

Hawaii

Fall 2014

# Retail Grocer

the magazine of the hawaii food industry association

## EXPORTING ALOHA

ALSO

MIHF: Buyer's Market  
After Hours Networking  
Foodland Kehalani Opens  
Panel Discusses Moving Forward  
Endless Fun at HFIA Convention

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**M**y vision for HFIA is that it will flourish for another generation. As I begin my term as HFIA Chair, I hope to contribute in some way to make that happen. I think back on how the retail industry has evolved over the years and how we continue to have to reinvent ourselves to keep our business and industry flourishing. The grocery channel is shrinking, and being impacted by the Costcos, Walmarts, and Targets of the world in a major way. These large companies have revolutionized the industry. They've flexed their muscles to leverage buying power to new heights. Meanwhile, harmful legislation continues to threaten the viability of our businesses.

But as these factors have impacted our business and industry, the amazing thing is that our HFIA community is growing. We have expanded our membership to over 200 members, with a three-year growth strategy to exceed 225 members by 2017. This is critically important, because as big companies continue to grow and gobble up business, we have to get smarter and stronger as an organization. We need to keep this momentum going. We need our members to not only reach out to other businesses to help us expand, but to pass on the knowledge of what HFIA is all about. We need to help and support each other to keep our industry strong and profitable.

First, we must remember HFIA's primary function, which is to keep the food and beverage industry informed of the government's activities and to represent the interests of our industry. HFIA is involved in the passage or defeat of most legislation affecting our industry, whether it is taxes, environmental, consumer protection, employee issues, or even issues relating to crime. Many times, HFIA may be the only organization representing your interests. HFIA works as a buffer, provides positive visibility, and acts as a sponge to absorb negative publicity.

There are a number of ways we can make HFIA flourish for another generation. One way is to introduce our

younger generation to HFIA and get them involved, help them understand what we are about, and then let them help take us to the next step. So many great leaders in our industry have paved the way, but we need a large group of industry folks from all generations to energize HFIA's vision and mission for the next 40 years.

HFIA's After Hours Networking Event held this summer at Hiroshi's was a good example of how we can bring this about. It was a lot of fun, the food was great, and lots of folks got a chance to talk story and to get to know each other. But that was just the icing on the cake. More importantly, it brought together people from our membership community who have not attended events in the past and helped them to learn what HFIA is all about. The aloha spirit was alive and well, and the get-together was a huge success.

Another core responsibility of our association is education. HFIA works with print and electronic media on most subject matters that affect our industry to educate both members and non-members alike. It requires constant knowledge of what is happening in our industry. As our industry shrinks, so does our pool of experienced people to back-fill open positions. HFIA helps by allowing member companies expose younger generations of employees to educational opportunities. For example, HFIA supports efforts like the Western Association of Food Chains (WAFC) University of Hawaii Retail Management Certificate Program, which trains the up and coming to become industry leaders. We continue to have events, guest speakers, and articles in *Hawaii Retail Grocer* that help members stay knowledgeable about our industry.

We have a lot to be excited about because of what HFIA is doing for the food and beverage industry. We are pulling together to become one strong ohana!

Aloha,  
*John*





16



8



10



26

## DEPARTMENTS

Legislative Update.....	6
New Members .....	21
The Last Word .....	30

## FEATURES

Buyer's Market: MIHF.....	8
After Hours: Networking Event Draws Members ....	10
Foodland Kehalani Opens.....	12
HFIA PAC.....	15
Exporting Aloha .....	16
Panel Discusses Moving Forward .....	22
Endless Fun at HFIA Convention.....	26

# Hawaii Retail Grocer

The Magazine of the Hawaii Food Industry Association

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

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BY LAUREN ZIRBEL, EXECUTIVE DIRECTOR  
& ALEXIS CHAPMAN, DIRECTOR OF GRASSROOTS

**T**his summer has been a very busy one for county legislation, with many bills still moving through the various county councils and new bills being introduced all the time. This fall is shaping up to be even busier!

County legislation can present a range of challenges. The four counties each have a unique online system; meetings occur on several different islands, sometimes on short notice; and similar bills sometimes have to be dealt with in multiple counties as we've seen with plastic bag bills and polystyrene container bills.

HFIA has been working hard this summer to ensure that our association and member interests are promoted in each county. Our multifaceted approach—which includes HFIA testimony, Action Alerts, member testimony, meeting with councilmembers, and reaching out to the public through the editorial section of the *Star Advertiser*—has already proven successful on a number of measures.

Below are the measures we've been testifying on this year from each county, in addition to those we've been tracking to keep members up-to-date on anything that may affect them.

## City and County of Honolulu

Bill 51, to raise the age for purchasing tobacco products and electronic smoking devices to 21, was introduced by Councilmember Chang and passed first reading on August 13.

Bill 38 CD1 would make biodegradable and compostable plastic bags illegal to give to consumers at the point of sale. HFIA testified that compostable bags should still be allowed if they pass certain standards. Chair Martin and Vice Chair Anderson



voted no on this bill, and council members Fukunaga and Pine expressed reservations. This bill is designed to help the department develop rules based on clear definitions. The department says they can't develop rules right now because the definition of biodegradable plastic is not clear and the FTC denies that some biodegradable plastic bags are actually biodegrade. Chair Martin's office has informed us that they remain opposed to implementing a fee on single use bags and that they would prefer to keep compostable bags legal using language similar to that used in SF Paper and re-used cardboard boxes will be allowed under all versions of the bill. The ordinance is scheduled to take effect on July 1, 2015.

Bill 40 would ban the use of certain types of disposable non-compostable food containers including polystyrene containers used by food vendors, and mandate that all disposable food containers be made of compostable material. This bill was deferred by the Committee on Public Works and Sustainability on June 25. HFIA testified in opposition to this measure, citing that no containers are functionally compostable since there is no composting facility in the state; that the polystyrene containers have advantages when they are burned for power at H Power; and that they are manufactured locally, which greatly reduces their transportation carbon footprint. The Committee said that they intend to do a study in the form of a resolution to determine the fiscal



and health implications of the measure. HFIA wrote an editorial opposing Bill 40 in the Sunday *Star Advertiser*.

## County of Maui

Item 5 would have prohibited the use and sale of polystyrene disposable food service containers by food providers in the County of Maui. It was deferred by the Committee on Infrastructure and Environmental Management on July 28. The Committee spoke of creating a task force to do a comprehensive study. HFIA submitted testimony in opposition.

Maui County presented a *Plastic Bag Reduction Ordinance Report*. The report shows how many Maui customers are bringing reusable bags and how many are using paper bags: 21% are using reusable bags, 48% are using paper bags, 8% use a combination of reusable and paper, and 23% used no bag at all (or utilize re-used boxes). We've been reviewing the report to make sure that we have any information relevant to the Honolulu legislation.

PIA 78, the SHAKA Movement Ballot Initiative—which would place a moratorium on Genetically Engineered Organisms in the County of Maui—was heard by the Committee on Policy and Intergovernmental Affairs on July 23 and 24. The Committee declined to take action, so the measure will appear on the Nov 4 general election ballot. There is a lot of political organizing on both sides of the ballot initiative.

PC 54 to allow businesses greater flexibility on the location of signs will be heard by the Planning Committee on August 13. HFIA is tracking this and keeping members posted.

## County of Kauai

Kauai C 2014-199—a Charter Amendment Petition relating to "A New Article XXXIII Protecting Right To Clean And Healthful Environment From Hazards Of GMO Agriculture, Establish Administrator Of Environmental Health, And Provide For Enforcement"—and submitted by Petitioners' Committee "Kauai Rising"—was heard on July 24. The

Council rejected the charter and requested that the Office of the County Attorney explore the County's options for obtaining a declaratory judgment.

The Office of Economic Development (OED) will hold a public hearing on draft rules for Ordinance 960, which was passed by the County Council in November 2013 to govern GMOs and pesticide use by certain entities on Kauai. The hearing was held Tuesday, August 26.

### County of Hawaii


Hawaii County Resolution 481-14 urges the Hawaii State Board of Agriculture to deny Big Island Dairy's Proposed Amendment to the Hawaii Administrative Rules, which would allow a waiver from minimum prices for milk, was adopted on August 6. HFIA has been following this and the Department of Agriculture rule change itself.

In addition to county legislation, we've also been monitoring proposed amendments to Title 4, Subtitle 4,

Chapter 60, Hawaii Administrative Rules, titled "Milk Control Rules." The proposed amendments would allow the producer or producer-distributor in the Honolulu and Hawaii milk shed to request a waiver that would permit the sale of milk for less than the minimum price. The Department of Ag had public hearings for this on July 14 and 15. They are still in the process of collecting testimony and information on the issue. They said they are hoping to vote on it during the August meeting, which is tentatively scheduled for August 26. HFIA has been tracking this to make sure members who may be affected have ample opportunity to communicate with the Department of Ag before any decisions are made.



### Department of Health

This year on February 24, the new Food Safety Code and Placarding System went into affect. In addition to the food placards, there are changes relating to: permits, ready-to-eat foods, holding temperatures, raw or undercooked foods, hand washing, thermometers, documentation for employees not to work if ill, optimal cooling temperature, and cold holding logs. HFIA has been working to make sure that our members have all the information they need for a smooth implementation of the changes. We've also been fielding questions about some of the optional aspects of the program like the logs and certain types of employee documents. 

*Please stay tuned to our Weekly Update emails to download additional resources and stay current with HFIA's government relation updates!*



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# BUYER'S MARKET

## MIHF Draws Buyers and General Public Alike

Produced by HFIA and presented by First Hawaiian Bank, the Made in Hawaii Festival attracts thousands, including buyers from around the world. But it's also a great place for brokers and retailers to pick up promising new products they think will fit their product mix. MIHF vendors not only have great food, but also offer books, gifts, fashions, plants, art, crafts, produce, and more.

Admission to the annual show was \$4, but buyers always get a free peek and a two-hour head start on the general public on the first day from 8:00 to 10:00 am. MIHF was held from August 15 to 17 at the Neal S. Blaisdell Exhibition Hall and Arena. 



Lori and Tony Cardenas of HFIA member company Auntie Lilikoi Products of Kauai.



Laura Cristobal-Andersland, owner of Salty Wahine, had a booth next to her sister Lori Cardenas, owner of Auntie Lilikoi. With her is Sean Cristobal and Jessika Montoya.



Jason Quilit and Rodney Christy of KC Waffle Dog.



Kay Hishinuma and sister Jan Yokoyama, owner of Maui Up Country Jams and Jellies.



HFIA member Aloun Farms puts out their offerings before the crowds enter.



Shannon Hiramoto, owner of Machine Apparel of Kauai



Billy Carter and Christine Wortley of Kauai Nut Roasting Co.





Rodney Akiyama, Maggie Li, and June Namba of HFIA member company Diamond Bakery.



Susan Soken, Justine Takamoto, Chad Yamamoto, Casey Johnson, and Cindy Ing of MIHF presenter First Hawaiian Bank.



Richard Stuart, Charlene Brown, Monique van der Stroom, and Sabrina St. Martin of Naked Cow Dairy.



Blaine Ah Quinn, Reed Tanaka, Wes Ishikawa, and Gerda Tom of HFIA member company Aloha Shoyu.



Ashley Hunter, Kristi Koyanagi, and Lauren Yoshihiro of HFIA member company Hawaiian Sun.



Buyers were greeted with complimentary MIHF reusable bags.



Bayley  
sters.



James DeJesus and Bryce Uemura of Times Supermarkets wait for the gates to open for the buyers' early entry.



Ed Treschuk of Foodland heads the line of buyers waiting to enter.



# Networking Event Draws Members *After Hours*

By Jason Y. Kimura

**F**abulous food, fine wines, and even better company came together at HFIA's After Hours Networking Event, held in late July. Held at Hiroshi Eurasian Tapas, the networking event was for all employees of HFIA member companies. The event was cosponsored by HFIA and Meadow Gold Dairies Hawaii, and served as a benefit fundraiser for the HFIA Foundation and The Lani Moo Fund.

There was truly an ohana feel to the event, as the main dining areas and the bar at Hiroshi were reserved for event goers. Calci Calcium and Lani Moo were on hand to greet guests as they entered. Attendees tasted delicacies such as Crispy Rock Shrimp, Miso-Glazed Salmon, Panko-Crusted Ahi, Tuscan Pork, and more. The bite-sized delicacies were served buffet style, so diners could get a small or big meal as they chose. Drink tickets given out at the sign in table were good for cocktails at the bar or select German, Greek, and domestic white wines and French and domestic reds at a special table manned by restaurant co-owner and master sommelier Chuck Furuya. The first-time summer event drew a large number of HFIA members, company employees, and guests. 🍹



Mike Kaya, Meadow Gold Dairies, HFIA Chair John Schilf, RSM, Joe Detto, Foodland, Hanagami, Palama Holdings, HFIA Secretary John Erickson, Frito-Lay, and Trevor O.



Front: Kellsie Sasaki and Brandee Sasaki of Meadow Gold Dairies with Joy Ancheta of HFIA. Back: Calci Calcium and Lani Moo.



(L to R) Cami Okazaki, ABC Stores, Grace Ginoza, guest, Wendy Fujio, ABC Stores, with guests Debbie Jew, Shirley Mendoza, Wendell Tom and Trina Yamada.



HFIA Chair John Schilf, Rainbow Sales & Marketing, Denise Sasaki, Meadow Gold Dairies, and Keoni Chang, Foodland.



Jaime Yamane, guest, with Bruce Yamamoto & Kelvin Takushi of Unicold.



Lauren Zirbel, HFIA Executive Director, with Keoni Chang, Sheryl Toda, and Joe Detto of Foodland.



Bryan Gomes, Matson Navigation, Barb Gomes, and Adria Campbell, Meadow Gold Dairies.





and, Bonny Amemiya, aio, Gary  
Ishii, Aloha State Brokerage.



The A&I Refrigeration gang: (L to R) Lisa Fontanilla, Ray Fontanilla, Sherwin Gasman, Lissa Reyes,  
Chris Gaoiran, Jeannie Layco, Kerry Lum (Approved Freight Forwarders), and Pamela Fontanillo.



Master Sommelier Chuck Furuya of DK Restaurants  
with Glenn Tamura of Tamura's.



Darrellyn DeSilva, Patrick Sato & Brian Halsey of Advantage Webco Hawaii with Joe Detoro,  
Foodland, and Suzanne Kamei, Aloha State Brokerage.



John Aranton, Joni Marcello & Layne Kaita of Meadow Gold Dairies with HFIA Treasurer Lisa  
DeCoito, Aloha Petroleum, and Craig Higa, Meadow Gold Dairies.



Jimmy Wong, guest, with Antoinette Joao, Y.Hata & Co., Carlos Baez of Times Supermarkets, and  
Rod Gomes of Harbour Brokerage.



Lauren Zirbel, HFIA Executive Director, Mike Oakland, guest, State Senator  
Suzanne Chun Oakland, State Senator Josh Green, MD.



HFIA Secretary John Erickson, Frito-Lay, Gary Hanagami & Jessica Bird of Palama  
Holdings, and Cary Hartigan, Crystal Farms



guest,



Miyuki Hirano-Hollingsworth, CenterScale Automation Hawaii, Terri Ishii, guest, Mary Antonio, American Savings Bank,  
Cynthia Shigemasa, guest, Larry Ishii, American Savings Bank, and Bernie Salvador, Hawaiian Airlines.



Glenn Muranaka, Meadow Gold Dairies,  
and Kim Tran, guest.





# New Foodland Opens in Maui's Kehalani Village Center

**F**oodland Super Market, Ltd., opened a brand new Foodland Kehalani store in Wailuku, Maui this past June and celebrated with a series of grand opening festivities. The 35,000 square foot supermarket is the 7th store on Maui, including Foodland Farms and Sack N Save stores. Located at the new Kehalani Village Center in Wailuku, it is the 33rd Foodland in Hawaii. The new Foodland features full-service seafood, meat, deli, bakery, produce, and floral departments, as well as R. Field Wine Company, an in-store American Savings Bank, and The Coffee Bean & Tea Leaf with drive-thru service. Foodland is Hawaii's largest locally owned and operated grocery retailer.

"It's hard to believe that it's been 44 years since Foodland opened its first store on Maui," said Jenai S. Wall, Foodland Chairman and CEO. "And while much has changed in our community and stores since then, our commitment to taking care of our customers and providing them with a great place to shop remains the same." The design of the Kehalani store features huge photographs of Foodland's Maui employees, friends, and family

eating and enjoying various activities representing Maui island life, bringing together Foodland's brand and tagline: "Food, Family and Friends."

Foodland Kehalani brings together the elements Foodland stores are known for, including a large selection of locally-grown and made items, prepared foods, and gourmet and specialty items. Many of the store's departments offer made-to-order specialties and prepared

items for fast, convenient meal options. Highlights include a Kim Chee Bar (a first for Maui); local produce from Maui farmers and Ma'o Organic Farms on Oahu; and over 20 types of poke.

Meanwhile, the deli boasts over a hundred varieties of cheese to complement the selection in R. Field Wine Company. You can also find chicken prepared in favorite Hawaii styles: huli huli, char siu, kal bi, and



TOP: Customers wait to enter the new Foodland. ABOVE: Customers enjoy fresh samples.



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local-style fried. Chef-made prepared entrees include meatloaf with Kahuku corn, seared salmon with sweet chili sauce, as well as salads and side dishes like tofu watercress salad, pohole shoot salad, sushi bar, and olive bar. There are new Spam musubi varieties, made-to-order boar's head sandwiches, and 20 other unique sandwiches using fresh baked bread.

Speaking of fresh baked goods, the Foodland bakery has more than 15 types of Artisan Breads baked fresh daily. There are also 15 types of cakes from dobash and chantilly to Oreo and red velvet, as well as fresh baked pies. There are over 20 selections of doughnuts and Danish daily, along with mocha varieties.

The full-service meat case features island grown beef, including Molokai 100% grass-fed ground beef (a Foodland exclusive); a full line of Certified Angus

Beef Brand cuts; and Kuahiwi Ranch beef from Ka'u on the Big Island. The meat case includes a selection of ready-to-cook meat items that are stuffed, marinated, or seasoned. Included among these is Foodland's popular Korean-style pork belly skewers.

Foodland Kehalani boasts a big selection of local produce, which includes special selections from Maui farms such as Kumu Farms, Ono Organic, Haliimaile Pineapple, The Maui Sprout Farm, Kealana Farms, and others. Continuing the theme of customer convenience, the produce section offers cut fruit and vegetables, packaged salads, and more for easy snack and meal preparation.

Over in the floral department are florist-quality flowers, bouquets, lei, and arrangements. Many of the items are locally grown at Howard's Nursery and

Fragrant Orchids of Maui. Foodland's in-store team creates custom-made arrangements and bouquets.

If you require even more fancy gourmet goods and specialty wines, there's R. Field Wine Company, which features artisan cheeses, cured meats, salamis, pâté, and other items for a gourmet pantry. Featured items include acclaimed Italian Prosciutto di San Daniele and the highly prized Jamon Iberico Bellota, a Spanish cured ham made from the acorn-fed black footed pig. Cheeses include Robiola from Italy, Valdeon from Spain, Truffle Tremor from California, and locally produced offerings from Hawaii Island Goat Dairy. Maui Pasta Company's fresh, restaurant-quality handmade pasta, ravioli, and pasta sauces are featured, as well as their baked goods. Customers with a sweet tooth can enjoy an assortment of fine chocolates and confections from both Hawaii and abroad.

Special grand opening festivities took place on the opening week and weekends throughout July. There were daily giveaways, product tastings, prizes, and cooking demonstrations by Foodland chefs. Keoni Chang, Foodland's Corporate Chef and winner of the 2014 Supermarket Chef Showdown Family Meal Category (and inaugural Supermarket Chef Grand Champion) demonstrated his winning dish: Gogi Dogs with Kim Chee Slaw. To round out the festivities and to support the community, Foodland committed \$20,000 to help elementary schools in the area. 🌺



# Together, Let's Make a Difference with the



# HFIA PAC



**Congratulations.** By being a member of the Hawaii Food Industry Association, you are making a difference in helping to preserve Hawaii's food supply chain for everybody. Harmful legislation is being blocked; beneficial bills are being supported. Now you can make an even more powerful statement to help ensure that the food and beverage industry achieves maximum impact with HFIA's efforts at the Capitol by contributing to the Hawaii Food Industry Association Political Action Committee (HFIA PAC).

## What is the HFIA PAC?

The HFIA PAC is a qualified, non-partisan, multi-candidate political action committee registered with the Hawai'i Campaign Spending Commission. HFIA established the PAC to elevate the voice of Hawaii's food and beverage industry at the state and county levels, and is an effective way to become more politically active and support candidates who share the priorities of our industry's retailers and suppliers. The HFIA PAC is not affiliated with any political party or candidate, and does not contribute to candidates based on their party affiliation or ideology.

## Why Contribute?

State and county elected officials are continually considering policies that can have a long-term impact on the viability of the food and beverage industry. With your contribution, you assist in the election of officials who help pass or defeat legislation that affects your business. Your support will help HFIA elect candidates who understand and promote the importance of an economically viable food industry.

## Contribution Limit

Total contributions to the HFIA PAC by any individual or company is limited by law to \$1000 in the primary election period and \$1000 in the general election period. Contributions

should be made payable to "HFIA PAC." (Note: Contributions are not tax-deductible.)

Have an impact on the issues affecting Hawaii's food and beverage industry by becoming a sponsor at the

a Platinum (\$1,000), Gold (\$500), Silver (\$250), or Friend of HFIA PAC (\$250) level—or contribute whatever amount you are able. To contribute, please visit [www.hawaiifood.com/pac](http://www.hawaiifood.com/pac) to download the donation form. 📄



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# Exporting ALOHA

BY JASON Y. KIMURA

**Y**ou have a great product that's doing well in Hawaii. The opportunity on the U.S. mainland is tremendous. The Hawaii brand is magic. What are you waiting for? Export your brand of aloha today! But caution, there are pitfalls and perils ahead. Questions need to be asked, a vision cast, and a strategic plan made before you jump in. HFIA member companies contributed to this article to help other companies that want to extend their reach outside of Hawaii or are doing so now. Some gave frank advice using their own companies as examples; others shared their knowledge, but chose to remain anonymous.

For sure, the opportunities for Hawaii products on the mainland—and internationally—are huge, but there are barriers to exporting aloha. “It makes perfect sense to manufacture in the middle of nowhere and ship all over the world,” jokes Keith Robbins. “It’s not the easiest place to manufacture anything.” Robbins is the founder of Bubbies Homemade Ice Cream and Desserts Hawaii, and ships his company’s mochi ice cream all over the U.S. mainland. Bubbies mochi ice cream has even reached the Middle East, Europe, Russia, Sweden, Norway, Finland, Switzerland, Singapore, Hong Kong, Mexico, El Salvador, and Guam. With the cost of electricity, shipping both ways, and other obstacles, Robbins isn’t sure how it all works sometimes. But it does work for Bubbies and it can work for other made-in-Hawaii businesses too.

## OUTSIDE THE FISHBOWL

The goldfish’s universe is its fishbowl. That is, there can be a tendency to see our own marketplace as the only one, especially when we live in an isolated place like Hawaii. Hawaii’s products are naturally built for the local

market, which is unique, and it becomes our paradigm. A different mindset must be developed when exporting these products outside of Hawaii.

The U.S. mainland is a huge, unbelievable opportunity, and entrepreneurs naturally gravitate to that opportunity. But on the other hand, companies must resist the temptation to simply jump in. A company must understand the challenges and address them first, at least to the degree of their investment in the opportunity.

The question is: Our products are popular in Hawaii, but are they suitable for the markets we want to target on the mainland? A company and its products must be good, but being successful in Hawaii doesn’t necessarily translate to success on the mainland. Taking the template of a successful Hawaii business and using it on the mainland doesn’t always work because the market dynamics are different.

## FOOD CRED

It takes a lot for a small Hawaii company to be recognized on the mainland. When Robbins first got into mochi ice cream, nobody there knew what mochi was. “I started to do trade shows all over the mainland, and spent eight or nine years pushing it,” he explained. “I just kept pushing and pushing.” Robbins eventually got people familiar with the product and got it into restaurants. Getting into Nobu gave him credibility, as well as articles in the New York Times and major newspapers in Chicago and San Francisco. Today there are 10 to 12 competitors making mochi ice cream, but Bubbies was the first to produce different flavored mochi. “Hawaii is the perfect place to change the flavor of a traditional product like mochi,” Robbins reflected.

Aunty Lilikoï Passion Fruit Products, another HFIA member company, is beginning to establish credibility on

the mainland. The company’s Passion Fruit Mango Chutney was one of 125 finalists for the prestigious Sofi Award. At a ceremony at the Summer Fancy Food Show in New York City, Aunty Lilikoï was awarded a silver finalist trophy.

“It’s critical to get the right brokers, then you have distribution channels you can build on,” shared Maggie Li, Sales and Marketing Manager for Diamond Bakery. “You have to just get out there to the major trade shows and make connections. But don’t be too ambitious—work at a small scale first and build on your success.”

## THE HAWAII CONSUMER

Hawaii has the most diverse population in the U.S., racially, culturally, and financially. As a result, consumers are exposed to cuisine that is equally diverse. The growth of ethnic—especially Asian—restaurants is only now taking hold on the mainland, but it had already permeated the Hawaii market a decade ago. Roy Yamaguchi and other chefs trademarked the term “Hawaii Regional Cuisine” and popularized it internationally. Thus, the concept of Hawaii’s cuisine has been exported and is taking hold in other parts of the world.

Hawaii’s people are also more accepting of the differences of others, and because we live on islands, we tend not to stay angry at others if they admit their mistakes and own up to them. “Hawaii consumers are the best customers,” agrees Gary Hanagami, Palama Holdings Vice President and General







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**Foodland**

FOOD, FAMILY & FRIENDS.





Manager, Branded and Retail Division. “We’re a very tolerant society,” Palama Holdings is in the beginning stages of establishing May’s Hawaii meat products in mainland markets. They are currently in a few hundred supermarkets.

However, those who have experience know that if you make a mistake on the mainland, they’re not so forgiving. The flip side of the tremendous opportunity on the mainland is that the competition from other suppliers trying to get in the door with buyers is fierce. A company must have all their ducks in a row beforehand, and be capable of performing at the levels that are required once their products get picked up.

Hawaii consumers also tend to be very brand-loyal. They are reluctant to change brands, but are conversely price-conscious—but price conscious to the brands they like. And although they are brand-loyal, Hawaii consumers are also willing to experiment with new products, much like the new fusions of cultures presented by Hawaii Regional Cuisine.

Hawaii consumers are different from mainland consumers.

## DISTANCE MATTERS

Hawaii manufacturers who export their products to the mainland all face the same barrier: shipping. That is, they must import much of the raw materials that go into their products, including packaging, and then export finished goods back to the mainland. “We have double the shipping than anybody who is a direct competitor and other food choices in general,” noted Hanagami.

Penetrating mainland markets from Hawaii using traditional channels is difficult, says Li. Diamond Bakery products can be found in select markets in Arizona, California, Colorado, Delaware, Florida, Maine, Maryland, Minnesota, Missouri, Nevada, New Jersey, Oregon, Texas, Washington, Virginia, Japan, Australia, and other Pacific islands. However, the products are considerably more expensive on the mainland than in Hawaii. Hawaii manufacturers using traditional channels can expect costs for shipping at 20 to 25%; brokerage fees at 5 to 10%; and distributors’ fees at 20 to 25%.

One solution is to use non-traditional channels of distribution. While maintaining their current conventional distribution out of Hawaii, Diamond Bakery is concentrating on growing direct sales through their

website. To keep prices competitive, the company uses a combination of good shipping rates based on high quantities, absorbing some of the cost, and passing on some to customers. They also have periodic promotions and offer loyal customers special bulk discounts.



Gary Hanagami, VP & General Manager for Branded Retail Division, Fely Asato, Customer Services Supervisor, Judy McDonald, President, Ryan Day, Corporate Chef, and Gerald Hiyane, Brand Manager, of Palama Holdings/May’s Hawaii.

Diamond Bakery goods are also sold via Amazon.com, where Prime members can get free shipping.

Robbins also had to think outside the box to be able to price his mochi ice cream at only about a dollar more on the mainland than in Hawaii. He uses UPS overnight service to deliver directly to stores and restaurants, eliminating traditional distributor channels. And anyway, it doesn’t work for Bubbies to send pallets of their product, which require fast, individualized delivery to maintain freshness and quality. The downside is that it requires more work for Robbins’ two dozen staff members because they have to pack and ship to each store and restaurant. Also, some chain supermarkets won’t carry his products because they require a distributor. In spite of the negatives, Bubbies makes about 60,000 mochi ice cream balls a day, and 75% of them are shipped out of Hawaii. A stickler for using high quality ingredients, Robbins says that he “never wanted to be the biggest, just the best.”

Out-of-state exports for Auntie Lilikoi account for over a third of total revenues. Although exporting has always been a part of the company’s strategy, wholesaling to the mainland has been

limited to a handful of retail outlets. Even so, Auntie Lilikoi received the SBA’s 2008 Small Business Exporter of the Year for the County of Kauai because they have found success through website sales. The company uses USPS flat-rate shipping, which

they feel is the most cost-effective solution for their retail web customers. About 60% of the orders from Auntie Lilikoi’s website are from people who visited their Waimea, Kauai retail store.

Li agrees that people who buy food products on the web are generally customers who have had the product before. She suggested that companies that want to sell extensively over the Internet create a buzz through social media marketing networks like Facebook, Instagram, and Twitter. “Look into special channels like high-end restaurants,” she advised. “Use grassroots marketing and modern technology.”

Another non-traditional channel is to rely on a retailer that assumes the role of sales to out-of-state consumers. Down-to-Earth’s relatively new eStore features over a hundred items, including Hawaii-made products such as local coffee, honey, cosmetics, and noni and spirulina products that can be shipped to the mainland via the Amazon.com platform. Larger chains that have stores in Hawaii and on the mainland also ship Hawaii products to all their stores.

But where do you start? If you want to target Los Angeles, then where? LA is a huge city with 30 million people. Do you start in small specialty shops,



traditional retailers, or in club stores? How will you get your products there? Which ones will you market to mainland consumers? Who will sell them? One solution to the double shipping issue is to build a factory on the mainland. But then how do you know whether the market will accept your product? How much will this cost? How much is the risk? There are a lot of factors to consider before jumping in.

Non-traditional distribution channels work for some manufacturers because it depends on how big they want to go and how many stores they want to be in. Whether a company services five stores on the mainland or a hundred, they must have the ability to service them out of Hawaii and maintain momentum for their products. To get picked up by retailers, they must talk to the buyers, present the product and a plan, monitor their business and sales, and adjust the plan as needed. How best can you deploy your time relative to the size of your planned reach?

### BEGINNING AT THE BEGINNING

It may seem an obvious question, but what are you selling? Are you selling

an edible widget, or an idea? For many Hawaii products, the allure of Hawaii comes into play more than the product itself. Visitors to Hawaii may take home some souvenirs, but our main export could arguably be fond memories of the aloha spirit, sun-drenched beaches, vibrant rain forests, stunning scenery—and local foods. Most would agree that the Hawaii brand has tremendous cache. Locals who have traveled anywhere on the mainland know that “Hawaii” is the magic word that immediately breaks down barriers.

Consider that about seven million visitors come to Hawaii every year. Over the years, a lot of people have enjoyed all that Hawaii has to offer, so what better way to re-experience a little bit of Hawaii than through a meal, a drink, or a snack? Everybody is interested in the brand called Hawaii, even among those who have never visited. But what is your Hawaii story, and does it resonate with mainland consumers? Does it sell the experience of Hawaii?

The answer can be trickier than meets the eye. For example, we may think that saimin or teriyaki sauce or chicken katsu is 100 percent Hawaii, and they are for us locals who are connoisseurs of noodles, barbecue meat skewers, and plate lunches, but these will probably not resonate in the same way on the mainland because they're not Hawaiian enough. Some have found that their most popular product in Hawaii was the least interesting to mainland consumers.

Diamond Bakery agrees that Hawaii branding plays a big role. The company has developed a line of fancy shortbread cookies that sell the Hawaii brand to mainland consumers. However, Hawaii branding is not as prominent on Diamond Bakery's most popular



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Diamond Bakery packaging designed for mainland consumers.

products at home. Favorites like Saloon Pilots, Royal Creams, Grahams, and Soda Crackers still come in their familiar red trays that have tremendous brand equity and recognition in the islands.

Hawaii should be a part of a manufacturer's merchandising concept. Even products that are not from Hawaii borrow its cache. For example, King's sweetbread, which originated here, is now manufactured in Torrance, California. However, it's marketed as King's Hawaiian Sweetbread, not King's California Sweetbread. The same goes for Hormel's Teriyaki Spam, which is marketed as a Hawaiian product. The Hawaii brand has tremendous cache, and it can benefit a product greatly, but manufacturers must understand they are selling an idea, and must have a clearly defined concept that taps into the Hawaii connection.

## DEVELOPING A ROADMAP

Just as a roadmap helps you to get to a location you've never been, a strategic plan is essential to exporting your brand of aloha outside of Hawaii. Ideally, a product's concept should resonate with not only former Hawaii residents and those who visited in the past, but with those who never visited. Those who never visited are clearly the larger population base. How to capture that market with any given product is the million-dollar question. If you have a clear strategic plan, you can bounce ideas off of it and not get off track. For example, how much money should be risked in a venture that you think is right vs. one that you know is right? A strategic plan will remind you to walk before you run, to heed financial constraints, and to help make the right decisions. The plan may not always be

right, but if something is outside the bounds of the plan, you will know to not go that way. Skillful companies use restraint instead of jumping at every opportunity. Opportunity shouldn't dictate the strategy. Rather, the strategy is created to capitalize on opportunity. A strategic plan keeps you true to your vision, reminds you of what you are really trying to accomplish, and how much you are willing to invest in that.

## COUNTDOWN TO A LAUNCH

Companies that have expanded to the mainland say that manufacturers have to be ready from both a product and financial standpoint. The product must be consistently good, and the package size needs to be thought out in terms of whether it's an individual size, family, or party pack, or all of these. In what section of the store will your product be placed, and is your packaging appropriate to that location? Financially, the company must have clear parameters on how much will be spent on resource development as defined by the strategic plan. What is the financial plan and how will it lead to profitability?

For larger ventures, a strong team in Hawaii should be in place so the company doesn't lose its perspective at the home base level. A company should know and understand its strengths and weaknesses, its brand strength, and its competitors.

Your products have resonated with retailers. They have signed on your products. The work is just beginning, because the momentum of your products must be sustained. As stated previously, the bigger opportunity is to tap into people who haven't been to Hawaii but would like to have the

Hawaii experience. The challenge becomes one of marketing your products to convince consumers that they want products they didn't know they wanted before. The challenge is to create and nurture that desire—and point consumers to a specific retailer. It's all a part of sustaining your product and brand development.

"Mainland buyers get the story about Hawaii as a brand," said Hanagami of May's experiences so far. "The challenge is to create enough momentum to remain in those stores, to make sure it's a viable business proposition for everybody—the retailers, the distributors, and our company." The concept of Hawaii Regional Cuisine has helped many Hawaii restaurateurs, not just the chefs who established it. Similarly, Hanagami believes that getting more Hawaii manufacturers to join in a cooperative venture helps everyone. The more Hawaii products there are in mainland stores, the more opportunities there will be for all Hawaii manufacturers. If a consumer buys May's Kalua Pork, he mused, why wouldn't they serve Aloha Maid drinks, or any number of Hawaii products that could go together? In the meantime, Hanagami believes May's Hawaii can replicate its success in Hawaii on the mainland, but doesn't yet know to what degree. "We think we have the resources, personnel, and the plans to capitalize on the opportunity, but the story is still being written."



May's Hawaii products that are resonating with mainland consumers.



# NEW MEMBERS

## ALOHA STATE BROKERAGE



**Profile:** Aloha State Brokerage, Inc. has been in the food brokerage business for over 50 years, and it continues to provide the necessary services to harmoniously unite manufacturers with the Hawaii market.

**Reason for joining HFIA:** The Hawaii Food Industry Association offers outstanding networking and educational opportunities that are of great value to Aloha State Brokerage and its employees. Through HFIA's networking and education opportunities, the company hopes to give back to the industry it has been a part of for many years.

**Unique to the company:** Aloha State Brokerage has carved out a niche in the Hawaii confectionery market. The company represents a large portfolio of the national candy brands available throughout Hawaii. As an active broker member of the National Confectioners Association, Aloha State Brokerage works closely with its customers to bring some of the newest, exciting treats to Hawaii.

**Location & Service area:** Statewide



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## DIAMOND BAKERY CO., LTD.



**Profile:** Named after Hawaii's famous Diamond Head landmark, Diamond Bakery was founded in 1921 by three Japanese immigrants who had a vision to create Hawaii's first bakery focused on

the perfect Hawaiian-made cracker. Today, Diamond Bakery is the largest manufacturer of crackers and cookies in Hawaii, and still uses time-tested recipes, pristine Hawaiian water, and Hawaiian ingredients to produce high quality products that have been making people smile for 94 years. Individually hand selected and packed with care, Diamond crackers and cookies are available in many retail and food service formats throughout Hawaii. A household name in Hawaii, Diamond Bakery has expanded distribution of its products to selected markets on the U.S. mainland, Japan, and the South Pacific.

**Reason for joining HFIA:** Diamond Bakery would like to network with its customers. The company also wants to keep abreast of food industry news and issues, and be on the same page with its customers.

**Unique to the Company:** Still a family owned business of three generations, Diamond Bakery's mission is to share heartwarming aloha with all people around the world. Diamond Bakery cracker products are the foundation of the company. Unmatched in Hawaii, its manufacturing plant, mesh band ovens, and specialized equipment produces over

a million cookies and crackers per week. Diamond Bakery's distinctive line includes Hawaiian Soda crackers, Royal Cream crackers, Saloon Pilot crackers, Hawaiian Graham crackers, and several lines of cookies. The cookie product line includes the very popular Hawaiian Animal Cookies, and also features distinctive flavors such as Candy Bead, Ruff'n Ready, Coconut, Chocolate Chip, Coconut Taffy, Original Animal, Reduced Fat Animal, Peanut Butter, and Maui Sugar.

**Location & Service Area:** Statewide in Hawaii, with distribution to select markets coast to coast on the U.S. mainland, Japan, Australia, and other Pacific islands. The company's products are also available online at [www.diamondbakery.com](http://www.diamondbakery.com) to U.S. locations.

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Fax: 808-847-7482  
Website: [www.diamondbakery.com](http://www.diamondbakery.com)

## INDUSTRIAL WELDING SERVICES, LLC



**Profile:** Industrial Welding Services (IWS) is a local welding company specializing in sanitary custom metal fabrication, repairs, and welding for food processing, food

equipment, and health care industries. IWS performs high quality work on piping, conveyors, tanks, hoses, work tables, and tank skids. Services also include onsite welding.

**Reason for joining HFIA:** IWS offers services that help food industry companies run smoothly. With expert knowledge, the company can repair and update equipment to run as efficiently as possible.

**Unique to the Company:** A local company since 2011, owner Randy Dietz has 9 years of experience in restaurant equipment manufacturing, 10 years in food equipment manufacturing, and over 11 years in pipefitting. In all, he has over 30 years of welding and metal fabrication experience. Dietz has performed work for major companies on the mainland, such as Anheuser-Bush, Murphy Company, Sargento's, Monsanto, and Frito-Lay. He is knowledgeable about all work safety regulations for OSHA, NSF, and other manufacturing processes. Dietz welcomes the opportunity to earn your trust and deliver you the best service in Hawaii. IWS is a distributor for TopLine Process Equipment Company.

**Location & Service Area:** Statewide



**Contact information:**

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# Moving Hawaii's Food Industry Forward

Panel Discusses Challenges and Ways Forward

BY JASON Y. KIMURA



**A**t this year's Convention, attendees had an opportunity to hear about the current state of the food and beverage industry from some of its leaders in a panel discussion. The panelists included Joe Detro, Senior VP Sales and Operation, Foodland; new HFIA Chair John Schilf, President, RSM Hawaii; Paul Kosasa, President and CEO, ABC Stores; Derek Kurisu, Executive Vice President, KTA Super Stores; and George Szigeti, President and CEO, Hawaii Lodging and Tourism Association. Howard Dicus, Business Reporter for Hawaii News Now, served as moderator.

The panel discussed some of the challenges the industry faces here in Hawaii, like shipping issues, the high cost of energy, market compression, aggressive competition from non-food industry businesses, and more. Dicus concluded with an assessment of the U.S. economy.

## MARKET COMPETITION, COMPRESSION & COSTS

Joe Detro noted that over two million square feet of retail space has been added over the last seven years. "That just means the pie is not a bigger pie—the slices are smaller," he said. "The retail landscape is really getting big, particularly with CVS/Longs and Walgreens." In contrast to local companies, big public companies are extremely aggressive, said Detro.

"As developers develop more commercial space, you're going to lose ag land," noted Paul Kosasa, "how are you going to [increase] food sustainability?" Some estimate that if we continue to remove agricultural lands at the current rate, Hawaii won't have any by 2040.

"Being already isolated, that puts Hawaii in a very precarious situation."

Detro also commented that food stamps have gone from \$20 million a month to \$35 million. "The problem is that it impacts the first of the month and the end of the month," he said. "Everyone is fighting for that same dollar at the end of the month, so it's very, very difficult."

Furthermore, grocery channels are no longer clearly defined. Hardware stores like Home Depot and Lowe's are selling soda, paper towels, and toilet paper, so now consumers are shopping for grocery items across the retail landscape. "Lumber is not enough anymore, so they're going to sell toilet paper," said Schilf. "The reality is that people are trying to take our business and trying to get their piece, so we have to fight hard to keep that dollar down, to keep that money flowing into Hawaii, to continue to build our businesses, and continue to sustain this industry."

Representing about 70 manufacturers at Rainbow Sales and Marketing, Schilf shared that the manufacturing side of the business is struggling as well. Manufacturer consolidation is happening across the board, jobs are being cut, and manufacturers are walking away from volume to be more profitable. Everybody is feeling the pressure, he said, from the distributors, to the brokers, to the retailers.

"Supporting each other locally is very, very important, more so now than ever," said Schilf. "[We must] partner, help build our businesses, and be sustainable, because right now as an industry, it's getting harder and harder to capture that dollar, that quarter, that penny."

Add to all of the above the high cost of energy, shipping, and other business expenses. Hawaii's electricity costs are about 30% higher than the national average. "We pay around 37 cents a kilowatt," Detro said. "The mainland is probably around 20 cents. We're an energy hungry business—you've got refrigeration, you've got lights, you've got etcetera, etcetera."

"Our utilities have gone up 35 to 40%," said George Szigeti, speaking of the hospitality industry, "and our mandatory and prepaid medical and all the other things that come along with it have driven our costs up also." Detro also lamented that rent per square foot is probably about 30% higher on average in Hawaii.

The panelists also discussed the high cost of shipping, but agreed that Matson and other shipping companies are doing all they can. "[Matson] pretty much demonstrated on their balance sheet that their fuel surcharge is not actually covering their cost of fuel," noted Dicus.



Joe Detro, Foodland



John Schilf, RSM



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George Szigeti, Hawaii Lodging and Tourism Association

“That doesn’t really help you, but you may be surprised how much they feel your pain in this particular instance.”

Obviously it costs a lot to do business here in Hawaii,” said Detro. “It’s very competitive.” As a consequence of all of these factors, Hawaii consumers typically pay about a third more for food than the national average.

## TOURISM INDUSTRY SUPPORTS FOOD INDUSTRY

Fortunately, a record number of tourists visiting Hawaii has helped offset these difficulties. “These past few years have been really good for the visitor market, but probably as George might expound upon, this year is a little different,” said Kosasa. “The yen is a little weaker, and so that affected the Japanese visitors, and mainland visitors’ accounts are maybe a little bit soft, and so we’re in a period of transition.”

Szigeti filled in the numbers. “All the indicators this year, 2014, are that we’re losing market share,” he said, “We’ve had 303 less air passenger arrivals per day. That’s down 1.9%. We have about 219,000 guests staying overnight on all islands any given day. That’s down 1%. They are spending \$3.30 a day less than last year. On average, the spend is \$1,944 per trip, which is \$16 less total than a year ago in Hawaii. Everyday, our guests spend \$43.8 million per day in our market. They contribute \$4.7 million in state tax revenue per day. That’s down 2.8%. We directly support 175,000 jobs in the visitor industry. These 175,000 people then go into Foodlands and they go into ABC’s and they go into KTA’s and they go and buy your products.”

However, Szigeti further noted that Hawaii still has the fifth highest occupancy in the U.S. at 76%, and the second highest average daily rate at \$227 per night. “We are still the number four port of entry for the whole U.S.,” he added. Hawaii has 1.3 million residents,

but there are over 10.5 million air seats going in and out of the state. There are a thousand flights per week from over 50 cities by more than 20 carriers. “If these airlines don’t fill their seats,” said Szigeti, pointing out a potential danger, “they take that plane out of here quickly and it’s really hard to get back.”

Although visitors from Japan have been down, international travel has been up overall because Hawaii is getting visitors from Taiwan and more from China. “China is the golden egg we’re all going after,” said Szigeti.

Food and beverage industry companies need to be aware of a shift in the visitor industry from traditional hotel rooms to a big increase in timeshares and condo-hotels. “I’ve spent a lot of time down at the city council trying to convince our council that we need to embrace this new business model or this model will go elsewhere,” said Szigeti. “Only 48% of my inventory are traditional rooms now. A lot of people don’t know that.” The good news is that this benefits food retailers. “You might have to look at how you’re going to market and change your model, because our model is changing,” he advised.

A threat to Hawaii’s tourism is coming



Derek Kurisu, KTA Super Stores

from the Caribbean and Mexico. There are 126 projects in progress putting in 26,000 new rooms to go after Hawaii’s tourist market. “They’re up 18%, and we’re slightly down,” said Szigeti. “We’re being attacked on the global market, and we need to all come together and we need to figure out how to protect this economic engine.”

## ANSWERS TO TOUGH CHALLENGES

“Our biggest function everyday is to figure out how we can lower costs and be more effective so we can be competitive and offer valuable prices to our customers,” said Detro. “It’s very difficult, but you have to be vigilant, you have to

work hard. We have to provide goods and services at a competitive rate, otherwise, we will not be in business.”

The panelists discussed supporting local suppliers. “We do need to work together as an industry to try to figure out how we can expand our food production,” said Kosasa. “We probably can’t be fully self-sustaining, but we should try to be more self-sustaining than we are today.” Kurisu spent a lot of time with the agricultural community on the Big Island and found that 90% of the farmers make less than \$100,000 a year, with only 2% making over a half million dollars a year. He pointed out that agriculture in Hawaii is very diversified, and believes that retailers should develop relationships with farmers and work together with them.

According to Kurisu, his first mission is to make sure the word “Hawaii” or “local” is prominent whether it’s a food product or a business. “Adding value to the word ‘Hawaii’ or to the word ‘local’ I think is a responsibility, not only for us, but for every single individual who lives on this island,” he said. “[I want to be] 110% sure that [every Hawaii product] is a superior product that people would want to pay another 25 cents for.” Kurisu went on to say that retailers have to do things beyond the walls of their stores. Customers expect retailers to be committed to their causes. “It’s a very exciting thing, because you really get to understand who the customers are, and the importance of working relationships with each other,” he said. “We try to get ourselves connected to everybody.”

It was pointed out that local companies are very generous in their philanthropy. They take ownership in the community and they give back proportionally more to the community than outside companies. For example, Foodland has generated over \$22 million for Hawaii’s non-profit organizations in the past 14 years. Giving to the youth who will run the state in the future, the company has donated over \$24 million for higher education scholarships over the last 20 years. ABC Stores and KTA have also been extremely generous. Likewise, the tourism industry raises millions of dollars that goes to over 200 charities in Hawaii. “We’re all stakeholders here,” said Szigeti. “We’re all in this canoe together and it’s important that we all paddle in



the same direction and protect the sustainability of our industry.”

“We are faced with severe competition and the rising costs of doing business,” Kurisu concluded, “but the things that makes us move forward is our customers, our employees, and the suppliers.”

## LEGISLATIVE ISSUES

The panel discussed the GMO issue and working with the legislature in general. “One thing I want to point out about GMO is that we really have to stay on top of this, fight this as an organization,” said Schilf of HFIA’s role. “If any GMO bill passes and we have a GMO product that doesn’t meet that standard, we won’t be bringing that



Paul Kosasa, ABC Stores

product here. There’s a lot of items that don’t ship here because manufacturers just can’t afford to do it. And if you tack on GMO [standards], we’re going to have problems.”

Dicus pointed out that an important legal aspect of the labeling issue is that if a labeling law is passed, the burden of labeling accuracy should be with food manufacturers, not suppliers or retailers. “I think [labeling] should be addressed nationally,” agreed Derek Kurisu. A Hawaii labeling law would put suppliers and retailers on the hook legally for labeling information they won’t be able to verify firsthand.

“The problem you have is that the minority that speaks out is going to influence the majority,” said Detoro. Kurisu suggested that the food industry sit down and talk with anti-GMO activists and show them what we’re all about instead of shunning them. He related how he explained to a group of activists how they would drive food prices up, and how if forced to sell only non-GMO products, supermarkets would probably drive health food stores out of business. “I’ve told them, ‘We’ve just got to respect each other’s differences, because we

have to serve everyone, and that’s what KTA is all about.”

Szigeti spoke about government affairs in general. “Governmental affairs has got to be your number one priority both at the State Capitol and down at the city council,” he emphasized. “If you’re not willing to be at the table, you are going to be on the menu.” Szigeti advised that the food industry must constantly work to protect its business interests.

“It is essential to sustain and build the infrastructure at HFIA,” agreed Schilf.

## DICUS ON THE ECONOMY

“Well the economy is absolutely getting better,” said Dicus. “The unemployment rate is a lot lower than it is on the mainland. In terms of recovery from recession, we’re doing fantastic.” However, he pointed out that there has been a long term problem with the U.S. economy before the recession which still persists today: a gradually increasing income gap between most of us and the top 1%. There are other factors, like taxes and politics but the biggest reason, according to Dicus, is something that happened in the free market. Publically traded corporations, he says, have gotten better at figuring out how to deliver healthy dividends in a downturn.

“Unfortunately, many of the ways they’ve figured out to do that involve laying off jobs, exporting jobs overseas, and getting rid of staff employees in favor of contractors who frequently make less money,” said Dicus. “All of that is great if you are a stockholder or if the dividends from that company are going into your retirement fund, but there are a lot of people who aren’t making as much money as they used to.” While the top 1% get most of their income from dividends and investments, the rest get their income from wages, which are down. “This

economic fact is a principal contributor [to the reason] it doesn’t feel as good as it looks with the numbers.”

To state his case, Dicus stated that instead of measuring unemployment, which only measures those who are actively claiming benefits, we should be measuring employment. That is, how many adults are working as a percentage of total adults? “[This percentage] went way down during the recession and has only recovered a little bit,” he explained. “This is a big factor for you because your customers don’t have as much disposable income as they used to, and that’s why even though things are really getting better on paper, it doesn’t quite feel that way because of this longer term trend that has profound implications for all of us.”

The panel discussion offered a lot of frank dialogue about the challenges facing the food and beverage industry. Although there are no simple solutions, Hawaii companies have a lot to offer consumers and are a tremendous benefit to the community. It was concluded that all local industries are symbiotic and therefore need to work together toward common goals that will benefit not only business, but also the consumer, and especially the people of Hawaii. ■



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# ENDLESS FUN AT ENDLESS SUMMER CONVENTION

Yes, it's a figure of speech. The summer wasn't endless, but this year's annual HFIA Convention was a seemingly endless extravaganza of fun, food, and activities that began with the Big Wave Golf Tournament at Kapolei Golf Course on Friday and concluded with HFIA's Toes on the Nose Aloha Brunch on Sunday. In between was the "Moving Hawaii's Food Industry Forward" panel discussion on Friday, followed by Martini Tasting and the Long Board Classic Chairman's Reception in the evening. Saturday began with Sink or Swim family picnic games and Dance Your Abs Off Zumba, followed by the Stan-Tastic Surfin USA Food Challenge and the Boardwalk Deli Style Picnic Lunch. After a leisurely afternoon (aka napping), conventioners roused themselves for Wine Tasting by Young's Market and the capstone Hall of Fame Awards Banquet honoring Ni'o Award of Excellence winner and HFIA Hall of Fame inductee Herbert Tamura, Chairman of the Board, Tamura Enterprises, Inc. Entertainment was provided by The Brothers Cazimero. And let's not forget that cornucopia of goodies provided by our suppliers, the Surf's Up Hospitality Room, open throughout the weekend. All good things do come to an end, including HFIA's time at the J.W. Marriott Ihilani Ko Olina Spa and Resort, but the good news is that the annual Convention will be back next year! 🍹







Miyuki Hirano-Hollingsworth, CenterScale Automation Hawaii, and Peggy Abella, Anheuser-Busch.



Makoa Freitas, guest, Charlene Gray, Trade Publishing, and Sky Perkins, entertainer with The Brothers Cazimero.



Melody Yurth and Hugh Duncan of Young's Market.



Derek Kurisu checks out a lota delectable shrimp.



Perennial judge Wendy Fujio of ABC Stores.



### STAN-TASTIC SURFIN USA FOOD CHALLENGE WINNERS

**First Place:** Foodland – Keoni Chang & Ed Treschuk

**Second Place:** Horizon Lines – Shellie Hayashi & Dwayne Fujitani

**Third Place:** Meadow Gold Dairies – Jerry Linville & John Marcello

**Fourth Place:** Times Supermarkets – Matt Holmes & James DeJesus

**Fifth Place:** Young's Market Company of Hawaii – Hugh Duncan & Melody Yurth

The "blind" taste tester judges were Jay Higa, Star Advertiser, Larry Ishii, American Savings Bank, Wendy Fujio, ABC Stores, and Kari Kurihara, guest of Tesoro.





Cliff and Sharon Mattos, Matson, with granddaughter Garleena Mattos; Soniya and Mike Kajiware, Hawaii Foodbank.



Verna Oshiro, Pint Size Hawaii, Sheryl Villanueva, guest, Brian Christensen, Pint Size Hawaii, Liz Christensen, guest, Katy Okuyama, BQF Brokerage Quality Foods, and Gary Nakamatsu, Matson.



Nelson Okumura and Chris Damore, VIP Foodservice, and Barry Taniguchi and Sandra Taniguchi, KTA.



Riki Morimoto, Karen Morimoto Jill and Miles Oda, ABC Stores.



Convention organizers: (L to R) Robson Piiohia, Southern Wine and Spirits, Wendy Fujio, ABC Stores, Melody Yurth, Young's Market, Mike Kaya, Meadow Gold Dairies, John Schilf, RSM, Lauren Zirbel, HFIA, Jay Higa, Star Advertiser, Bernie Salvador, Hawaiian Airlines, Denise Sasaki, Meadow Gold Dairies, Stan Brown, ConAgra, Lyle Akasaki, Anheuser-Busch, Mike Ohashi, Horizon Lines, Tyler Ching, Ken's House of Pancakes, and Chad Shimomura, Coca-Cola Hawaii. Missing: Larry Ishii, American Savings Bank.

**Many thanks go to our sponsors and advertisers. Their support and participation in HFIA's annual Convention truly make it an extra special event. Our sponsors were as follows:**

**Platinum Sponsors:** ABC Stores, American Savings Bank, Coca-Cola Refreshments, ConAgra Foods, Foodland, Frito Lay, Matson, Meadow Gold, No Hawaii Beverage Tax, Pepsi Beverages Company, Southern Wine and Spirits of Hawaii, Star Advertiser, and Young's Market Company.

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HFIA Hall of Fame inductee Herb Tamura.





Howard Dashevsky promotes the Sony Open and auctions off tickets for the ProAm package.



Front: Karen Morimoto, Tyler Shimogawa, Kristine Shimogawa, and Scott Shimogawa, ABC Stores. Back: Lisa and Paul Kosasa, ABC Stores, Georganne and Derek Kurisu, KTA Super Stores, and Riki Morimoto, ABC Stores.



Dick and Gwen Botti.



Miyuki Hirano-Hollingworth



Christine Ohashi, Caitlin Ohashi, and Mike Ohashi, Horizon Lines, with Randy Kuba, Lotus Spirits, LLC.



Front: Herb Tamura, grandson Sean Izutsu, and Janet Tamura. Back: Michael and Linda Izutsu, Garrell Matsumoto, Ty Matsumoto, Glenn Tamura, and Alison and Miles Matsumoto.



The May's Hawaii crew: Susan Hullerman, Kevin Oguma, Jessica Bird, Meryl Hanagami, guest, Gary Hanagami, and Ryan and Patti Day, guest.



Dick Botti receives a Senate Resolution recognizing and commending him for his lifetime of work with HFIA.



Signe and Roger Godfrey, Business Analyst/Consultant, and Brian Christensen, Pint Size Hawaii.





BY LAUREN ZIRBEL

Herbert Tamura!

A heartfelt mahalo goes to all who attended, especially our sponsors.

One of the many highlights of the convention was our panel on “Moving Hawaii’s Food Industry Forward.” I’d like to thank our moderator, Howard Dicus, Business Reporter for Hawaii News Now, and panelists Joe Detoro, Senior VP Sales and Operations, Foodland; John Schilf, President, RSM Hawaii and our new HFIA Chair; Paul Kosasa, President and CEO, ABC Stores; Derek Kurisu, Executive Vice President, KTA Super Stores; and George Szigeti, President and CEO, Hawaii Lodging and Tourism Association.

Our panel talked about the great contributions our members make to their communities, not just by providing necessary services, but by the many other ways in which they support local causes and groups. They stressed the importance of working together locally, which means connecting with local manufacturers, suppliers, and farmers; working with other industries to take advantage of new opportunities; continuing to aggressively pursue proactive government relations; and adding value to the local economy.

We followed up the Convention with our very social “After Hours Networking Event” in July. This is the first of a number of upcoming events designed to provide opportunities for our members and friends to get to know each other better and make new connections within our industry. The event was a great success with 150 people registered. We thank everyone who attended and a special thank you goes to our co-sponsor, Meadow Gold. The night was filled with lots of fun and games, networking, and delicious food and wine. We’ll keep you posted on the next event and look forward to seeing everyone there!

This summer also marked the launch of HFIA’s social media presence. We are now on Facebook as Hawaii Food Industry Association, and on Twitter as Hawaii Food Industry @HawaiiFoodAssn. These have been great ways for us to connect with people, promote our association, and share and promote content from you, our members. Please take the time to follow us, as this is a quick and easy way to register for upcoming HFIA events and to follow stories about other HFIA members.

This summer, HFIA became more social and connected than ever before. We started off the season with a fantastic annual Convention at the JW Marriot Ihilani. A big part of what made this the best convention yet was the incredible turnout of about 350 people and the wonderful support of all our sponsors. We were all proud to honor food industry leader Mr.

In addition to our social media pages, we’ve also been improving our members’ connections and information. Our Weekly Update was revamped and improved this spring. Through our Weekly Update email, we’ll continue to bring you exclusive member information on news, legislation, and industry information every Tuesday, direct to your email inbox. One of the big news stories we’ve been following this summer in the Weekly Update was, of course, the primary election. In particular, we’ve been very pleased to see that, especially in Kauai, a number of candidates who based their campaigns primarily on anti-science and anti-GMO sentiments did not do well. We hope that this bodes well for more rational, inclusive, and science-based conversations and decisions on GMOs in the future.

Finally, this summer’s hurricanes have served to highlight one of the most important connections there is: the connection between you, our members, and your customers. When news of the impending hurricanes hit, all of us here in Hawaii turned to you, our local food retailers and suppliers, to get the things we needed to weather the storms. Our thoughts are with everyone who is still working to recover and pick up the pieces on the Big Island. And we give a heartfelt thank you to all our members for the great work you did to make sure everyone was prepared. HFIA is proud to support you and your businesses as you support your customers and communities. 🌺

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