



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DEPT. COMM. NO. 221

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December 19, 2019

The Honorable Ronald D. Kouchi,
President and Members
of the Senate
Thirtieth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirtieth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a preliminary copy of *The Estimated Economic Impact of Hawaii Place-Based Marketing by Firms Without Material Ties to the State of Hawaii* report as required by Act 258, Session Laws 2019. A competitive bid process was conducted, and the firm SMS Research was awarded the contract. SMS has completed the research plan, survey design, and company list compilation phases of the project. The remaining phases include data collection, state best-practices analysis, and final report preparation. The estimated completion date is March 30, 2020. In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at:
<http://dbedt.hawaii.gov/overview/annual-reports-reports-to-the-legislature/>.

With aloha,

Mike McCartney

Enclosure

c: Legislative Reference Bureau



Established 1960

Database Marketing

Economic & Social Impact Studies

Evaluations

Research

Modeling/Forecasting

SMS

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Beyond Information. Intelligence.

**INTERIM REPORT ON THE ESTIMATED
ECONOMIC IMPACT OF HAWAI'I
PLACE-BASED MARKETING BY FIRMS
WITHOUT MATERIAL TIES TO
THE STATE OF HAWAI'I**

Prepared for:



**Research and Economic Analysis Division
The Department of Business, Economic
Development and Tourism**

**Agricultural Development Division
Hawai'i Department of Agriculture**

December 17, 2019

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Beyond Information. Intelligence.

December 18, 2019

Dr. Eugene Tian, Division Administrator
Research and Economic Analysis Division
The Department of Business, Economic Development and Tourism
No. 1 Capitol District Building
250 South Hotel Street, Room 435
Honolulu, Hawai'i 96813

Ms. Sharon Hurd, Acting Administrator
Agricultural Development Division
Hawai'i Department of Agriculture
1428 S. King Street
Honolulu, Hawai'i 96814

**Re: Interim Report on the Estimated Economic Impact of
Hawai'i Place-Based Marketing by Firms without Material Ties
to the State of Hawai'i**

Aloha,

We are pleased to provide an interim progress report on the
aforementioned project. As you will note, we are progressing well
and will complete the project on schedule.

We would like to thank the advice and help provided by the
Department of Business, Economic Development and Tourism and
the Hawai'i Department of Agriculture in ensuring the successful
progress of the project.

We will be pleased to answer any questions that may arise.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hersh Singer', is written over a horizontal line.

Hersh Singer
Chairman

INTERIM REPORT ON THE ESTIMATED ECONOMIC IMPACT OF HAWAI'I PLACE-BASED MARKETING BY FIRMS WITHOUT MATERIAL TIES TO THE STATE OF HAWAI'I

BACKGROUND AND OVERVIEW

It is well recognized among marketing experts that product branding based on a place of origin can indicate quality and authenticity of the product. Associating a region name with a brand can increase the product's brand equity, which in turn can increase the product's pricing power in the market. This is called "place-based marketing" and a prominent example is the local coffee market where Kona Coffee is associated with high quality and premium prices. Based on the literature, place-based marketing is defined as associating a region with a product and/or brand for the purpose of charging a higher price for the product.

Act 258 of Session Laws of Hawai'i 2019 mandates that a study be conducted to examine the impact of Hawai'i place-based marketing of products by firms with no material ties to the State. As defined in Act 258 of Session Laws of Hawai'i 2019, Hawai'i "place-based marketing" includes but is not limited to the name of any Hawaiian island or district, or marketing the product as "Hawaiian"; and "material ties" to the State means an ingredient or ingredients that are grown or sourced in the State and explicitly marketed as ingredients derived from the State.

OBJECTIVES

The primary objectives of the project as mandated by Act 258 of Session Laws of Hawai'i 2019 legislature are:

1. Provide a calculation of the resultant gross domestic product lost due to the sale of Hawai'i-associated agriculture and food products by firms with no material ties to Hawai'i.
2. To estimate the economic impact on Hawai'i's agricultural community and local food industry resulting from U.S. Mainland-based firms that use Hawai'i place-based names for marketing food products but have no material ties to the State.
3. To analyze and report case studies from other states on best methods and practices used to reduce the financial losses to in-state firms resulting from place-based marketing firms without material ties to the respective states.

WORKPLAN

Following is a list of key tasks required to successfully complete the work and fulfill the stated objectives.

1. SMS compiled a list of Hawai'i-based firms/brands, produce distributors, and produce manufacturers that use Hawai'i place-based names for marketing food products for sale within the United States.
2. SMS compiled a list of United States Mainland-based firms/brands, produce distributors, and produce manufacturers that use Hawai'i place-based names for marketing food products for sale within the United States.
3. SMS has developed survey instruments for dissemination to Hawai'i and U.S. Mainland firms that use Hawai'i place-based names for marketing fresh package goods/foods.
4. SMS will mail or e-mail the surveys to the identified firms and will optimize responses by undertaking proven research methodologies such as follow-up phone calls, e-mail reminders, and additional follow-up mailings.
5. SMS will analyze and report case studies from other states on best methods and practices used to reduce the financial losses to in-state firms resulting from place-based marketing firms without material ties to the respective states, SMS will evaluate the policies, procedures, and level of success of such efforts in three Mainland states.
6. SMS will analyze and report the conclusions from all data gathered to be presented in a final comprehensive report.

PROJECT STATUS

Following is the project status and work process as of this interim report's date.

Hawai'i Firms List Compilation: With the support of the Department of Business, Economic Development and Tourism (DBEDT) and the Hawai'i Department of Agriculture (DOA), the SMS Team compiled a list of Hawai'i-based farmers, food producers, distributors, and manufacturers.

The DOA provided the list of Farmers Bureau members, a list of the members of the Hawai'i Agriculture Industry Association, and multiple names of firms in the Hawai'i food industry. Ms. Sharon Hurd also contacted many of the associations requesting cooperation with providing the names of their members. SMS staff augmented the provided information by adding or cleaning the names, addresses, e-mails, and other contact information in the files.

SMS also acquired from InfoUSA (a database provider) a list of Hawai'i-based firms categorized into the following NACIS codes 111000, 311340, 311920, 311999, and 312120 which identify food manufacturers and distributors.

SMS downloaded the names of the participants in the 2019 Made in Hawai'i Festival. SMS staff searched each of the participants' corporate information including but not limited to the firm's website, addresses, e-mail, phone number, and the names of leading staff members. The SMS staff is currently identifying the farm or food Hawai'i-based firms among the Festival participants.

A major source utilized to identify Hawai'i firms that use Hawai'i place-based names for marketing food products for sale within the United States is the United States Patent and Trademark Office database (USPTO). In order to identify such firms it was necessary to develop a list of Hawai'i-place associated names to undertake the trademark search. The SMS Team working with DBEDT and DOA compiled a list of Hawai'i-associated names. The USPTO website was searched for trademarks containing any of the place names.

- | | | | |
|--------------|-------------|------------|-------------|
| ❖ 'Ohana | ❖ Kahuku | ❖ Mākena | ❖ Puna |
| ❖ Aloha | ❖ Kalaupapa | ❖ Maui | ❖ Wai'alaie |
| ❖ Big Island | ❖ Kamuela | ❖ Mauna | ❖ Wai'anae |
| ❖ Hale'iwa | ❖ Kapalua | Kea | ❖ Waiāhole |
| ❖ Haleakalā | ❖ Kaua'i | ❖ Mauna | ❖ Waikīkī |
| ❖ Hāmākua | ❖ Kona | Loa | ❖ Waimea |
| ❖ Hāna | ❖ Lahaina | ❖ Moloka'i | ❖ Waimea |
| ❖ Hawai'i | ❖ Lāna'i | ❖ Molokini | Canyon |
| ❖ Hawaiian | ❖ Lanikai | ❖ Ni'ihau | ❖ Waimea |
| ❖ Hilo | ❖ Mahalo | ❖ O'ahu | Valley |
| ❖ Honolulu | ❖ Makapu | ❖ Olomana | |
| ❖ Kā'anapali | ❖ Mākena | ❖ Po'ipū | |

The trademark names were downloaded from the website and have undergone multiple cleaning phases. The final phase converted all the names to an Excel format, and SMS staff are currently cleaning the addresses and formatting the addresses in Postal acceptable format.

U.S. Mainland Firms List Compilation: The primary source of United States Mainland-based firms/brands, produce distributors and manufacturers that use Hawai'i place-based names for marketing food products for sale within the United States is the United States Patent and Trademark Office database. The downloading and cleaning process for the U.S. Mainland firms was identical to the process utilized for the Hawai'i-based firms. This file is also currently being cleaned and formatted in preparation for mailing.

International Firms List Compilation: Though not required, in the process of downloading the Hawai'i and Mainland-based companies from the USPTO database, SMS also downloaded and quantified the number of International-based firms/brands, produce distributors and manufacturers that use Hawai'i place-based names for marketing food products for sale within the United States in the United States. The downloading process and macro cleaning process was similar to Hawai'i and Mainland files. However, this file is not undergoing further cleaning.

List Counts

Following is a preliminary count of the number of firms identified as marketing Hawai'i place-based names for marketing food products for sale within the United States. SMS is in the process of purging and cleaning the files in preparation of mailing the surveys. The cleaning process and elimination of duplicates will most likely change the counts presented in this report. SMS has included only the "live" trademarks in the United States Patent and Trademark Office (USPTO). The "live" trademarks are currently registered and protected.

Exhibit 1: Count of firms/brands, food producers/distributors, produce manufacturers, and farmers that use Hawai'i place-based names for marketing food products for sale within the United States

Hawai'i-Based Firms	
Source	Count
NCIS InfoUSA	119
Hawai'i Agriculture	88
Made in Hawai'i Festival	410
Various Associations	204
U.S. Trademark Food Farm/Restaurant/Retail, etc.	895
Total Hawai'i-Based Firms/Trademarks	1,716
Mainland-Based Firms	
Source	Count
U.S. Trademark Food Farm/Restaurant/Retail, etc.	743
Total Mainland-Based Firms/Trademarks	743
International-Based Firms	
Source	Count
U.S. Trademark Food Farm/Restaurant/Retail, etc.	95
Total International-Based Firms/Trademarks	95

Exhibit 2 provides a count of “dead” firms with Hawai'i place-based names for marketing food products for sale within the United States sourced from USPTO. USPTO website states that a **“dead or abandoned** status of a trademark means that specific application is no longer under prosecution within the USPTO, and would not be used as a bar against your filing”.

Exhibit 2: Count of dead trademark registrations of firms/brands, food producers/distributors, produce manufacturers, and farmers that use Hawai'i place-based names for marketing food products for sale within the United States

Hawai'i-Place Associated Dead Food-Related Firms	
Geographic Location of Firms	Count
Hawai'i Based	1,230
Mainland USA	1,253
International	101
Total Firms/Trademarks	2,584

In the process of identifying and downloading Hawai'i-place associated names, SMS also gathered the firm names/trademarks of non-food-related categories. Following is a count of Hawai'i-associated place names of non-food-related firms/trademarks.

Exhibit 3: Count of Hawai'i-Associated Place Names of Non-Food-Related Firms

Non-Food Firms with Hawai'i-Place Associated Names	
Geographic Location of Firms	Count
Hawai'i-Based Live Companies/trademark	1,202
Hawai'i-Based Dead Companies/trademark	2,031
U.S. Mainland-Based Live Companies/trademark	815
U.S. Mainland-Based Dead Companies/trademark	1,781
International-Based Live Companies/trademark	165
International-Based Dead Companies/trademark	145
Total Firms/Trademarks	6,139

The SMS Team will provide the list of these non-food-related firms to the DBEDT and the DOA, but is not undertaking any further cleaning or purging of the database.

Survey Instrument Development

Working with DBEDT and DOA, SMS has developed and is currently pre-testing the cover letters and survey instruments to be used in data gathering. The primary objectives of the surveys are to gather the following information from the identified Hawai'i and Mainland-based firms:

- ❖ Contact information
- ❖ Type of business (manufacturing, wholesale, retail, etc.)
- ❖ The location of the business and manufacturing operations
- ❖ A list of ingredients that originated in the State of Hawai'i (if applicable)
- ❖ Names of Hawai'i firms that the ingredients are purchased from (if applicable)
- ❖ Estimated sales value of the products that use Hawai'i place-based marketing
- ❖ Hawai'i- based firms will be requested to quantify the negative economic impact on their business resulting from the marketing of Hawai'i-associated place name products by Mainland firms
- ❖ Number of employees attributed to the products using Hawai'i place-based marketing

The survey instruments and cover letters are attached as Appendix A for review. As will be noted in the survey instruments, multiple questions regarding economic and financial impact of usage of Hawai'i-place associated names are included in both surveys.

Best Practices

As directed by Act 258 of Session Laws of Hawai'i 2019, part of the project includes case studies that assess the methods and practices other states use to reduce the financial losses from place-based marketing by firms without material ties to the respective states. This research explores laws, practices, court cases, campaigns, and other strategies used to combat external competition, misrepresentation, and fraud.

The comprehensive comparative assessment includes research on three different states of varying sizes and dealing with a variety of similar challenges within the industry. The locations selected were not only based on the availability of information, but to ensure a well-rounded body of research on best practices and recommendations.

- ❖ **California** was selected for a case study for multiple reasons. The state has a well-developed statewide place-based marketing campaign, known as “California Grown.” California is a much larger state, working with a state budget of nearly \$215 billion in 2019, but this provides good insights on coordinated statewide campaigns. For this program the State provides tools and marketing materials to help promote consistent messaging, and they connect and unite local food providers with the communities in which they work. Research of such an expansive statewide place-based marketing program will provide insights and guidance for supporting local farms and businesses across varying sectors. California’s dominance in the agriculture industry, mix of products, and varied climates makes this state a strong candidate for study and comparison. Because of this, the California case study can include insights about products, such as coffee, tea, and avocados, that are grown in Hawai'i, but not many other locations within the United States.
- ❖ **Idaho** was selected for its long history of promoting and protecting the well-known “Grown in Idaho” seal found on every Idaho potato sold. This federally registered trademark assures product quality for consumers and protects the economic welfare of the state’s citizens. Established in 1937 by the Idaho State Legislature, the Idaho Potato Commission (IPC) is the state agency that is responsible for protection, promotion, study, research, analysis, and development of markets related to the growing and promotion of Idaho potato products and byproducts. The case study will provide an in-depth analysis on actions taken in a highly competitive product market over the course of more than 50 years.
- ❖ **Wisconsin** was selected for their recent efforts to curtail fraud within the ginseng industry. The state has faced challenges with poor quality alternatives grown internationally being marketed and sold as Wisconsin ginseng. The Ginseng Board of Wisconsin (GBW) was established in 1986 as a nonprofit organization representing more than 185 ginseng growers in the state. The GBW is managed and supported by the Wisconsin Department of Agriculture, Trade & Consumer Protection. The board manages an approved seal and registration for growers as well as handles enforcement. This case will be an opportunity to explore specific strategies used to protect products from external fraud in expanding markets through legislation and enforcement. It will also provide insights into the challenges of international competition.

SMS is currently continuing research and conducting outreach efforts to relevant stakeholders in the communities selected for study. All research and feedback will be reported as case studies and also compiled into best practices recommendations for the State of Hawai'i.

Next Steps

Survey Mailings: SMS is currently undertaking a pre-test of the survey instruments. After approval of the pre-test and cleaning and purging the mailing databases, SMS will mail the surveys to all identified firms. Prior to the survey mailings, SMS will send out an alert postcard to advise recipients of the importance of the survey, and to be on the lookout for its arrival. SMS will then follow up with the firms that have not responded by phone and e-mail to reaffirm the importance of participating in the survey.

Some of the associations could not share their members' mailing or communication information. The associations agreed to distribute electronic versions of the surveys to their members. SMS is in the process of programming a web-based survey for distribution by these associations.

Analysis and Reporting: The data gathered will be analyzed and reported by the end of March 2020. The analysis will provide a summary of the economic impact of the Hawai'i-place associated branding. The economic impact analysis will not be limited to the positive aspects of the name usage, but will also quantify the negative economic impact on such usage by Mainland firms on Hawai'i farmers, food producers, distributors, and manufacturers.

Estimated Timeline

The following timeline outlines the tasks to be completed by SMS prior to final report delivery in March 2020.

Exhibit 4: Hawai'i Place-Based Marketing Interim Report Timeline

Week of	18-Nov	25-Nov	2-Dec	9-Dec	16-Dec	23-Dec	30-Dec	6-Jan	13-Jan
Kick-off meeting									
Survey 1									
Gather target names survey 1									
Clean names for mailing									
Augment names with phone numbers									
Draft instrument review									
Order mailing materials									
Finalize instrument									
Format survey instrument									
Program web survey									
Mail alert postcard									
Mail survey									
Follow-up calls									
Data capture									
Commence analysis									
Augment names with web addresses/phone numbers									
Survey 2									
Purchase name lists									
Merge and clean names/duplicates									
Draft survey review									
Order mailing materials									
Mail alert postcard									
Finalize survey instrument									
Format survey instrument									
Program web survey									
Mail surveys									
E-mail survey to e-mail addresses									
Follow-up phone calls/surveys									
Data capture									
Commence analysis									
Best Practices									
Identify 3 states/regions									
Develop key contacts list									
Review list of areas of inquiry									
Forward alert letters									
Executive calls to key contacts									
Review public domain materials									
Summarize executive interviews report									
Summarize secondary data review									
Report Preparation									
Documentation									
Interim Report									
Draft Report									
Final report									


Week of	20-Jan	27-Jan	3-Feb	10-Feb	17-Feb	24-Feb	2-Mar	9-Mar	23-Mar
SURVEY 1									
Gather target names survey 1									
Clean names for mailing									
Augment names with phone numbers									
Draft instrument review									
Order mailing materials									
Finalize instrument									
Format survey instrument									
Program web survey									
Mail alert postcard									
Mail 2nd survey									
Follow-up calls									
Data capture									
Analysis									
Augment names with web addresses/phone numbers									
Survey 2									
Purchase name lists									
Merge and clean names									
Draft survey review									
Order mailing materials									
Mail alert postcard									
Finalize survey instrument									
Format survey instrument									
Program web survey									
Mail 2nd surveys									
Follow up E-mail survey to e-mail addresses									
Follow-up phone calls/surveys									
Data capture									
Commence analysis									
Best Practices									
Identify 3 states/regions									
Develop key contacts list									
Review list of areas of inquiry									
Forward alert letters									
Executive calls to key contacts									
Review public domain materials									
Summarize executive interviews									
Summarize secondary data review									
Report Preparation									
Documentation									
Interim report									
Draft Report									
Final report									

Hawai'i Place-based Marketing Interim Report Marketing Timeline
(c) SMS, 12/11/19

APPENDIX

Appendix 1: Survey Instruments

Hawai'i-Based Firms Confidential Letter/Survey

	DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM	DAVID Y. IGE GOVERNOR MIKE MCCARTNEY DIRECTOR RANDALL TANAKA DEPUTY DIRECTOR
<small>No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813 Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804 Web site: dbedt.hawaii.gov</small>		<small>Telephone: (808) 586-2355 Fax: (808) 586-2377</small>

Aloha,

The Hawai'i State Legislature has enacted Act 258, SLH 2019, which mandates the Department of Business, Economic Development & Tourism (DBEDT) in consultant with the Department of Agriculture, to conduct a study to assess the impacts of companies selling products in the U.S. using place-based marketing without any material ties to the State of Hawai'i. This requires insights from Hawai'i-based farmers, food manufacturers, retailers, and distributors. Your company is a valuable member of this community and your participation is greatly appreciated.

Please complete the attached survey that will remain strictly **CONFIDENTIAL**. DBEDT has retained SMS Research & Marketing Services, Inc. (SMS) as a third-party organization to gather the information. Only aggregated data will be reported to the Legislature. You will be able to review the report once it is presented to the Legislature.

If you feel someone else in your organization can better answer these survey questions, please feel free to direct it to that person.

After completing the survey, please return it in the pre-paid enclosed envelope. If you have any questions or concerns, please contact Mr. Hersh Singer, Chairman of SMS at 808-440-0700 or hsinger@sms-hawaii.com or Dr. Joseph Roos, Economic Research Program Manager of DBEDT at 808-586-2475 or joseph.a.roos@hawaii.gov.

Please accept our sincere thanks for your help in this important matter.

Sincerely,

Eugene Tian, Ph.D.
Economic Research Administrator



CONFIDENTIAL BUSINESS SURVEY



Thank you in advance for completing this survey. All responses provided will remain confidential. Only aggregated data will be reported to the State of Hawai'i by SMS Research & Marketing Services, Inc.

- Q1. Please select your company's primary industry. (SELECT ONLY ONE)**
- Food Service/Restaurants
 - Farming
 - Grocery/Supermarkets
 - Manufacturing/Food Processing.....
 - Manufacturing (Other) (Specify): _____
 - Wholesale Trade
 - Other (Specify): _____
 - Refused

- Q1A. If your company participates in other industry(ies), please list these secondary industries below.**
- _____
- _____

- Q2. What is the estimated annual revenue of your company in 2019?**
- <\$10,000
 - \$10,000 to \$49,999
 - \$50,000 to \$99,999
 - \$100,000 to \$249,999
 - \$250,000 to \$499,999
 - \$500,000 to \$999,999
 - \$1,000,000 or more
 - Don't know.....
 - Refused

- Q3. How many full-time equivalent employees work at your company in 2019?**
- 0
 - 1-4
 - 5-9
 - 10-19
 - 20-49
 - 50-99
 - 100-249
 - 250-499
 - 500+
 - Don't know.....
 - Refused

- Q4. Does your company have more than one location?**
- Yes
 - No (GO TO QUESTION 6)

- Q5. Please provide a listing of the locations.**

List of Company Locations	Check if Manufacturing Location
1.	<input type="radio"/>
2.	<input type="radio"/>
3.	<input type="radio"/>
4.	<input type="radio"/>
5.	<input type="radio"/>

- Q6. Where are the customers of your company? (CHECK ALL THAT APPLY)**
- Locally (HAWAII STATE)
 - Nationally
 - Internationally

- Q7. Does your company manufacture or distribute brands or products with Hawai'i-associated names such as Hawai'i, Aloha, Maui, etc. ?**
- Yes
 - No (GO TO Q19).....

- Q8. (IF ANSWERED "YES" TO QUESTION 7 ABOVE) Please list the names of the products/brands that your company manufactures or distributes that have Hawai'i-associated names.**

List of Names of Products/Brands
1.
2.
3.
4.
5.

- Q9. What percent of your annual revenue is represented by these products?**
- |_|_|_|_| %

- Q10. What percent of your employees work directly on the Hawai'i-based products?**
- |_|_|_|_| %

- Q11. Do you acquire or purchase ingredients, components or items from Hawai'i-based vendors for your products?**
- Yes
 - No (GO TO QUESTION 15).....

Q12. What ingredients, components or items do you acquire or purchase from Hawai'i-based vendors as ingredients of your products? (PLEASE SPECIFY A LIST)

List of Ingredients, Components or Items	
1.	
2.	
3.	
4.	
5.	

Q13. Can you provide the names of the vendors you use in Hawai'i?

List of Vendors Names	
1.	
2.	
3.	
4.	
5.	

Q14. Approximately what is the value of your purchases from Hawai'i-based vendors in 2019?

- Under \$50,000
- \$50,000 to \$100,000
- \$100,000 to \$500,000
- \$500,000 plus
- Don't know
- Refused

(SKIP TO QUESTION 16)

Q15. (IF ANSWERED "NO" TO QUESTION 11 ABOVE) Can you please specify why you do not buy any products from Hawai'i-based vendors?

Q16. On a scale of 1 to 5, overall, how strongly do you agree or disagree with the following (1 BEING STRONGLY DISAGREE AND 5 BEING STRONGLY AGREE)?

The association of our products to Hawai'i-related names...	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Don't Know	Refused
	1	2	3	4	5		
Is important to the success of our products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provides an opportunity to price products at a premium level.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Helps position our products as high quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Makes our products unique in the marketplace	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q17. Has your company's annual revenues been negatively impacted by companies, without material ties to the state, using Hawai'i-related marketing?

- Yes
- No **(SKIP TO QUESTION 19)**
- Don't know
- Refused

Q18. (FOR RESPONDENTS THAT ANSWERED "YES" TO QUESTION 17) What was your estimated annual loss in 2019 from companies, without material ties to the state, using Hawai'i-related marketing?

\$ | | | | , | | | | | | | | | | | | | | | |

Q19. Are you aware of any companies (in Hawai'i or U.S. mainland) selling similar products as yours but have no ties with Hawai'i or do you have any comments or suggestions on the subject?

Thank you!

Mainland-Based Firms Confidential Letter/Survey



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
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Fax: (808) 586-2377

Aloha,

The Hawai'i State Legislature has enacted Act 258, SLH 2019, which mandates the Department of Business, Economic Development & Tourism (DBEDT) in consultant with the Department of Agriculture, to conduct a study to assess the impacts of companies selling products in the U.S. using Hawai'i place-based marketing without any material ties to the State of Hawai'i. This requires insights from companies outside of Hawai'i and your organization has been selected randomly from a large number of U.S. mainland companies.

Please complete the attached survey that will remain strictly **CONFIDENTIAL**. DBEDT has retained SMS Research & Marketing Services, Inc. (SMS) as a third-party organization to gather the information. Only aggregated data will be reported to the Legislature. You will be able to review the report once it is presented to the Hawai'i State Legislature.

If you feel someone else in your organization can better answer these survey questions, please feel free to direct it to that person.

After completing the survey, please return it in the pre-paid enclosed envelope. If you have any questions or concerns, please contact Mr. Hersh Singer, Chairman of SMS at 808-440-0700 or hsinger@sms-hawaii.com or Dr. Joseph Roos, Economic Research Program Manager of DBEDT at 808-586-2475 or joseph.a.roos@hawaii.gov.

Please accept our sincere thanks for your help in this important matter.

Sincerely,

Eugene Tian, Ph.D.
State Economist



CONFIDENTIAL BUSINESS SURVEY



Thank you in advance for completing this survey. All responses provided will remain confidential. Only aggregated data will be reported to the State of Hawai'i by SMS Research & Marketing Services, Inc.

Q1. Please select your company's primary industry. (SELECT ONLY ONE)

- Food Service/Restaurants
- Farming
- Grocery/Supermarkets
- Manufacturing/Food Processing.....
- Manufacturing (Other) (Specify): _____
- Wholesale Trade
- Retail Trade
- Other (Specify): _____
- Refused

Q1A. If your company participates in other industry(ies), please list these secondary industries below.

Q2. What is the estimated annual revenue of your company in 2019?

- <\$100,000
- \$100,000 - \$249,999
- \$250,000 - \$499,999
- \$500,000 - \$999,999
- \$1,000,000 - \$2,499,999
- \$2,500,000 - \$4,999,999
- \$5,000,000 - \$9,999,999
- \$10,000,000 - \$24,999,999
- \$25,000,000 - \$49,999,999
- \$50,000,000 - \$99,999,999
- \$100,000,000 - \$249,999,999
- \$250,000,000 - \$499,999,999
- \$500,000,000+
- Don't know.....
- Refused

Q3. How many full-time equivalent employees work at your company in 2019?

- Under 100
- 100-499
- 500-749
- 750-999
- 1,000-1,499
- 1,500-1,999
- 2,000-2,499
- 2,500-4,999
- 5,000+
- Don't know.....
- Refused

Q4. Does your company operate from multiple locations?

- Yes
- No (**GO TO QUESTION 6**)

Q5. Can you provide a listing of the locations?

List of Company Locations	Check if it is a Manufacturing Location
1.	<input type="radio"/>
2.	<input type="radio"/>
3.	<input type="radio"/>
4.	<input type="radio"/>
5.	<input type="radio"/>

Q6. Where does your company service clients... (CHECK ALL THAT APPLY)

- Locally (**STATE OR COUNTY**)
- Nationally
- Internationally

Q7. Does your company manufacture or distribute brands or products with Hawai'i-associated names such as Hawai'i, Aloha, Maui, etc.?

- Yes
- No (**GO TO END OF SURVEY**)

Q8. (IF ANSWERED "YES" TO QUESTION 7 ABOVE) Please list the names of the products/brands that your company manufactures or distributes that have Hawai'i-associated names.

List of Names of Products/Brands
1.
2.
3.
4.
5.

Q9. What percent of your annual revenue is represented by these products?

____|____|____| %

Q10. What percent of your employees work directly on the Hawai'i-based products?

____|____|____| %

Q11. Do you acquire or purchase ingredients, components or items from Hawai'i-based vendors for your products?

Yes
 No (**GO TO QUESTION 13**)

Q12. (IF ANSWERED "YES" TO QUESTION 11 ABOVE) What ingredients, components or items do you acquire or purchase from Hawai'i-based vendors? (PLEASE SPECIFY A LIST)

List of Ingredients, Components or Items	
1.	
2.	
3.	
4.	
5.	

Q13. (IF ANSWERED "NO" TO QUESTION 11 ABOVE) Can you please specify why you do not buy any products from Hawai'i-based vendors?

Q14. Can you provide the names of the vendors you use in Hawai'i?

List of Vendors Names	
1.	
2.	
3.	
4.	
5.	

Q15. Approximately what is the value of your purchases from Hawai'i-based vendors in 2019?

Under \$500,000
 \$500,000 to \$1,000,000
 \$1 million to \$2 million
 \$2 million plus
 Don't know
 Refused

Q16. On a scale of 1 to 5, overall, how strongly do you agree or disagree with the following (1 BEING STRONGLY DISAGREE AND 5 BEING STRONGLY AGREE)?

The association of our products to Hawai'i-related names...	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Don't Know	Refused
	1	2	3	4	5		
Is important to the success of our products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provides an opportunity to price products at a premium level	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Helps position our products as high quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Makes our products unique in the marketplace	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Thank you for your help. Please return the survey in the provided return envelope.