



**FMI** 2018  
Year in  
Review



# FMI's Strategic X's and O's in 2018

BY: LESLIE G. SARASIN, PRESIDENT AND CEO



One of life's most fundamental lessons in strategy probably came when we learned the traps and tricks of the childhood game tic-tac-toe. Who doesn't remember a mournful defeat suffered because we were so eagerly aligning "X's" in a winning posture that we forgot to protect ourselves from those pesky "O's?" The lesson of giving balanced attention to both offense and defense likely had to be adapted and

re-learned as our games grew in complexity - from tic-tac-toe to checkers to chess and beyond. And even now as we face the intrigues of succeeding in business, we find we still must contend with monitoring our desire to move forward with our need to defend what we've achieved. We still are learning how to juggle offense and defense, ensuring that the zeal of winning and the fear of losing does not blind us, resulting in an over-focus on one, to the detriment of the other.

There is industry consensus that the past decade has been fraught with the challenge of unparalleled change. The trials have come from the outside, the inside and the wayside, taking on the diverse forms of an ever-expanding field of competitors, the trials of consolidation, and the new tech-informed approaches to retail that challenge the way we've always done it.

FMI's research points to the fact that food retail is relearning the offense-defense balance, recalibrating its strategy and successfully adjusting to the new normal of a faster pace, constant change and the need to try new things, fail fast and adapt.

What is true for the industry is reflected in the life of its trade association. 2018 has been a year of the need for FMI to pay attention to where we plot our **X's** while carefully watching out for those sneaky **O's**.

On the advocacy front we've defended member companies in menu labeling compliance, protected confidential store-level data and sought to safeguard the integrity of SNAP. At the same time, we've aggressively sought a ban on EBT processing fees and enhanced our ability to address pharmacy issues.

This year, the words romaine lettuce echo eerily throughout the halls of food safety, serving as a stark reminder of our need to defensively have structures in place to prevent food-borne illness and to offensively remind the governmental safety net of its role and responsibility to ensure nation-wide food safety.

Our Unified Voice Protocol pilot project in 2018 provided important consumer information to our members struggling with the activist pressure to make or honor commitments about cage-free eggs and slow-growth broilers. Now, Unified Voice is turning its attention to gene editing and the implications this new technology has for food production, along with the challenges of consumer acceptance it might face.

FMI's identification of five emerging issues- new consumerism, Artificial Intelligence and technology, new marketplace, workforce and food production - is informing our work in numerous ways. From influencing the core syllabus of our revamped *Future Leaders* curriculum to informing the prioritized values of our new strategic plan, keeping our eyes on the emerging issues horizon will ensure our ability to better respond to the rapidly evolving needs of our members.

In a world that readily recognizes that collaboration is key, FMI provided you diverse opportunities in 2018 to connect with industry colleagues, co-operate with trading partners and make meaningful contact with the external experts you need to execute your company's vision.

In short, the past decades have reinforced the profundity of William Hazlitt's observation: "Prosperity is a great teacher; adversity a greater." And 2018 has certainly been full of tactical reminders for our tic-tac-toe lesson in strategy; know when to play aggressive offense, be ever-mindful of your defense and don't get too comfortable with either.

Over the next few pages, FMI will offer learnings from 20 different operational perspectives. Think of them as 20 ways we've learned we must play creative offense and solid defense on your behalf.

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# Achieving Advocacy Success Amid Election Year Politics

BY: JENNIFER HATCHER, CHIEF PUBLIC POLICY OFFICER, SENIOR VICE PRESIDENT, GOVERNMENT AND PUBLIC AFFAIRS



Election years are typically synonymous with gridlock and inefficiency in Washington, but FMI's government relations team was successful on several policy fronts this year. On a macro level, three areas made the greatest impact on boosting your bottom line – tax reform implementation; reducing regulations and confirming business-friendly judges. FMI worked behind the scenes in each of these areas, but also in some lower profile areas at the federal, state and local levels and in the preliminary as well as legislative and regulatory stages.

It should go without saying, but our achievements and successes were only possible with the hard work, expertise and insight of our members throughout the year.

In 2018, we effectively prepared companies for the beginning of menu labeling compliance in May. In addition to the House passage of the *Common Sense Nutrition Disclosure Act* (H.R. 772), FMI developed compliance materials, including in-store signage and calorie-count resources.

We have been working with the administration and member companies regarding the fair and effective implementation of the landmark tax reform law.

Additionally, FMI protected confidential store-level data and the integrity of the SNAP program through ongoing legislative and legal efforts.

FMI's annual Day in Washington fly-in in April had the highest CEO-level participation in years, which helped us prove more persuasive during discussions on the Farm Bill. We focused on advocating for a ban on EBT processing fees and protecting the integrity of SNAP. Mark your calendar to join us April 30-May 1, 2019 in Washington.

FMI and our members take payments security very seriously, which led us to start a new coalition to develop sound policies and advance payments security. FMI joined other retail trade associations, debit processing networks and retailers to launch the **Secure Payments Partnership**, charged with improving security and transparency across the U.S. payments system.

This year, we also enhanced our resources to address pharmacy issues to help the 12,000 pharmacies represented in the FMI membership. We hired a new **director, health and food policy**, whose portfolio includes a renewed focus on pharmacy issues, particularly with the integration of food. We also restarted our Pharmacy Report newsletter, created a share group, expanded our work on DIR fee reform and continued to identify new legislative and regulatory challenges and opportunities within the pharmacy aisle including webinars

on reducing opioid use and background on hemp, CBD and cannabis.

Because ideas tend to catch fire in the states and quickly spread, FMI tracks some 80 state issues across the nation and responds to countless information requests from our members and state associations. FMI's state affairs team supplied members with the resources they need for the upcoming legislative sessions through: the creation of key issue papers, conducting four regional legislative meetings, and hosting our signature information and networking event – the State Issues Retreat. Additionally, FMI state affairs continued the work of monitoring and lobbying against unfavorable state regulatory items in the weights and measures realm – proposals that have the ability to cost our members big money.

The trend of increased policymaking at the local level continued in 2018. From plastic bag bans to minimum wage and employer mandates to taxes on sugar and other grocery products, cities, towns and counties in 2018 were a growing source of regulation on business. With the newly divided Congress, this trend may only accelerate in 2019. To keep members engaged and informed on local issues, FMI tracks 10 priority issues at the local level in all 50 states. Our issue papers and other in-depth background documents help our members and state grocery retail associations successfully advocate for the industry's priorities to local officials. In addition, we responded to dozens of information requests on local issues and issued more than 50 "Local Monitoring Report" newsletter updates to members and state associations in 2018, on top of hundreds of real-time agenda alerts.

This year, we grew our political programs, FoodPAC and FMI's LEAD Fund, which are a critical part of our work – electing and reelecting members of Congress and Senators who are receptive to hearing about industry issues. FoodPAC hosted 19 events and was instrumental in protecting several key incumbents who have strongly supported the food retail industry. The 2018 FMI Food Industry Golf Tournament at Midwinter outraised the last six tournaments and had historic retailer participation. Contributions combined with research, advocacy and coalitions ensure our issue perspectives are backed by facts and statistics in addition to member first-hand experience.

We continue to work with lawmakers from both parties and executive branch officials to ensure that the interests of the food industry and our customers are elevated when policy discussions take place. For a more detailed overview of our successes and achievements this year, please visit our linked **"successes" document**, and please sign-up for our **weekly GR Report member newsletter** to get developments as they happen.

# Food Safety in 2018 – A Collision of Public Health and Common Sense

**BY: HILARY THESMAR, PHD, RD, CFS, CHIEF FOOD AND PRODUCT SAFETY OFFICER  
AND SENIOR VICE PRESIDENT FOOD SAFETY**



Sometimes, even when companies have strong food safety programs, a robust food safety culture and well-developed supplier verification programs, unpredictable events that are disruptive and costly still happen. This year was filled with such events -- some of them were explainable, others incomprehensible.

Two words sum up food safety in 2018: Romaine Lettuce. Say those words in front of your peers in the food industry and you will be met with heads in hands, eyes rolling, heads shaking and deep sighs. You might even end the conversation before it has a chance to start.

The romaine lettuce outbreak has spanned months, cost the industry millions and was a painful experience that no one wishes to re-enact. One reason the outbreak was so challenging was that there was no associated recall of romaine lettuce. Both the **FDA** and **CDC** issued public health alerts advising retailers and restaurants to not sell chopped romaine lettuce from the Yuma, Arizona, growing region without issuing a recall for the lettuce. Typically, when there are illnesses associated with products, a rapid response is necessary to identify the source and respond by removing implicated products from store shelves and alerting consumers. However, in circumstances when the implicated product cannot be identified and the government issues Public Health Alerts in the absence of specific product recalls, retailers are forced to make decisions – usually erring on the side of caution and opting to remove all products that potentially could be affected.

As memorable as the romaine lettuce outbreak was with 210 illnesses and five deaths across 36 states, it was not the only **outbreak of 2018**. The year was filled with **other foodborne illness outbreaks** including *Cyclospora*, *Listeria*, *Salmonella* and *E. coli* in vegetables, ham, eggs, turkey, chicken, ground beef, and breakfast cereal, just to name a few.

What is happening? Is our food becoming less safe? Or are we getting better at detecting it? Simultaneously, as we are approaching full implementation of the **Food Safety Modernization Act (FSMA) (Public Law 111-353)**, we have made significant technological advances in detection methods of pathogenic foodborne illnesses and have seen increased efforts by public health agencies to identify outbreaks quickly for rapid response. Illnesses that once went undetected or were viewed as sporadic, unrelated illnesses five years ago, are now being identified and linked to other illnesses with identical genetic fingerprints. This, in addition to increased reporting requirements in the food industry, has resulted in an uptick in product recalls—some with and some without associated illnesses.

FMI represents the retail industry and during any crisis situation, provides resources to help manage the risk. Utilizing our deep relationships with Federal and State regulatory officials, we have been working tirelessly to make sure the events of 2018 are not repeated. FMI has participated in numerous meetings with FDA officials to discuss lessons learned from the romaine lettuce outbreak and how improved communication among the involved parties could have made a dramatic difference in the execution of the public health alert. We have engaged in conversations about other outbreaks impacting retailers to share the perspective of FMI members and make sure history does not repeat itself.

Preventing contamination is always the priority, followed by detection and response. The watchful work of food safety may not get easier anytime soon, necessitating that we work together to learn from every incident while sharing the common goal of selling safe food to our customers.

With all the things that are unknown or cannot be explained, we do know:

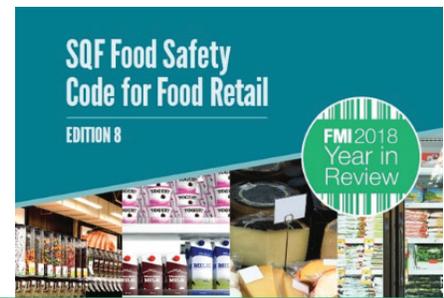
- Consumers expect the food in their neighborhood grocery store to be safe – they don't even question it, they expect it;
- Day in and day out, food safety professionals must plan for the unexpected. We are built for this – always thinking of what could go wrong, assessing the risk and taking action to prevent the problem from occurring;
- Having strong relationships with peers, suppliers, regulatory officials, scientific experts and FMI is critical to receiving timely information when the unexpected happens, so the impact on a business can be held to the minimum;
- Doing the right thing while willingly and openly communicating to customers is always the best way to manage a crisis; and
- Prevention is the best defense when it comes to protecting our food supply.

In this time of uncertainty, FMI is doing what we do best to address these food safety challenges with the help of our Food Protection Committee and other member driven programs including:

- Relationships and ongoing communications with Federal and State regulatory and public health officials;
- **Technical resources** for members;
- **Best practice and resource documents** for members on key food safety issues;
- **Information on emerging issues** related to food safety;
- **Crisis support** for members;
- **Food Safety training** for in-store associates; and
- **FSMA Resource Center** for FMI Members.

# SQFI Continues to Elevate Food Safety Auditing in 2018

BY: **ROBERT GARFIELD, CHIEF FOOD SAFETY AUDITOR, SENIOR VICE PRESIDENT, SAFE QUALITY FOOD INSTITUTE**



Today, consumers' tastes change rapidly as they seek new food experiences. Shoppers desire more diverse products and are using a variety of channels to satisfy these cravings. As their food palate is expanding, so is their understanding of food safety. Shoppers expect their food to be safe and trust that it is. Knowing that consumer trust is hard won, but easily lost, means maintaining confidence in a safe supply chain has never been more crucial. Consumer attitudes demand it; a more robust regulatory and legislative agenda supports it; and the moral imperative to provide customers with safe food all add up to mean that buyers must do more to protect consumers and their brands. The increasing shopper demand for food safety assurances make it paramount to have an SQF program as part of your business plan, whether that means implementing an internal retail food safety management program or requiring SQF Certification for your supply chain.

## **Food Safety Fundamentals**

Food safety is a critical component of a successful supplier/buyer trading partnership. SQFI has created an approach for small- to medium-sized food producers that do not have a robust food safety program in place. This program helps small suppliers start down the path of food safety management while satisfying immediate buyer needs.

SQFI recently released the Fundamentals Program for Food Manufacturing and the Fundamentals Program for Primary Producers. Each program has both basic and intermediate levels and provides a step-by-step approach to improve food safety management. The SQF Fundamentals Program helps facilitate retailer acceptance of entrepreneurs, providing food safety security and acceptance along the supply chain. SQFI has also developed online and in-person training and free tools and resources to help these small- to medium-sized businesses understand how to properly build their food safety plans.

## **The SQF Food Safety Code for Retail**

The SQF Food Safety Code for Retail was introduced earlier this year as a part of the SQF Edition 8 suite of codes. Developed to provide corporate retailers with a robust program that complements the high standards set for their suppliers, the Retail Code helps instill confidence in a retailer's food safety program at both the corporate and store levels. The SQF Retail audit differs from other third-party audits in that it examines the business as a whole, and how policies and requirements from corporate trickle down and are implemented in individual stores. This robust and comprehensive program gives corporate executives confidence in their policies and programs and helps everyone sleep better at night.

## **SQFI received latest GFSI Benchmarking**

In 2018, SQFI submitted the SQF Edition 8 Codes to GFSI to be assessed against their new 7.1 Benchmarking Requirements. The benchmarking process ensures the SQF Edition 8 family of codes addresses new industry challenges and includes best practices and stakeholder input. The newly benchmarked SQF Edition 8 Codes include the SQF Code for Primary Production, Manufacturing, Manufacture of Food Packaging, and Storage and Distribution.

## **Introducing a New SQFI Website**

To support SQFI's role as the leading voice in Food Safety and Quality, we identified a need to redesign our website with the user's experience in mind. We realized the website needed to be more intuitive and more user friendly for our stakeholders to navigate. We created an experience that allows any individual to navigate the website and learn about food safety and quality. We also wanted to ensure that those who need food safety certifications are able to locate information with the least amount of clicks possible.

After many months of development, SQFI is excited to launch the newly redesigned [www.SQFI.com](http://www.SQFI.com), along with many of its helpful new features. New features include a dynamic Events and Training page, interactive Certification Body and Training Center maps, a meticulously organized resource center, Hire a Scholar page, and much more.

# Exercising Research in 2018

BY: SUE WILKINSON, SENIOR DIRECTOR, INFORMATION SERVICE & RESEARCH



Recently, a Millennial colleague was curious as to whether her food shopping habits were more in line with her age group, or if she could claim food shopping behaviors of other generations. Using data from FMI's **U.S. Grocery Shopper Trends** report, she determined that she is a 25-year-old-grocery shopping Baby Boomer! Her discovery is documented in a **blog post** that includes a flow chart so that you, too, can discover which generation's shopping habits you most closely mirror.

This exercise was easy to do because FMI produces a rich collection of research on consumer trends and food retail operations—a total of 14 reports in 2018. As the voice of food retail, FMI strives to keep the food retail industry abreast of trends and ahead of the issues in this time of much disruption.

## Cardio Day

As the customer is the heart of food retail operations, FMI research examined **shoppers' grocery shopping habits** in general, but then specifically explored shopping behaviors in various fresh departments including **meat** and **foodservice/deli**. We scrutinized the inclination toward shopping online, why customers buy **private brands**, what makes them **loyal shoppers**, the consumer demand for **transparent labels**, and their shifting approaches to **health and well-being**.

## Weight Training

On the operations side, FMI released the 68th annual edition of the **Food Retailing Industry Speaks** report, which provides an analysis of financial performance, operational and store-level benchmarks as well as strategic and competitive insights. Additional operations topics explored in 2018 include how retailers can better leverage **GM/HBC** categories to attract shoppers; how food retailers can successfully **earn customer loyalty**; and how the grocery industry can improve its **private brand** business.

## Five-minute Abs

Understanding that FMI offers an overwhelming amount of data about the consumer and food retail operations, a concerted effort is made to offer research findings in digestible portions because not everyone has the time to read the full report. **Short videos, infographics, website portals, webinars, and blog posts** are some of the ways to learn more about FMI research findings. In addition, the **Information Service** is a resource that can help members uncover facts, figures and analysis from FMI research reports and other industry resources.

## Homestretch

FMI research is free to members. Explore the findings from this year's 14 research reports in whatever way works best for you to learn about your shoppers—perhaps your Millennial shoppers are shopping more like Baby Boomers— and use the operations data to gain strategic and competitive insights and benchmark your company's productivity.



# Connect, Grow & Serve in 2018

**BY: DAGMAR FARR, CHIEF MEMBER RELATIONS OFFICER AND SENIOR VICE PRESIDENT,  
MEMBERSHIP AND EDUCATION**



Over the course of 2018, FMI's CEO and staff made personal visits to more than 150 members, providing resources and information to help grow their businesses by serving their needs. This year we expanded our reach even further. New for 2018, FMI created a new membership category for product suppliers. By welcoming product suppliers into a new membership structure, FMI brings together CEOs, senior executives and future leaders to create a fully integrated organization driven by retail, wholesale and product supplier members.

In the Universities & Colleges membership category, we are pleased to report for 2018 that two schools joined – Collin College in Texas and Portland State University in Oregon. Be sure to follow the **FMI Blog for a profile** of each University & College member's program to learn more about how these programs benefit food retailers, wholesalers and suppliers.

FMI share groups continue to be a top benefit of membership. They provide a confidential forum for noncompeting members to network, share best practices, and discuss wins and losses. FMI operates 10 share groups, and this year we are pleased to add four new members to the groups.

Keeping members abreast of the vast array of benefits, resources and services FMI has to offer is a constant challenge. We continue to address this challenge by providing useful and relevant information in customized newsletters for Independent Operators and our International members. Also in 2018, wholesalers received a quarterly newsletter focused on FMI programs, resources and initiatives that provide value to wholesaler members and their customers.

For more information about the various membership benefits available to FMI members, visit [www.fmi.org](http://www.fmi.org).



# Where Does Sustainability Live?

**BY: ANDY HARIG, SENIOR DIRECTOR, SUSTAINABILITY, TAX & TRADE**

At a conference in June, a young man spotted “FMI” on my nametag and struck up a conversation. “I’m interested in the food industry and want to be part of it, but I don’t understand where sustainability lives.” I was a little taken aback at this and asked what he meant. “I want to work on sustainability at a company, but I don’t want to get caught up in the economic and number games that go along with business. So, I want to know where sustainability lives in the industry?”

I have the honor of being the staff liaison to FMI’s Sustainability Executive Committee (SEC) and I think the 25 professionals who make up its membership would be surprised to hear the hard work of making a business case for action is considered by some as a “numbers game.” But the question is a fair one.

When the SEC met in February, FMI polled the members on their priority issues and came up with an incredibly diverse set of topics that demonstrate how far-reaching “sustainability” is. These topics include:

1. Carbon Footprint
2. Responsible Sourcing
3. Animal Welfare
4. Reducing Food Waste / Increasing Donations
5. Water Availability
6. Human Rights
7. Circular Economy
8. Healthy Eating
9. Local regulation of plastic bags, Styrofoam, straws, etc.
10. Traceability

This list touches virtually every aspect of our businesses – from supply chain to communications to community affairs.

FMI’s efforts to address food waste points to the way sustainability “lives” within many of our member companies. The Food Waste Reduction Alliance (**FWRA**), which FMI formed with the Grocery Manufacturers Association and National Restaurant Association, remains the premier business-focused organization addressing the 25-40 percent of waste that ends up diverted from the human food supply every year. 2018 brought with it the opportunity to share the FWRA’s efforts in presentations before SNAP educators, waste professionals and the American Academy of Dietetics. We also partnered with the food waste organization ReFED to produce a retail **food waste action guide**.

The industry’s food waste efforts remain strong, but 2018 was undoubtedly “the year of plastics.” States and localities expanded their efforts to ban single-use plastics and the general public was treated to intense media attention surrounding the issue. FMI created an invaluable legislative tracking tool that allowed our members to stay abreast of state and local plastics legislation through our **StateTrac** platform. The SEC also worked with FMI’s state GR department and several other internal committees to develop and disseminate resources to help companies address their internal policies on plastics, including a list of international plastics regulation. We also joined a project run by the Global Environmental Management Initiative (**GEMI**) addressing recycling of “contaminated” pre-consumer plastics.

This rundown of 2018’s efforts is just the tip of the iceberg and doesn’t cover important areas like water management and animal welfare, nor our efforts to engage activist groups in a proactive manner. The list does, however, provide an answer to the young man’s question. Where does sustainability live? At the center of the industry’s business model.

# Why Millennials Are Tired of Being Categorized and Classified

BY: DAVID FIKES, VP COMMUNICATIONS AND CONSUMER/COMMUNITY AFFAIRS



Without a doubt, we are knee deep in the age of *radical personalization*, with consumers anticipating food retailers' ability to know and serve each customer's shopping preferences regarding cost, convenience, taste, experience, health and wellness, food safety and social responsibility positioning. The escalating level of knowledge that retailers need to have about their customer base means three things for consumer research: 1) It is more important than ever, 2) it needs to be instantaneous, and 3) the traditional ways of clustering research data along established demographic lines must be reassessed and revised because these classifications, by their very nature, fly in the face of the word 'personalized.' Or as one millennial proclaimed to me following a trends presentation, "No two of us are alike, so quit talking about us as if we're a monochromatic mass." She was right -- where personalized service is expected, demographic classifications must be reclassified. This personalized thinking is touching every aspect of FMI's consumer affairs activities. Here are three ways personalization has been intertwined into consumer affairs at FMI:

## 1. Issue Management

The consumer expectation for personalized attention is influencing the number and the diversity of customer concerns that FMI members are being asked to address. The topics covered in our monthly calls with the Communications and Consumer Affairs Council, and through our issue alerts, reflect the diversity of subjects that are potential areas of customer inquiries. A sampler of issues covered includes: glyphosate, gene editing and CRISPR technology, International Labor Rights Forum's *Taking Stock* report, the endangered Vaquita porpoise, animal antibiotics, standard of identity concerns with plant-based milk and numerous animal welfare topics.

## 2. Unified Voice and Consumer Attitudes Regarding Sustainability Related Poultry Practices

The pilot program of FMI's Unified Voice Protocol brought together the FMI Foundation, the Animal Agriculture Alliance and the Foundation for Farm and Agriculture Research to fund research exploring consumer attitudes, perceptions, beliefs and willingness-to-pay for the sustainability related poultry practices of cage-free eggs and slow-growth broilers. Jayson Lusk, Ph.D., a food and agriculture economist at Purdue University, lead a research team conducting two separate online studies at the end of 2017. The findings – available to all FMI members – provide important data for two groups of food retail companies: 1) those who have made a commitment regarding the sale of cage-free eggs or slow growth broilers and seek benchmarks to evaluate those commitments and 2) those considering making a commitment regarding the sale of cage-free eggs or slow growth broilers.

## 3. 2018 Community Outreach Award Winners

The oft-unspoken work that supermarkets quietly perform in support of their local communities is a proud and accepted part of what it means to be a food retailer. This role of community leader becomes more obvious in times of crisis and natural disasters when neighborhoods turn to their local grocery for more than food but come to see their food retailer as a beacon of resiliency, shining with the hope of a return to normalcy. FMI celebrates this respected community service aspect of the industry with our community outreach awards. We proudly salute our 2018 winners:

### Youth Development Program Award Winner Greer's, Apples for the Students

**Apples for the Students** provides educational supplies (from pencils to printers) to schools at no cost to them. Since its inception by Greer's, 52 schools that have received free educational equipment because of Greer's. Greer's donated \$60,500 toward school supplies/equipment in 2018 alone.

### Neighborhood Health Improvement Award Winner

*Albertsons Companies, Eating Healthy With Diabetes*

**Eating Healthy With Diabetes** is a grocery store tour offered at no cost and led by a locally registered dietitian and an in-store pharmacist. The program is on-track to conduct more than 300 tours, with an average tour size of 8-10 individuals. Many Albertsons dietitians partnered with government programs and community groups on the tours.

### Program Addressing Hunger Winner

*Hy-Vee, Inc., Hy-Vee Food and Beverage Distribution in Wake of 2018 Tornadoes*

In response to major tornado damage across several Iowa communities on July 19, 2018, **Hy-Vee donated meals, snacks and beverages** to impacted residents and emergency workers. From Hy-Vee's efforts, more than 20,000 individuals benefited from food assistance and Hy-Vee distributed 111,000 bottles of water across various communities. The total value of donations provided by Hy-Vee equated to approximately \$200,000.

### "People's Pick" Social Media Award Winner

*BriarPatch Food Co-op, Hospitality House Culinary Program*

Hospitality House is a community effort to help homeless Nevada County residents get back on their feet. **BriarPatch Food Co-Op** offered to fund their culinary job-training dinners by providing farm-fresh ingredients for meals that culinary students create for shelter guests. Students make dinner for the 54 men, women and children staying at the shelter, and they learn to consider costs while planning a balanced, nutritious meal.

# Identifying Emerging Issues to Address Future Opportunities

**BY: MARK BAUM, CHIEF COLLABORATION OFFICER AND SENIOR VICE PRESIDENT, INDUSTRY RELATIONS**  
**DAVID FIKES, VICE PRESIDENT, COMMUNICATIONS AND CONSUMER/COMMUNITY AFFAIRS**



Unless you've been in a coma, kidnapped by aliens or trapped in a sensory deprivation chamber for the last few years, it's not news that the food industry is experiencing disruption at an unprecedented pace. Challenges and opportunities presented by these game-changing innovations must be addressed and embraced by food retailers and their trading partners if they are to survive, indeed, to thrive, in this climate of accelerated change.

This is where FMI adds significant value for its members and their trading partners. Over the last two years, FMI, with the help of our strategic partners at Oliver Wyman, has led an initiative to identify emerging issues that have the greatest potential to affect the food industry in the next three years. Insights gleaned from focus groups, breakout sessions with the Board of Directors, a survey of FMI members, and interviews with forward-looking executives in the food industry resulted in the identification of five major categories of emerging issues: new consumerism, artificial intelligence/technology, workforce, new marketplace, and food production.

A white paper was developed that takes a more in-depth look at this initiative. It offers a more detailed view of the contents in each category, citing the ways the areas overlap and interface in critical aspects. The white paper also provides some initial ideas about the role FMI anticipates playing in the various categories and a bit about how we plan to help our members address these challenges and seize the opportunities they provide.

This past year, these five major categories of emerging issues formed the foundation of the 2018 **Future Leaders** curriculum developed by Root, Inc., and were the organizing components of the visually based exercise, *Know Your Industry*. In addition, this initiative is helping inform FMI's Strategic Plan and set its future agenda. Having identified the highest priority emerging issues, FMI will continue providing more analysis and insight into how the content of the five areas is morphing and expanding. The new strategic plan has a specific implementation directive that will shape how FMI can best leverage its core services to deliver value to its members, whether through government relations, food safety, thought leadership on total store collaboration, or by serving as the voice of food retail.



# FMI's 2018 Financial Diversity

BY: SAM DICARLO, CHIEF FINANCIAL OFFICER & SENIOR VICE PRESIDENT, ADMINISTRATION



As a former catcher, I've always had a special place in my heart and head for Yogi-isms – the collection of oddball statements attributed to baseball Hall of Fame catcher Yogi Berra. The appeal of Yogi-isms is that, while funny, they often have a Zen wisdom to them. One of his most famous, which he adapted into the title of one of his books, was, “When you come to a fork in the road, take it.”

Interpreting his words in the context of financial matters, I think they invite us to keep options open and not be afraid to diversify, but also to keep moving forward.

Providing the retail food industry with the myriad products and services that FMI offers requires resources—both human and financial capital. To avoid being a one-pronged fork, any well-run business endeavors to diversify its revenue sources and FMI is no different in that regard.

## **Our Diverse Revenue Sources**

While membership dues provide the majority of funding for FMI, more than 30 percent of our revenues are derived elsewhere. FMI's conferences, education meetings, the Safe Quality Food (SQF) Institute and investment revenues provide most of these non-dues revenues.

## **Our Diverse Expenditures**

Our expenditures help us serve the different needs our membership and the various aspect of the food retail industry, thus they are spread out over a number of areas. Thirty percent of FMI's program expenditures are for Government Relations work and another 29 percent are for Industry Relations efforts. The remainder incorporates Member Relations, Communications and Consumer Affairs, Food Safety and Research.

## **Our Financial Health**

After paying all the bills and netting out 2018 program expenses, it appears FMI will run a surplus of more than \$650,000 this year. This surplus is important in this current industry environment of change and disruption as it provides a secure revenue source for future spending, as FMI seeks to better address emerging issues and opportunities as they arise.

NOTE: Revenue Sources are net of related expenses. For example, Conferences and Education revenues are net of all expenses for labor, A.V., Food and Beverage, etc.

# Learning Differently in 2018

BY: CAROL ABEL, VICE PRESIDENT, EDUCATION



People learn in different ways. Some of us are visual learners. Others better retain information by hearing things explained. Another group learns best from performing its own research. Some prefer having a hands-on experience and others just want quick 1-2-3 take-a-ways. In 2018, FMI's education team experimented with maximizing our reach by providing the food retail industry with multiple ways of learning.

## **Fresh Thought Leadership**

We developed a totally unique thought leadership experience for fresh foods executives in 2018 called **FreshForward**. This invitation-only event enjoyed a format focused on collaboration and was set in a colorful, creativity-stimulating venue. All was designed to spark new ideas for succeeding in fresh.

## **Technology Bits and Bytes**

Appropriate to challenges facing the food retail industry, adoption, understanding and mastery of technology were key themes throughout our education content in 2018. More than 20 technology-focused education sessions, keynotes and breakouts were embedded in our conferences. Starting in January 2018, we hosted Ocado representatives at the Midwinter Executive Conference as they introduced us to their warehouse-revolutionizing robot technology. Education events throughout the year included multiple sessions on applications of technology including:

- Ways to improve the supply chain;
- Artificial intelligence;
- New in-store technologies that will change future store designs; and
- Legal considerations associated with technology and omnichannel shopping for food companies.

## **Training Food Retail Leaders of the Future**

Recognizing that the food retail industry workforce is evolving, we completely revised our Future Leaders eXperience. Working with a new partner, Root, Inc., we built an interactive, hands-on program that walks emerging leaders through exercises to understand their roles, build their teams, communicate the big picture and set clear expectations. A cornerstone of the program includes a custom-designed module that depicts the changing dynamics of the retail food industry in a learning map demonstrating the evolution and complexity of the industry and the centrality of the consumer to our success.

Overall, if the FMI 2018 education programs were to be summarized in three words, they would be: innovation, technology, and leadership. These words highlight themes that ran throughout the 16 live events, 59 webinars, and two certificate programs FMI offered to the industry in 2018. And they set the stage for much more to come in 2019.

# 2018's Most Pressing Question - Are You Operational Ready for \$100 Billion Food and Beverage Online?

BY: DOUG BAKER, VICE PRESIDENT, INDUSTRY RELATIONS - PRIVATE BRANDS, TECHNOLOGY



The age of the digitally engaged food shopper has arrived, with each day seeing more shoppers moving from experimenting with online food shopping to fully embracing it. Total digital maturation in online grocery shopping is a mere five to seven years away according to **research prepared by FMI and Nielsen**.

We all know that. **This research** indicates consumers could be spending as much as \$100 billion on online groceries by 2022. Within the next five to seven years, 70 percent of U.S. consumers will regularly purchase consumer packaged goods online.

Consumers today have tools that give them access to detailed information about the products they are looking for. Those digital tools also enable them to buy the products and services they want in ways that are disrupting the traditional food retail model.

Research from Nielsen and FMI over the last three years indicate that not all food retailers are as prepared as we could be to meet the needs of the digitally engaged food shopper and are at risk of missing the opportunity to serve this growing sector.

This past year, FMI's initiatives to supply food retail with the information it needs to rise to the digital challenge has been enhanced with help from new partners like AT Kearney, Eversight, Precima and the NPD Group.

In conjunction with Nielsen and our new partners, FMI has created easily accessible vehicles to assist food retailers on their journey toward the digital integration necessary to meet the needs of today's tech-savvy consumers. On the FMI Digital Shopper site – **FMI.org/DigitalShopper** – we have added more insights, making the continuing-the-assessment tool even more valuable. We have also added a supplemental workbook entitled “**Finding the Profitable Path to Your Digitally Engaged Grocery Shoppers**,” that will guide you through steps to determine if you are indeed adopting digital tools at the pace required by your shoppers.

In conjunction with the workbook, a **series of videos** has been added to the bank of resources. These videos cover the five most significant imperatives that must be met in order to achieve omnichannel success, which are:

1. **Evaluating the People, Processes and Technologies of the Digital Shopper.** Do you have the skill set required for success in the digital era? What about your staff? The people you hire and the organizational structure you use are key to implementing any effective strategic plan for omnichannel success. *Content organized by A.T. Kearney*
2. **How to Treat Your Data as an Enterprise Asset.** What kind of data do you collect and how do you use it? Mere data management isn't enough. Are you extracting the greatest value possible out of your data strategy? *Content organized by Nielsen*
3. **How to Adopt an Integrated Forecasting Model.** There is a delicate balance required to get the right product to the right consumer at the right time and right price. Does your organization's forecasting capability provide the ability to forecast in collaboration with your supplier partners in the effort to increase sales? *Content organized by RSi*
4. **Realize the Full Potential of Cohesive Shopper Insights.** If you are going to be successful in the era of the digitally engaged shopper, you will have to understand and satisfy the shopper's needs better than your competition does. An enhanced view of shopper insight is essential. *Content organized by NPD Group and Precima*
5. **How to Use Data Effectively to Unify Digital and Store Experiences.** Product information, images and transparent pricing must be available across a wide variety of channels. There are strategies that can help you both in the store and online. *Content organized by Eversight*

The overarching imperative is that as technology develops at a rapid pace, we must keep up with our customers and our trading partners.

Enjoy the current resources:

- **Digital Shopper** resources – research and assessment tool
- **Finding the Profitable Path to Your Digitally Engaged Grocery Shoppers Executive Workbook 2018**
- **Digital Shopper Imperatives**

For 2019, we will continue to expand tools and resources for the operational imperatives so that as the digital shopper drives the volume and the opportunities, retailers can be right in step.

# Health and Wellness: The Heart and Soul of Food Retail

BY: SUE BORRA, RD, EXECUTIVE DIRECTOR, FMI FOUNDATION,  
CHIEF HEALTH AND WELLNESS OFFICER



## Q: What are the biggest food retail success stories of 2018?

### A: Health and Wellness, Fresh Foods and Private Brands (FMI Speaks, 2018)

Health and wellness is at the heart of almost every food retail success story this year. Significantly, according to the **2018 Food Retailing Industry Speaks** research, industry executives identified the consumer health and wellness proposition (81 percent) and leveraging food to manage/avoid health issues (72 percent) as the top two trends creating a positive impact on business. In addition, they identified fresh foods and private brands as their top differentiation strategies to increase their competitive advantage. FMI's 2018 health and wellness program combined each of these three trends to generate more opportunities for food retailers to showcase health and wellness in their fresh foods and private brand strategies.

### Food Retail Fresh Departments are Ripe for Health and Wellness

"Fresh" is the fastest growing sector of supermarkets in recent years. Not surprisingly, health and wellness are innate parts of "fresh." To illustrate opportunities for integrating health and wellness programming into fresh food retail departments, including meat, seafood, produce, deli, and fresh prepared, FMI's Health and Wellness Council teamed up with FMI's Fresh Foods Council to develop **Best Practices and Excellence in Fresh Department Health and Wellness Programing**.

This new resource details key elements of success to create a culture of health and wellness in fresh departments to meet shopper needs. In turn, use of these elements will:

- drive sales and loyalty;
- develop new profitable partnerships and resources; and
- create food retail examples of excellence from better-for-you products to strong partnership programs.

### Private Brands are Profiting from Consumer Health and Wellness

Today's shoppers expect food retailers to be a trusted partner in health and wellness. Private brands are delivering on this personal quest for well-being. To provide guidance on incorporating positive nutrition attributes and wellness messaging in private brands, FMI's Health and Wellness Committee partnered with FMI's Private Brands Leadership Council. This partnership resulted in a new report, **Delivering Health and Wellness with Private Brands**, which helps retail private brands capitalize on consumers' desires for healthier lifestyles.

### Consumers are Prioritizing Health and Well-Being in Food Retail

This year's new report **Power of Health and Well-Being in Food Retail: An In-Depth Look Through the Shoppers' Eyes** relays the compelling story of the ways consumers are looking to food retail as an ally in supporting their health with products from center store to the perimeter. Topics – such as consumers' perception of food as medicine, shoppers desire for organic and free-from products, and future need for personalized health at retail – provide a helpful road map for food retailers to better meet the health and well-being demands of customers.

### Health and Well-Being is Defined as a Core Competency at FMI

Almost all FMI activities – from food safety and government relations to research and education – touch upon some aspect of improving health and well-being for consumers. As such, FMI's role is to help the retail food industry feed families, enrich lives and enhance health and well-being in the communities they serve.

Consumers are increasingly looking to their food retailer for help with nutrition and disease prevention as well as their holistic health which includes improving emotional health, managing stress, increasing vitality and more. In turn, FMI's Health and Wellness Committee and Council members believe it is time to broaden beyond "wellness" to become the FMI Health and Well-Being Committee and Council.

# Unifying the Food Retail Industry in 2018

BY: SUE BORRA, RD, EXECUTIVE DIRECTOR, FMI FOUNDATION,  
CHIEF HEALTH AND WELLNESS OFFICER



The FMI Foundation worked to unite the food retail industry using three main campaigns: National Family Meals Month™, Unified Voice Protocol and *Stir It Up!*

## **The Industry that Eats Together, Stays Together: Making Family Meals a Priority**

The food retail industry, with food suppliers and community collaborators, rallied behind FMI Foundation's **National Family Meals Month™** (NFMM) this past September. Encouraging families to enjoy one additional meal per week at home, this event has become a national movement in only four years.

More than 200 companies have joined the movement since its inception. In fact, participation jumped dramatically in September 2018 with:

- 20 percent increase in retailer participation;
- 40 percent increase in supplier participation; and
- 37 percent increase in community collaborators.

The NFMM movement is also catching on with consumers. In a nationwide survey, Nielsen, who has been tracking awareness since 2015, found that the percentage of consumer who saw the campaign was 28 percent -- up from 13 percent just last year! That's a 115 percent increase in awareness in one year!

The message of family meals has spread well beyond the food industry. Many of our local leaders have also recognized the importance of enjoying family meals at home. In 2017, two states proclaimed September as Family Meals Month. This past year, six states joined the movement: Kansas, Michigan, Minnesota, Nebraska, South Dakota and Wisconsin.

The future vision for the family meal movement is that food retailers, suppliers and community collaborators will continue to help families achieve one more meal each week at home. Significantly, we will encourage this practice year-round while shining a celebratory light on the event each September.

## **Unifying our Voice to Improve Consumer Trust**

**Unified Voice Protocol** is an initiative created by the FMI Foundation in 2017 to proactively create an environment of trust in the food and consumer goods industries, so that consumers can purchase products they desire with full confidence in those who provide them.

## **Pilot Project I: Consumer Beliefs about Sustainability Related to Poultry Production Practices**

For its first pilot project, FMI Foundation tested the Unified Voice Protocol by addressing two current animal welfare issues, cage-free eggs and slow-growing broiler chickens. Key findings included that 60 percent of consumers would be willing to pay a premium for cage-free eggs if the premium is less than \$.40/dozen. In addition, we learned that consumers have very limited knowledge on the topic of slow-growing broiler chickens. Results from these studies have been presented to FMI members, food and agriculture stakeholder groups, and have been submitted for publication in peer-reviewed journals.

## **Issue for Pilot Project II: Gene Editing**

The issue that has been prioritized for the second Unified Voice Protocol pilot project is Gene Editing. Gene-edited foods will be entering the marketplace soon. Given the scientific complexity of biotechnology, misunderstanding regarding bioengineering language and the possibility for gene editing to be confused with other biotech processes, there is high potential for consumer questions regarding the use of this bio-tech tool in the food supply.

FMI Foundation's goal is to help consumers navigate this issue. Education on this topic will be mutually beneficial to consumers and the food industry.

## **Stirring it Up! at FMI Midwinter Executive Conference:**

Now in its third year, Midwinter Executive Conference attendees look forward to this unique fundraising event where companies put on their culinary hats and compete in a friendly competition to dish up the best family meal in the categories of easiest, tastiest, most affordable, best culinary adventure, and healthiest. Attendees visit each tasting station, try all the delicious dishes, and even serve as the judges with electronic polling devices.

**Stir It Up!**, has broken the mold on all previous fundraising events. In fact, it has quickly become a must-attend event in the food retail industry and in 2018 set a new record for the amount of money raised - \$1.1 million.

Generous support of the FMI Foundation ensures our ability to fund research and education in our mission areas of food safety, nutrition and health.

# Industry Collaboration in the Era of Transformation

**BY: MARK BAUM, SENIOR VICE PRESIDENT, INDUSTRY RELATIONS,  
AND CHIEF COLLABORATION OFFICER**



Change in the food retail industry is taking place at an astonishing pace and there are no indications it will slow down in the foreseeable future. Most days in retail feel like a high hurdle race in which the hurdles keep getting moved closer and closer together, affording no chance to hit stride, but just another jump to negotiate. Retailers will need partners to help run this new race, making it more of a relay with clearly defined lanes and zones for “baton passing.”

Collaboration in the food and consumer goods industry will become even more of a strategic imperative as we look forward to 2019 and the decade ahead. Whether it's understanding supply chain demands, omnichannel, shifts in category management, the move toward organic, specialty and artisanal products, or whether it's the rise of the belief-driven buyer, the desire to meet the demands of new consumerism and transparency require that we have to change, and change together.

FMI has a long history of supporting community collaboration and solving complex industry issues. For example:

- **Making the Product Label Smart** - Our 2018 FMI industry relations activities and initiatives have set us on the path to enhance adoption and implementation of SmartLabel®, which helps provide transparency and organized product labeling and ingredient information.
- **Supporting Retail Operations** - We have initiated and encouraged progressive conversations on the business opportunities in the areas of fresh foods, private brands, foodservice, and, most pressing, the need to focus on omnichannel operational imperatives.
- **Collaboration Across the Industry** - Under the auspices of the Trading Partner Alliance (TPA), an initiative with GMA, we have tackled key issues which include SmartLabel®, information accuracy and a new supply chain transportation initiative. Many FMI members have connected with and enjoyed the benefits of the tangible resources that result from these collaborations.

All these initiatives have benefitted from the active engagement and participation of key FMI committees. These current Committees and Councils include:

- Industry Relations Committee (Board Level),
- Asset Protection Council,
- Private Brands Executive Council,
- Fresh Executive Council,
- Industry Collaboration Council,
- Supply Chain Council (TPA),
- Sustainability Executive Committee and many more.

We appreciate all the FMI member executives who provide their time and talents to move our industry forward in a collaborative way. The food and consumer goods industry is stronger together and more prepared than ever to serve our mutual customers by working in partnership to solve problems and address tomorrow's challenges, today.

# A Fresh Look Forward

BY: RICK STEIN, VICE PRESIDENT, FRESH FOODS



There's nothing stale about the fresh category in retail, which is arguably turning the food retail business on its head. It's the ultimate disruptive category when it comes to competing for share of the business and we dedicated significant resources to our fresh strategy at FMI this year.

## Disruption

Food retailers will continue to find ways to distinguish their businesses in the marketplace by focusing on fresh. Even after years of growth, fresh foods segments are being tapped for bigger space allocations in the store over the next two years, given that shoppers continue to gravitate toward these categories, per the *2018 U.S. Food Retailing Industry Speaks* operations survey. Our research suggests that retailers have found ways to further engage consumers and differentiate with fresh foods, better-for-you categories, and private brands, among key growth segments. They are advancing same-store sales and planning new investments in their businesses.

These operational shifts also affected FMI's approach to its category research, adding new projects and research on departments above and beyond traditional produce categories. We created a new industry event that challenges FMI members to embrace a visionary role in food retail and establishes a relationship with executives who are investing in the perimeter of their stores. From blockchain to supply chain, our industry is poised to witness unprecedented change. Here are two strategies that were particularly noteworthy to our profession this year:

## 1. We established a stronger community among fresh executives:

Thanks to leadership from John Ruane, chief merchandising officer and senior vice president, Giant Martins, and Rick Steigerwald, senior vice president, Lunds & Byerly's, we approved the Fresh Executive Committee to move forward with our first industry event that looks to the future of fresh and how participants see the business evolving. Eighty-five executives attended our event, **FreshForward**, to review forces on the global food supply, food waste, food service at retail and the evolving consumer. We created a retro atmosphere as a reminder that people's tastes change along with the times: today's consumers are more likely to download music digitally, play games online or on devices and rarely dine at a kitchen table.

## 2. We emphasized our reputation as the resource for Fresh

The Fresh Foods Leadership Council cemented its reputation for delivering relevant consumer insights on fresh departments. We presented findings from the *Power of Meat*, *Power of Produce* and *Power of Foodservice at Retail* at thought leadership events across the country and garnered significant pickup in trade journals. One of our members described this research as necessary to help him determine strategies and tactics to drive sales. In addition to these analyses, we fielded research for release in 2019 specific to seafood and bakery.

FMI continues to create partnerships with trade groups to widen our audience, namely our work with the North American Meat Institute via the Annual Meat Conference and the Southern Exposure Produce event. We also collaborate with data powerhouses regarding consumer insights. For instance, we again peered through the lens of the consumer via our work with IRI on the *Top Trends in Fresh*, interviewing shoppers to explore their opinions and strategies.

Our 2018 efforts prove that our members' physical and online store strategies will always include a fresh look forward. The focus on fresh in food retail remains the most important way to differentiate now and in the future.

# Life in the Fast Lane with Private Brands



BY: DOUG BAKER, VICE PRESIDENT, INDUSTRY RELATIONS - PRIVATE BRANDS, TECHNOLOGY

Private brands have become full-fledged brands in their own right, as evidenced by 69 percent of consumers saying it's very or somewhat important to have a good assortment of private brands in food and beverage. These own-brand products continue to make strides and hit an upward growth trajectory again.

As consumers continue to explore new products based more on attributes and less on the brand providing them, retailers are quickly positioning their own brands to differentiate as a competitive strategy. The FMI Private Brand Leadership Council stays on top of these trends with the second release of the **Power of Private Brands** research. To dive deeper into private brand topics and insights throughout the year, the council broke up the research into four separate releases:

- **Power of Private Brands – From the Register**, which focuses on metrics and benchmarking;
- **From the Consumer** looks further into consumer preference and acceptance;
- **From the Industry** revisited key metrics with retailers and manufacturers from 2017 to benchmark improvements in collaboration and strategy; and
- **From the World**, explores European performance and debate the opportunity for the U.S. to mature to European private brand shares.

In addition to premier consumer and operational insights, the Private Brand Council hosted its **fourth-annual D.C. Summit**, an event developed by and for private brand stakeholders. The unique style of the summit encourages share-group-style discussion on four-to-five key topics identified by the Council. In 2018, the group explored consumer trends, the shift from private label to private brand, and the change from price-only programs to consumer-needs programs. The group also explored how private brands will compete, how the industry will address data accuracy challenges, and changes needed with trading partner collaboration based on the new challenges presented by the digitally engaged food shopper.

There is a strong opinion from industry that based on the current momentum from consumer acceptance, the private brand dollar share could double from the current 15 percent average to almost 30 percent in the next 10 years. It's an exciting time for private brands, and I predict 2019 will be more fast paced than 2018.

# New FMI *Emerge* Program and Community Guides New Brands to More Shelf Space



**BY: JULIE PRYOR, DIRECTOR, EMERGING BRANDS, AND MARGARET CORE, VICE PRESIDENT, MARKETING AND INDUSTRY RELATIONS**

There may have never been a time when consumers craved so many new and innovative products more than they do now. Likewise, there may never have been a time when there were so many obstacles for emerging brands to overcome as they struggle for space on retail shelves, both in our stores and online.

FMI is working to get as many exciting new products to the marketplace as possible with its recently inaugurated **Emerge** program, designed to break down the barriers for new companies looking for wider grocery distribution and more sales velocity.

At the heart of the subscription-based *Emerge* program is **moreshelfspace.org**, the center of the online community for emerging brands. This portal details all the **resources available** to the *Emerge* community, including webinars, podcasts and workbooks.

One of *Emerge*'s most important assets is its **network of mentors** available to entrepreneurs who have questions and, due to their brands' nascency, so few answers to inquiries, such as:

- How do I establish a healthy broker and distribution network?
- How can I be a successful partner to brokers and distributors?
- How do I organize my supply chain and online fulfillment?
- Who are the buyers in my category?
- How do I access actionable data insights and use them to drive sales and velocity?

With more than **50 mentors in the community**, new entrepreneurs have access to food retail industry experts and leaders offering time and money-saving guidance and coaching.

Beyond insights and advice, mentors help make experience-based connections, share links to financing sources, investors and potential trading partners, and provide practical guidance regarding the kind of financial help to ask for and when best to request it.

Sales of natural products have doubled in the last decade and have now **surpassed \$130 billion annually**. Many of the new brands looking for access to the marketplace are in this category, along with health and wellness products, which also address a growing consumer desire. Consumers hold individual views on how to **eat well and food retailers can help them reach their goals in terms of shopping well** -- by supporting the customers desire for nutritional products offering new sensory experiences.

Julie Pryor, FMI's director of emerging brands, leads the *Emerge* effort assisted by a veteran community of retail and business leaders, who are Sponsors or serve on either the Champions Council or the Retailer/Distributor Advisory Council.

If you know an emerging food, beverage, or GM/HBC brand that could benefit from joining the *Emerge* community, please encourage them to contact us! [jpryor@fmi.org](mailto:jpryor@fmi.org)

# The Transportation Capacity Challenge of 2018: Structural or Cyclical?

BY: PAT WALSH, VICE PRESIDENT, SUPPLY CHAIN & BUSINESS DEVELOPMENT



We are all familiar with the forces that have led to significant changes in food retail over the last few years: e-commerce, shifting consumer trends and new digital tools, among others.

There is one disruptor, however, that might not seem so obvious. A severe capacity shortage in the trucking industry is affecting the flow of food to retail businesses and having a negative impact on the consumer experience.

There simply aren't enough trucks and truck drivers to get products from the manufacturer and distributor to the store.

According to DAT benchmarks, in the first six months of 2018, line haul rates increased by 10 percent to just over \$2.30 per mile and still fewer and fewer trucks seem to be available to ship more and more volume. The heart of the problem is a dearth of qualified truck drivers.

According to the **U.S. Bureau of Labor Statistics**, the median salary for drivers jumped 15 percent over the last four years, compared to an average 10 percent for all private-sector workers. But that still hasn't been enough to solve the problem.

The Trading Partner Alliance's supply chain executive committee and its member companies in 2018 have been working on pilot programs with a three-pronged approach to meet the industry-wide trucking capacity shortage, including efforts to:

**Increase asset utilization** - Coming up with ways to improve efficiencies throughout the supply chain, often by employing enhanced technologies;

**Increase driver supply** - Creating more opportunities for more people to enter the truck driving field, perhaps by lowering age limits, attracting drivers from other countries and encouraging military veterans who have the required skills; and

**Reduce demand volatility** - Finding ways to smooth out demand and reducing the time that trucks are not on the road.

Longer-term solutions include greater investment in research on autonomous vehicles, adjusting load capacities and making improvements to the highway system.

The challenge to the trucking capacity shortage that is impacting the consumer experience is formidable, but there will be solutions and members of the Trading Partner Alliance are working together to find them.

If you have an interest in joining TPA Task Group and our work in 2019, please contact Pat Walsh, [pwalsh@fmi.org](mailto:pwalsh@fmi.org).

# Standard Time Doesn't Apply to Crisis Management

BY: DOUG BAKER, VICE PRESIDENT, INDUSTRY RELATIONS - PRIVATE BRANDS, TECHNOLOGY



It is a normal part of being human to occasionally wish we had the capacity to stop time so we could better prepare for the situation in which we find ourselves. But aside from “falling back” to Standard Time, when we can physically turn back the clock, we aren't allowed the luxury of manipulating time. The best we can do is use the moments we can control, which is “now,” to prepare for whatever may befall us. So, whether it's preparing for mother nature or grieving the loss of life due to violent acts in the workplace, we can take time now to prepare for the worst; so that we are ready to respond with authority and empathy; stabilize our communities; and prompt the recovery process.

This year, FMI created guidelines for asset protection professionals and those charged with business continuity to assist these key personnel in preparing for, responding to, stabilizing and recovering from two distinct and crippling situations: a natural disaster and an active shooter.

When faced with a natural disaster, our primary concerns as an industry remain: protect life; secure property; assist the community; and reopen for business. Identifying a person and/or position focused on business continuity and maintaining focus during a crisis reveals new opportunities for an organized approach to public-private collaboration. Storms remind us that it's important to prepare when the sun is out. **FMI's crisis management site** offers a new **Natural Disaster Guide** for these blue-sky days.

We learned a great deal working with our members this year through hurricanes Florence and Michael, specifically creating a better relationship with FEMA and coordinating resources and response teams. In an historic development, FMI is now represented as part of FEMA's strategic plan under the “Food, Shelter, Water” section of FEMA's industry-wide strategy. FEMA looks to FMI to assume a stronger role in preparing for and responding to catastrophic events.

Our industry is a business about people and community, so when tragedy strikes our stores or warehouses, we feel exponential loss. According to the FBI's study of **Active Shooter Incidents in the United States in 2016 and 2017**, there were 50 shootings during this time period that were designated as active shooter incidents, which is more than double the **11.4 average number of incidents the country experienced from 2000 – 2013**. With FMI's **Active Shooter Guideline**, we've consolidated information from both the public and private sector to assist business continuity and crisis teams.

Crisis management professionals know all too well that there's no time to ask “why” during a crisis or reflect “what-could-have-been” – you just need to act, stabilize and recover. We can't turn back time, but we can prepare for a better future together.

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