



FMI's 2019 Year In Review

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Food Marketing Institute proudly advocates on behalf of the food retail industry, which employs nearly 5 million workers and represents a combined annual sales volume of almost \$800 billion. FMI member companies operate nearly 33,000 retail food stores and 12,000 pharmacies. FMI membership includes the entire spectrum of food retail venues; single owner grocery stores, large multi-store supermarket chains, pharmacies, online and mixed retail stores. Through programs in public affairs, food safety, research, education, health and wellness and industry relations, FMI offers resources and provides valuable benefits to almost 1,000 food retail and wholesale member companies and serves 85 international retail member companies. In addition, FMI has almost 500 associate member companies that provide products and services to the food retail industry.

Dear Food Industry Friends,



As we approach the end of 2019 and an eventful decade, I have a whole new appreciation for my grandmother's observation, "Candles reflecting in a mirror cast more light."

We hear a lot about the pace of life today, with business articles citing statistics about the heightened flow of information and the need for decisions to be made faster, action to happen quicker and change be embraced more rapidly. This need for speed is playing havoc with our traditional vocabulary related to time, completely shifting the meaning of key words, making now the new way of saying yesterday and yesterday, the new term for archaic. Arguably, the most significant price this faster pace is exacting upon us comes in our ability to simply have time to reflect, which is, to me via my grandmother, a critical component of wisdom. If we fail to adequately reflect about our behaviors, our experiences, and others' reactions, we short circuit our capacity to learn and that, sadly, leaves us vulnerable to repeating the same mistakes time and again. We simply must have the opportunity to reflect if we wish to grow and cast more light.

For this reason, I relish those calendar occasions that foist reflection upon us. While I confess to becoming less fond of birthdays, I still enjoy those events—Thanksgiving, anniversaries, Veteran's Day and others—that by their very nature ask us to breathe, peer beyond our current list of things to do and consider the meaning of our frenetic action. I particularly enjoy the reflective quality that comes with wrapping up one year and anticipating a new one.

In that spirit of reflection, I invite your scrutiny of the pages that follow. They will spark some memories, and they will provide the insights that only come with looking BACK on an issue, things that were obscured when you were busy looking AT them. In 2019, FMI embarked on a significant retooling of its strategic plan and while not specifically addressed in this report, the fingerprints of this calculated thinking appear throughout it. You can specially see the new strategic plan at work in the:

- Description of the Trading Partner Alliance initiatives – such as SmartLabel®– being better advanced through a new construct called the Food Retail Industry Alliance.
- The magnitude of research that FMI executed in 2019, providing consumer insights touching every aisle in the grocery store.
- Blueprints to expand Safe Quality Food Institute's (SQFI) domestic and international scope and reach.
- Heightened services provided by the MemberPlus program.
- FMI Foundation's Unified Voice Initiative preparing us for the food production implications of gene editing.

These strategic-plan commissioned improvements are coming while we build on the strong foundation of our work in government relations and food safety. Going all the way to the Supreme Court, our history-making victory protecting confidential financial information was a landmark part of 2019, as were the lessons learned in helping the industry work its way through the drama of the romaine lettuce advisory last year. It appears that the leafy greens drama continues and the resources we've developed are certainly serving us as we press forward for better future results.

Enjoy this in-depth look at 2019 and let it prompt further reflection on the opportunities and challenges our industry faced this year. And rest assured that the enlightenment such reflection brings will better prepare us to spring into 2020 with agility and confidence.

Best,

Leslie Sarasin
President and CEO
FMI

Government Affairs

Contact: Jennifer Hatcher, jhatcher@fmi.org

FMI v. Argus Leader

2019 was the year of preparing for and then defending the first-ever FMI U.S. Supreme Court case, which preserved the confidentiality of business data – designed to protect Supplemental Nutrition Assistance Program (SNAP) data, but we are already seeing implications far and wide from U.S. Fish and Wildlife Service (USFWS) to the Environmental Protection Agency (EPA). We worked at all stages to achieve a Supreme Court victory and establish that the Freedom of Information Act (FOIA) does not require the government to release confidential store-level sales data related to SNAP. The Court rejected the “substantial competitive harm” test as having no basis in the plain text of Exemption 4. Instead, the Court held that commercial information is “confidential” when it is customarily kept private, pursuant to the ordinary meaning of “confidential.”



Lawyers for FMI discuss the case with reporters after opening arguments at the Supreme Court.

Navigating A Government Shutdown

We started 2019 like no other -- in the middle of the longest government shutdown. FMI worked to navigate the confusion and lessen harm to stores, companies and customers. FMI successfully coordinated with our members to ensure SNAP continued to operate through the shutdown, including a nationwide early distribution of all benefits. FMI hosted frequent calls between the United States Department of Agriculture’s (USDA) Food and Nutrition Service (FNS) department and FMI members to help address the backlog of SNAP licenses once the shutdown ended.

Advocacy Efforts on Top-of-Mind Issues

- Engaged in creative advocacy efforts on the reform of **exorbitant and retroactive DIR fees**, including pill bottles delivered to Capitol Hill and a simple video to engage government officials and pharmacists across the country – 30,000 views strong!



As part of our DIR fee reform advocacy, FMI distributed parody prescription bottles to congressional offices to further highlight the importance of this issue on our industry and urge passage of the Phair Pricing Act.

- Served as the voice for clarity and consistency of enforcement regarding **sales of CBD and Hemp-derived products** and pushed the Food and Drug Administration (FDA) for advice.
- Met several times with USDA on **BE rule implementation** and compiled an implementation guide for member companies, collaborating through the SmartLabel® BE Working Group.

Highlights

- Preserved the confidentiality of business data by winning FMI’s first-ever Supreme Court case.
- Helped members navigate a government shutdown with resources and information to lessen harm to stores, companies and customers.
- Successfully advocated on multiple important industry issues, including DIR fees, CBD, BE rule implementation, food safety and more.
- Worked to ensure that another romaine crisis or any other **food safety crisis would not have the kind of economic and consumer impact** that the romaine lettuce “category withdrawal” created.
- Advanced the preservation of a **youth/starter wage** federally and in the states.
- Advocated for solutions to **truck driver shortages** that are only likely to grow – the Drive Safe Act; Apprenticeships; Emergency Waivers.
- Achieved implementation assurance from the Federal Reserve Chairman, Jay Powell, to move forward with the **Fed Real Time Gross Settlement (RTGS) program**. FMI advocated strongly for the Federal Reserve to jump in with a real-time gross settlement option in addition to the one proposed by the banking industry, similar to the one the Fed provided for check settlement.
- Created the first comprehensive **national trade association local issues monitoring and advocacy program** and enhanced our state program.
- Pushed forward with advocacy and updates, even though both the **trade/tariff environment** and the timing of a **fix for the retail glitch** have proven to be unpredictable.
- Pushed for an end-of-year “Hail Mary” fix for the **multiemployer pension issue**.
- Defeated for the second time, a proposal to require **tare to be placed on register receipts for random weight items**. Removed all reference to **Open Dating enforcement** from NIST Handbook 130, since it is typically enforced by food safety officials rather than weights and measures officials.

FMI’s public policy team reflects on our navigation of the current political environment to achieve real successes in 2019 while preparing for election-year legislative gridlock federally in 2020 and laying the groundwork for 2021. Our accomplishments would not have been possible without the tremendous help and contributions from our member companies that have supported our efforts through the countless hours of talking with lawmakers, traveling to Washington for meetings with regulators, providing testimony or feedback on short notice, and many other acts of advocacy on behalf of the industry. We thank you for a successful 2019 and look forward to 2020!



Senator David Perdue (R-GA), left, gave remarks to FMI’s Government Relations Committee in September at FMI’s townhouse on Capitol Hill with FMI’s Government Relations Chair Matt Perin, The Kroger Co., and FMI’s Jennifer Hatcher.

Food Safety

Contact: Hilary Thesmar, hthesmar@fmi.org

2019 Food Safety Initiatives

LEAFY GREEN OUTBREAK RESPONSE

With the devastating outbreaks linked to romaine lettuce and the consumer advisories impacting retailers and wholesalers nationwide, FMI's Board of Directors directed the Food Protection Committee (FPC) to develop a plan to address the risk associated with leafy greens and to reduce the chances of future consumer advisories. The FPC presented a plan to FMI's Food Safety Committee and Board in January and is implementing the plan. FMI and the FPC traveled to leafy green production areas in Arizona and California, held discussions with local and federal government officials, food safety professionals and produce experts, and evaluated the leafy greens production process and broke down the supply chain step-by-step. One deliverable from the plan includes the **FMI Recommended Food Safety Practices for Leafy Greens** available on the FMI website. This tool includes specific recommendations for retailer and wholesaler buyers of produce to:



- Prevent contamination of leafy greens.
- Increase communication across the entire supply chain by asking suppliers specific questions.
- Protect consumers and the safety of products.
- Effectively respond to food safety incidents, should they occur again.

RETAIL FOOD SAFETY LEADERSHIP DEVELOPMENT

With social and technological changes, food safety professionals must be versatile and adept as well as remain science-based in the basic principles of food safety. Future leaders in retail food safety are going to need expertise in sanitation, training, theory and application of behavior change, microbiology, chemistry, food science, program management and project management as examples. FMI is committed to providing members with tools and resources that are relevant and of value to help members navigate common food safety issues at retail; therefore, FMI is reviewing, updating and reposting all FMI food safety resources on FMI.org.



Highlights

- 2019 Food Safety Initiatives were identified by FMI's Food Protection Committee.
- SafeMark® was updated to the recent FDA Food Code and is available in print and online formats for classroom or computer-based training for retail store associates.
- Technical support, compliance assistance and crisis support continue to be available as a member benefit for retail/wholesale and product supplier members.

SUPPLY CHAIN FOOD SAFETY PROGRAMS

With the growth in the retail industry and consumers increased purchasing and receiving of products through multiple channels, food safety should not be compromised. However, regulations have not caught up with the industry and there are gaps in the system. Sharing best practices as well as having a voice on cross-disciplinary committees addressing the food safety issues arising from new business models is a priority of the FPC. FMI has engaged with the FDA on an ongoing basis as the agency seeks to address new retail business models as part of the agency's **New Era of Smarter Food Safety**.

NON-O157:H7 STECS IN GROUND BEEF

E. coli 157:H7 is a pathogenic bacteria that has been associated with many food items but most closely with ground beef. United States Department of Agriculture (USDA) Food Safety and Inspection Service (FSIS) regularly tests for *E. coli* O157:H7, but not other Shiga toxin-producing *E. coli* (STECs) that are also pathogenic to humans. After several and repeating outbreaks of non-O157:H7 STECs, the FPC is addressing this issue as an initiative. USDA FSIS is expected to announce expanded testing programs soon for all STECs which will help protect public health because product is tested before it enters commerce. FMI continues to communicate with FSIS regularly and works closely with the agency to represent FMI members' interests.

SAFEMARK® TRAINING PROGRAM

SafeMark is the FMI developed and owned food safety training and certification program for food managers and food handlers.

The program has had significant input from retail food safety professionals and is designed for food retail employees. FMI continually strives to improve SafeMark to ensure the program meets member needs for a comprehensive food safety training and certification program. Investments made in the program over the past few years are paying off, with the acquisition of a broader customer base and increasing credibility outside the retail industry. Learn more at FMI.org/SafeMark.

TECHNICAL, COMPLIANCE AND CRISIS SUPPORT

FMI's Food and Product Safety Team is uniquely equipped with the expertise to support members through routine challenges facing the retail industry as well as provide assistance during the most serious events a company can face. FMI's food safety team offers crisis support to all members facing investigations, customer illnesses, recalls or other crisis events. Please do not hesitate to contact the food safety team for technical help or crisis support at any time. Any of the senior staff can also direct you to Dr. Hilary Thesmar at 202-494-9016 for assistance within a short period of time. Contact information for crisis support is also on the FMI website under recalls.

Safe Quality Food Institute (SQFI)

Contact: Robert Garfield, rgarfield@fmi.org

New Staff Expansions

FMI's Board of Directors approved the SQFI expansion program at its meeting in late January 2019. In the next two months, SQFI searched for an executive who would manage an aggressive expansion of the business and on March 25, SQFI hired Gigi Vita as vice president, sales. Gigi brings over thirty years of food industry experience across numerous trade channels to SQFI. Her leadership experience in brand marketing, sales capability and revenue management is an excellent fit to head the expansion of the SQF brand.

Expansion Target Area

SQFI identified three main targets for expansion.

- Latin America is the primary target as many products and ingredients travel North and are a significant source for North American food retailers and manufacturers.
- SQFI's second priority is Asia/Pacific. Currently, the Institute has a significant presence in Australia, Japan, and to a lesser extent Taiwan and Korea. China, the largest market in Asia has few SQFI certificates and many stakeholders know little about our program.
- The final target is North America, a relatively mature market for GFSI programs and SQFI holds the dominant share of food facility certificates; however, there are thousands of smaller companies that do business with U.S. retailers and therefore are targets for SQF expansion.

LATIN AMERICA (LATAM) EXPANSION

It is estimated there are approximately 1,100 certificates from GFSI benchmarked codes on the continent. Previous research revealed that LATAM food processors and growers had little knowledge about SQFI and its relationship with U.S. food retailers. Subsequent to announcing our intention to target LATAM for expansion, NSF, an SQFI licensed certification body (CB), expressed interest in working with SQFI. Several other certification bodies (CBs) also pledged support to the expansion of SQF programs in LATAM. CB support is one key to expansion of the program.

In July 2019, Gigi Vita and Bob Garfield met in São Paulo with the NSF General Manager, Brazil, and the Regional Director, LATAM. We also took this opportunity to interview a viable candidate to be SQFI's first LATAM contract representative. Subsequent to that interview we hired Palova Dieter Marques as a consultant to represent SQFI in Brazil and Northern LATAM. Ms. Marques is a trained food safety auditor with extensive food industry experience. She speaks fluent English, Spanish and Portuguese. We believe she will make an excellent representative for SQFI. Working with our CBs in the region, Ms. Marques has already made a difference, attending conferences, trade shows and working with local CBs to spread the word about and establish new business for SQFI. SQFI is currently looking for more consultants with a background in food certification to represent us in other parts of LATAM.

CHINA EXPANSION

China has great potential for SQFI, especially for products and ingredients bound for North American markets and retailers. Late last year we hired Sarah Wu, a professional sales representative with many years of experience in the third-party certification market. As in LATAM, Chinese manufacturers and growers know little about SQFI. Although the numbers are small, Ms. Wu has doubled the number of SQFI certificates from 20 to 41 in about six months. Moreover, she has done a terrific job of educating the Chinese about SQFI, considering the limited days a month (4) she is working for us. We plan to expand those days in 2020, and search for more competent individuals to represent us in the region.

Highlights

- Hired additional staff, including a vice president of sales, to help expand SQFI.
- Identified target areas for expansion of SQFI and made significant steps toward our expansion plans including hiring additional consultants and staff.



NORTH AMERICA EXPANSION

The North American market is mature for third-party certification. The estimated 12,000 certificates are small; however, it may represent as much as 75% of the food manufacturing volume. There are over 140,000 domestic manufacturers of food registered with FDA in the U.S. The challenge for SQFI is to penetrate the potential of this market that is comprised of small manufacturers. To meet that challenge SQFI developed the "SQFI Fundamentals" program, a food safety management beginners program. We currently have an ongoing search for a U.S. Sales Manager to lead the effort in North America.

Communications and Research

Contacts: David Fikes, dfikes@fmi.org or Heather Garlich, hgarlich@fmi.org

Voice of Food Retail

FMI V. ARGUS LEADER

The U.S. Supreme Court case, *FMI v. Argus Leader*, commanded an intense media and public relations campaign as soon as the Court announced in January that this would be one of the fewer than one hundred cases the Court would address this year. This case is grounded in protecting private parties' confidential business information, but that proved to be a challenging message to argue with reporters, given the number of media conglomerates filing amicus briefs on behalf of the plaintiff. Still, FMI embraced its role emphasizing in the media that the Freedom of Information Act, or FOIA, was not intended to require disclosure of store-level SNAP sales data.

Overall, FMI's Supreme Court case generated nearly **1,900 media mentions** since January, and as this case progressed, coverage spiked at three intervals:

1. When the Supreme Court agreed to take up the case in January.
2. During the oral arguments phase.
3. The day the Court sided with FMI in a 6-3 vote.

FMI secured an **op-ed in USA Today** the day of oral arguments and most of the press coverage stemmed from interviews with *Associated Press* and *USA Today* – both after oral arguments and as a result of FMI's statement issued immediately following the Supreme Court's decision. FMI continues its campaign with lawmaker education and digital communications to counter efforts by *Argus Leader* to thwart the Supreme Court's decision and rewrite FOIA legislation.

TO REDUCE FOOD WASTE, FDA URGES 'BEST IF USED BY' DATE LABELS

Product code date labeling discussions drove FMI media mentions in more than **530 articles this year**, largely around the FDA's decision to embrace the industry's voluntary nomenclature for quality. Another strong coverage driver related to a widely distributed *USA Today* story discussing the *FoodKeeper*, designed to assist consumers in determining how long to store a grocery item.



FMI ASKED FDA FOR CLEAR RULES ON HEMP, CBD PRODUCTS

Nearly 170 stories

discussed FMI's participation in the comments process and public meetings for these products. FMI's position was also picked up in stories about retailers launching their own lines of CBD, hemp products.

2019 FMI RESEARCH DISPLAYS THOUGHT LEADERSHIP

Namely *U.S. Grocery Shopper Trends* (180 clips), the *Power of Meat* (74 clips) and the *Power of Produce* (67 clips) were among the top-three publications that drove FMI's thought leadership on consumer trends for the year.

PLANT-BASED AND ALTERNATIVE FOODS

Beyond Meat and Impossible Foods have been the subject of many news reports this year. FMI has been quoted in more than **160 stories** this year to help demonstrate both the consumer demand for these products in addition to where they would live in the store. *Reuters* and *NPR* drove mentions.

NATIONAL FAMILY MEALS MONTH™

The 2019 campaign garnered **1,400 media mentions during September**, validating that the campaign is rooted and generating momentum as a movement.

LEAFY GREENS

On food safety, leafy greens became the subject of a *Consumer Reports* investigative piece. FMI learned of the story and pitched the editor, highlighting food retail best practices and consumer safety information. The story also became the centerpiece for *USA Today* and *CBS This Morning*, garnering **70 FMI mentions**.

Digital Campaigns & Social Media

- Major Digital Campaigns
 - » Store Manager Awards (7% of website traffic to FMI.org)
 - » U.S. Grocery Shopper Trends (4% of website traffic to FMI.org)
- FMI Blog Performance
 - » As the centerpiece of FMI's content strategy, the Voice of Food Retail blog garnered nearly 8% of website traffic for the year.
 - » Top posts covered *U.S. Grocery Shopper Trends* research findings, Store Manager Awards, education conference highlights, plant-based food trends and food safety best practices.
- Social Media Engagement
 - » Facebook (1,360 post reach) and Twitter (0.5%) engagement hold steady from 2018 to 2019.
 - » LinkedIn (2.4%) and Instagram (2.7%) have become our fastest growing platforms.

Highlights:

- 5,000+ Mentions - Online consumer press 58% - Online trade press 18%
- Significant coverage of *FMI v. Argus Leader*, FMI research report and key issues facing the industry.
- Strong thought leadership through FMI's digital communications campaigns and blog.
- 14 research reports published covering consumer and operational insights.

Research

Contact: Steve Markenson, smarkenson@fmi.org

FMI released 14 research reports covering consumer and operational insights this year. These reports are free to FMI members. Additional information about FMI research, which includes blog posts, infographics, podcasts and webinars, can be found on FMI.org.



SIGNATURE RESEARCH

U.S. Grocery Shopper Trends

This year's report explores online shopping, as well as personalization and customization in shopping and eating. www.fmi.org/grocerytrends.

Food Retailing Industry Speaks—In its 70th year, this report provides the

food retail industry with important operational and financial benchmarks as well as insights into strategic and tactical decisions. This year's findings show the food retail industry continues to ride several positive growth trends even as it grapples with unprecedented challenges. www.fmi.org/groceryspeaks

2019 CONSUMER RESEARCH

- *Power of Bakery* (inaugural report done in collaboration with American Bakers Association)
- *Power of Foodservice at Retail*
- *Power of Frozen* (inaugural report done in collaboration with American Frozen Food Institute)
- *Power of Meat* (done in collaboration with North American Meat Institute)
- *Power of Private Brands From the Register, From the Industry and From the Consumer*
- *Power of Produce*
- *Power of Seafood* (inaugural report)

Top Trends in Fresh is joint research conducted with IRI and released as a webinar series accessible on the FMI website.

2019 OPERATIONS RESEARCH

- *Defining 'on-time-in-full' in the Consumer Sector*
- *Grocery Omnichannel Index*
- *Reducing System Dwell Time Through Collaboration*
- *Retailer Contributions to Health and Wellness*

FOOD RETAIL PULSE

	<p>IMPACTING SALES/PROFITS NEGATIVELY:</p> <ol style="list-style-type: none"> 1. Cost of health care benefits 2. Credit/Debit card interchange fees 3. Competition (traditional, online and non-traditional) 4. Upward wage pressure 5. Ability to recruit/retain employees 		<p>IMPACTING SALES/PROFITS POSITIVELY:</p> <ol style="list-style-type: none"> 1. Health and wellness proposition 2. Food as medicine trend 3. Local/national economy 4. Consumers' changing ways of consumption 5. Shoppers' demand for transparency
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Member Services

Contact: Dagmar Farr, dfarr@fmi.org

Increase the Breadth and Depth of FMI Membership and Industry Engagement

- Since the last report, FMI has welcomed the following new members:
 - » Boxed Wholesale
 - » Fresh Nation LLC
 - » GNC Brands
 - » HAC, Inc.
 - » Heartland Markets
 - » Real Value IGA (Granada)
 - » Riverview Family Center
 - » Ukrop's Homestyle Foods LLC

Universities and Colleges

- » Howard University
- FMI Active Membership Prospects
 - » 99 Cents Only Stores
 - » RPCS Inc. (Pyramid Foods)
 - » Affiliated Foods, Inc.
 - » Raley's Family of Fine Foods
 - » Dollar General Corporation
 - » Rite Aid Corporation
 - » Dollar Tree Stores, Inc.
 - » The Save Mart Companies
 - » Gristedes Supermarket Company
 - » Sedano's Supermarkets, Inc.
 - » Kennie's Markets
 - » Sprouts Farmers Market, Inc.
 - » New Seasons Market
 - » Strack & Van Til Supermarkets, Inc.
 - » North State Grocery, Inc.
 - » Uncle Giuseppe's Marketplace
 - » Phillips Family IGA
 - » URM Stores, Inc.

Universities and Colleges

- » Arizona State University
- » NYU Department of Nutrition Studies
- » Auburn University
- » Texas A&M University
- » Michigan State University
- » University of Minnesota
- » Northwestern University

Highlights

- Increased the breadth and depth of membership and industry engagement including University and College members.
- Expanding into targeted member categories in a focused way by creating a dedicated FMI Account Manager Program called My FMI and hosting regional member functions.
- Continued to review and expand the entire portfolio of FMI education offerings including the Future Leaders eXperience, the Food Retail Leader Certificate program and FMI/WAFC Retail Manager Certificate (RMC) Initiative.



FMI MEMBERSHIP - UNIVERSITIES AND COLLEGES

Currently, FMI has eight University and College members: Collins College, Cornell University, Howard University, Niagara University, Portland State University, Saint Joseph's University, University of Southern California, and Western Michigan University. The value to universities and colleges includes complimentary access to FMI research, opportunities for research collaboration and access to industry leaders via FMI events.

ACCOUNT MANAGER PROGRAM – MY FMI

We have a client-based approach to membership relations through the My FMI account manager program.

This concierge program supplies each member company with a point of contact at FMI and

ensures members receive regular contact from FMI to ensure we are meeting members' needs.

FMI REGIONAL MEMBER FUNCTIONS

FMI hosted two regional functions including a dinner in New York City and an event in Detroit, Michigan. Leslie Sarasin provided "State of the Industry" remarks to retailers and wholesalers at both events and regional members and non-members were invited to attend.



Review and Expand FMI Education Offerings

Contact: Carol Abel, cabel@fmi.org

2019 EDUCATION OVERVIEW:

- Thirteen events held during the calendar year, serving more than 5,300 participants.
- Continued partnerships with the North American Meat Institute (NAMI), the National Retail Federation, the Grocery Manufacturers Association, and Groceryshop to deliver joint programming and events.
- Hosted 42 webinars on a variety of topics and research releases reaching a live audience of at least 4,474 and an additional audience of 1,787 recording views.

MIDWINTER EXECUTIVE CONFERENCE

With 1,093 attendees, this year had the best attendance ever and the highest retailer/wholesaler attendance (224) since 2009. The Strategic Executive Exchange (SEE) program had record-setting participation. A new FMitech @Midwinter component gave technology suppliers and retail/wholesale technology leads an opportunity to participate in conversations, explorations and private exchanges. Nine retailers and 25 suppliers participated, and the program will be expanded in 2020.

FUTURE LEADERS EXPERIENCE & FOOD RETAIL LEADER CERTIFICATE PROGRAM

Building on new curriculum created in 2018, this year the Future Leaders eXperience program saw an increase in total participants of more than 10%. The revamped event is the first step toward completion of FMI's Food Retail Leadership Certificate, which is earned upon completion of additional post-program sustainment and application activities. Ninety-two people earned the certificate in 2018. Participation in the 2019 certificate program is strong. As of mid-November, 93 leaders have earned the Food Retail Leader Certificate, surpassing the 2018 total and with six more weeks for participants to complete their requirements.

The Future Leaders curriculum and the Know My Industry module are also available for adoption by organizations as licensed internal training. In 2019, one wholesaler has adopted the full curriculum and one retailer is using the Know My Industry module.

ANNUAL BUSINESS CONFERENCE

Increased the number of retail/wholesale companies participating in 2019.

ANNUAL MEAT CONFERENCE

Offered in partnership with the NAMI, this is our largest event, bringing together over 1,770 meat suppliers and buyers for education, networking and a showcase of meat and poultry products.

FMI/WAFC Retail Manager Certificate Program (RMCP) Initiative

Contact: Cynthia Brazzel, cbrazzel@fmi.org

FMI continues to work closely with the Western Association of Food Chains (WAFC) to expand the RMCP nationwide. To support the growing number of retailers in the eastern and middle of the country (non WAFC states), FMI has established an RMCP Virtual Advisory Share Group to provide twice-a-year meetings where companies can share best practices and report on challenges. Since FMI took on this partnership in 2016, we now have 10 participating retailer/wholesalers: Alex Lee, Dorothy Lane Markets, Coborn's Inc. K-VA-T, Kroger, Meijer, Shopper's Warehouse (SUPERVALU), ShopRite of Hunterdon County (Wakefern), Ravitz (Wakefern), and Giant (Ahold-Delhaize). We have 102 RMCP graduates to date from this expansion.

Independent Operators

Contacts: Dagmar Farr, dfarr@fmi.org and Cynthia Brazzel, cbrazzel@fmi.org

Enhanced Education at 2019 Midwinter Executive Conference

FMI offered a deeper dive into the marketplace for independent operators (IO) at FMI's Midwinter Executive Conference. IO attendees engaged in numerous sessions including a targeted session, "Disruptor or Disrupted: Eight Powerful Strategies for Independent Operators to Compete, Grow and Win in 2019 and Beyond." This session helped to identify optimal digital solutions, capitalize on trends like online shopping and in-store experiences, and explore strategies to maintain sustainable growth and exceed customer expectations.

Workforce Issues for Independent Operators

FMI facilitated discussion on workforce issues during the IO Committee meeting at FMI's Day in Washington in April. These discussions, along with input from other stakeholders, informed the development of FMI's updated Strategic Plan.

FMI Share Group Program

Share groups contribute important benefits for FMI's independent operator members. FMI currently operates 11 share groups. The FMI membership team ensures that retailers and wholesalers are properly aligned to fit in a group that provides the most value. Four new subgroups have been formed in the areas of manufacturing (foodservice/central kitchens production/processes), information technology, continuous improvement/workforce development, as well as education certificate programs.

IO Programming at 2020 Midwinter Executive Conference

A special thank you to Oscar Gonzalez, co-president and COO, Northgate Gonzalez Market, and FMI Share Group member, who agreed to serve as Chairman of FMI's 2020 Midwinter Executive Conference. FMI will focus on programming specifically for the independent operator by facilitating an expanded IO program at our 2020 event. FMI has reconfigured the schedule, with IO store tours taking place on **Saturday, January 25, 2020**. This will be followed by the Independent Operator Power Session taking place **Sunday, January 26, 2020**. Complete information at www.fmi.org/midwinter.

SQF Pilot Program

SQF has launched a Retail Code to assist retailers, including independent operators, with implementing best practices in food safety management systems at the retail level. The SQF Team is completing a pilot with an FMI member company to learn more about the implementation and functioning of the SQF Retail Code and how it can be of the most value to FMI members. Contact Gigi Vita, gvita@fmi.org for more information.

Highlights

- Enhanced Independent Operator (IO) business sessions at FMI's 2019 Midwinter Executive Conference.
- Addressed workforce Issues at IO Committee Meeting at Day in Washington.
- Continued development of the FMI Share Group program.
- Expanded IO programming and store tours at FMI's 2020 Midwinter Executive Conference.
- Initiated Safe Quality Food (SQF) pilot program for independent operators.



FMI Independent Operator Newsletter

FMI's latest news for independent operators is contained in FMI's monthly IO Newsletter. Please contact Alexandra Greer at agreer@fmi.org if you do not receive the newsletter and would like to do so.

Wholesaler

Contact: Dagmar Farr, dfarr@fmi.org

FMI Wholesaler Community

FMI's Wholesaler Committee continues to hold an annual meeting of all wholesalers. Under the leadership of FMI Vice Chairman Dean Janeway, chief executive officer, Key Food Stores Co-Operative, Inc., this year's annual meeting was held in conjunction with the Midwinter Executive Conference and had more than 20 FMI wholesalers in attendance. FMI members received a supply chain update, information on the TPA information accuracy initiative, and early results of the FMI/ROFDA Productivity Benchmarking Survey. Additionally, there was a presentation on Today's Truck Load Market and Waves to Watch. Presentations from the meeting can be accessed on the FMI Wholesaler webpage: <https://www.fmi.org/industry-topics/wholesaler>

FMI Engagement at FMI Wholesaler Member Shows

Over the past two years, FMI increased its visibility among its wholesaler members and their customers by having an FMI presence both as an exhibitor and as a subject expert at the wholesalers' member events. FMI participated in shows for Alex Lee, Inc. (MDI), Associated Wholesale Grocers, Inc., Bozzuto's Inc., Key Food Stores Co-Operative, UNFI, and W. Lee Flowers. In 2020, FMI will participate in six shows around the country, showcasing FMI's products and services to the wholesalers and their customers.



Defining "On-Time, In-Full" (OTIF) in the Consumer Sector

To better understand industry perspectives on OTIF, the TPA and McKinsey surveyed 24 major retailers and manufacturers of consumer-packaged goods operating in North America. Of those companies, 92% agreed that an industry standard for OTIF would create value. They noted that a standard definition

would significantly reduce discrepancies and confusion and promote collaboration among trading partners. Collaboration would help partners resolve supply problems more efficiently and effectively, creating value for all supply chain participants as well as for consumers. Drawing upon the survey data and McKinsey's expertise in this field, this paper looks at the basic requirements and nuances of a standard definition of OTIF and proposes a standard for consideration by industry participants. This paper also shows how the OTIF metric can improve an individual company's supply chain performance and, through increased collaboration, generate significant value across industry participants. You can access the article at www.fmi.org/supplychain. Contact Marjorie DePuy, mdepuy@fmi.org, for more information.

Highlights

- Continued efforts to engage FMI's entire wholesaler community beyond those who serve on the Board of Directors and connected with wholesaler members at their shows.
- Worked on defining "On-Time, In-Full" in the consumer sector.
- Successfully executed the Trading Partner Alliance (TPA) 2019 Transportation Summit.
- Supply Chain Benchmarking research to be released.

TPA 2019 Transportation Summit



Several of FMI's wholesaler members participated in the TPA Transportation Summit held in June 2019. Through three key areas, FMI and GMA aim to alleviate the trucking capacity problem through cross-industry collaboration by sharing and integrating transportation data, assets and processes. Prior to the event, FMI hosted a share group for wholesalers to discuss current industry topics, from labor strategy to driver availability to warehouse automation to KPIs.

FMI Supply Chain Benchmarking

In December 2019, FMI released the Supply Chain Benchmarking survey and analysis conducted by Boston Consulting Group. It is available at www.fmi.org/supplychain.

FMI Wholesaler Newsletter

FMI's latest news for wholesalers is contained in FMI's monthly Wholesaler Newsletter. Please contact Alexandra Greer at agreer@fmi.org if you are not receiving the newsletter.

Industry Relations: Total Store Collaboration

Contact: Mark Baum, mbaum@fmi.org

Food Retail Industry Alliance (FRIA)

The Food Retail Industry Alliance (FRIA) aligns directly with the goals of the FMI strategic plan's focus on "what matters most to the industry" and will:

1. **Provide leadership** to the food industry to **meet the collective needs of consumers.**
2. **Increase** breadth and depth of membership and industry engagement.
3. **Advocate, collaborate and educate** to deliver against a core value proposition.
4. **Address the most pressing and emerging industry issues.**
5. Continue to innovate the operating model as a catalyst for value delivery.

The FRIA will be supported by FMI and other associations with expertise in:

- Thought leadership platforms in research, education and industry best practices.
- Government relations, public affairs, regulatory, food and product safety, science, supply chain, sustainability, health & well-being and technology.
- FMI capabilities and expertise in industry collaboration and partnerships with other relevant industry associations and their members.



The Food Retail Industry Alliance (FRIA) will be comprised of FMI Executive Committee and FMI Industry Relations committee members. FMI Product Supplier Board members, FMI associate member suppliers and relevant industry association leaders will be invited to participate. FMI will hold the inaugural meeting of FRIA on Sunday, January 26, 2020, from 9:15 a.m. – 11:00 a.m. at FMI's Midwinter Executive Conference in Phoenix.

GOALS

Achieve a more fully, vertically integrated leadership forum led by retail, wholesale, product supplier and associate member suppliers, bringing together senior executives to:

- Identify and prioritize the most important emerging issues requiring critical mass and industry collaboration, to enable large scale business transformation.
- Develop common positions/solutions on strategic and operational issues affecting the retail, wholesale and consumer goods business, with primary focus on non-competitive business process improvements.
- Develop and lead implementation of industry best practices across the food/consumer goods industry value chain.
- Develop food/consumer goods industry positions on public policy and consumer-facing issues, where desirable.

Highlights

- Created The Food Retail Industry Alliance (FRIA) in support of the FMI strategic plan's focus on "what matters most to the industry."
- Supported expansion of the SmartLabel® program as a platform for consumer transparency and regulatory compliance, and as a vehicle for manufacturer brand and private brand programs to allow shoppers to "go beyond the label" and share voluntary attribute information not accessible on the package.
- Verified by GS1 and the Information Accuracy Initiative and moved from pilot phase to commercial availability.

ASSOCIATIONS INVITED TO PARTICIPATE

North American Meat Association, Produce Marketing Association, United Fresh Produce Association, International Dairy Foods Association, American Bakers Association, American Beverage Association, American Frozen Food Institute, The National Confectioners Association, SNAC International, Grocery Manufacturers Association, National Chicken Council, GS1-US, and the Global Chain Alliance.

Trading Partner Alliance – SmartLabel®

Contact: Doug Baker, dbaker@fmi.org

SMARTLABEL BY THE NUMBERS

Participating Companies: **61** | Brands Active: **932** | SKU/Pages Live: **67,277**

New participating brands and current companies extending their respective portfolios will expand SmartLabel to reach 70,000 items by January 1, 2020. The SmartLabel office is currently conducting a new survey to confirm 2020 projections. FMI Member and Product Supplier member companies make up 41,279 of the total 67,277 products.

BE COMPLIANCE THROUGH SMARTLABEL

The SmartLabel Core Team has been working with the FMI/GMA Bioengineering (BE) Task Force to develop an "intermediary menu" that will allow brand owners to connect consumers to SmartLabel and BE disclosure along with additional/select information to be determined by each brand owner. By utilizing a single QR code and the intermediary menu, brands will be able to minimize the number of QR codes on packages.

SMARTLABEL ASSOCIATION PARTNER PROGRAM

To drive additional adoption and extend into non-traditional product categories, an **Association Partner program** allows associations that represent companies not already within FMI and GMA membership to take part in the program. Participating associations can extend reduced licensing fees to their members in return for driving awareness and adoption within their communities. American Frozen Food Institute is the first association to join the new program.

SMARTLABEL WORKING GROUP ACTIVITIES

The User Experience (UX) working group sent out a request for information (RFI) to service provider companies uniquely positioned to support the work required to stay compliant with labeling requirements, ensure the various consumer engagement platforms remain user friendly and inviting, and develop future proposals for UX enhancement.

The Audit and Compliance working group is a new working group to SmartLabel. The focus of this RFI is to review and update current audit and compliance practices, liaise with the service providers to identify technology solutions for building an efficient tool to audit SmartLabel pages, and ensure the pages are keeping in the spirit and mission of "Going Beyond the Label."

INTERNATIONAL EXPANSION OF SMARTLABEL

International expansion of SmartLabel has taken the program north of the border to Canada. While very early in the execution, there are twelve companies and almost 3,000 pages currently live. Food and Consumer Products of Canada holds the license for Canada and has hired Jim Flannery, formerly of GMA, to help launch and grow the program.

Trading Partner Alliance – Information Accuracy

Contact: Doug Baker, dbaker@fmi.org

BACKGROUND

Through guidance and oversight of the Retail Grocery Initiative Executive Leadership Committee, GS1 US has deployed resources aimed at capturing and verifying GTIN's in the marketplace and accuracy of the data attributes attached to those GTIN's.

As brands begin communicating information to consumers digitally, via their own websites (B2C), their own SmartLabel® Landing Pages (B2C) or via trading partners purposefully on behalf of the brand (B2B2C), accuracy of regulated information (e.g., ingredient lists; nutrition, drug or supplement facts, allergens) takes on an entirely new set of implications. In February 2017, the Trading Partner Alliance launched a project to understand the accuracy of digital consumer information and to determine if there are industry solutions or solutions best managed by individual companies.

Preliminary results indicate there is a high match of information found on a physical package with information found on the brand's own website or SmartLabel® Landing Pages, but there is a substantial drop-off in accuracy when information is provided to consumers on behalf of the brand via retailer websites.

Update: As a result of the work completed in 2017, Verified by GS1 and the Information Accuracy Initiative moved from pilot to commercial availability.

VERIFIED BY GS1

This is a global registry of Global Trade Item Numbers® (GTINs®) to verify whether seven basic attributes are present for a product. The goal of Verified by GS1 is to ensure every product has a unique GTIN assigned to it that has been allocated per GS1's rules and guidelines and can be confirmed by trading partners. By sharing GTINs and core attribute information through Verified by GS1, brand owners will now have a single place for retailers, marketplaces and others to verify the presence of attributes for product listings. Verified by GS1 will be initially deployed in eight countries (Brazil, India, Germany, U.S., Belgium, Mexico, Netherlands and France) in the consumer-packaged goods (CPG) sector by the end of 2019. Successful initial deployment will provide a good foundation for future expansion in sectors, functionalities and markets.

INFORMATION ACCURACY DIAGNOSTIC TOOL

This tool aims to support an automated load comparison and exception process of selected product data for purposes of assessing data accuracy between trading partners, meeting the needs of the retailers and manufacturers/brand owners.

NEXT STEPS

GS1 US, along with the two solution providers are in the process of executing a sandbox test/pilot with a select number of industry members. Upon conclusion of the pilot, a report will be distributed to the FMI community on next steps.

Industry Relations: Supply Chain, Fresh Foods, Sustainability and Asset Protection

Contact: Mark Baum, mbaum@fmi.org

Supply Chain Initiatives: Trading Partner Alliance Focus on Transportation

Contact: Marjorie DePuy, mdepuy@fmi.org

TPA TRANSPORTATION SUMMIT

In June, FMI and GMA hosted a TPA Transportation Summit, featuring focused research and progress on pilot programs underway. The event was keynoted by Raymond Martinez, FMCSA administrator, and attended by nearly 100 FMI and GMA members.

PILOT PROJECTS AND RESEARCH

The Dwell Time Pilot Project included four facilities and their operations teams and carrier partners sharing data and observations about the prominent factors in dwell time for three months and identifying potential solutions. *Reducing System Dwell Time Through Collaboration* is a white paper about the pilot project findings available at www.fmi.org/supplychain.

The Initiated Backhaul Collaboration Pilot allowed the opportunity to identify overlapping delivery lanes and routes and collaborate on new business arrangements that would reduce empty miles and expand capacity. Active shared lanes began in Q4 with an expected case study/lessons learned document to be released by January 2020 and an opening for more involvement. The 'Defining On Time In Full in the Consumer Sector' report looks at the basic requirements and nuances of a standard definition of OTIF and proposes a standard for consideration by industry participants. Article is accessible at www.fmi.org/supplychain.

In December, we released the Supply Chain Benchmarking survey and analysis conducted by BCG.



Highlights

- Completed several supply chain initiatives including hosting the TPA 2019 Transportation Summit and several transportation-related pilot projects.
- Displayed thought leadership on fresh foods and retail foodservice with a research series, FreshForward event and an expanding retail foodservice portfolio.
- Strengthened sustainability initiatives through a joint memorandum of understanding between the Food Waste Reduction Alliance and federal agencies, discussion on plastic waste reduction and cross-industry collaboration.
- Discussions and events on Asset Protection and Risk and Safety helped members strengthen their skills and best practices.

Fresh and Retail Foodservice

Contact: Rick Stein, rstein@fmi.org

FRESH FOODS AND RETAIL FOODSERVICE 2019 RESEARCH

The "Power of ..." research continues to be a bright light as we urge suppliers, members, and others to view FMI as a place to learn about fresh. This past year we introduced the *Power of Seafood* and the *Power of Bakery* to our list of reports on fresh. That gives us five Power of Reports (Meat, Produce, Foodservice, Seafood, and Bakery) to our list of resources. These reports drive media attention and member engagement.

FRESHFORWARD 2019

FMI held its second annual forum on fresh at the University of Minnesota with increased attendance by both retailers/wholesalers and suppliers. Topics discussed included:

- Sustainability of fresh food and single use packaging.
- Food safety and ability to help drive follow-up on our leafy greens guidance as well as SQF.
- Technologies in fresh and how they are evolving and providing solutions.

Our third annual event will be held on Aug. 18-20, 2020, in Minneapolis.

FOODSERVICE AT RETAIL

In fall of 2019, A.T. Kearney's internal publication/marketing team was engaged to produce a "playbook" that will allow FMI members to review their options for a successful foodservice operation. It will include options for strategy/aspiration, operating models and communication strategies as well as consumer experience options. We are anticipating the full report by year end.

Our goal for 2020 is to create a Retail Foodservice Community that will include three separate initiatives:

- Power of Retail Foodservice research.
- Retail Foodservice initiative playbook workgroup.
- Manufacturer share group (made up of members with central kitchens and owned bakeries).





Sustainability Efforts on Food Waste and Plastic Waste Reduction

Contacts: Andy Harig, aharig@fmi.org and Marjorie DePuy, mdepuy@fmi.org

FOOD WASTE REDUCTION

In October, the **Food Waste Reduction Alliance (FWRA)** announced a joint Memorandum of Understanding with USDA, EPA and FDA around outreach and communications on food waste reduction. In addition, FWRA hosted a congressional staff briefing on food waste reduction initiatives in the industry and participated in several industry events including the ReFED Food Waste Summit and Consumer Goods Forum Food Waste Summit.

PLASTIC WASTE REDUCTION GOALS

This year, we assessed the current state of member commitments around plastic waste reduction and need for resources. FMI collected input from industry and policy perspectives to assist in a landscape review. We are developing short-term and longer-term strategies to assist members and policymakers in understanding the complete picture of packaging implications and marketplace. FMI has also been working collaboratively across industries with groups like American Chemistry Council, Global Environmental Management Initiative, Ameripen, Ellen MacArthur Foundation and Alliance to End Plastic Waste.

Asset Protection and Risk and Safety

Contact: Chad Ross, cross@fmi.org

GROCERY RESILIENCE TASK FORCE | SABER

As FMI continues to strengthen its partnership with FEMA, we have created a task force dedicated to act as a sounding board for all our crisis continuity queries. This group allows FMI to better understand the needs of our members as we advocate for a more seamless relationship with the public sector.

SABER is a nonprofit dedicated to getting businesses back in business faster after an emergency by making it easy for businesses to share their operating status and needs with government agencies to influence recovery priorities. FMI encourages our members to sign up for SABER so when a crisis occurs, they can easily communicate their operating status and get any support needed. Learn more at www.saberspace.org.

ASSET PROTECTION 2019 OBJECTIVES AND PRIORITIES – 2019/2020 CHAIR, MIKE BRENTON, GIANT FOOD

In 2019, the AP Council concluded year two of a three-year partnership with National Retail Federation, while also strengthening our partnership with Loss Prevention Research Council (LPRC). On the eve of the 2019 LPRC Impact conference, the Council convened for their third annual fall summit, discussed the asset protection landscape and set its agenda for the 2020 and 2021 calendar year.

RISK AND SAFETY 2019 OBJECTIVES AND PRIORITIES – 2019/2020 CHAIR, BO BLAUERT, BROOKSHIRE GROCERY COMPANY

The Risk and Safety leadership believes that in order to get the Council better engaged, FMI should highlight a Council member on each call. During our now bi-monthly call a Council member is given the opportunity to present to his/her peers. This time is used to troubleshoot existing issues or share an incident that was recently resolved. This has led to a consistent increase in Council participation.

In October, the Risk and Safety Council was hosted by Schnucks for its first fall summit. With 428 years of combined safety experience in the room, the Council was able to speak openly about the steps each member is taking to ensure a safe environment. Conversation varied from slips and trips to ergonomics, from fleet safety to accountability.

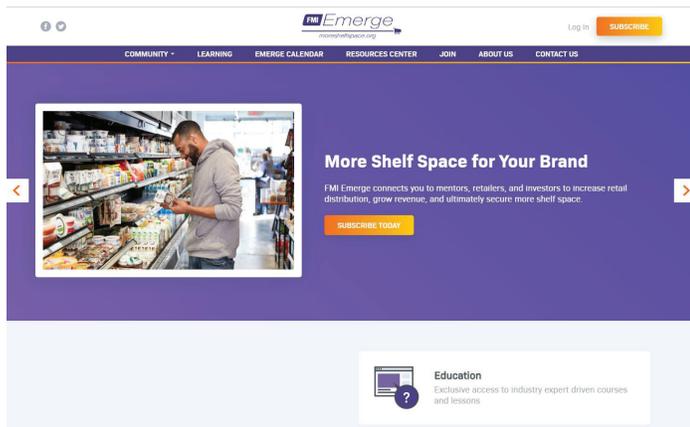
2019 also saw the Risk and Safety Council partner with the National Institute of Occupational Safety and Health (NIOSH). NIOSH focuses on the study of worker safety and health, and empowering employers and workers to create safe and healthy workplaces. NIOSH will provide updates and analysis to the Council as OSHA regulations are created or modified.

Industry Relations: Business Development

Contact: Mark Baum, mbaum@fmi.org

FMI Emerge Program

Contacts: Julie Pryor, jpryor@fmi.org and Margaret Core, mcore@fmi.org



HELPING THE SMALLER CONSUMER PACKAGED GOODS COMPANY

The emerging brand company target audience is consumer packaged goods companies that have a product or product line and at least \$500,000 in annual sales revenue. These companies have some grocery distribution but seek to grow revenue with more retail and online sales. Our focus does not include assisting startup or pre-revenue companies. Most companies that joined the Emerge program in 2019 have annual sales of \$1MM - \$10MM.

- FMI is playing a valuable role in actively preparing and educating small food manufacturers, and emerging brands, to expand grocery retail distribution through a subscription-based program.
- The FMI Emerge program and community helps companies to grow distribution capabilities through education, networking, access to panel and POS data, support and overall understanding of the grocery business.
- We have a community of 55 emerging company subscribers (new and renewing) who we are connecting to 85+ mentors whose role is to nurture and offer guidance to these brands.

Highlights

- Expanded the FMI Emerge program and resources while seeking a strategic partner to help grow the program.
- Increased member participation in FMI's Member Plus program offering discounts on services, food safety training and more.

PROGRAM GOALS

- To secure a strategic partner that can work with FMI to attract 250 emerging company subscribers by the end of 2020. We need the strategic partner for sales, outreach and to have Emerge be financially sound.
- Secure additional industry sponsors and strategic partners to grow the Emerge program.
- Continue to grow partnerships with accelerators, economic development and incubators that recommend Emerge to their graduates. For example, The Maine Center for Enterprise Development has purchased 15 subscriptions for companies it is coaching locally to distribute Maine products nationally.
- Continue to develop the knowledge base of our online community portal through education, mentoring, and coaching connections.

2019 ACCOMPLISHMENTS

- Hosted 38 topic-focused community education calls with Emerge mentors.
- Expanded the Emerge mentor and investor community to 85+ industry subject matter experts.
- Issued Request for Partner and vetted six different options with a goal to secure partnership by December 2019.
- Added education content to the private subscriber site. Subscriber brands join (\$999 1-yr or \$1,495 2-yrs) and enter the community for learning, mentoring, and networking with industry leaders, experts and investors.
- Hosted and met 200+ prospective companies at Natural Products Expo West & East, Fancy Food Winter and Summer shows and in process of conducting follow-up phone conversations for conversion, ideas and feedback.
- Shared Emerge subscriber company products at FMI Midwinter Executive Conference via hotel room bag drop, FMI ABC product sample display, Expo West/Fancy Food product showcase and networking events.
- Strengthened existing relationships with key industry partners that support Emerge such as KeHE, JOH, Nielsen, ReposiTrak, WestRock, Fairway Market, Giant-Martins, Union Kitchen, KitchenTown.
- Developed new relationships with industry partners including: INBIA, NASDA, OTHRSOURCE, Mable, Ingredient.

RETAILER, WHOLESALE DISTRIBUTOR & ASSOCIATE MEMBER INVOLVEMENT:

- FMI Emerge Retailer & Wholesale Distributor Advisory Council – Provides guidance on how to prepare emerging companies for healthy trading partnerships.
- Welcome FMI Associate members to be involved with coaching, mentoring, hosting webinars and calls, etc.

Member Plus

Contact: Andrew Brown, abrown@fmi.org



STRATEGIC PARTNERS



TARGET AUDIENCE

FMI retail and wholesale members that want to have access to discounts not otherwise available to them.

- The Member Plus program serves as a member benefit by providing access to strategic supplier companies and discount programs.
- The key strategic partners in the program are: Corcentric FleetXchange, ReposiTrak and SafeMark® Food Safety Training.
- We sought member input for additional non-sellable discount programs to provide savings in categories such as MRO maintenance services, shipping, office supplies, and other operational expenses.

PROGRAM GOALS

- Increase member participation to maximize member value.
- Expand our Corcentric FleetXchange relationship to increase member value and royalty income.

PROGRESS

- More than 20 FMI members are making use of the Corcentric FleetXchange program with tire replacements and fleet management services. The combined spending of more than \$15 million represents a value-add for our members.
- Increased our strategic sales outreach for SafeMark® through our Prometric testing partnership and Conduent, our training sales agent. FMI's Food Safety Team released the latest version of SafeMark training and, with the help of Conduent, we have signed new contracts with practically all retailers participating in the older version.
- Onboarded new ReposiTrak sales team members and organized the member outreach.
- Solicited member input from purchasing agents and finance professionals on their interest in additional savings programs. There is interest in Grainger, YRC shipping, Office Depot and Employment screening companies. We have begun piloting these programs with several retailers that have been using FleetXchange.

Health and Well-Being

Contact: Hilary Thesmar, hthesmar@fmi.org

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. To do so, FMI will explore how to enhance health and well-being throughout its activities, including FMI's role on food and nutrition and in advocating public policies that will enhance the health and well-being of consumers served by FMI members.

Health and Wellness in FMI's Research

FMI's 2019 research finds health and wellness is an important movement to food retail executives as well as consumers. According to the *2019 Food Retailing Industry Speaks* research, for the second year, industry executives focused on identifying the consumer health and wellness proposition (82%) and leveraging food to manage/avoid health issues (76%) as the top two trends creating a positive impact on business.

This year's update to the *Report on Retailer Contributions to Health and Wellness* tells the story of the food retail industry's health and wellness activities. This report indicates that food retail industry executives believe health and wellness is an important contribution to the communities they serve and it is great for business. According to the report, 90% of stores have an established health and well-being program and 70% of stores identify business growth as a reason for conducting health and wellness programs in food retail. In addition, food retailers are activating their health and wellness programs in various ways:

- Most respondents (85%) employ registered dietitians.
- More than 70% of retailers promote communal eating such as family meals.
- The top health and wellness initiatives provided in stores are:
 - » Good-For-You products (84%).
 - » Healthy recipes (69%).
 - » Product sampling (69%).

Highlights

- Committed to health and well-being as a core competency of FMI and ongoing work to enhance this positioning.
- FMI's research, including the *2019 Food Retailing Industry Speaks* report, *Retailer Contributions to Health and Wellness* and *Power of Health and Well-Being in Food Retail*, supports the importance of retail health and wellness programs.

The upcoming new report, *Power of Health and Well-Being in Food Retail: Well-Being Takes New Directions for 2020*, dives into consumer attitudes toward health and well-being as consumers' desires change at a quickening pace. Topics – such as consumers' perception of food as medicine, shoppers' desire for organic and free-from products, future need for personalized health at retail, and emerging issues such as CBD – provide a helpful road map for food retailers to better meet the health and well-being demands of customers.



FMI Foundation

Contact: David Fikes, dfikes@fmi.org

National Family Meals Month™

The food retail industry, with food suppliers and community collaborators, rallied behind FMI Foundation's National Family Meals Month™ (NFMM) this past September. To date, more than 300 companies have engaged in encouraging families to enjoy one additional meal per week at home.

According to the Harris Poll, which has been the data collector for the entire five-year campaign, 25% of the U.S. population saw the family meals campaign in 2019 and of those who saw it, 90% reported that they acted upon the invitation to share more meals with their family. We are pleased with these results, but there is room for improvement as 84% of the U.S. population report its willingness to commit to having more family meals each week.

The family meals message is spreading beyond the food industry, with governmental leaders recognizing the positive power of this movement. Two years ago, eight states proclaimed

September as Family Meals Month, but in 2019, eighteen states joined in the fun. The states endorsing family meals month included: Connecticut, Illinois, Iowa, Kansas, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, Ohio, Oklahoma, Pennsylvania, South Dakota, Tennessee, Utah, Vermont, 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. Honoring that this campaign has become a movement, we are encouraging this practice year-round while continuing to shine a celebratory light on the event each September.



Highlights

- National Family Meals Month™ grew into a movement with increased participation, awareness and state-level engagement.
- Fifteen scholarships helped promote food safety auditing as a career.
- Examined the emerging issue of consumer acceptance of gene editing through the Unified Voice Protocol.
- Set fundraising records with culinary competition event *Stir It Up! at the Midwinter Executive Conference*.

FMI's Food Safety Auditing Scholarship and Education Travel Grant

The FMI Foundation promotes food safety auditing as a career with scholarships and education travel grants.

This year, we awarded 15 scholarships to students in various stages of their education – from undergrad

to Ph.D. students. Additionally, the Foundation offers grant support to several food safety and health organizations, including the Partnership for Food Safety Education and Common Threads.



The Unified Voice Protocol

This initiative created by the FMI Foundation in 2017 proactively nurtures consumer trust in the food and consumer goods industries so customers can purchase products they desire with full confidence in those who provide them. This year we have embarked on our second pilot project that examines the emerging issue of consumer acceptance of gene editing. We will soon be releasing important research regarding consumer knowledge, awareness, and beliefs regarding the use of gene editing in food production.

Stirring it Up! at FMI Midwinter Executive Conference

Now in its fourth year, Midwinter Executive Conference attendees look forward to this unique fundraising event where companies put on their culinary hats and participate in a friendly competition to dish up the best family meals in the categories of easiest, tastiest, most affordable, best culinary adventure, and healthiest. Midwinter attendees visit each tasting station, try all the delicious dishes, and share their evaluation via electronic polling devices. *Stir It Up!* continues to be one of the must-attend events in the food retail industry and in 2019 set a record amount of money raised -- \$1.2 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.



Accounting and Finance

Contact: Sam DiCarlo, sdicarlo@fmi.org

Diversified Income Sources

Although membership dues provide most of the funding for FMI, one-third of our net revenues are derived from other sources including:

- The SQF program.
- Conferences.
- Education meetings.
- Investment revenues.

2019 Surplus

Net of FMI's program expenses, FMI will produce a small surplus in 2019, though it budgeted for a deficit in order to invest in a more robust sales operation within the SQF Program. This investment is expected to pay for itself and return incremental revenues in the upcoming year.

Program Expenditures

Forty percent of FMI's program expenditures in 2019 were related to Government Relations and Food Safety programs, the two areas most critical to FMI's strategic mission. The remaining expenditures are related to Industry Relations, Member Relations, Communications, Consumer Affairs and Research.

Highlights

- FMI maintained healthy diversification of income sources in 2019.
- FMI will run a surplus in 2019.
- Program expenditures supported member-guided work in focused areas.

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