The Pennsylvania Food Merchants Association, a statewide trade association, advocates the views of nearly 800 convenience stores, supermarkets, independent grocers, wholesalers and consumer product vendors. PFMA members operate more than 3,500 stores and employ more than 200,000 Pennsylvanians. For more information on PFMA, visit www.pfma.org.

Mission Statement

The mission of the Pennsylvania Food Merchants Association is to improve the public image, effectiveness and profitability of companies providing products and services in agriculture production, consumer education, consumer packaged goods, food retailing and wholesale food distribution.
What do we do?

ADVOCACY
PFMA advocates for food retailers, wholesalers, and consumer product vendors at the local, state, and federal levels.

RESEARCH
The Association monitors legislative activity and researches regulations to help its members comply with all requirements.

COMMUNICATION
PFMA communicates all legislative and regulatory activity to members so they can make informed decisions on whether to support or oppose the legislation.

BUSINESS SERVICES
PFMA provides a high-quality coupon processing service to members. Its competitive rates and top-notch customer service make it a leader in the industry.

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Joint message from Alex Baloga, PFMA President & CEO and Jeff Brown, PFMA Board of Directors Chairman

With each passing year, there are a number of changes that impact the food and beverage industry in Pennsylvania.

However, through it all, our mission remains the same: To serve as the primary legislative and policy advocate for convenience stores, supermarkets, independent grocers, wholesalers and consumer product vendors in Pennsylvania.

Among our main victories in the 2018 calendar year was the passage of a law that’s guaranteed to save retailers millions and protect consumers. In June, Gov. Tom Wolf signed House Bill 1918 – sponsored by state Rep. (now state Sen.) Kristin Phillips-Hill – which criminalized and established stiff penalties for thieves using tools to steal others’ credit card information.

Another major win was reforms made to the state’s workers’ compensation laws. In October, Gov. Wolf signed House Bill 1840 — a measure that helped businesses across the state begin saving hundreds of millions of dollars in increased insurance costs.

The Association was also successful in blocking legislation that would have harmed our members. One example was proposals to reduce or eliminate property taxes and shift the burden to employers in the form of higher sales and personal income taxes.

Furthermore, various bills that would have increased the state minimum wage to anywhere from $9-to-$15 per hour were quashed and there were no new or increased taxes on tobacco products.

In 2019, we plan to build on our successes as we’ll once again be fighting to repeal the burdensome sugar-sweetened beverage tax that’s already led to the closure of a Philadelphia grocery store and significantly impacted the bottom line of many other neighborhood stores.

In addition, we’ll be working diligently to modernize the state’s outdated Price Gouging Act to benefit both businesses and consumers. In 2018, Senate Bill 1172 was overwhelmingly approved by both the House and Senate but was disappointingly vetoed by Gov. Wolf at the end of the session. We are confident we’ll be able to get similar legislation across the finish line in 2019.

We’ll also be supporting changes to the state’s gaming expansion to allow easier access for retail establishments who are qualified to support video gaming terminals (VGTs). This would include clarification of parking requirements and diesel gallonage requirements as well as reimbursement for facility build-outs. We also support an increase in the profit rate that truck stops/retailers can secure from their gaming operations.

As we turn the page on another calendar year, we cannot thank our members and sponsors enough for your unwavering support and we consider it an honor and privilege to represent you as we have since 1952.
PFMA LEADERSHIP: 2018

**Chairman**  
Jeffrey Brown  
Brown’s Super Stores, Inc.  
Westville, NJ

**Vice Chairman**  
Lou Mola  
Wawa, Inc.  
Wawa, PA

**Treasurer**  
Thomas Cormier  
Ahold Delhaize  
Carlisle, PA

**Secretary**  
Frank Puleo  
C&S Wholesale Grocers, Inc.  
Robesonia, PA

Jeff Allen  
Allen Brothers Wholesale Distributors, Philadelphia, PA

Samuel Anderson  
Pump n Pantry, Montrose, PA

Bill Bracey  
Bill’s ShopRites, Covington Twp., PA

Ed Burda  
Utz Quality Foods, Inc., Hanover, PA

Pat Burns  
Burns’ Family Neighborhood Markets, Drexel Hill, PA

Michael Cotherman  
McLane Company, Shippenville, PA

Brent Cotten  
The Hershey Company, Hershey, PA

Bill Crosby  
Acme Markets, Inc., Malvern, PA

Lisa Dell’Alba  
Square One Markets, Inc., Bethlehem, PA

Justin Evans  
Giant Eagle, Inc., Pittsburgh, PA

Joe Fasula  
Gerrity’s Markets, Scranton, PA

Gary Fechter  
Wegmans, Inc., Allentown, PA

Gary Gloeckl  
Eby-Brown, Indianola, PA

Scott Hartman  
Rutter’s Farm Stores, York, PA

Bob Holmes  
SUPERVALU, Mechanicsville, PA

Tom Jamieson  
Shop ’n Save & Save-A-Lot, Uniontown, PA

Scott Kolat  
Eby-Brown, Naperville, IL

Barry Margolis  
Cooper-Booth Wholesale Co., Mountville, PA

Bill McGlone  
Main Street Market, Bangor, PA

Dan McNabb  
Castle Shannon Shop ‘n Save, Castle Shannon, PA

Chuck Miller  
Ellis Coffee, Philadelphia, PA

Steve Moller  
City Center Wholesale, Allentown, PA

Frank Orloski  
Core-Mark International, Wilkes-Barre, PA

Bob Plata  
Bunzl, Philadelphia, PA

Jim Pulsifer  
Altria Group Distribution Company, Richmond, VA

Paul Rankin  
Country Fair, Inc., Erie, PA

Paul Sauder  
R.W. Sauder, Inc., Lititz, PA

Louie Sheetz  
Sheetz, Inc., Altoona, PA

Randy Silverman  
Klafter’s, Inc., New Castle, PA

Rob Sincavich  
TeamSledd Company, Wheeling, WV

Joseph Tripi  
Tript foods, Inc., Buffalo, NY

Dean Walker  
Boyer’s Food Markets, Orwigsburg, PA

Jonathan Weis  
Weis Markets, Inc., Sunbury, PA
Making Progress

Overall 2018 was a challenging but successful and active year for PFMA and our members. Thank you for all your help and support. It is essential to our success.

STATE ISSUES — PASSED

Price Gouging Reform
PFMA helped support and pass SB 1172 out of the Senate Veterans Affairs and Emergency Preparedness Committee, and the full Senate. The bill, sponsored by Senator Randy Vulakovich of Allegheny County, amends the Price Gouging Act regarding the prohibition on excessive pricing during a state of disaster emergency. SB 1172 passed the House and Senate. Governor Wolf vetoed the bill on October 24, 2018.

Workers’ Compensation Reform
PFMA supported this legislation, sponsored by Representative Rob Kauffman of Franklin County, which prevents significant increases in workers’ compensation insurance premiums that employers will experience as the result of the PA Supreme Court ruling invalidating a provision of PA’s 1996 Workers’ Compensation reforms. This bill passed the House and Senate. Governor Wolf signed the bill on October 24, 2018.

Senate Bill 936 • Drug Formulary
PFMA was part of a coalition that helped support and secure passage of this bill sponsored by Senator Don White of Indiana County. The bill creates important reforms by establishing a worker’s compensation drug formulary. This bill passed the Senate and House and was ultimately vetoed by the Governor.
Anti-skimming device/fraud legislation
PFMA helped secure House and Senate passage of legislation sponsored by Representative Kristin Phillips-Hill of York County which seeks to eliminate and punish the use of fraudulent credit card devices by criminalizing the use of a scanning or skimming device, the use of a re-encoder, and the possession or sale of a skimming device. The bill was signed into law by Governor Wolf in June of 2018. This was a PFMA priority issue.

Healthy Food Financing Initiative Recapitalization
PFMA helped to secure additional funding for the Healthy Food Financing Initiative/Food Access Initiative in the 2018-2019 state budget legislation. One million in funding was included in the legislation.

Tobacco Products Sales Preemption
PFMA, working with its allies, was successful in adding a preemption on tobacco product sales to the budget fiscal code legislation, House Bill 1929. This brings Philadelphia in line with the rest of the state regarding the sale of tobacco products.

Handicap parking legislation
PFMA worked with its allies in the House and Senate to amend this legislation, Senate Bill 888, which makes substantial changes to parking regulations for individuals with disabilities. We were able to amend the legislation to remove a number of harmful provisions and make the bill workable for our membership.

Amendment to EBT/SNAP access legislation
PFMA was successful in amending this legislation, Senate Bill 6, which deals with EBT/SNAP access to remove a provision that would have prohibited EBT/SNAP usage at establishments that were licensed by the Pa Liquor Control Board, and The Pa Gaming Control Board.

This would have had a significant negative impact on our members, and their customers. This made the legislation much more workable for our members.

100% bonus depreciation provision added to budget
PFMA supported and helped pass with its allies a provision in the state budget package that put the state in line with a federal tax change letting corporations immediately expense 100 percent of a qualifying capital purchase. Senate Bill 1056 was initially proposed by state Sen. Michele Brooks of Mercer County. Governor Wolf signed this provision into law with the budget.
STATE ISSUES — PROGRESS MADE

Changes to the SNAP Disbursement Schedule
PFMA worked to adjust the SNAP disbursement schedule to allow for a staggered approach in providing benefits to recipients across the Commonwealth. Currently recipients receive their benefits in the first ten days of the month. PFMA was successful in helping to convene and participating in a Senate Majority Policy Committee Hearing on the issue. Also, PFMA had legislation introduced, SB 568 by Senator David Argall of Schuylkill County and HB 877 by Representative Tarah Toohil of Luzerne County, to address this issue. The legislation passed in committee in the House and was scheduled for a final vote when the session ended. The legislation will be reintroduced next legislative session.

Local labor policy preemption
PFMA helped pass out of committee, House Bill 861, sponsored by Representative Seth Grove of York County, which preempts local governments from passing labor policies. The legislation will be reintroduced next session for further advocacy.

Beverage tax preemption legislation
PFMA supported House Bill 2241, sponsored by Rep. Mark Mustio of Allegheny County, which would preempt local taxation of sweetened beverages in PA and prohibits any municipality from levying such a tax while invalidating the current soda tax in Philadelphia.

Bullet proof glass preemption legislation
PFMA supported and helped pass out of the House this legislation sponsored by Representative Todd Stephens of Montgomery County which would preempt municipalities from putting in place bulletproof glass, or other protective measures for their customers’ and employees’ safety. The legislation passed the House, and eventually died in the Senate. We expect it to be reintroduced in 2019.

STATE ISSUES — BLOCKED

PFMA was successful in preventing the ultimate passage of several proposals that would have been detrimental to the interests of our members.

Property Tax Reform/Shifting
Several proposals were introduced this session to reduce or eliminate property taxes. Unfortunately, these proposals included shifting the tax burden to employers and working families in the form of increased and expanded sales taxes and higher personal income taxes. This included an attempt to add the sales tax to warehouse/wholesaler services and operations.

Minimum Wage Increases
Various bills would have increased the state minimum wage from $7.25 per hour to anywhere from $9 to $15 per hour. Some of these bills would have included automatic increases to the minimum wage tied to inflation/Consumer Price Index.

Tobacco and OTP taxes
No new or increased taxes on tobacco or other tobacco products were enacted. Some discussion took place around adding a new tax to cigars to help plug the budget deficit for 2018-2019.

Gross Receipts Tax Increase on Electric Bills and Telecommunications and Transportation Purchases. This tax would have significantly impacted our members in many negative ways.

Private Actions Under the Unfair Trade Practices and Consumer Protection Law
PFMA helped blocked passage of HB 475, sponsored by Representative Anthony DeLuca of Allegheny County which raises the minimum from $100 to $500 in cases of minor violations to the Unfair Trade Practices and Consumer Protection law. This bill would have increased costs for members and been a boon for trial lawyers.

- Statewide Beverage Tax
- Paid or Unpaid Leave Mandate
- Statewide Plastic Bag Fees, Taxes and Bans
LEGISLATION PASSED

Omnibus Funding Bill Prohibits EBT Processing Fees
PFMA helped to include a provision in the omnibus funding bill that would prohibit Electronic Benefit Transfer (EBT) processing fees. This keeps the issue off the table through FY 2019.

Farm Bill passage & inclusion of legalized industrial hemp
PFMA helped support efforts on the federal level to include the legalization of industrial hemp in the Farm Bill. These efforts were successfully and included in the final version of the Farm Bill.

Expansion and Reauthorization of the Healthy Food Financing Initiative (HFFI)
PFMA helped secure the reauthorization and expansion of the HFFI in the 2018 Farm Bill. PFMA has been a strong supporter of the program since its inception and has supported it at the state and federal levels.

PROGRESS MADE

Common Sense Nutrition Disclosure Act
PFMA supported and helped its national partners pass the Common Sense Nutrition Disclosure Act of 2017 or House Resolution 772. The bill changed Food and Drug Administration labeling requirements for nutrition in formation displayed by restaurants, convenience stores, grocery stores, and pizzerias. The bill was sponsored by Rep. Cathy McMorris Rodgers of Washington State.

ADA Education and Reform Act
PFMA supported this bill, House Resolution 620, which would require that any civil action brought claiming a violation of the ADA include enough specificity to identify the actual problem or barrier to access being alleged. It also provides a time period during which the business could remedy the situation. The bill, sponsored by U.S. Rep. Ted Poe of Texas, passed the U.S. House in February 2018.

Cole-Bishop Amendment (FDA deeming regulations)
PFMA helped support inclusion of legislation by the U.S. House Appropriations Committee to add a revised version of the Cole-Bishop Amendment to the Agriculture and Rural Development Appropriations bill. The amendment language would change the predicate date (or grandfather date) under the FDA’s deeming regulations for cigars and pipe tobacco, exempt premium cigars from regulation under Family Smoking Prevention and Tobacco Control Act (the law that grants the FDA the authority to regulate tobacco products), create a substantially equivalent application method for pre-market tobacco application approved products, and apply additional restrictions on approved products. The amendment is sponsored by Rep. Tom Cole of Oklahoma and Rep. Sanford Bishop of Georgia.

LEGISLATION BLOCKED

Inclusion of Marino Amendment in Farm Bill
PFMA helped to stop inclusion of amendment by Rep. Tom Marino of Pennsylvania that would have require retailers to provide proprietary sales data from certain SNAP sales.

SNAP cuts and work requirements
PFMA opposed and was successfully in helping to remove onerous snap requirements on recipients and large cuts as part of the farm bill.

Inclusion of SNAP Harvest Box Proposal in Omnibus
PFMA working with its federal partners helped block the inclusion of the USDA SNAP Harvest Box proposal in the omnibus spending bill in March of 2018. This issue is likely to come up again in the future.

Repeal of Durbin Swipe Fee Reforms in Dodd-Frank reform legislation
PFMA along with its national partners helped prevent the inclusion of a repeal of the Durbin Debit Swipe Fee Reforms in recently passed Dodd-Frank reform legislation in Congress. This issue is likely to return in the future. The reforms were authored by Senator Richard Durbin of Illinois.
PFMA and its Philadelphia members were successful in blocking passage of legislation that would have been detrimental to the interests of our members.

**Grocery Store Restrictive Covenant Legislation**
Sponsored by Councilwoman Cindy Bass, this bill would restrict grocery stores with over 15,000 square feet of space located in a food desert from restricting another grocery store from buying during transition of sale, and refuse a commercial license for any grocery store that had a restrictive covenant in its lease.

**Plastic Bag Fee, Ban, and Taxes**
PFMA was successful in preventing passage of plastic bag fees, bans, or taxes in the city of Philadelphia, as well as several other municipalities across the Commonwealth.

**Tobacco Pharmacy Sales Prohibition**
Sponsored by Councilman Derek Green, this bill would ban the sale of tobacco and other tobacco products in pharmacies and grocery stores with pharmacies. We expect this issue to be raised again in the future.

**Tobacco Products Flavor Ban Legislation**
Sponsored by Councilman Curtis Jones Jr., this would have instituted a ban on the sale of flavored tobacco products.

Fortunately, bills such as the last two can no longer be offered in Philadelphia due to the newly enacted preemption statute noted above.

**LEGISLATION BLOCKED**

**Enactment of Pittsburgh Paid Leave Ordinance**
Opposed this legislation sponsored by Councilman Corey O’Connor and worked with our allies to support a lawsuit which prevented the implementation of the Pittsburgh City Council Paid Leave Ordinance.

Commonwealth Court also ruled the paid leave law is illegal. The issue now rests before the PA Supreme Court.
PFMA established the Thomas R. and Laura Ridge Scholarship 23 years ago and dedicated it to former Pennsylvania Governor Tom Ridge’s parents, Thomas R. and Laura Ridge. His father worked in the food industry for 25 years.

The organizations hosted a series of fund raising dinners, starting in 1995, to establish the fund endowment. PFMA members can also donate to the fund when they pay their annual dues.

Employees and the children of PFMA member companies are eligible to apply for the scholarships in late November. All members are encouraged to advertise the scholarships by posting the PFMA-provided posters in their break room.

An independent judging panel selected 24 Thomas R. and Laura Ridge Scholarship recipients for 2018 based on their academic success, community and school activities, an essay and recommendations from their teachers and employers. They received $2,000 to attend the college or university of their choice.

Several companies donate to the Ridge Fund to designate scholarships specifically for their employees, while the other recipients receive their scholarships from the Ridge endowment.

An independent judging panel selected 14 recipients of the “Big Joe” Sheetz Scholarship for 2018. Joseph M. Sheetz, “Big Joe” served as the leader of store development at Sheetz Inc. for more than 20 years. He was a respected businessman, an avid community leader and a beloved family man. After he passed away in August, 2006 from kidney cancer, Sheetz established the Joseph M. Sheetz Scholarship Fund, Inc. to honor his memory.
Meet the PFMA Staff

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Lenny Semick
Maintenance

John Kitzinger, PA Attorney General’s Office, speaks during a PFMA Loss Prevention Committee meeting in August 2018.

The Pennsylvania Food Merchants Association offers members the opportunity to join committees working to serve the best interests of Pennsylvania’s food industry. Committee members stay current on issues via PFMA staff and may be called upon to contact legislators and/or state officials about food industry concerns. The following committees meet throughout the year either in person or via conference call. All committees review and discuss current legislation affecting the industry, discuss possible action and strategies for dealing with these issues and suggest policies and direction for the PFMA Government Relations Department.

**COMMITTEES**

- Legislative Committee
- Philadelphia Legislative Committee
- Food Protection Committee
- Loss Prevention Committee
- PA Pharmacy Council
- Gaming Committee
- Fuels Committee
- Human Resources Committee
- Sustainability Committee
- Convenience Products Policy Committee

**EMAIL LISTS**

- Weather & Emergency Preparedness
- SNAP and WIC Advisories

To join a committee or sign up for an email list contact Association Services Manager Michael Thomas at mthomas@pfma.net or visit PFMA.org and select “Committees” from the “About Us” Menu.
Legislative Committee

The Legislative Committee meets by phone on the last Wednesday of each month to keep members updated on PFMA’s activities and legislative priorities. Committee members receive a weekly email regarding PFMA activities, news clips, and information on legislation. In 2018, the Legislative Committee discussed such priorities as the Farm Bill, sugar-sweetened beverage tax repeal, local tobacco regulation preemption, and price gouging reform.

Philly Legislative Committee

The Philadelphia Legislative Committee focuses on legislation before Philadelphia City Council. The Committee generally meets by conference call on the last Thursday of every other month with additional meetings as needed. In 2018, the Committee discussed our ongoing efforts regarding sugar-sweetened beverage tax repeal, local tobacco regulations, menu labeling proposals, and workplace standards.

Loss Prevention Committee

The Loss Prevention Committee discusses issues such as organized retail crime, shared crime reporting, counterfeit bill technologies, retail theft penalty legislation, law enforcement education initiatives, skimming and Point of Sale breaches, associate awareness programs and store security strategies. The committee works closely with law enforcement officials.

Gaming Committee

Recent reforms to Pennsylvania’s gaming laws offer potential new revenue streams for PFMA’s members. Accordingly, it is imperative that industry stakeholders have a forum to discuss related issues and speak as one voice on those issues when necessary. Toward that end, the PFMA Gaming Industry Committee unites those stakeholders to consider legislative and regulatory issues, and coordinate efforts to support, improve, and protect the industry.

Food Protection Committee

The Food Protection Committee keeps members informed on threats to the food supply, including product recalls. Clearly, preventing foodborne illnesses is of paramount importance to all PFMA members. Toward that end, members of this committee discuss laws and regulations, agro-terrorism, good agricultural practices/good handling practices (GAP/GHP), and USDA Food Safety Outreach.

Pharmacy Committee

The PA Pharmacy Council is intended to give members an opportunity to learn more about issues in the retail pharmacy industry, such as technician certification, pharmaceutical accountability monitoring, and changes to prescription insurance and assistance programs such as PACE and PACENET.

Fuels Committee

The Fuels Committee discusses legislative and regulatory issues concerning the storage and sale of motor fuels such as seasonal gas boutique fuels, alternative fuels, octane testing, fuel point of sale transaction clearing, fuel taxes, fuel sales waivers during an emergency, pipeline supply obstacles, underground storage tank cleanup funding and more.

Human Resources Committee

The Human Resources Committee discusses issues relating to personnel, including wages and hours, personnel policies, and collective bargaining procedures. Members of this committee provide crucial insight regarding the many labor proposals considered by Pennsylvania elected officials on the local, state, and national levels.

Sustainability Committee

The Sustainability Committee focuses on the complex and dynamic discipline of environmental sustainability, which includes ending food waste, reducing energy and resource consumption, and offering environmentally friendly products and packaging. Several PFMA member businesses have been recognized for their sustainability efforts.

Convenience Products

This group focuses on issues important to Pennsylvania Distributors Association members. The committee has worked on issues related to tobacco, tobacco-related, and ancillary items normally available in a convenience store setting.
ASSOCIATION ACTIVITIES

2018 Annual Conference

On May 8 and 9, PFMA hosted its annual conference at the Omni Bedford Springs Resort.

Speakers included Jeff Lenard, vice president of strategic industry initiatives, National Association of Convenience Stores, who presented on “Building a Healthier Convenience Store,” Daniel Dowdy and Patrick Donahue of Federated Insurance offered “Improving Your Business’s Human Resource Tactics”, and Lisa Dell’Alba, Square One Markets, moderated a panel of millennials who discussed shopping habits, marketing, technology and what attracts and keeps millennials at a company.

Panelists included Tom Charley, Charley Family Shop ‘n Save; Andrea Karns, Karns Quality Foods; and Danny Rodriguez, Square One Markets.

2018 Fall Legislative Conference

On October 1 and 2, PFMA hosted its annual Fall Legislative Conference at the Hilton Harrisburg.

Jim Glassman, (pictured right) managing director and head economist at JP Morgan Chase & Co., discussed economic trends in the keynote address.

In educational sessions, Tracy Pawelski (PPO&S) offered valuable information on reputation management, professionals from Baker Tilly provided updates on recent federal tax law changes, PA Lottery executive director Drew Svitko addressed the iLottery retailer affiliate and bonus commission programs, as well as offered after-action report on the rollouts of Keno and Xpress Sports.

Finally, Rutter’s CEO Scott Hartman acted as the moderator of a panel discussion on recent legalization of video terminal gaming at truck stop establishments.
PFMA President & CEO Alex Baloga (at left) participates in a Food & Beverage Seminar hosted by PFMA member McNees, Wallace, Nurick LLC at Hollywood Casino at Penn National Race Course in September.

Mark Kozar and Ellen Freeman of Flaherty & O’Hara enjoy the reception at the PFMA Fall Legislative Conference in Harrisburg.

A panel of experts discuss updates on gaming and video gaming terminals during the PFMA Fall Legislative Conference in Harrisburg. From left: Paul Rankin of Country Fair stores, Amy Christie of Commonwealth Gaming, Scott Hartman of Rutter’s, and Derek Harmer of Accel Entertainment.

Andrea Karns, Vice President of Marketing & Sales for PFMA member Karns Quality Foods, poses for a photo with Frank Mastangelo, Area Marketing Director of PFMA member Supervalu, prior to the “The Future of Food” millennial panel at the Annual Conference in May 2018.
In 2018, the Pennsylvania Food Merchants Association kept members informed through email, newsletters, press releases and social media. PFMA leadership participated in interviews with the local and national news media in an effort to educate the public on some high profile issues.

**Publications**

The Communications team published eight issues of the Spectrum newsletter in 2018. It featured legislative and regulatory coverage, store openings, anniversaries, trade shows and other feature articles along with industry news and webinar information. PFMA published a Legislative Review highlighting legislative and regulatory issues for 2017 and the Annual Report for 2017, which was presented in May during the annual conference. In addition, PFMA published the 2018 Membership Directory/Buyer’s Guide, which was mailed to every primary member to be used throughout the year.

**Key Accomplishments**

- A 37 percent increase in Facebook page likes from January 1, 2018 - December 31, 2018.
- Gained 44 followers on Instagram since page was launched in June 2018.
- 1,500 engagements on Twitter, including retweets, likes, and comments.
- Promoted video of Ridge Scholars that reached 1,100 Facebook users.
- Facebook post of Alex Baloga winning Grocery Manufacturers Association award had 222 likes, comments, and shares.

**Social Media**

PFMA made great strides in social media, launching Instagram and Youtube pages in 2018. The Association continued to be active on Facebook, Twitter, and LinkedIn, posting relevant content to its members and the food industry.

As a result of increased posting, tagging, and sharing, PFMA experienced an increase in engagement in social media from key stakeholders including legislators, association members, and industry partners.

**Media Relations**

PFMA responded to numerous media requests in 2018, advocating the views of our members and answering general questions on food industry trends. CEO Alex Baloga and PFMA were mentioned in at least 27 news articles from local and national news sites, trade publications, and television news sites.

The Communications Team also distributed 19 press releases in 2018.

**Push for soda taxes across USA notches win in Philly (USA Today)**

“PFMA President & CEO said some stores in the city have seen beverage sales dip 50 percent, and total sales 10 percent or more. That means cutbacks in hours and even staff. “This is a 1 percent profit margin business,” he said. “Everyone is feeling the impact.”

**Website**

**Key Accomplishments**

- In 2018, our website, www.pfma.org, received 84,291 unique visitors -- a 4 percent increase from the previous year.
- Those visitors resulted in 477,668 page views in 2018 and the average visitor clicked on about 5.6 pages during their visit.
- Our website’s largest referring site was Google.
ON THE ROAD

In 2018, PFMA staff traveled across the state to events and store openings for our members and helped publicize the occasions on social media and its website.

ShopRite of Fox Street led the way in fundraising during a July campaign to benefit Susan G. Komen Foundation’s fight against breast cancer. ShopRite and The Fresh Grocer stores teamed up with Dietz & Watson to collect money in the deli departments using a pink piggy bank!

Rutter’s President & CEO Scott Hartman, left, poses with state Senator John DiSanto, during a celebration of the opening of Rutter’s new store on Routes 22/322 in Duncannon in August.

John Cropper, along with his daughter Melissa, left, and son Chad, right, cuts the ribbon to officially open Crop’s Fresh Marketplace in Downingtown, Pa. in May.

Matt Simon, center, Vice President of Marketing for Giant Food Stores, leads the ribbon cutting in June of its new Beer & Wine Eatery in Camp Hill. It is the first establishment in the borough to sell alcohol. Cheers!

PFMA President Alex Baloga joined members at the Mid-Atlantic Fruit and Vegetable Convention in Hershey in February. From left, Lela Reichart, Sterman Masser, Inc. Potato Farms; Ryan Krebs, Rutter’s; Atif Bostic, Uplift Solutions; Alex Baloga; and Joe Dirzius, Weis Markets.

Travis Sheetz, left, and other employees at the PFMA member celebrate the grand opening of its new store on Erford Road in Camp Hill. The company made a donation to the Special Olympics of Pennsylvania during the event.
A Voluntary Price Accuracy Program

The SCP is a voluntary price accuracy program whose purpose is to help participating stores maximize the performance of their internal price integrity practices. Our mission is to help retailers ensure that the price of every item for sale in the store is clearly identified to customers and that shoppers are charged the corresponding lowest advertised price at checkout.

The SCP provides public recognition to stores that achieve and maintain a high level of price integrity. Adherence to program standards helps prevent overcharges that erode consumer confidence and undercharges that cost stores money. Certified stores also fulfill the Pennsylvania state requirement of Act 155 and Act 169 for the annual inspection of checkout scanning systems.

Guidelines of the SCP’s best practices module require stores to adopt and advertise a price accuracy policy, provide employees with price accuracy training, document and correct errors promptly and ensure that shelf tags are accurate and legible.

SCP auditors conduct periodic unannounced in-store inspections to test price accuracy and measure compliance with program standards. Certification is awarded to stores that have implemented program requirements and achieve a price accuracy score of at least 98 percent on a random sampling of items.

An inspections-only module is also available for retailers who desire to have the SCP provide only price accuracy testing and reporting. Adoption of SCP best practices is optional, but the price accuracy inspection techniques, scoring criteria and inspection intervals are the same for both the best practices and inspections-only tracks of participation.

Since 1991, the Scanning Certification Program (SCP) has helped participating retailers provide price accuracy and appropriate pricing information to consumers in Pennsylvania and surrounding states.
Almost 600 stores currently participate in the Scanning Certification Program. Members include Acme Markets, Country Fair, Giant Food Stores, Price Chopper, SuperValu—Pittsburgh, Tops Markets, Weis Markets and numerous C & S Wholesale-supplied and other independent grocers. Supermarkets make up 89 percent of the membership and convenience stores account for 11 percent.

Our six inspectors performed 1,008 inspections in nine states (PA, NJ, NY, CT, OH, DE, MD, WV & VA) last year, and audits take place any day of the week, although we usually visit stores only during normal daylight operating hours.

Most importantly, the SCP is meeting its core objective of helping its members enhance their price accuracy. Supermarket accuracy rose from 96.90 percent in 1991 to 98.37 percent in 2018. Convenience stores are working hard to improve their accuracy, which averaged 95.66 percent last year.

Price accuracy performance remains very store and, to a lesser extent, company specific — results are highly dependent on how well store-level employees understand and follow price integrity policies and procedures. SCP retailers and staff continue to work hard to achieve the highest level of price accuracy and, when necessary, address price accuracy problems that occur.

The SCP is a not-for-profit entity, led by a volunteer board of advisors and with management support from PFMA. All financial objectives were met in 2018. The fees paid by SCP members fund our entire operation and we’re appreciative of our clients’ continued support.

The Scanning Certification Program was developed by a board of advisors, which continues to set policy and oversee all aspects of the program.

Edward D. Arnoldi
Pa. Association of Weights & Measures

Mary Bach
Consumer Advocate

Melissa Fadelsak
Acme Markets

Dan Horman
SUPERVALU, Inc., Eastern Region

Dr. Drew Hyman
Pennsylvania State University

Ric LeBlanc
Pa. Office of Attorney General

David McCorkle
Pa. Food Merchants Association

Peg Rhodes
United Food and Commercial Workers

Pattie Shekiro
Acme Markets

Steve Swan
Retalix

The SCP Board of Advisors: Clockwise from left, David McCorkle, PFMA, Dan Horman, SUPERVALU; Ric LeBlanc, Pa. Office of the Attorney General; Ed Arnoldi, Pa. Association of Weights & Measures; Melissa Fadelsak, Acme; Mary Bach, consumer advocate; and Autumn Thomas, SCP executive director.
PCRS processed more than 15,000,000 paper and digital coupons in 2018 for thousands of supermarkets, convenience stores and other retailers across the U.S. To accommodate growth, PCRS made IT investments such as virtualizing our Linux-based operating system on PFMA’s server and expanding customized client reporting with an emphasis on paperless options.

We are proud to work directly for PFMA member stores and retailers from the former East Central Ohio and Michigan food retailer associations and to provide third-party coupon processing services to the Connecticut Food Association, Illinois Food Retailers Association, New Hampshire Grocers Association, Utah Food Industry Association and Olean Wholesale. PCRS recently added the paper coupon business of Iowa-based Fareway Stores. This 120+ store grocery chain has been a PCRS digital coupon client for several years, and called on PCRS again when it decided to outsource its internal coupon processing program.

In addition to Fareway Stores, PCRS has active digital coupon processing programs with C&K Market, Inc., a 40-store independent grocery chain based in Medford, Oregon, C & S Wholesale Grocers, Redner’s Warehouse Markets, the Utah Food Industry Association/Associated Food Stores, and Caputo’s Fresh Markets/Illinois Food Retailers Association. PCRS is also the preferred processor for retail customers of Accelitec and Invisipon.

The biggest challenge facing PCRS, and all retail coupon clearinghouses, is the multi-year decline in the number of paper coupons issued and used. It’s significant because paper coupons still dominate – 94% of the total coupons issued today are the old-fashioned paper free-standing inserts (vs. 1.8% for digital coupons). Total U.S. coupon (paper and digital) distribution was 256.5 billion for 2018, down 12.5% from 2017; and total U.S. redemption for 2018 was 1.715 billion coupons, down 16.9% from 2017. Between 2016 and 2017 total coupon distribution and redemption fell 1.2% and 9.2% respectively.

The good news is digital coupons are growing as marketers allocate a greater portion of their coupon media mix toward digital paperless coupons — which accounted for 16.4% of all coupons redeemed in 2018. But the scale of growth is not yet sufficient to replace the reduced paper coupon value.

But PCRS remains optimistic about the coupon’s future, as it still reigns supreme with manufacturers when it comes to incentivizing product trail and attracting new buyers. Coupons also give manufacturers valuable advertising exposure and encourage repeat purchases or brand switching.

Retailers benefit from couponing too – and by accepting coupons, retailers are doing much more than simply giving the shopper a discount. Couponing helps retailers attract high-consumption shoppers into their stores; moves product; provides shoppers with manufacturer-sponsored incentives and cushions price increases.

“Our mission is to provide PFMA members and other food retailers nationwide with top quality, value-priced coupon processing services. “And to generate revenues to support PFMA government relations and membership programs.”

Autumn Thomas
PCRS President
Retailers also have a lot to lose if they don’t accept coupons. A redeemed coupon is essentially free money, and free money is highly demanded by today’s savings-driven consumers.

A recent Valassis study found that 92% of all consumers have used coupons, with 45% of respondents reporting being very active users. And it’s easy to understand their enthusiasm – in 2018 consumers received a collective $2.7 billion in coupon savings.

Furthermore, nearly half of all consumers classify themselves as promotion sensitive, and although motivated by many things – from brand loyalty to convenience to shopping experiences – getting a good deal remains the top priority and influences where they shop. Accepting coupons just makes cents for retailers and helps to maximize customer satisfaction and loyalty.

For the vast majority of retailers who do redeem coupons, in order to be reimbursed for the free money discounts given to customers, the coupons must be submitted to the issuing manufacturers. Retailers can handle the job themselves, although with hundreds of different manufacturers offering coupons, it’s very time-consuming and expensive to sort and tally the coupons by manufacturer, create invoices, mail the coupons to the manufacturers and track and reconcile manufacturer reimbursements. Instead, almost all retailers outsource the work to a third-party clearinghouse, such as PCRS.

Not a current PCRS client? Let us put our decades of experience and retailing perspective to work for you with:

A LOW PROCESSING FEE: for only pennies per coupon, PCRS will handle the processing and payment of all paper and digital manufacturer coupons.

PROMPT PAYMENT: PCRS pays on time, every time – and offers three payment plans for added flexibility.

NO EXTRA CHARGES: PCRS has zero miscellaneous fees and no fee for any manufacturer deductions a store may receive. Many PCRS competitors charge 16 cents or more for each coupon charged back.

FAST AND ACCURATE PROCESSING: PCRS utilizes the latest scanning technology, system controls and proprietary payments software to ensure you get paid properly for all coupons submitted.

SIMPLE SUBMISSION PROCESS WITH NO MINIMUM SHIPMENT SIZE OR FEE: there is no need to separate, sort or count your coupons. Simply keep them in a safe place after accepting them from customers and submit them to PCRS regularly.

DETAILED AND CLEAR PAYMENT REPORTING: the PCRS check and payment reports provide all the data necessary to help you track and manage this important segment of your business.

EXPERIENCED AND PROFESSIONAL CUSTOMER SERVICE: PCRS is customer-focused and help with coupon handling best practices, fraud issues and manufacturer deductions is always just a call or click away.

To maximize reimbursement from manufacturers, PCRS encourages its clients to implement several coupon handling best practices: (1) create and advertise a coupon policy that tells customers what coupons the store accepts and under what terms – post the policy at the customer service area and on the web and ensure all front-end personnel know and follow the policy; (2) do not alter the physical appearance of any coupon after accepting it from consumers, other than having cashiers write on the front of any “free product” coupon the amount of the discount given; (3) train cashiers to check every coupon’s expiration date and only accept coupons that haven’t expired; (4) submit coupons to PCRS at least every four to eight weeks – letting more time go between shipments may result in manufacturers denying payment if they decide the coupons are too far past their expiration dates and (5) secure coupons like cash and package the coupons carefully to ensure they are not damaged or destroyed in transit to PCRS.

Combating Counterfeit Coupons

PCRS is helping educate retailers about fake coupons with email blasts as new counterfeits become known and by posting pertinent information on our website at www.pfma.org. See the following pages:

Counterfeit Coupon Alert
PCRS Sample Coupon Policy page

PCRS also collaborates with the Coupon Information Corporation (CIC), a not-for-profit association of consumer product manufacturers aimed at fighting coupon misredemption and fraud. For more information or to see the latest counterfeit coupon alerts, visit the CIC online at:

https://couponinformationcenter.com
TREASURER’S REPORT

The opinion letter prepared by PFMA’s auditing firm, Boyer & Ritter, is provided for the information of all members and interested parties. I am pleased that the management and PFMA auditors have compiled a thorough financial review and concluded that as of June 30, 2017, PFMA had:

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<th>Description</th>
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<td>Total Assets</td>
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</tr>
<tr>
<td>Total Liabilities &amp; Equity</td>
<td>$1,325,848</td>
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Respectfully,
Thomas Cormier, Treasurer
Pennsylvania Food Merchants Association

INDEPENDENT AUDITORS REPORT

Board of Directors
Pennsylvania Food Merchants Association & Subsidiaries
Wormleysburg, Pennsylvania

Report on the Financial Statements
We have audited the accompanying consolidated financial statement of the Pennsylvania Food Merchants Association and Subsidiary, which comprise the consolidated balance sheets as of June 30, 2018 & 2017, and the related consolidated statements of operations and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide as basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to about present fairly, in all material respects, the financial position of the Pennsylvania Food Merchants Association and Subsidiary as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.
Thank You!
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2018 ANNUAL REPORT
Advocating the views of convenience stores, supermarkets, independent grocers, wholesalers and consumer product vendors operating in Pennsylvania.

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