

California Grocer

2020, ISSUE 1

CALIFORNIA GROCERS ASSOCIATION

2020 TRENDS TO WATCH
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CONVENIENCE
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¹ Star Ranch Angus Beef In-store Promotion Material Test Midan Marketing. Spring 2015

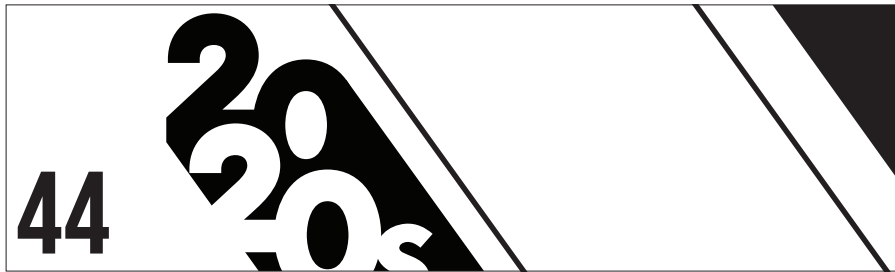
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FEATURES



California's Environment: What Consumers Want

While the Golden State has long been a pioneer in sustainability and environmental awareness, the issue is becoming more pressing as the effects of climate change become a real challenge in people's daily lives.



Trends to Watch in the '20s

Thus far, 2020 is looking a lot like last year. So, what will shape the rest of the year and determine what the "20s" will look like for the grocery industry? A team from Inmar Intelligence gives us their insights.



Fundamism: Connecting Your Workplace and Life Through F.U.N.

Let fundamism and F.U.N. be the guiding principles to moving yourself and your organization forward. F.U.N. is not just a word that creates a sense of joy and fulfillment. It also is an acronym that provides direction on what to do next.



A Marriage of Convenience

Merging in-store and online operations is the key to future success, according to many. This marriage of convenience, price and privacy, will enable retailers to remain relevant without having to overextend themselves by making digital investments.

64 Can UNIVERSAL BASIC INCOME

Work?

One California city is testing this idea. How would the free money impact personal motivation? What would the participants purchase? And how would this impact our industry?



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1005 12th Street, Suite 200
Sacramento, CA 95814
(916) 448-3545
(916) 448-2793 Fax
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Publisher
Ronald Fong
rfong@cagrocers.com

Editor
Dave Heylen
dheylen@cagrocers.com

For advertising
information contact:
Maria Tillman
mtillman@cagrocers.com

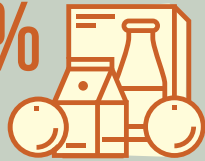


GROCERY BY THE NUMBERS

LET'S EAT!

The Consumer Expenditure Survey, produced by the Bureau of Labor Statistics (BLS), provides data on the buying habits of consumers in the United States. The latest data show that the average American household spends about 30 percent more on groceries (food at home) than eating out (food away from home). What type of groceries are people buying? Of the 3 surveyed areas in California, San Franciscans have the largest expenditures on dairy, fruits and vegetables; and consumers in San Diego lead in spending on meat, poultry, fish, eggs, cereals, and bakery products.

12.9%

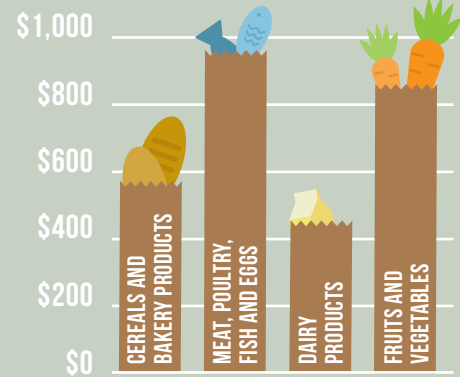


OF TOTAL ANNUAL HOUSEHOLD SPENDING FOR FOOD.

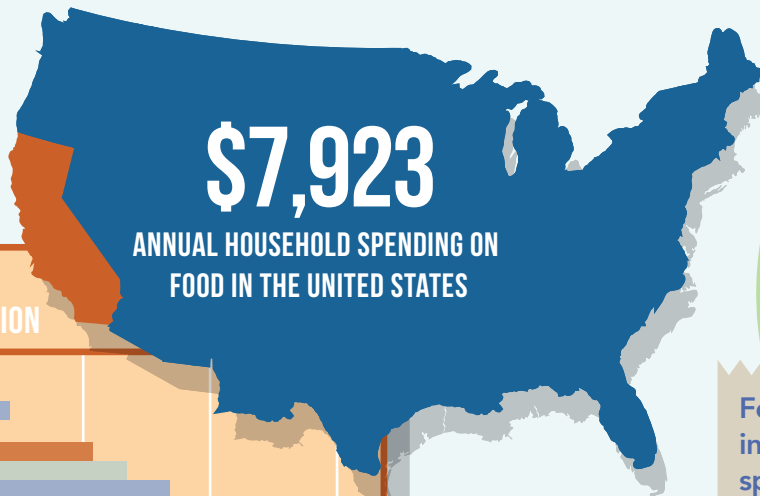
\$4,464 
SPENDING ON FOOD AT HOME.

 **\$3,459**
SPENDING ON FOOD AWAY FROM HOME.

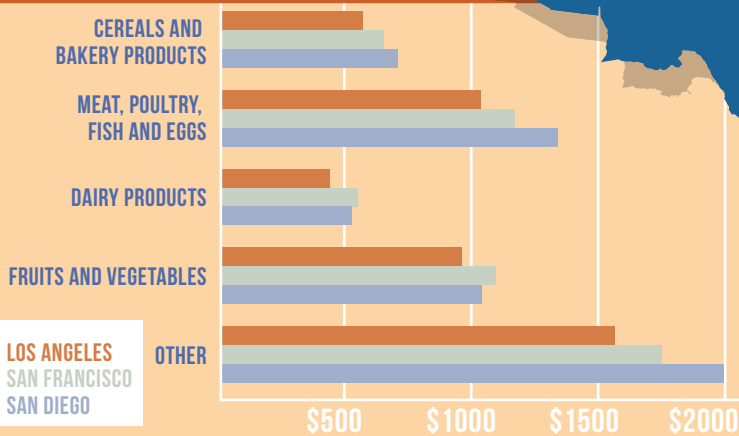
AVERAGE ANNUAL HOUSEHOLD EXPENDITURES ON 4 MAJOR FOOD AT HOME CATEGORIES



Consumer Expenditure Survey, 2017-2018



CATEGORIES OF MOST FOOD HOUSEHOLDS PURCHASE BY REGION



For more detailed information on the spending, income, and demographics of consumers visit www.bls.gov/cex.

Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, September, 2019

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PRESIDENT'S MESSAGE

WHAT CONSUMERS WANT



RON FONG
PRESIDENT AND CEO
CALIFORNIA GROCERS ASSOCIATION

IT'S TIME FOR ALL PARTIES TO RE-ENGAGE AND RESOLVE THE STATE'S BEVERAGE CONTAINER RECYCLING CATASTROPHE.

This month's cover story "California's Environment: What Consumers Want?" addresses the environmental spirit embraced by most Californians. It comes as no surprise that public opinion polls confirm that the majority of residents place environmental awareness high on their priority list.

So, too, as you will read does our industry. That should come as no surprise to most as our industry has always focused on the wants and needs of our customers. From beverage container and cardboard recycling, to energy-efficient cold cases and lighting, our industry has mirrored its customers'

desire to limit its environmental impact on the state.

Grocery retailers and suppliers continue to explore new ways of decreasing their carbon footprint, while providing products and services at a standard Californians have come to expect.

Occasionally, this becomes extremely challenging as forces beyond our control dictate a path that favors neither our industry and consumers nor the environment. Case in point, California's broken beverage container recycling program.

Once heralded as the model many states hoped to emulate, California's BCRP has spiraled out of control, leaving both industry and consumers, confused and confounded.

For the past few years, your Association has worked tirelessly to find a remedy to this calamity. In 2018, hopes were high that a legislative solution had been reached, only to have it dashed by the pen of then-Governor Jerry Brown.

Since then, CGA has gone back and forth with legislators, regulators and allied associations to find a new legislative path to resolving this growing problem. A temporary fix was signed by Gov. Newsom last fall that provided some relief for grocers but that ran out March 1.

The time has long passed to resolve this crisis and return this environmental-groundbreaking program to its original status. It's time for all parties to re-engage in finding a sensible solution that provides ease of recycling for consumers and a profitable, efficient redemption program for recyclers.

CGA looks forward to working with all parties to bring the BCRP into the 21st century and return California to the forefront of this important environmental issue. ■



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CHAIR'S MESSAGE

RETAILER'S ROLE IN ADVOCACY



PHIL MILLER
C&S WHOLESALE GROCERS

YOUR ASSOCIATION'S ADVOCACY SUCCESS HINGES ON YOUR ACTIVE INVOLVEMENT. YOUR SUPPORT IS VITAL. GET INVOLVED.

The primary goal of any advocacy effort is to work with state and local legislative champions to help educate and protect the basic needs of our industry, colleagues and consumers.



WE CAN HELP

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Advocacy's importance is often overlooked due to the complex details embedded within the many legislative initiatives statewide. This is where the California Grocers Association (CGA) and its members become a critical driving force to support our industry's advocacy efforts.

Grocers serve as the center plate of happiness for our shoppers. Consumers visit our local grocery and retail stores

to find the basic needs for health and wellbeing. We are often considered the anchor of local communities and are essential to the lives of every Californian.

While some advocacy groups focus on self-interest, one of CGA's distinguishing attributes is its "Outside-In" approach to advocacy.

We always focus on our consumers and how legislation will impact them. Everything we do either directly or indirectly impacts them, positively or negatively. Retailers serve as that conduit for education and support to our consumers. Not being involved is not an option.

So often, legislative decisions impacting our industry are made with limited knowledge, or by knowledge driven by the perceptions of unbalanced perspectives. The Association and its members stand squarely in the middle of those discussions, and in my opinion, it's our duty to help bridge those knowledge gaps.

After all, it's our companies and our customers that stand to be impacted the most. Assuming that others will speak for you and your customers is not always the best strategy.

We have all benefited from some level of advocacy, either personally or professionally. Paying it forward requires taking a moment of your time to understand and advocate for at least one topic of interest to you and your customer.

Make the effort to obtain the necessary knowledge and "each one, teach one" to help build and promote the critical initiatives that will support and drive our industry into the future.

Our mission should be to get connected on those important industry topics, and help educate and lift others.

I am so inspired by the work the California Grocers Association does for our industry. They cannot do what they do without the active participation of its members. I hope you will attend CGA's signature advocacy event, Grocers Day at the Capitol, on March 31, and help CGA educate key legislative leaders on our industry's most important issues.

Thank you for engaging and embracing our industry's most critical legislative topics. ■



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VIEWPOINT

I FEEL THE EARTH MOVE UNDER MY FEET



KEVIN COUPE
FOUNDER, MORNINGNEWSBEAT.COM

2020 ISN'T ALL THAT OLD, BUT THE EVENTS OF JUST THE PAST FEW WEEKS ARE MAKING *ME* FEEL THAT WAY.

More than a thousand store closings already have been announced this year. This year. 2020.

Not last year. No, 2019 had its own issues – more than 9,000 stores closed down last year.

Real estate transaction tracker CoStar is projecting that retailers will close more than 100 million square feet of store space in 2020 – which, it notes, is the equivalent of something like 560 Walmarts.

(Apologies if this column makes you want a stiff drink. Prepare yourself. It gets worse. But then, I'm happy to say, better. Or at least a little more hopeful.)

Companies like Payless ShoeSource, Fred's, Gymboree and Charlotte Russe are being liquidated. Others, like Forever 21, Charming Charlie, A.C. Moore and GameStop, are going through mass closures.

Literally, as I was writing this column, an alert came across my laptop screen, telling me that Macy's plans to close 125 stores over the next three years and slash about 2,000 corporate jobs, as it shuttered its tech offices in San Francisco and its Cincinnati headquarters.

I would pose two questions to Macy's, just off the top of my head: Can you really cut your way to growth? (Many have tried, few have succeeded.) And you're closing your tech office?

(We won't even talk about Sears and Kmart. Mentioning those two names in the same sentence as "store closures" seems redundant.)

In the food industry, the names that just in the past few weeks went on life support are Earth Fare and Lucky's...though as I write this, both companies desperately are seeking ways to stay alive either through a sale of some units or maybe just a dramatic reduction in their store count, as they struggle to find a way not to be relegated to the dustbin of retail history.

The same goes for Fairway, the iconic New York City retailer that finds itself in Chapter 11 bankruptcy protection, with plans to sell some of its stores and facing the likelihood that it may have to close others.

The Fairway news somehow hit me harder than the others, mostly because of its history and connection to New York City neighborhoods. And yet, so much of its story seems typical, linked to overreach, hubris, greed and competitive miscalculations.

Fairway started as a fruit and vegetable stand during the Great Depression, and grew into a dependable and respected New York City presence, serving a number of its neighborhoods in a way that many residents found to be both irresistible and inimitable.

But in 2007, when the founding Glickberg family sold an 80 percent stake in the company to a private equity group, things almost immediately went downhill, as the new owners focused on expansion (at one point considering a national growth strategy) without any of the marketing and merchandising savvy and panache that the family had mastered.

Plus, the family pretty much walked away, leaving the company in the hands of finance people, not merchants. Fairway went public...then went bankrupt...then was bought out of bankruptcy...and then started closing some of the suburban stores that were the biggest drain on its operations and profits. (Not all of them. There is one in Connecticut, near my house, that frequently resembles a mausoleum.)

Amazingly, through all this, some Fairway stores – the ones in New York City, from whence the company came – are about as important to their neighborhoods as a grocery store can be. Customers think of them as being "their stores." That's a huge advantage to a company that acquires, values and nurtures that heritage.

Fairway, by the way, won't have a problem selling those New York City stores. I just hope they are acquired by someone who respects the brand, and yet can reinvent the experience in a modern, relevant and resonant way.

That's not easy.

But it can be done, even by hoary retailers such as Staples, which is dealing with the fact that e-commerce in general and Amazon in particular have had a big impact on its business model; if you can order file folders and paper (if you actually need file folders and paper) online rather than going to the store, or can put printer ink on a Subscribe-and-Save automatic replenishment list, why do you need to travel to Staples?



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Which is why Staples is testing a new concept that, in the words of the *Boston Globe*, “can appeal to freelancers, small entrepreneurs, and others who work outside big corporations, including many young people who increasingly look to work – as opposed to religion or organized social groups – for community and affirmation.”

The new stores dispense with high shelves and packed aisles, and instead offers “light-filled co-working spaces with snack-stocked kitchens, digitally tricked-out meeting rooms, and podcasting studios. There are workshops on mindful organizing and “Finding Your Customer.”

Let's be clear. What Staples is trying to do won't be easy. For one thing, the evolution probably will be situational, depending on available real estate and the needs of local communities. It also requires taking a hit

financially, since turning your business model on its head almost always takes time and costs money.

Staples also is dealing with some headwinds. It partnered with Workbar, a WeWork-style business, a few years ago, but then stepped away from that partnership. And WeWork has had highly publicized issues with profitability amid an expansion plan that some would argue has run amok.

But, I admire what Staples is trying to do. My friend Michael Sansolo assesses it this way: “If necessity is the mother of invention, then these days desperation may be the mother of innovation.” I think he's right. The status quo simply isn't an acceptable option, and I think risk-taking is required... as long as management really is committed to it.

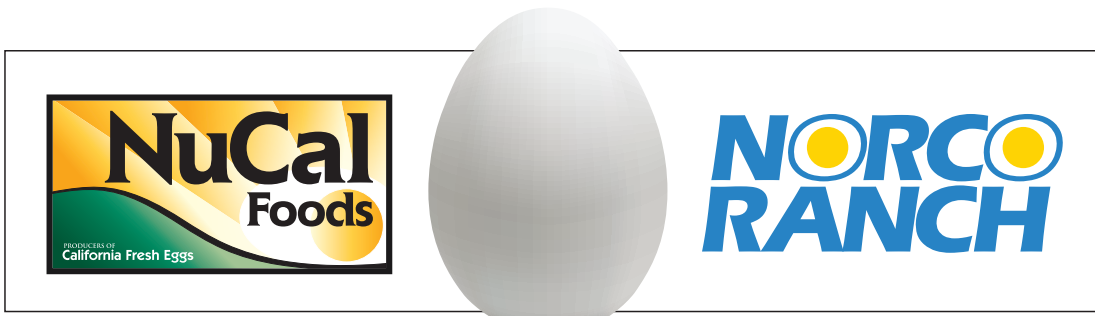
“REAL ESTATE TRANSACTION TRACKER COSTAR IS PROJECTING THAT RETAILERS WILL CLOSE MORE THAN 100 MILLION SQUARE FEET OF STORE SPACE IN 2020.”

I think that more retailers – especially in the food business, which, oddly enough, hasn't been the brunt of the e-commerce revolution yet – need to look at what companies like Staples are trying to do, and how they are reinventing their business models, finding ways to be a resource for shoppers instead of just a source of product, and maybe even take some big swings before desperation kicks in.

The way things are going, 2020 could get real old real fast. ■



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- LYNN MELILLO, BRISTOL FARMS

“...wonderful opportunity to highlight the industry connections for business growth opportunities, personally, professionally and organizationally.”

- PHIL MILLER, C&S WHOLESALE GROCERS



Each year, the California Grocers Association presents contemporary voices that uncover the emerging trends that will influence your business next.

Together with executives from leading retailers and brands, the CGA Strategic Conference provides a meaningful opportunity to build your business in the nation's largest grocery marketplace.

Plan to be there this fall.

A limited number of sponsorship opportunities are available, visit cagrocers.com for more information or call (800) 794-3545.



GOVERNMENT RELATIONS

CGA'S THREE-LEGGED STOOL



KELLY ASH
VICE PRESIDENT
CGA GOVERNMENT RELATIONS

THE SUCCESS OF AN ASSOCIATION'S ADVOCACY PROGRAM HINGES ON THE ENGAGEMENT OF ITS MEMBERS.

Thank you. CGA is privileged to represent and advocate on behalf of a caring and compassionate industry comprised of companies and individuals who genuinely are concerned about the people they serve every day.

You make our job easier in the face of legislation, regulations, and ordinances that often, sometimes unintentionally, make your day-to-day business harder.

We carry the message of those that feed our families and employ our neighbors. That message can get overshadowed by the many debates and discussions that occur either in the State Capitol or local city council chambers.

This is where our continued advocacy – educating the public and decision-makers – and your engagement makes waves.

To best understand the elements of an effective government affairs program, visualize a three-legged stool.

The first leg, **Advocacy**, is the fundamental part of any government affairs program. One makes contact with legislators and regulators to let them know their position on certain ideas, bills, regulations, etc.

It's important to advocate for yourself or have an entity like CGA represent you, or your voice gets drowned out by those actively advocating in opposition.

The second leg, **Political Action**, is a form of advocacy but on the political spectrum.

“YOU MAKE OUR JOB EASIER IN THE FACE OF LEGISLATION, REGULATIONS, AND ORDINANCES THAT OFTEN, SOMETIMES UNINTENTIONALLY, MAKE YOUR DAY-TO-DAY BUSINESS HARDER.”

This right gives you the ability to express your freedom of speech and collectively support candidates that understand your issues and generally hold the same opinion.

You can make daily visits to a legislator's office to advocate your position, and at the end of the day, they could still disagree with you. If there is an opportunity to support a candidate that agrees with you on what is important, you need to take it!

A Political Action Committee (PAC), like the Association's GRO PAC, allows an industry to have a strong presence in the political landscape. This can help with candidate elections and with ballot measures.

The third leg of the stool, **Grassroots**, is by no means any less significant.

A stool cannot stand successfully if one leg is too weak or missing. Grassroots is relationship building “in the field.” Connecting with legislators and local officials in their district and building relationships is integral to helping them understand our position.

CGA members have interacted with elected officials by hosting store tours, one-on-one coffees or dinners, and through participating in local chambers, and other civic events.

This creates a broad-based relationship that showcases the heart of our industry, the practical (or lack thereof) application of legislation or ordinances they are considering, and how our industry operates behind the scenes. Grocers can make grocery look easy, but, as we know, there is so much behind what it takes to get food from farm to fork.

“GROCCERS CAN MAKE GROCERY LOOK EASY, BUT, AS WE KNOW, THERE IS SO MUCH BEHIND WHAT IT TAKES TO GET FOOD FROM FARM TO FORK.”

Legislators, regulators, and local officials can lose sight, or even be completely unaware, of the challenges created when impractical policies are adopted.

While each leg of the government affairs stool is different, they can arguably all be called advocacy.

Direct Advocacy is advocacy with elected officials to influence votes and bill language. It's built upon facts, professional relationships and coalescing a message.

Political Action is advocating for candidates you want in office, and “putting your money where your mouth is.”

Lastly, **Grassroots** is advocating for yourself and your industry through a relationship built at home and based on education and trust.

So why is this important? Why do we do this?

Because groccers are the experts on grocery. Elected officials can lose sight of the fact that a potential new law impacting the grocery industry could have more considerable implications than they realize, or even unintended consequences unrelated to our field.

CGA's strength is its ability to connect legislators, regulators, and local officials with the experts so that practicality and a better understanding of the impact bills, regulations, or ordinances can have on consumers can be understood.

It is vital to raise our voice together, and show the collective good we do for the communities we serve, and to protect the essential jobs in our communities. ■

Independent GROCCERS GOLF TOURNAMENT

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DONNA SIMPSON
EXECUTIVE VICE PRESIDENT/COO
CERTIFIED FEDERAL CREDIT UNION - MEMBER SINCE 2015



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Conversation**

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GOVERNMENT RELATIONS

WHEN IS A TAX A TAX?



TIM JAMES
SENIOR MANAGER
LOCAL GOVERNMENT RELATIONS

UNDERSTANDING HOW WE'RE TAXED CONTINUES TO BE ONE OF GOVERNMENT'S GREATEST MYSTERIES.

We really don't know when a tax is a tax, at least when local elections are at stake. But how can elections and their results be disputed – it is either a win or a loss?

In sports, results are always debated. Did the pitcher throw a strike, or did the three-pointer beat the buzzer? But just as in sports, the desire to win an election, especially when tax money is in on the line, can cloud perspective.

Passing a tax in California is all about percentages. A tax for general purposes, like a sales tax increase, only requires a simple majority. A special tax for a specific purpose, like sugary beverages, requires a two-thirds threshold.

The thought behind this law is that it creates a disincentive for local governments to focus on taxing a few items and transactions to fill their coffers. It has worked in businesses favor, for the most part.

But here is where things get murky. In 2016, a local initiative in the City of Upland sought to impose a tax on marijuana dispensaries. The timing and threshold for passage were disputed. The debate was over who sponsored the ballot measure, the public or city, lead to a lawsuit over whether it was a General or Special tax. But why should it matter who placed it on the ballot, a tax is a tax right? Not so fast.

A narrowly considered decision by the California Supreme Court on the Upland case threw the whole question of how to decide a General vs. Special tax into turmoil.

The Court focused on who was the tax sponsor, which created an avalanche of challenges as to the validity and purpose of separating tax types. Confused yet? So was California.

Two years later, on the heels of the Upland decision, the City of San Francisco argued and won in the courts that two tax measures which did not receive the necessary two-thirds majority still passed.

At the same time the City of Fresno had a tax measure that received above the necessary simple majority, but it was challenged and deemed failed after the courts weighed-in. Two contradictory decisions by the lower courts on when is a tax a tax.

Not to be outdone, Oakland tried to claim a parcel tax measure passed after only receiving 62 percent of the necessary two-thirds of votes. The city lost its challenge.

While the Oakland ruling was likely the correct one, it showed that votes are no longer the final say on when a tax is a tax, because someone will sue and the courts could rule, apparently, either way.

This is the part where I tell you we have a happy resolution, but we don't. Cities, counties, and their voters are still placing tax measures on the ballot in 2020. The California Supreme Court is still determining if they should revisit the issue.

The lower courts are still waiting for clarity on whether the ball was thrown over the plate or was shot before the buzzer. And we, the voters, still don't have clarity on when a tax is a tax. ■



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CAPITOL INSIDER

HELLO, 2020!



LOUIE BROWN

IN THE SACRAMENTO OFFICE OF
KAHN, SOARES AND CONWAY, LLP

HOLD ON TO YOUR HATS. WE'RE ALREADY IN OVERDRIVE!

I will let you argue with others whether it's the beginning or end of a decade. But what we can't argue about is the fact we have a presidential election lurking around the corner.

Not only is it an election year, but as the second year of the legislative session, 2020 started in overdrive. Bills introduced in 2019, but did not move out of the House of Origin, had a January 31 deadline to do so. This required proponents and opponents of bills to get into game shape much earlier than usual.

This, coupled with the release of the Governor's historic \$222.2 billion state budget, made for an eventful start to 2020.

Governor Newsom still has his eyes set on tackling 2019 priorities such as homelessness and housing, but he also included a \$4.7 billion climate resilience bond and the creation of the Consumer Financial Protection Bureau in his proposed budget.

The Climate Resilience Bond needs to be passed along with the budget in June for it to make the November ballot. The bill to create the Consumer Financial Protection Bureau has been introduced as a budget trailer bill and does not have as imminent a deadline. We expect both to be highly scrutinized as they travel through the legislative process.

While all eyes are looking to the presidential election, all 80 Assembly districts and 20 of the Senate districts are also up for election. With the California primary now in March, the millions of dollars being spent on the Democratic presidential candidates have drowned out the noise of the state elections.

The change in date is attracting the attention everyone hoped it would, making those in the political establishment happy, even if voters are already growing weary.

In addition to the legislative and presidential politics, several initiatives are working their way through the process of qualifying for the November ballot. Three initiatives have qualified, including the referendum on the cash bail system, a version of split roll property tax reform, and the California Grocers Association and law enforcement-backed criminal justice reform initiative.

Five other initiatives have achieved the threshold of gathering 25 percent of signatures needed to qualify for the November ballot. This requires the Senate and Assembly to assign the proposed initiative to the appropriate committee and schedule a joint public hearing at least 131 days before the election.

The issue areas in this category include two different versions of Split Roll, Medical Injury Compensation Reform Act (MICRA)

reform, AB 5 (Independent contractors – GIG drivers) reform, and staffing requirements for dialysis clinics.

Another 24 measures have been cleared for circulation and signature gathering. Time will tell how many of these obtain official qualification, but because the cost of signatures rises precipitously as the deadline for signatures gets closer, we expect that no more than six to eight will qualify.

Since it's 2020, it also means it's time for the decennial census. California has seen its lowest growth rates over the past couple of years. According to the Department of Finance, the population growth rate from July 1, 2018 to July 1, 2019, was 0.35 percent, down from the previous year's rate of 0.57 percent. This was the slowest growth rate since 1900. Other states are benefitting from this slow growth rate, meaning California could lose a congressional seat, and other states like South Dakota could see an increase.

Whether or not you argue it's the beginning or end of a decade, we can all agree that 2020 will surely be eventful. ■

Customized Grocery Workplace Harassment Prevention Training

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The California Grocers Association Educational Foundation provides online supervisor and employee training programs for workplace harassment prevention. These easy-to-use training modules are customized for the grocery industry and are fully compliant with California law.

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WASHINGTON REPORT

INDEPENDENTS REMAIN OPTIMISTIC



GREG FERRARA
PRESIDENT AND CEO
NATIONAL GROCERS ASSOCIATION

DESPITE THE RAPID CHANGE AND INCREASED COMPETITION OF THE SUPERMARKET INDUSTRY, INDEPENDENTS HEADED INTO A NEW DECADE ON SOLID GROUND.

Independents reported sales growth in 2018 by 1.7 percent amidst challenging conditions and saw an improvement in net profit before taxes to +0.63 percent of sales. More importantly, optimism for the future business outlook grew among these innovative entrepreneurs.

Results from the “Independent Grocers Financial Survey,” an annual study conducted in conjunction with our partner FMS Solutions Holdings LLC, provides independent supermarket operators with financial and operational performance benchmarks within a fiscal year and offers an in-depth look at the economic, political, and competitive landscape in which these retailers operate.

Survey respondents represent a wide variety of companies across the nation: 21.3 percent of respondents were in the Midwest; 34.4 percent located in the South, 20.8 percent in the West, and 23.5 percent in the Northeast. Further, of the nearly 250 survey respondents, the majority operate one (45.8%) or two to 10 stores (36.1%).

The most recent study found that 53.5 percent of independents improved same-store sales growth, while 17.2 percent of independents held their ground, with higher

gains among multi-store operators. Many respondents pointed to a renewed focus on store remodels and openings and attention on inventory management as key factors.



E-commerce was another area where independents saw growth and success. Independents increased investment in e-commerce, which was offered by 54 percent of independents in 2018, up from 32 percent the year prior.

Additionally, more independents offered both pickup and delivery. Of those independents who do not offer online shopping, nearly 41 percent said they

planned to implement it within the next year – and for good reason. The number of yearly online transactions grew, with an average of 11,150 transactions, and independents saw an average transaction size of \$90.35 for online shopping.

Competition, particularly from brick-and-mortar stores, was noted as independents’ highest concern to growing sales and

profitability. Supercenters, followed by conventional supermarkets, dollar stores, hard discounters, and online retailers rounded out the top five perceived competitive threats. Along with competition, another issue with increased concern was staffing, hiring and retention, which is not surprising given the current tight labor market. Healthcare

costs remained to be another area of concern for independent grocers.

Additional insights from the report:

- While center store remained the largest sales contributor, close to four in 10 dollars (39.84%) were generated by perimeter departments, including produce, floral, meat, deli, bakery and seafood.

Continued on page 20 ▶

DOMESTIC VIOLENCE VICTIMS SHOULD NOT HAVE TO LEAVE THEIR PETS BEHIND

Purina's Purple Leash Project

By Joe Toscano

At Purina, we believe that pets and people are better together. I know that my own dog, Stew, has definitely made my life better, and I cannot imagine being faced with a decision to choose between his safety or my own. Unfortunately, that decision is being made every day by domestic abuse victims who want to leave but can't because there's no safe place to go with their pets. Today, only 10% of domestic violence shelters in the United States allow pets. We want to change that.

For more than a year now, Purina has partnered with the national nonprofit RedRover® on our Purple Leash Project – which aims to raise awareness and increasing the number of pet-friendly domestic violence shelters in the United States. Purina has committed more than \$500,000 to create Purple Leash Project grants to fund pet-friendly renovations at domestic abuse shelters across the country. In addition to offering grant support for shelter upgrades, Purina is donating pet food, supplies and other resources for pet owners escaping abuse. We're also advocating in D.C. for more federal resources for domestic abuse survivors with pets.

Because there is such a limited number of domestic violence shelters in the United States that allows pets, many abuse victims are left with a heart-

wrenching decision: stay in abusive situations with their pets or leave their pets behind to face the abuser alone. According to the National Coalition Against Domestic Violence, 71% of pet owners entering domestic violence shelters report that their abuser had threatened, injured or killed family pets. This is why nearly half of survivors will delay leaving abuse if they cannot take their pets with them.

Throughout 2020, Purina and its associates will be working to bring more awareness to this issue and increase the number of pet-friendly shelters across the country, and I would like to challenge you to join us. Here are three ways you can help us raise awareness of the need for more pet-friendly domestic violence shelters across the country:

- Use your social media platform to support survivors with pets using #PurpleLeashProject and highlighting one of the many sobering stats I've mentioned to start a conversation.
- Visit PurpleLeashProject.com to receive updates and learn more ways to get involved with the cause.
- Retailers can make an impact during the month of May by carrying a special Purple Leash Project Beggin' Strips® merchandising shipper designed to drive attention and awareness for the cause and sales of 6 oz bags of Beggin' Strips® Original with Bacon



for our retail partners. Contact your Purina sales rep to learn more.

◀ Continued from page 18

“INDEPENDENT GROCERS HAVE FACED SOME CHALLENGING FACTORS THESE PAST COUPLE OF YEARS, BUT THE FINANCIAL TURNAROUND SIGNALS INDEPENDENTS’ STRENGTH, RESILIENCE AND BUSINESS SAVVY.”

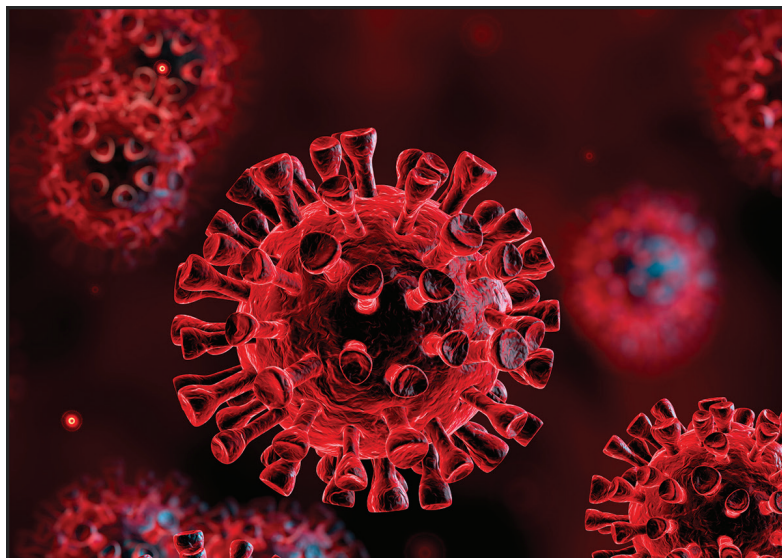
- With the recognition for the need to keep stores current, independents increased capital expenditures to 1.94 percent of sales, with continued focus on store remodels (20.6% of independents) and openings.
- Profit leaders, the top 25th percentile in net profits, averaged 3.78 percent net profit before taxes. Common traits among profit leaders include an emphasis on fresh, particularly meat and produce, along with strong margin and expense management.

Independent grocers have faced some challenging factors these past couple of years, but the financial turnaround signals independents’ strength, resilience and

business savvy. Combined with in-depth knowledge of their local communities and shoppers, independent grocers are clearly finding ways to differentiate and carve out a strong niche in the marketplace.

A new survey is currently in the field to capture benchmark results for last year. I’m optimistic about how independents will fare in 2020 and beyond. NGA will continue to support this retailer and wholesaler community as it faces new challenges and opportunities. The independent spirit is alive and well in a new decade. ■

To learn more about this report, visit the NGA Resource Center at: nationalgrocers.org/resource-center/.



When Disaster Strikes...

From Public Safety Power Shutoffs to coronavirus updates, the California Grocers Association leverages its relationships with key state agencies to keep its members informed during natural or man-made disasters.

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INSIDE THE BELTWAY

2020 PUBLIC POLICY PRIORITIES



JENNIFER HATCHER

SENIOR VICE PRESIDENT, GOVERNMENT
AND PUBLIC AFFAIRS FOOD MARKETING INSTITUTE

A NEW YEAR, AN UPDATED BRAND AND A FORWARD-LOOKING LIST OF PRIORITIES IN THE PUBLIC POLICY ARENA.

The Food Marketing Institute's government affairs team surveys its member companies annually to assist with this review and ensure that our policy priorities reflect the views of our members and the food industry.

We then spend time with both government relations leads and CEOs to ensure these priorities reflect the needs of the industry as seen by several different lenses.

The 2020 priorities reflect an updated approach in an election year. These priorities are more strategic than tactical and more forward looking.

These priority issues help tell the story of how our industry continues to evolve and adapt as new technologies bring change to our workforce and new themes and trends adjust what consumers expect from their shopping experience.

The following high-level list of policy issues that our member companies deemed important for the year ahead is by no means a comprehensive list of all of the issues that we will be working on, especially as the needs of our members develop and the political winds in Washington change. The issues are listed in alphabetical rather than ranked order.

- Data Management: Privacy/Data Security/Artificial Intelligence
- Food Assistance Programs: SNAP/WIC
- Food Safety: Food Recalls/Withdrawals/Allergens/Innovations
- Payments Policy and Swipe Fee Reform: Fees and Routing
- Pharmacy Issues: DIR Fees/PBM Reform
- Regulatory Clarity on Hemp-Derived Products (CBD)
- Supply Chain Transparency
- Sustainability/Food Waste: Single-Use Plastics, Recycling, Packaging

- Tax Reform: Retail Glitch, WOTC, Permanence
- Trade: USMCA and Tariffs
- Wage and Labor Policy/Automation: Future of the Workforce

While an election year often serves as a roadblock for significant legislative progress in Washington, there will still be many opportunities this year to make progress on Capitol Hill, with the regulatory agencies and in the state and local governments across the country.

For the latest on FMI government affairs, please sign-up at fmi.org/get-involved/newsletters/government-relations for our policy-focused member newsletters. We always appreciate of your input. ■



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CGA NEWS

ALOHA! INDEPENDENTS GATHER FOR ANNUAL SYMPOSIUM



(L to R) Rachelle & Bob Garibaldi, UNFI; Mark & Connie Arrington, Post Consumer Brands; Joe Falvey, UNFI



Attendees enjoyed a festive evening at Maui Chef's Table at the Mill House Restaurant



(L to R) Jennifer Ward, Worldpay US; Ken & Brigitte Mueller, Raley's

Independent grocers and their supplier partners from throughout California gathered on the tropical paradise island of Maui this past January for a week of rejuvenation, relaxation and education focused on helping gain important perspectives on building a successful strategy for the coming year.

Hosted at the beautiful Fairmont Kea Lani on Maui's coveted Wailea coast, this annual gathering of independent grocers and their supplier partners featured an informative and inspiring educational program focused on helping attendees grow personally while learning new techniques to inspire their employees and improve their business.

"Our educational offering continues to focus on inviting presenters who challenge our thinking and offer inspiring messages that really help attendees to recognize and strengthen their core values," said CGA President Ron Fong.



Presenter Matthew "Griff" Griffin



(L to R) Kelly Smith, United Markets; Phil Miller, C&S Wholesale Grocer; Jennifer & Tim Bosma, Harvest Market

On Day 1 of the educational offering, motivational speaker and consultant Paul Long unleashed his infectious enthusiasm in an opening program that centered on connecting the workplace and life through F.U.N. – Foundation, Understanding, and Next Steps.

Long encouraged attendees to be more human, to maximize communication effectiveness and drive meaningful interactions with others.

Day 2 featured an inspiring heartfelt message from a former U.S. Army Ranger, who co-founded a footwear and apparel company– Combat Flip Flops – that sells goods manufactured in conflict and post-conflict zones.

In his presentation, Matthew "Griff" Griffin shared the importance of being persistent, creative

and respectful. He said that success is built on a mountain of failure and to never underestimate your abilities or of those around you.

The educational program wrapped up on Thursday with attendees hearing from seasoned retail strategist and prototype design architect Kevin Kelley, from Shook Kelley, who shared insights into the creative process he uses to help companies and leaders embrace change, find their next big thing and get their organizational mojo back.



Via Fairmont Kea Lani website

He shared that companies need to break out of the ordinary and revive their drive, zeal and enthusiasm to survive in today's rough and tumble marketplace. In addition, he challenged the audience to approach the seemingly impossible, adding that this often sounds much easier said than done.

New this year was a two-hour workshop – Coffee With Counsel – that provided a rare opportunity for retailers and wholesalers to sit down with CGA's General Council and explore relevant and timely topics related to their company's success.

“Our Coffee With Counsel program was tremendously successful and allowed attendees to ask questions in a very free-flowing format,” CGA's Fong said.

In addition to inspiring presentations, the Symposium provided an abundance of networking opportunities and ample time to enjoy Maui's natural beauty and vast variety of activities.

“Our goal is to create an atmosphere in which attendees can relax, recharge and renew that independent spirit for the coming year,” Fong said. “In reviewing attendee surveys, I think we knocked it out of the park.”

CGA hosts the Independent Operators Symposium annually in January. The Symposium is open to all Independent grocers, along with the wholesalers and suppliers that serve them. The 2021 Independent Operators Symposium will be January 10–17 at the Fairmont Orchid on Hawaii's Big Island.



Dennis Darling, Foods Etc. and presenter Paul Long



Presenter Kevin Kelley, Shook Kelley



Nathaniel & Jessica Clegg, Cookie Crock Market



CGA Chair Phil Miller, C&S Wholesale Grocer



Richie Morgan, North State Grocery Co.

THANK YOU SPONSORS

CGA wishes to thank the following sponsors for their generous support of the Independent Operators Symposium:

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CGA ELECTS 2019–20 BOARD OF DIRECTORS



(L to R) Chair Phil Miller, C&S Wholesale Grocers, Inc.; Secretary Lynn Melillo, Bristol Farms; Immediate Past Chair Kendra Doyel, Ralphs Grocery Co.; CGA President Ron Fong; Treasurer Dennis Darling, Foods Etc.; Second Vice Chair Renee Amen, Super A Foods, Inc.; First Vice Chair Hee-Sook Nelson, Gelson's Markets.

Phil Miller, Vice President, West Region, was elected the 2019–2020 California Grocers Association Chair of the Board of Directors at the Association's Annual Meeting on Dec. 6, 2019, in San Diego, Calif.

As Chair, Miller will lead the Board's strategy regarding CGA's numerous legislative, educational, communications and industry-related programs. The Association is comprised of more than 300 retail companies operating more than 6,000 stores in California and Nevada. The chair serves for

one year. He succeeds Immediate Past Chair Kendra Doyel, Ralphs Grocery Company.

"Phil has been a tremendous CGA advocate and I know he will serve the Association well in the coming year," said CGA President & CEO Ron Fong. "He has a keen understanding of the unique challenges and opportunities facing our industry."

In addition to Miller, the following individuals were elected to the 2019–2020 CGA Board of Directors Executive

Committee: First Vice Chair, Hee-Sook Nelson, Gelson's Markets; Second Vice Chair, Renee Amen, Super A Foods; Treasurer, Dennis Darling, Foods Etc.; Secretary, Lynn Melillo, Bristol Farms; and Immediate Past Chair, Kendra Doyel, Ralphs Grocery Co.

Directors elected to their first full three-year term include: Doug Christman, Beverages & More, Inc.; Sergio Gonzalez, Northgate Gonzalez Markets; Bryan Jankans, Mondelēz International; Joe Mueller, Kellogg Company; Subriana Pierce, Navigator Sales & Marketing; Chris Podesto, Food 4 Less-Stockton/Rancho San Miguel; Jaclyn Rosenberg, Nielsen; Jeff Schmiege, Unilever; Greg Sheldon, Anheuser-Busch InBev.

Directors elected to their second three-year term include: Willie Crocker, Bimbo Bakeries USA; Damon Franzia, Classic Wines of California; Jonathan Mayes, Albertsons Companies, Inc.; Doug Minor, Numero Uno Market, Inc.; Mike Ridenour, The Kraft Heinz Co.; Elliott Stone, Mollie Stone's Markets; Joe Toscano, Nestlé Purina Petcare; and Richard Wardwell, Superior Grocers.

Chair appointments to the Executive Committee include; Denny Belcastro, Kimberly-Clark Corp.; Steve Dietz, United Natural Foods, Inc.; and Casey McQuaid, E&J Gallo Winery. Former CGA Chair Bob Parriott, Twain Harte Market, was elected an honorary board member.



CGA President & CEO Ron Fong addresses question asked by Assemblymember Mike Gipson (D-Carson).

CGA PRESIDENT ADDRESSES RISING TIDE SUMMIT

CGA CEO and President Ron Fong was a featured panelist on February 5, during the Rising Tides 2020 summit at the State Capitol. The two-day policy discussion was put together by Assembly Speaker Anthony Rendon (D-Lakewood) and focused on economic security issues.

Fong was one of four panelists selected to participate in a session titled, "What do Workers Need? Critical Roles for Unions and Companies in the New Economy." The panel was moderated by Assemblymember Mike Gipson (D-Carson) and also include Rana

Sarkar, Consul General of Canada; Jeni Chih, Senior Director of Global Benefits for Gap, Inc.; and Tia Orr, Director of Government Affairs at the Service Employees International Union (SEIU).

With multiple legislators in attendance, alongside many other policy influencers, the summit was the perfect venue to place California's grocery community and its unique qualities front-and-center for lawmakers.

TWO FORMER CGA CHAIRS PASS AWAY

Two former Chairs of the CGA Board of Directors, both with strong roots in the independent grocery sector, passed away within a week of each other.



Robert Parriott, Twain Harte Market

Robert “Bob” Parriott, 71, owner of Twain Harte Market in Twain Harte, Calif., died in a single-engine plane crash outside Columbia, Calif. on February 5, 2020. He served as CGA Chair in 2018 and was instrumental in the 2014 merger of the California Independent Grocers Association with the California Grocers Association.

“Bob was a true champion for the independent grocer which was reflected in his life and his work,” said CGA President and CEO Ron Fong. “He was a tremendous supporter of the Association and will be remembered for his leadership during the merger and his time on the Board.”

Parriott began his grocery career in Aptos, Calif., working for nearly 20 years as a General Manager for his father-in-law at Deluxe Foods. In 2006, Bob and his wife, Linda, bought Twain Harte Market in Twain Harte, Calif., and operated the store up until his death.

Bob is survived by his wife of 45 years Linda, two children and four grandchildren.



Don Kaplan, Bonfare Markets

Don Kaplan, who served as CGA Chairman of the Board in 1994, died on January 29, 2020, in Reno, Nev. at the age of 93.

In 1968, Kaplan became a Regional Franchisee of Convenience Food Mart. In 1989, the name of the company was changed to Bonfare Markets, Inc. and was no longer a part of

Convenience Food Mart. The company, which operated 26 stores in Northern California, was sold to the Kapoor family in 1994.

Kaplan was a longtime advocate for the grocery industry, and worked with legislators trying to pass legislation benefiting the grocery industry. He continued representing Bonfare Markets even after he sold the company.

Along with serving as Board Chair, Kaplan was an original CGA Educational Foundation Board of Trustees and served until 2004. He also played a key role in the creation of the California Association of Neighborhood Stores, which operated until the late 1990s.

Kaplan is survived by his wife Sandra, two children and two grandchildren. He is also survived by his wife’s children, three step-grandchildren and six step-great grandchildren.

NEW MEMBERS

CGA welcomes the following members:

All American Plastic & Packaging

3020 Hoover Avenue
National City, CA 91950-7220
Contact: Eddie Ghazal, Treasurer
Email: eddie@aaplastic.com
Phone: (619) 474-6677
Website: aaplastic.com



Avail Services Inc.

1143 N Market Blvd Ste 4
Sacramento, CA 95834-1913
Contact: Jeremy Litow, Chief Revenue Officer
Email: jlitow@availsvc.com
Phone: (916) 903-6981
Website: availservices.com



Chosen Foods

1747 Hancock St
San Diego, CA 92101-1130
Contact: Thomas Huls, VP, Sales
Email: thomas.huls@chosenfoods.com
Phone: (951) 210-4761
Website: chosenfoods.com



Encore Associates

12647 Alcosta Blvd Ste 155
San Ramon, CA 94583-4798
Contact: Linda Nordgren, Proprietor, CEO/President
Email: lnordgren@encoreassociates.com
Phone: (925) 837-6948
Website: encoreassociates.com



Kayem Foods Inc.

75 Arlington St
Chelsea, MA 02150-2365
Contact: Dean Gold, Western Region Manager
Email: dean.gold@kayem.com
Phone: (925) 413-3124
Website: kayem.com | alfrescochicken.com



Ogletree, Deakins, Nash, Smoak & Stewart, P.C.

500 Capitol Mall Ste 2500
Sacramento, CA 95814-4741
Contact: Anthony DeCristoforo, Office Managing Shareholder
Email: anthony.decristoforo@ogletree.com
Phone: (916) 840-3141
Website: ogletree.com



Continued on page 28 ►

◀ Continued from page 27

Pete and Gerry's Organic Eggs

140 Buffum Rd
Monroe, NH 03771-3114
Contact: Tracy Lape, Dir., Sales – West
Email: tlape@peteandgerrys.com
Phone: (209) 715-0779
Website: peteandgerrys.com



Sierra Nevada Farms

14862 S Hughes Ave
Caruthers, CA 93609-9623
Contact: Geof Lambert, Chief Operating Officer
Email: geof.lambert@gmail.com
Phone: (916) 225-6769
Website: sierranevadapork.com



True Liberty Bags

5900 Pruitt Ave Ste 230
Windsor, CA 95492-7763
Contact: Yoshi Sakashita, Sales Manager
Email: yoshi@truelibertybags.com
Phone: (888) 800-2680 x 421
Website: truelibertybags.com



Vinh Phat Supermarket

6105 Stockton Blvd
Sacramento, CA 95824-4010
Contact: Eric Vong, President
Phone: (916) 424-8613



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OUTSIDE THE BOX

NEW RETAIL PERSPECTIVES

On the Move

Research by PYMNTS shows that mobile ordering is more popular than ever and, due to the low barrier for entry for consumers, will continue to rise. At present, about 60 percent of U.S. consumers are ordering delivery at least once a week.



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Who Do You Trust?

Pharmacists continue to be the most trusted professionals, according to the latest Gallup survey, with two-thirds of Americans calling their honesty and ethical standards “high” or “very high.” Additionally, people are more likely to stay healthy when they have access to pharmacies and pharmacists.



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Despite increased investment in technology and awareness of organized retail crime (ORC), it continued to grow last year, according to experts. For example, Home Depot blamed ORC for part of a 31 basis point drop in gross margins. Additionally, 68 percent of retailers in an NRF study reported a rise in violence by offenders attacking people in stores and even using stun guns.



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TAKEOUT, TAKEOFF

Ordering takeout in China may be getting easier – if there are no aerial traffic jams. Hangzhou-based Antwork is attempting to build a low-altitude logistics network that will deliver takeout orders by drone in urban areas within 30 minutes – eliminating delivery drivers and cut costs for the multi-billion dollar food delivery industry. Sites will be set up in different cities to collect packages from vendors for delivery to customers.



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SKY TAXIS

Will the store of the future need smaller parking lots to make room for heliports? Hyundai and Uber are partnering on a project called SA-1, an electric vertical takeoff and landing vehicle for use as a sky taxi. The air vehicles could be introduced in 2023 and may drive down passenger costs per trip.



Never Say Never!

Harrod's department is opening a store outside the U.K. for the first time in its history. The upscale retailer is opening in Shanghai to serve the wealthy and burgeoning middle class with such amenities as a bar, tea room, and exclusive events organized by different brands.

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BOTTOMS UP

If you're looking for something to pick up the slack in sales – liquor is quicker! Americans are drinking more now than when Prohibition ended, according to federal statistics. While teen drinking has declined, the average American is consuming 2.3 gallons of alcoholic beverages annually, or about 500 drinks – which breaks down to about nine drinks weekly.

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Color Counts

Thinking of remodeling a store? Trend forecasters at Pantone say the color of the year is a classic blue that is used by many major brands because it symbolizes stability and confidence while encouraging communication and offending no one.

Classic Blue
Color 2020

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CLEANING UP

If you ever plan to open a store in India or perhaps have a growing number of Indian customers, know that one of the fastest-growing categories is baby wipes. Gains are being driven by financially independent and educated “supermoms” who like the convenience and don't shy away from spending money on baby products.



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ROSE



INDEPENDENT
OPERATORS

Symposium

Griff was a speaker at the 2020
Independent Operators Symposium.



15 MINUTES WITH...

MATTHEW “GRIFF” GRIFFIN

CO-FOUNDER & CEO, COMBAT FLIP FLOPS

Matthew “Griff” Griffin isn’t your typical entrepreneur CEO. The West Point graduate and Army Ranger has four tours of duty in Afghanistan and Iraq under his belt, and military-style discipline has been a big part of his life. But the company he co-founded, Combat Flip Flops, is not your typical company.

Under his leadership and with a dedicated team, the company’s mission is to alleviate the cycle of violence and suffering in conflict areas like Afghanistan, Syria and Colombia by developing new products, creating jobs and funding education programs that will help people improve their lives.

California Grocer: How do you get from Army Ranger to apparel manufacturing? It must have been a significant change?

Griffin: “It was a long road. I built houses for a few years. Then, I sold medical equipment and did some consulting. I learned all the aspects of a business. I’m a firm believer in two years up and over.”

What do you mean?

“I’ve always tried to change my skill set, diversify and take on more responsibility every two years in order to learn all the aspects of a business until I felt confident enough to run one of my own.

“As I was going through that process, I was traveling a lot all over the world. That’s when I saw that developing nations had the best growth through manufacturing jobs. Many of these countries aren’t going to make iPhones

any time soon, but they could make shoes and other clothing. So that seemed the best industry to create the most jobs quickly.”

Has logistics been a big part of your experience both in the military and in industry?

“It has. In the military, if you can’t get to the fight well-fed and rested, then you’re not going to win. They say that amateurs talk tactics while professionals talk logistics. It’s the same in business. You can have the greatest idea in the world, but if you can’t execute all the way to the customer, then you just don’t have a business.”

Tell me about Combat Flipflops. How many products are there, and where are you sourcing from?

“It varies. Right now we’ve got about 50 or 60 products. There have been a lot of changes in apparel. We started making footwear in Afghanistan and quickly found out that it was financially and logistically impossible because they didn’t have the raw materials.

“You have to buy materials elsewhere, ship it into the country and pay taxes, duties and shipping fees. After manufacturing, ship it out and pay more taxes and fees. By the time the product got here, a pair of flipflops would cost the consumer \$120.”

Are you still doing footwear?

“We started with flipflops then moved into shoes. It’s a hard lesson to learn, but I’m surprised we didn’t see it sooner. People just don’t buy flipflops all year round. So we started doing other items like scarves that we could sell all year long. When we went back

to Afghanistan, we found a strong textile industry could produce items like scarves and other knit products.”

Did you then branch out into other areas?

“We found a woman in Laos who was manufacturing jewelry from recovered land mines. She did mostly high-end products. But we partnered with her to make a more economical and affordable line that could help with our mission. We also do an assortment of t-shirts and hats for people who just want to support the mission.”

How do you organize the supply chains from these areas?

“My brother Andy is president and chief of operations. He’s the genius behind that. But basically, it’s just organization and clear communication with people. We use all the same shipping providers that are used here, like UPS and DHL. They’re all global, so it’s a matter of working with their teams on how to move stuff between countries affordably.”

But you’re also dealing with individuals and not large manufacturers.

“We work with all family-owned small businesses. The best example would be our facility in Bogota, Colombia. We have a small finishing facility that’s a couple of thousand square feet where we do all our prototyping. Then we drive around to all the leather and textile manufacturers to find what we want.

Continued on page 34 ►

◀ Continued from page 33

“ALL OF OUR MOVEMENT FORWARD HAS BEEN THE RESULT OF CREATIVITY. AND THAT MEANS HEARING IDEAS FROM PEOPLE ON OUR TEAM.”

“We work with them to deliver their products on time to our facility. It’s just like any other manufacturer, but we just don’t have everything under one house. We have 10-15 different satellite facilities in communities within 10-20 miles of our finishing facility. They bring all the products to us.”

It must still be a challenge getting local vendors together.

“Yes. But our manufacturer on the ground does a great job. We use Google spreadsheets to build modern production schedules, which he’s translated into Spanish. That enables us to work collaboratively with Colombia, and we’re actually helping to train and educate business owners to use it.”

You talk a lot about creativity, respect and persistence. How do they apply to your business?

“All of our movement forward has been the result of creativity. And that means hearing ideas from people on our team. We make sure that kind of creativity is at the top of the pile then giving people credit and let them watch their ideas come to fruition. That’s the kind of environment we want to create.”

So, never underestimating those around you is key?

“You never know what experiences people have had in their lives. They might have the tools you need to solve a problem. But it means listening and giving them the ability to speak up.”

Can you bring that to small manufacturers overseas?

“I think so. For example, some of the companies have been involved in making high-end footwear in the past. If we run into a problem with our high tops, for example, someone might have had a similar problem and know how to solve it. Everyone in

the room has experiences that lead to the creation of a quality product.

“People know if they help make a quality product, more people will buy it, they have more work. This means they’re better able to support their families.”

Aside from products, you’re talking about businesses like yours becoming agents of social change.

“We look at everything through the filter of what’s best for families. That’s one thing I learned in the military and traveling internationally. Everyone wants to get up in the morning and contribute positively. They want to keep a roof over their head, send their kids to school, and give them a better life than they had.

“In areas of conflict, local business owners want to create quality products and become more prosperous. But this also gives them the ability to hire more people who will be able to better provide for their families. That’s our focus and where positive social change really comes from.”

Does all this require the cooperation of local governments?

“We stay away from governments. They really don’t come up with any good ideas, nor do they add flow to what we’re doing. They’re really impediments, but they don’t have to be if you’re willing to put in the time to learn the game and meet their requirements. Governments are just checkmarks you have to meet so you can get back to doing your job creatively.”

How do you go about finding vendors in conflict areas?

“A lot of people see us in the news and reach out to us. Sometimes customers tell us about vendors and we reach out to them. We go to trade shows, ask around in various countries, and we’ll find out from a local guy that his cousin makes the things we want.”

You’re pumping a lot of money into local economies and charities.

“For us, it’s all about schools. For every footwear item we sell, we donate 75 cents to put a girl in school for a day to fund women’s literacy in Afghanistan. With our jewelry line, every piece sold pays for the clearance of three square meters of land mines, and so far, we’ve cleared 18,000 square meters.”

Where do you see the company going from here in terms of product and social programs?

“When it comes to products, we’ve learned the 80/20 rule the hard way, and we’ve recently shrunk down to a couple of footwear items that are top sellers. Basically, we’re focusing less on products and more on our message.”

But you’re looking into other products and geographies.

“We’ve explored working with some women in Syrian and Lebanese refugee camps to make knit beanies. But by the time it lands here it costs us \$25 and will end up costing consumers \$50. Consumers will ask themselves if they should buy it for \$50 or hop on Amazon and buy a similar one for \$13. Unfortunately, that’s what they do.”

Many companies here are socially responsible. But there’s always the question of how and what to do first.

“Poll your employee pool first. You need to know everyone on your team is down with the mission. Everyone at our company from the social media guy to the service manager believes that providing jobs and educating girls is awesome. You have to look at your team and how they will support your mission. If everyone’s on board, they’ll be okay with cutting off a portion of the profits to support it.”

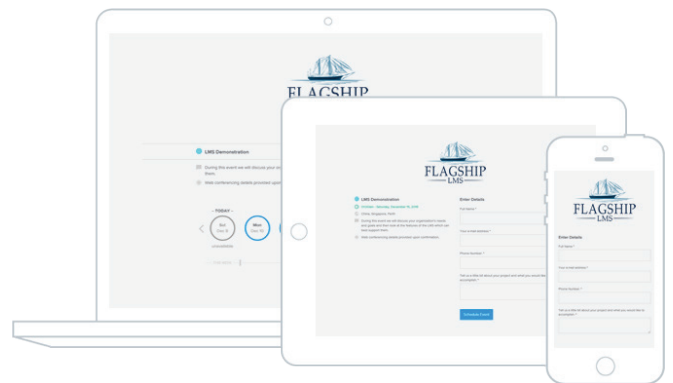
So it’s more than a top-down commitment?

“It’s top-down but also bottom-up. Everyone has to care.” ■







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 **IN-DEPTH LOOK**

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WHAT California's CONSUMERS Environment: WANT

BY JESSICA DUMONT

As wildfires have raged, temperatures are ticking up and the sea level rises, anxiety around the environment and climate change have become central to the lives of many consumers in California. While the Golden State has long been a pioneer in sustainability and environmental awareness, the issue is becoming more pressing as the effects of climate change become a real challenge in people's daily lives.

While bans on plastic bags and straws, recycling and eco-friendly practices have been some of the efforts made by local municipal governments and businesses to address this issue, Californians are looking at more serious measures as they consider the environment they live in today.

A 2019 report from C40 Cities says that individuals cannot on their own completely combat the effects of climate change, but they can help.

That means eating less red meat, investing in energy-efficient practices, cutting down on transportation, buying less clothing and reducing household waste. Some consumers are even purchasing carbon offsets to reduce their individual carbon footprint.

Reducing the effects of climate change has to be a collaboration among businesses, government entities and individuals. But to

better understand what types of decisions to make as a business operating in California, it's important to first get a better understanding of the consumer.

PUBLIC OPINION IN CALIFORNIA

One of the major ways consumers will make their opinions on climate change known is through their voting behavior. In a recent poll, the Public Policy Institute of California (PPIC) found 22 percent of those surveyed said environmental concerns are the most important issue to them.

PPIC conducted a more comprehensive survey last July in its annual Californians and the Environment report. The organization has conducted the survey every year since 2000, research associate Alyssa Dykman said. The report examines public perceptions and likely voter sentiment around climate change, water supply, wildfires, pollution issues and more. It also looks at how Californians think state leadership is addressing climate change through policy changes and proposals.

Continued on page 38 ►



“Reducing the effects of climate change has to be a collaboration among businesses, government entities and individuals.”

In the 2019 survey, PPIC found three-in-four Californians think global warming is a “very serious” or “somewhat serious” threat to the state’s economy and future, Dykman said.

Their feelings around the environment will affect how they vote at the polls, with about eight-in-10 likely voters saying the presidential candidates’ positions on the environment are important in determining their votes.

While Dykman said environmental issues have been a concern among Californians for many years, PPIC has noticed an uptick of concern in the years since President Trump was elected, she said.

“This could also be attributed to the fact that we’ve been seeing the effects [of climate change] more visibly in California,” she said, noting the state’s devastating wildfire seasons in the past couple of years.

“Californians are definitely seeing the effects of global warming and are getting increasingly concerned about its impact and how it will impact their life moving forward,” she said.

According to Valerie Folkes, the Robert E. Brooker chair of marketing and professor of marketing at the University of Southern California’s Marshall School of Business, current events have largely influenced consumers and driven recent interest in the environment.

“Things like the wildfires, information about global warming, which is now more concrete... when people can see actual change, that makes those environmental factors real to people as opposed to some sort of abstract,” Folkes said. She noted there have also been more tangible effects, such as water shortages, taking place in people’s lives.

There’s no question that people on an individual level are well-aware of what’s going on in the environment, and how it could impact the economy, the way they vote and how they see their future playing out. But when it comes to consumer values and how they translate to action, voting and behavior is a little more complicated.

Given people’s awareness of climate issues and their experience with it on a daily basis, Folkes noted support for environmental issues may drive some people to make certain choices at the polls. However, it’s important to note what other issues may motivate voters and how significant environmental issues are relative to other issues.

“Certainly the economy is an important issue. So should the economy change, people’s priorities might change,” she said. “It’s hard to map on exactly how concerns about something like the environment will map onto actual voting choice.”

Attitudes around the environment can also change when consumers shift from voting behavior to consumer behavior. What people’s attitudes are and how they want to act in their daily life may align, but values can be harder in practice.

“People might feel like ‘oh I can do one thing at one time to show my support,’ versus small things every day. Often times those habitual behaviors, like cutting back on water every day, can be harder for people to actually

make people change those kinds of things. But when they do that becomes part of their lifestyle,” Folkes said.

Take the plastic bag ban that was mandated in California, for example. On the one hand, Folkes said people weren’t happy about it, but now that they have gotten into the habit of reusable bags, she suspects people’s opinions have changed and they view the ban as a good thing to do.

SUSTAINABILITY OUTSIDE CALIFORNIA

Whether it translates to votes, action or just conversation, consumer concern for the environment and climate change is widespread across the globe, not just in California or even in the U.S. It also extends beyond individual voting and behavior and influences how people shop, with customers putting pressure on businesses and corporations to take a stand and support sustainability as well.

In a recent global survey from Nielsen, 81 percent of respondents reported they feel strongly that companies should help improve the environment. Nielsen also found that 73 percent of global consumers are willing to change their consumption habits to reduce impacts on the environment.

Environmental concern and sentiment around these issues has trickled into consumer behavior and attitudes about their grocery stores.

In the Food Marketing Institute’s U.S. Grocery Shopper Trends 2019 report, 24 percent of consumers who were surveyed said recycling and sustainability practices are the most important attributes in their primary grocery store. Another 20 percent of respondents said they use mobile apps in the store to learn about corporate social responsibility and sustainability.

Armed with this knowledge, what does it all mean for grocery retailers?

It means action is required, and many companies – both large and small – already know it, and are already taking action.

The Retail Industry Leaders Association (RILA) is an organization helping retailers discuss ideas and evaluate changes and

conduct benchmarking surveys around a variety of issues, including environment and sustainability.

The Washington, D.C.-based organization has a membership comprised of some of the largest retailers in the U.S., including Target, Walmart, Petco and apparel companies. It also includes members from the grocery industry like Kroger, Ahold Delhaize, H-E-B and Hy-Vee.

RILA’s Senior Director of Sustainability and Innovation, Erin Hiatt, said there is a lot of consumer interest in sustainability right now, and some of the core issues retailers are discussing include operational efficiencies, reducing energy and waste consumption.



“Californians are definitely seeing the effects of global warming and are getting increasingly concerned about its impact and how it will impact their life moving forward.”

When grocers join RILA and participate in sustainability conversations, they have access to a platform that can help educate themselves on the key trends and issues that are top of mind.

One big topic right now, Hiatt said, is around plastics and packaging.

“There are some fantastic efforts going on within the industry and partnering with organizations like the sustainable packaging coalition to look at the design and composition of those packaging materials to improve them,” she said.

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Hiatt said she's also seeing innovation toward more sustainable options in the grocery and personal care categories. "These are items that consumers are putting in and on their bodies and they want to feel comfortable that those were sourced in a way that align with their values," she said.

While RILA represents retailers nationally, Hiatt said California gives those with a presence in the state a chance to experiment with certain practices to see what works well, what is efficient and if they want to roll them out throughout their operations.



"Attitudes around the environment can also change when consumers shift from voting behavior to consumer behavior."

"The regulatory landscape across the U.S. for larger brands, it's always challenging how different some of the regulations can be and figuring out how to comply across such a varying landscape," she said.

Among RILA members, Hiatt said she sees a recognition that it's not an "or" conversation anymore as to whether or not sustainability is part of a company's practices.

"It's an additive, when you're seeing interest from consumers around it then it's just kind of building the narrative and the identity of the company," she said.

A CLOSER LOOK AT WHAT GROCERS ARE DOING

Take a look at what large grocery chains are doing in California and beyond, and you'll see that the industry in general is hearing their customers when it comes to environmental consciousness and sustainability.

Grocery retailers throughout California have made pledges or launched initiatives to reduce waste and lower their carbon footprint. While consumers may be looking for more cutting-edge measures, the grocery industry is making major strides around things like private label plant-based meat, removing toxic or harmful ingredients from products, reducing food waste and banning plastic packaging, along with exploring new ways to reduce their carbon footprint.

Kroger and all of its banners, including California's Ralphs Grocery Company, are participating in the company's Zero Hunger Zero Waste campaign to end hunger and eliminate waste across the grocer's footprint by 2025. In Compton, Calif., Kroger has operated an on-site anaerobic digester since 2013 that processes food waste from Ralphs and Food 4 Less stores.

Ahold Delhaize, which owns banners outside of California including Stop & Shop and Food Lion, pledged to eliminate "chemicals of concern" from private label products and packaging. Global grocer Aldi has pledged fully sustainable packaging by 2025 in its stores, which includes more than a dozen in California.

Albertsons has made commitments such as reducing plastic packaging, using more electric vehicles for delivery, and waste reduction efforts. The Boise, Idaho-based company has completed more than 800 energy efficiency projects in its stores and warehouses and 100 percent of its private vehicle fleet is EPA SmartWay certified, signifying cleaner and more fuel-efficient vehicles.

On a regional level in the Golden State, Northern California grocer Raley's has made commitments to recycling, reducing paper waste, conserving water and eliminating diesel-powered tractors.



“Grocery retailers throughout California have made pledges or launched initiatives to reduce waste and lower their carbon footprint.”

Stater Bros. Markets has been recognized by the U.S. Environmental Protection Agency’s GreenChill partnership, and eight of its stores are certified for having the lowest emissions rate. The company has also saved 100 million gallons of water annually by changing its cooling process, among other efforts.

Small retailers are focused on the effort, too. In Albany, Calif., one small startup is trying to mitigate environmental impact with a zero-waste store that focuses on household products.

Fillgood launched as an online-only business three years ago, but last year owner Stephanie Regni added a brick-and-mortar space to better serve her local community.

“The idea behind Fillgood is to reduce plastic waste and single-use plastics,” Regni said. She was inspired to start the business when she, as a consumer, was trying to reduce her own plastic waste at home and found it difficult to do so.

At Fillgood, customers can come into the store with their reusable containers and fill them with products like laundry detergent, body wash and shampoo. They can also

order dispensers and refills online for home delivery. Regni said she doesn’t offer food because many local grocery stores around the Bay Area provide food in bulk.

In terms of clientele, Regni said there’s a mix of shoppers — some who are already aware of the climate crisis and the need to reduce plastic waste, and others who are trying to learn more and asking questions when they first visit Fillgood.

“Overall I would say that all our customers feel concern about the climate crisis and plastic pollution. They want to find solutions and they want to change the situation,” Regni said.

For Regni, the value of her business is in serving her local community, and she’s not looking to transform Fillgood into a large-scale business.

“For me it’s more than just a store where people come and buy a product and leave,” Regni said. “It’s all about education and talking about what we can do to stop the climate crisis. What everyone can do every day.” ■

WHAT CAN YOU DO?

Understanding consumer desires and behavior is core to operating a grocery business. And as specific issues begin to further influence how people shop and what they expect from their grocery stores, each business will have to be nimble and willing to learn how to align with consumer values. This is both a competitive advantage and good stewardship.

HERE ARE A FEW THINGS YOU CAN DO:

- ✓ Explore membership through an organization like the California Green Business Network, which certifies businesses through a variety of green initiatives that demonstrate environmental leadership and show efforts to conserve.
- ✓ Talk to your customers. Find out what they’re doing in their homes and how they’re shopping, and try to understand the motives behind some of their sustainable behaviors.
- ✓ Remember to take advantage of the resources CGA has to offer, from webinars and newsletters to conferences and symposiums. The organization highlights important issues, including sustainability and the environment, in its resources and communications.
- ✓ Watch public opinion surveys and voter polls leading up to this year’s election to better understand what’s central to consumer sentiment and what might drive people to vote or act a certain way. Where does your business fit into this equation?

NAVIGATE THE GROCERY INDUSTRY

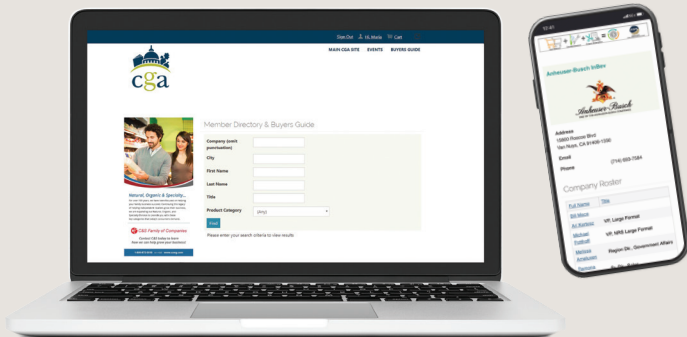
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**MAJORITY
WOMEN
OWNED**



*Trends
to Watch
in the*

2020s

Thus far, 2020 is looking a lot like last year. Brick and mortar grocery is continuing to physically contract, e-commerce keeps taking share from traditional retailers and shoppers remain fixed on taking full advantage of the omnicommerce shopping experience. And, all the while, everyone in the industry is working as hard as they can to identify opportunities for improvement, growth and greater profitability.

So, what will shape the rest of the year and determine what the “20s” will look like for the grocery industry? I’ve asked my colleagues at Inmar Intelligence to share what they see as the trends and influences that promise to have the greatest impact on the grocery space going forward and their thoughts are below – along with some insights as to how retailers should address these market forces.

Craig Rosenblum

*Vice President, Enterprise Retail
Inmar Intelligence*

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Resourceful Retailer Responsiveness

Jim Hertel, Senior Vice President, *Inmar Analytics*

Client Development

The next decade for grocery retailers will look much like it did last year; it will be colored and characterized by slow growth, tight margins and increased competition. The opportunities that do exist for improved growth and competitive differentiation stem also from trends that took firm hold in 2019.

Plant-Based Proteins



Expanding from a smattering of ground beef-mimicking products, plant-based protein will continue to grow and will do so in two key ways – more cuts mimicked and additional proteins imitated. Increasing consumer acceptance of plant-based options, enabled by competitively priced products that taste and cook like their animal counterparts – should lead to increased overall protein consumption.

Consumers will take full advantage of more available options, so grocers that commit to stocking plant-based proteins and merchandising them strategically with traditional proteins will see sustained returns.

Online Grocery Last-Mile Innovation

As food retailers grapple with online grocery in order to ensure their long-term viability, they'll put more effort into achieving profitability in this channel in the face of online commerce's greater capital demand and operating expenses.

Grocers will persevere and this next year will see increased focus on last-mile innovation aimed at creating dollar-positive fulfillment paths. Efforts will focus on identifying and bolstering consumer/order profitability, finding additional dollars to invest in online grocery and revamping the online sales mix to prioritize high-margin offerings.

“Click and mortar” retailers will concentrate on customer profitability as their online shoppers buy more overall, including in-store.

Providing these shoppers with a satisfying online shopping experience will be a priority and will further enhance their total engagement with the retailer.

CPG brands, growing weary of breakeven trade promotions, will increasingly reallocate trade dollars to subsidize home delivery fees for consumers choosing automatic replenishment – a more attractive strategy for growing loyalty and driving profitability for manufacturers and click-and-mortar retailers alike.

With prepared foods commanding gross margins nearly double those of center-store products, expect to see grocers making prepared “signature” meals a centerpiece of their online offerings to help “fix the mix” and grow the gross-profit contribution of each online order.

Store Location and Design

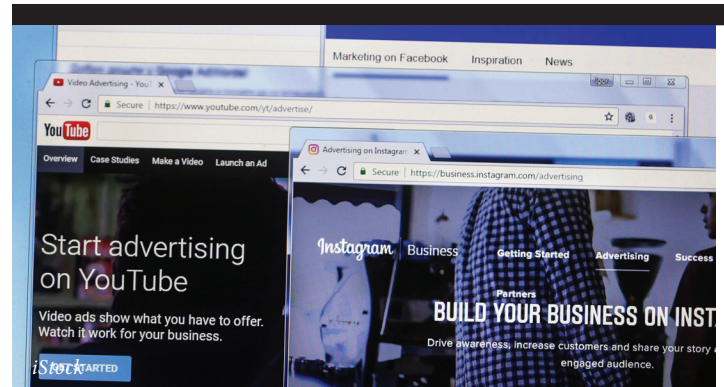
Grocers' historic real estate strategy stressing suburban and exurban store locations and being first into growth areas is going to give way to an “in town” infusion of smaller footprint stores designed to meet urban shoppers' desires for fresh prepared foods that are available for pickup and/or delivery.

Both the immediate and the long term will see active experimentation with urban formats – featuring expanded online ordering and home delivery as traditional operators look to follow consumers back to the city.

Expansion of Retail Media Networks

Steve Ustaris, Vice President, *Marketing*

This year will be a big year for retailer media networks – aka retailer advertising businesses. The retail media channel is already, according to Digiday Research, the third-most popular media channel for marketers and its popularity and use will only increase throughout the coming decade. So, here's what the future promises in this area of the business:





First, the “Big 3” – Amazon Advertising, Walmart Media Group and Target Roundel – will continue to lead the way. All of them will release new features to better address the needs of ad buyers and open up incremental ad budgets at brands and agencies.

Expect to see improvements in each of their self-serve platforms, data segmentation options and sales attribution reports. As a result, Walmart and Target will take a significant share of CPG budgets away from the rest of the market.

Second, other large grocers will release 2.0 versions of their retailer media network. Seeing the success of the Big 3, and fearing brands may start to divert marketing budgets away from them, other retailers in the grocery space will make greater investments in their current ad business so they can better compete. These investments will support product development, sales and marketing.

In addition, retailers looking to capture more media dollars will be working to improve the operational efficiency of their tech stacks to prepare these businesses to handle anticipated scale.

Finally, every grocer will have a retailer media network...almost. Retailer media networks will become the same kind of mainstream digital marketing channel for grocers that search has become. Five years ago, a retailer needed a sizable website audience to get into the ad business, but this is no longer the case.

Today, customer data collected digitally or in-store can easily be turned into an addressable media opportunity and the tech and services needed to launch and support these businesses are mature and economically friendly. By the end of 2020, it would not be a surprise to see more than 80 percent of retailers – in and out of grocery – operating some type of ad business.

Growth of Direct-to-Consumer Brands

Diana Medina, Director, e-Commerce Solutions

The DTC phenomenon will continue to impact grocery in both the short and long term. New category offerings from these sellers, including perishables, will be expanded in the online space while, at the same time, more established DTC brands will begin looking for ways to penetrate brick and mortar.

The growth of direct-to-consumer brands is not only negatively impacting traditional CPG brands, but is also taking share from already challenged brick and mortar grocers. Here are three strategies that traditional grocery retailers can employ to defend against the DTC challenge:

Develop data sharing solutions with existing CPG partners.

One of the greatest assets that DTC brands have that most traditional brands lack – and want – is direct access to consumer insights. Using data collected directly from shoppers, DTC brands are able to react quickly to the needs and expectations of their consumers and can innovate faster in anticipation of new shopper demands.

Retailers, possessing extremely valuable first-party data, have the opportunity to leverage that information for immediate benefit. By partnering with CPG brands to establish strategic and secure data sharing solutions, retailers can accelerate innovation and position themselves to more effectively address shopper preferences and enhance the shopping experience across channels.

Build partnerships with DTC brands.



Many online native DTC brands are looking to establish a brick and mortar presence. Retailers willing to explore partnerships with these brands can not only mitigate the potentially negative impact of their physical presence but also gain from it.

Offering space in aisles to these brands represents an opportunity to expand assortment with in-demand products and enhance the in-store experience for shoppers. Special kiosks, endcap displays and pop-up shops are all alternatives worth exploring in advance of possibly bringing these brands on shelf.

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Explore an internal DTC strategy.

As brick and mortar retailers expand their e-commerce initiatives, serious consideration should be given to employing alternative solutions for engaging those consumers that are already engaging with DTC brands.

Addressing shoppers' needs for convenience through subscription programs, seasonal shop-to-home options and/or private label DTC offerings all have the potential to increase existing shoppers' online engagement. Involving CPG trading partners, as appropriate, should enhance these efforts and provide greater insight into their effectiveness.

DTC brands have thrown down the proverbial gauntlet, and it's time for retailers and their CPG trading partners to step up to the challenge. Through data sharing and a customer-centric approach to engagement there is still plenty of opportunity to win customers' hearts and dollars.

Expanded experiential retailing

Jon Hauptman, Sr. Director, *Analytics Solutions*



Traditional grocery retailers cannot now, nor will they ever be able to, compete successfully against Walmart and Amazon on price and convenience. Instead, these grocers must concentrate on winning on the in-store experience.

By optimizing their experiential retailing with relevant and compelling offerings that engage the senses, evoke emotions and make shopping both fun and interesting, they will attract shoppers and maximize their competitiveness.

This decade will see grocers refocusing in three key areas as part of their efforts to “win on experience.”

Focus on fresh



Retailers will reposition their stores as a place to highlight and celebrate food, i.e., a true food marketplace designed, equipped and stocked to provide shoppers with an intriguing variety of fresh products and prepared foods and expose them to unique tastes, cooking tips/lessons, etc. In fact, grocers may offer to “pick” center-store products from a shopper's list for them – the boring part of the shopping trip for most consumers – while the shopper is engaged in the store's unique fresh experience.

Personalized engagement

Differentiating, and enhancing, the shopper experience will also require retailers to personalize their interactions with shoppers and those that enable this individualized interaction earliest will gain a great advantage. This personalization will take on three primary forms:

1. Personalized pricing with retailers offering attractive prices on those items identified as being most important to each individual shopper;
2. Curated collections of complementary products assembled into easily accessible portfolios that meet the specific needs of each individual shopper; and
3. Personalized communications that ensure the delivery of content and promotions that are immediately relevant to recipients and focus on topics of greatest interest to each shopper.

Unique products

Shoppers will gravitate toward those retailers who provide them with unique product experiences. Grocers that do the best job of creating a product assortment that best meets the needs of their immediate neighbors will stand apart from the crowd.

Additionally, retailers offering unique variety through proprietary items that are uniquely sourced, or premium private label brands that are only available at their stores, will draw shoppers from other retailers offering the typical, tired and undifferentiated supermarket product set. Going forward, a re-energized focus on new store brand offerings will be a cornerstone of successful differentiation strategies.

Evolution of e-Commerce fulfillment

Diana Medina, Director, e-Commerce Solutions

With the growth of e-commerce continuing to accelerate, retailers are turning their attention to gaining efficiency in the fulfillment of online orders. And as sales volume has increased, so has the importance of reducing operational costs and focusing on profitability.

Here are some of the elements of the evolution of fulfillment that will be prevalent in 2020, and beyond, as grocers strive to improve this function and move toward profitability:

Micro-fulfillment

More grocers will start experimenting with fulfillment centers inside their stores, dedicating back-room space to establish and house an improved and more efficient picking operation.

But, before employing this approach, retailers will need to be sure they have enough volume to support such an investment and evaluate carefully any potential technology partners to ensure they establish a solid foundation for the in-store automation that will be needed to make this approach work. It will also be critical that retailers leverage data and optimize the picking model based on the right assortment.

Disruption in distribution



As they outgrow the capacity of their existing stores, retailers will begin to migrate to other fulfillment models to accommodate the higher volumes. The implementation of fulfillment in dark stores or mini-warehouses will increase and use of other distribution models (such as hub and spoke) will become more popular.

Retailers seeking to concurrently optimize fulfillment and distribution will need to time their efforts strategically to ensure that the shopper experience is protected during any change in process and that the experience is ultimately enhanced as a result of the change.

Protection of in-store experience

Many retailers are already dealing with the effects of employees or third-parties filling orders in store for online customers while their regular customers are also trying to shop. But, so far, the impact has been relatively minor.



However, if retailers fail to be proactive in finding ways to accommodate both sets of activity in the face of continuously shifting volumes, shoppers may experience delays in store or have to contend with crowded aisles as employees work to fill online orders.

Retailers will need to work hard on improving the in-store fulfillment process to protect the shopping experience inside the store. Those that do so successfully will gain a competitive advantage by delivering an omnichannel experience that keeps both in-store and online shoppers satisfied and engaged. ■



*Thank you to this year's honorees of the
Chair's Circle.*

Criteria: Is a member of the Association in good standing, exceeded a minimum annual participation of \$60,000 and participate in a minimum of five individual sponsorship opportunities with the California Grocers Association and/or CGA Educational Foundation.

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M I S M

Connecting Your Workplace and Life Through **F.U.N.**

BY **PAUL J. LONG**

What is the best concert you ever attended?
What is the best thing that has happened to you today? What do you do for fun?
When was the last time you had a burst of gut-busting laughter, and what created it?
If you could sit down with anyone in history and have a conversation, with whom would you choose?

The cost of doing business is going up, adversely impacting our bottom line as grocers or retailers. Regulatory issues, compliance, trade wars, and online shoppers are making it more challenging to thrive in our industry. What differentiates your store or organization? Specifically, why do employees want to work for you and customers want to shop with you?

There are two primary reasons why employees and customers choose you: location and experience. Let's take a more in-depth look at what defines each.

My family and I live right down the street from one of the largest local grocery store chains. This particular location isn't necessarily the cleanest, cheapest, or friendliest. However, it is the closest.

As a result, if we need something for guests, we are entertaining last minute or a key ingredient to a recipe we are cooking, we are going to shop at the store right down the street. Location.

When we aren't shopping last minute, our values change. When we are afforded a choice because time isn't as much of a concern, we value experience over everything. Curbside grocery pick-up, ease of doing business, world-class service, finding value, employees that know us by name and express a genuine interest are all characteristics of a retailer that we choose to do business with. Experience.



Paul was a speaker at the 2020 Independent Operators Symposium.

Continued on page 54 ►



“Creating experiences that people value and memorable customer or employee interactions are the keys to mitigating stress, building brand loyalty, reducing attrition, and improving your bottom line.”

How then can you differentiate your store or organization in the one area in which you have the most control? Creating experiences that people value and memorable customer or employee interactions are the keys to mitigating stress, building brand loyalty, reducing attrition, and improving your bottom line. Now that we have identified the what (something we are historically very good at), let's focus on the how (something we aren't typically as successful in identifying).

I recently had an opportunity to keynote a conference for Santa America, a national association of Santa Claus representatives and Santa helpers. Following the keynote, we did a brief Q&A session. One Santa helper stood up and emphatically asked the following:

“In a world filled with negativity, social injustice, racism, heartache and challenge, what advice would you give us...Santa Clauses, to turn society's mindset from one of negativity to positivity?”

What a daunting task or goal! Could you imagine being burdened with the thought of how to change the mindset of all of society? How about changing the mindset of the community in which you operate? How overwhelming is it to think about shifting the culture or mindset of just your organization? Your family?

My answer to this particular Santa's helper was simple. One interaction at a time. If we can show a genuine interest in one person and connect at a deeper level by creating conversation about things that make them smile, that interaction may change the trajectory of their day. It may precisely be what is needed to move them past a challenging moment, stressful day, or something that has been burdening them.

If we can impact one individual, that person may then go on to inspire another who in turn would help lift another. One interaction at a time could create the groundswell necessary to alter the mindset of a whole family, organization, community, or society!

Although I provided an answer, I advised that I believed that we were asking the wrong question. Think about individuals going through challenging moments in life. Consider consumers that have experienced a long day of work, both physically and mentally exhausted, shopping in our stores.

Ponder a cashier, store manager or employee struggling to balance going to school while working to sustain their lifestyle. Where do all of these individuals spend the bulk of their time when faced with these troubling thoughts? The same place you do when trying to keep your doors open and mitigating the challenges of being in business, IN YOUR HEAD.

How do you differentiate your store or organization based on the experience you provide? Challenge yourself to get out of your head and help your family, employees, customers, and others do the same.

Fundamism can be defined as the FUNDamentals of a F.U.N. and optimistic lifestyle. Simply put, whatever you do that gives you strength or find FUN is a FUNDamental and falls under the fundamism philosophy.

It is my belief that you can't be in your head about something that makes you anxious, sad or apathetic, while at the same exact time doing something that makes you smile. Shouldn't our goal then be to gravitate more towards the things that lift us as opposed to those that don't? That's fundamism.

So, what was the best concert you ever attended? What memories come to mind from the experience? When you are thinking about this FUN time in your life, you know what you aren't thinking about? Drama.

The fact that you are shopping at the grocery store when the only place you want to be is relaxing on the couch. That's the power of someone showing a genuine interest in you and asking questions that force you to think about things that make you smile, your FUNDamentals.

In my experience, I've found that three topics come up in nearly every conversation. We ask about these topics to those we love, friends, co-workers, customers, and complete strangers. These topics are work, family and weather. Think about how you engage with those around you.

How often do you hear questions like, "what do you do for work?" "How are the kids?" Or, "it sure is cold out there, isn't it?" These questions are so common that we don't even have to think about the answers.

In addition, sometimes these innocent questions we ask to spark up a conversation or connect with others can actually bring up thoughts of things that are currently stressing out those with whom we interact.

I'm guessing a very common question that you ask your customers, co-workers or employees is, "how is your day going? What if their day isn't going well? What if they just got into an argument with their spouse, found out some terrible news or have been doing things all day that they don't enjoy? Your question could send them right back to the negative place that they so desperately want to escape, their head.

"What's the best thing that happened to you today?" This question is asking how your day is going with a twist. It forces people to think about something good! Do you know what happens when you create an environment that makes people smile? They remember you.

People want to work, shop and interact with people that make them feel good. Showing a genuine interest in others and asking more meaningful questions could

be a differentiator that makes your brand stand out. Your questions could get them out of their head and challenge them to think about things that give them joy, their FUNDamentals.

Creating a culture of experience based on the philosophy of fundamism will improve your bottom line and, most importantly, your overall job satisfaction. Remember that fundamism is defined as the FUNDamentals of a F.U.N. and optimistic lifestyle.



Tony Robbins once said that "energy flows where attention goes." If your attention is focused on making others feel valued and optimistic, things that make people smile and F.U.N., an energy will be created within your organization that attracts the strength you desire.

Let fundamism and F.U.N. be the guiding principles to moving yourself and your organization forward. F.U.N. is not just a word that creates a sense of joy and fulfillment. It also is an acronym that provides direction on what to do next.

F – Foundation
U – Understanding Others' Perspective
N – Next Steps

The F stands for foundation and is everything in which you or your organization is built upon. What is your mission statement, core values, performance management strategy, and what makes you, you?

"Understanding others' perspective allows you to find what others value by asking more meaningful questions, showing a genuine interest, altering your communication style to meet others and appreciating our personality differences."

Continued on page 56 ►



FOUNDATION NEWS

2020 CGAEF GOLF CLASSICS

The dates are set for the 2020 CGA Educational Foundation Golf Classics. The Southern California tournament will be July 15 at Monarch Beach Golf Links in Dana Point, Calif. The Northern California tournament will be July 21 at Blackhawk Country Club in Danville, Calif.

Grocery retailers and their supplier partners are encouraged to participate in these annual industry gatherings to help support the Foundation's college scholarship and tuition reimbursement programs. Online registration is now open. Visit cgaef.org, or cagrocers.com.

Sponsorship opportunities are available. To learn more, contact Brianne Page at bpage@cagrocers.com, or call (916) 448-3545.

FOUNDATION TO HONOR TWO INDUSTRY ICONS



Kendra Doyel



Mickie Sharp-Villanueva

Two grocery industry executives with deep roots in both the California Grocers Association and the CGA Educational Foundation will be inducted into the Foundation's prestigious Hall of Achievement. Due to the nature of current developments, this event has been postponed until later this summer.

Hundreds of industry peers, friends and family are expected to attend the gala event to honor Kendra Doyel, Vice President of

Merchandising, Ralphs Grocery Company, and Mickie Sharp-Villanueva, Strategic Sales Services, the Performance Group.

The Hall of Achievement recognizes grocery leaders for their tremendous contributions to not only the industry, but their local communities as well. Proceeds from the event help fund the Foundation's college scholarship and tuition reimbursement programs.

"We are honored to induct two very worthy Hall of Achievement recipients," said CGA/CGAEF President Ron Fong. "Their contributions to our industry and their communities is well-documented."

Both award recipients have long histories of involvement with the Educational Foundation, the Association and other allied organizations. Look for a complete event wrap-up in a future issue of California Grocer.

◀ Continued from page 55

Build a foundation rooted in placing others first and creating an experience that brings them joy, FUN and fulfillment. In doing so, you'll find that challenges are mitigated while the right customers and employees find YOU.

The U is understanding others' perspectives. You have an idea of what a world-class service experience looks like. What do your customers, co-workers or employees desire?

Understanding others' perspective allows you to find what others value by asking more meaningful questions, showing a genuine interest, altering your communication style to meet others and appreciating our personality differences.

The N is next steps because, without the N in F.U.N., it's just F.U.! Next steps are where you identify your implementation strategy to creating the culture of experience that will drive the desired outcomes you seek. How do you showcase your foundational strengths and understand others' perspectives while mitigating your areas of opportunity as they are being developed?

I can't provide all the answers in this 1500-word article, so I guess identifying your next steps will take some self-reflection and individual thought. Challenge yourself to find ways to get out of your head and help others do the same.

It could be the right strategy necessary to differentiate your organization and

move it forward in the creation of your very own culture of experience. One that employees want to work for, customers want to shop with, and an added bonus? You are reinvigorated by the energy of an environment overflowing with joy, FUN and fulfillment!

Life is finite. Enjoy every moment. Get out of your head and have FUN! ■

Editor's Note: Want to learn more about fundamism and founder, Paul J Long? Visit www.pauljlong.com to find information on speaking engagements, the Fundamism Podcast (available on all streaming platforms) and more. Paul's bestselling book, Fundamism: Connecting to Life Through F.U.N. can be found on Amazon or www.fundamism.com.

CONGRATULATIONS

2020 CGA
EDUCATIONAL FOUNDATION
HALL OF ACHIEVEMENT
INDUCTEES

**KENDRA DOYEL &
MICKIE SHARP-VILLANUEVA**



YOUR COMMITMENT & CONTRIBUTIONS
ARE AN INSPIRATION TO US ALL.





A MARRIAGE OF
CONVENIENCE

BY LEN LEWIS

MERGING IN-STORE AND
ONLINE OPERATIONS
IS THE KEY TO FUTURE
SUCCESS, ACCORDING
TO INDUSTRY EXPERTS,
ACADEMICS AND IN THE
TRENCHES RETAILERS.

Retailers have three choices – build more stores, go completely digital or embrace an omni-channel future – including mobile – that will take them where their customers want them to be and provide a seamless, integrated shopping experience.

Given recent headlines and continued growth of online sales, an over-emphasis on brick and mortar, exacerbated by the shift from transactional to experiential, may ring the death knell for retailers whose feet are firmly planted in the past.

Conversely, top-to-bottom e-commerce is not viewed by observers as the most profitable play for supermarkets whose physical locations are a huge billboard for the brand and may be a retailer's best weapon against the intrusion of online sales. And customers still like to pick out their own meat and produce and view a weekly shopping trip as an enjoyable rather than tedious experience.

But merging in-store and online operations is the key to future success, according to industry experts, academics and in the trenches retailers. This marriage of convenience, price and privacy and will enable retailers to remain relevant without having to overextend themselves making digital investments.

“Real world stores are driving the online business and your in-store traffic data is absolutely critical to driving digital results,” said Kai Umezawa, founder and head of product research for Zenreach in an Ad Age Podcast.

“A lot is written about online vs. offline problems. But there's commerce flowing in-store that ends up online. We're missing a huge opportunity to use a brick and mortar presence. It just makes sense to open a brick and mortar store to increase brand awareness and online traffic,” he said, noting research showing that a new store location can increase share of web traffic by 27 percent.

The converse is also true. In markets where a physical store presence is removed, digital metrics move in the same direction, Umezawa said.

As Kevin Johnson, ceo of Starbucks, said in his keynote address in January at the National Retail Federation annual conference in New York: “We're dreaming about building an enduring company. If online has created a digital relationship then we'll do this. But not at the expense of the physical aspects that built this company.”

These sentiments were echoed at the recent FMI Midwinter Conference by Tom Blischok, ceo of dialogic group, whose discussion of the “omnishopper” focused on the term “phygital” the melding of physical and digital retailing to create a seamless shopping experience.

Few have embraced this strategy more intensely than Amazon, which is now experimenting with a new store format that looks more like a conventional supermarket than its other brick and mortar locations and whose disruptive presence is based on offering customers a frictionless experience wherever they shop, Carletta Oton, vice president, health, safety, sustainability, security and compliance at Amazon told the Midwinter. “Consumers no longer see the difference between online and off-line and are imposing similar expectations on both shopping experiences.”

On the traditional brick and mortar side of the business, few have been as immersed in digital investments than Walmart, which has seen roaring growth in both online and in-store sales. During the last quarter, the chain's U.S. e-commerce volume rose 50 percent over a comparable period a year earlier while in-store sales rose 2.7 percent. Moreover, the company anticipates e-commerce to grow another 40 percent rate in the coming fiscal year.

Continued on page 60 ►

There is however, a dichotomy in terms of demographics, according to industry observers. Surveys indicate that Generation Z, unlike their millennial predecessors, is naturally inclined toward omnichannel shopping but embrace the in-store experience. For example, while the younger Gen Z population spends less monthly on groceries than millennials, they tend to spend more in-store than online.

Few industry experts predict the demise of brick and mortar despite record store closings over the past couple of years spurred by escalating online sales.

However, an analysis by Internet Retailer reports that online retail sales in the U.S. exceeded \$517 billion in 2018, a 15 percent increase over the prior year, while growth in sales at physical stores rose 3.7 percent. This brings e-commerce to 14.3 percent of total retail sales and means that it only took 10 years for online sales to double its share.

“Blurring of lines is definitely happening across every retail sector including grocery,” said Kahn. “Consumers expect seamless integration across physical stores and online shopping, including mobile phones. They want to buy online and pick up in stores (BOPIS) or buy online and return to the stores. And they will go to physical stores too touch and feel the product then make the purchase online or on their phones,” she said.

She believes that retailers are closing the gap between all three purchasing methods by building programs that embrace BOPIS including the ability to schedule curbside delivery.

But there are significant challenges preventing a seamless consumer experience. “To do it right, retailers have to be able to connect the data across multiple channels both from the supply and consumer side,” said Kahn. “When tracking consumer purchases, retailers should be able to consolidate purchase histories regardless of where a purchase was made. Similarly, supply chain and inventory information should be consolidated across all channels,” she said, citing efforts in this area by Walmart, Target and Amazon.

However, Kahn doesn’t believe in the eventual demise of brick and mortar at the hands of digitization.

“Store closings are getting the headlines, but physical stores won’t go away. Consumers will increasingly purchase some items like repeat purchases online along with items that require a difficult delivery. And there are some consumers who like online shopping for no other reason than convenience,” she said.

“However, consumers like to touch and feel the products. They like shopping and its experiential aspects Even with more convenient delivery times, if you want a product right away you go to a physical store, Kahn noted.

“CONSUMERS NO LONGER SEE THE DIFFERENCE BETWEEN ONLINE AND OFF-LINE AND ARE IMPOSING SIMILAR EXPECTATIONS ON BOTH SHOPPING EXPERIENCES.”



Amazon Fresh Pickup Store Opens in the Ballard Neighborhood of Seattle, Washington (via iStock)

Barbara Kahn, professor of marketing at the University of Pennsylvania’s Wharton School of Business told California Grocer that Gen Zers have high expectations for in-store experiences. “They often scan their mobile phones while shopping in order to get more information and will sometimes use the physical store as a showroom then make final purchases on their phone or later online.”

However, figures from the Bureau of the Census are a bit more optimistic, indicating that in-store sales continue to drive about 90 percent of total retail sales in the U.S.

When it comes to grocery, online sales are positioned to grab 20 percent of the market by 2025 or \$100 billion in sales, according to a 2018 study conducted by Nielsen for the Food Marketing Institute. But the sector is ripe for further disruption primarily from Amazon, which has already netted nearly 20 percent of online grocery sales.



iStock



The future of grocery an increasingly seamless world was also outlined in a new study from Acosta, the Jacksonville, Fla., based sales and marketing agency – Online Grocery Pickup Accelerates Omnichannel Sales.

“Despite only three percent of grocery dollars coming from online, sales are expected to triple and reach \$74 billion by 2023,” said Colin Stewart, Executive Vice President, Business Intelligence at Acosta. “Millennials are spending the largest portion of their grocery budget online today, and we expect it to grow across generations in coming years. Thirty percent of current grocery pickup shoppers noted they plan to use the service more often in the future – led by those who currently only rarely utilize the offering.”

Among the trends outlined in the study:

- *The average online grocery shopper spends **32.7 percent** of their grocery budget online.*
- ***46 percent** of online grocery shoppers are getting their orders fulfilled via pickup services at the store.*
- ***46 percent** of online grocery pickup shoppers still make weekly in-store stock-up trips (to purchase more than 10 items), and **45 percent** make weekly fill-in trips to purchase less than 10 items.*

Looking at key demographics the study reported that millennial shoppers are spending the largest percentage of their grocery budget online (40 percent), compared to 37 percent of Gen Z, 32 percent of Gen X and 20 percent of Boomers.

While online grocery pickup usage is inconsistent among shoppers, with most utilizing the service on rare occasions, the majority of millennials (50 percent) utilize it once a week or multiple times a week.

Having children in the household makes online grocery pickup more appealing, with 44 percent of households with children utilizing the service versus only 15 percent of households without children.

Among other issues, it was noted that shoppers have issues with product size and ambiguity when ordering online, with 53 percent of online shoppers reporting difficulty finding the item they are looking for because of lack of relative sizing.

“GEN ZERS OFTEN SCAN THEIR MOBILE PHONES WHILE SHOPPING IN ORDER TO GET MORE INFORMATION AND WILL SOMETIMES USE THE PHYSICAL STORE AS A SHOWROOM THEN MAKE FINAL PURCHASES ON THEIR PHONE OR LATER ONLINE.”

Continued on page 62 ▶

When it comes to grocery, she acknowledged predictions that consumers may prefer to buy canned goods and bulky center store products like diapers and paper products online. But will always go to the store for produce and fresh bakery. Furthermore, they are likely to buy other items when they pick up their online orders in-store.

To further enhance seamless shopping through the mobile and eliminate checkout lines, the chain is continuing to develop its digital platform, Walmart Pay, as well as a price-matching tool. It has also upgraded the system, enabling shoppers to refill and manage prescriptions for quicker pickups at the pharmacy.

“In-store shopping can’t just be the basic reflection of the online experience or vice versa. Shoppers expect experiences that reflect the channel they’re utilizing, yet blend seamlessly to offer one unique vision of the brand.”

This was underscored at the recent NRF conference where Barrie Carmel, chief value optimization officer for retailer Bed, Bath & Beyond noted that about 80 percent of its consumers search products online before coming to the store. This indicates that retailers must leverage social media, email marketing and other digital tools to meet consumers where they are at any given point.

One example offered by Carmel was coupons, which drive sales online and in-store. However, she noted that younger consumers don’t like coupons as much as their older counterparts. “The company has modified its mobile app to automatically load all digital coupons and discounts available to consumers, digitizing what was a paper-based marketing tool and pulling it into the multichannel age,” said Carmel.

Umezawa of Zenreach noted that the challenge in creating a truly omnichannel business comes down to data. “We’re used to having a lot of online data to understand how long consumers spend on websites, how effective they are in retaining shopping cart sizes and enabling retailers to segment customers with different marketing strategies.”

Brick and mortar may not have the same level of information and brands that don’t have access to can assume a store is not relevant to their digital goals or might believe that what they see on the website is also happening in the store, he said.

“This is a big mistake. Data you see online is only part of the picture in understanding the consumer base. You need full visibility for everyone that comes to the store and the website.” ■



As far as logging in to a mobile app when they enter the store, Kahn noted that it could be a better way of capturing data and merging it with data from online shopping. “It also gives retailers a way to personalize the shopping experience,” she said, noting that Amazon requires consumers to log in to their apps in order to get more information on products or to pay. “And the more sophisticated retailers and tech companies are using their consumer data to improve profitability.”

A prime example of this is Walmart which, as numbers have shown, is leveraging technology to optimize both online and in-store sales. In order to bridge the gap, the chain has installed about 900 pickup towers, 16-foot structures that are basically vending machines where customers pick up online orders.

The company is also expanding its scan-and-go technology for consumers to use their smartphone or a Walmart handheld device to checkout and avoid lines.

Overall, retailers should be looking more toward mobile for the shopping trip since 92 percent of respondents to a survey by Adobe consider smartphones to be their primary shopping device.

According to an article in CMO magazine retailers need to be present at the most influential moments. This includes having a presence at online sources like Youtube or Pinterest where consumers go for ideas or inspiration. “Mobile first means making the retail store experience better for the consumers who are interesting in using their phones to engage with the store,” it was noted, citing retailers like Sephora and Kohl’s as among the leaders in this area.

For example, Sephora’s app is used to introduce products and enables consumers to scan products and to read reviews “Features like these bring the best of the online shopping experience to the physical shopping experience and highlight how mobile continues to be the origin of the shopping journey for many consumers,” the article said.



supplier executive council

Supplier members have the opportunity to further participate in the Association by joining CGA's Supplier leadership committee called the Supplier Executive Council (SEC). This elevated designation of CGA membership provides increased access to California retailers through networking events including CGA's annual end of the year board meeting, executive led store tours, and other exclusive SEC only events.

To learn more about becoming a SEC member, contact Sunny Porter via email sporter@cagocers.com or call (916) 448-3545.

past store tour hosts:



Brad Askeland, VP North Division
Gary Reese, VP South Division
North State Grocery



Bryan Kaltenbach,
Division President, Food 4 Less
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For more information on CGA SEC membership, visit: www.cagocers.com/members/supplier-executive-council/



iStock

Can UNIVERSAL BASIC INCOME Work?

By Nate Rose

Director, Digital Communications
California Grocers Association

In the Great Recession's aftermath, the author Michael Lewis of "Moneyball" fame, found himself retracing the steps that led to the nation's biggest financial calamity since the Great Depression. His tour, for a new book called "Boomerang," eventually led him to California and a bike ride with former governor Arnold Schwarzenegger.

Lewis had been steered towards California because of a prediction by a prominent financial analyst. In an interview on 60 Minutes, analyst Meredith Whitney pointed towards cities and counties as being the scene of the next institutional financial meltdown.

The theory was simple enough: states had overextended themselves by promising generous pensions during economic boom years the same way American consumers had pushed themselves into new debt frontiers by pursuing houses they could not afford. These same soaring pension costs also existed within city governments, only the debt pressures of the states would roll downhill to municipal governments, piling atop existing liabilities.

This theory proved prescient. By 2015, 77 California cities would be on the "economically challenged" list. Detroit would become the largest city to go bankrupt, taking the title from Stockton, Calif., which declared bankruptcy in 2012. In Stockton, unemployment would soar to 20 percent. Crime surged; municipal services endured devastating cuts. It was a truly vicious cycle.

Reacting to the crisis, the city's residents elected a young, progressive mayor in Michael Tubbs. A Stockton native who attended Stanford University, Tubbs became the youngest mayor in the city's history as well as its first African-American mayor by promising to chart a new and more successful path towards recovery for the city.

Against this backdrop, the city's leadership decided to pursue a controversial new experiment. They would give some of Stockton's most impoverished residents unconditional cash.

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“It’s not only having the ability to buy healthier foods...But also the ability to have food throughout the month.”

Partnering with the Economic Security Project, the Central-Valley city created the Stockton Economic Empowerment Demonstration (SEED) to support the experiment with guaranteed basic income.

The Economic Security Project is a Silicon Valley-backed initiative to reshape economic outcomes. Through funding from the likes of Facebook co-founder Chris Hughes, the effort has zeroed in on two ideas: universal basic income (UBI) and anti-monopolistic policy approaches.

With the help of the Economic Security Project and private donations, SEED’s test run with UBI began in 2019. For 18 months, 125 Stockton residents were set to receive \$500 per month – no questions asked.

How would the free money impact personal motivation? What would the participants purchase? What sort of psychological benefits would trickle down from reduced economic insecurity? These were just a few of the questions SEED hoped to answer. And for grocers, the early answers appear telling.

There are lots of connotations around guaranteed income.

Democratic presidential candidate Andrew Yang made it the central message of his primary campaign strategy before exiting the race. Futurists and technologists envision UBI as the answer to the coming robot job apocalypse.

Those leading the experiment in Stockton argue its utility in treating the ills of income inequality. Others argue a guaranteed income would unlock human potential by freeing citizens from uninspiring work or a Late Capitalist malaise.

You can be forgiven for thinking this all sounds decidedly modern and liberal. People will assuredly lose their motivation. Humans cannot live without the meaning many derive from work. Truth be told, the idea is an old one, and not entirely liberal.

The intellectual history of guaranteed income begins in the early 16th century, first appearing in the Catholic philosopher Sir Thomas More’s book “Utopia.” More’s novel is precisely what you might expect, utopian, although the word was taken from a combination of two Greek words and roughly translates to “nowhere.”

From More, the guaranteed income intellectual tree expands across several prominent figures. Thomas Paine, best known for writing “Common Sense” in the lead up to the American Revolution, was an avid supporter. Napoleon Bonaparte was apparently sympathetic to the cause as well, although he never executed any policy related to guaranteed income.

Enlightenment philosophers, alongside Paine and Napoleon, argued all humans were entitled to reap benefits from the Earth, which was endowed to all of us, as a sort of divine dividend despite property rights.

Being hundreds of years removed from the lofty ideals of the Enlightenment, it is easy to cast these ideas aside in favor of simpler, more realistic thinking.

For the business community and capitalists, it is interesting to note John Maynard Keynes is often linked with basic income. It was Keynes who speculated there would come a time when efficiencies gained from technology would reduce the amount of work required of humans.

He referred to this idea as “technological unemployment.” A basic income would distribute the dividends of technological advancement while allowing humans to pursue more meaningful projects. In an essay “Economic Possibilities for our Grandchildren,” written in 1930, Keynes makes an argument that has echoes of the modern worldview:

“We are suffering, not from the rheumatics of old age, but from the growing-pains of over-rapid changes, from the painfulness of readjustment between one economic period and another. The increase of technical efficiency has been taking place faster than we can deal with the problem of labour absorption; the improvement in the standard of life has been a little too quick.”

The lynchpin of the Keynesian theory was that humans were getting closer to solving “mankind’s economic problem.”

In more recent times, there are three main experiments researchers look towards for insights: negative tax trials in the U.S. and Canada in the 1970s under President Richard Nixon, the Alaska Permanent Fund Dividend, and the Eastern Band of Cherokees casino dividend program.

Studying these examples, researchers at the Roosevelt Institute found there were no significant declines in employment. Yet, there were nutritional improvements and better educational outcomes, alongside positive health and home-life outcomes.

Interestingly, these same findings are already showing up in Stockton’s UBI test. In October 2019, SEED released the

first data from its UBI project, which tracks the habits of 125 participants. Here's how it works:

Participants receive \$500 on a debit card each month, and each recipient is allowed to transfer their debit card balance to their bank account or withdraw cash. No tax money is involved as all of the program's funds come from private parties.

To be eligible to participate, SEED recipients were required to come from the City of Stockton neighborhoods with median incomes below \$46,033.

From this pool of potential participants, SEED randomly selected a group of households. Those who responded entered another random selection process from which the 125 were selected. A separate group of those who were not selected make up the control group.

spending, it's likely a higher proportion than is captured by the category itself.

Speaking to the California Grocers Association, the SEED executive director, Sukhi Samra, explained some of the blind spots in the project's reporting.

"I think it's important to know sales and merchandise (the second-largest spending category) includes places like Walmart where a lot of our folks end up buying groceries as well, she explained. "So, even 40 percent is probably an underrepresentation of the spend on food."

Outside of food spending, the next largest categories are the 11 percent on utilities and 10 percent spent on auto care. Roughly 40 percent of the SEED money is being transferred off the cards and is therefore untrackable.

executive director added. "We're now learning to recognize that our social safety net is not necessarily covering everything."

On the nutritional front, the unconditional cash is also changing the types of food being purchased.

"Just yesterday one of our recipients came in and was talking about how before SEED he was eating Hamburger Helper every day because it's family-friendly. Since SEED started, he's been using it less and less and can put more wholesome foods on the table."

While there is certainly nothing wrong with products designed to help people cook simpler and faster meals for their families, there are significant communal and societal benefits that are gained from citizens eating in a well-rounded fashion. Additionally, the ability to feed and nourish loved ones is deeply human.



"One of our recipients talks about how with the \$500 a month, she's able to ensure that her pantry is always full...not just for herself and her family, but her grandkids as well."

There are three additional facts worth noting about the program. Two university researchers – one from the University of Tennessee and another from the University of Pennsylvania – have partnered with SEED to help develop the findings and create a data dashboard. Twenty-five of the 125 participants are also in a storyteller group, which has elected to create content for the project.

The available results are aggregated and de-identified, which limits some of the types of insights one can draw, yet what will fascinate the grocery industry is that 36 percent of the SEED recipient spending was in the "Food" category.

And even though the "Food" category makes up the largest proportion of participant

Perhaps some of this money is also flowing into the food category. But what makes the proportion of food spending especially interesting is the fact participants are not required to forego the existing social safety net, so benefits like SNAP are still being accessed in some cases.

"It's not only having the ability to buy healthier foods," Samra said. "But also the ability to have food throughout the month. Something that we hear from folks, especially people who have kids and also receive food stamps, is SEED provides the ability to have food on the table at the end of the month."

"We were just as surprised as everyone else to learn this much of the SEED disbursement was going to food because there are existing social safety net programs," the SEED

"Another one of our recipients talks about how with the \$500 a month, she's able to ensure that her pantry is always full," Samra shared. "Not just for herself and her family, but her grandkids as well. So, we're seeing other than better choices it's now actually about having the choice at all."

As one might expect, there are also significant mental health benefits that stem from being able to survive episodes of economic volatility.

"Anecdotally, folks say over and over again they are finally able to breathe, or that over the course of the demonstration, they can breathe again," said Samra. "Their minds aren't racing at night. They aren't constantly worrying about where their next meal is coming from."

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A Statewide Universal Basic Income

Presidential politics can sometimes be shaped by fringe candidates whose goal is to influence a party's platform and policy goals, as much as it is to secure a nomination. This may have been the case with Democratic presidential contender, Andrew Yang, and his campaign's focus on giving every adult American \$1,000 a month.

Following his exit from the presidential primary race, his campaign co-chair, who just so happens to be a member of the California State Assembly, has introduced the universal basic income (UBI) idea into the Capitol's policy discussion.

With Assembly Bill 2712, Assemblymember Evan Low (D-Cupertino) wears his inspiration on his sleeve, offering Californians the same \$1,000 per month. To pay for UBI, the Bay Area assemblymember's bill would draw from a 10 percent tax on goods and services.

Interestingly, Stockton's Mayor Michael Tubbs, whose city's effort is the focus of this piece, has expressed concerns over the approach formulated by Yang and Low. On Twitter, Tubbs expressed his belief that UBI should not supplant the existing social safety net. A view that is likely shaped by the early results from his city's own guaranteed income experiment, which demonstrates participants are still spending on the types of basic necessities already covered by benefits like food stamps.

While many would suspect giving people money without stipulation would lead to adverse outcomes, the SEED executive pointed out the unconditional nature of UBI may be one of the counterintuitive strengths of the program.

"SEED is premised on the belief that the best investments we can make are on our people and that no one knows better how to spend the \$500 per month than the person who is experiencing economic insecurity," she explained. "Time and time again, whether it's in other UBI studies or on unconditional cash transfers internationally, the folks experiencing the financial insecurity are probably the best at budgeting – are probably the best at knowing what's in their bank account at any given point.

"So, we truly believe that you can give folks \$500 a month in unconditional cash and trust them to do what makes the most sense for them. Operating from this foundation of trust gives them that autonomy, and it doesn't come from a place of paternalism but a place of trust."

If the American economic model is anchored in production and consumption, then it's fair to wonder how much growth could be had by keeping all Americans in the game. By sustaining wider, deeper economic participation among an impoverished community, SEED's experiment seems to point towards the need to unlock both the human and consumptive potential that is necessary for continued societal and economic growth.

"All conversations about the economy are incredibly nuanced," she added. "The fundamental question remains: how can we make the economy work for everyone? I think implementing a basic income is one way to do that. To make sure at the end of the day people are eating. Putting money back into the hands of ordinary Americans and letting them make choices about how to spend the money."

There are still plenty of questions about what a world without subsistent labor would look like, or how to pay for any type of guaranteed income program.



"We truly believe that you can give folks \$500 a month in unconditional cash and trust them to do what makes the most sense for them. Operating from this foundation of trust gives them that autonomy, and it doesn't come from a place of paternalism but a place of trust."

The idea itself is counterintuitive and even seems to defy common sense.

Futurists debate whether the robotic and automated future is indeed coming. For example, only a few months ago, Zume Pizza went from a much-hyped robotic and autonomous pizza company to defunct. Leisure time has increased, but time scarcity has not. Nor does the 24-hour global economy appear to be slowing its need for human workers.

But for an industry built around nourishing the communities it serves, it's worth wondering – if the promised technological future does come to pass – how best to sustain the customers we serve. Perhaps, guaranteed income will be part of that equation. ■



KNOW THE LAW

UPDATE: SIGNATURE GATHERERS AND SOLICITORS

BY DALE STERN AND WIEMOND WU

AS WE HEAD INTO ANOTHER ELECTION CYCLE, SEVERAL CGA MEMBERS HAVE ASKED ABOUT THEIR RIGHTS REGARDING UNWANTED SIGNATURE GATHERERS AND OTHER SOLICITORS.

We've heard many stories about belligerent signature gatherers who insist they're exercising their constitutional rights; and about local law enforcement agencies that are unaware of the recent Supreme Court rulings in favor of grocers on this subject.

About 40 years ago, the California Supreme Court ruled that speech and petitioning, if "reasonably exercised," in areas outside privately-owned shopping centers is constitutionally protected.

In *Robins v. Pruneyard Shopping Center* (1979) 23 Cal.3d 899, 910 ("Pruneyard"), high school students disseminated information in a courtyard inside the Pruneyard Center, which was approximately

21 acres in total and contained 65 shops, 10 restaurants, and a theater.

According to the Court, these students had a constitutional right to be present on Pruneyard Shopping Center's private property because the shopping center was essentially a place for citizens to socialize and congregate – in constitutional terms, it was a "public forum."

Not all private shopping centers are a public forum, however. Indeed, the Pruneyard Court cautioned that signature gatherers and solicitors do not have "free rein" to express themselves at private shopping centers. So the main question becomes: when is a store considered not a "public forum"?

Whether a private shopping center is a "public forum" largely depends on the nature and characteristics of each individual store or shopping center. A shopping center's common areas, those which generally have seating and other amenities producing an environment that encourages shoppers to stop, relax, linger, gather, and chat is more likely to be viewed as a "public forum."

But when a storefront is not designed to promote gathering and relaxing, such as the entrance area or the apron, the store is less likely to be viewed as a "public forum."

The California Supreme Court recently highlighted the "public forum" analysis in *Ralphs Grocery Co. v. United Food & Commercial Workers Union Local 8* (2012) 55 Cal.4th 1083 ("UFCW").

Union members gathered directly in front of a Foods Co. store to picket, and apparently to dissuade shoppers from entering the store. Unlike Pruneyard, the Court decided that the area immediately outside Foods Co.'s customer entrances and exits, at least as typically configured and furnished, is not a traditional "public forum." The union activity interfered with normal business operations more than it would have in the less heavily trafficked common areas of a public forum.

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“SIGNATURE GATHERERS AND SOLICITORS DO NOT HAVE FREE REIN TO USE STORE PROPERTY AS A PUBLIC FORUM.”

Ultimately, it was determined that the area directly outside Foods Co. did not encourage activities such as meeting friends, congregating, or lingering. Similarly, in *Albertson’s, Inc. v. Young* (2003) 107 Cal.App.4th 106 and *Van v. Target Corp.* (2007) 155 Cal.App.4th 1375, the stores also successfully argued that their storefronts were not a public forum for expressive activity because the premises of each store was not designed to draw crowds like a traditional “public forum.”

As a first step to removing unwanted trespassers, stores should first evaluate their premises to determine if it is indeed a “public forum.”

Some factors to consider: are there seats, restaurants, walkways or common areas that encourage the public to gather like in *Pruneyard*? Or, are the premises simply intended for shoppers to enter and exit the stores or for customers to view a store’s merchandise and advertising displays similar to the *Ralphs v. UFCW* case?

This analysis is highly factual, but the bottom line is: if the area encourages members of the public to meet friends, eat, rest, congregate or be entertained, the more likely it will be viewed as a “public forum” for signature gatherers and solicitors to exercise their freedom of speech.

After conducting the “public forum” analysis, another consideration is whether the signature gatherers and solicitors are engaged in union activities. In the *UFCW* case, the California Supreme Court ruled that while union members did not have a constitutional right to be at Foods Co.’s entrance area and apron, the union members might have a statutory right to be present under the *Moscone Act* and Labor Code section 1138.1. Stores should thus also consider whether the signature gatherers and solicitors are engaging in union activities before seeking to evict them.

If the premises is not a “public forum” and there are no union activities involved, then stores may ask the trespassers to vacate the premises. As a practical matter, stores should review their leases to make sure they have authority and control over the apron and parking lot.

Many store leases place responsibility for maintenance and control of these spaces on the tenant grocer while some leases reserve this authority to the landlord. In the latter case, the store may need to ask the landlord for assistance in removing the unwanted trespassers.

If the signature gatherers and solicitors do not leave the premises, the store has options, including: The store may seek help from the local authorities, explaining that the store’s premises are not considered a “public forum.”

We encourage store operators to meet in advance of a trespassing issue with the local police chief or sheriff to discuss their understanding of the law in this area, and their willingness to assist in the removal of trespassers.

CGA may be able to assist with the educational effort if your local law enforcement agency exhibits a lack of understanding of the law on solicitors and signature gatherers in front of stores.

Another option available to retailers is to sue for trespass and seek an injunction to prevent the trespassers from entering the store’s private property.

When a store seeks injunctive relief against the trespassers, it would not be surprising if the trespassers filed an anti-SLAPP motion to strike the store’s complaint. An anti-SLAPP motion is a special motion designed to dismiss claims interfering with protected speech.

This is exactly what happened in *Ralphs Grocery Co. v. Victory Consultants, Inc.* (2017) 17 Cal.App.5th 245. In this case, Food 4 Less and Ralphs filed a lawsuit to enjoin trespassing signature gatherers from operating in front of their stores. The trespassers filed an anti-SLAPP motion, contending that their signature gathering was a constitutionally protected activity.

The Court of Appeal agreed with Ralphs that the signature gathering was not a protected activity because the stores were open to the public to buy goods, not to offer their property as a traditional “public forum.”

The main takeaway is that signature gatherers and solicitors do not have free rein to use store property as a public forum. First, stores must evaluate whether their premises are a “public forum.” If not a “public forum,” then second, determine whether the solicitors are engaging in union activities that may give them special statutory permission to be present.

And finally, if the store is not a “public forum” and there are no union activities involved, stores should know that there are remedies available to remove unwanted, trespassing signature gatherers and solicitors from their premises. ■

Dale Stern is a partner and Wiemond Wu is an associate at Downey Brand LLP in Sacramento, Calif. Dale has served as outside general counsel to CGA for 30 years.

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MOMMY BLOGGER

THE NEW GROCER ON THE BLOCK



KIMBERLY RAE MILLER
WRITER, ACTRESS

I ONCE HEARD SOMEONE SAY THAT IF YOU WANT THE GOVERNMENT TO BALANCE THE BUDGET, PUT A MOTHER IN CHARGE.

I'm not volunteering for the job, but I know a thing or two about staying on a budget. I spend exactly \$125 a week on groceries for my family of four. That breaks down to \$4.50 per person, per day.

From that \$4.50, I have to squeeze out three meals and two snacks. When I tell you that I've become an expert at exactly how much to buy and from where, I mean business.

I have my shopping routine down to a science, with a rotation of three stores. I regularly shop at a big box store, a trendy grocer, and a regular ole grocery store. Each store fills a different need for our family, from basic necessities to diet-specific staples, and through lots of trial and error, I've figured out exactly how to stretch my dollars between them.

A few months ago, a European market chain took over the main grocery chain in my area. Since two of my regular standbys were holding steady, I wasn't too concerned when the stores closed down and remodeled. I was curious about what this new IKEA-esque shopping experience would be like. When it finally opened, I decided to give it a few tries before passing judgment, but with three trips under my belt, I'm ready to judge.

Here's what worked:

They offer great prices. I've consistently gotten everything on my list for between \$83-\$90, including organic meat and dairy.



The aisles are wide. I mean really wide. Three carts can pass through with no problem. Aisle size isn't something I think a lot about – and it's definitely not a deal maker or breaker – but I do get through my shopping reasonably quickly because I don't have to wait for a parade of fellow shoppers to pass me in order to get to the beans.

There's a bakery with warm pastries just ready for the sampling. Pastries aren't usually on my list, but since I'm saving about \$40 a trip, I'm okay with splurging on some sweets for dessert.

They had carts for kids to “help.” This was kind of a mixed blessing. They helped me keep my three-year-old engaged and entertained, and also helped me meet lots of new people as I profusely apologized while chasing after him.

But there were also a few things that didn't work.

There wasn't a huge selection of items. While I did manage to get everything on my list, there wasn't much room for browsing for the best brand. If I were a more adventurous cook, I would have to hit up a secondary store.

The middle of the store seemed to be reserved for selling tchotchkes. I'm sure some people browse this section and find things that they didn't know they needed, but I find that the mini department store mid-store disrupts the flow and makes it harder to wrangle my cart-driving three-year-old.

Honestly, the good outweighed the bad, and the savings of \$40 from my already-tight grocery budget means that I'm happy to add this shop to my rotation. What will I do with an extra \$40+ a month? Probably more coffee. ■

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