



Wild, Natural & Sustainable

ASMI Salmon Committee Meeting

Wednesday, April 19, 2017

8:00 AM Alaska Time

The Captain Cook Hotel

Anchorage, Alaska

Draft Minutes

Present: Chair, Julianne Curry, Vice-Chair, Tom Sunderland, John Daly, Melanie Brown, Kevin Larsen, Thea Thomas, Ron Jolin, Nelly Hand, Sandy Souter

Absent Committee Members: Jennifer Castle

Present ASMI Staff: Heather Sobol, Victoria Parr, Karl Uri, Linda Driscoll, Hannah Lindoff, Michael Kohan, Megan Rider

Others Present: Fritz Johnson, Mark Jones, Andy Wink, Chris LaCroix, Shirley Marquardt (entered half way through the meeting)

I. Call to Order

Chair Julianne Curry called the meeting to order at 8:04am. Heather Sobol, ASMI Marketing Specialist was asked to call the roll. It was determined a quorum was present. Curry spoke to needing to have a productive, yet speedy meeting and gave a brief recap of the salmon committee meeting that was held at All Hands this past October.

Curry then asked the group to introduce themselves, starting with those attending in person first.

II. Approval of Draft Agenda

It was moved by Thea Thomas that the agenda be approved as presented. Ron Jolin seconded, the motion passed unanimously.

III. Approval of Minutes

It was moved by Jolin that the minutes from the 10.25.16 meeting be approved, updating only the year to 2016 (from 2015) Melanie Brown seconded, the motion passed unanimously.

IV. Public Comment

There was no public comment.

V. Old Business and Good of the Order

Thomas asked for an update on seafood technical guides. Michael Kohan, ASMI Technical Director replied that the meat color cards and skin evaluation guides are being digitized and that the salmon buyer's guide was updated and produced last winter. Kohan added that the new salmon species guide and other handling and quality guides are being developed this summer. The committee offered to help Kohan with input, if needed. Curry asked that Kohan send an update to her and she will then distribute it to the committee, when one is available. **Thomas also asked about the quality handling guidelines on the alaskaseafood.org website and realizes that it is a big ask, but that they need to be updated for a new generation of fisherman and look quite dated.** Jolin stated that the technical committee should also help to weigh in on assisting with that; Kohan agreed.

Curry initiated the discussion of Alaska Airlines changing cargo planes/ cargo practices and asked that if anyone has the opportunity to speak to any Alaska Airlines employees or invite them to attend meetings or events, please do so to help spread this message to them. Karl Uri, ASMI Foodservice Marketing Manager stated that they have always been a great partner of the Go Wild Party at Seafood Expo North America in Boston and is happy to reach out to them.

VI. 2017 Salmon Season and Update

Curry invited Andy Wink, McDowell Group to give his presentation to the committee regarding salmon market information and forecast to which Wink walked through his PowerPoint and covered key highlights:

- Salmon Supply Outlook
 - Sockeye harvests expected to decline in Alaska
 - Down 23% statewide, Bristol Bay forecast down 26%
 - Pinks expected to rebound in 2017 (odd-number year)
 - About even with 2015 forecast, but pinks are most variable
 - SE down 26%, PWS up slightly, Kodiak up 97% from 2015 forecasts
 - Chum forecasts up 5% but down in SE/ PWS...Assume higher AYK
 - Coho up 20% forecasts up 22% in SE, Chinook down 32% overall
 - Farmed Atlantic Salmon forecast: +5%
 - Farmed Coho Salmon forecast: +4%
- Salmon Market Summary
 - Farmed salmon production cut in 2016 raising pricing bar overall
 - Sockeye demand is improving, better value vs. farmed salmon, higher prices expected in 2017
 - U.S. imports of Russian sockeye trending up
 - Russia had strong pink year in 2016, but more supply/ demand balance in canned pink segment – wholesale prices up in Sep-Dec vs May-Aug
 - Chum demand should be strong in 2017, Japan harvest down approximately 30% in 2016 and lower in Russia too

- Higher farmed/ sockeye prices should be supportive for coho
- Currencies & Other Notes
 - Currency movements since last April (negative values = bad):
 - Total value of AK salmon permits fell 21% in 2016, lost \$175M in value
 - Euro (-6.2%)
 - Ruble (+17.9%)
 - Yen (-0.4%)
 - Canadian Dollar (-3.8%)
 - Number of salmon permits fished was lowest since 2014
 - **CHALLENGE: how to make the most of higher farmed prices and continue promotional momentum at higher prices for AK product**

Curry thanked Wink for his presentation and encouraged everyone attending to please share this information with the fleet and reach out to Wink with any questions.

Curry asked what is going on with the strength of the roe market. Wink replied that supply in 2016 was low and that there were a couple factors, it was a large harvest but the quality wasn't very good, which made it an overall low harvest. The low harvest led to low pricing and ultimately hammered roe pricing.

Kevin Larsen asked if the roe number is a combo of green and ikura. Wink replied they don't break out product form, so it is a combination of the two.

Brown asked why there isn't any sockeye green numbers on his slide, Wink replied that it is about a 5% value and is an important product, but isn't as important to sockeye so it wasn't included on his slide, it also wasn't included due to space.

Sandy Souter asked about the low number of salmon permits fished last year. Wink replied that it probably is a lag and it is reactive, when a fishery has a tough year, the next year permits tend to be down. Wink state that market conditions also play a factor.

VII. Ongoing Salmon Marketing Campaigns

Domestic

Curry invited Victoria Parr, ASMI Domestic Marketing Director to speak to the group. Parr stated that the SWAP Meat®, Feed Your Fitness® and COOK IT FROZEN!® campaigns will continue through FY17 and into FY18.

Linda Driscoll, ASMI Retail Marketing Manager confirmed that Ryan and Sara Hall from the Feed Your Fitness® campaign are on contract through the end of calendar year 2017 and that we do have usage rights to use their images and recipes after their contract expires.

Uri gave an update on operator and distributor promotions that are promoting Alaska salmon, including Black Bear Diner, Captain D's, FirstWatch, Macy's, Sharky's, Nordstrom and the most exciting, Morrison Healthcare, which holds 750 units

(hospitals) and explained that branching into the healthcare sector is a first for ASMI. In a brief discussion about the Canadian market, Uri stated that overall, it has been easier to work with distributors versus operators in Canada.

Uri spoke to the new foodservice Poke brochure. The committee praised the versatility and beauty of the brochure and commented on how it is a great piece for poke, salmon and foodservice.

Driscoll spoke to ongoing retail salmon promotions, including two promotions with Alaskan Brewing Company and our annual summer promotion with Chateau Ste. Michelle.

Mark Jones, ASMI Domestic Marketing Representative spoke to the COOK IT FROZEN!® program continuing to be popular with retailers, how Alaska Seafood U is working at retail and that demo kits of literature and information are being distributed to retailers and that this continues to be a valuable part of the partnership.

Overall, for domestic marketing, it has been a successful Lenten season.

Uri asked that for any processors that are on the committee, as new partners are made, please let staff know so that they can follow up and talk to those partners about how ASMI can help them.

Thomas asked about the retail Quick Reference Guides (flip books) and Jones replied that they are still sent out to retailers and used at the seafood counter, along with other marketing materials. Driscoll stated that that particular piece is getting ready to be reprinted and if the committee would like to see any changes to please let her know right away. Jones also spoke to the requirements of our in-store demonstrations and how our materials are displayed in-store.

International

Curry invited Hannah Lindoff, ASMI International Director to speak about her programs efforts. The Brussels show is next week and in the UK program, they are shooting virtual reality video, possibly looking at Cordova to shoot in and are trying to find the right fishing family to feature in the virtual reality video. Lind off also stated that she plans to share the video with other programs.

Also in the UK program, they continue to promote canned salmon. There are ongoing summer promotions in the European market and are continuing to see great successes.

Lindoff stated that roe and salmon promotions continue in Japan and explained that they are continuing to explore additional markets for salmon roe.

Parr shared her excitement about the virtual reality video and is looking forward to that asset being shared with the domestic team as well, to which Curry thanked the programs for sharing assets with one another.

VIII. Update on Canadian Markets

Curry invited staff to give an update on the Canadian market to the group. It was explained that the trip Driscoll and Jones just took to Canada was arranged through Souter to learn about the market potential. It was mentioned that we need to be sensitive to the fact that there is strong desire for Canada's own wild fisheries, which will determine what species they want to market. Driscoll gave a recap of the trip and explained that she anticipates frozen sockeye promotions to start this fall. Driscoll also stated that bilingual custom POS materials have been requested, though not in large quantities. There are four retailers that are interested in partnering on canned salmon, smoked salmon and other Alaska seafood species. **Driscoll stated that Canada is similar to the UK market and asked what assets can be shared? She stated that she will be following up with Lindoff and the international program.**

Souter explained that Canada consumes more cans than the U.S. The cans come in ½ pound size and some ¼ pound, but no tall cans, except in Quebec. Souter stated that fillet sales are also growing annually, the refresh market is increasing and is competing with farmed fillets in the winter especially. The fresh market is dominated by farmed salmon which is available year-round and the west coast has a higher consumption than the east coast of wild salmon. Souter explained the key challenges, with the exchange rate being the biggest and that retailers are promoting local grown and harvested foods, which may be a challenge for Alaska salmon in Canada.

Uri stated that Foodservice has been working with Canadian distributor, SYSCO since 2008. Gorton's Foodservice in the Canadian market has been difficult to partner with, but that there is a new operator promotion with Joey's (featuring Alaska Pollock) this year.

Thomas asked with limited resources, where should we be putting the efforts. Souter stated that refresh salmon is a great place to start and we could get great traction there. Canned salmon is also a great place to put efforts as all canned salmon in Canada is Alaskan.

Tom Sunderland recapped the decision of the Board of Directors about who was charged with being responsible for the Canadian market and asked for clarification if we have been charged with actively going to pursue opportunities in Canada. Sunderland stated that he supports the Canadian market and agrees it is a good market for Alaska seafood products, but feels that with limited and diminishing resources, ASMI should not actively spend resources which would take away from the U.S. market and reallocate them away from what is currently our best market, to a market that has an unfavorable exchange rate and that may require investments in new marketing materials. Sunderland reiterated that he didn't recall the Board of Directors taking the position that the domestic committee and staff should be pursuing Canadian marketing initiatives, only that if Canada is being worked, then it would come under the purview of the domestic committee.

Curry asked Fritz Johnson, ASMI Board of Directors member if he would be able to offer any clarification. Johnson stated that because of the proximity to the U.S. it makes sense for Canada to fall under the domestic program, but can't offer further clarity at this time.

Thomas stated that she agrees with Sunderland and asked about the value of the Canadian market and that if opportunities come up, perhaps Souter and staff can let the salmon committee know so that they have the information. Curry asked if the committee and staff were comfortable pursuing marketing opportunities in Canada that could be considered "low hanging fruit" without reallocating significant staff time or money. Committee members and staff seemed comfortable with that approach.

The discussion continued and committee members expressed interest in discussing the Canadian market at future committee meetings.

Jon Daly reiterated the importance of the canned salmon market in Canada.

Curry asked if there are any final comments from the committee and to please stay in touch via email, particularly about the Canadian market. Lindoff stated that there are assets that can be shared with the domestic program for the Canadian market and that she would connect with Driscoll. Curry stated she would like to see continued collaboration between the programs.

IX. Final Comments

Jolin stated that he noticed the seafood counters in Alaska are expanding and perhaps materials and hats can be distributed for in-state use at the seafood counter. **The salmon committee charged the communications program with working with the domestic program to distribute ASMI materials in-state.**

Curry stated that the committee needs to start thinking about who will be the next chair and vice-chair, as she believes her and Sunderland's terms are almost up and that will most likely be determined at the next All Hands.

X. Schedule Next Meeting

It was determined with All Hands being so late in the calendar year, that the next meeting will be set for late September, early October before All Hands to coincide with a potential Domestic Committee meeting. Curry stated that an in-person meeting would be preferred, but via teleconference is acceptable as well.

XI. Adjourn

It was moved by Thomas to adjourn the meeting. Seconded by Souter, the motion passed unanimously and the meeting adjourned at 9:58am.

Respectfully Submitted by Heather Sobol.