



# *ASMI CAP Meeting - 2015 Facilitated Discussion Summary*



*Prepared for:*



*Wild, Natural & Sustainable®*



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# Customer Advisory Panel Discussion Summary

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## Purpose

The purpose of the ASMI Customer Advisory Panel (CAP) is to provide ASMI and the Alaska seafood industry with the highest level of market feedback and expertise available in the world. CAP members were carefully selected to provide a wide range of supply chain feedback in Alaska's most important markets: the European Union, Japan, China, and the United States. In turn, CAP members have the opportunity to interact directly with leaders in Alaska seafood industry production, marketing, government, and resource management.

The fourth ASMI CAP Strategic Workshop was held in Ketchikan on July 28, 2015, and included a facilitated discussion between ASMI Board, staff, and CAP members. The CAP discussion is designed to provide ASMI with feedback on how its programs and priorities are viewed by these top-level representatives from key Alaska markets. Specifically, the discussion focused on current issues facing the Alaska seafood industry, market trends and opportunities, strategies for leveraging marketing efforts, and feedback on the Alaska seafood brand. This document summarizes the facilitated discussion.

## Discussion Participants

### CUSTOMER ADVISORY PANEL

Dan Aherne	New England Seafood International Ltd.
Jens Peter Klausen	J.P. Klausen & Co. A/S
Gao Linming	Everfish International Ltd.
Osamu Nakano	Aeon Retail Co. Ltd. <i>(translation assisted by ASMI OMR Akiko Yakata)</i>
Dave Melbourne	Bumble Bee Foods, LLC
Peter Vasil	Sysco Canada
Chris Weisert	The Kroger Co. <i>(attending on behalf of David Long)</i>
Wade Weistling	The Oceanaire Seafood Room & Morton's Steakhouse

### ASMI BOARD OF DIRECTORS

Barry Collier (Chair)  
Tomi Marsh (Vice Chair)  
Kevin Adams  
Allen Kimball  
Mark Palmer  
Chris Hladick (Ex Officio)  
Ana Hoffman (Ex Officio)

## The Process

Prior to their travel to Alaska, CAP members were provided a list of questions developed by ASMI's Executive Director and McDowell Group. CAP members were asked to consider the four major topical areas listed below. Additional questions were asked to capture CAP input on specific issues within each topic.

- Strategies for marketing key products
- Developing successful marketing strategies
- Feedback on other key issues
- Suggestions for working with Alaska seafood customers

While the facilitated session focused primarily on CAP members, the ASMI Board of Directors and Executive Director were seated at the same table and participated in the discussion.

## Central Themes

Several themes emerged consistently throughout the discussion.

- Sales are impacted most heavily by consumers' top-of-mind awareness about the products; perception of high quality and ability to use the product.
- In contrast, sustainability is a market access requirement. Consumers simply expect it.
- ASMI needs to maintain its focus on promoting the brand and marketing.

## General Outlook and Strategies for Marketing Key Products

### General Outlook

- **Emerging markets:** CAP members have noticed an increase in affluence, the middle class is developing faster, and they want to consume seafood. ASMI should consider targeting development markets in Africa and Asia. This trend is offset by a concern that educated/affluent consumers are disappearing in developed markets.
- **Differentiation:** Alaska products are differentiated by quality; ASMI and industry must preserve the Alaska brand in the marketplace.
- **Lifestyle vs. income:** Healthier lifestyle, but a product like canned salmon is cheap and a gateway to seafood. More consumer traffic is going to retail perimeter, less to interior aisles.
- **Millennials:** Alaska seafood meets some of their demands, such as clean ingredients and trusted food source. However, CAP members noted some millennials do not even own can openers, are seeking ready to eat/heat foods, and place a higher value on nutritional "powders and potions."
- **Buyer consolidation:** Important for Alaska producers and ASMI to understand how to work with a decreasing number of major buyers.
- **Japan:** Seafood consumption is declining. More income inequality between old and young, less able or inclined to buy seafood. Retailers are requiring certification.

## Key Product Issues

- **Salmon:** Pass soft price info along. In this current market, affordability is key.
  - ASMI should look at opening new and emerging markets.
  - Canned salmon: No clear strategy on canned salmon, even if there is a rich history of Alaska canned salmon products. Losing shelf space and market share.
    - When there are lower prices, dialogue of smaller can disappears. (Bumblebee representative mentioned the industry is focused on standardized can size).
  - Sockeye fillets: Portioned vacuum-packaged products are common in U.K., but not in U.S. Confusion in U.S. stores about whether to put the product next to meat or separate it. Reduces shrinkage by almost 10 percent though.
- **Whitefish:** According to a European importer, buyers of whitefish are merging.
  - China is a growing, large consumer of whitefish.
  - Twice frozen product out of China has hurt the entire category's image.
  - ASMI should emphasize the quality of Alaska's single-frozen fillet.
- **Crab:** The decrease in IUU quantity has increase Alaska's crab value. Difficult to promote Alaska crab without helping other crab products.

## Key Strategies

- **General:** Aim for emotional connection to brand. Stratify by species/formats. Determine what role the different offerings play and connect to likely market segments. Premium comes from brand allegiance.
- **Salmon Fillets:** Attractive, single-portion fillets with clear membrane packaging is common in the U.K., but less so in the U.S, why is that (question from ASMI Board member)? CAP member response: Difficult to figure out where to place it and we do not want it to take away from case sales, but it is a nice product.
  - Note: In the U.S., it is more common to see single portion fillets offered in bags, as opposed to atmospherically controlled packages with a clear membrane cover.
  - U.K. convenience stores have been carrying seafood on Mondays, the day people try to eat healthier. Need a different marketing approach for other days of the week (e.g. Fish Fridays, treat yourself weekends, etc.)
  - Certified Angus Beef strategy could be used for salmon.
  - Target Alaska wild salmon as "best of best."
- **Pollock Fillets:** Pollock is a commodity. ASMI should try to expand customer base.
  - It is a seafood entry point for consumers (cheap fish sticks), and to lift the price, there would need to be more pull from emerging markets.
  - Single-frozen shatterpacks are hard to find.
- **Pollock Roe:** Smoked roe market in Europe has room to expand.
  - Taste preferences in Japan have changed. Tell the story of roe better.
  - ASMI needs to develop new markets that already like caviar like China or Europe.
  - Sushi! Sushi has no rules and could be developed.
  - More roe products could be developed, most success R&D stories include customer input.
- **Crab:** Canned crab, currently available in other markets, is a potential new avenue.

- Some value-added products are not available from Alaska, only from China as secondary processed product.
- “Most people don’t know what bairdi crab is,” said Allen Kimball from Trident Seafoods.
  - *Bairdi has been unavailable in the U.S. marketplace for many years until 2014. It will take some time to develop a market for the product and generate awareness. Several U.S. retailers have started promoting Bairdi (some others are using Tanner as the nomenclature).*
- There are five primary species of Alaska crab (snow, bairdi, red king, golden king, and Dungeness). Tell the story like salmon.
- The story of helping the U.S. economy in Alaska might help sales (domestically).
- **Sole/Flounder:** The groundfish in Alaska have the best sustainability story. Use it.
  - Product coming out of China has additive/quality issues, not as much about price (compared to tilapia).
- **Other:** Sustainability is a given at this point.
  - “Wild and natural” should be emphasized.
  - Sustainability consumes a lot of time. The key message for ASMI should be product differentiation.

## Developing Successful Marketing Strategies

### Origin

Origin was a key takeaway from this part of the discussion. Alaska is a famous, internationally-recognized brand. In U.S. markets, the fact it is a domestic product is very important.

International perspectives included:

- In Canada, Alaska seafood is preferred more in western provinces than eastern.
- Chinese wholesale buyers recognize that quality products come from Alaska. Even in emerging markets, Alaska and U.S. products are recognized for their high quality.
- There is some desire to have Alaska products labeled as a “Product of U.S.A.” even with some secondary processing in China. However, other CAP members expressed concerns that inconsistency in industry practices would detract from Alaska’s brand.
- The U.K. consumers “get” the association between wild caught and Alaska, but often fill in the perception themselves. Wild salmon sales performing well, better than farmed salmon sales. Waitrose is unique in that it promotes wild Alaska salmon, while other retail chains promote wild salmon generically.
- In Japan, consumers equate the image of Alaska that is similar to Hokkaido, which is a beautiful, natural region in Japan.
- In Europe generally, Alaska equals wild.

## **RFM vs. Promotion of the Brand**

Promoting the brand of “Alaska wild caught seafood” is more important and impactful than RFM. An example was famous Dutch TV chefs cooking Alaska seafood and how well the market responded to that. Varying degrees of RFM certification are required for market access, but it is not a selling point for most consumers.

## **Successful Strategies**

In North America, get the Alaska Seafood brand on menus. Most operators do not change menus very often, so the brand will remain visible for a while.

In-store demos are expensive, but can work very well if they are done right, and the brand and retailer share a common goal, and have strong communication.

- Captain Keith Colburn walked into two Kroger stores in two different divisions, crab sales increased 400 percent across both divisions (140 stores). It got staff excited and talking about Alaska crab, and it grabbed consumers’ attention even if they did not come to that store to see Captain Keith.
- In store demonstrations generates excitement within the company – even at locations that may not have the actual demo.
- CAP members were generally impressed by the recent ASMI sockeye demo results, and very surprised at the low cost per demo. *(The cost-per-event was improved by the Publix Supermarkets Aprons Cooking teams demoing their Alaska sockeye portions at 3,800 events (950 stores) for a cost of \$75,000 – or \$19.74 per event. This figure was considerably lower than other partners, reducing the overall average cost-per-event to ASMI.)*

Bumblebee started a traceability feature on their website, linking their cans back in the supply chain all the way to the fishermen. There are six products they are rolling this feature out for, and salmon is next. In Europe, there is a QR code on some products with similar traceability.

In Japan, in-store promotions worked great, it is just difficult. Showing a fillet of salmon does not tell the whole story, it is just a fillet. In-store marketing works the best with a great personality. Texas has permanent demo stations. There is a high amount of requests for demos.

Alaska equals seafood mecca. Why do the best seafood buyers in the world come to Alaska? Stimulate emotion and psychology.

On product development. Kroger has had success with selling a ready to cook crab boil. Other chains have also been doing similar things where seafood products are sold in a manner that makes them easier to prepare, but still leaves consumers the ability to add value and create a sense of pride in the meal or easily creating a meal that is an event.

## **Attributes**

- Quality and taste: the resounding priority.
- Price: Especially important for more commoditized products like canned salmon.
- Convenience: Getting the message across that fish is easy to enjoy every day.

- Sustainability: Consumers expect it. It reinforces the brand, but is not a primary message.

## **Communicating with Customers**

ASMI is always there to help with communication. Alaska is number one for the diversity of species, the quality of seafood, and there is an emotion in it.

There was a difference in marketing approaches: a food and wine festival might not have much reach; social media provides reach, but not always the most effective for generating sales; and a culinary show had great value.

Frequency is important. High-end consumers are the target, they might see Alaska seafood at the food and wine festival, then on the Alaska Airlines flight, etc.

Identifying core followers and target them. They will spread the word.

Successful to partner with other brands. Certified Angus beef is the top seller in protein and it is difficult to sell against them.

A key trend is ready-to-cook meals. People like to add some value, to prepare a meal they are proud to feed their family. For millennials, it is more about convenience. More likely to want “ready-to-eat” or “ready-to-heat” options.

In the U.K., holiday events (Christmas, Easter) are getting larger in terms of food sales. Other events such as Copper River and National Seafood Month have outdone even Lent in terms of seafood sales. Could industry capitalize on other holidays or times of the year?

CAP members suggested creating an “Alaska salmon holiday.” Additional ideas for novel promotions included: a swim up-stream salmon race and tote races (done in Petersburg and several coastal communities).

Telling the story of community impacts can grip domestic consumers. Product of U.S.A. is important to some shoppers, as is supporting domestic jobs.

Consensus that taste and quality messaging is most effective, and most important attributes to the consumer. Other attributes can enhance that, but have to deliver taste/quality at a reasonable value.

## **Feedback on Other Key Issues**

### **Certification of Seafood**

- Kroger requires it.
- In the U.K., public statements are made by the large chains that are almost a “hygiene factor” sort of statement.
- Simplicity is key.
- Customers for most retail/foodservice chains expect the stores are responsibly sourcing product, showing sustainability is a general requirement for market access, not so much a marketing tool.
- Alaska can claim sustainability, but so can a growing number of other respected producers.

- GSSI is good, but it does not do any favors to retail.
- In the U.K., Waitrose is a brand that is trusted, they share sustainability as appropriate, but not required for sales.
- Recognition of MSC in Europe is only 7 percent, and “they’ve been at it for years.”
- Certification is required for sellers to defend against NGOs.
  - MSC is out there and it is easy to use.

## **Working with ASMI**

Construction of material gets you to “first base” and momentum follows. The right suite of tools works. It is estimated to cost \$64 for one sockeye demonstration, with professional chefs, per store. This was seen as a tremendous value, given the cost of in-store demos.

Internationally, if trade barriers were removed to emerging markets, there would be more sales.

E-commerce is growing quickly, very important to have high quality digital content. ASMI can help with that.