



TOP LINE REPORT

March 2017

Board of Directors

State Director
Dan Shaul

Chairman
John Porter
Porter's Super Market
Crane, MO

President
Chuck Murfin, III
Murfin's Markets
Ozark, MO

Kim Eskew
Harps Food Stores
Springdale, AR

Jim Hamblin
Town & Country Supermarkets
Fredericktown, MO

Jim Hickman
Hickman's IGA
Mexico, MO

Bob Himango
Supervalu
Champaign, IL

Gerry Kettler
Niemann Foods
Quincy, IL

Dan Kramer
SHAZAM
Johnston, IA

Charlie Lynn
Associated Wholesale Grocers
Springfield, MO

Mary Beth Hart
Hy-Vee
West Des Moines, IA

Jon McCormick
Retail Grocers Association of Greater KC
Shawnee Mission, KS

Cindy McMillian
Ozark Empire Grocers Association
Springfield, MO

Ed Mullins
Prairie Farms Dairy
Carlinville, IL

Mike Murphy
Affiliated Foods Midwest
Elwood, KS

Rick Prenger
Prenger Foods
Marceline, MO

Steve Radcliff
Dierbergs Markets
Chesterfield, MO

Joyce Shaul
Mid-America Grocers Association
St. Louis

Bob Snyder, III
Snyder Foods
St. Louis

Erick Taylor
Ramey/Price Cutter Supermarkets
Springfield

Don Woods
Woods Supermarket
Bolivar, MO

GROCCERS DAY

at the Capitol

March 27th & 28th, 2017



Monday, March 27th

5:30 PM | Board Meeting

Capitol Plaza Hotel-Jefferson Room

7:00 PM | Legislative Reception

Doors open at 6:30 PM

Buffet Dinner served at 7:00 PM

Capitol Plaza Hotel - Capitol Room

* RSVP for the reception to jgaddie@missourigrocers.com
no later than March 17th

Tuesday, March 28th

7:15 AM | Continental Breakfast

Missouri Capitol Third Floor Rotunda

8:00 AM | Issues Briefing

Missouri Capitol Basement - Hearing Room 6

9:00 AM | Legislative Visits

11:30 AM Ice Cream Social

Missouri Capitol Third Floor Rotunda

PRRST STD
U.S. POSTAGE
PAID
Springfield, MO
Permit No. 293



WE ARE **HERE** FOR YOU!



- States with distribution centers
- States with distribution
- States with no current distribution yet

Largest Retailer-Owned Grocery Co-Op in the U.S.

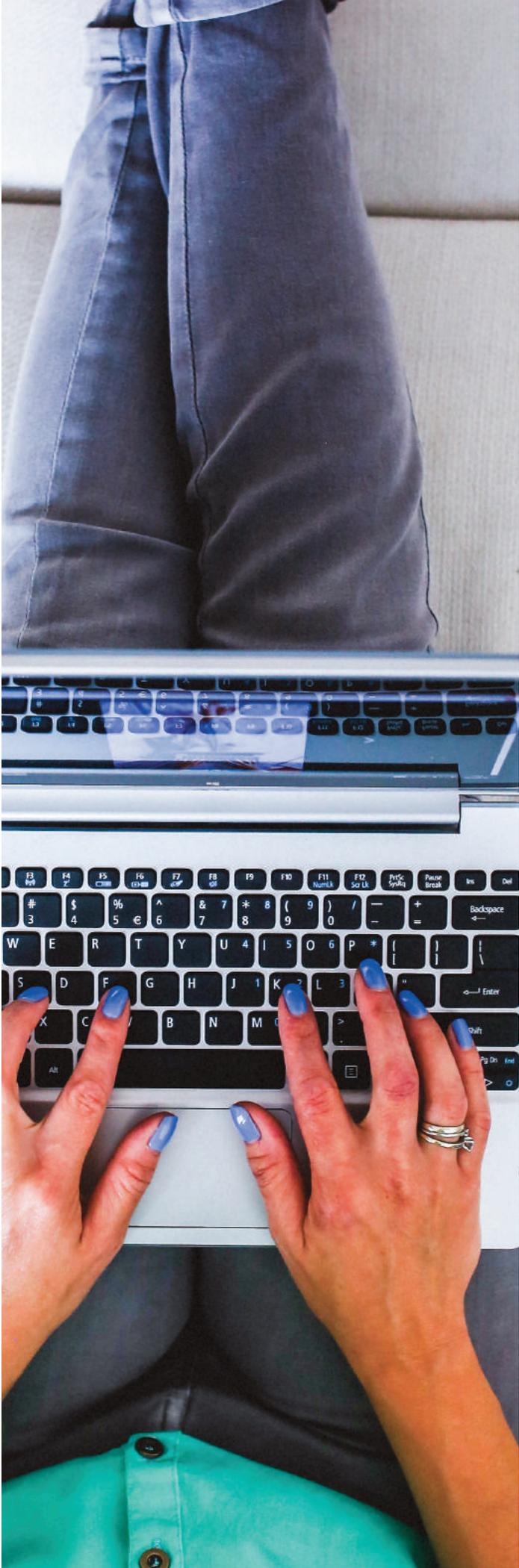
Over 30 states

Over \$10 Billion in Sales

Over 3,800 Retailer Locations

For a lower cost of goods
PLEASE CONTACT:

Dave McKelvey 713-876-6240
Keith Knight 615-290-6093
Wayne Hall 608-347-7318



Online Grocery Sales Set to Surge, Grabbing 20 Percent of Market by 2025

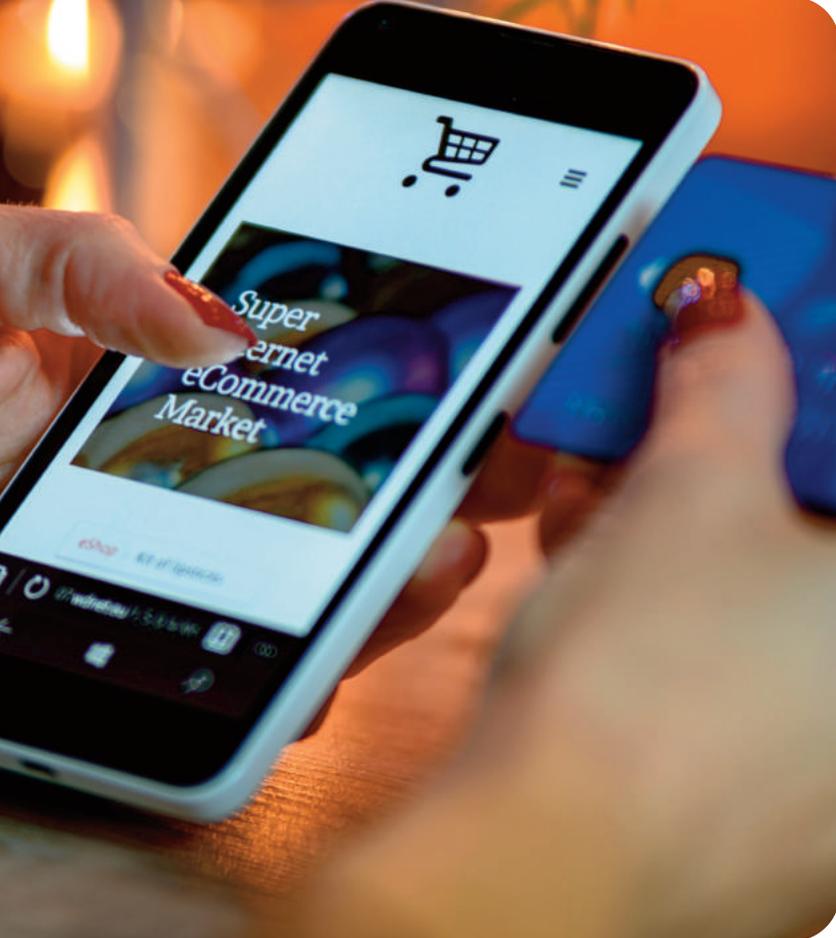
Jeff Daniels, CNBC

Online grocery shopping could grow five-fold over the next decade, with American consumers spending upwards of \$100 billion on food-at-home items by 2025, according to a report released Monday.

Supermarket giants Wal-Mart Stores and Kroger already draw sales from their online efforts and compete with Amazon and other e-commerce challengers, but the report from Food Marketing Institute and Nielsen points out that the online channel is likely to capture significantly more market share in the decade ahead from the bricks-and-mortar stores.

Around a quarter of American households currently buy some groceries online, up from 19 percent in 2014, and more than 70 percent will engage with online food shopping within 10 years, according to "The Digitally Engaged Food Shopper" report. It also found that of those who will buy digitally, 60 percent expect to spend about a quarter of their food dollars online in 10 years.

The report also found millennial shoppers surveyed were more willing to buy groceries online in the future than other consumer groups. It also pointed out that roughly 3 in 5 grocery shoppers today are looking for sales or coupons on their mobile devices before entering the store and that just over half will use mobile apps to shop at the store.



"Younger, newer, and more engaged digital shoppers adopt digital technologies more quickly, and will hasten the expansion of digital grocery shopping further."

"Grocery shopping will reach digital maturity and saturation faster than other industries that went online before, such as publishing or banking," said the report. "Younger, newer and more engaged digital shoppers adopt digital technologies more quickly, and will hasten the expansion of digital grocery shopping further."

Indeed, the number of U.S. households getting groceries digitally has risen significantly in recent years, fueled by increasingly tech-savvy millennial consumers and retailers offering the convenience of both delivery and so-called click-and-collect service.

Another digital opportunity for the grocery industry is Amazon Go — a grab-and-go store where smartphones are used to shop without any human cashiers. We may hear more about the AmazonFresh and Amazon Go businesses when the e-commerce giant holds its fourth-quarter earnings conference call Thursday.

A key takeaway of the FMI-Nielsen report is that online grocery spending could grow during the 2016-2025 forecast period from 4.3 percent of the total U.S. food and beverage sales to as much as a 20 percent share, or reaching more than \$100 billion, based on the most upbeat scenario. Last year, online grocery sales were about \$20.5 billion.

The most optimistic outlook has online grocery sales growing at a compound annual rate of nearly 20 percent during the 2016-2025 forecast period. Even under the most "conservative" scenario, the compound annual growth rate during the forecast period is seen rising at a 9 percent pace and the share of online grocery spend doubling from its current level.

Also, the study predicts that canned goods, condiments, spices and other so-called center of store products will likely shift faster to online than traditionally perimeter items such as fresh produce and meats. Last year's online sales were the equivalent of 764 grocery stores, based on store volume; by 2025, the digital share could become comparable to nearly 3,900 stores.

The report doesn't see the rise of grocery e-commerce as leading to the demise of the brick-and-mortar supermarkets but rather as one that will "reconfigure" the role of the grocery store for the digital food shopper.

"Only the retailers that first develop an understanding of their digitally engaged shoppers, build a strategy around that understanding and cost-effectively integrate digital food retail into their banner and channel promise will be market leaders," the report stated.

Specifically, the authors of the study see a future where more grocery stores will expand areas such as the service delis, bakery and meat departments as well as add trendy cuisine sections such as sushi bars and food courts — all to attract new customers.

"We think that food retailers are so well positioned in this environment because they can leverage both their existing physical brick-and-mortar assets coupled with these digital capabilities," said Mark Baum, chief collaboration officer at FMI, a trade group of food distribution businesses, including grocery wholesalers and retail supermarkets.

Specialty offerings are considered particularly important to capturing a younger generation of consumers and as a critical differentiator between the online and in-store experience.

Then again, the report points out that grocery retailers are already experimenting with different business models and approaches to online.

"Retailers have a natural survival instinct and a natural growth instinct," said Thom Blischok, global retail strategic advisor to Nielsen, "but profitability going forward is really the key."

Blischok said he expects supermarkets also may see a reallocation of center store space now devoted to popular canned goods and packaged items going to the backroom area. And he said that backroom may be "robotically manned to fulfill the top-100 or top-500 items" sought for pickup by digital food shoppers.

"The issue of how you build your operating model as a retailer is probably one of the most significant challenges that retailers have today," he said, "we're going to find a tremendous amount of innovation in fulfillment going forward."

The report is part of a multiyear initiative by FMI and Nielsen to look at the digital transformation of the U.S. retail food landscape. The two sides see the need for retailers and food manufacturers to do more to reduce costs in the supply chain and to partner "to keep pace with innovation, embrace change and capture value."

Article written by Jeff Daniels of CNBC



Want a Reliable Coupon Program?

Want to track your coupon shipments and payments?



Let ACS share our 40 years of Customer Service experience to get you what you want!



American Coupon Services

"Streamline the redemption of your digital, paper and paperless coupons"

A Division of Your Local Grocers Association

For more information call 417-831-6667 or visit www.AmericanCouponServices.com



Athlete Takeover

A group of 5K participants at the 2016 MGA Showcase



Golf Time

A few of our members enjoying the annual MGA Golf Tournament that took place during the 2016 Convention

Ladies Program

Some of the ladies enjoying the 2016 RSVPaint program

Save the Date

MGA SHOWCASE 2017

JULY 20-23, 2017

Tan-Tar-A Resort
494 Tantara Drive
Osage Beach, Missouri 65065

Stay tuned for more details!





MISSOURI GROCERS ASSOCIATION 2017 LEGISLATION

Protection of Sales Tax Collection Allowance

In the state of Missouri, the Department of Revenue requires that retailers collect and remit any and all sales tax due in a timely manner. In exchange for this, and the cost of doing this difficult task, the retailer is allowed to retain 2% of the collected tax if it is remitted in a timely manner. While this amount may seem reasonable to some, retailers report that the cost of collecting this tax exceeds the 2%. With the current budget shortfall, the allowance has become a target for elimination, thus reducing the budget shortfall. MGA will be urging members of both bodies to resist the modification of this allowance.

Scheduling Preemption

There has been a recent push by groups, similar to the \$15.00 an hour initiative, asking cities, counties, and states to enact predictive scheduling mandates. These mandates would require set work schedules for employees as far out as three weeks in advance and if there are any alterations to that "predictive schedule", the employer is required to compensate the employee for hours not worked or for being asked to work additional hours. MGA is opposed to such mandates and will therefore support a preemption bill that would prohibit cities and counties from enacting such mandates. This bill is a continuation to HB722 that was passed in 2015.

Employee Discrimination

Currently, under the Missouri Human Rights Act (MHRA), a practice is unlawful when the protected trait is a contributing factor in the decision to discriminate. This act changes that standard such that an adverse decision or action would not have been made but

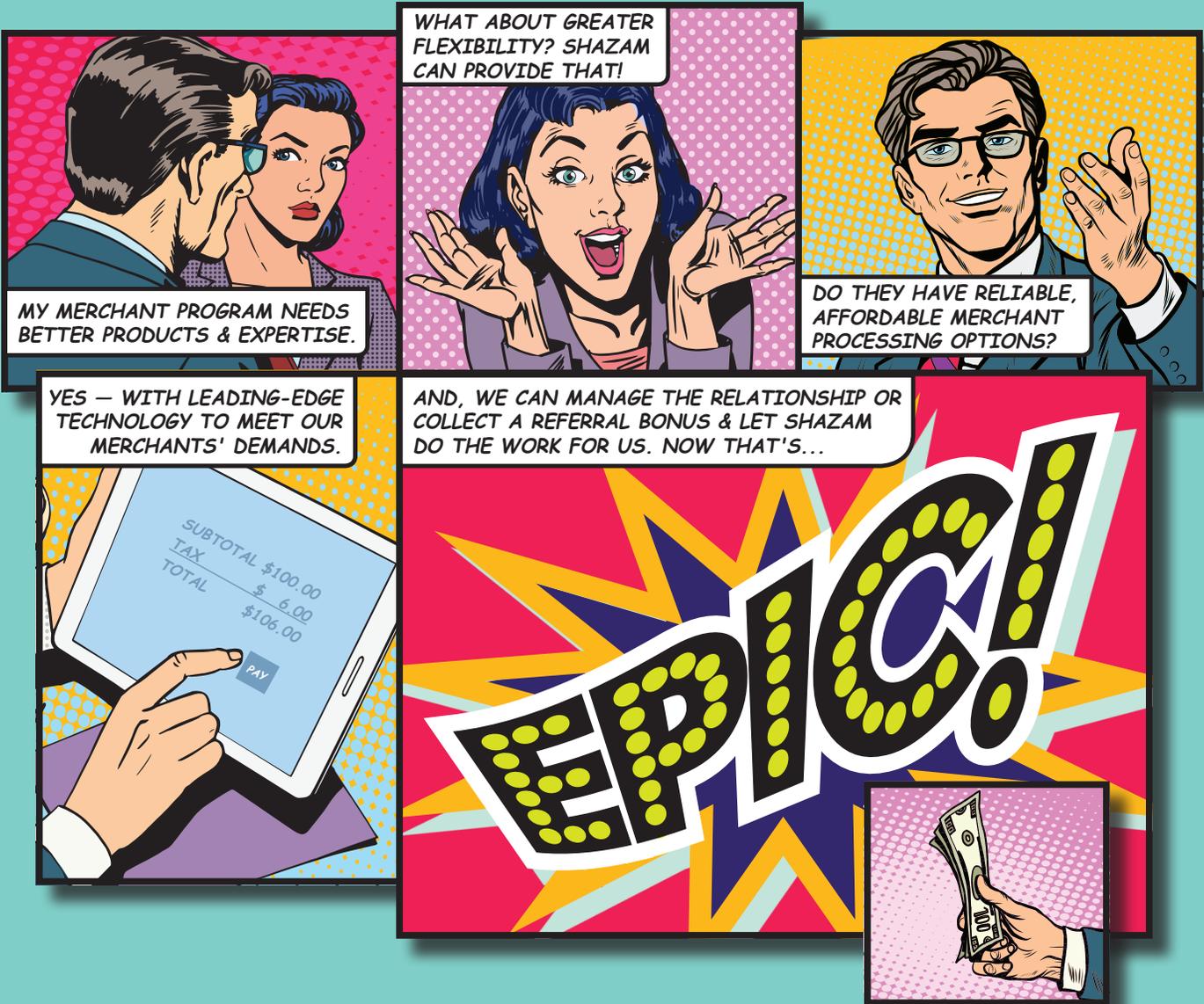
for the employee's status as a protected person. The person must further prove that such action was the direct proximate cause of the claimed damages.

Streamlined Sales Tax

Craig Johnson, Executive Director of Streamlined Sales Tax Governing Board, Inc. explained the issue of streamlined sales tax perfectly. "It used to be that when we needed something we went to the local store to buy it. When we checked out, as we wished the clerk a good day, we paid sales taxes on our purchases. Those taxes helped fund the roads we used to get there, and the education of the kids we saw playing at the park along the way. Now, we can hop on our computer or phone, and with just a few clicks, we can buy the same products. A truck still uses the roads to deliver our packages, and it still passes local school kids along the way, but because of antiquated state and federal laws, even though we owed sales and use taxes on our items, they likely weren't collected. Missouri's economy has changed, but our state tax collections systems haven't. As a result, local stores are at a competitive disadvantage, and public services in our communities suffer."

Right to Work

This year, the General Assembly along with Gov. Greitens, completed a decades-long journey to make Missouri a right-to-work state. Senate Bill 19 is a piece of legislation that would make it illegal to require employees to join a union or pay the equivalent of union dues in order to get or keep a job. This new law will go in to effect on Aug 28th. MGA will be asking that members thank their representatives and senators for their support and ask they continue to support pro-business agenda items.



SHAZAM's focused on strengthening community financial institutions by offering choice and flexibility for all your merchant processing needs. Call us today to learn more about SHAZAM Merchant Services.

Now that's epic.



Strengthening Community Financial Institutions

shazam.net/epic | 855.314.1212 | @SHAZAMNetwork



We've Done Some *Revamping*



We are thrilled to announce the release of our new MGA website and Eat at Home website! We have completely rebranded the Eat at Home Missouri initiative. The new Eat at Home website has healthy eating tips, recall information, and a fun blog featuring recipes, trends, and much more. Our new MGA website features a new events section, an updated directory, and is much more user friendly than the previous version. Check them both out!

www.missourigrocers.com

www.eatathomemo.com



**“SHE WAS
THE SHYEST 4TH
GRADER EVER.
... BUT I PUSHED HER.”**

— MARY ABRAM
Former Fourth-Grade Teacher

MEGAN LINDSAY
Former Student
Current Teacher

TEACHERS MAKE THE DIFFERENCE

Together we've given over **\$5 BILLION** back to education



MOLottery

PLAY IT FORWARD

—  —

LET YOUR VOICE BE
HEARD

Grocers Day at the Capitol offers you the opportunity to call upon your representatives and senators to let them know how their actions affect Missouri's food industry. Don't miss your chance to talk about industry issues with those who are making tax, regulatory and other legislative decisions that impact your every day life

REGISTER



- www.missourigrocers.com
- fill out the form and return to
315 N. Ken Ave., Springfield, MO
65802 or Fax to (417) 831-3907

MISSOURI GROCERS DAY REGISTRATION FORM

Company _____

Address _____

City _____ State _____ Zip _____

Phone _____ Fax _____

Primary Contact _____

Email _____ County _____

State Senator _____ State Representative _____

List of Attendees

Name _____ City _____

Name _____ City _____

Name _____ City _____

Name _____ City _____

Number of guests attending the Legislative Reception _____

Days attending _____

Would you like to Sponsor?

Yes, I will donate \$150 for the event

Yes, I will donate \$250 for the event

Check enclosed

Bill me

Mail form to Missouri Grocers Association, 315 N. Ken Ave., Springfield, MO 65802, fax to (417) 831-3907, or email to jgaddie@missourigrocers.com by **Friday, March 17th**. Questions? Call (417) 831-6667.

HEALTHY AND WHOLESOME, FROM YOUR HOMETOWN DAIRY

As your local dairy for nearly 80 years, Hiland Dairy understands that your customers want various milk choices. We are committed to supplying you with those options — from regular and flavored milks to lactose-free, organic and milk alternatives — and we promise the very best quality in all of our products.



**NO Artificial
Growth Hormones**

**All Hiland Milk Is
Tested for Antibiotics**

think protein
30 
per meal ^g

For information about our full line of dairy foods,
visit HilandDairy.com or call 800-492-4022.