Hawaii
Retail Grocer
CONVENTION ISSUE 2011
the magazine of the hawaii food industry association

HFIA *Reloaded*

How the Association is Retooling for the Future

ALSO

Friendly Competition on Molokai

Traceability: Like Google for Your Food

General Meeting Speaks in Specifics

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The Chair's Message

BY BONNY AMEMIYA

Aloha,

It's hard to believe that it has already been a year since we last gathered at the HFIA Convention. It seems like everyone has been working harder than ever, so the Convention brings a welcome change of pace and a well-deserved break for many. It also provides a unique opportunity to really reconnect with our HFIA ohana, renew old friendships, and forge new relationships, all in the relaxed setting of the beautiful JW Marriott Ihilani Hotel.

As the cover article of this issue suggests, we've witnessed quite a few changes in HFIA over the past year, but we feel we are now poised to make an impactful difference. You may have noticed that we've set in motion a plan with new faces, direction, energy, and attitude. We welcome several new directors to the Board who bring leadership and insight, and we're restructuring our organization in a way that will allow for more input and member involvement.

At our annual membership meeting on Saturday, June 11, we will adopt several changes to the bylaws. These amendments will separate the officer positions of Secretary and Treasurer, add two non-voting advisory positions to the Executive Committee, create four Standing Committees, and expand the number of Board positions that can be held by retailers. These structural changes are being made to adapt to industry consolidation in the retail landscape, add more stability to the HFIA organizational structure in an environment of corporate reorganizations, and improve on the execution of HFIA's core mission of government relations and advocacy, member education, and industry and community relations.

Working through the proposed changes over the past few months, the Executive Committee was privileged to be guided through the process by Barry Taniguchi, CEO of KTA Super Stores. Without Dick Botti, Barry's institutional knowledge and expertise has been invaluable, and allowed us to consider the intent of previous bylaw amendments. I am pleased that Barry has accepted our nomination to fill one of the new non-voting advisory positions on the HFIA Executive Committee on a long-term basis so we can continue to benefit from his thoughtful insight and experience. I express my gratitude to Barry and to the entire Executive Committee: Alan Nakamura, Stan Brown, Mike Walters, and Gary Hanagami, who debated the merits of and painstakingly crafted the wording for many of these amendments. Thank you for investing your time and energy in this critically important step.

With a new Board and committee structures in place, I'm excited to welcome John Schilf, Director of Meat/Seafood and General Merchandise at Foodland, as our new HFIA Secretary. Under the amended bylaws, the Vice Chair, Treasurer and Secretary will each chair a Standing Committee, and their very first task will be to develop a committee charter and assemble their committees. This document will frame each committee's purpose and mission, provide direction on how committee members are selected, and define roles and responsibilities. With our goal of creating an active Board, I can guarantee there will be something for everyone to do. I encourage everyone to look at our mission, start thinking about where your interests lie, and be prepared to jump aboard!

In the upcoming year, we will also take a look at our statewide communication and evaluate the most efficient ways of identifying and distributing relevant information throughout our membership. With the HFIA magazine *Hawaii Retail Grocer* revamped, we are starting the process of redefining the role that our website will play in delivering current updates and access to external resources that members would not otherwise have. Expanding our partnerships both within and outside the industry will go a long way toward providing a broader base of resources from which to draw, and will provide you with some additional tools to help you succeed.

Finally, we say a heartfelt aloha to Dick and Paula Aono, both of whom have been a central part of the HFIA family. They are the two people that we've come to know and depend on for many, many years. Thank you for your many years of service and dedication to our industry. We will miss you both, but realize there is a great life beyond HFIA and you have much to look forward to. Our best wishes to you both!

Ahui Hou!

The HFIA Mission Statement

The Hawaii Food Industry Association actively promotes the interests of Hawaii's food and beverage retailers and suppliers through highly effective government relations and advocacy, member education, and industry and community relations.

A huge mahalo to our Committee Chairs and their all-volunteer teams for their tireless efforts over the past 2010-2011 year. It is your support and dedication that allows HFIA to move forward!

CEO Council - Mike Walters, Love's Bakery
Convention - Jay Higa, Star-Advertiser
Education - Derek Kurisu, KTA Super Stores, and Joni Marcello, Meadow Gold Dairies
Food Marketing Institute (FMI) - Byron Chong, Love's Bakery
Foodbank - Stan Brown, ConAgra Foods
Golf - Mike Kaya, Meadow Gold Dairies
Legislative - Gary Hanagami, HFIA, and Lauren Zirbel, HFIA
Membership - Alan Nakamura, Tesoro
Publicity - Faith Freitas, Trade Publishing
Social - Larry Ishii, American Savings Bank, and Wendy Fujio, ABC Stores

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DEPARTMENTS

FEATURES

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The Magazine of the Hawaii Food Industry Association

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Legislative Update

BY LAUREN ZIRBEL

The Hawaii Food industry Association has long advocated that neither the state legislature nor the county councils should ban plastic bags. We take this position because banning plastic bags hurts consumers by increasing the cost of goods. Simply banning plastic bags does not help the environment because all evidence shows that consumers simply switch to paper bags, which are even less environmentally friendly. HFIA has found that fighting outright bans without providing an alternative solution has been fruitless, as evidenced with the ban's passage on Maui and Kauai. Our alternative solution is a fee. While still a less than desirable solution, a fee does not pass the financial burden on to the consumers via the cost of goods, but allows the onus to be placed directly onto the bags by allowing consumers a choice. We feel this is a fairer route for counties intent on passing single use bag legislation.

The Environmental Reality

The production of paper bags generates **70% more air pollutants** and **50 times more water pollutants** than plastic bags. Paper bags are **six to eight times more voluminous** than plastic bags, so the "carbon footprint" of importing paper bags is much higher than that of using plastic bags, which are manufactured by two businesses in Hawaii. **Plastic bags consume less than 4% of the water needed to make paper bags.** It takes 5,527 cubic meters of water to produce 100 million paper bags. Plastic bags are far less expensive than paper in both cost per case and cost of shipping. A typical plastic bag costs about a penny to produce; a paper one costs about 6 to 10 cents and a compostable bag about 8 to 12 cents. The ULS San Francisco survey found that all food chains affected by the ordinance had switched to paper bags. There was NO increase in reusable bag use.

A Solution that Solves the Problem

In order to avoid having consumers pay more for food as a result of forcing retailers to switch to a less environmentally friendly bag, HFIA is suggesting that lawmakers focus on the reduction of ALL single use bags by implementing a

fee on ALL single use bags.

A tax on plastic shopping bags in the Republic of Ireland has cut their use by more than 90% and raised millions of euros in revenue. Ireland's tax of 15 cents per bag was introduced as an attempt to curb litter, and the improvement was immediate and "plain to see," said environment minister Martin Cullen.

Washington, D.C., imposed a 5 cent per bag tax on retailers and restaurants. This is the first tax of its kind in the United States, and many people were worried about the increased cost to the consumer and how well this tax would be accepted. Well, it's stronger than anyone could have imagined. Within the first month of the program, the average monthly number of bags used in D.C. decreased over 80% from 22.5 million bags to just 3 million. That is an incredible change in a single month, and to top it all off, the tax has already generated a significant amount of money to clean up the Anacostia River.

Washington Mayor Adrian Fenty points out that the tax on plastic bags is not to charge consumers out of using bags—or to burden them financially anymore than they may be with grocery store prices—but to encourage shoppers to avoid a tax in the first place by using reusable shopping bags.

Big Island Legislative Push

Gary Hanagami, Toby Taniguchi, and myself met with many Big Island legislators and the director and deputy director of environmental management about solving our single use bag problem. Our solution was well received and we are looking forward to working with these legislators to avoid shifting consumers to costlier, less environmentally friendly products.

Supermarkets Could Tweet & Honk for Sales

PHIL LEMPERT, WWW.SUPERMARKETGURU.COM

Retailers that put mini-stores on wheels—in trucks people can walk into, pick their goods from shelves, shop, and pay—can gain incremental trips. By establishing routes where consumers live, stores can expand their trading area and build regularity with a wide shopper base.

Think of the supermarket truck as a convenience store that rolls to its customers. The truck is filled with the store's top 50 sellers and probably not much more. Primarily staples and treats for the next day or two, it serves as an efficient engine for coveted quick trips.

The Lempert Report sees this as a retro idea for today—with gas at $4 a gallon, trips under siege, and shoppers mission-driven, short on time, and hating lines. By going where the people and the dollars are, retailers add convenience, build transaction counts, and enhance their marquee brand. The operation could be simple: make neighborhood stops at set times that become known to residents. Much like the prepared food trucks do, the supermarket truck could Twitter its upcoming destinations and how long it will be at each stop.

Ice cream trucks are welcome sights in the spring and summer. They bring out the community and encourage neighbors to chat at these serendipitous meetings. Supermarket trucks could provide a year-round service that fills a similar social need—and also help the elderly, the ill, the car-less, and others by providing greater access to food and beverages.

We see this as the next evolution of the bread man, milkman, and produce trucks. This is one synergistic store on wheels with popular items to consume from multiple categories.

Supermarkets could outpace other channels with a truck concept because people view them as food experts with broad varieties of popular goods at generally competitive prices. Remove the gasoline barrier from trips and make it easier for people to buy.

Consumer Panel: Eat at Home vs. Restaurant

PHIL LEMPERT, SUPERMARKET GURU, EDITOR IN CHIEF, FACTS, FIGURES & THE FUTURE

In our latest consumer panel, we wanted to understand consumer behavior across eating venues, specifically comparing behaviors and choices when eating at home versus eating at a restaurant. What are consumers' priorities? And what do they choose more often in restaurants versus eating at home?

The top three priorities when buying food and beverages in a restaurant were cited as follows: taste 84%, health 64%, and price at 61% VERSUS priorities when making purchases in the supermarket: health 90%, price 80%, taste 80%. Ultimately, we all value price, taste, and health, but the order in which we expect our restaurants versus supermarkets (and by extension home cooking) to deliver on these expectations is different.

However, consumers cite that in restaurants, they are choosing less fried, 72%; more vegetables, 65%; more salads, 63%; more water, 60%; more grilled, 59%; and less dessert, 52%; most often.

Once-Sizzling Soy Suffers Serious Sales Slump

Rising Soybean Prices, New Alternatives & Fickle Fans Lead to 16% Drop From 2008 to 2010

Soy—a super food once so hot it got its own logo—is looking a little pedestrian these days, with sales slumping on everything from soy milk to leading meatless hamburger brands. The $2.6 billion market for soy foods and beverages plummeted 16% from 2008 to 2010, according to a report from market researcher Mintel, which projects another 17% drop from 2010 to 2012. Analysts suspect a variety of factors are at play, including rising soybean prices, new alternatives, and the fickleness of health-conscious consumers.

Soy has "lost a little of its luster," said Rick Shea, a food-marketing consultant and former Kraft marketing executive. "People are realizing there isn't necessarily one magic bullet…so they are broadening their use of [health] foods." Marketers are responding. Silk, long-known for its soy milk, now also sells almond milk and coconut milk. "Lighter users of soy milk…are being drawn to the new varieties in the category, like almond and coconut," said Jennifer Hartley, marketing director for Silk, which is owned by Dean Foods, suggesting that taste is a motivating factor.

Regular variety Silk soy milk still leads the nondairy milk category with a 35% share, but sales fell 14.6% to $206.6 million in the year ending March 20, according to SymphonyIRI. Meanwhile, almond milk sold by competitor Blue Diamond has made strong gains, moving up to third place with $70.2 million in sales. Silk's almond milk, introduced last year, and coconut milk, released in January, are also rising.

In the soy food sector, slumping categories include baby food, cookies, snack bars, soy cheese, and frozen desserts, according to Mintel, whose report does not include sales from Whole Foods, Trader Joe's, and Walmart because figures were not available. The meat substitute category has held its own, with frozen meat substitute sales increasing 4.1% from 2008 to 2010, and refrigerated alternatives up 16.8%.

But as of late, sales for some of the biggest brands have flat-lined. Morningstar Farms's frozen meat substitutes, owned by Kellogg Co., fell 2.3% to $109.5 million in the year ending March 20, while Kraft Foods-owned Boca brand dropped 4.2% to $38 million, according to SymphonyIRI. New competition is also coming from companies such as England-based Quorn Foods, which markets frozen burgers, chicken, and other products made from "mycoprotein," a fungus-based substance that the company touts as being high in fiber, low in calories, and good for digestion.

"You're seeing a lot of innovation in the vegetarian and vegan category. Soy isn't the only alternative any longer," said Carlotta Mast, editor in chief of NewHope360.com, which covers the health food market. Indeed, soy was missing from many of the hottest products at the recently held Natural Products Expo West, a leading natural and organic trade show. Among the favorites cited by NewHope360, which produced the show, included Kootenay Kitchen Vege Pates from North of 49 Naturals, touted as "dairy/egg/soy free," and Food for Lover's Vegan Queso, made from nutritional yeast.

Soy gained momentum in the 1990s and broke through as a health food darling in 1999 in the wake of an FDA decision that cleared the way for marketers to promote soy proteins as reducing the risk of heart disease. Soon after, commodity giant Archer Daniels Midland Co. formed alliances with food makers to mark soy products with a "NutriSoy" logo, which today still designates products with at least 6.25 grams of soy protein per serving.

"It became a catch-all that people couldn't get enough of," said David Browne, author of the Mintel report. Browne worked at Whole Foods in the 1990s and remembers women buying soy nuts "almost like a medicine." But in recent years, the soy industry has dealt with conflicting news reports about cancer risks. Because soy has estrogen-like chemicals, there's been some fear that it could increase the risk of breast cancer recurrence in survivors, but research presented at a recent meeting of the American Association for Cancer Research allayed those fears.

At the same time, soy innovations have slowed since peaking during the low carbohydrate craze of the mid-2000s, according to Mintel. Now, gluten-free products are the rage, as marketers from General Mills to Anheuser-Busch introduce products catering to consumers with gluten intolerances. "Gluten-free products are fueling their own growth through innovation," said Phil Lempert, who runs Supermarketguru.com. "Soy got lazy."

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A Collection of Local & National News & Views…

DID YOU KNOW…that according to a recent Reuters Health article, "people who ate lots of salt were not more likely to get high blood pressure, and were less likely to die of heart disease..." The European study goes on to say, "while previous trials suggested a blood pressure benefit with lower salt intake, research has yet to show whether that translates into better overall heart health in the wider population." Incidentally, the authors caution that their analysis "included only white Europeans, and so the results may not translate to people of other ethnicities." I guess there are no non-white Europeans who eat salt….

ANHEUSER-BUSCH introduces new products and packaging…***Stella Artois***, the world's bestselling Belgian beer, has introduced a new 14.9oz Chalice can in both a 4- and 10-pack case. Additionally, they are rolling out the ***Margaritaville*** Spiked Tea and ***Margaritaville*** Spiked Lemonade just in time for summertime tropical-themed parties. Speaking of summertime parties, from the nation's bestselling producer, its flagship brand ***Budweiser*** will make a donation of up to $2 million to the ***Folds of Honor***, a foundation that provides scholarships for families of fallen and disabled soldiers. The promotion is from June 6 to July 10, and ***Anheuser-Busch*** will contribute five cents for every case of ***Budweiser*** sold. "Grab some Buds!"

DID YOU KNOW…that the 'organic' label seems to make food taste better? A recent study published in *HealthDay News* presented at the American Society for Nutrition's Experimental Biology annual meeting in Washington, D.C.,

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New Members

ALOHA PETROLEUM, LTD.

PROFILE: Aloha Petroleum, Ltd., is ranked as one of Hawaii's top 20 companies by *Hawaii Business* magazine. It is the state's leading gasoline retailer and one of its leading convenience store operators. An independently owned company that employs more than 450 people, Aloha is a petroleum marketer and convenience store operator with a history in Hawaii dating back to the early 1900's.

REASON FOR JOINING HFIA: Aloha is interested in industry issues, meeting other members, and networking through HFIA.

UNIQUE TO THE COMPANY: Aloha is not just a company name, it's their spirit. It is a company of firsts—the first company to have pay-at-the-pump in Hawaii; the first to have its own proprietary card; first to deliver E 85 in the state; and first to offer instant discounts at the pump with its Save-A-$ proprietary card.

LOCATION & SERVICE AREA: Aloha's headquarters are located in Honolulu and operates over 100 Aloha, Shell, and Mahalo branded businesses on Oahu, Maui, Hawaii Island, and Kauai.

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Lisa DeCoito, Buyer
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Facsimile: 808-532-2773

MUSCULAR DYSTROPHY ASSOCIATION

PROFILE: The Muscular Dystrophy Association offers services to those who are living with neuromuscular disease and their family members. Services are free to those who register with the MDA. A voluntary health agency that is not mandated by government to offer services, the MDA operates an outpatient clinic at the Castle Medical Center, conducts monthly support group meetings on every major island, and provides funding for durable medical equipment repairs. The MDA also provides educational materials, sponsors seminars, and funds research.

REASON FOR JOINING HFIA: One third of MDA funding comes from the retail food industry. MDA does not seek funding from government sources, Aloha United Way, or from parents or clients.

UNIQUE TO THE COMPANY: The MDA holds an annual one-week summer camp for children with neuromuscular disease. The camp helps children acclimate with other children with similar challenges and helps them gain confidence in their abilities by providing activities appropriate for their capabilities. At the same time, the summer camp provides respite for parents.

LOCATION & SERVICE AREA: Statewide

CONTACT INFORMATION:

Audrey Hirayama, Executive Director
Ph: (808) 593-4454; Fax: (808) 597-1716
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MILLERCOORS

PROFILE: Built on a foundation of great beer brands and over 288 years of brewing heritage, MillerCoors is the second largest beer company in America, capturing almost 30 percent of U.S. beer sales and offering a broad portfolio of brands across every major industry segment. Miller Lite established the American light beer category in 1975. MillerCoors brews full-calorie Coors Banquet and Miller Genuine Draft, and economy brands Miller High Life and Keystone Light. The company also imports Peroni, Grolsch, Pilsner Urquell, and Molson Canadian, and offers products such as Miller Chill and Sparks. MillerCoors features craft brews from the Jacob Leinenkugel, Blue Moon Brewing, and the Blitz-Weinhard Brewing companies.

REASON FOR JOINING HFIA: MillerCoors appreciates the value retail trade organizations bring to advocacy efforts that impact its industry. They value the strong relationship with our retail partners individually and collectively within alliances. In addition, MillerCoors values the communication and information flow from HFIA to its members.

UNIQUE TO THE COMPANY: MillerCoors brought the innovative vortex bottle to the Miller Lite brand and thermal ink to Coors Light packaging that makes the mountains blue when the beer is as "cold as the Rockies."

LOCATION & SERVICE AREA: MillerCoors products are available throughout the islands via its distributor partner, Paradise Beverage.

CONTACT INFORMATION

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SANDWICH ISLE PEST SOLUTIONS

PROFILE: In business since 1997 and based out of Pearl City, Sandwich Isle Pest Solutions (SIPS) is the largest privately owned pest management company in Hawaii. SIPS provides general pest and bird management, termite management, tent fumigation services, commodity and quar-

antine fumigation, EnviroPureHeat and K9 scent detection.

REASON FOR JOINING HFIA: Many Sandwich Isle Pest Solutions customers are members of the food Industry in Hawaii. SIPS is looking for opportunities to grow its market share in the food industry.

UNIQUE TO THE COMPANY: A full service termite and pest management company, Sandwich Isle Pest Solutions specializes in rodent, fly, and bird management solutions for the food industry. SIPS has pioneered the use of heat to eradicate bed bugs and termites, operating these services under their EnviroPureHeat Division. SIPS also operates K9 Scent Detection Hawaii, which specializes in K9 detection for bed bugs, using NESDECA-certified K9 teams. The company owns and operates the Coffee Berry Borer Treatment Center in Kona to treat infested coffee shipping out of the CBB quarantine zone.

LOCATION AND SERVICE AREA: All the major Hawaiian Islands.

CONTACT INFO:

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Pearl City, HI 96782

DOT…DOT…DOT… continued from page 11

suggests that having "an 'organic' label on foods is enough to make people believe the food items are healthier and tastier." The study goes on to say that "144 volunteers were asked to compare what they believed were conventionally and organically produced sandwich cookies, plain yogurt, and potato chips. All the products were actually organic, but were labeled as either "regular" or "organic." The experiment revealed that the participants preferred almost all the foods labeled as "organic" over the "regular" labeled items, even though they were all organic. The study was conducted to test the theory that people "influenced by what is described as the 'halo effect'—the perception that an item that is labeled 'organic' is therefore nutritious—would lead people to believe that the 'organic' foods tasted better."

THE ALOHA FOR JAPAN effort by HFIA retailers is moving along at an aggressive pace…. while I'm sure we have not received all member contributions collected thus far, from what we have gathered, HFIA retailers have donated well in excess of ***$250,000*** to the relief effort. Companies such as ***Marukai Wholesale Mart***, ***Foodland Supermarkets***, ***Safeway Stores***, and ***Times Supermarkets*** have reported contributions from customers, vendors, and employees to help out this cause. Please send us your contributions for this effort, and we'll be happy to include your donation in the next magazine.

SPEAKING OF MARUKAI WHOLESALE MART…if you haven't attended their "***Taste of Marukai,***" treat yourself next year to their 7th annual festival…you'll be glad you did…. It's like walking through the side streets of Tokyo with a perpetual party going on at every corner!

DID YOU HEAR…about Chinese farmers facing exploding watermelons? It was recently reported in state media that "farmers in eastern China have been left perplexed after their watermelons began to explode one by one." One farmer reported that more than two-thirds of his crop "had blown up." The report goes on to state that farmers have recently started applying growth hormones to the melons, which agricultural experts believe have contributed to the fruit exploding. However, they cannot explain why fruit not treated with the hormones are also exploding. Could this be a case of melon see, melon do? Hopefully Al-Qaeda doesn't get wind of this, or we may have to assign alert bulletins in our produce aisles….

THE COLA WARS ENTER A NEW BATTLEGROUND… ***PepsiCo Inc***. announced it is "introducing a 'social' vending machine that lets users buy each other drinks remotely...." Reuter's reported that a prototype of the new technology will debut in May to potentially combat ***Coca-Cola's*** "'Freestyle' vending machine, which has a digital touchscreen and can dispense more than 100 flavor combinations." ***Pepsi's*** new system "lets users give their friends a beverage gift by entering the recipient's name, mobile phone number, and a personalized text message or video. The gift is delivered with a system code and instructions to redeem it at any similar machine." Why does a voice ring in my head, "Luke, I am your father…."

ON A FINAL NOTE…if you have information regarding your company, a product, or event you want promoted…we also are interested in getting your opinion, comment, criticism, or editorial feedback. We'll be happy to list your comments with your name (or not if you so desire, as long as we can verify the information came from you). Please keep in mind we may not be able to print your entire message due to space limitations. We also need to have your information a month before we go to print. Our next issues of *Hawaii Retail Grocer* are targeted for late September and December.

A hui hou kakou malama pono.

TRACEABILITY: Like Google for Your Food

BY JASON Y. KIMURA

It's become common to "google" a job applicant to see what's really underneath that polished resume, but what's really under the skin of that watermelon you're about to eat? For many types of produce, it's now possible to find out when and how it was grown, where, what variety it is, and more via a scan with your smart phone. HarvestMark, the world leader in food traceability, has made 2.4 billion items traceable. Food traceability has tremendous implications for not only food safety, but as a marketing and management tool as well. Elliot Grant, PhD, founder and chief marketing officer of HarvestMark, was in Honolulu recently to give a seminar on food traceability. The event was sponsored by the University of Hawaii at Manoa's College of Tropical Agriculture & Human Resources and the Cooperative Extension Service Food Technology Program in cooperation with HFIA, the Hawaii Food Manufacturers Association, and the Hawaii Restaurant Association.

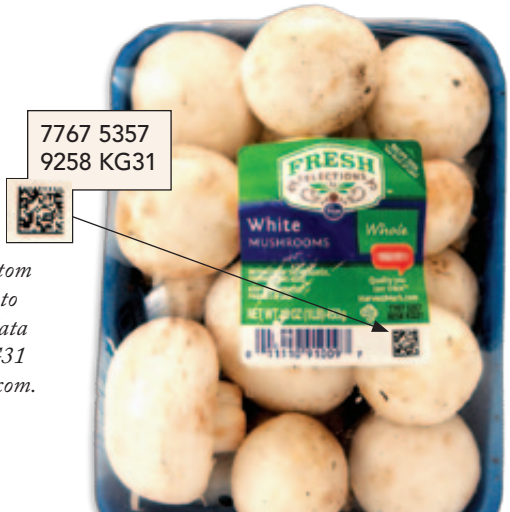
The foundation of traceability is food safety. Signed into law on January 4, 2011, the Food Safety Modernization Act (FSMA) gave the Food & Drug Administration (FDA) new authorities to monitor the U.S. food supply. With regard to traceability in particular, Section 204 of FSMA states that the capacity of the secretary of agriculture "to effectively and rapidly track and trace, in the event of an outbreak, fruits and vegetables that are raw agricultural commodities" shall be improved. What this indicates is an improved ability to trace specific lots of food back to their origin and forward to see where they went.

Beginning in 2008, an industry-led effort to establish traceability across the entire produce supply chain was launched as the Produce Traceability Initiative (PTI). The goal of PTI, which aligns with FSMA, is supply chain-wide adoption of electronic traceability for every case of produce by the year 2012. The standardized PTI label includes what looks like a large bar code that is scanned as it goes through the supply chain and stores case movement data. Large retailers such as Walmart, Kroger, and Trader Joe's are on board with PTI, warning that suppliers that choose not to conform will ultimately put their customers at risk. The reason for this is that they are worried about liability, according to Grant. If there is a recall of spinach, for example, Walmart wants to be able to quickly identify which of its 5,000 stores are affected and notify customers to limit the damage.

Dr. Elliot Grant, Chief Marketing Officer of HarvestMark, speaks on food traceability at the Pagoda Hotel.

Besides the food safety aspect, traceability can be used as a powerful marketing and management tool. Right now, farm operations; logistics/repacker/broker/processor; retailer; and consumer marketing segments are isolated in their own silos. However, HarvestMark and more than a dozen other traceability provider companies are changing that and have taken PTI a step further. Individual and packaged produce are being coded with small labels that can be scanned with your cell phone using a special app to find out a host of information about an item. A numeric code printed on the label can also be entered on many traceability company websites. Right now, larger products like watermelons and packaged items such as grapes and mushrooms are being labeled (see photo). Depending on what has been posted, the consumer can find out recall status and lot number, product variety, origin, farm or ranch name, distance to market, and harvest date. "Consumers are nervous about food safety," said Grant. "Transparency is the future of retailing."

Not only can a consumer easily access information about an item, they can be offered other features that help make their experience more authentic. A photo gallery of the farm and farmer



A package of white mushrooms with a HarvestMark scannable square code on the bottom right corner of the label. Use your smart phone to scan in the symbol in the photo to get instant data or enter the numeric code 7767 5357 9258 KG31 found above the symbol at www.harvestmark.com.

may be posted, along with an organic certificate. The farmer can offer an interesting narrative on their growing practices, region of the country, sustainability, and more. Nutritional information can be given, as well as fun facts for kids, coupons, and regional or family recipes. Perhaps the consumer can click a Facebook link to post the item if they liked it. Interaction is possible, such as allowing the customer to post feedback. If the feedback is negative, perhaps the customer can be sent an email with a coupon to ameliorate negative feelings.

Traceability is also a powerful management tool. When a consumer traces a product, for example a watermelon, HarvestMark uses the phone's GPS or the computer's IP address to track the trace to build a database. The company also offers a DailyShopper service in which a nationwide team goes to retail stores every day to measure age and the visual quality of products with HarvestMark codes and correlates the data with harvest information. Growers can see the age of their watermelons in any region of the country or show an average for a region. Such data not only alerts growers to a problem of old products on supermarket shelves, but it can show which varieties of a certain fruit have a longer shelf life.

HarvestMark is also placing traceability labels on items like chicken, and the list of items continue to grow. Over 200 companies, from the very small to the very large use HarvestMark. "Traceability isn't a label," said Grant. "It's a new way of seeing the supply chain."

Front (l to r): Yuko Vierra, Don Quijote (USA) Co., Ltd., Dr. Elliot Grant, Aurora Saulo, PhD, professor and extension specialist in food technology at the University of Hawaii at Manoa, and Kevin Yoshige, Don Quijote. Back: Wade Igarashi, Don Quijote, Dino Ragonjan, Don Quijote, Antony M. Aki, Don Quijote, and Craig Hamamoto, KTA Super Stores.

HFIA RELOADED

How the Association is Retooling for a New Future

Rewind ten or twenty years. We drank water out of the tap, not from plastic water bottles purchased at a store. We communicated primarily by mail and hardwired telephones, not by email and cell phones, and certainly not via Facebook or Twitter. Although these are the new norms, few predicted these revolutionary changes. Similarly, not many predicted that big box stores would change the paradigm of retailing. This precipitated a consolidation of supermarkets and other retail establishments, which in turn caused a consolidation of suppliers. These paradigm shifts and other developments have strongly impacted the Hawaii Food Industry Association, but the Association has made structural changes and is reloading for the future.

The HFIA Executive Committee: Bonny Amemiya, chair, Alan Nakamura, vice chair, Gary Hanagami, executive director, Mike Walters, immediate past chair, Barry Taniguchi, advisor, John Schilf, secretary, and Stan Brown, treasurer.

A Board in Disarray

Two thousand and ten was a rough year for HFIA—and one of remarkable progress. Shortly after the 2010 convention and the election of the new Executive Committee, the new chair was let go from his company. The whole nomination process had to be restarted, and Bonny Amemiya went from the secretary-treasurer position to chair, and the three officers for HFIA's board had a total of one year of board leadserhip between them. To compound the complexity, Dick Botti was set to retire at the end of the year.

Botti established HFIA in 1972 from scratch. He took it from nothing to an organization flush with cash, but current conditions dictated change. The aforementioned retailer and wholesaler consolidations had dramatically impacted profitability, and revenues declined. HFIA was losing membership; it went from a high of 450 to less than a quarter of that number today. Botti had to prune back staff and take on more work as revenue continued to decline. "The only way to run HFIA the way Dick Botti did it is to be Dick Botti," says HFIA executive director Gary Hanagami, who was brought on to manage the Association on January 1, 2011. "Dick set the standard for HFIA."

"Botti set the direction for HFIA, and the association relied on him for it because he did it so well and for so long," says Stan Brown, Hawaii sales manager for the ConAgra Grocery Division. Now HFIA must set its own direction. But it goes deeper than that. HFIA was an organization within an organization. It was managed by Botti's Legislative Information Services of Hawaii (LISH); it didn't have its own office or personnel. Of necessity upon Botti's retirement from HFIA, the two organizations separated, and HFIA had to become its own entity—even down to creating a mailing address. Hanagami, whose role is like a general manager, was hired, and he subcontracted a set of people to handle some of HFIA's communication and legislative functions. HFIA went virtual: a PBX system was set up and everything is routed to Hanagami and Paula Aono.

Hanagami notes that the Executive Board's secretary and treasurer positions had been collapsed into one earlier, but the narrowed board proved detrimental due to last year's unexpected loss of its chair. He also noted that senior leadership is needed to fulfill HFIA's mission, but if the executive board is brand new every three years—with no Dick Botti—there's no continuity.

Nevertheless, Hanagami commends the current Executive Committee for the job they've done from July of last year to now. "They've held things together with gum and string," he says. "Progress has been made faster than expected because we have a proactive executive board."

Back to Basics

The HFIA Mission Statement is as follows: "The Hawaii Food Industry Association actively promotes the interests of Hawaii's food and beverage retailers and suppliers through highly effective government relations and advocacy, members' education, and industry and community relations." According to Hanagami, HFIA's mission must be fulfilled in three ways: legislatively, by actionable internal and external communication, and via community outreach programs. His job is to move HFIA in the direction of living up to its stated mission.

Gary Hanagami has had an impressive career with high profile positions at Oscar Mayer, Kraft Foods, and Rainbow Sales & Marketing. However, he admits that he started out as an underachiever who was motivated by nearly everything but going to classes when he first attended the University of Hawaii at Manoa. "It wasn't a means to an end," the Waipahu High School graduate says of his early days. He dropped out, joined the National Guard at the height of the Vietnam War, and began helping a friend with running a lunch wagon on the North Shore. Hanagami was successful at it, but realized being a helper wasn't going to get him anywhere, so after an almost four-year hiatus, he went back to school. Fortunately, he had dropped out from the College of Business and was considered a returning student, so he did not have to compete with others who had more stellar records to get in.

This time Hanagami was motivated and college was now a means to an end—and he was about to happen upon a set of circumstances that would lead to his career path. His senior marketing course was doing a review of food distribution in Hawaii and student teams were assigned to create presentations. Hanagami's team snagged interviews with notables like John William Amerman "Doc" Buyers, then chairman and CEO of C. Brewer & Company, and with Oscar Mayer, at that time a family-owned company. Their presentation "blew everyone out of the water," but for Hanagami, that was just the half of it. He had earlier replied to a blind ad posted at UH for "motivated graduates who wanted to get into the food business." It led to Oscar Mayer. After his interview—with his team's dynamite presentation under his belt—Hanagami was offered a job on the spot. After two years in Hawaii, he was offered a promotion to run Oscar

Gary Hanagami

Mayer's New England district, and eight years later to go to Chicago to take over the largest district in the company at the time. Three years later, Hanagami became the director of Sales Planning at the corporate office in Madison, Wisconsin. From there, he was chosen to lead an effort to put all the pieces together for a multi-division company for Kraft/General Foods in Hawaii.

After this five-year project contract was up, Hanagami had a choice of being promoted again and leaving Hawaii. He chose to stay here instead, taking the position of president and director of retail at Rainbow Sales & Marketing. He took the company from one that had a small retail business to one of the largest retail brokers in the state. Last year, Hanagami retired from Rainbow and decided to take time off to figure out what he wanted to do next when HFIA came calling.

The mission statement is an ambitious one, and HFIA can't get there with only a few people, according to Hanagami. "We have 41 (board members) of the most senior, connected, intelligent people in the industry," he explains. "The future success of HFIA will hinge on a group of key people, not a single person. There hasn't been a lot of clarity with regard to what is expected of board members. We're trying to change that. The next step is to set a standard of expectations for board members, who are elected every two years. Being clear about what is expected will help make the board an engaged one. That will be powerful.

"This association is in dire need of change…some of it will be painful," says Hanagami. "It's difficult to go from a position of someone calling the shots to one that is self determining."

Core Changes in the Bylaws and Board

"HFIA is evolving; it's a necessary thing because it's a function of the way the business world functions," says Stan Brown, who is the HFIA Executive Committee treasurer. "The world changes so rapidly that you have to adapt or cease to exist. We are moving from one person [as leader] to many. Dick has left, but HFIA continues to exist and must fulfill its role serving the food service industry." Brown was brought into the Executive Committee when the nomination process was restarted, but he has been active in HFIA for many years. The Punahou School graduate majored in business with a focus on finance at Oregon State University. After college, he got a job with General Foods Corporation. A couple promotions took him from Phoenix, Arizona, to Los Angeles, California, where he began working for Hunt Wesson Foods, which moved him back to Hawaii as sales manager. Although he grew up in Hawaii, Brown didn't have specific plans to return—only to not stray too far and stay West of the Rockies. Hunt Wesson was bought out by ConAgra in the mid 1990s, which led Brown back to Southern California for four years. He has been back in Hawaii with ConAgra since 2003 as Hawaii team leader (sales manager) and hopes to stay. "Dick led from a lobbyist perspective," Brown says. "We always trusted Dick, but once he was gone, you realized other people have to get involved. Gary is taking a more food industry business perspective. He has some really good ideas and I think he is the right person for HFIA at this point in time."

Changes will be made at the heart of HFIA with amendments to the bylaws. Currently, the bylaws allow for four officers: chair, vice chair, secretary-treasurer, and president (previously Botti). The amended bylaws call for five officers: chair, vice chair, treasurer, secretary, and executive director (Hanagami). Currently, the bylaws call for an Executive Committee with four voting members and one non-voting member: chair, vice chair, secretary-treasurer, immediate past chair, and president (ex-officio, non-voting). The amended bylaws call for five voting and three non-voting members: chair, vice chair, treasurer, secretary, immediate past chair, executive director (ex-officio, non-voting), and up to two board-appointed members serving in an advisory capacity (non-voting).

Currently, *one* representative per company is allowed to serve on the Board of Directors. What is proposed is that a retailer's membership will be scaled based on their dues structure and may have up to three invited representatives on the Board with each having full voting rights. As retailers have consolidated, allowing employees at the executive


Stan Brown

management level to partcipate would help encourage more retailer involvement. These managers also work with suppliers more directly, and strengthening these relationships would be beneficial.

There will be changes to the definition of membership. Currently, an adult *person* may become:

- A regular member
- An associate member
- An honorary member (past board chairs)

Proposed is that a *company* may become a regular or associate member. (Honorary member status remains unchanged.) In addition, all references to LISH will be removed from the bylaws and replaced with "an individual or other corporation."

"Part of what we're trying to do is to create a highly engaged board," says Hanagami. A reformulated Executive Committee, as well as the Board at-large, will be an active one. Executive Committee members will chair standing committees, including Government Relations & Advocacy, Member Industry Relations, and Member Education committees. Each will have its own chair, vice chair, members, charter, and subcommittees, which will create opportunities for other board members and members to get involved. Hanagami believes that proactive committees will make the board responsive to major opportunities. "Bonny will establish standing committee chairs from among the Executive Committee," he says. "These will help HFIA live up to its mission."

Executive Committee

Bonny Amemiya	Chair
Alan Nakamura	Vice Chair
Stan Brown	Treasurer
John Schilf	Secretary
Mike Walters	Immediate Past Chair
Gary Hanagami	Executive Director (ex-officio, non-voting)
Barry Taniguchi	Advisor (non-voting)

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Sack N Save

"As changes in the retail landscape go, so goes HFIA," says Bonny Amemiya, director of finance and marketing for Anheuser-Busch and HFIA Executive Committee chair. "In reformulating the Executive Committee, we're adding more structure, which will enhance outcomes and the effectiveness of the Association." A Punahou School graduate, Amemiya majored in accounting at the University of Washington. She went on to earn her CPA certificate and worked for two national public accounting firms before moving back to Hawaii. She has been with Anheuser-Busch for the past 15 years. "The structural changes will create continuity in the leadership, which will create a stronger organization," says Amemiya. "[It will also] give more people opportunities to participate in meaningful ways." She notes that HFIA is encouraging an active board, and that the benefit to those who serve on the Executive Committee is that it will not only be a valuable learning opportunity for them, but will also help to broaden their perspective of the industry.

"Dick had institutional memory," says Barry Taniguchi, president and CEO of KTA Super Stores, referring to the importance of continuity on the Executive Committee. Taniguchi was the one who suggested that one of the problems the Board faces is that there would be no institutional memory without Botti; he graciously stepped up to the plate to serve as a non-voting advisor. A second advisor may be named at a later date. "The role of advisors who have institutional memory is [to help] the Executive Committee [understand] why things are done the way they are and to give advice." Taniguchi is the grandson of KTA founders Koichi and Taniyo Taniguchi. The Hilo High graduate earned a bachelor of business administration with a major in accounting from the University of Hawaii at Manoa. He became a CPA and worked for Haskins & Sells, CPAs (now known as Deloitte & Touche). Taniguchi also worked for The Realty Investment Company, Ltd., as controller, and has been involved with many community and nonprofit organizations. He returned to the family business, KTA Super Stores, in 1983, and was named president and CEO in 1989.

Because of what happened in 2010,

Bonny Amemiya

Hanagami insists that doing things the same way can't persist. To underscore his point, he refers to Albert Einstein's definition of insanity: "doing the same thing over and over again and expecting different results." Hanagami's title—executive director—is purposefully different than Botti's, which was "president," and signals a shift from a single leader who directs decisions to a collective body that will determine the direction of HFIA. The executive director will be answerable to the Executive Committee, which will set the direction for HFIA.

A Legislative Update

Dick Botti is a lobbyist. He figured out what the critical bills were. Although Botti is gone, the legislative arena is still one of HFIA's major responsibilities. According to Alan Nakamura, HFIA Executive Committee vice chair, Hanagami hit the ground running with regard to legislative issues. "We're not talking about saving a nickel," he says. "We're talking about thousands and thousands of dollars." Nakamura, a Kalani High School graduate, earned degrees in psychology and Japanese at the University of Hawaii at Manoa. He was planning to go into travel industry management, and his first job was with a small Japanese tour company. However, Nakamura went back to his roots in the food industry, first at Perry's Smorgy and Zippy's restaurants, then for the next 18 years at Fast Stop convenience stores. He is now going on 11 years at Tesoro, and is a regional merchandising manager working out of their Palama convenience store and gas station. Food seemed to fit, as his father was in sales at Kraft Foods, and Nakamura fondly remembers helping him restock shelves on occasion. He also worked at Foodland during high school as an assistant manager, and made enough of an impression to be pulled aside and asked if he was interested in becoming a store manager.

The Association needs to be strong to get our issues heard, noted Taniguchi, who would rather be involved in supporting concepts than getting into the weeds of particular bills and their specific drafts. That's the job of lobbyist Lauren Zirbel, who is onboard to ferret out the particulars. "Gary has taken it one step further," says Taniguchi. "There's a bi-weekly conference call for anyone that's interested." Formed the second week after Hanagami came on board, the legislative "round table" is a time when retailers and wholesalers can come to a middle ground with the purpose of lobbying with one voice on an issue.

Change You Can (Really) Count On

"I recall the good ol' days when the economy was healthy, membership was strong, and our conventions rotated between the major islands each year," says Nakamura. "In recent

Alan Nakamura

times, our membership has decreased through closings, mergers, and financial challenges…but with our new executive director Gary Hanagami, we have seen a renewed energy and enthusiasm, and this bodes well for HFIA." For Nakamura, there is still tremendous value in HFIA, despite the difficulties. "It's a wonderful group," he says. "they're like a family. We need to have a liaison for new members so they feel welcome and can feel comfortable with the group." For Nakamura, it's not just something to say. If he had to leave HFIA for a job, he says, he'd have to think about it. Anyone who has dealt with HFIA, even for a short time, will tell you there's something special there, and leaders like Nakamura aim to keep it that way.

Nakamura relates that Hanagami is

keeping every member in the loop with a flood of emails, which helps keep them educated on the issues and involved. "Gary asks everybody for their input," he says. On the education front, there are also workshops, seminars, and articles in *Hawaii Retail Grocer* magazine. He notes that Hanagami has also focused on membership. "We have some really strong new members that have experience with other associations, so they bring in fresh new viewpoints," he says.

"We are going to become an association that will be a legislative force in the industry," says Hanagami, "one that will strive to educate its internal and external members, and an association that will further impact the greater community that we serve and where we derive our revenue. We're going to be an association that communicates clearly and creates the opportunity for internal networking for its members. Finally, we're going to be an association that celebrates in its success and has *fun*."

Survival

"Is it enough to combat big box stores? asks Taniguchi rhetorically. "No, but HFIA will provide tools to help retailers and wholesalers become stronger." Amemiya notes that as the retail landscape changes, companies have to constantly rethink their strategies, and so does HFIA. "Even big box stores can come and go," she says. "Historically, the biggest competitors have been challenged. You can't be status quo. You have to find your niche or a new one to compete—and have good people, a good plan, and good leadership."

Taniguchi says it's going to be tough, but believes there can be a niche for everyone. He suggested that everybody should have a strategy to work with suppliers. "Although we can't get together to influence price," he says, "[we can work] to establish relationships to help the industry as a whole. If local suppliers remain strong, they are more able to offer good pricing to retailers. As a wholesaler, Mike Walters, Love's Bakery president and HFIA Executive Committee immediate past chair, agrees: "Our direction is to develop a stronger retail base to HFIA so we can strengthen personal relationships outside the office." Strong relationships, he says, allow joint partnerships between suppliers and retailers. For example, a supplier and retailer may do a short-term promotion together to attract consumers and keep a brand name out in front while accepting lower margins.

Walters is originally from Salt Lake City, Utah, jesting that he was "one of 10 Catholics" at the time. As a "crazy kid," he volunteered for the Marine Corps during the Vietnam War, and later, while going to school at the University of Utah at night, he did route sales for Wonder Bread (Continental Baking Company), launching a 40-year career in the baking industry. Walters was a psychology major, but was promoted to a supervisory position and started a family and so didn't finish his degree. He did well for himself though, as he was promoted to general sales manager for the San Diego bakery, then was selected to be in an executive management training program and was promoted to general manager of the Denver bakery. He later was promoted to vice president of sales for the Los Angeles region, then to general manager for Northern California. Walters eventually left the company and did consulting, when he was recruited by a former mentor to become

Mike Walters

president of Love's Bakery in 2002. In 2008, Love's parent company wanted to divest the bakery. Walters was faced with the bakery's closure or had the option to buy it. Selecting three key employees, he bought Love's in 2008, and it once again became locally owned as it was back in 1968. With employees stepping up to the plate and a lot of hard work, Love's Bakery, established in Honolulu in 1851, was returned to profitability.

Walters would like to see retailers become more of a part of the HFIA environment and to have a greater voice. He has confidence that Executive Committee decisions are being made and will be made in the best interests of both suppliers and retailers. As past chair, Walters sees his role as supporting and respecting the current chair's vision.

The Vision Thing

A few of the Executive Committee members commented on hopes for the future. "Specifically, getting more retailers into the organization and growing it by 25% over the next three to five years would be a step in the right direction," says Alan Nakamura. "In my 'crystal ball,' I see HFIA continuing to be a vibrant, energetic association which is seen as truly caring about Hawaii's people. New members will be encouraged to participate in many of our annual activities so a healthy succession plan can be put into place to strengthen HFIA as the years go by. There will be focus on legislation so we can continue to provide the people of Hawaii with food and beverages safely, affordably, and as efficiently as possible. Members will be kept abreast of major issues which may affect our industry, and will be encouraged to voice their thoughts and opinions. The feeling of ohana should continue to flourish well into the 21st century."

"One of the things I'd like to see with HFIA going forward," says Bonny Amemiya, "is to have the ability to mobilize the membership's employee base—several thousand of them—when we have legislative issues on the table. It would be significant to use web technology to encourage members and their employees to participate in the process and contact legislators when they will be directly impacted. I would like to see our webpage give a synopsis of issues and make it easy for their voices to be heard. We could have a very powerful voice. Finally, I would like HFIA to have an engaged membership that cares about social, as well as industry issues, one that can take the lead in effecting changes that will make Hawaii a better place to live and work.

"It's difficult to predict the future," says Stan Brown. "Japan just experienced a devastating earthquake and tsunami and they went from the world as they knew it to one of survival." Change can be challenging and even sobering, and the paradigm we live in today may be gone tomorrow. Perhaps Brown sums it up best: "Whatever materializes, I would like to say that HFIA would be in a position to represent our industry. If we don't, we would cease to exist."

Friendly Competition

Two Mokokai Markets More Friends than Competitors

BY JASON Y. KIMURA
Photos by Chris Hammond

If Hawaii is known for the aloha spirit, Molokai is known for its friendliness. Virtually unchanged from times past, the Friendly Isle is a place where you can find a new calabash aunty or uncle, where car keys often sit in ignitions untended, and where even the competition between Kaunakakai's two markets—Misaki's, Inc. and Friendly Market—is, well, friendly. Independents like these two markets are a dying breed, but perhaps their rural isolation is their best chance for survival.

The tension of the big city seems to slip away into the unhurried quietness of Kaunakakai, which is much as it was 20 years ago, or 30, or perhaps more. Transfused with the aroma of unpeopled hills, vegetation, and the sea, even the air smells different as the island transports you back into time. Misaki's had its beginnings in 1922, when owner Kevin Misaki's grandmother opened a candy store. His grandfather was a commercial fisherman and "did all kinds of stuff" to make money, including being involved in the store. "You do what you got to do in those days," reflected Misaki, although it's not much different today for many Molokai residents who wear different hats to make a living.

When Kevin's grandparents got out of the business, his father, Mike Misaki, and uncle, Richard, took over as partners. When Kevin took over Misaki's, it had grown from a candy store to a general store that carried not only groceries, but whatever could be sold, including fishing supplies, shoes, hardware, tools, bolts of material and other dry goods, clothing, and items the plantation workers asked for. When Kevin first came into the business, he felt a bit strange having to buy blouses for women. In another part of the store sat stacks of burlap bags with feed for animals like pigs and horses.

A '73 Mid-Pacific Institute graduate, Kevin Misaki wasn't sure he was coming back. He was interested in oceanography at the University of Hawaii at Manoa, but it was hard to get into the program, so he studied marketing. After graduating in 1977, Misaki got a job at Holiday Mart under manager Woody Reed and worked in every store, mostly in stock and at the registers. He acquired his own boat and fished on days off, hooking *akule* and *omaka* in Pearl Harbor during the days before the Navy would chase you out. In 1979, he came back to Molokai.

Kevin Misaki of Misaki's, Inc., and Jeffery Egusa of Friendly Market stand together in Kaunakakai, Molokai.

Some things have changed since then. Most of the general store stuff was discontinued a few years after Kevin took over, and Misaki's became a grocery store. But even today, customers

still ask for *tarai* (tub in Japanese)—big galvanized tubs that can be used for everything from bathing children to torching to being played as a crude bass in an impromptu jam session—which Misaki will bring in if he can find them. The market also still allows old timers to take their groceries on credit and pay monthly as they did in the old days, but newer customers pay by plastic or cash as the old ways die out. No doubt there is some change. "But compared to other islands," says Misaki, "our clock is slow."

Deer head trophies adorn the interior of Misaki's.

Misaki appears to have no regrets in coming back to run the store. "I get to interact with different people every day," he says. "A grocery store in a small town is a part of [people's] social lives…it's a place to see friends and talk story." Quoting a line from the Cheers sitcom theme song, he says it's a place "where everybody knows your name." Still, it's a very hard business, says Misaki, who puts in at least 90 hours a week. He doesn't push any of his three children—ages 19, 29, and 31—to take over the market when he retires, but he would like to see Misaki's continue for the people and the employees.

Store hours are 8:30 am to 8:30 pm Mondays through Saturdays, and 9:00 am to 12:00 pm on Sundays. "I try to close on holidays…we're closed Mother's Day, but open on Father's Day," he chuckles. "I like to keep my girls happy!"

In times past, Misaki's used to close on Sundays, and each day, through the early '70s, the whole town closed for lunch from noon to one o'clock. But if the pace is more hurried today, it's not much more hurried. "People want tourism, but it leads to growth," says Misaki, who feels that perhaps the biggest change is that people are aware of what they have on Molokai and want to protect what's special about the island. "Others think we're anti-growth, but we're not. We're just trying to protect the island." Kevin is unsure of what will happen to Misaki's after his generation, but if the people have become aware of the

Produce at Misaki's

unique value of Molokai, then perhaps someone will step up to the plate—maybe one of his children.

Like Kevin, Jeffery Egusa of Friendly Market took over his family's business. Friendly got it's start in January of 1953. Just about a month before that, Jeff's father had lost his job at Kualapuu Market. Shortly after, his aunt and uncle were asked by a local bigwig to open a restaurant in Maunaloa, the tiny plantation village set in the hills on the west end of Molokai. They agreed on the condition that they would also be able to open a store in the restaurant, and so a second Friendly Market was opened. Jeff came back to Molokai to work at Friendly Market in 1980, and his father let him take over.

But it wasn't as simple as all that. Also a Mid-Pac grad, Jeffery Egusa finished in 1970, a few years ahead of Kevin Misaki. "When I was a kid, I used to hate it," says Egusa of his days stacking the shelves. "I never expected to come back to run Friendly—but you should never say never." After high school he attended Menlo College in California. After a year, Egusa was homesick, so he came back to Hawaii and earned a degree in sociology from the University of Hawaii at Manoa. He wanted to become a social worker, but felt he was too soft-hearted for the work. Instead, Egusa took a job as a warehouse man at Toshiba, during which time he became enamored with golf and quit.

Egusa played golf for a year, but realized that he couldn't remain unemployed, so he thought maybe he'd go back to school and become a physical therapist. To prepare himself and see what the job would entail, he volunteered at the Rehabilitation Hospital of the Pacific. The next day they offered him a job as a P.T. aide, and that's what he did for the next year and a half. Although he liked the job, Egusa realized that, at the end of the day, the health care industry was a business. "If it's just a business," he thought, "[Maybe] I should go work for my dad." However, he hadn't taken any business classes and had no experience, and he wasn't ready to go back just yet. Egusa took bookkeeping and other classes at night, and during the day, he worked at Longs Drugs because it was good training for running a store since clerks were given the opportunity to do buys. Still, Egusa was unsure about his career path and had also applied for a job as a fireman—his brother was one in California—but there was a one-year moratorium on hiring at the time.

In 1978, when Egusa was going to night school, he met Crystal. She was a Kauai girl who he had actually first met years earlier, and who he had now convinced to go out with him. He wanted to marry Crystal, and it hit him about having kids. He realized he didn't want to raise children in the "big city" of Honolulu, or on Oahu for that matter. However, Crystal had studied to become a dental hygienist, and eventually moved back to Kauai to work for her father, who was a dentist. It was time for Egusa

(Above) Checkout counters at Friendly Market take you back in time. (Right) Egusa stands on the roof of Friendly Market, where he has had solar voltaic panels installed. The panels generate a sizable amount of electricity for the market. (Below) Produce at Friendly Market

to chart a definite course for his life.

Jeff asked his dad if he would hire him. "He practically fell out of his chair," Egusa related. "He was thinking of selling Friendly Market." Egusa proposed to Crystal, and when she accepted, they moved to Molokai. On the day he was moving to Molokai, Egusa received a letter of acceptance from the Fire Department, but his course had been set. In March of 1980, Jeff became Friendly Market's newest addition. Crystal said she would never work there, but Jeff had leaned by this time that you should never say never….

Jeff's dad began letting him take over by degrees almost immediately. When Jeff suggested to his father that the old, termite-eaten wooden shelving should be replaced, he agreed, and said "you go ahead and do it." He let Jeff do everything he wanted to improve Friendly, but made him take charge of it. "I said we need to build a warehouse and renovate the store," Egusa related. "Dad let me get the financing." Meanwhile, Egusa's uncle had died and his father was going back and forth from Maunaloa to Kaunakakai to take care of both markets. By 1985—the year of the renovation—they decided to sell the Maunaloa store. Jeff's sister, Judy Egusa, a DOE teacher who had worked at the Maunaloa store during a sabbatical and ended up staying, came to the Kaunakakai store. Today, Judy, Jeff—and Crystal—run the store together, each doing a little bit of everything.

"It's tough, but good fun," says Egusa of running Friendly Market. "The best things I decided in my life was marrying Crystal, moving to Molokai, and running Friendly Market." He knew that his dad was just trying to survive, but also realized that the employees should have better pay, and so after the renovation, Egusa established a profit sharing plan so there would be retirement money for his staff. "My workers have 401Ks and a matching contribution [from Friendly], even in lean years," he says. "It's been satisfying making a good life for myself and my workers."

As for his so-called competitor down the street, the competition is strictly friendly. "Kevin is the nicest guy," says Egusa. "He likes to fish and I like golf." In the running of their respective grocery stores, they freely borrow things from one another. The stores are close to the same size. Friendly has 4,900 square feet of retail space, plus a 4,500 square foot warehouse. Misaki's is somewhat bigger—maybe by about 500 or 600 square feet—and also has a warehouse. Like Misaki's, the store has long hours (8:30 am to 8:30 pm, Mondays through Fridays, and 8:30 am to 6:30 pm on Saturdays), not to mention all the other work that goes into running a business.

"If I can survive and be here and help the people, everyone makes out," says Kevin of Misaki's Inc. Like Misaki, Egusa is not sure about what will happen to Friendly Market, but is making plans for the future of his grocery store. His son is a structural engineer in Seattle, and his daughter will soon graduate in nursing. And also like Misaki, he has not pressured either child to run Friendly and is not even sure if he would want that for them. But as life has taught him, you should never say never.

General Meeting Speaks in Specifics

Held on April 19th at the Honolulu Country Club, the HFIA general meeting's agenda was packed with important issues, including a presentation by Executive Committee chair Bonny Amemiya on the proposed bylaw amendments, followed by discussion. The HFIA profit and loss statement of July 1, 2010 to March 31, 2011 YTD budget and prior year comparisons was presented, and Lauren Zirbel gave an update on HFIA lobbying efforts. Details on the June Convention were released, and members were encouraged to make reservations. The Retail Management Certificate Program was presented, along with extra copies of the March 30, 2011 issue of MidWeek, which featured the program in a cover story titled "School of Grocery." Roy Ishihara of Marukai then spoke about how HFIA members can get involved in the Aloha for Japan relief effort, outlining the steps his company took to get involved.

Bonny Amemiya presents the proposed amendments to the HFIA bylaws.

Alan Nakamura, Tesoro

Front (l to r): Dexter Yamada, KYD, Inc., Leighton Kido, Nestle (USA), Bruce Ykochi, Tamura's Enterprises, Inc. Back: Michelle Tang, Coca Cola Refreshments, Roy Ishihara, Marukai, Wayne Yamada, Wholesale Unlimited, Cliff Mattos, Matson Navigation.

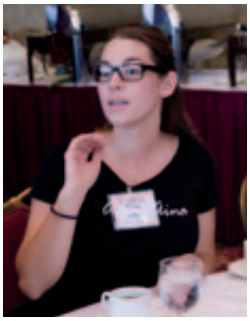
Barry Taniguchi, KTA Super Stores

Ronald Bailey, Tomra

Glenn Nagatori, Seven-Eleven and Hoagy Gamble, L.H. Gamble

Lauren Zirbel, HFIA, gives an update on lobbying efforts.

Joe Detro, Foodland



Claire Sullivan, Whole Foods

Mark Fergusson, Down to Earth

Jay Higa, Star Advertiser, Mike Kaya, Meadow Gold Dairies, Joe Detro, Foodland, and John Schilf, Foodland

Jay Higa, Star Advertiser

Gary Hanagami, HFIA

Marshelle Pagan, Coca Cola, and Barry Taniguchi, KTA Super Stores

Roy Ishihara of Marukai presents the Aloha for Japan program.

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The Last Word...

BY GARY HANAGAMI, EXECUTIVE DIRECTOR

The beginning of summer in Hawaii has traditionally meant the start of graduation season. Kamaaina have never really needed much encouragement to celebrate anything. There are traditional Hawaii milestones, from baby's first birthday party—generally attended by more people than are present at a mainland county fair—to graduation. From preschool all the way through college graduation and beyond, we celebrate.

These milestones benchmark times in our lives, closing one chapter and creating a new beginning for the start of the next one. "The Last Word" ends the editorial content of our magazine, and in a way closes this issue's "chapter." As you've read in our cover story and Bonny Amemiya's message, HFIA is also looking to the future for a new beginning with the changes employed at both the Executive Committee and director levels.

Not only has your association embarked in a new direction, we are experiencing new beginnings on many other levels, externally from our membership, and internally with our staff. As we were going to press, the announcement was made that the Kawakami and Furugen families have decided to sell five of their six Big Save Value Center stores on Kauai to PAQ Inc., owners of Times Supermarkets, Shima's Market, and Fujioka Fine Wines. The lone Lihue store is being closed due to the proximity of Times's current store on the island.

While economic factors and conflicting family concerns have contributed to this sale, the removal of uncertainty must surely be a relief for the more than 200 employees of Big Save, who have been reassured from Times Supermarkets that most of their jobs and seniority will remain in place upon reapplication, a generous practice in these types of takeovers. This new beginning for the former employees of Big Save renews their hope for the future, as well as entrenches Times Supermarkets on the Garden Isle under the Big Save banner.

However, since the sale involves only the supermarket stores owned by the families, we hope to continue having this valued representation from the island of Kauai by virtue of their ownership of the Menehune Food Mart convenience stores and the Kauai Kookie Company product line. Charles Kawakami was HFIA's 25th chairman and led the association during its 29th to 30th years. During his tenure as CEO, HFIA's board of directors included 45 companies, 32 of which are currently still in business or active members today. Status quo has never been an accurate description of our business environment then, and it still isn't today.

Many of you are aware of the sudden passing of American Greeting's regional manager Jeff Stahl, one of the industry's truly good guys. While those who knew Jeff were saddened by the circumstances surrounding his death, Jeff was not one to dwell on his personal battle. As we were planning our tribute for Dick Botti at this weekend's convention, we asked Jeff to help put together an appropriate card that would be signed by 24 of HFIA's past CEOs and the current executive officers; he accepted with his usual enthusiasm: "Absolutely."

No one knew at the time that Jeff was stricken with a very aggressive form of cancer that had spread throughout his body, and that he had left the state for treatment on the mainland. Jeff called, saying that he was away "getting therapy for the kink in his neck," and had turned over the card responsibility to one of his team members, Jon Hamamura. I thanked him, wished him a speedy recovery, and looked forward to spending some time with him at our convention. He said he looked forward to it. Jeff died shortly thereafter.

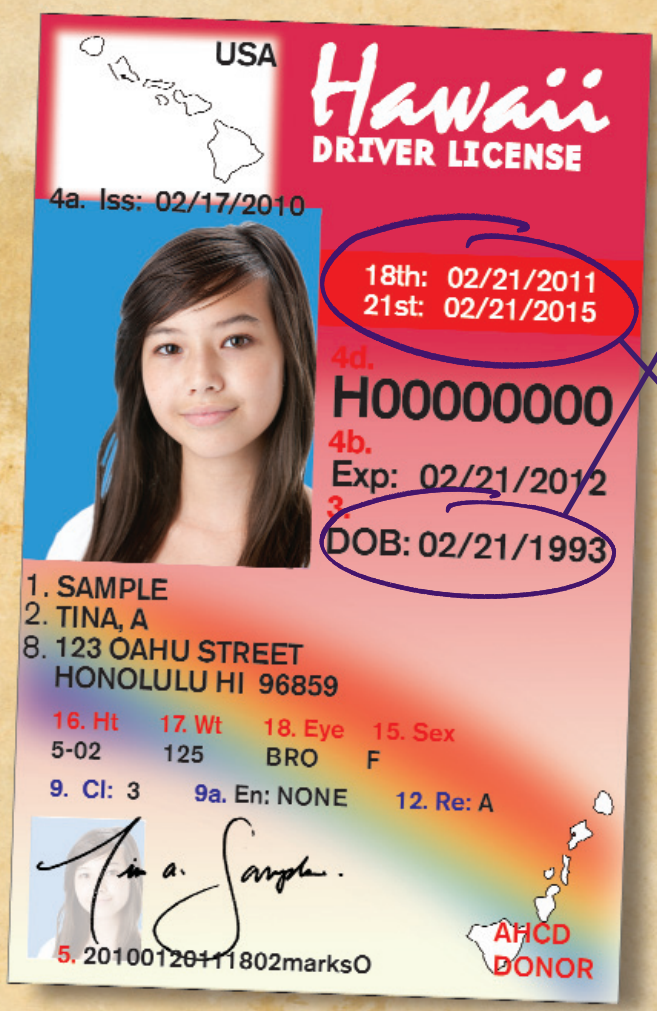
A couple of weeks later, Jon provided me with the card that he was asked to design. He also gave us the beautiful Koa frames that the cards would be placed in, and told me that Jeff instructed him to "get some nice frames to place the cards in and give it to HFIA [in behalf of American Greetings]." Thank you Jeff—we wish your family the very best as they begin their new life in Kentucky. We will think of you often.

As you may have read in our last issue's cover story on Dick Botti, HFIA's former executive director, Paula Aono filled the role of our chief administrative officer for Dick and nearly all of HFIA's CEOs who have served in our 40-year history. Similarly, Paula will be embarking on a new beginning in her life as her tenure with HFIA is also coming to a close. She has been a tireless worker who has only been interested in getting the job done and making everyone else look good as she shies away from any recognition. This has not been an easy time for Paula.

Most who know Paula understand the difficulties she's faced this last year. Through it all, she's volunteered to stay on and assist in our transition, knowing full well that she really needed time to take care of herself and her family. Typical Paula—she chose to delay tending to her own needs so the association she had given 38 years of her life to would not suffer. She spent the better part of the first month of this year helping HFIA set up its virtual office and PBX system, as well as keeping me on track with the responsibilities of executive director.

We will miss her loyalty, dedication, honesty, integrity, and smiling face. HFIA could not have initiated the agenda we put together without her holding down the fort, working with our committees, contacting members for our meetings, and a host of other tasks. Paula has been one of the keys to the association's past and foundation which will enable our future success. For that, we thank you Paula. We wish you the very best as this chapter closes and you begin to write a new chapter in your life. We look forward to your future plans.

PREVENT TOBACCO SALES TO MINORS



1. ALWAYS Ask for ID!

2. Check Birthday
(if born in 1994, customer turns 18 this year)

3. Verify Age

Do Not Sell Tobacco Products
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It is ILLEGAL

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