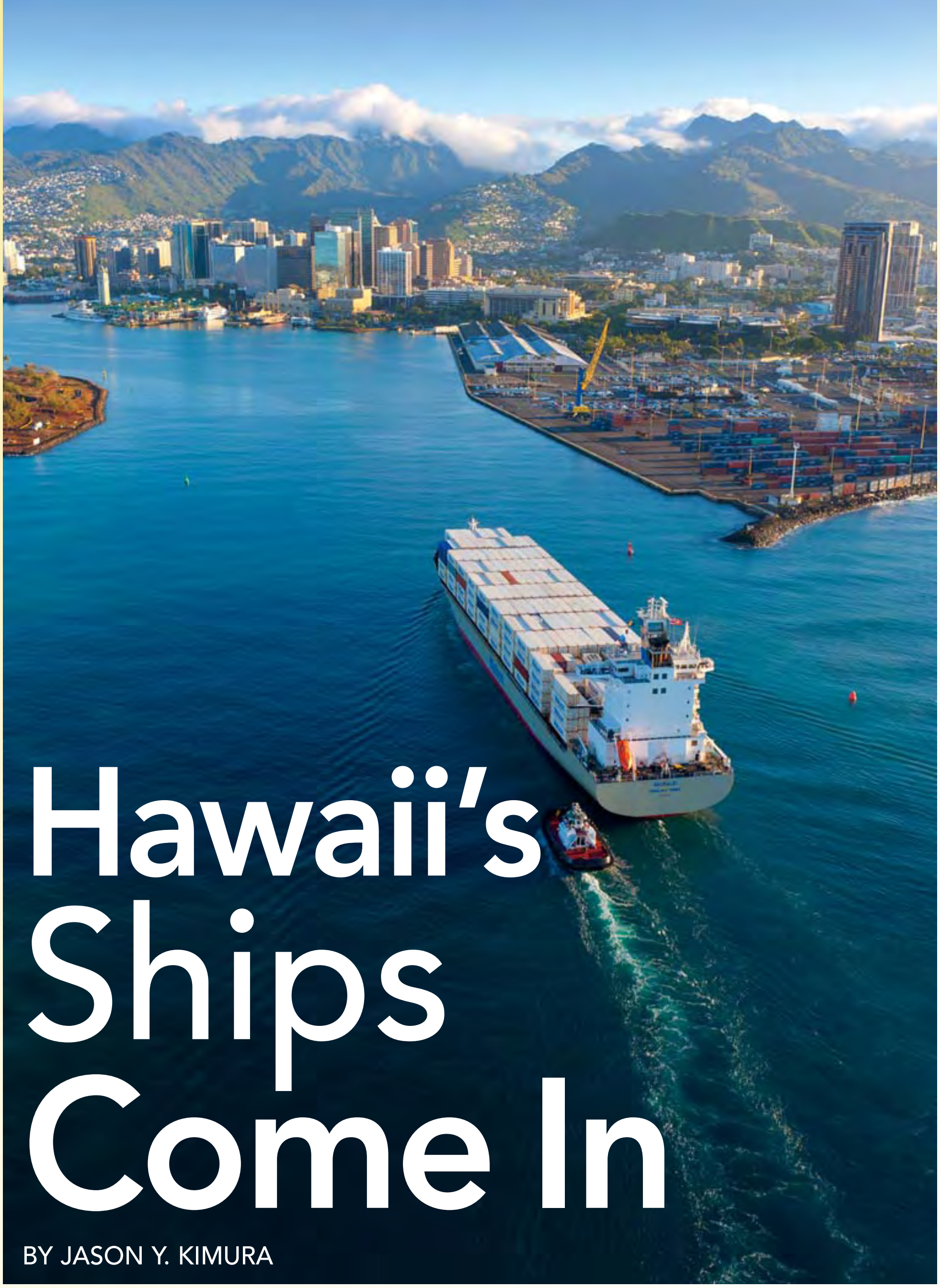
Finally Tanga felt she had the right products to build a solid business. Her electronics background, business skills from Castle & Cooke, and a lot of heart all came together for her. Still, it wasn't easy. Manufacturing the products and running the business was taking a toll on her family. At one point she was tempted to sell the business, but her son Johnathan, who had been with his mother at fairs since he was knee high, wanted her to keep it because he "saw a lot love come out of it" from customers who became like family, and one day it would be his business. Tanga resolved the problem by finding some employees, and now she is focused on making it work.

For J's gourmet products can be purchased online at www.ForJsHawaii.com. The products can also be found at select fine retail shops. Don't be surprised if you've already had a taste of For J's products in creations made by some of Hawaii's finest chefs. All the information on retail shops and chefs can be found on the website.

The Made in Hawaii Festival

In Hawaii, small is where it's at. Small businesses are the heart of the State's economic engine. The many small businesses mirror the islands' incredible diversity, and the best place to find them is at the annual Made in Hawaii Festival at the Neal Blaisdell Center.

Produced by the Hawaii Food Industry Association, MIHF's presenting sponsor is First Hawaiian Bank. The idea for MIHF was a brainstorm of former State Representative David Morihara, whose father, an HFIA member, had a grocery store in Kula, Maui. Nobody wanted to take it on because of the risk. Nobody, but HFIA's founder, Dick Botti. "[The board] never turned me down, because I never lost money on anything," related Botti of his efforts to get HFIA to take it on. The Hawaii-only products exhibition began modestly in 1995 with 84 exhibitors in a small portion of the exhibition hall at the Neal Blaisdell Center. Growing every year, it expanded into the whole exhibition hall, then burst out into the atrium and arena to become one of the most successful programs in the state, with more than 400 exhibitors attracting over 40,000 visitors during the three-day event. HFIA started the festival as a means of supporting Hawaii businesses, but it has turned into a small business incubator, allowing very small vendors to make and stockpile a product at home and sell it at the festival.



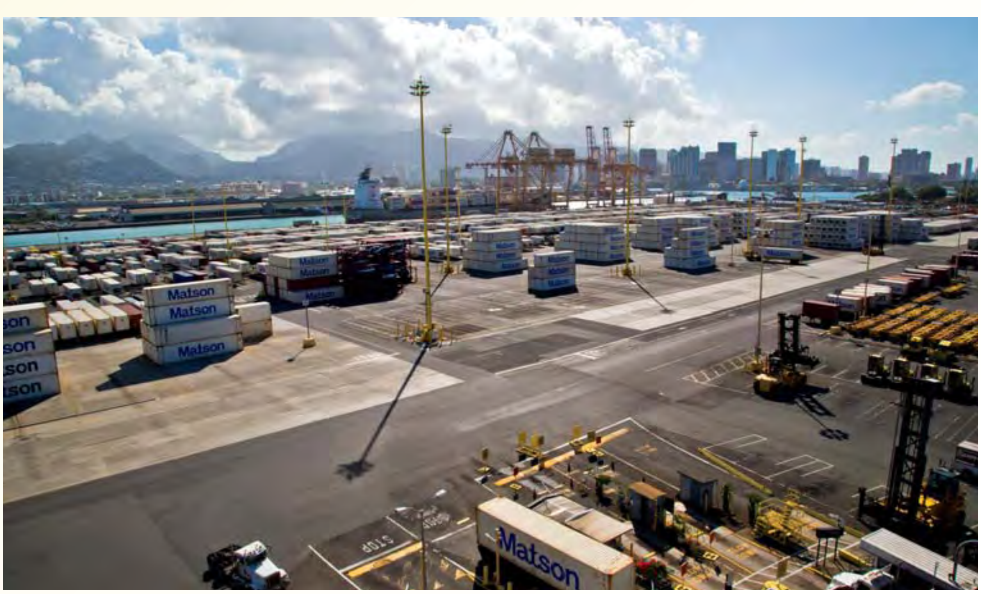
Matson's Maunalei arrives at Honolulu Harbor.

Hawaii's Ships Come In

BY JASON Y. KIMURA

Shipping is the lifeblood of the world's economy, but it is nothing less than the lifeblood of our way of life in Hawaii, particularly in the food industry. Our island home may be considered a paradise by many, but 90% of the things consumed here comes by merchant ship. In its broadest definition, the term shipping refers to transport by sea, land, or air, but of course, in Hawaii, imports can only be brought in by sea and air. The vast majority of it comes first to Honolulu, and is then dispersed to the other islands, most of it by barge, some by air.

It was not so long ago that Hawaii was even more isolated from the rest of the world, but today, shipping is stronger than ever, with better and bigger ships coming here and improved technology to support the industry. In this issue of *Hawaii Retail Grocer,* we explore bulk shipping in Hawaii from the perspectives of HFIA member shipping companies. We will also explore the differences between the interstate shippers like Matson, Horizon Lines, and Pasha Hawaii, and intrastate shipper Young Brothers. Finally, we will examine the benefits of air shipping with Aloha Air Cargo and how their services can extend beyond airplanes.



View of Matson's container yard. Docked at a container crane, the Maunalei is unloaded for the next leg of her voyage.

MATSON Moves the World

Early one morning, the Matson ship *Maunalei* was docked next to container cranes, which were unloading cargo from Long Beach. The *Maunalei* would next set sail to Guam, then China—where it may have to contend with typhoons or heavy fog—then back to Long Beach. Standing on the roof of Matson's control tower, one has a panoramic view of its entire 108-acre Sand Island container yard. Shipping containers emblazoned with the Matson name were neatly stacked four high like building blocks. Honolulu rose against the morning sun like a mist behind container yard, containers, cranes, and container ship, a symbolic picture of how Matson played a significant role in building Hawaii's economy. (See photo, previous page, bottom left.)

If Hawaii's lifeblood flows through the veins of its shipping lines, it does so almost seamlessly, and without much thought from the general public. Such is the case with Matson. "People don't think about Matson unless there's a strike," noted Gary Nakamatsu, Matson Vice President of Sales, Hawaii. "People don't know or think about Matson because the service is so seamless." Nakamatsu was pointing out that even if the company provides about 70% of the merchant shipping to Hawaii and ships just about every type of thing people could want—perishable produce, nonperishable groceries, alcoholic and nonalcoholic beverages, general merchandise, USPS Parcel Post, automobiles, building materials, military equipment, huge pieces of machinery, *etc.*—for suppliers, retailers, government, private individuals, and others, Matson is not usually a part of the public's consciousness unless there's a problem.

It wasn't always that way. Today, Matson is a cargo and logistics shipping company. It began as a cargo shipping company in 1882 when Captain William Matson brought his first cargo load of 300 tons of food, plantation supplies, and general merchandise to Hawaii. But from 1908 to 1955, it operated its famed passenger liners, built the Royal Hawaiian and other hotels in Waikiki, and was instrumental in the development of Hawaii's tourism industry. In 1958, when Matson introduced containerized shipping in the Pacific, it revolutionized the industry. The company divested itself of its Waikiki hotels in 1959, and all of its passenger ships in 1970. Matson's legacy is its 133-year history of not only playing a significant role in Hawaii's economic development, but in innovating many firsts in the shipping industry. *(See related article on Matson's history on pages 26-27.)*

In Hawaii, people most often think of Matson in terms of its service to and from the West Coast, but the company's transportation offerings span the globe from Shanghai to Savanna, and encompasses providing a lifeline to the island economies of Guam and Micronesia, to a wide range of multimodal transport services throughout North America. One of the nation's top logistics providers, Matson Logistics extends the reach of the company's transportation network.

A Matson barge reaches Maui.

It offers domestic and international rail intermodal service, long haul and regional highway brokerage, supply chain services, and LTL transportation (*i.e.*, Less Than Truckload, or a shipment not requiring a full trailer). It provides third-party logistics services that include warehousing, distribution, and international freight forwarding.

Matson's Hawaii Service

Matson's service to Hawaii is distinguished by the most frequent service to and from the U.S. mainland. Six ships come in from the West Coast to Hawaii every 14 days. There are twice-weekly sailings from Oakland to Honolulu every Tuesday and Thursday, and twice-weekly sailings from Long Beach to Honolulu every Saturday and Wednesday. Additionally, Matson provides weekly Sunday departures from Seattle. Transit time from the West Coast is four and a half days.

For the food industry, more shipments make just-in-time inventory possible. Suppliers and wholesalers can have an almost non-existent inventory, minimizing warehousing and reducing the cost of storage. There are barge alternatives from the West Coast, but since they are not self-propelled, they take 11 days to cross the Pacific and sail only every three weeks.

As an interstate shipper, Matson is governed by the Federal Maritime Commission and can't ship anything intrastate, for example, a shipment originating in Honolulu to Maui. However, if a shipment is from, say, Oakland to Maui, then the container can be off-loaded in Honolulu and put on a Matson barge to Maui. A little over 25% of the cargo coming in goes to the neighbor islands. Shipping between the islands is done by Young Brothers, which is an intrastate carrier and not in competition with Matson.

Intermodal, or transport of freight using multiple modes of transportation such as ship, rail, and truck, is available from any U.S., Canada, or Mexico point of origin. Matson can handle inland transportation to any of its West Coast port facilities, simplifying the shipping process by having one carrier to arrange an entire transport to Hawaii.

Matson also carries thousands of cars, trucks, buses, and tractors every year. Vehicles are transported in specially designed auto frames, in containers, or in secure garage stowage. Service for non-container wheeled freight and trailers that can be rolled on and rolled off special ships is available at Long Beach, Oakland, Honolulu, Kahului, and Hilo. Matson also transports freight that doesn't fit in containers, including oversized vehicles or heavy machinery.

Other specialized equipment includes flat-racks, dedicated chassis, and refrigerated intermodal containers. A wide range of temperatures can be held, depending on what is required. Having no power source of their own, reefers are plugged into the truck that transports them and plugged in again at the shipping terminal. It is then plugged in on board the ship, where the crew monitors the generator on the ship to make sure it is functioning properly. Mechanics on board the ship can fix any mechanical problems that may occur. Insulation keeps the temperature constant when the reefer is unplugged, which is never more than two hours.

Containers: the Building Blocks of Shipping

Two of the largest Matson ships can hold 2,824 TEUs. A TEU, or 20-foot equivalent unit of volume used to describe the capacity of container ships and container terminals, is based on the volume of a standard 20-foot long container. These are the ubiquitous containers that one most often sees carried by ship, truck, or train. In some respects, Matson (and the other interstate shippers as well) operate like an airline for these containers, which also come in other sizes, typically 40-feet, and some are refrigerated containers, called reefers. What they have in common is that they prominently carry the Matson name. "It's like we have over 30,000 billboards," says Jeff Hull, Director of Public Relations, referring to Matson's containers, which are dispersed everywhere—usually by truck—once they are offloaded from a ship. It can have its downside too—sometimes they receive complaints about trucks bearing a Matson container, but those who have a grievance should know that the trucks belong to other companies or customers.

Beyond Hawaii

In recent years, Matson has expanded its reach all the way across the Pacific Ocean from California to China. Its China-Long Beach Express offers weekly services from Xiamen, Ningbo, and Shanghai, China to Southern California. The China service has been recognized for fast transit times, on-time arrivals, next day cargo availability, and seamless intermodal connections by Matson Logistics.

Arriving in Guam each Tuesday, Matson's shipping schedule allows West Coast shippers to support Guam's weekend sales cycle. Additionally, Matson supports Micronesia: Rota and Saipan to the north; Yan and Palau to the east; and Chuuk, Pohnpei, Kosrae, Majuro, and Kwajalein to the West.

In January 2013, Matson expanded service to the South Pacific. Matson provides service to core historical trade lanes from Auckland, New Zealand, and Fiji to the island nations of Nauru, the Solomon Islands, Tahiti, Samoa, American Samoa, Cook Islands, Niue, Tonga, Wallis and Futuna, Vanuatu, Tarawa, Tuvalu, and Majuro. Matson's long-term plans are to expand the South Pacific service to link the region with Asia, Guam, and the U.S., but currently, the company is focused on providing reliable, on time arrivals of its ships to these island nations that rely on ocean transport to support their economies.

To find out the specific details of shipping with Matson, the company offers "one call" service where customers can call a toll-free number or send an email to get information on anything related to ocean services (1-800-4MATSON; customerservice@matson.com), including rate quotes, booking, billing, schedules, equipment needs, shipment status, and resolving problems. Help is also available online at www.matson.com to book, track, and handle shipment information needs.

Matson has played and continues to play a large part in the development of Hawaii's economy because it provides many of the services necessary to make things happen. After over a century of service, it has become a part of the fabric of Hawaii.

New **HORIZONS**

Horizon Lines a New Name for an Experienced Ocean Carrier

Next door neighbors to Matson along Sand Island Parkway is Horizon Lines, which has its own perspective on how to broach over 2,000 miles of ocean that separates Hawaii from the rest of the U.S. and beyond.

Out on Horizon Lines' 38.5-acre container yard, Frank Roznerski, Manager, Security/Safety/Hazmat, explained how everything that happens out here is time-sensitive. "Everything is in-out, in-out like clockwork," he said. "Everybody has to work in sync." Watching the container yard, one can see that operations are like a dance of giants with massive footprints—huge toploaders and bomb cars, 20- and 40-foot containers, towering cranes. Everyone on the container yard must know exactly what they are doing and what's happening around them; carelessness or error can be fatal. Work at a container yard is also not a routine, but dynamic, changing as events unfold.

Roznerski pointed out reefer containers and the powerpack generators that each have 72 sockets for reefers, empty containers stacked four high waiting to return to the West Coast, and the special areas set aside for high volume customers like Costco and Walmart. There are flat racks for lumber, pipes, and building materials, and fuel tanks waiting to be sent to their destinations.

There are areas where mechanics repair toploaders and where cars are prepped before loading into containers. Most of the equipment is repaired onsite, including the three massive hydraulic cranes that load containers onto ships, which take 24 to 30 hours to unload. When containers destined for one of the neighbor islands come in, Horizon Lines has contract truckers to move them to Young Brothers for the final leg of their journeys.


TACOMA
OAKLAND
LOS ANGELES
Kauai
Nihua
HONOLULU
Molokai
Maui
Lanai
Hawaii

Two of Horizon Lines' three container cranes.

The height of the containers is like watching a living thing grow, reflected Roznerski. If tourism is up, volume will predictably go up. The holidays are busy times too. There are typically 800 to 1000 containers on a Horizon Lines ship, but the count can go up to 1,100 if full. Containers are stacked on a ship a certain way. For example, hazardous materials go on top, as well as the plugs for the reefers, which generate heat. "There's a science to everything we do," he says.

Established in 1956, Horizon Lines is one of the leading domestic shipping companies in the US, and the only one that serves the noncontiguous markets of Hawaii, Alaska, and Puerto Rico. Also an interstate carrier like Matson, Horizon Lines is a purely containerized shipping company. When measured by the number of containers shipped, the company has about 35% of the container business in Hawaii and is the largest domestic container carrier in North America.

"We've been [in Hawaii] for over 50 years under different names," explained Ali Nikkhoo, Horizon Lines Senior Vice President. The Puerto Rico, Alaska, and Hawaii routes were a part of Sea-Land Service, Inc., which was the largest shipping company in the world in the late 1980s. Parent company CSX sold Sea-Land's international lines to Maersk Line of Denmark. The domestic Puerto Rico, Alaska, and Hawaii routes were kept, and the company became known as CSX. Then CSX Lines, the shipping branch of the company, was sold to the Carlisle Group. Carlisle changed the name of the shipping line to Horizon Lines and took the company public in 2003. The Charlotte, North Carolina-based company's stock trades on the over-the-counter market under the symbol HRZL. *(See related article on Horizon Line's history on page 21.)*

Operating five port terminals, Horizon Lines owns 13 Jones Act-qualified ships. *(See related sidebar on the Jones Act.)* Four of the ships serve Hawaii and run on a weekly basis on a fixed schedule. Shipping from Los Angeles is four and a half days; from Oakland, its five days, and from Seattle it's seven. Horizon has a strong commitment to the Hawaii market, says Nikkhoo, and ships come in like clockwork as scheduled. The company has allowed customers—especially food importers—to have just-in-time inventory. "When you think about Hawaii and our ships, they are like warehouses," he noted. "[Suppliers and retailers] can think of them as floating warehouses that eliminate the need for warehouse space. This allows the food industry to maintain fresh product on shelves on a just-in-time basis." Horizon Lines, he added, is always looking for ways to add value to the supply chain.

Horizon Lines has three weekly fixed-day, direct ships to Honolulu with continuing service to the Neighbor Islands. The Pacific Northwest Express has two dedicated ships on a round-trip service to Tacoma, Oakland, and Honolulu. The California-Hawaii Express also has two dedicated ships on a direct, round-trip service between Los Angeles and Honolulu. Since waterborne shipping is charged by volume, not weight, departure at the end of the week from LA gives shippers a full week to maximize their loads and improve efficiency. Finally, the Midweek Express Service provides a second weekly fixed-day sailing from LA to Honolulu.

Because Hawaii imports 90% of what it consumes, many of the containers go back to the West Coast empty. So, discounted rates to the West Coast are available. "Containers and operations are the same [as other shippers]," points out Nikkhoo, who emphasized the close relationships the company has with its customers. "What's different is our customer service. Our services are located right here on island with live bodies." Nikkhoo was referring to the dedicated, on-site customer service agents, who have extensive knowledge of island trade. Horizon Lines will analyze what a customer is doing and help make shipping as efficient as possible, either to or from Hawaii.

Horizon Lines—A History of Delivering Value

In 1956, the predecessor to Horizon Lines, Sea-Land Service, introduced containerized shipping with a voyage from Port Newark, New Jersey, to the Port of Houston, Texas by the Ideal-X, a converted World War II T-2 oil tanker. Two years later, Sea-Land introduced containerized shipping to the Puerto Rico market, and pioneered it in Alaska with the first year-round scheduled vessel service.

From the 1960s to the 1990s, Sea-Land expanded its services all over the world, including to the great cities of Europe, the Mediterranean, the Middle East, Vietnam, Japan, China, Canada, and the former Soviet Union. Acquired by CSX Corp. in 1986, Sea-Land bought an existing Pacific carrier and its ships and began providing containerized shipping services between the West Coast, Hawaii, and Guam the following year. Ownership by CSX allowed the company's shipping to combine rail, sea, and overland cargo movement. In 1989, the company invested $150 million in refrigerated cargo equipment to acquire 14,000 reefer units. In 1997, Sea-Land launched the first fleet of advanced humidity controlled refrigerated containers.

In 1999, CSX sold the international part of its shipping business to Maersk, creating the largest container shipping company in the world, but retained ownership of its domestic Alaska, Hawaii, and Puerto Rico shipping routes and renamed it CSX Lines. In 2003, CSX Lines was sold to The Carlyle Group, an American-based global asset management firm. Carlyle rebranded the shipping line as Horizon Lines, which it sold a year later to Castle Harlan, a leading private equity investment firm. In September of 2005, Horizon Lines launched a successful Initial Public Offering, and in 2006, Castle Harlan sold its remaining interest in the company. In recent times, Horizon Lines has been recognized for its safety and stewardship by the US Coast Guard and the Chamber of Shipping of America, and has been given many awards.

Partnering with many of the nation's leading retailers, manufacturers, and US government agencies, Horizon Lines also offers transportation services that leverage its combination of ocean transportation and inland distribution capabilities to deliver goods. Its mission is "to deliver reliable and cost-competitive container shipping and logistics solutions with industry-leading customer service and operational excellence between the Continental US, Alaska, Hawaii, and Puerto Rico."

What lies in Horizon Lines' future is to make its operations as efficient as possible due to the very capital-intensive nature of its business. Focused on the cost of fuel, the company is looking at the latest technologies in LNG (liquid natural gas) and diesel technologies to renew their fleet. "Whatever the future holds, says Nikkhoo, Horizon Lines' commitment is to stay here for the long haul. For more information on Horizon Lines' services for Hawaii, call 1-877-678-SHIP toll-free.

PASHA Hawaii's Entry Into the Market

Pasha Hawaii is a study in contrasts. Their big roll-on roll-off ship, the *Jean Anne*, with her outsized cargo is impressive, and here for your extra large needs, but for your medium and small ones too. The company has been in Hawaii as a ship operator since 2005, and some may think they are a new company, but they are not new to Hawaii, nor are they new. And despite the fact that Pasha has over 65 years of experience in the shipping business, the company is approaching potential customers in Hawaii without pre-conceived ideas about what they want.

"We're spending time telling people who we are," said Vice President of Container Sales Bill Lickert, who has over 30 years experience in the shipping industry. "We're meeting with food industry companies and asking them what they need without having preconceived ideas about what type of products will be good for the marketplace—we're writing on a blank sheet of paper." Lickert further insisted Pasha Hawaii won't be hindered by legacy thinking, but will think outside the box and bring new ideas to the table.

Pasha's link to Hawaii dates back to World War II. *(See article on Pasha's history below.)* The company has been committed to the Hawaii market with long-term investments predating their 2005 entry. In 1999, Pasha saw an opportunity to offer roll-on roll-off services between Hawaii and the West Coast. In 2005, it launched its Hawaii service with the 579-foot *M/V Jean Anne*, the first modern US-built Jones Act pure car truck carrier (PCTC) in this trade lane. The ship offers the only dedicated ro-ro service ship with fully enclosed decks between the West Coast, Honolulu, Kahului, and Hilo. The *MV Jean Anne* has a 20-ton side ramp and a stern ramp that can handle up to 120 metric tons. Three of the vessel's

Bill Lickert, VP, Container Sales, and Al Mishima, Account Manager.

10 fully-enclosed decks are hoistable and provide 120,000 square feet of space configured for high and wide cargo. The *Jean Anne* is equipped to carry rolling stock of any type, from cars to Black Hawk helicopters, and practically any oversized or overweight cargo that cannot be easily accommodated by a typical container ship, but has been modified to also offer containerized service as well.

Pasha Hawaii is now making a huge capital investment with a new ship, the *M/V Marjorie C*, to be introduced in the spring of 2014. The 692-foot *Marjorie C*'s unique con-ro (hybrid container and ro-ro) design will allow Pasha Hawaii to fully enter into the containerized cargo market. The *Marjorie C*'s loading and discharge flexibility will allow it to offload directly at Kahului and Hilo, avoiding the extra step and time associated with trans-loading to a barge service in

Pasha's Connection Dates to WWII

The Pasha Group's link to Hawaii dates back to World War II, when the company's operations in San Francisco offered storage and truckaway services to US troops as they were deployed to Oahu. Family-owned and operated for three generations, the company was founded in 1947, and prides itself on delivering innovative transportation solutions. Pasha has extensive experience in vehicle processing, in which the company arranged ocean transport, operated marine terminals and prepped cars for dealerships.

The Pasha Group has been a pioneer in vehicle processing since the 1960s. Pasha's Logistics Services offers commercial freight forwarding and international project logistics services, including the movement of vehicles, general merchandise, construction materials, and high tech equipment. Pasha manages the shipment of everything from small packages to oversized cargo. As a leading specialist in international relocations and cargo and logistics transport, the Pasha Group has experienced industry professionals in over 300 trade centers around the world to provide complete, end-to-end solutions for their customers.

In 1999, the company saw an opportunity to provide a new and competitive service for the movement of rolling stock between the West Coast and Hawaii, which sparked the creation of Pasha Hawaii Transport Lines. In 2005, it launched its service with the 579-foot M/V Jean Anne, the first modern Jones Act pure car carrier in this trade lane. The Jean Anne is equipped and designed to carry heavy-duty transportation, from cars to Black Hawk helicopters. Other features include 10 fully enclosed decks, a 20-ton side ramp, and 120,000 square feet of space. Pasha Hawaii's vessels can accommodate any rolling stock or extra large cargo that cannot fit into a traditional shipping container. The ship offers the only dedicated ro-ro service ship with fully enclosed decks between the West Coast, Honolulu, Kahului, and Hilo. In 2014, Pasha Hawaii will introduce a newly constructed ship, the Marjorie C, to Hawaii. The uniquely designed vessel will be a con-ro (hybrid container and ro-ro) design, which will allow Pasha Hawaii to fully enter into the containerized cargo market.

Pasha Hawaii's Jean Anne.

Honolulu. The ship will provide the only regularly scheduled direct calls to these Neighbor Island ports for both ro-ro and containerized shipments. Fuel efficient and environmentally compliant, the *Marjorie C* will have 1,400 TEUs (about 700 containers) of containerized cargo space, including reefers. Designed to accept container, automotive, rolling cargo, and oversized high and wide items, the ship also features a 250-ton stern ramp and its own cranes for cargo stowed above deck. Pasha Hawaii has indicated that this is only the first phase in what will be an increasingly critical part of its overall service offerings to Hawaii.

The Pasha Group is much bigger than many people realize. The company has 29 offices from Japan to Switzerland, and moves 35,000 containers of military household goods worldwide per year, providing transportation and logistics services around the globe. The Pasha Group is structured into several operating units, of which Pasha Hawaii is one. Its other units include:

• Automotive Services: A nationwide network of state-of-the-art port, distribution, and service facilities.

• Relocation Services: Worldwide freight forwarding and global move management services that include storage of household goods for military and government employees.

• Logistics Services: Personally owned vehicles and global freight forwarding.

• Transportation Services: Storage of the private vehicles of military personnel, dependents, and Department of Defense civilians, and commercial storage.

• Maritime Services: Maritime terminal management and stevedoring for all types of cargo, including steel stab, vehicles, and project cargo.

Pasha has grown significantly, quadrupling over the last

10 years, particularly because of the Hawaii market. "The Hawaii market represents a big growth area for us to offer more service options and more competition," said Lickert. "We realize cost is such an issue here, so we hope we can help people realize savings." Pasha Hawaii, he says, will offer Hawaii an alternative weekly ship date from the West Coast, allowing companies to better manage their supply chains.

"Pasha will offer the Hawaii market things it didn't have before," concluded Lickert, who noted that the company has recruited "significant veterans" with lots of experience in the container shipping business. "We want to offer a different type of service—and we're excited by our new participation with HFIA." Visit www.pashahawaii.com for contact information and full details on your shipping needs.

YOUNG BROTHERS' Crucial Link Between Islands

Operating a barge service presents special challenges. When *Hawaii Retail Grocer* went to visit Keith Kiyotoki, Young Brothers' Account Manager of Marketing, Sales, and Customer Service, operations were still recovering from Tropical Storm Flossie the week before. As an intrastate shipper, they provide shipping between the islands only, and do not compete with interstate shippers. The goal of Young Brothers, Limited, and their sister company Hawaiian Tug & Barge, is to provide efficient, customer-focused interstate freight handling and transportation, harbor assist, and tug and barge services. Sometimes, storms or ocean conditions cause unavoidable delays, but never for too long; the interisland shipper deals with these as efficiently and safely as possible, and absorbs the extra expense and headache with aplomb.

When Flossie was expected to make landfall, the ports in Hilo and Kawaihae on the Big Island and Kahului in Maui were closed at midnight the night before, an hour before the Young Brothers barge destined for Hilo was due to dock at 1:00 am. On a normal day, unloading would have started at 5:00 am and the gates would be open at 7:30 am for customers to pick up their cargo. Instead, the line haul tug captain pulled the barge south of the Big Island out of the storm's path; it would take six hours to get back to Hilo. However, the ports didn't reopen until 3:00 pm the next day, and the barge ended up docking on Monday, 3:30pm, making it late coming back to Honolulu. Delays cause a domino effect; when the barge got back to Honolulu Harbor, there was no harbor tug immediately available, so it had to wait again. Barges require two tugs when they come into a harbor—the line haul tug that towed them across the sea and a harbor tug to guide them to the dock. Loading and unloading a barge takes about 12 hours, and barges must also contend with traffic in the harbor, much like planes landing at a busy airport.

Young Brothers Start Business in 1900

In 1900, Herbert, William, and Jack Young arrived in Honolulu to start a "bumboat" business called Young Brothers, in which small vessels carried goods and supplies to sell to anchored ships. Thirteen years later—and exactly 100 years ago—the firm was incorporated as Young Brothers, Limited, and expanded its services to include ocean towing, rescue service, and barge transportation between the islands. The first barge services began with transport between Oahu and Molokai. Many years later, a sister company, Hawaiian Tug & Barge, was established to divide harbor operations and charter activities from interisland freight transport.

In 1999, Saltchuk Resources, Inc., based in Seattle, Washington, acquired Young Brothers and some of the assets of Hawaii Tug and Barge. Combined, the two companies have approximately 400 employees. The two companies still work to provide fast, reliable service to the Hawaii ports of Nawiliwili on Kauai, Kahului on Maui, Kaunakakai on Molokai, Kaumalapau on Lanai, Honolulu on Oahu, and Hilo and Kawaihae on the Big Island. Young Brothers and Hawaiian Tug & Barge have a fleet of various barges and tugs. Eight barges and six tugs are assigned to Young Brothers.

IT'S THE LAW

Do Not Sell Tobacco Products and Electronic Smoking Devices to Minors

(Act 227 Effective: 6-27-13)

All vendors must post this sign at point of sales

For more information and to obtain signs contact the Tobacco Prevention & Education Program, Hawaii State Department of Health: (808) 586-1430 or email: tobacco2@doh.hawaii.gov

Then there are often high winds to contend with in the Alenuihaha Channel between Maui and the Big Island. Barges are generally protected by the islands until they get to the channel, which has sometimes been referred to as the most dangerous channel crossing in the world. Bordered by Haleakala on Maui and by Mauna Kea on the Big Island, northeastern tradewinds are funneled though Alenuihaha and can have gusts of up to five times more velocity than surrounding waters. Because of this and the greater length of time it takes to get there, the Big Island is often impacted the most. Traveling at 7 to 8 knots, barges from Honolulu take 18 hours to Kawaihae, and 24 hours to Hilo. Maui and Kauai take about 12 hours each.

The approach to Lanai can also be difficult. If the weekly barge can't safely get into Kaumalapau Harbor because of rough waters, the tug captain will wait outside the harbor and check the forecast, or sometimes he will wait out the adverse conditions on Molokai. If conditions don't improve in two days, the barge will return to Honolulu and make a

Matson's Hawaii Connection Dates to 1882

The Matson Navigation Company's association with Hawaii began in 1882 when Captain William Matson sailed the *Emma Claudina* from San Francisco to Hilo, Hawaii, carrying 300 tons of food, plantation supplies, and general merchandise. That voyage launched a company that has been involved in diversified interests, such as oil exploration, hotels, tourism, and military service during two world wars, and briefly, even the airline business after World War II, when the company introduced a luxury airline service to and from the West Coast. Matson's primary interest throughout, however, has been carrying freight between the Pacific Coast and Hawaii.

Originally from Sweden, Matson came to San Francisco in 1867 at age 16. He began sailing on many vessels in San Francisco Bay and northern California rivers. He met the Spreckles family and was asked to serve as skipper on the Spreckles' yacht, the *Lurline*. The family later helped Matson acquire his first ship, the *Emma Claudina*, a three-masted schooner.

By 1886, sugar production reached 100,000 tons per year, assuring Captain Matson of eastbound cargoes of sugar and westbound ones of machinery and building materials. In 1887, Captain Matson sold the *Emma Claudina* and acquired the brigantine *Lurline*, which had more than double the carrying capacity. With the expansion of the Matson fleet came innovation. Purchased in 1900, the bark *Rhoderick Dhu* was the first ship to have a cold storage plant and electric lights powered by a gasoline engine. The first Matson steamship, the *Enterprise,* was also the first offshore ship in the Pacific to burn oil instead of coal. The shipping company was incorporated as the Matson Navigation Company in 1901.

Increasing commerce brought an interest in Hawaii as a tourist destination. In 1908, the second *Lurline* joined the Matson fleet as the first steamer, and had accommodations for 51 passengers. Miss Lurline Matson, the captain's daughter, christened the vessel. The 146-passenger ship *SS Wilhelmina* followed in 1910, and more ships joined the fleet. The ships were advertised as vessels of luxury with spacious lounges, electric lights, and baths with showers. When Captain Matson died in 1917 at 67, his fleet had the biggest, fastest, and most modern ships in the Pacific passenger-freight service.

However, during World War I, most of the Matson fleet was requisitioned by the government as troop ships and military cargo carriers. The others continued to serve Hawaii's needs throughout the war. After the war, the requisitioned ships reverted to civilian duty and the steamers *SS Manulani* and *Manukai*—the biggest freighters in the Pacific at the time—were added to the fleet.

The company expanded significantly from the mid-20s to the mid-30s, beginning in 1925 with the establishment of a wholly-owned subsidiary, Matson Terminals, Inc., that provided stevedoring and terminal services for its fleet. As passenger traffic to Hawaii increased, Matson built the world-class luxury liner *SS Malolo* in 1927. That year, the company initiated the custom of passengers tossing their lei into the ocean as they steamed past Diamond Head, signifying that they would one day return.

In the 1920s, Matson's famed cruise ship era was symbolized by four "white ships"—the *Lurline* and the *Matsonia*, which served Hawaii, and the *Monterey* and the *Mariposa*, which served the South Pacific. In 1927, Matson entered the hotel business with the construction of the famous Royal Hawaiian Hotel, which was designed to capture the luxury tourist market on and offshore. To promote Hawaii as a tourist destination, Matson launched an advertising campaign that involved famous photographers such as Edward Steichen and Anton Bruehl. The company also commissioned artists Frank McIntosh, Eugene Savage, John Kelly, and Louis Macouillard to design the now collectible keepsake menus for their voyages and stays at the Royal Hawaiian. After 1933, Boat Day at Aloha Tower became a regular event, with the Royal Hawaiian Band welcoming passengers and biding them aloha when they departed. The events included streamers, lei, and Hawaiian music.

After the December 7, 1941 Pearl Harbor attack, the passenger liners *Lurline, Matsonia, Mariposa,* and *Monterey,* along with 33 Matson freighters, were called to military service and painted battleship gray. The *Lurline* was bound for San Francisco at the time of the attack. The ship was blacked out and raced to San Francisco for safety, where it was quickly converted to a troop transport ship. Matson was designated managing agent for the War Shipping Administration and given the responsibility for manning, operating, and servicing a fleet of over 100 vessels. Matson's four passenger liners made a total of 119 wartime voyages, covered 1.5 million miles, and carried 736,000 troops. By the end of the war in 1945, the 35 freighters Matson owned in 1940 had been reduced to 14 by wartime losses or sale to the government. It was a difficult period for Matson. The average $16 million per vessel cost of restoration work required selling some of the ships, which were still painted battleship gray. It wasn't until 1948 that the *Lurline* returned to service after a $20 million reconversion.

Things soon began to look bright again, and Matson built the Surfrider Hotel in 1951 and the Princes Kaiulani in 1955. The company's hotels gave them almost a third of the available 3,520 rooms in Waikiki at the time. Matson also bought two "mariner" type ships and renamed them *Mariposa* and *Monterey*, and set them up for South Pacific service. They rebuilt the old wartime *Monterey,* which was renamed *Matsonia,* and put it into Pacific Coast-Hawaii service.

However, during this period, Matson did not forget about shipping freight. On August 31, 1958, after years of careful research by Matson's in-house research department showed that almost half of transportation costs were associated with cargo handling, the company's *SS Hawaiian Merchant* set sail from San Francisco Bay carrying 20 24-foot containers on its deck and began an era of containerized shipping that was much more productive and efficient than the age-old methods of break-bulk cargo handling, or individually loading general cargo. Containerization was the most revolutionary change in shipping since steamships replaced sailing vessels. Matson's historic contribution to the shipping industry is recognized at the Smithsonian National Museum of American History in Washington, DC, with an exhibit featuring 1970s-era Matson containers.

Matson began transforming its fleet from break bulk to container ships in 1960, beginning with the *SS Hawaiian Citizen,* which was the first vessel in the Pacific to be converted to a full container ship. It was also the first ship to have a large-scale reefer container capacity. Construction of the first ship in the world to be built from the keel up as a container ship began in 1967 from a design by Matson's own naval architects. That ship, the *SS Hawaiian Enterprise* (later renamed *Manukai*), and its sister ship, the *SS Hawaiian Progress* (renamed *Manulani*), entered service in 1970, and was the beginning of a new generation of container ships. These new container ships carried 40,000 tons—quadruple the weight of their 1950s counterparts, and traveled at 23 knots, in contrast to 16 knots for their predecessors.

Waterfront innovations were concurrently developed during the containerization of ships, including the world's first A-frame gantry crane built in 1959 in Alameda, California, which became the prototype for container cranes. Matson also introduced the first transtainer, a type of motorized crane for loading and unloading containers from railway cars, and the first straddle carrier in the world, a large vehicle used for stacking and moving containers. These were developed to meet Matson specifications by Paceco and Clark Ross, respectively.

With a growing focus on containerization, Matson divested itself of all non-shipping assets. Its Waikiki hotels were sold to the Sheraton Corporation in 1959. Matson became a wholly owned subsidiary of Alexander & Baldwin, Inc., in 1969, strengthening ties that harked back to 1908 when A&B invested $200,000 to acquire a minority interest in the shipping company. In line with the move to concentrate on its freight shipping business, and because passenger service was no longer profitable, Matson sold its passenger ships in 1970. A major shipbuilding effort commenced, modernizing all the company's ships to a fully containerized fleet and adding roll on/roll off (ro-ro) capabilities. In the 1980's, Matson added two container barges and one ro-ro barge for Neighbor Island service. In the 1990s, the diesel-powered container ship *MV R.J. Pfeiffer* was added to the fleet, and centralized "one call does it all" customer service was developed.

In 1987, Matson established Matson Intermodal System, Inc., as an intermodal marketing company (IMC) arranging North American rail and truck transportation for shippers and carriers. In 2003, the company was renamed Matson Logistics to reflect its growth and expanded services, and its leadership role in providing multimodal transportation services throughout North America.

Beginning in 2002, Matson invested over $500 million to build four new container ships that greatly modernized its fleet. The new ships allowed the company to inaugurate its China-Long Beach Express in 2006. In July 2012, the Alexander & Baldwin board of directors made the decision to separate from Matson to become two independent companies. A&B turned its focus to its Hawaii-based agriculture and US real estate business, and Matson became Hawaii's 14th publically traded company. Matson's new headquarters are in the process of being moved to Hawaii. Walter Dods, Chair of Matson's board, noted that the separation created two financially strong public companies, each with over $1 billion in assets, "strong balance sheets and cash flow to fund future growth."

special trip to Lanai on another day, so the goods will be delivered within at least three or four days from the normal delivery day. Young Brothers absorbs the extra cost as just a part of doing business. In the past, delays for Lanai were even longer, but today, improved technology helps tug captains deal better with adverse conditions.

Luckily, weather notwithstanding, things usually go smoothly. Young Brothers by far delivers the bulk of inter-island cargo, making it Hawaii's foremost freight handling and transportation company. Four years ago, Young Brothers invested in new, larger barges, which can carry 600 TEUs each. There are 12 regular sailings a week: four to the Big Island (two each to Hilo and Kawaihae), three to Maui, two to Molokai, one to Lanai, and two to Kauai.

For the food industry and others, intrastate shipping by barge is the most economical. Young Brothers' sailing schedule is designed for just-in-time delivery, so suppliers and retailers can plan their shipments accordingly. "They don't have to have huge storage facilities on the Neighbor Islands," noted Kiyotoki. YB Barges provide next day delivery. Generally, they are loaded during the day, set sail in the evening and arrive the next day.

Young Brothers carries almost any type of cargo, from small boxes to big ones, cars to canoes, papayas to pineapples and other agricultural products, fertilizer to feed, live animals, building materials, and scrap metal. The company accepts LCL (less than container load) cargo loose and palletized, shipping containers of all sizes and refrigerated containers. It's not unusual to see goats, cows, and horses traveling comfortably on deck in pens, or to see them in the Young Brothers' busy container yard. A Young Brothers barge even transported a giraffe from Maui to Honolulu when Zoo Maui closed in 2004. Other unusual cargo includes E.K. Fernandez carnival rides for Neighbor Island carnivals to missile launchers to Kauai. When motorcycle clubs go to the Big Island for their Hawaii version of a Sturbridge event, the yard is filled with the roar of engines as riders drive their bikes

A horse waits to be picked up at the Young Brothers yard.

The Jones Act

The Merchant Marine Act of 1920 is a federal statute that regulates maritime commerce in US waters and between US ports. Better known as the Jones Act, Section 27 of the statute requires that all cargo transported by water between US ports be carried by US-flagged ships that are constructed in the US, owned by US citizens, and manned by US citizens and US permanent residents.

The reasons behind the Merchant Marine Act were that it is necessary for national defense and the development of commerce that the US have a merchant marine sufficient enough to carry domestic and foreign commerce; that is capable of serving as an auxiliary to the military in time of war or national emergency; and one that has adequate shipbuilding and repair facilities. There are arguments for and against the Act, but Hawaii's shipping companies point out that because Hawaii is somewhat out of the way of a direct route from Asia to the West Coast, we may not be able to depend on foreign-owned ships to reliably supply the state with what it needs.

Jones Act basics:

• States that all cargo sailing from one US port to another US port, either directly or via a foreign port, must sail on a vessel that is US crewed, owned, and built.

• The law applies to all domestic cargo sailing on US rivers and lakes, coastwise and from the mainland to the three noncontiguous locations (Alaska, Hawaii, and Puerto Rico).

• Similar requirements have been established for all forms of domestic cargo and passenger transportation in the United States and in nearly all developed nations.

• Provides long-term service and rate stability and encourages investment in domestic port infrastructure.

• A factor in national security in that all domestic transportation is owned and operated by US citizens.

• Of the 2.5 billion tons of cargo moving annually in US maritime commerce, more than 1 billion tons, or 41%, is transported domestically by the Jones Act fleet.

• A new vessel has been added to the fleet almost every day for the past 40 years, and there are currently over 39,000 vessels in the Jones Act fleet.

• Over 135,000 people in the US are employed on board Jones Act ships alone, with thousands more in jobs directly related to the US-Flag domestic shipping industry.

Jones Act information provided by Horizon Lines.

into some 70-plus containers, six to eight of them in each. Just about everything imaginable has been transported on a Young Brothers barge at one time or another.

In some ways, the YB container yard seems even more intense than those of the interstate shippers. Perhaps this is because there are all sorts of people present, from individuals with small boxes to those with a pick-up truck of goods to commercial truckers all converging onto the container yard at once.

One notable item for the food industry is that YB has offered a discount for local agricultural products, called the "Island Product" discount, for decades. In 1995, YB raised the discount to 30% for LCL shipments, and more recently, a 35% discount for straight load container shipments was added. That means, for example, that a Maui customer can ship 400 pounds of produce for a little more than $50 (prices fluctuate with the cost of fuel), which includes loading the pallet into a YB reefer, loading the reefer onto a barge, and unloading it in Honolulu the next day. Similarly discounted rates are available on farming inputs such as feed, fertilizer, and fiberboard.

Parent company Saltchuk Resources, Inc., is always looking at ways to improve operations, but the important thing to remember, says Kiyotoki, is that Young Brothers isn't going anywhere, and will continue to ship just about anything for anybody. For those new to the process of shipping with Young Brothers, the company has detailed and clear information at their website at www.htbyb.com. The customer service number is (808) 543-9311.

ALOHA AIR CARGO Leads Airfreight Airways

"People always ask about Aloha Airlines," says Gail Hayashi, referring to those who fondly remember the defunct passenger airliner. "We do retain that spirit. Over half of the employees at Aloha Air Cargo are former Aloha Airlines employees." Hayashi, who is Director of Strategic Accounts/Sales & Marketing for Aloha Air Cargo, is one of them herself. The good news is that Aloha Air Cargo continues to find success in offering air shipping to the Hawaii market and is planning to expand beyond it to remain competitive. One such offering is air shipping to Hawaii's ninth island—Las Vegas. Cargo can be shipped on one of four weekly non-stop flights on a wide body 767 Aircraft operated by Omni Air.

In many ways, Aloha Air Cargo already has expanded beyond Hawaii. For one thing, their air shipments are not confined just to Hawaiian air space. The company has partnerships with all the major air carriers and can ship worldwide. Aloha Air Cargo has also gone beyond airfreight to offer itself as a one-stop shop for shipping. The company offers Aloha Same Day express shipping for time-sensitive single and multi-piece items within Hawaii, and Aloha Overnight general freight service (in by 7:00 pm, delivered by 6:00 am). Aloha FlexShip offers a cost-effective solution for less time-sensitive shipments (3 to 5 days).

The point of a one-stop shop is that you can bring your shipment to Aloha Air Cargo, and they will take care of the rest. "We are becoming more and more of a logistics company, kind of like a travel agent for cargo," says Michael Orozco, Director of Sales and Marketing. For example, FlexShip, which may not use air shipment, is not about a mode of transport, but a service commitment.

Still, air shipping is at the core of Aloha Air Cargo's business. While waterborne shipping is charged by volume, air cargo is charged by weight. There is no argument that shipping by water generally costs less than shipping by air. However, that's only one way to look at it. Sometimes, replacement parts for equipment are needed faster that ocean freight can deliver it. Perhaps there is a deadline to meet. The consequences of not having something in time may cost more than paying for airfreight. Other items, such as fragile cut flowers and lei, or perishable foods, may need careful handling and fast shipping. Air shipping is sometimes also necessary to places like Lanai when the weather delays ocean transport. It just depends on the situation.

If It Fits, It Ships

Aloha Air Cargo will ship virtually anything, but for practicality's sake, their airfreight niche falls between a palette (over 150 pounds) and an Aloha Pack, a special container designed to fit into the fuselage of the company's cargo planes. To borrow a slogan from the US Post Office, "if it fits (in the airplane, that is) it ships."

Each cargo hold can accept up to 25,000 pounds in up to seven containers. Not only are all major airports in the state serviced, Aloha Air Cargo can ship cargo from Hawaii to any place in the world. Major companies such as

UPS, DHL, FedEx, and the US Postal Service are regular customers. US mail sent within the state is handled by Aloha Air Cargo. Many people don't realize that all mail is processed at the Honolulu Airport Post Office, even if you are mailing a letter across town on a neighbor island. Over 2,000 businesses rely on Aloha Air Cargo to air ship about 100 million pounds annually on 26 flights a day, the majority of which flies from 10:00 pm to 6:00 am based on customer preferences.

Some unusual cargo that may come around only once in a lifetime have included a whale carcass for scientific research, vehicles for one of the Jurassic Park movies, and for another movie set—water buffaloes. Aloha Air Cargo has also air shipped expensive cars, helicopter blades, cows, mules, blood for the Blood Bank, human organs for transplants, and breast milk. Other irregular regulars include Hawaii Foodbank food for emergency relief, large crates of pigeons to the Big Island that race back to Oahu, and motorcycles.

There's even a "Compassion Transport" service to transport deceased loved ones with "sensitivity and compassion" in which cargo agents coordinate shipping arrangements with funeral homes and mortuaries. On a happier note, Loveable Pet Air Service is handled by an experienced team of live animal transportation professionals who promise to handle animals "with the utmost priority and care" throughout the islands. Also offered are low per-piece rates for several types of sports equipment like bikes, paddleboards, and surfboards, which can be up to 12 feet long and 30 inches wide. It would be safe to say that Aloha Air Cargo is thankful for surfing obsessions that compel some to get there fast when a swell approaches, as surfboards are seen on virtually a daily basis.

Food industry products air shipped by Aloha Air Cargo includes fresh seafood, produce, plants, and more. A supporter of sustainability, the company offers a special discounted rate for locally grown produce, live plants, and other items. The company is the only overnight carrier in Hawaii to offer refrigeration on all the islands.

Breaking New Ground

As Hawaii's largest and most preferred air freight carrier, Aloha Air Cargo will open a new 115,000 square foot cargo facility and hangar at the Honolulu International Airport in the spring of 2014. Located near the end of Elliot Street and Hale Kinai Road, the new integrated facility will consolidate cargo operations, aircraft maintenance, loading docks, support offices, and customer service operations. It will include five drive-up docks for shippers and 31,000 square feet under roof to shelter cargo from the elements. Although Aloha Air Cargo will pay the entire cost, the facility initiates Governor Neil Abercrombie's Hawaii Airports Modernization Program.

"Our new operational hub, coupled with our five-year anniversary, is a testament to the vision, success, and passion of our employees," said Pat Rosa, Chief Operating Officer for Aloha Air Cargo. "Our investment in this state-of-the-art facility represents Aloha's ongoing commitment to the people and businesses of Hawaii that we are here for the long haul, supporting Hawaii commerce not just as a means for commercial transport, but as an integral link connecting every industry and person within the Hawaiian Islands and beyond." Like Hawaii's other shippers, Aloha Air Cargo is here to stay.

For more information on Aloha Air Cargo, call 888-94-ALOHA (25642) toll-free, or visit www.AlohaAirCargo.com.

Spirit of Aloha Airlines Lives in Aloha Air Cargo

Everyone remembers Aloha Airlines, the airline company that served Hawaii and mainland destinations for 61 years from 1946 to 2008. Less known at the time was Aloha Air Cargo, a unit of the airline that had its beginnings in the cargo holds of regular passenger flights. Cargo was also shipped after the day's passenger flights were done. Aloha Airlines had dual-purpose Boeing 737-200 QC planes known as quick change aircraft. The planes had the unique ability to convert from a passenger to a cargo configuration in less than an hour. Pallets of seats were removed to load overnight cargo.

But on March 31, 2008, Aloha Airlines closed, and its profitable cargo division, Aloha Air Cargo, was sold to Saltchuk Resources, Inc., a Seattle-based company that has extensive and diverse interests in shipping, logistics, marine resources, air cargo, trucking, petroleum distribution, and real estate. Saltchuk Resources had been doing business in Hawaii since 2000 when it acquired Young Brothers and interests in Hawaiian Tug & Barge. With an interest in strengthening Hawaii's economy, Saltchuk also acquired the Hawaii Fuel Network, Maui Petroleum, and Minit Stop stores in 2006.

Today, Aloha Air Cargo has four Boeing 737-200 QC aircraft configured for cargo, each with a 25,000-pound carrying capacity. Recently, a groundbreaking ceremony took place at Honolulu International Airport where a new facility will consolidate cargo operations, aircraft maintenance, and support services.

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Patience Pays Off

Maui Down to Earth Customers Rewarded with Revamped Store

Things came full circle for Down to Earth this past June with the grand re-opening of its Kahului, Maui, store located at 305 Dairy Road. The all vegetarian, organic, and natural foods store began in Wailuku, Maui, over 35 years ago. A day-long celebration marked the event and showcased a major renovation and expansion that converted 3,000 square feet of storage space into retail space for a total of 9,000 square feet.

Down to Earth Kahului is like a brand new store.

"The bigger and renovated store has many new products and allows us to offer customers a substantially wider range of local, fresh, organic, and natural products," explained Mark Fergusson, Down to Earth Chief Organic Officer (CEO/CFO). "We more than doubled the size of the chill and frozen department, nearly doubled the size of the bulk food department, greatly improved our deli, and we expanded the wellness, grocery, and produce departments." To improve energy efficiency, the new store has "green" state-of-the-art air conditioning, refrigeration, and LED lighting systems.

Kahului store manager Sarah Hoppe in front of the newly renovated store

The row of hill and frozen items seems endless.

The renovations and the new Kahului store are designed to have the "look" of the company's new flagship 10,000 square-foot store in Kapolei, Oahu, which opened in 2011. The décor is inspired by company's logo and tells the story of its local, fresh organic and natural values, and its Hawaiian principles. Down to Earth's vision is inspired by Hawaii's state motto—*"Ua Mau ke Ea o ka ʻĀina i ka Pono"* (The life of the land is perpetuated in righteousness); hence their motto is: "Cherish the land, live in health and harmony" (*E Mālama I Ka ʻĀina, E Ola Pono).* "We're proud of our new store, and customers are loving it!" said Sarah Hoppe, Down to Earth Kahului manager.

The grand re-opening celebration began with a ceremony and traditional Hawaiian blessing, followed by a sale from 10:00 am to 9:00 pm of 35% off on more than 100 best-selling items. The items included popular brands such as GT's Synergy Kombucha, Guayaki Yerba Mate Tea, Follow Your Heart Vegenaise, Dr. Bronner's Soap, local papayas, and apple bananas, among many other favorites.

The highlight of the day was a live performance by Hawaiian music and reggae stars Paula Fuga, Mike Love, and Sam Gonsalves at noon. The Down to Earth Love Life! Community Outreach Team offered smoothies at 10:30 am and a cooking class at 4:00 pm. Dana Naylor, Maui Health and Nutrition Coach, gave a lecture called "Sugar Blues: Limiting Sugar in Your Diet," and Carmela Wolf, Down to Earth Wellness Manager, gave a lecture on "Healthy Living: Making an Impact on Blood Pressure, Cholesterol, Blood Sugar, and Weight Naturally."

"The store stayed open throughout the renovation," noted Fergusson. "The celebration is a way for Down to Earth to thank its customers for their support and patience during the remodel."

In addition to its Kahului store, the company has grown to four other locations on Oahu: Honolulu, Kailua, Pearlridge, and Kapolei. "The success of Down to Earth has been based on our unshakable commitment to providing customers with food that's good for them and the environment," Fergusson said.

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Convention REMIX

New things were in the mix at the HFIA Convention this year: a sports-themed beachside sunset clambake dinner with an abundance of king crab and other delectables, a treasure hunt that had teams scouring the resort premises, and an energetic Zumba workout. Then there was the gala HFIA Hall of Fame dinner, a new event minted only since last year. Of course there was the Food Challenge—Mike Tyson's Big Bite sponsored by ConAgra—and more food, food, food! What more could you ask for? Here are some pictures from the events.

Peter Ingram, CFO of Hawaiian Airlines, shares his perspectives.

Outgoing Chair Alan Nakamura

Derek Kurisu, KTA Super Stores, and Georgeanne Kurisu, guest.

Joanne Takahashi, guest, and Clarence Takahashi, Ito-En USA.

Guest Gwen Yokota and daughter Aria. Gwen's husband Paul of FCH Enterprises, entertains the guests.

Peggy Abella, Anheuser-Busch, and Tyler Ching, Ken's Pancake House.

Charlene Gray, Trade Publishing.

Paul Kosasa, ABC Stores, and Nelson Okamura, VIP Cash & Carry

Resha Hoohuli, and Richard Rutz, Southern Wine & Spirits, Lori Treschuk, Foodland, and Ashley Lautzenhiser, No Hawaii Beverage Tax.

Doug Marsh, guest, and Lauren Zirbel, HFIA

Harry Bernardino, United Grocers, Liz Christensen, Pint Size Hawaii, Sheryl and Gary Villanueva, Porky Products.

Friday's sunset dinner lingered into the night.

Scott Ballentine of NOH Foods of Hawaii battles it out with Alan Nakamura to prove he is the top jan ken po master. Each lanyard had cash inside so Ballentine also took home a fist full of dollars.

Jill Oda, guest, Mike Oda, ABC Stores, Brandon Tashima, ABC Stores, and Darlene Tashima, guest.

Wendy Fujio, ABC Stores, follows the energetic lead of the Zumba instructor.

Conventioneers hunt for clues all over the Ihilani Resort grounds during the treasure hunt event.

James (Darigold) and Vivian Payne of "James & the Neverland Pirates" accept the top prize for winning the treasure hunt.

Derek Kurisu gets a sound bite from Chef Keoni Chang of Foodland during the food challenge, while Simon Cutts busies himself with the hot dogs.

HFIA Chair Stan Brown of ConAgra contemplates Foodland's Gangnam style dogs, which took first place.

Judge Wendy Fujio of ABC Stores.

Miyuki Hirano-Hollingworth judges one of four Dogs Gone Wild from the Times team.

James Payne, Darigold, and Hugh Duncan, Young's Market, Co., took second place with their Spicy Southwestern dogs.

Elden Kimura and James DeJesus III of Times Supermarkets took third place with their Dogs Gone Wild.

The Kosasa family at the HFIA Hall of Fame dinner. Seated: Lisa and Paul Kosasa, Minnie Kosasa, and Susan Kosasa. Standing: Jill and Mike Oda, Stephen and Gloria Gainsley, Karen and Riki Morimoto.

Miyuki Hirano-Hollingworth, Centerscale, Gwen and Dick Botti, Paul Kosasa, ABC Stores.

Jim Myers, Trade Publishing, and Tyler Ching, Ken's Pancake House.

Ricky Matsushima and Richard Rutz of Southern Wine & Spirits.

Left to right: guests Kris Shimogawa, Joey Nakama, and Gina Shin.

Alan Nakamura of Tesoro.

Seated: Gabbie Nakamatsu, Mia Yoshioka, and Reyn Yoshioka, guests. Standing: Gary Nakamatsu, Matson, Gary Yoshioka, Pepsi, and Ryan Ohira, Matson.

New HFIA Chair Stan Brown of ConAgra.

Seated: Lori (guest) and Wayne Yamada, Wholesale Unlimited. Standing: Al Mishima and Bill Lickert of Pasha Hawaii.

Left: Rumiko (guest) and Carl Nakagawa, ABC Stores. Right: Myrna Fong and Vincent Fong, ABC Stores.

The many hands that made the HFIA Convention possible are recognized.

Stephen Reyes, Peggy Abella, and Aaron Pennington of Anheuser-Busch.

Bradford and Kris Tokioka (guest) of Servco with children Christian and Lila.

Dick Botti, former president of HFIA.

Paul Kosasa, President & CEO of ABC Stores.

Minnie Kosasa is given a standing ovation as she and her husband Sidney are inducted into HFIA's Hall of Fame.

Susan, Minnie, and Paul Kosasa with Dick Botti

Kathleen (guest) and Mike Kaya, Meadow Gold Dairies.

Alan Nakamura, Tesoro, Stan Brown, ConAgra, Miyuki Hirano-Hollingworth, Centerscale, Bonny Amemiya, aio, John Schilf, Rainbow Sales & Marketing, Derek Kurisu, KTA Super Stores, Lisa DeCoito, Aloha Petroleum, and Lauren Zirbel, HFIA.

A well-stocked Hospitality Room is enjoyed by convention attendees after the HOF Banquet.

Augie T performs his stand-up routine.

The Last Word…

BY LAUREN ZIRBEL, EXECUTIVE DIRECTOR

HFIA sends a big MAHALO to all of our members who sponsored, donated product, and attended the 2013 HFIA Annual Convention. We received a lot of positive feedback regarding the new additions to our traditional event. We mixed things up with an onsite education event, a beachside sunset dinner on Friday evening, and a Team Building Treasure Hunt on Saturday.

We were honored to induct Minnie and Sidney Kosasa into the HFIA Hall of Fame, but saddened to say goodbye to long-time HFIA leader and supporter Alan Nakamura. We were thrilled to welcome Stan Brown as our new HFIA Chair and excited to add Lisa Decoito to our executive committee.

Not so long ago, in 2010, HFIA welcomed aboard the first ever woman chair, Bonny Amemiya, and now only three years later we are delighted to have another woman in line for the position. Now that's what I call progress! Thanks Lisa for your energy and dedication to the Food Industry!

Another wonderful lady, Amy Hammond, headed HFIA's 19th Annual Made in Hawaii Festival. We enjoyed yet another successful year – selling out all 480 available booths! We secured a new trolley to pick attendees up in Waikiki and shuttle them to the festival. The trolley improved our attendance, which reached a 10-year high! We attracted over 40,000 people! In the past, our major hold up in getting more attendees to the festival was parking. The trolley was generously sponsored by INNOVATE Hawaii, High Technology Development Corporation (HTDC), an agency for the State of Hawaii. A big MAHALO to HTDC for helping the Made in Hawaii Festival continue to function as an important business incubator for Made in Hawaii creations.

In other exciting news, HFIA is in the process of planning our first ever HFIA Digital Forum with the help of our partners at The Harris Agency. HFIA hopes that this forum will help to educate our members on the many ways in which digital drives traffic and increases revenue. The Harris Agency team will share everything from planning and executing social media campaigns, to mobile marketing tactics, to turning website visitors into life-long customers. This event is scheduled for October 24th so keep your eye out for our notices and be sure to RSVP before the event is sold out!

MAHALO for your support of HFIA. We look forward to seeing you at our next meeting or event!


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