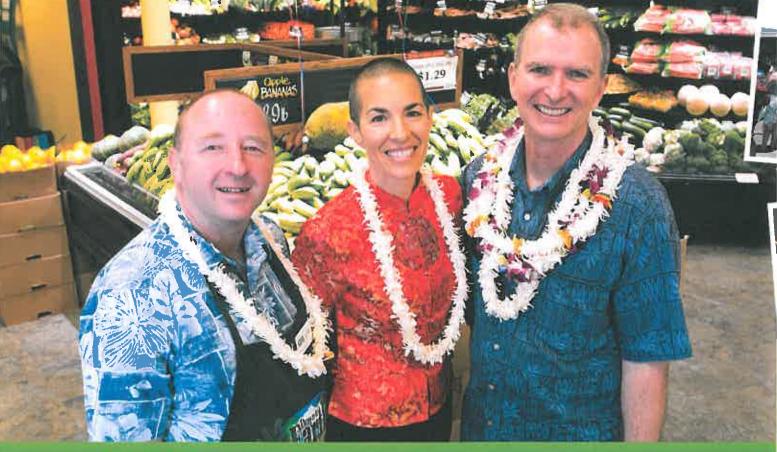


## 2013 Retailer of the Year



## Down to Earth Organic & Natural

Retailer honors healthy people, animals and environment—Hawaiian style.

By Janet Poveromo

nspired by Hawaii's state motto, "The life of the land is perpetuated in righteousness" (Ua Mau ke Ea o ka 'Aina i ka Pono), the staff at Down to Earth Organic & Natural envisions a Hawaii where all people "cherish the land and live in health and harmony" (E Malama I Ka 'Aina, E Cla Pono).

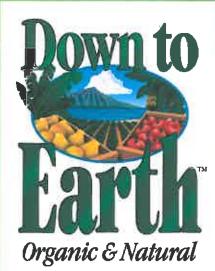
"These Hawaiian language messages are an important part of our culture, and reflect Down to Earth's values," explained Mark Fergusson, the store's "Chief Organic Officer" and CEO/CFO.

Those lofty values had humble beginnings: conceived in 1977, a group of like-minded friends in Wailuku, Maui turned their enthusiasm and passion for

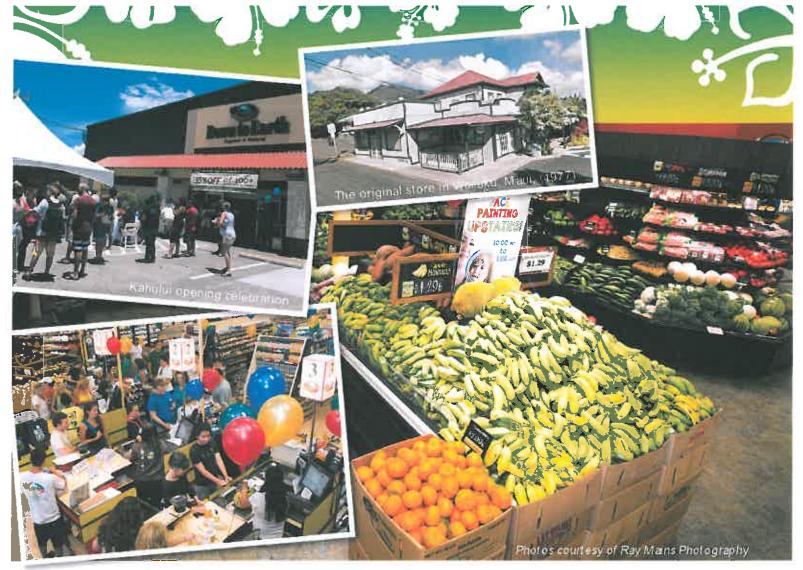
organic and natural foods—and their vegetarian values—into a small retail store. "It had concrete blocks and wooden planks for shelves, beaten-up old second-hand equipment, low ceilings and painted concrete floors," Fergusson explained. Since then, Down to Earth has grown and flourished to become an important part of Hawaii's community with five stores throughout the Aloha State: Honolulu, Kailua, Pearlridge and Kapolei on the island of Oahu, and a newly renovated and expanded store in Kahului on Maui.

#### Renewal & Expansion

Over the 36 years since, the store's growth has been ongoing and impres-



Above photo: (L to R) Cliff Hillier, General Manager; Carmela Wolf, Wellness Manager; Mark Fergusson, CEO/CFO & "Chief Organic Officer"



sive. We started with a small store in Walluku, Maui in 1977, which we closed in 1997 when we opened at our Kahului location, said Fergusson.

That same year, the owners opened a 600-square-foot store in Honolulu, Oahu, which gradually expanded. Over time it took up the whole ground floor (5,850 square feet) of the building in which it is still located. Eventually it utilized parts of the parking lot and took over the building next door. We renovated the store in 2008 and today the store uses a total of about 8,000 square feet, he added.

The remodeled Honolulu store reflects the needs and tastes of its customers, who are well-informed, health-conscious and busy, Fergusson noted. The renovations provide a more comfortable shopping experience and the chill, frozen, produce and deli sections were expanded to accommodate a lot of great new products.

All the elements of the interior design were selected to complement our recently updated logo, which brought our company's story to life, Fergusson explained.

The image of the Diamond Head crater and a local farm scene convey our local Hawaii roots. Crates of produce reflect the store's long-standing ties with local farmers and growers, and emphasize its local and fresh message.

This year marked another major expansion milestone for Down to Earth. Our store in Kahului, Maui opened in 1997 with 6,000 square feet. Fergusson said. In June this year, we completed a major renovation and expansion that converted 3,000 square feet of storage space into retail space, for a total store size of 9,000 square feet. The bigger and renovated store has many new products and allows us to offer our customers a substantially wider range of local, fresh, organic and natural products. We more than doubled the chill and frozen department, nearly doubled the bulk food department, greatly improved our deli, and expanded the wellness, grocery and produce departments.

The upstairs dining area was remodeled, and also better accommodates customers attending the store's frequent

cooking classes. Along with a fully renovated exterior there is also a new outdoor dining area, better parking and new signage. To improve energy efficiency, the new store has state-of-the-art air conditioning, refrigeration and LED lighting systems.

in 2000, the owners opened two additional stores on Oahu. One was recently remodeled and includes an expanded vegetarian deli, new chill and frozen items, widened alsies and also features a new line of all-natural smoothies.

And 2011 was another a big year for Down to Earth Organic & Natural, as it opened its newest store in Oahu in Kapolei. At 10,000 square feet, it is the largest location, and the first that was custom built. The Kapolei store has the new look of the company's remodeled stores in Honolulu and Kailua, Fergusson explained. The graphics feature our new logo, which emphasizes our local Hawaii roots and our universally

The decor also includes the prominent

appealing slogan, Love Life! Eat Healthy,

Be Happy!

# 2013 Retailer of the Year

display of a message the store staff
developed with help from University of
Hawaii Hawaiian language experts E
M lama I Ka ina, E Ola Pono, transiated as, Cherish the Land, Live in
Health and Harmony. Another message
encourages Down to Earth customers to
consider that The single most important

thing an individual can do for their health, for the environment and for the sake of the innocent animals is to adopt a vegetarian diet, Fergusson noted.

#### Sales Floor Breakdown

From the start, Down to Earth
Organic & Natural sold supplements, however, Fergusson said
the store's differentiation lies in its
food offerings. Depending on
the definition used, we've never
really been a health food store;
we've always been an organic and natural foods store. We are unique
because we've always been an all-vegetarian store as well.

The percentages vary from time to time and by store, but in general, the sales floor space is distributed this way:

15 percent natural and organic body care products, including a complete range of natural vitamins, supplements, herbs and homeopathic remedies;

10 to 15 percent fresh produce, locally grown and organic where possible;

60 percent organic and natural packaged grocery items, including an extensive range of vegetarian, vegan, glutenfree and raw food items; dairy and refrigerated and frozen products; truly green household items; and bulk foods, which include a wide variety of beans, grains and flours, cereals, candles as well as other goodles;

10 to 15 percent deli, featuring a hot table with delicious entrees, an acclaimed salad bar, fresh juices and smoothies, a made-to-order sandwich menu, fresh grab-and-go options and a wide variety of mouth-watering desserts made daily.

While Fergusson maintains that sales are good and the stores are busy, the

arrival of Whole Foods to Hawaii in 2008 posed significant challenges for the local natural foods stores, he admitted. They have opened three stores in the same market areas as Down to Earth's stores.

But in this case, competition brought out the best in the local retailer. Down to Earth is an independent local, natural

and organic foods store, while Whole Foods is more of a gourmet store that also carries organic products; they have done a great job of execution, Fergusson pointed out. Having them enter the Hawaii marketplace has helped us to do a better job in all aspects of our operation. We work hard to satisfy our customers' needs and offer good service while ensuring we have the products they come to us for.

What keeps customers coming back,

he added, first and foremost, the credit goes to our team members. They are professional, very knowledgeable and friendly, always eager to help. Another factor is that we sell what people want. We have been serving residents of Hawaii for more than 35 years, so we well understand the local market and our customers' preferences. One example of addressing customers needs the store's website is

offered in the Japanese language as well as in English.

#### Store Culture

In a land where Aloha Friday means even government officials and company executives show up to work in boldly colored Aloha shirts, Down to Earth stores also keep it sartorial casual. Our stores have a local, casual feel to them and our team members are very friendly, Fergusson said. Instead of uniforms, they wear their own clothing, safety shoes (team member

safety is a huge concern of ours) and a Down to Earth logo apron or T-shirt. Quite a few of our team are college educated and/or have specialized training, particularly in our Wellness Departments. In an effort to attract and keep high-quality staff members, the store offers a range of benefits including a bonus program and health care.

Though the store's atmosphere is laid back, intelligent customers make education a high priority. It's very important to our customers, as many of them prefer organic and

natural products based on information they have learned on their own, Fergusson said. Some of them have made the choice for health reasons, others for environmental, philosophical or ethical reasons. Regardless of the reason, our customers are well informed and are constantly looking for more information to help them make better decisions about what they eat and what they feed their families.

This is why Down to Earth piaces so much emphasis on education, he

added. The store's website (www.downtoearth.org) offers a great resource for customers, and the Love Life!
Community Outreach Team conducts vegetarian cooking classes and nutritional and health seminars in all the stores, and in the community at local hospitals and schools. They also participate in health fairs and other events throughout the year.

One recent cooking class topic was on tacos meat-free, of course.

#### Green Initiatives

To improve energy efficiency at the

newly renovated store in Kahulul, Maul, Down to Earth Installed green state-of-the-art air conditioning, refrigeration and LED lighting systems. We have undertaken similar initiatives at our other locations. We decided to use LED lighting at the Kahulul store after having had excellent results when we installed it at our Kapolei store two years ago, said Fergusson. Our lighting supplier refers to the LED lighting system at our Kahulul store as a pioneer, flagship operation.' Most other retail stores in Hawali use fluorescents for the main ambient lighting.

Down to Earth's prime environmental

products it sells. The store has a 30-year history of supporting local farmers and each vear purchases nearly \$2.5 million in products from 400 local vendors. including 172 farmers and growers. According to its web site, the store strongly supports local farmers through its policy of purchasing virtually all the produce the farmers are able to sell even if it's only a crate full.

work, however, is by the

We focus on local, organic and natural foods, and are also unique in that we are a vegetarian company, Fergusson added.

Organic foods grown sustainably are good for the environment.
Adopting a vegetarian diet is one of the single most important things an individual can do to reduce their environmental footprint. It is also good for health and, of course, good for

the innocent animals. More than 10 billion animals are cruelly staughtered each year in the U.S. alone; they live their lives in extremely unnatural and suffering conditions.

#### **Supplements**

The Wellness Department at Down to Earth is known for having the most complete range of ali-vegetarian and natural vitamins, supplements, herbs and homeopathic remedies available in Hawali.

According to the Honolulu store's Wellness Manager Carmela Wolf, the retailer's top brands and products include:

New Chapter Bone Strength Take
Care and Every Woman's One Daily Multi
Garden of Life Raw Protein and Raw
Meal

Vibrant Health Green Vibrance Nutrex BioAstin Supreme and Spirulina Pacifica

Nature's Way Primadophilus Optima, Coconut Oil, Alive Multivitamin

Source Naturals Wellness Formula and Wellness Herbal Resistance

Amerifit Nutrition Ovega-3
Spectrum Essentials Chia Seeds

All of these companies are great
partners because they regularly participate in our monthly sale flyer program
and provide us with great discounts that
we pass on to our customers, Wolf
explained. Most of them (first five) also
offer ongoing everyday low prices
(EDLPs) with daily discounted prices.
This makes them much more affordable
for our customers here in Hawail, where
most things are more expensive than on
the mainland, mainly due to shipping
costs. Good quality products speak for
themselves, too, as customers keep
coming back for more because they feel

Hawaii residents have the highest healthy life expectancy at age 65 in the country, according to the results of a

the difference.

(Continued on page 35)

## Policy on GMOs

A long with its commitment to vegetarianism, another example of Down to Earth's environmental commitment is the work it has done to promote the labeling of foods containing genetically modified organisms (GMOs).

Fergusson said the store believes in providing foods as nature intended them—foods that are good for you and the environment—th our view. GMOs pose health and environmental risks. The added. As we move toward our long-term goal of being all organic and GMO-free, we are gradually eliminating, and avoid adding, products that may contain GMOs.

Other non-GMO goals are to:

Give preference to products that are organic or are Non-GMO Project Verified

Support labeling of foods containing GMOs

Not sell single ingredient GMO foods including,
papaya, corn, soy, canola or sugar

Require any products with ingredients containing GMOs to be labeled as such by 2018

Down to Earth proactively advocates GMO labeling by: Submitting written and in-person testimony at the legislature in support of GMO labeling

Speaking at community educational panel discussions on Oahu and Maul in support of GMO labeling

Representing the consumer's right to know on local TV and radio shows

And the store provides GMO education online.
On it's website, www.downtoearth.org/label-gmos
On Facebook, www.facebook.com/labelgmoshawaii
In addition, Down to Earth is a founding member of
Label It Hawaii, a grassroots community organization
dedicated to promoting GMO labeling

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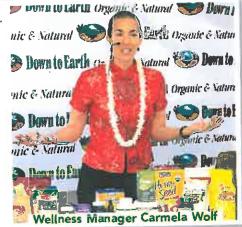
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### 2013 Retailer of the Year

#### (Continued from page 23)

study released in July by the Centers for Disease Control and Prevention (CDC), which noted that Aloha State residents 65 years old can expect another 16.2 years of healthy living. But even Hawaiians have their share of health issues, "Our customers have a lot of the usual needs for a good multivitamin, bone support, immune support, digestion (fiber, probiotics, enzymes) and omega-3s," said Wolf. "Unfortunately, as people throughout our nation have reduced healthy lifestyles and gained weight, we see a lot of new customers coming in looking for products that can help support healthier blood pressure, cholesterol, blood sugar and weight loss. And with the modern lifestyle comes a need for stress and mood support, as well as energy and sleep aids.

"Many customers want to try a natural approach and avoid going on medications if possible. We show them what is available to support their body's needs," she added. "We always remind them that these are lifestyle-driven health



issues. Eating a healthy diet, exercising regularly and managing their stress are truly the foundations to good health. We show them what we have that can support or 'supplement' a healthy lifestyle, and offer the best options."

#### Island Issues

While Whole Foods Market's arrival to Hawaii posed a steep challenge, one that the store meets with store renovations, customer service and by introduc-

ing new stores in under-served parts of the state, Down to Earth has also had to address major workplace safety issues and workers compensation problems. "We dealt with this by introducing a team member safety program that has been very successful," Fergusson said.

And being located in Hawaii brings geographic obstacles. "We are challenged by shipping problems as getting our orders takes 10 days from order to receipt. It makes it more difficult to receive orders in a timely way, and increases our out-of-stocks," he added.

Despite the challenges, Fergusson said there's more work to be done at Down to Earth. "We will grow and expand, opening more stores in Hawaii and one day possibly the mainland or even internationally." VR

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