

Chairman's Remarks – PLMA 2017 Annual Meeting

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MARCH 24, 2017 – TUCSON, AZ – Let me start by saying thank you to the membership and everyone present for continuing to place your faith and trust in my ability to serve PLMA as Chairman of the Board of Directors. I'd also like to express gratitude for my company, Seneca Foods Corporation, for the members of the executive committee, for the entire Board, and for those serving on the various committees of PLMA, for their ongoing support and their dedication to the work of the Association.

Turning back to this theme of tomorrow's marketplace, I have to acknowledge the marketplace that we operate in today is not a place I would describe as comfortable or familiar territory. I'm not even talking about the challenge of constantly adapting to new technology. Our presenters will speak to that later. It's become increasingly clear to me – and I suspect to you as well – that many of our mainstay customers are struggling today to stay profitable in the face of threats from the likes of Amazon – and very soon Lidl as well – while also attempting to stay relevant to changing consumers. Even as major chains look to build out their own e-commerce models and experiment with new formats, there are fresh challengers sprouting up to nibble away at profitable business – whether it's organic specialty, or farmers' markets, or Hispanic, Asian and other ethnic-based chains, or the drug chain for that matter.

And as the fight for tomorrow's marketplace continues, we as manufacturers now face the need to change at every turn and reinvent everything from the products we offer to the ways we go about our business. Are you ready?

Are you ready to review how smaller footprints are going to impact shelf-elasticity, pack sizes and shipping for your products versus traditional chains, multi-channel retailers, AND pure e-commerce – where shelves are merely conceptual?

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Are you ready? ... for the new packaging requirements and configurations for a retailer like Lidl coming to the marketplace?

Are you ready? ... to adapt your order and production cycles to an increase of limited assortments? And what about online subscription sales?

Are you ready? ... to review what each potential new customer expects in terms of shelf-ready, versus ready-to-ship requirements for their online sales? It's likely that every item could have more permutations than there are retail customers.

What about reformulation? A new generation of consumers is demanding products without the ingredients or packaging materials they perceive as harmful to health and the environment. With more natural formulation comes shorter shelf-lives. Are you ready?

And how ready are you to open up new business opportunities with non-traditional retail brands that have different volume requirements and delivery models: convenience and gas chains, for example? What about retail brands like Walgreens as they expand their quick-trip grocery availability?

The good news is your expertise in grocery makes you an invaluable resource. When it comes down to the critical business of finding efficiencies needed to drive as much cost out of the equation as possible, you are the expert at tailoring the pack to how the customer orders it on the other side.

You do it the same way you have always done. You listen. This is how it works:

Listen to how each customer's operations; each customer's process works.

Take what they are saying and then take the trouble to research, ask questions, and understand what they do. So long as you're willing to invest your time and attention and prepare yourself today for tomorrow's customers, I can assure you there are still going to be numerous – even unlimited opportunities – to continue to build your business. They may not be easy to find. Even when you find them, they may not be easy to open up. But they are most definitely still there. So make sure you're open to it and digging into it.

Thank you and enjoy the conference.