

FMI Industry Collaboration Council Minutes
FMI Offices, Arlington, Virginia
March 9 -10, 2016

Attendees

Council members and FMI staff in attendance are included in attachment.

FMI Industry Collaboration Council Meeting:

Day # 1: March 9, 2016

Council Co-Chairs Steve Arnold, Associated Wholesale Grocers Kansas City and Joe Bivona, Time, Inc. Retail opened the meeting and welcomed council members. Council members introduced themselves.

Pat Walsh, FMI Staff Lead reminded council members of the FMI Anti-Trust Compliance Policy Guidelines.

Joe and Steve reviewed the ICC program and reviewed the purpose of the meeting which included:

- Progress report since October 2015 meeting
- Update and communicate committee work
- Communicate FMI association updates
- Provide industry insights and perspectives
- Discuss other relevant issues

Committee meeting breakout sessions guidelines were reviewed to include:

- Discuss progress and 2016 priorities
- Areas for improvement, focus and value creation
- Present key action items to Council on day #2

Jack Porter, KEHE and John Mayer, JM Smucker Company were recognized by the co-chairs and Mark Baum, FMI for their years of service to their companies, the industry and FMI. Jack is retiring in April and John in July.

ICC Progress Report

Pat Walsh, FMI provided a progress report on all Council and Committee activities since the last meeting in October 2015. Adell Cokley provided a demo of the newly re-designed ICC workspace.

Pat reviewed the ICC Anthology of research studies which is a compilation of 10 research studies that were developed and produced by the various ICC committees. The reports are focused in two key areas; Collaboration and Consumer insights and are available on the ICC Workspace. They include research on the following topics:

- Collaboration 2.0: Unlocking the Benefits of Collaboration
- FMI Private Brands: Engaging in Collaborative Business Relationships
- Store Brand Strategies
- Private Brand Strategies
- Solving the Out of Stock Problem
- From Category Management to Shopper Centric Retailing
- Capitalizing on the Shifting Consumer Value Equation
- Power of Produce
- Power of Meat
- Appealing to Increasingly Polarized Consumers in Fresh

Committee Progress Reports: October 2015 – February 2016

Food and Beverage Committee

Family Meals Month 2015 campaign was executed and support by over 100 companies. Results of the campaign have been disclosed and enhancement recommendations are underway. Committee is also reviewing opportunities to improve center store performance.

GM/HBC Committee

Research study is in development in partnership with Acosta focused on a 2020 view of shopper insights and retail capabilities for general merchandise, health and beauty for grocery retailers. Elements include channel migration, store formats, best practices and innovations that drive sales.

Education programming is scheduled for FMI Connect to include a Lifestyle Pavilion. A GM/HBC video was produced and released at Midwinter 2016 and featured on the FMI mobile app.

Fresh Foods Committee

Research is in development to identify the Top Emerging Trends in Fresh in partnership with IRI to be featured at FMI Connect. Research is also underway on the next iteration of the Power of Meat and Power of Produce studies. A new report on the Power of Deli is in development.

FMI Connect will feature a Fresh Pavilion to include fresh pods and Fresh Bite presentations.

Private Brand Committee

Extensive work and education is underway to positively inform and impact the GMO debate. Three private brands studies were released in the last 12 months as referenced earlier.

Private Brands Summit was held in October 2015 and Private Brands Pavilion will be featured at FMI Connect along with education programming.

Innovation and Technology Committee

Game changing platforms were identified in the areas of innovation and technology to include finalization of sessions at FMI Connect to include Consumer Engagement, Omni-Channel Capabilities, Mastering Mobile, Personalization, Localization and Loyalty.

A Technology Pavilion and Pulse Zone will be featured at FMI Connect. Technology educational program is completed.

Education, Conferences and Communications Committee

There was record breaking attendance at Midwinter Conference in 2016. The Strategic Executive Exchange program achieved an all-time high number of appointments. The TPA Supply Chain Conference was highly successful and attendance was up 15% versus 2015.

Meat Conference had over 1,000 attendees.

Work is underway to evaluate the attendee feedback from Midwinter which will be discussed later in the afternoon.

Guest Speaker Program: Shopper Centric Retailing, Winston Weber and Associates

At the request of the ICC Leadership Committee, council member Winston Weber presented the findings and recommendations of the FMI, Winston Weber & Associates and Deloitte Consulting study on Shopper Centric Retailing that was released in January 2016. This study will also be presented in June at FMI Connect.

The entire presentation is available on the ICC workspace. The high level findings included 8 key insights:

1. The industry has spoken: We must move beyond category management
2. Industry respondents agree that change must happen.
3. Most believe change should be built on the existing category management.
4. Category management has too many limitations to produce the desired results.
5. Decision support is still a fragmented, unstandardized function for most retailers.
6. Very few retailers have tapped into the significant potential of digital-based insights.
7. The emergence and growth of new “food lifestyles ” will compel a more shopper-centric approach.
8. Both sides also see an opportunity for more shopper-centric collaboration.

An Open Forum was held for one hour following the presentation to discuss the findings, case studies, recommendations and proposed next steps.

Committee Breakout Sessions (held in the afternoon day # 1)

The following ICC committees convened to breakout sessions on day one for planning, goal setting and updating action plans. The committees which met included:

- Innovation and Technology
- Education, Conferences and Communications
- Food and Beverage
- GM/HBC
- Private Brands
- Fresh Foods

FMI staff liaison’s will recap the minutes of their committee discussions and provide the minutes to their respective committees. Committee meeting presentations to the Industry Collaboration Council on day 2 are provided as well as the Powerpoint presentations are located on the ICC workspace.

Day #1 activities concluded at 5p and the council members gathered for a networking reception and dinner that evening at the FMI offices.

Day # 2: March 10, 2016

Steve Arnold and Joe Bivona welcomed the council members back for day #2 of the program.

FMI Association Update

Mark Baum, Senior Vice President Industry Relations and Chief Collaboration Officer, FMI welcomed the group and shared an update on the FMI Strategic Plan to include the top five strategic priorities. The focus of the update was on the Strategic Plan Refresh in terms of how the association performed on the key priorities and how the association can accelerate progress. Mark indicated the updated Strategic Plan will be reviewed and approved at the next FMI Board meeting in June 2016 at FMI Connect.

Mr. Baum provided an update on the FMI Resource Taskforce which is focused on four key areas:

- 1) Impact of Industry Consolidation both retailers and suppliers
- 2) Positioning FMI resources for the future and how FMI needs to evolve.
- 3) Examine FMI's business model holistically to include what activities should be eliminated.
- 4) Revenue generation activities:
 - Membership
 - Signature Events
 - Food Safety Services
 - Non-Dues Revenue

Mark also provided an update on the Trading Partner Alliance including a brief history of the TPA and its accomplishments. Updates were provided on GMO legislation to include the Vermont Labeling Law which is scheduled to take effect in July, Smart Label implementation, On Shelf Availability Taskforce, Hazardous Waste Taskforce, Data Quality and an increased focus on Product Code Dating.

Mark reviewed FMI progress on Total Consumer Collaboration which was presented at the October 2015 ICC meeting. FMI is beginning the implementation phase of this initiative focused in four core areas where the industry is fighting for shared resources. These include:

- Share of Stomach
- Share of Wallet
- Share of Talent
- Share of Capital

The effectiveness of the ICC was also reviewed and Mark shared with the Council the new ICC operating structure to include the following enhancements:

- Creation of a Total Consumer Collaboration Committee
- Repositioning of Innovation and Technology Committee to the Technology Committee (as all committees are working on innovation). FMI CIO's now engaged.
- Adding the Supply Chain Committee as part of the ICC
- Creation of a Health, Wellness and Lifestyles Committee (formally Pharmacy)

Over the next 30-60 days these enhancements will be in effect and effectively resourced with members and association staff assignments.

Margaret Core, Vice President, Industry Events provided an update on FMI Connect to be held in Chicago at McCormick Place on June 20 –June 24, 2016. The FMI Connect objectives include:

- 1) Establish innovation as a central them for FMI Connect.
- 2) Develop “micro propositions” for different audiences and market specifically to those audiences.
- 3) Elevate the role of technology.
- 4) Enhance the relevancy, quality and marketing of the education programs.

Aggressive growth targets for retail attendance have been established with a goal of 3,100 retailers attending versus 2,100 in 2015. Retail team members by function have been established. Margaret also reviewed the FMI Connect schedule to include the synergies with the Future Leaders program, Connect Business Exchange, the co-location on the FMI Legal Conference and the Retail Management Certificate Summit in partnership with WAFC. FMI is also partnering and co-locating with United Fresh, International Floriculture Expo and Global Cold Chain Expo.

Margaret reviewed the exhibit floor layout which is completely re-designed to include the following new features:

- Beverage Pavilion and Drink Bar
- Health and Lifestyle Zone
- Pulse: Enabling the Path to Modern Retailing
- Enhanced Technology Pavilion
- Food Safety Zone
- Smart Label Pavilion
- FMI Bistro
- Impact Zone and other features

In 2015, the inaugural year for CBX, 185 retail companies participated and 510 exhibitors with 1,534 confirmed meetings held. FMI believes we can build upon this momentum.

Margaret also reviewed the Connect education program with heavy emphasis on discovering key industry trends in culinary, nutrition, fresh prepared, operational effectiveness, supply chain, customer loyalty and technology. Keynote speakers have been finalized.

Carol Abel, Vice President, Education provided a summary of the 12 FMI conferences held in 2015 with an overall quality rating of 4.5 on a scale of 1-5. In terms of 2016, Future Leaders will be held on an annual basis, the ABC Conference has been moved to September and the Retail Food Safety Forum will be integrated with the Safe Quality Food Conference in November.

Carol reviewed the 2016 Midwinter Conference results, with attendance exceeding 1,000 participants, best attendance in 19 years. Overall conference rating was 4.20 in line with the five year average of 4.15. The Strategic Executive Program was the highest rated component of the Midwinter program. 431 appointments were held, highest ever since the 2008 program was launched. 19 new companies participated to include 36 retail/wholesale companies. Networking, SEE Program and the Sunday evening Opening Event were highly rated.

Carol also reviewed preliminary plans for Midwinter 2017 based upon survey feedback to include increasing the number of appointment times for the SEE meetings and eliminating Tuesday programming. Additional feedback was provided in the Education and Conferences Committee meeting.

In addition, to date, 18 retailers/wholesalers and 22 CPG companies have committed to the Annual Business Conference program. Scheduler is planned to open in July. Conference will be held in Chicago on September 18-21, 2016 at the JW Marriott.

Carol presented the FMI partnership with the Western Association of Foods Chains on the Retail Management Certificate Program which will be held at FMI Connect. This program is an industry driven, competency-based, accredited college credential program that:

- Elevates industry skill level
- Fills succession pipelines
- Fosters emerging leaders
-

Courses are linked to managerial competencies. A Summit will be held at FMI Connect to kick-off national distribution of the program.

Sue Borra, SVP Communications provided an update on the National Family Meals Program and the FMI Foundation. More details are included in the Food and Beverage Committee and Education and Conferences report.

Jennifer Hatcher, Senior Vice President, Government Relations provided an update on key public policy, legislative and regulatory issues to include GMO activity. Final rules are being

reviewed relative to the Food Safety Modernization Act. Jennifer also updated the council on the EMV-Credit Card Chargeback issue and menu labeling.

All FMI association updates are included in the ICC workspace.

ICC Committee Reports

Innovation and Technology Committee Update

Co-Chairs: Thom Blischock, The Dial Logic Group and Dave Bornmann, Publix Super Markets

FMI Staff Lead: Pat Walsh

Thom Blischok, Thea McDevitt, Cedric Guyot and Pat Walsh updated the council on the progress of the Innovation and Technology Committee. In the report Tom reconfirmed the committee's mission and charter that innovation is an accelerator enabled by technology. Going forward the committee will be called the Technology Committee as innovation cuts across all ICC committees. The FMI CIO Council is now engaged with retail participants on the committee. The mission is focused in three key areas:

- Drive transformation of the ongoing consumer and shopper relationships.
- Enable improved trading partner collaboration.
- Enhance the overall shopping experience. (in-store, on-line, mobile and omni-channel)

As part of the committee's efforts, Thea McDevitt of American Express shared with the council the committee's thinking on how the council and its committee's should focus on innovation. Thea presented some suggested guiding principles in terms of priority establishment:

- Does the priority address a current or future business problem or opportunity?
- Does the priority address a current or future shopper experience problem or opportunity?
- Does it provide a sustainable financial impact on the organization?
- Does it impact the operating model in a positive transformational manner?
- Is it applicable across the industry?

Thea then shared an innovation framework based on these principles for all committees to consider implementing going forward.

Cedric Guyot, Retail Solutions, Inc. presented the committee's work on challenges and opportunities in technology. They include:

- One size engagement does not fit all.
- Personalization: Millennials and others expect personalized relevance.

- We have an infrastructure gap. How do we get a complete view of shopper analytics?
- Enhanced focus on the new future of retailing: “Personalized Retailing”.
- Need to develop a model where digital engagement leads the customer back into the store.
- Explore the transformation of the loyalty landscape.

Pat Walsh, FMI presented the challenges and opportunities related to trading partner collaboration to include:

- Lack of common goals and common measures
- Trust and open communications
- Data Quality
- Alignment of brick and mortar versus omni-channel
- Trade promotion effectiveness
- Retail execution at store level
- Service levels from CPG to retailers

Action Items:

- 1) Develop research RFP on business analytics versus consumer privacy.
- 2) Develop research RFP on personalized retailing and what it means for your organization.
- 3) Develop research RFP to identify what emerging technologies are driving personalized retailing and what do shoppers use for what purposes?
- 4) Develop research RFP to explore the following issues:
 - Measuring the effectiveness of the shopping experience
 - Integration of channel and consumer insights in the planning process
 - Improved tools to understand and manage loyalty
 - Seamless, accurate and timely information sharing
 -

Food and Beverage Committee Update

Co-Chairs: Tess Hohman, General Mills and Mel Bompreszi, THE KROGER CO.

FMI Staff Lead: Charmaine Wiggins

Tess Hohman updated the council on the Food and Beverage Committee’s activities which included:

- Shopper centric retailing presentation
 - The idea is on track and lines up with the mission of the Food and Beverage subcommittee but should not be a major priority for the ICC to tackle.
 - It is agreed that brick & mortar stores need to change by meeting the consumer where they are and by enhancing the shopper experience at the store.
- Key issues that the ICC could be taking on include:

- What's next in click & collect; special interest group pressure, impacts of aging boomer population, retailer role in the arena of health & wellness; how to maintain a workforce for the future; getting the same or more done with fewer resources; food waste.
- Emerging issues the Food and Beverage committee could look in to include:
 - Next generation of leaders in the food industry, keeping shoppers in the store given the changing retail landscape and omni-channel competitors; changing consumer food values; digital engagement; the center store is not dead.
- National Family Meal Month
 - Will remain the primary focus of the Food and Beverage subcommittee by working very closely with Sue Borra and her team. Went through an ideation session with Stephen McCauley of The Ginger Network who is supporting Sue with planning for 2016 and beyond.

Action Items:

- Review current mix of committee members and recruit more retailers.
- With so many possible issues to take on, our sub-committee will look to FMI to engage us on those issues they deem most critical and in need of our support.
- National Family Meal Month
 - Between now and our next call in April, Sue Borra & team will look at specific retailer/manufacturer participation so we can set a new goal for greater participation.
 - Retailer/Manufacturer members to outline a planning calendar to review and leverage as we look at 2016 and 2017 efforts.
 - Social media team (Heather & Kelly) will set new impression goals based on statistics from 2015. We will explore print opportunities and Facebook engagement and continue to engage Nielsen for data analysis to impact planning.
 - We will have NFMM presence at FMI Connect with a 10x20 booth. We will be working on specifics between now and June.

Education, Conferences & Communications Committee Update

Co-Chairs: Dave Jones, Kellogg Company and Retailer Co-Chair: Vacant

FMI Staff Lead: Carol Abel

Seth Nagle, RW3 Technologies updated the council on key outputs of the Education, Conferences and Communications Committee. They include:

- Review Midwinter 2015 Conference program and survey feedback as well recommendations for enhancement for 2017.

- Review progress on company commitments for Annual Business Conference in September 2016 and key action steps to finalize company commitments.
- Review progress on FMI Connect 2016 education program

Action Item:

- Secure retail co-chair
- Finalize Midwinter schedule of events and program enhancements
- Leverage Retail Management Certificate Program at FMI Connect.

Fresh Foods Committee Update

Co-Chairs: John Ruane, Ahold and Rick Steigerwald, Lund Food Holdings)

FMI Staff Lead: Rick Stein

Rick Stein, Vice President of Fresh Foods, FMI updated the council on the progress of the Fresh Foods Committee. Rick provided an update on retail and wholesale member participation which now stands at 25 members. This is an increase of 7 retail participants since October 2015.

The mission of the Fresh Executive Committee is to identify areas of collaboration across all fresh foods operations and sectors to enhance total industry understanding and cooperation that will result in driving growth, identification of emerging trends, help manage risk and improve operational performance for the industry and individual companies.

Rick shared the current work that is underway for the Fresh Council to include:

- Regulatory and Legislative
 - FSMA, Menu Labeling, IUU, Meat Grind Laws, Mechanically Texturized Beef and Red Snapper
- Research
 - Power of Meat, Power of Produce and Power of Deli (NEW), Top Trends in Fresh as well as Supermarket Foodservice.
- Industry Updates
 - Avian Flu: Poultry Egg Industry, Climate Change Impact on Food Supply, Trade Association Collaboration and On-Going Education.

Rick also shared the Council's 2017 Priorities to include:

- 1) Emerging Issues
- 2) Education
- 3) Training

Action Item:

- Leverage FMI as the Voice of Food Retail and develop an industry campaign to identify the supermarket industry as the “place to work” to include identification of career paths and why the industry is an interesting place to work. This could include industry reputation, attractiveness and leadership development.

Private Brands Committee Update

**Co-Chairs, Bob Cutler, Western Family Foods and Neil Ritchey, Ajinomoto Windsor, Inc
FMI Staff Lead: Doug Baker**

Bob Cutler updated the ICC on progress. The strategic priority for the Private Brands Committee is consumer transparency focused in three key areas:

- Positively influence regulation
- Advocate for a strong food safety culture
- Educate industry stake holders on key consumer and shopper expectations

The Private Brands Committee has actively participated in grass roots efforts with the Coalition of Safe and Affordable Food to include letters and calls to representatives and the recent CEO fly-in. Committee is also working with FMI food safety department and Alchemy relative to a best practices white paper relative to recalls and allergens.

In addition, the committee invited three traceability companies to present on key issues driving traceability and the obstacles and learnings for stakeholders. New members of the committee include American Heart, NSF, Label Insights which will enhance capabilities in areas of consumer values, technology and health/lifestyle.

Private Brands will showcase at FMI Connect culinary innovations on the exhibit floor to include a food truck and barista. The FMI Connect education track will focus on closing the gap related to private brands e-commerce, global trends and evolution of consumer flavor preferences

Action Items:

- Educate and engage industry and government bodies on challenges with GMO's, PHO, NFP's and claims.
- Deliver relevant “just in time” information on food safety topics related to food handling, transportation and manufacturing processes.
- Develop best practices paper with the goal of reducing product recalls due to allergens.
- Focus work to make traceability practical and useable to companies.

- Utilize FMI Connect as a platform for differentiation strategies for driving consumer loyalty.

GM/HBC Committee Update

Co-Chairs: Bob Richardson, Clorox and Amy Reibrich, Pfizer. Retailer: Vacant

FMI Staff Lead: Peter Collins

Bob Richardson updated the Council on the committee work.

The mission of the committee is to capture the fair share of the food retailers loyal shoppers GM/HBC basket on every trip. It estimated to be a \$ 1 billion dollar opportunity. The committee is utilizing Acosta shopper insights and channel trends to develop an action plan for a 2020 vision and strategy roadmap to accomplish that goal.

An HBC video was featured on the 2016 FMI Midwinter Conference mobile app and a workshop session is slated for presentation at FMI Connect. Webinar campaigns are being developed to enhance insight distribution to industry stakeholders. A FMI microsite is in development.

Action Items:

- Secure retailer co-chair in 30 days.
- Complete Food Channel Vision on GM/HBC by June 2016 to include:
 - Macroeconomic Factors
 - Category Review
 - Shifting Consumer and Shopper, Channel Habits and Influencers
 - Drivers of Growth: Size of the Prize and Enhancing Shopper Engagement
 - GM categories: kitchen gadgets, office and school supplies, battery, cookware, housewares, publishing and social expressions/greeting cards.
 - HBC categories: hair, hair color, skin care, cosmetics, and OTC.

New ICC Committees

As the ICC has been restructured we will begin the process of establishing some new committees:

- 1) Total Consumer Collaboration Committee: Staff Lead, Pat Walsh
- 2) Health, Wellness and Lifestyle Committee: Staff Lead, TBD
- 3) Integrate the FMI Supply Chain Committee: Staff Lead, Pat Walsh

The next Industry Collaboration Council meeting is confirmed for October 12-13, 2016 in Arlington, Virginia. Location TBD.

The dates for the 2017 ICC meetings were also confirmed:

March 15-16, 2017, Arlington, Virginia

October 4-5, 2017, Arlington, Virginia

Steve Arnold and Joe Bivona thanked everyone and meeting was adjourned.

Minutes Submitted by: Pat Walsh, FMI 3/21/2016